



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Tuesday April 18, 2017

BONDS COMMENTARY

04/18/17

The bulls retain control for another trading session

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +160

Political issues in the UK (a call for a snap election) and from France (fresh polls on the National Election) combined with noted weakness in global equity markets leaves the bull camp in Treasuries with an edge to start today. With the surprise UK snap election and the back-and-forth political fight in France expected to escalate toward the election Sunday bonds and notes should be expected to garner safe haven buying interest. A further underpin of US Treasuries is news that China increased its holdings of US treasury securities in February after reducing them in January. China saw its US treasury holdings increased by 8.6 billion in the latest monthly report to a total holdings level of \$1.05 trillion. However the US treasury department showed a net outflow of 13.5 billion for the month of February off liquidation from private investors and foreign official entities like central banks. Furthermore the Chinese have only seen three months out of the last nine where they were net purchasers. In looking forward the Treasury market might see some temporary long profit-taking in the wake of today's building permits but the starts data might counter veil that action with a weaker reading. Sometimes the markets view the building permits as a leading indicator while the housing starts might be heavily influenced by weather. With industrial production and capacity utilization both expected to post minimal gains that could leave the net impact off US schedule data in the Bear's favor. The US trading session will present new residential construction in the form of housing starts and building permits. Building permits are expected to edge higher by 2.5% and housing starts are expected to have declined by nearly 4%. The market will also see Canadian investment in nonresidential construction and Canadian international transactions in securities. The main event of the trading session is likely to be US industrial production and capacity utilization both of which are expected to have ticked higher.



TODAY'S MARKET IDEAS:

The path of least resistance from international geopolitical conditions is bullish for US Treasuries especially with sentiment further undermined by global equity market weakness. As indicated already there might be some temporary back and fill action off early US scheduled data especially with industrial production and capacity utilization later on expected to forge minor gains. However if the industrial production and capacity utilization figures fail to post gains that could quickly throw June bonds above the 155-00 level. Uptrend channel support is seen at 152-15 and the path of least resistance should remain up given a long list of geopolitical threats and a general pre-existing pattern of weak US data. Initial resistance in June T Notes is seen at 126-13 and the bias remains up in that market.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 04/18/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 154-290. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 154-070 and 154-290, while 1st support hits today at 153-030 and below there at 152-200.

10 YR TREASURY NOTES (JUN) 04/18/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next upside target is 126-195. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 126-070 and 126-195, while 1st support hits today at 125-205 and below there at 125-140.

STOCKS COMMENTARY

04/18/17

Modest erosion of prices expected again today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): S&P 500 -700

Global equity markets were weaker overnight off ongoing Korean concerns, fears of political issues in the UK (fresh calls for a snap election) and from France (with a very tight National Election race). While US equities saw some favorable earnings reports yesterday the market continues to be buffeted by a series of geopolitical uncertainties. The bull camp has to hope that US scheduled data today will provide some type of positive macroeconomic backstop against negative international headline flow. The bull camp is also attempting to play up the prospect of tax reform later this year but the political condition leaves that potential at a low probability. Earnings reports of note today include Johnson & Johnson, Bank of America, Charles Schwab and Goldman Sachs. So far US corporate earnings this morning have been positive but they have not had a markedly positive impact on prices.



S&P 500: While the market has shown some potential to bounce off last week's lows and the June E-mini S&P did forge a minimal higher high this morning we have to leave the edge with the bear camp given international headline flow and the markets muted response this week to some favorable corporate earnings results. However the June E-mini S&P did manage to temporarily rise above a three week old downtrend channel resistance line at 2345.40 but given today's geopolitical and economic set up we can't rule out a decline below a close in pivot of 2333.25. More significant support in the June E-mini S&P is seen down at 2324.00.

Other US Indexes: With Johnson & Johnson reporting earnings this morning that beat analyst expectations some traders think the results could temporarily embolden investors. However the June mini Dow has clearly remained within a downtrend pattern and the Johnson & Johnson revenues were slightly below expectations. The June mini Dow would appear to have critical support at the 20,448 level and a certain amount of corrective weakness is probably due given the sharp range up extension yesterday. While the June mini NASDAQ also managed a slight higher high for the move early today and the index saw some support from Netflix results the broad market view leans bearish to start today. Near term downside potential is seen at 5369.00.

