



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Thursday April 20, 2017

### BONDS COMMENTARY

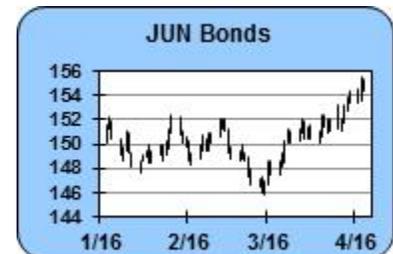
04/20/17

**The bias has shifted down but a temporary bounce off #'s is seen**

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

**BONDS -120**

With an early recovery in US equities today and some early chart damage a weak corrective tilt might be in place early today. In looking back to yesterday's Fed Beige book one could come away with a mixed message and impact on Treasuries. While the Fed seemed to be poised to start a reduction in their balance sheet and they posted increased economic activity in all 12 districts they also acknowledged the unwinding process to be a learning experience. The Fed also indicated the balance sheet tool was now in their toolbox and would probably be used in future incidents. In the wake of the news that the Fed sees ongoing modest to moderate expansion ahead and that wage growth is broadening the fundamental tilt toward bonds and notes has possibly shifted back to the downside. Unfortunately for the bear camp a series of geopolitical threats surfaced over the last 24 hours and that could return a safe haven bid to US instruments. In addition to news that Russia had co-mingled fighter jets with Syrian jets on the ground combined with an incendiary North Korean video depicting the bombing of the US and Russian jet incursions of Alaskan airspace puts the geopolitical environment back in a watch mode. Potential checks to the weak chart tilt to start today is the prospect of a rise in US initial claims and a down tick in the April Philly Fed manufacturing survey. In fact, the North American session will start out with a weekly reading on initial jobless claims that are expected to show a modest uptick from the previous 234,000 reading. The April Philly Fed manufacturing survey is also forecast to have a moderate downtick from March's 32.8 reading. Fed Governor Powell will speak during morning US trading hours.



#### TODAY'S MARKET IDEAS:

As indicated already we favor a downward tilt but the declines could be hard-fought, minimal and difficult to sustain. In fact we are doubtful that higher equity market action will be sustained and the scheduled dataflow this morning will be a critical test of the bear's case. Uptrend channel support in the June bond contract today is seen at 153-01 with uptrend channel support in June notes seen much further down on its charts at 125-11. Aggressive traders might fade initial weakness today with a purchase ahead of scheduled data and very narrow upside objectives.

#### NEW RECOMMENDATIONS:

Buy June Bonds at 154-07 with an objective of 154-27. Risk the trade to a very tight stop of 154-02.

#### 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) 04/20/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 155-210. The next area of resistance is around 155-000 and 155-210, while 1st support hits today at 154-010 and below there at 153-220.

10 YR TREASURY NOTES (JUN) 04/20/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 126-245. The next area of resistance is around 126-140 and 126-245, while 1st support hits today at 125-305 and below there at 125-250.

## STOCKS COMMENTARY

04/20/17

**A bounce today might be muted and difficult to sustain**

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

**S&P 500 +610**

Global equity markets were mixed overnight as they continue to deal with elevated risk concerns. While US stocks are showing some early recovery action it is difficult to buy into a solid bottom outlook with a recent pattern of weak data and a lack of a bullish reaction to a large number of corporate earnings reports. The bull camp should also be challenged this morning by expectations of weak data from claims and the Philly Fed manufacturing survey. In fact to throw off the pattern of lower highs in place since early March clearly requires a change in focus in Washington to pro-growth policies. Another issue hanging over the head of the market is the latest twists created by the Russians on the geopolitical stage. Earning announcements will include Verizon Communications, Philip Morris International and Danaher Corp. before the Wall Street opening while Visa Inc. reports after the close.



**S&P 500:** While the bull camp seems to have regained some footing to start today it remains below its 50 day moving average of 2351.40 and it sits just above a quasi-side double low on the charts of 2331.25. In our opinion the market needs a definitively positive and noted headline shift and that could be difficult to come by. Therefore aggressive traders might look to sell the bounce this morning using a fresh entry point around the 2347.00 level.

