

**US ETF Index performance (5d): SPY +1.5%, DIA +1.3%, IWM +1.6%, QQQ +2.6%, TLT +3.4%.**

Equities rallied on Friday after a surprise Jobs report that showed the strongest employment report since October. The change in nonfarm payrolls were +287k vs the +180k street expected. This was particularly impactful due to the previous report only showing a change of +11k, which had many worried about the state of the US economy. This latest report puts things in perspective that there is some seasonality / fluctuations in these economic reports from one month to the next.

What was particularly puzzling after the employment report was the move in currencies, metals, and bonds. Normally, a stronger than expected report sends bond prices lower along with gold, and the US Dollar higher. The initial reaction was just that for all three mentioned above. However, all three later reversed and Gold and Bonds continued with their upward trends. A couple explanations for the strength in Bonds and Gold are first, international forces are taking precedence over domestic ones. Japan and Europe continue to be under pressure. One look at European financials tells you that something is not right here. EUFN, iShares MSCI Europe Financials ETF, is down -16.6% over the last month and -28.3% year to date. Second, it seems that every time Bonds and Gold go down, there is a buyer taking advantage of the dip. In both of these areas it makes sense to look at the bigger picture. Gold is +27.7% this year but is still down considerable from the 2011 highs, and while US Treasury yields are at record lows, they are much higher than yields in Japan and Europe.

Did Friday's job report move interest rate expectations? Slightly. The probability of a rate hike in the coming month increased but is still less than 10% out to November. See below.

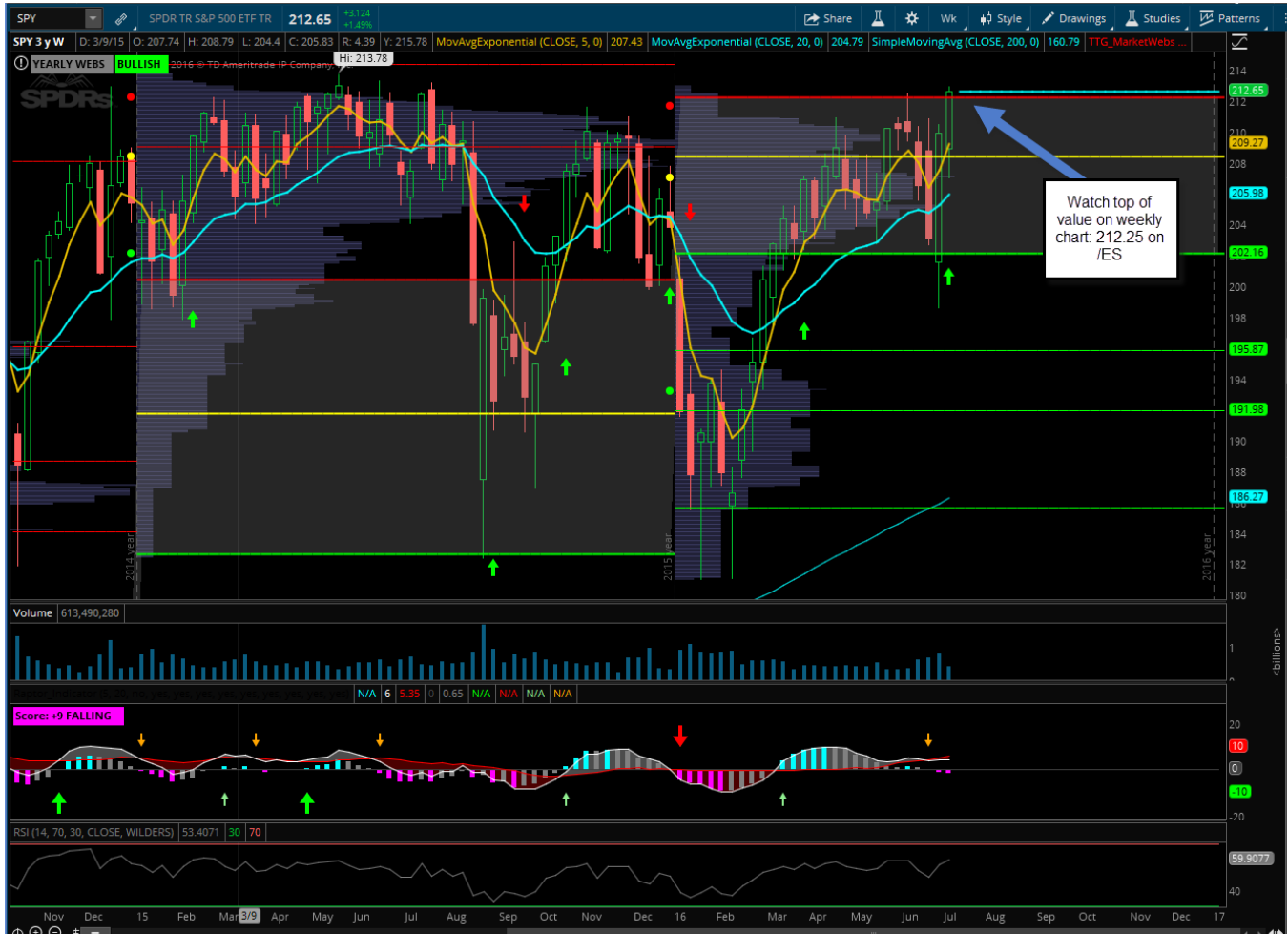
99) Export Data				World Interest Rate Probability								
United States		Instrument		Futures: Fed Funds				FED Effective Rate 0.40				
1) Overview		2) Future Implied Probability										
Current Implied Probabilities										3) Add/Remove Rates		
Dates		Meeting		Calculation		Calculated 07/08/2016			Based on rate 0.25-0.50			
Meeting		Prob Of Hike		Prob of Cut		0-0.25	0.25-0.5	0.5-0.75	0.75-1	1-1.25	1.25-1.5	1.5-1.75
07/27/2016		4.0%		0.0%		0.0%	96.0%	4.0%	0.0%	0.0%	0.0%	0.0%
09/21/2016		9.8%		0.0%		0.0%	90.2%	9.5%	0.2%	0.0%	0.0%	0.0%
11/02/2016		9.8%		0.0%		0.0%	90.2%	9.5%	0.2%	0.0%	0.0%	0.0%
12/14/2016		20.6%		0.0%		0.0%	79.4%	19.2%	1.4%	0.0%	0.0%	0.0%
02/01/2017		20.2%		1.6%		1.6%	78.2%	18.8%	1.3%	0.0%	0.0%	0.0%
03/15/2017		24.9%		1.5%		1.5%	73.5%	22.4%	2.4%	0.1%	0.0%	0.0%
05/03/2017		26.6%		1.5%		1.5%	71.9%	23.6%	2.8%	0.2%	0.0%	0.0%
06/14/2017		31.7%		1.4%		1.4%	66.9%	27.0%	4.3%	0.3%	0.0%	0.0%
07/26/2017		31.3%		2.3%		2.3%	66.4%	26.7%	4.3%	0.3%	0.0%	0.0%
09/20/2017		36.6%		2.1%		2.1%	61.3%	29.9%	6.0%	0.7%	0.0%	0.0%
4) Historical Analysis for Meeting				07/27/2016		4) Add/Remove Series						