TODAY'S MARKET IDEAS:

We have to leave the path of least resistance in the equity markets pointing downward today unless US schedule data surprises with a beat on all three economic readings. However even with favorable US schedule data ongoing political uncertainty in France and the UK should keep investors nervous. Fortunately for the bull camp anxiety doesn't appear to be poised to shift into panic and therefore declines are likely to be slow and measured.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS TECHNICAL OUTLOOK:

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S&P E-MINI (JUN) 04/18/2017: The market now above the 60-day moving average suggests the longer-term trend has turned up. A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. 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. The outside day up is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is now at 2316.57. The next area of resistance is around 2356.87 and 2363.06, while 1st support hits today at 2333.63 and below there at 2316.57.

MINI-DOW (JUN) 04/18/2017: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day up is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 20315. The next area of resistance is around 20673 and 20731, while 1st support hits today at 20465 and below there at 20315.

E-MINI NASDAQ (JUN) 04/18/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 5332.69. The next area of resistance is around 5421.12 and 5436.18, while 1st support hits today at 5369.38 and below there at 5332.69.

MINI-RUSSELL 2000 (JUN) 04/18/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up is a positive signal. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is now at 1334.8. The next area of resistance is around 1372.8 and 1379.1, while 1st support hits today at 1350.7 and below there at 1334.8.

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
FINANCIAL COMPLEX										
USAAM7	153-210	72.94	67.90	80.39	82.18	153.41	152.42	151.71	150.20	150.07
TYAAM7	125-295	72.84	68.57	75.68	78.09	125.74	125.32	124.94	124.25	124.17
SPAM7	2345.00	46.59	47.88	46.45	40.69	2341.08	2347.32	2348.89	2355.13	2335.69
EPM7	2345.25	46.93	48.09	46.83	41.20	2340.94	2347.83	2349.06	2354.98	2335.68
TFEM7	1361.8	48.88	48.46	49.46	44.10	1360.18	1361.20	1362.61	1375.95	1372.27
ENQM7	5395.25	48.51	51.80	51.66	40.98	5381.63	5406.72	5405.10	5372.94	5314.80
YMM7	20569	48.00	48.44	38.33	35.65	20518.25	20569.22	20581.83	20671.04	20468.13

Calculations based on previous session. Data collected 04/17/2017

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
FINANCIAL COMPLEX						
USAAM7	Bonds	152-190	153-020	153-240	154-070	154-290
TYAAM7	10 Yr Treasury Notes	125-135	125-200	126-005	126-070	126-195
SPAM7	S&P 500	2318.50	2334.30	2339.90	2355.70	2361.30
EPM7	S&P E-Mini	2316.56	2333.62	2339.81	2356.87	2363.06
TFEM7	Mini-Russell 2000	1334.7	1350.6	1356.9	1372.8	1379.1
ENQM7	E-Mini NASDAQ	5332.68	5369.37	5384.43	5421.12	5436.18
YMM7	Mini-Dow	20315	20465	20523	20673	20731

Calculations based on previous session. Data collected 04/17/2017

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CURRENCIES COMMENTARY

04/18/17

Surprisingly the Pound and Euro have come into vogue

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -220, YEN -50, SWISS +28, CA DOLLAR -260**

Upcoming International Reports (all times CT)

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
04/19 Euro-zone Consumer Price Ind 4:00 AM
04/19 Euro-zone Foreign Trade 4:00 AM
04/19 Canadian New Motor Vehicle S 7:30 AM
04/19 EIA Energy Stocks 9:30 AM
04/19 Japan Trade Balance 6:50 PM



DOLLAR: The dollar has started the session out on a weaker footing and surprisingly saw increased selling in the wake of calls for a snap election in the UK. Initial weakness in the dollar might be off expectations for weak early US data today but industrial production and capacity utilization should be the main event of the economic release slate today. Initial support in the June dollar index is seen at parity of 1.00 with even lower support potentially tested down at 99.80 following the early wave of US data. In fact unless the US political circus focuses on tax reform instead of healthcare we can't rule out an extension of the weakness in the dollar from last week's highs.