**Other US Indexes:** The charts in the mini Dow this morning remain definitively bearish and the damage seen in the prior trading sessions clearly leaves the bear camp with the upper hand. It goes without saying that the index is significantly below its 50 day moving average and it hasn't received any significant benefit from the flow of corporate earnings. The fact that the Fed sees the recovery continuing suggests the markets perception of growth is disappointing and the fact that has left investors uninterested in picking up potential bargains is a telling sign. Downtrend channel resistance is seen at 20,552 but downtrend channel support is just under the current trade at 20,314 and that could set up a key decision that might favor the bear camp today. As has been the case for most of the last four trading sessions the NASDAQ index has clearly diverged with the rest of the market. In looking at a strict technical perspective the June mini NASDAQ has potentially forged a bottom around the 5347.50 level and it sits just below potentially critical downtrend channel resistance this morning of 5425.10. It is really difficult to suggest that divergence between the upper end and the lower end of the market will continue for an extended period of time. The bulls have an edge but prices look to be fighting outside market forces.

### TODAY'S MARKET IDEAS:

While stocks might find a week technical bottom today off downtrend channel support in favorable leadership from the NASDAQ the bull case is really challenged by the prospect of week US data and the threat of renewed geopolitical saber rattling.

### 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) 04/20/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. 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 downside objective is now at 2319.00. The next area of resistance is around 2342.75 and 2355.00, while 1st support hits today at 2324.75 and below there at 2319.00.

MINI-DOW (JUN) 04/20/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 now at 20192. The next area of resistance is around 20422 and 20541, while 1st support hits today at 20248 and below there at 20192.

E-MINI NASDAQ (JUN) 04/20/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 5361.75. The next area of resistance is around 5418.75 and 5445.75, while 1st support hits today at 5376.75 and below there at 5361.75.

MINI-RUSSELL 2000 (JUN) 04/20/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 1348.5. The next area of resistance is around 1373.3 and 1384.1, while 1st support hits today at 1355.5 and below there at 1348.5.

## 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	154-160	69.85	67.30	82.59	84.10	154.28	153.12	152.16	150.39	150.23
TYAAM7	126-060	68.99	67.11	80.21	83.51	126.17	125.61	125.15	124.35	124.25
SPAM7	2312.00	39.08	42.66	38.91	30.69	2335.85	2343.74	2348.24	2356.06	2338.26
EPM7	2333.75	39.51	42.87	39.85	32.09	2336.13	2344.22	2348.40	2355.92	2338.27
TFEM7	1364.4	50.51	49.51	46.60	45.08	1357.65	1362.09	1364.30	1374.62	1372.97
ENQM7	5397.75	49.30	52.12	44.52	38.31	5385.88	5399.00	5408.93	5379.72	5325.95
YMM7	20335	32.82	37.38	29.99	20.02	20435.75	20519.56	20557.89	20677.49	20491.83

Calculations based on previous session. Data collected 04/19/2017

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	153-210	154-000	154-210	155-000	155-210
TYAAM7	10 Yr Treasury Notes	125-245	125-300	126-085	126-140	126-245
SPAM7	S&P 500	2309.39	2303.59	2326.19	2320.39	2343.00
EPM7	S&P E-Mini	2319.00	2324.75	2337.00	2342.75	2355.00

TFEM7	Mini-Russell 2000	1348.5	1355.5	1366.3	1373.3	1384.1
ENQM7	E-Mini NASDAQ	5361.75	5376.75	5403.75	5418.75	5445.75
YMM7	Mini-Dow	20191	20247	20366	20422	20541

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## CURRENCIES COMMENTARY

04/20/17

**The market might be nearing reversal points**

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

**US DOLLAR -148, YEN -305, SWISS +9, CA DOLLAR -25**

**Upcoming International Reports (all times CT)**

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  
 04/21 France Manufacturing PMI Fla 2:00 AM  
 04/21 France Services PMI Flash 2:00 AM  
 04/21 Euro-zone Balance of Payment 3:00 AM  
 04/21 UK Retail Sales 3:30 AM  
 04/21 Canadian Consumer Price Inde 7:30 AM  
 04/21 Existing Home Sales 9:00 AM



**DOLLAR:** With yet another new lower low for the move in the dollar index, a quasi-double top seemingly in place at 99.76 and the prospect of slack US scheduled data later this morning the bear camp looks to maintain control. In fact seeing the dollar remained weak following the modestly hawkish Fed Beige book yesterday would seem to suggest potentially bullish fundamentals are being tossed aside. Under current conditions there might be little in the way of solid support in the June dollar index until the 99.00 level.

