



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY Wednesday April 19, 2017

### BONDS COMMENTARY

04/19/17

**Corrective action should present a buying opportunity**

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT): BONDS -170

While Treasury prices are tracking weaker to start today that action might be a temporary condition as the twin geopolitical threats of the French and UK political conditions are not expected to come to an abrupt end. However a recovery in US and European equities to start today and an overbought technical condition justify some back and fill price action. Ideas that the UK leader might come out of the snap election stronger and in turn have more negotiating capacity with the EU has clearly tempered safe haven interest in Treasuries and the gold market this morning. However there are also fears that the outcome of the French election might increase fears of global protectionism which many feel will seriously undermine global growth efforts and that should be a significant positive for bonds and notes. Another issue that should eventually underpin Treasury prices is talk from the Shanghai auto show of softening Chinese vehicle sales. In conclusion bonds and notes need a bit of balancing but there is no need to call for an end to the upward bias in prices. The North American session will start out with a weekly reading on mortgage applications, with the latest FOMC Beige Book released during early afternoon trading hours. Boston Fed President Rosengren will speak during early afternoon US trading hours as well. A busy day of earning announcements will include Abbott Labs, US Bancorp and Morgan Stanley before the Wall Street opening while Qualcomm and American Express report after the close.



#### TODAY'S MARKET IDEAS:

While uptrend channel support in June bonds isn't seen until 152-24 we doubt the market will see an aggressive setback given ongoing international issues. A logical corrective target in June bonds is seen at 154-10 with similar corrective targeting in June notes seen at 126-02. This morning the markets will not be presented with ultra-critical schedule data but the afternoon will bring a Fed beige book which might hint at some softening of US activity. Therefore traders should remain in a buy dips mentality.

#### 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) 04/19/2017: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 156-250. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 156-020 and 156-250, while 1st support hits today at 154-020 and below there at 152-240.

10 YR TREASURY NOTES (JUN) 04/19/2017: 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 market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 127-055. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 126-290 and 127-055, while 1st support hits today at 126-035 and below there at 125-180.

## STOCKS COMMENTARY

04/19/17

**Look to sell a recovery bounce today**

### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

**S&P 500 +650**

Global markets were mixed overnight with Chinese markets lower and European markets higher. Signs that the UK leader might come out stronger off the snap election and might have greater power to negotiate with the EU combined with a slight narrowing of the leads of the front runners in the French election has brought political concerns down slightly today. However French political concerns and the North Korean situation have not been fully solved and a risk off influence from those issues could be seen at any time. With the markets showing some corrective bounce overnight that might offer aggressive traders a fresh short side play. With IBM shares under pressure and that stock seen as a key bellwether and the markets generally disappointed with recent earnings it is difficult to take control fully away from the bear camp. There is a busy day of earning announcements will include Abbott Labs, US Bancorp and Morgan Stanley before the Wall Street opening while Qualcomm and American Express report after the close.



**S&P 500:** While geopolitical and economic conditions might not worsen substantially today the prospect of a definitive positive from the French election, North Korea and Washington is very low. Downtrend channel resistance in the June E-mini S&P is seen right on the early trade today at 2346.25 and then again up at the moving average of 2350.45. As indicated in the introduction coverage today we see rallies as an opportunity to implement fresh shorts. Initial downside targeting and a critical pivot point today in the June E-Mini S&P is seen at 2330.25, with downtrend channel support not seen until 2314.45.

**Other US Indexes:** While the markets in general are showing a corrective bounce the magnitude of the bounce in the June mini Dow suggests little interest in scooping up value. Noted weakness in IBM shares and residual political anxiety waiting in the wings is not conducive to a key bottom in blue-chip stocks. Downtrend channel resistance in the June mini Dow today is seen at 20,553 with an extremely critical pivot point support seen at 20,407. Not surprisingly the Mini NASDAQ has forged an upside breakout and a three day high in the early going today and that highlights its relative favor versus the rest of the market. While we can't deny the Mini NASDAQ's leadership condition a noted and sustained rally in the index today might require a major shift in the pattern of headlines this week. However the June mini-NASDAQ has breached a downtrend channel resistance line and it may claw out minor additional gains before it runs into significant resistance at 5425.75.