EURO: All things considered the action in the June euro this morning is very impressive as the currency appears to be getting a fresh bid despite the overnight anxieties flowing from the latest French poll results. News that the far right candidate promises to protect France from "savage globalization" is seen as a theme that could put the far right candidate into the May 7th runoff. Initial resistance in the June euro is seen at 1.0709 and critical support moves up to 1.0664.

YEN: With international geopolitical anxieties populating the headlines again today and the June Yen yesterday and overnight correcting its overbought condition off a recent five day rally, the Yen might be poised to return to the Monday highs and beyond. However to preserve the positive technical set up the June Japanese Yen needs to hold above 91.78. It is also possible that the Yen will garner some support from the US vice President's visit to Japan as both parties hoped for positive near term trade results.

SWISS: While the Swiss is showing positive action to start and sits just under a critical 50 day moving average pivot point of 1.0025 we have to wonder if anxiety toward continental Europe off the French election will make upside gains in the Swiss difficult to come by. However we would suggest that traders remain bullish toward the Swiss as long as it holds above a critical uptrend channel support line of 99.69.

POUND: The June pound has ranged up sharply off calls for a snap election on June 8th. Apparently the trade sees a change of government or more likely signs that the UK populace wants a quick British exit as a positive as the currency has reached up toward the February high in the wake of this morning's surprise news. There might be little in the way of resistance in the June pound until the 1.2742 level.

CANADIAN DOLLAR: The failure in the June Canadian to start today and the inability to sustain above its 50 day moving average over the prior three trading sessions would seem to suggest that the path of least resistance is pointing downward in the currency. In fact we aren't sure if positive Canadian economic data later this morning will be able to arrest the slide until the June Canadian reaches a series of consolidation closes down around 74.64.

TODAY'S MARKET IDEAS:

It almost seems as if money is seeking troubled areas as the euro and pound are making significant gains in the wake of fresh geopolitical headlines. With the dollar maintaining below its 50 day moving average and expected to disappoint on the early schedule data front we wouldn't rule out the potential of a fresh downside breakout in the dollar and the lowest trade since March 30th.

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) 04/18/2017: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 99.65. The next area of resistance is around 100.48 and 100.75, while 1st support hits today at 99.94 and below there at 99.65.

EURO (JUN) 04/18/2017: The daily stochastics have crossed over up which is a bullish indication. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 107.4125. The next area of resistance is around 107.1050 and 107.4125, while 1st support hits today at 106.4150 and below there at 106.0325.

JAPANESE YEN (JUN) 04/18/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 92.94. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 92.39 and 92.94, while 1st support hits today at 91.61 and below there at 91.38.

SWISS (JUN) 04/18/2017: The daily stochastics have crossed over up which is a bullish indication. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 100.48. The next area of resistance is around 100.21 and 100.48, while 1st support hits today at 99.73 and below there at 99.52.

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
CURRENCY COMPLEX										
DXAM7	100.21	43.84	46.00	73.15	69.28	100.50	100.61	100.18	100.71	100.55
JYAM7	92.00	76.67	70.95	77.86	80.01	91.67	90.98	90.67	89.36	89.23
EU6M7	106.7600	45.97	46.58	16.42	17.21	106.64	106.67	107.34	106.98	107.22
BPAM7	125.87	63.67	59.47	52.10	59.94	125.37	124.96	125.08	124.37	124.70
CAAM7	75.16	56.90	53.00	55.35	60.56	75.18	74.92	74.96	75.23	75.51
SFAM7	99.97	45.58	46.06	14.48	14.72	99.75	99.79	100.42	100.18	100.43
DAAM7	75.81	53.79	50.85	23.70	34.41	0.75	0.75	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/17/2017

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.64	99.93	100.19	100.48	100.75
JYAM7	Japanese Yen	91.38	91.61	92.16	92.39	92.94
EU6M7	Euro	106.0325	106.4150	106.7225	107.1050	107.4125
BPAM7	British Pound	125.10	125.49	125.84	126.24	126.58
CAAM7	Canadian Dollar	74.88	74.99	75.22	75.33	75.56
SFAM7	Swiss	99.51	99.72	100.00	100.21	100.48
DAAM7	Australian Dollar	75.41	75.61	75.81	76.01	76.21

Calculations based on previous session. Data collected 04/17/2017

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