



DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Monday April 24, 2017

BONDS COMMENTARY

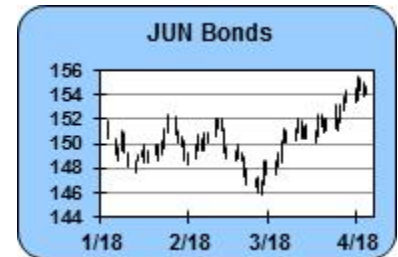
04/24/17

Lack of safe haven support and very weak tech action

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -1040

Gapping down through the March-April uptrend channel is a bearish technical development for bonds and suggests that the trend has turned down. While a final pairing of Macron and Le Pen was the most likely outcome of the first round French Presidential voting, there is still a huge sense of relief throughout global markets that a "black swan" market event has been avoided, at least for now. In other words, the safe-haven support for bonds is lacking today. Even with other potential risk events still simmering, there has been an exodus from safe-haven assets with German Bunds, UK Gilts as well as Treasuries seeing an uptick in yields. Recent hints that the Trump Administration will introduce tax reform measures later this week have also been a source of pressure and have more than offset mixed results from US economic data.



The Fed's Fischer expressed some disappointment with fiscal progress late last week but with a "risk on" mood back in place, the Fed is still on course for two more rate hikes by the end of this year. The North American session will start out with the Chicago Fed's March national activity index which is forecast to see a modest downtick from February's 0.34 reading. The Dallas Fed's April manufacturing business index is forecast to see a modest downtick from March's 16.9 reading. Minneapolis Fed President Kashkari will speak during afternoon US trading hours. The Commitments of Traders reports as of April 18th for U.S. Treasury Bonds showed Non-Commercial traders were net short 24,861 contracts, a decrease of 731 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 47,398 contracts, a decrease of 17,383 contracts for the week. For US Treasury 10Yr Notes, Non-Commercial traders were net long 31,558 contracts, an increase of 55,314 contracts which represents a change from a net short to a net long position. Non-Commercial and Nonreportable combined traders held a net short position of 126,952 contracts, down 83,121 contracts in just one week.

TODAY'S MARKET IDEAS:

The move away from bonds as a safe haven hold to equities and other risk vehicles should act as a very bearish force this week. While talk of the debt ceiling resurfacing this week, the market could find some support. The technical action is bearish. Initial resistance for June bonds is at 153-21 and 154-01. The gap and go action leaves 151-26 and 150-21 as initial support levels. Consider selling bounces. Stiff resistance for June T notes this morning comes in at 125-23 and 125-28, with 124-20 as support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/11/2017 - 4/18/2017	Non-Commercial		Commercial	Non-Reportable	
	Net Position	Weekly Net Change		Net Position	Weekly Net Change
Financials					

Bonds	-24,861	+731	47,398	-17,384	-22,537	+16,652
T-Notes	31,558	+55,314	126,953	-83,121	-158,510	+27,807

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) 04/24/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 next downside target is 153-130. The next area of resistance is around 154-120 and 154-300, while 1st support hits today at 153-200 and below there at 153-130.

10 YR TREASURY NOTES (JUN) 04/24/2017: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 next downside objective is 125-225. The next area of resistance is around 126-075 and 126-140, while 1st support hits today at 125-280 and below there at 125-225.

STOCKS COMMENTARY

04/24/17

Green light for risk assets; NASDAQ already into new highs

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +2730

Some traders headed to the sidelines in front of weekend events and with relief that France avoided some difficult choices, the market is surging higher today. The main event for markets this week occurred on Sunday with the first round of the French Presidential Election. What could have potentially been a market-shaking risk event appears to have run to form, as centrist Emmanuel Macron and the National Front's Marine Le Pen were the two qualifiers for the second round of voting on May 7th. Given that most other candidates are likely to shift their support to Macron, this provided a sizable amount of relief for global risk anxiety. Asian equities were mostly higher with the Nikkei leading the way due to a weaker Yen, but Chinese shares were a notable exception as the Shanghai Composite posted a sizable loss (down 1.4%) on fears of increased regulation and a tightening of leverage.



The latest German IFO survey came in slightly better than forecast, which has strengthened sizable gains by European equities with the French CAC-40 up by more than 4% early on. The North American session will start out with the Chicago Fed's March national activity index which is forecast to see a modest downtick from February's 0.34 reading. Earnings announcements will include Kimberly-Clark, Illinois Tool Works, Haliburton and Hasbro before the Wall Street opening while Canadian National Railway, Express Scripts, Crown Castle, Barrick Gold, Newmont Mining and Whirlpool report after the close.

S&P 500: The French news leaves a "risk on" tone for the market but there appears to be plenty of other factors to absorb this week. Traders may want to see more tax reform specifics flowing from the White House. The Commitments of Traders reports as of April 18th showed Non-Commercial traders were net long 150,231 contracts, an increase of 17,464 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 138,541 contracts, up a significant 42,389 contracts for the week and the buying trend is seen as a short-term positive force. The technical action is impressive with the gap and go action this morning. Support for the June E-Mini S&P is at 2365.75 and 2357.50. The rally leaves the market near the high end of the March-April consolidation and another leg up would leave 2427.60 as a longer-term objective.