### TODAY'S MARKET IDEAS:

As indicated already we have a difficult time buying stocks on a value basis and more specifically on the idea that a plethora of political anxieties will dissipate. We also think news of slackening of Chinese auto sales, disappointing bellwether stock price action and a recent pattern of soft US data suggest that valuations are too high. In fact unless the Mini NASDAQ can plow through overhead resistance and there is some type of fresh headline positive we would suggest traders sell into strength.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

## 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) 04/19/2017: 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 daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 2321.44. The next area of resistance is around 2346.12 and 2354.93, while 1st support hits today at 2329.38 and below there at 2321.44.

MINI-DOW (JUN) 04/19/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 20272. The next area of resistance is around 20529 and 20651, while 1st support hits today at 20339 and below there at 20272.

E-MINI NASDAQ (JUN) 04/19/2017: 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 negative as the close remains below the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 5360.44. The next area of resistance is around 5404.87 and 5419.93, while 1st support hits today at 5375.13 and below there at 5360.44.

MINI-RUSSELL 2000 (JUN) 04/19/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. The close over the pivot swing is a somewhat positive setup. The next downside objective is 1343.0. The next area of resistance is around 1367.0 and 1372.9, while 1st support hits today at 1352.0 and below there at 1343.0.

## 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	155-020	78.33	72.51	81.61	85.07	153.88	152.78	151.94	150.29	150.16
TYAAM7	126-160	78.74	73.26	78.49	84.28	125.99	125.48	125.05	124.30	124.22
SPAM7	2337.30	41.38	44.28	43.02	36.15	2337.63	2345.18	2348.59	2355.79	2336.97
EPM7	2337.75	42.13	44.72	43.63	37.25	2337.44	2345.50	2348.81	2355.64	2336.96
TFEM7	1359.5	47.72	47.70	47.42	43.11	1355.53	1360.09	1363.62	1375.27	1372.65
ENQM7	5390.00	46.98	50.68	47.45	38.56	5378.63	5400.64	5406.64	5376.62	5320.34
YMM7	20434	38.26	41.54	34.99	28.41	20478.00	20545.00	20572.94	20677.16	20480.95

Calculations based on previous session. Data collected 04/18/2017

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	152-230	154-010	154-240	156-020	156-250
TYAAM7	10 Yr Treasury Notes	125-175	126-030	126-115	126-290	127-055
SPAM7	S&P 500	2324.57	2330.75	2337.67	2343.85	2350.77

EPM7	S&P E-Mini	2321.43	2329.37	2338.18	2346.12	2354.93
TFEM7	Mini-Russell 2000	1342.9	1352.0	1357.9	1367.0	1372.9
ENQM7	E-Mini NASDAQ	5360.43	5375.12	5390.18	5404.87	5419.93
YMM7	Mini-Dow	20271	20339	20461	20529	20651

Calculations based on previous session. Data collected 04/18/2017

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## CURRENCIES COMMENTARY

04/19/17

**Look to buy a corrective setback in the Yen today**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

**US DOLLAR +123, YEN -420, SWISS -3, CA DOLLAR -250**

### Upcoming International Reports (all times CT)

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  
 04/20 5-Yr note Auction  
 04/20 German Producer Price Index 1:00 AM  
 04/20 Initial Jobless Claims 7:30 AM  
 04/20 EIA Gas Storage 9:30 AM



**DOLLAR:** The Dollar was probably technically oversold into the lows in the prior trading session and that has probably allowed it to track in positive ground this morning despite a slight tempering of geopolitical anxieties. With the Dollar this week unable to benefit from the political travails in France and the UK that would seem to verify the downtrend in the Dollar from the April high. While US economic data flows have not been given that much credence they have been on the weak side and that should leave the trend in the Dollar pointing downward. While the dollar might find some support off the afternoon release of the Fed Beige book it could also range down sharply if the Fed even hints at a disappointing economic track (US data could easily justify some concern of slowing at the Fed). Initial support today is seen at the prior low of 99.36 with downtrend channel resistance today seen at 1.006.

**EURO:** Clearly the euro is benefiting from overt weakness in the dollar and that has probably served to overcome the potential negatives flowing from the contentious French election. The euro should see some support from euro zone March inflation results this morning especially with the core inflation reading revised upward. While the technical path of least resistance in the euro looks to be pointing upward we have real trouble buying the euro at current levels with the French election Sunday likely to discourage money flows into the region.

