



## DAILY BONDS, STOCKS, & CURRENCY COMMENTARY

Friday November 25, 2016

### BONDS COMMENTARY

11/25/16

**The bears generally retain control over Treasuries**

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT): BONDS -20

Overnight the UK posted somewhat anemic 3rd quarter GDP results while Poland posted unchanged unemployment results and French Consumer confidence was unchanged in the wake of comments from the ECB that the Trump win was a threat to trade. While the US session will be shortened by the holiday the Treasury charts remain negative with an extending pattern of lower highs and lower lows. However, in the face of a big range down washout and recovery on Wednesday Treasuries saw a large jump in trading volume and a noted increase in open interest and that might suggest some bargain hunting buying or yield hunting. The most recent sweep of US economic data seems to have left the December rate hike train on track and today's data probably won't alter those views. However, those that want to sell Treasuries might have to use stops on those fresh positions at 155-14 in the December contract. On the other hand, slightly positive US equity market action early on and OP-Ed's on the hawkish track of Fed-speak should leave the path of least resistance in Treasuries pointing downward. The US economic report slate today starts with US Flash services PMI which is expected to show some minor decay. The US trading session will also see an Advance Economic Indicators Report due out at 7:30 cst. Later in the trading session there will be Foreign Central Bank holdings and Discount Window Borrowings.



#### TODAY'S MARKET IDEAS:

The trend remains down but the market has now seen 2 days of rejections of spike down and recovery action. Therefore we see critical pivot point support at 154-21 and then again down at 151-31 in December Bonds. In order to throw off the downward bias we would need to see the December contract rally back above 155-14. Down trend channel resistance is seen at 153-17.

#### 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 (DEC) 11/25/2016: The market made a new contract low on the break. 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 tilt is slightly negative with the close under the pivot. The next downside objective is 150-220. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 153-300 and 154-270, while 1st support hits today at 151-280 and below there at 150-220.

10 YR TREASURY NOTES (DEC) 11/25/2016: The market made a new contract low on the break. 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's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 124-100. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 125-280 and 126-135, while 1st support hits today at 124-265 and below there at 124-100.

## STOCKS COMMENTARY

11/25/16

### The bull camp holds control as shopping underpins sentiment

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

S&P 500 +360

Global equity markets were mixed overnight with Asian and Pacific Rim markets higher and European markets under modest pressure. Despite ongoing fears of a December rate hike and renewed clouds on the Italian geopolitical horizon US equities have started out on a positive track. While the markets might react to a Services PMI report today the shortened trading session might reduce the magnitude of market swings today. We do think that optimism toward Black Friday and the shopping season is capable of extending the "animal spirits" rally in stocks.



**S&P 500:** The tight uptrend pattern that has been in place since the election volatility/explosion has extended again this morning with up-trend channel support in the December contract seen at 2193.50 today. As we mentioned on Wednesday open interest in the E-Mini S&P has continued to rise and other than the Italian referendum issue there doesn't seem to be anything overly concerning in the headlines.

**Other US Indexes:** The December E-Mini Dow has forged an early new high off extending Trump/seasonal optimism. Up-trend channel support in the Mini-Dow is seen this morning at 18,974 and that support line rises to 19,005 on Monday. We are a little surprised that large cap stocks are rising in sync with smaller cap and tech based issues. As we suggested in Wednesday's commentary the Mini-Nasdaq futures continue to lag behind other market measures with the Index not able to re-visit this week's highs in the early going! It is even more surprising that the tech-laden Nasdaq has performed so poorly in the face of the holiday shopping season.

#### TODAY'S MARKET IDEAS:

The path of least resistance remains up as long as anecdotal holiday shopping news remains upbeat.

#### 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 (DEC) 11/25/2016: The rally brought the market to a new contract high. 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 could take on a defensive posture with the daily closing price reversal down. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 2210.62. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is

around 2206.25 and 2210.62, while 1st support hits today at 2194.75 and below there at 2187.63.

MINI-DOW (DEC) 11/25/2016: A new contract high was made on the rally. 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. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 19117. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 19095 and 19117, while 1st support hits today at 19013 and below there at 18953.

E-MINI NASDAQ (DEC) 11/25/2016: 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 close below the 1st swing support could weigh on the market. The near-term upside objective is at 4905.93. The next area of resistance is around 4877.12 and 4905.93, while 1st support hits today at 4824.88 and below there at 4801.44.

MINI-RUSSELL 2000 (DEC) 11/25/2016: The market rallied to a new contract high. 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. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 1354.1. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1349.6 and 1354.1, while 1st support hits today at 1333.6 and below there at 1322.2.

## 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>										
USAAZ6	152-290	15.97	19.15	9.45	8.69	153.13	153.91	157.67	162.41	163.72
TYAAZ6	125-110	12.54	16.01	7.89	6.89	125.54	126.11	127.76	129.34	129.67
SPAZ6	2200.80	74.39	68.09	94.77	97.67	2193.70	2181.47	2150.28	2145.71	2146.18
EPZ6	2200.50	73.95	68.03	94.53	97.43	2194.00	2181.53	2150.29	2145.56	2146.09
TFEZ6	1341.6	87.61	79.31	95.86	98.69	1328.85	1312.04	1250.53	1236.36	1235.15
ENQZ6	4851.00	58.01	55.44	77.53	86.41	4848.69	4801.19	4775.82	4818.44	4809.55
YMZ6	19054	82.05	75.83	96.10	98.29	18953.75	18889.22	18517.33	18280.29	18259.47