Other US Indexes: The June mini NASDAQ broke out to the upside this morning to post new highs. Close-in

support comes in at 5471.00 and 5454.75, with 5532.30 as next upside target.

TODAY'S MARKET IDEAS:

The real question for the market today is whether or not the French election news is enough to carry the US markets to new highs. It may not take much in the way of positive news on tax cuts to keep the momentum strong. The bearish reaction for the China stock market and the US government budget fight are potential negatives. For now, the trend looks up with 2427.60 as a longer-term objective for the June E-Mini S&P.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/11/2017 - 4/18/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Financials						
S&P 500	-8,747	-1,783	3,408	+7,881	5,339	-6,098
E-Mini S&P	150,231	+17,464	-138,541	-42,388	-11,690	+24,925

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) 04/24/2017: A bullish signal was given with an upside crossover of the daily stochastics. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 2363.25. The next area of resistance is around 2355.00 and 2363.25, while 1st support hits today at 2339.50 and below there at 2332.25.

MINI-DOW (JUN) 04/24/2017: The major trend has turned down with the cross over back below the 60-day moving average. The crossover up in the daily stochastics is a bullish signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 20609. The next area of resistance is around 20555 and 20609, while 1st support hits today at 20445 and below there at 20389.

E-MINI NASDAQ (JUN) 04/24/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside target is 5468.93. The next area of resistance is around 5455.87 and 5468.93, while 1st support hits today at 5428.63 and below there at 5414.44.

MINI-RUSSELL 2000 (JUN) 04/24/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 1390.1. The next area of resistance is around 1385.4 and 1390.1, while 1st support hits today at 1375.2 and below there at 1369.6.

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	154-000	63.19	63.14	81.06	77.68	154.52	153.70	152.49	150.62	150.41
TYAAM7	126-015	63.91	63.82	79.70	77.95	126.20	125.85	125.31	124.46	124.33
SPAM7	2347.40	50.33	49.95	39.63	41.19	2342.63	2343.03	2349.15	2356.54	2340.63
EPM7	2347.25	50.19	49.89	40.35	41.89	2342.50	2343.11	2349.26	2356.38	2340.59
TFEM7	1380.3	58.06	54.71	54.92	64.74	1371.15	1365.74	1366.99	1373.82	1373.15
ENQM7	5442.25	61.74	60.02	49.18	55.80	5418.00	5403.14	5416.04	5386.35	5336.58
YMM7	20500	47.23	47.17	29.57	30.71	20448.25	20496.67	20554.56	20678.29	20513.25

Calculations based on previous session. Data collected 04/21/2017

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	153-120	153-190	154-050	154-120	154-300
TYAAM7	10 Yr Treasury Notes	125-220	125-275	126-020	126-075	126-140
SPAM7	S&P 500	2333.77	2340.35	2347.87	2354.44	2361.97
EPM7	S&P E-Mini	2332.25	2339.50	2347.75	2355.00	2363.25
TFEM7	Mini-Russell 2000	1369.5	1375.1	1379.8	1385.4	1390.1
ENQM7	E-Mini NASDAQ	5414.43	5428.62	5441.68	5455.87	5468.93
YMM7	Mini-Dow	20389	20445	20499	20555	20609

Calculations based on previous session. Data collected 04/21/2017

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CURRENCIES COMMENTARY

04/24/17

Euro soars after French election results

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

US DOLLAR -943, YEN -825, SWISS +30, CA DOLLAR +470

Upcoming International Reports (all times CT)

04/24 13 and 26 Week Bill Auction
 04/24 German IFO Business Climate 3:00 AM
 04/24 Canadian Wholesale Trade 7:30 AM
 04/25 2-Yr note Auction
 04/25 4-Week BILL Auction
 04/25 France Business Climate Surv 1:45 AM
 04/25 Consumer Confidence 9:00 AM
 04/25 New Home Sales 9:00 AM
 04/25 API Energy Stocks 3:30 PM



DOLLAR: The Dollar remains under heavy pressure after a sizable gap-lower opening, although it managed to avoid taking out the 5-month low from March 27th so far today. Safe-haven assets like the Dollar have been squarely on the defensive after this weekend's events as a "risk on" mood is being felt in many market sectors. Mixed results from recent US data points have not done the Dollar any favors as well, as they have dampened expectations for 3 more Fed rate hikes this year versus the 2 already priced-in. However, fresh talk of tax reform measures may help the Dollar claw back some of this week's early but substantial losses. Near-term support is at 98.68 as the Dollar will be looking for positive vibes from Washington to regain upside momentum. The Commitments of Traders Futures and Options report as of April 18th for US Dollar showed Non-Commercial traders were net long 43,402 contracts, a decrease of 896 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 48,795 contracts. This represents a decrease of 1,275 contracts in the net long position held by these traders.