**EURO:** The European session featured the March German PPI which was as expected by holding steady with February's 3.1% year-over-year rate. Apparently the bullish tilt in the euro isn't held back by nondescript inflation results. It would also appear as if the euro is not being held back by ongoing French election uncertainty which might suggest the trade has overestimated the importance of the latest round of elections. After all the Sunday result will only set the stage for a runoff in the future and that could mean political influences will be pushed into the future. However the June euro has reached a potentially thick resistance zone of 1.08 on the charts. On the other hand the euro might be set to receive fresh buying interest off weak US scheduled data and a modest risk on vibe in US equities. Critical support today is seen at 1.07675 and the next resistance level is seen at 1.0810.

**YEN:** With a temporary down tick in global geopolitical anxiety and somewhat negative chart action in the Yen the bear camp seems to have regained some footing early today. In fact a critical quasi-double bottom low from the prior two sessions at 91.78 could be violated today if US equities are able to add to the early gains and relative calm reigns.

**SWISS:** With a fresh higher high for the move and the highest price since March 30th the June Swiss looks to continue to draft off strength in the euro and weakness in the dollar. In retrospect we have a bit of a problem fully justifying the April rally in the Swiss.

**POUND:** It does appear as if the Pound has become overbought and has run out of upside momentum. Given the periodic return to the October through April consolidation range in the past 36 hours that gives credence to the idea that 1.2800 is some form of resistance/fundamental limit.

**CANADIAN DOLLAR:** With significant weakness in gold & energy's, favorable profit readings from cyclical CP Rail and the prospect of nearing consolidation low support on the charts from yesterday the slide in the Canadian

might slow and perhaps stop. However it could be difficult to avoid a retest of sub-74.00 levels ahead.

**TODAY'S MARKET IDEAS:**

While there would not seem to be a reason to reverse recent trends in the currency markets a number of charts are suggesting prices have reached potential near term extremes. Unfortunately for dollar bulls the potential for weak data later this morning leaves the bias pointing down to start today.

**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) 04/20/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 objective is 99.27. The next area of resistance is around 99.85 and 100.00, while 1st support hits today at 99.49 and below there at 99.27.

EURO (JUN) 04/20/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 107.8350. The next area of resistance is around 107.6250 and 107.8350, while 1st support hits today at 107.2550 and below there at 107.0950.

JAPANESE YEN (JUN) 04/20/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 92.81. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 92.46 and 92.81, while 1st support hits today at 91.78 and below there at 91.46.

SWISS (JUN) 04/20/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 100.94. The next area of resistance is around 100.74 and 100.94, while 1st support hits today at 100.38 and below there at 100.23.

**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	99.67	37.03	40.66	57.06	40.00	99.92	100.41	100.18	100.64	100.53
JYAM7	92.11	70.94	68.36	82.14	84.57	92.16	91.39	90.88	89.53	89.35
EU6M7	107.4400	55.71	53.05	26.85	39.05	107.06	106.77	107.24	107.01	107.20
BPAM7	128.02	71.22	66.88	64.91	75.58	126.99	125.73	125.41	124.50	124.82
CAAM7	74.26	31.21	36.32	47.58	34.10	74.90	74.91	74.91	75.14	75.48
SFAM7	100.56	59.13	54.88	26.09	39.95	100.28	99.92	100.35	100.20	100.42
DAAM7	74.89	38.23	40.64	28.02	28.36	0.75	0.75	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/19/2017

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM7	US Dollar	99.26	99.48	99.63	99.85	100.00
JYAM7	Japanese Yen	91.45	91.77	92.13	92.46	92.81
EU6M7	Euro	107.0950	107.2550	107.4650	107.6250	107.8350
BPAM7	British Pound	127.30	127.57	128.19	128.46	129.08
CAAM7	Canadian Dollar	73.73	73.93	74.38	74.58	75.02
SFAM7	Swiss	100.22	100.38	100.58	100.74	100.94
DAAM7	Australian Dollar	74.31	74.53	75.03	75.25	75.75

**Calculations based on previous session. Data collected 04/19/2017**

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