Calculations based on previous session. Data collected 11/23/2016

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>						
USAAZ6	Bonds	150-210	151-270	152-240	153-300	154-270
TYAAZ6	10 Yr Treasury Notes	124-095	124-260	125-115	125-280	126-135
SPAZ6	S&P 500	2188.70	2195.60	2199.10	2206.00	2209.50
EPZ6	S&P E-Mini	2187.62	2194.75	2199.12	2206.25	2210.62
TFEZ6	Mini-Russell 2000	1322.1	1333.6	1338.1	1349.6	1354.1
ENQZ6	E-Mini NASDAQ	4801.43	4824.87	4853.68	4877.12	4905.93
YMZ6	Mini-Dow	18953	19013	19035	19095	19117

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## CURRENCIES COMMENTARY

11/25/16

## Minor gains in the Pound but the Dollar prevails

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

US DOLLAR -230, YEN -345, SWISS +35, CA DOLLAR +45

### Upcoming International Reports (all times CT)

11/25 German Retail Sales 1:00 AM

11/25 France Consumer Confidence 1:45 AM



**DOLLAR:** The Dollar is showing signs of correcting this morning despite positive US equity market action, residual rate hike expectations and some minor safe haven interest from the latest Italian geopolitical flap. However, the Dollar was significantly overbought from a fundamental and technical perspective. US scheduled data today is mostly 3rd tier in nature and we suspect that the Dollar will find some support from equities. Up-trend channel support in the December Dollar index has actually been violated in the early going today at 1.0165.

**EURO:** The euro forged a fresh downside breakout/extension overnight but it was able to reject that spike down move. Surprisingly the Euro was able to reject the low in the face of rising geopolitical uncertainty returning in Italy in the face of a constitutional amendment referendum that looks to adjust their political process. We have to think that Euro bulls are set to benefit from short covering off the oversold condition and the Euro might also benefit from minimally soft US data later today. Down trend channel resistance in the December euro is seen up at 1.0645.

**YEN:** Another massive downside extension in the Yen has apparently lifted the Nikkei to a 10 month high but we have to think that the spike below 88.00 puts the Yen at a temporary bottom. However, seeing even slightly positive US data next week might see the Yen resume its downward march on the charts.

**SWISS:** We aren't sure if the Swiss was actually dragged downward by the Italian situation or if the Swiss was simply seeing ongoing pressure from money vacating the currency for higher US yields. While the Swiss can sometime catch some support off overt weakness in the Euro it would seem like the Swiss is set to remain in a steep downward track on its charts.

**POUND:** The Pound has managed to stand up to the washout being seen in other non-dollar currencies perhaps because of an uptick in UK GDP and a more significant rise in UK CBI November retail sales volumes. Up-trend channel support in the December Pound is seen at 1.2356 and that support level rises to 1.2369 on Monday.

**CANADIAN DOLLAR:** Until the outlook for the US gets tripped up, the Fed surprises with dovish dialogue (highly unlikely if holiday sales are positive) we suspect that the Canadian is set to remain mired in a downward motion on its charts. Down trend channel resistance is seen today at 74.61 and that resistance level falls down to 74.54 on Monday.

### TODAY'S MARKET IDEAS:

Tighter trading ranges today but the Dollar remains king \*

### 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 (DEC) 11/25/2016: The rally brought the market to a new contract high. 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 market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 102.59. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 102.23 and 102.59, while 1st support hits today at 101.24 and below there at 100.60.

EURO (DEC) 11/25/2016: The market broke to a new contract low. 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 objective is 104.6113. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 106.2075 and 106.9612, while 1st support hits today at 105.0325 and below there at 104.6113.

JAPANESE YEN (DEC) 11/25/2016: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 87.53. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 89.83 and 90.90, while 1st support hits today at 88.15 and below there at 87.53.

SWISS (DEC) 11/25/2016: The market broke to a new contract low. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 97.73. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 98.88 and 99.49, while 1st support hits today at 98.01 and below there at 97.73.

## 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>										
DXAZ6	101.73	84.51	79.69	92.94	94.61	101.31	100.67	99.27	97.95	97.32
JYAZ6	88.99	10.92	17.28	4.10	3.16	89.89	91.10	93.47	95.77	96.35
EU6Z6	105.6200	18.74	23.07	6.95	5.12	106.09	106.81	108.63	110.11	110.71
BPAZ6	124.43	51.03	49.37	52.24	44.29	124.30	124.63	124.33	124.87	126.72
CAAZ6	74.12	41.83	41.46	33.05	35.00	74.27	74.17	74.42	75.19	75.51
SFAZ6	98.45	16.13	23.98	7.85	3.61	98.93	99.62	101.03	101.70	102.02
DAAZ6	73.81	30.94	34.46	13.58	13.61	0.74	0.74	0.75	0.76	0.76

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAZ6	US Dollar	100.59	101.23	101.59	102.23	102.59
JYAZ6	Japanese Yen	87.52	88.14	89.21	89.83	90.90
EU6Z6	Euro	104.6112	105.0325	105.7862	106.2075	106.9612
BPAZ6	British Pound	123.22	123.88	124.31	124.97	125.40
CAAZ6	Canadian Dollar	73.66	73.86	74.18	74.37	74.69
SFAZ6	Swiss	97.72	98.01	98.61	98.88	99.49
DAAZ6	Australian Dollar	73.20	73.45	73.92	74.17	74.64

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