



# DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 17, 2017

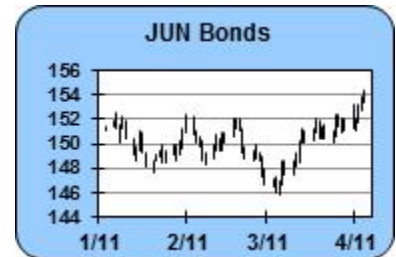
## BONDS COMMENTARY

04/17/17

The path of least resistance remains up

### OVERNIGHT CHANGES THROUGH 3:15 AM (CT):

BONDS +90



Despite news that the Chinese growth rate was the strongest since the fourth quarter of 2015 and news that Chinese March factory output rose by the fastest rate since December 2014 the Treasury market has forged another new high for the move to start the new trading week. However there continues to be flight quality interest from a looming French election, the situation in Syria and ongoing concerns toward US involvement in North Korea. The markets are also anticipating a weak round of US schedule economic data points later this morning. From a technical perspective June bonds may have little in the way of resistance until the 155-00 level as a move above that level would take out 5 1/2 months of consolidation highs on the charts. The North American session will start out with the New York Fed's April Empire State manufacturing survey which is expected to see a modest decline from March's 16.4 reading. The April NAHB housing market index is forecast to have a minimal downtick from March's 71 reading. Fed Vice -Chair Fischer will speak during afternoon US trading hours that might be expected to present a mixed bag of views on the economy. Earnings from NETFLIX might be positive while United Continental Holdings might simply stoke negative feelings toward United Airlines following the passenger incident. The Commitments of Traders Futures and Options report as of April 11th for U.S. Treasury Bonds showed Non-Commercial and Non-reportable combined traders held a net short position of 64,781 contracts. The Commitments of Traders Futures and Options report as of April 11th for US Treasury 10 Year Notes showed Non-Commercial and Non-reportable combined traders held a net short position of 210,073 contracts.

### TODAY'S MARKET IDEAS:

The Treasury market has not only benefited from a series of geopolitical events but it would also appear as if US economic data is showing signs of weakening following the critical nonfarm payroll disappointment for March and that alone justifies the grind higher on the charts. In the near term the addition of soft data this morning and the looming French election should result in a June bond trade above 155-00 and a possible rise above the next resistance point in June treasury notes of 126-21.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017

	Non-Commercial			Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change	
<b>Financials</b>							
<b>Bonds</b>	-25,592	+4,397	64,782	+13,170	-39,189	-17,566	
<b>T-Notes</b>	-23,756	-7,358	210,074	+2,264	-186,317	+5,095	

## BONDS TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

**BONDS (JUN) 04/17/2017:** The daily stochastics have crossed over up which is a bullish indication. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 154-250. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 154-090 and 154-250, while 1st support hits today at 153-110 and below there at 152-280.

**10 YR TREASURY NOTES (JUN) 04/17/2017:** The daily stochastics gave a bullish indicator with a crossover up. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 126-160. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 126-085 and 126-160, while 1st support hits today at 125-250 and below there at 125-165.

## STOCKS COMMENTARY

04/17/17

**There is no reason to take control away from the bear camp**

**OVERNIGHT CHANGES THROUGH 3:15 AM (CT):**  
**S&P 500 -280**

Global equity markets overnight were weaker despite seeing stronger-than-expected Chinese GDP growth but an ever growing list of potential geopolitical issues clearly offsets that potential positive in the minds of investors. In addition to the Syrian and North Korean situations it would appear as if the uncertainty in France will escalate throughout the week and ahead of this coming weekend's presidential election. Furthermore a victory by Turkey's president on a broad referendum that increases his powers could provide a backlash in Turkey which in turn could roil the waters further for global investors. As if investors didn't have enough to worry about today they will probably face a series of weaker US data points. However the focus of the markets might be pulled away from geopolitical events from a series of corporate US earnings reports. Earnings announcements will include M&T Bank Corp. before the Wall Street opening with Netflix, United Continental Holdings and Celanese Corp reporting after the close.



**S&P 500:** A general pattern of lower highs and lower lows would seem to leave the technical pattern in favor of the bear camp in the June E-mini S&P. A critical pivot point is seen on the downside today at 2317.75 which is the March spike low. While the net spec and fund long in the June E-mini S&P is probably overstated and is being pulled down by the slide of the last week it would not appear as if the market is fully liquidated yet. The Commitments of Traders Futures and Options report as of April 11th for E-Mini S&P 500 Non-Commercial and Non-reportable combined traders held a net long position of 96,152 contracts.