EURO: The Euro saw a massive gap-higher opening Sunday evening and while pulling back from those highs remains well supported coming into this morning's trading. While Macron and Le Pen going through to the second round of the French Presidential election was the most likely result, there is still a huge sense of relief that a market-rattling risk event has been avoided for now. A better than expected German IFO survey should reinforce the uptick in European sentiment after Sunday as well. Near-term resistance is at 1.0925 as the Euro will continue to benefit from the "risk on" mood coming out of the weekend. The Commitments of Traders Futures and Options report as of April 18th for Euro showed Non-Commercial traders were net short 20,923 contracts, an increase of 6,591 contracts. Non-Commercial and Nonreportable combined traders held a net short position of 19,386 contracts. This represents an increase of 9,310 contracts in the net short position held by these traders.

YEN: The Yen was slammed early during overnight trading and has been unable to sustain any sort of recovery move. While there are still several potential risk events simmering (not the least of which is across the Sea of Japan in North Korea), there has been an exodus from safe-haven assets such as the Yen early this week that has overwhelmed any support from better than expected readings for the Japanese leading economic and coincident indices. Near-term support is at 90.62 as the Yen will continue to be pressured by safe-haven outflows.

SWISS: The Swiss received a decent early boost from carryover strength in the Euro, but has drifted well below those highs coming into this morning's trading. While the Swiss National Bank may be relieved that they did not have to step in to weaker their "overvalued" currency after the French election, they are unlikely to remain on the sidelines if risk concerns flare up again. Near-term support is at 1.0065 as the June Swiss has downside targeting at an old double high around 1.0027.

POUND: The Pound has remained in a tight near-term trading range this week as the unwinding of Pound/Euro spreads after the French election has blunted any sort of "relief rally". Although upcoming UK Parliamentary elections have receive plenty of market attention over the past few sessions, recent UK economic data points have been lukewarm at best which may give the Bank of England some pause for thought going forward. Near-term support is at 1.2790 as the Pound should still benefit from much stronger global risk sentiment coming out of the weekend.

CANADIAN DOLLAR: The Canadian has seen an abrupt change of fortune early this week as it has lifted well clear of last Friday's low for the move. Stronger energy prices and risk appetites are providing underlying support, but there has been an uptick with stories in the global press on the soaring housing markets in the Toronto and Vancouver areas that might rattle sentiment. Near-term support is at 74.37 as the Canadian should benefit from the "risk on" mood seen early this week.

TODAY'S MARKET IDEAS:

With few major US economic numbers until later in the week, the Dollar may have to wait on fresh news on tax reform measures in order to regain upside momentum. It will be difficult for the Euro to retest its overnight high again, but it should remain fairly well supported after the French election results went as expected.

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) 04/24/2017: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The

next downside target is now at 99.40. The next area of resistance is around 99.97 and 100.14, while 1st support hits today at 99.60 and below there at 99.40.

EURO (JUN) 04/24/2017: 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. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 107.9387. The next area of resistance is around 107.6525 and 107.9387, while 1st support hits today at 107.0975 and below there at 106.8288.

JAPANESE YEN (JUN) 04/24/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 91.36. The next area of resistance is around 92.05 and 92.28, while 1st support hits today at 91.60 and below there at 91.36.

SWISS (JUN) 04/24/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next upside target is 100.90. The next area of resistance is around 100.79 and 100.90, while 1st support hits today at 100.45 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
CURRENCY COMPLEX										
DXAM7	99.78	40.99	42.99	43.18	30.96	99.63	100.16	100.24	100.59	100.51
JYAM7	91.82	62.60	63.21	79.83	76.40	92.04	91.71	91.01	89.70	89.46
EU6M7	107.3750	54.21	52.25	39.88	52.58	107.46	106.97	107.09	107.06	107.18
BPAM7	128.19	70.63	66.79	72.69	79.04	128.33	126.57	125.71	124.65	124.89
CAAM7	74.12	30.43	35.28	32.19	17.85	74.35	74.80	74.83	75.04	75.41
SFAM7	100.62	56.50	53.39	40.74	55.19	100.59	100.10	100.21	100.22	100.41
DAAM7	75.31	46.97	46.34	29.64	32.37	0.75	0.75	0.76	0.76	0.76

Calculations based on previous session. Data collected 04/21/2017

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAM7	US Dollar	99.39	99.59	99.76	99.97	100.14
JYAM7	Japanese Yen	91.35	91.59	91.81	92.05	92.28
EU6M7	Euro	106.8287	107.0975	107.3837	107.6525	107.9387
BPAM7	British Pound	127.39	127.80	128.17	128.58	128.95
CAAM7	Canadian Dollar	73.77	73.93	74.14	74.30	74.51
SFAM7	Swiss	100.22	100.45	100.56	100.79	100.90
DAAM7	Australian Dollar	74.97	75.17	75.27	75.47	75.57

Calculations based on previous session. Data collected 04/21/2017

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