**YEN:** With a somewhat surprise downshift in French and UK fears overnight a corrective setback in the Yen is not surprising. However one can hardly call for a complete end to three different (geographically diversified) political hotspots. Initial buying support in the June Yen is seen down at 91.78 and perhaps not until 91.64. In conclusion we have a very difficult time expecting a consistent deflation of safe haven threats.

**SWISS:** With a move above the 50 day moving average recently and perhaps some inflow of money from the euro zone it is possible that the Swiss might benefit from a vacuum of leadership throughout the currency markets. Critical support in the June Swiss today is seen at 1.0025 and there might be little in the way of resistance until 1.010.

**POUND:** Clearly all is not said and done on the British exit but price action in the Pound in the prior trading session would seem to suggest that the currency is looking ahead to smoother water. In other words seeing confirmation of an aggressive exit potential from confirmation of strong leadership in the UK could suggest the BREXIT discount was effectively priced with the October through early April consolidation low pattern. However

for the June Pound to drive higher from the extended consolidation probably requires a return to positive global economic expectations. For today we expect a normal corrective setback and a key pivot point down at 1.2812.

**CANADIAN DOLLAR:** All things considered the Canadian dollar has clearly failed on the charts this week and it appears as if talk of softer Chinese auto sales and a bounce in the dollar today is justification for a return to the early April low of 74.38. Fortunately for the bull camp the US Dollar doesn't appear to be poised to fully throw off its downward slide and that could take some of the aggressive weakness away from the Canadian.

**TODAY'S MARKET IDEAS:**

We doubt the dollar will be able to pull out of the ongoing slide from the April highs particularly if the US Fed base book this afternoon acknowledges Fed fears of moderating growth. Given the prospect of rekindle geopolitical problems around the globe traders should consider a noted break in the Yen as a buying opportunity.

**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) 04/19/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 98.69. The next area of resistance is around 99.88 and 100.57, while 1st support hits today at 98.95 and below there at 98.69.

EURO (JUN) 04/19/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 108.3962. The next area of resistance is around 108.1325 and 108.3962, while 1st support hits today at 107.1475 and below there at 106.4263.

JAPANESE YEN (JUN) 04/19/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day 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 near-term upside target is at 93.04. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 92.78 and 93.04, while 1st support hits today at 92.02 and below there at 91.53.

SWISS (JUN) 04/19/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The intermediate trend could be turning up with the close back above the 18-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 101.48. The next area of resistance is around 101.22 and 101.48, while 1st support hits today at 100.30 and below there at 99.63.

**DAILY TECHNICAL STATISTICS**

CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW	14 DAY SLOW	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
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	STOCH D			STOCH K						
<b>CURRENCY COMPLEX</b>										
DXAM7	99.41	31.00	37.05	65.58	50.60	100.19	100.50	100.18	100.67	100.54
JYAM7	92.40	79.74	73.39	80.68	85.11	91.95	91.19	90.78	89.44	89.30
EU6M7	107.6400	59.00	55.06	20.87	29.68	106.96	106.73	107.29	107.00	107.22
BPAM7	128.66	79.79	72.37	59.45	74.41	126.25	125.40	125.27	124.45	124.77
CAAM7	74.77	42.56	44.44	54.05	50.63	75.11	74.94	74.95	75.19	75.50
SFAM7	100.76	62.75	56.94	19.16	28.52	100.01	99.85	100.38	100.19	100.43
DAAM7	75.48	47.61	46.95	27.90	36.53	0.75	0.75	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/18/2017

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	98.68	98.94	99.62	99.88	100.57
JYAM7	Japanese Yen	91.52	92.02	92.28	92.78	93.04
EU6M7	Euro	106.4262	107.1475	107.4112	108.1325	108.3962
BPAM7	British Pound	124.03	126.69	127.99	130.65	131.95
CAAM7	Canadian Dollar	74.36	74.53	74.84	75.01	75.32
SFAM7	Swiss	99.62	100.29	100.55	101.22	101.48
DAAM7	Australian Dollar	74.89	75.17	75.52	75.80	76.15

Calculations based on previous session. Data collected 04/18/2017

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