**Other US Indexes:** Make no mistake about it the June mini Dow overnight has shown noted weakness and might be headed quickly down to the March spike low of 20,413. Residual punishment of United Airline shares, a disappointing US economic report trend and a steady litany of international geopolitical flashpoints leaves the bear camp in control where it left off last week. The Commitments of Traders Futures and Options report as of April 11th for the Dow Jones Index \$5 showed Non-Commercial and Non-reportable combined traders held a net long position of 70,849 contracts. The June mini NASDAQ might find some residual support from optimism toward Google, Amazon and other tech sector stocks but the big picture broad market investor environment remains negative. At least in the early going today the June mini NASDAQ contract might have some weak support at a quasi-double bottom low of 5347.50. Downtrend channel resistance is seen at 5393.75 and that resistance line on Tuesday falls down to 5381.25. The Commitments of Traders Futures and Options report as of April 11th for Nasdaq Mini showed Non-Commercial and Non-reportable combined traders held a net long position of 95,898

contracts.

**TODAY'S MARKET IDEAS:**

All things considered (there are plenty of things to consider) the bear camp has plenty of ammunition to extend the downward motion in place since April 5th. While there isn't a large measure of panic in the recent slide investors look to remain on edge. Surprisingly most equity futures contracts saw a rebuilding of spec longs which indicates traders anticipated a bottom and are now disappointed with those positions. Therefore the market could see a combination of stop loss selling and outright selling ahead.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Financials</b>						
<b>S&amp;P 500</b>	-6,964	-2,514	-4,473	+4,317	11,437	-1,803
<b>E-Mini S&amp;P</b>	132,767	+12,070	-96,153	-28,685	-36,615	+16,614

**STOCKS TECHNICAL OUTLOOK:**

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

**S&P E-MINI (JUN) 04/17/2017:** The market back below the 60-day moving average suggests the longer-term trend could be turning down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 2309.88. The next area of resistance is around 2337.75 and 2351.87, while 1st support hits today at 2316.75 and below there at 2309.88.

**MINI-DOW (JUN) 04/17/2017:** The major trend has turned down with the cross over back below the 60-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 20281. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 20495 and 20602, while 1st support hits today at 20335 and below there at 20281.

**E-MINI NASDAQ (JUN) 04/17/2017:** Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 5314.50. The next area of resistance is around 5385.50 and 5418.50, while 1st support hits today at 5333.50 and below there at 5314.50.

**MINI-RUSSELL 2000 (JUN) 04/17/2017:** Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is 1329.1. The next area of resistance is around 1355.1 and 1368.0, while 1st support hits today at 1335.7 and below there at 1329.1.

## DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>FINANCIAL COMPLEX</b>										
USAAM7	153-260	78.12	70.53	78.96	81.15	152.89	152.19	151.49	150.13	150.01
TYAAM7	126-005	77.81	71.36	74.10	77.02	125.47	125.21	124.84	124.21	124.13
SPAM7	2327.40	28.23	37.00	49.33	40.35	2342.95	2348.56	2348.73	2354.11	2334.21
EPM7	2327.25	30.17	37.78	49.64	40.37	2343.19	2348.86	2348.82	2353.96	2334.19
TFEM7	1345.4	39.38	42.28	52.30	44.33	1361.38	1361.99	1361.74	1376.48	1372.10
ENQM7	5359.50	34.70	44.00	57.08	43.64	5389.94	5411.17	5401.86	5368.84	5309.13
YMM7	20415	29.13	37.08	39.81	32.63	20529.00	20571.11	20584.44	20660.02	20452.03

Calculations based on previous session. Data collected 04/13/2017

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM7	Bonds	152-270	153-100	153-260	154-090	154-250
TYAAM7	10 Yr Treasury Notes	125-160	125-245	126-000	126-085	126-160
SPAM7	S&P 500	2311.79	2317.79	2331.00	2337.00	2350.20
EPM7	S&P E-Mini	2309.87	2316.75	2330.87	2337.75	2351.87
TFEM7	Mini-Russell 2000	1329.0	1335.6	1348.5	1355.1	1368.0
ENQM7	E-Mini NASDAQ	5314.50	5333.50	5366.50	5385.50	5418.50
YMM7	Mini-Dow	20280	20334	20441	20495	20602

Calculations based on previous session. Data collected 04/13/2017

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## CURRENCIES COMMENTARY

04/17/17

**The Dollar should continue to lose value this week**

### OVERNIGHT CHANGES THROUGH 3:15 AM (CT):

**US DOLLAR -250, YEN +660, SWISS +16, CA DOLLAR -80**

### Upcoming International Reports (all times CT)

04/17 13 and 26 Week Bill Auction  
 04/18 4-Week BILL Auction  
 04/18 Housing Starts and Pmts 7:30 AM  
 04/18 Capacity Utilization 8:15 AM  
 04/18 Industrial Production 8:15 AM  
 04/18 API Energy Stocks 3:30 PM



**DOLLAR:** While the dollar is weaker to start today we are surprised that the index is not sitting close to or below last week's low in the face of a pattern of weak data in the US and stronger growth evidence in China. In fact later this morning a pair of US scheduled data points is expected to be soft and it would appear that the new trading week will bring a fresh salvo of comments from the White House following a failed missile launch test in North Korea. Initial support in the June dollar index to start today is seen at 1.0009 and then again down at 99.93. In order to turn the tide of the last two weeks away from the downside probably requires a surprise in this morning's data points and or a rise back above 1.0050 on the charts. The Commitments of Traders Futures and Options report as of April 11th for US Dollar showed Non-Commercial and Non-reportable combined traders held a net long position of 50,070 contracts.

**EURO:** Fortunately for euro dollar bulls the dollar has started the week off balance or the looming French election uncertainty could have pressured the currency back toward last week's lows. While the euro might benefit somewhat from the US data flow later this morning we suspect it will remain hemmed in below the 1.07 level

ahead of this Sunday's election. The Commitments of Traders Futures and Options report as of April 11th for Euro showed Non-Commercial and Non-reportable combined traders held a net short position of 10,076 contracts. This represents an increase of 5,253 contracts in the net short position held by these traders.

**YEN:** Given the recent North Korean missile test, stronger-than-expected Chinese data and a weaker Yuan the higher Yen action is hardly surprising. While Japan is urging a peaceful solution to the North Korean problem there are a number of other issues that are expected to facilitate an even higher Yen ahead. The June Yen is poised to encounter an old gap from last November that might leave little in the way of resistance until the 93.10 level in the June contract.

**SWISS:** With a minimally higher Swiss this morning it is clear that many non-dollar currencies are failing to garner a windfall from US dollar weakness. However the Swiss will probably gain some marginal safe haven interest from the troubles in Korea, uncertainties in Turkey and the looming election in France. Uptrend channel support in the June Swiss today is seen at 99.62 and that support line rises to 99.69 on Tuesday.

**POUND:** The pound looks to benefit from the distraction of geopolitical events as the BREXIT falls back to the political back burner on the world stage. Therefore there might be little in the way of resistance until the 1.2594 level and support moves up to 1.2544. However the June pound should be limited by the consolidation highs of the last two months and also because of a downshift in global economic expectations outside of China.

**CANADIAN DOLLAR:** The Canadian dollar should garner some support from residual weakness in the US dollar and stronger-than-expected Chinese GDP results. The Canadian is also supported from favorable job news at the end of last week and ongoing strength in precious metals prices. One might also suggest that gains in crude oil prices from the March lows of roughly \$5 per barrel help to underpin the gains in the Canadian seen since the beginning of the month. Initial support in the June Canadian is seen at a series of closes last week around 75.08 and resistance this morning comes in up at 75.33.

#### **TODAY'S MARKET IDEAS:**

In descending order of importance to start this week are the Yen, the euro, the pound and the Swiss. We suspect the dollar will see some fresh selling following schedule data news this morning and pressure once the Washington political commentary cranks up for the new week. The bull camp in the dollar has to hope that US corporate earnings will provide some type of optimism toward the US economy as news from the economy has been very disappointing for the last several weeks.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **CURRENCIES TECHNICAL OUTLOOK:**

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

**US DOLLAR (JUN) 04/17/2017:** The major trend has turned down with the cross over back below the 60-day moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 100.92. The next area of resistance is around 100.77 and 100.92, while 1st support hits today at 100.21 and below there at 99.79.

**EURO (JUN) 04/17/2017:** Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 105.9238. The next area of

resistance is around 106.8075 and 107.2937, while 1st support hits today at 106.1225 and below there at 105.9238.

JAPANESE YEN (JUN) 04/17/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 92.43. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 92.11 and 92.43, while 1st support hits today at 91.55 and below there at 91.32.

SWISS (JUN) 04/17/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 99.32. The next area of resistance is around 100.11 and 100.49, while 1st support hits today at 99.53 and below there at 99.32.

## DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>CURRENCY COMPLEX</b>										
DXAM7	100.49	49.59	49.49	75.08	75.78	100.69	100.63	100.15	100.72	100.55
JYAM7	91.83	75.26	69.87	76.48	79.97	91.24	90.79	90.54	89.28	89.15
EU6M7	106.4650	40.06	43.13	16.13	14.82	106.54	106.71	107.44	106.99	107.23
BPAM7	125.24	56.98	55.17	47.65	47.25	124.97	124.85	125.02	124.35	124.66
CAAM7	75.06	55.22	51.31	50.37	53.70	75.09	74.85	74.94	75.25	75.51
SFAM7	99.82	43.58	44.94	14.36	11.98	99.65	99.83	100.48	100.20	100.44
DAAM7	75.57	49.78	48.00	17.44	20.62	0.75	0.75	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/13/2017

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	99.78	100.20	100.35	100.77	100.92
JYAM7	Japanese Yen	91.31	91.55	91.87	92.11	92.43
EU6M7	Euro	105.9237	106.1225	106.6087	106.8075	107.2937
BPAM7	British Pound	124.70	124.88	125.41	125.59	126.12
CAAM7	Canadian Dollar	74.54	74.73	75.20	75.39	75.86
SFAM7	Swiss	99.31	99.52	99.90	100.11	100.49
DAAM7	Australian Dollar	74.86	75.23	75.54	75.91	76.22

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