Source: Bloomberg

## TTG Market View:

I have noticed that there are a ton of people on Twitter and the financial news channels arguing whether we are in a “Bull” or “Bear” market... to me this is a waste of time. **The CBOE S&P 500 Implied Correlation Index is at a yearly low. This means stocks are not moving in lockstep and we are in a stock pickers market.** Further, there may be opportunities in long and shorts. **For example, there are a number of stocks like ATVI, NVDA, GE, and AMAT that are breaking out and making new 52week highs.** There are also groups like Financials that in **downtrends**. So, what’s the takeaway from this? For me, adapt to the current market. **Buy stocks /sectors that are in uptrends / exhibiting relative strength and sell or short stocks are in downtrends / relative weakness.**

S&P Futures (ESU6) weekly chart



Source: ThinkorSwim

**Here are last week's sector performers:**

**Best 5d:**

Symbol	Description	5d % chng
GDX	Gold Miners	10.21%
XME	Metals & Mining	7.21%
ITB	Home Builders	5.39%
IBB	Biotech	5.36%
SLX	Steel	3.91%
XRT	Retail	3.41%
XLY	Cons Discretion	3.28%
FDN	Internet- FANG	2.80%
XLV	Health Care	2.77%
XLI	Industrials	2.18%
XLK	Tech	1.75%

**Worst 5d:**

Symbol	Description	5d % chng
XOP	Oil & Gas Expl Prod	-1.47%
XLE	Energy	-0.78%
OIH	Oil Services	-0.68%
KBE	Banks	-0.49%
KRE	Regional Banks	-0.42%
XLU	Utilities	0.13%
XLF	Financials	0.28%
IYR	REITs	0.91%
XLP	Staples	0.98%
XLB	Materials	1.34%
IYZ	Telecom	1.62%

**Here are last week's largest International performers:**

**Best 5d:**

Symbol	Description	5d % chng
EPU	Peru	3.88%
VNM	Vietnam	3.29%
EPI	India	2.23%
FM	Frontier Mkts	1.84%
THD	Thailand	1.63%
ASHR	China A	1.47%
TUR	Turkey	1.46%
RSX	Russia	1.38%
EWA	Australia	1.34%
ECH	Chile	1.01%
EWY	South Korea	0.75%

**Worst 5d:**

Symbol	Description	5d % chng
GREK	Greece	-4.84%
EUFN	EURO FINS	-4.21%
HEWG	Germany (FX'd)	-3.62%
EWI	Italy	-2.76%
PLND	Poland	-2.75%
EWU	UK	-2.60%
DXJ	Japan (FX'd)	-2.55%
EWQ	France	-2.27%
EWK	Belgium	-2.26%
VGK	Europe	-2.14%
EZU	EMU	-1.98%

One observation regarding the above performance... in my list of 39 International areas, only 3 ETFs had greater performance than 2% last week vs 10 in my domestic list. Currently, the US is heavily outperforming the rest of the world. **So, while Market Breadth is strong in the US, it is not in International markets.**

## ETF Flows for the Week (7/9/16)

**Overall: Equity ETFs post +\$6.9B in inflows (-\$7.4B prior week)**, note SPY captured the lion share of the flows +\$5.5B. In US Sectors, Consumer Staples, Materials, and Health Care saw inflows. **Financials continue to see heavy outflows, -\$900M. This is on top of the \$1.9B from the previous week.** What's particularly noteworthy is that it isn't just coming out of just XLF but other Financials ETFs including IYF, KBE, and FXO. **A newcomer to the outflow side was Utilities. This all happened on Friday as XLU saw a -\$349M outflow. This was the largest daily outflow that XLU has seen all of 2016. Something to keep an eye on...**

In International ETFs, Europe saw more heavy outflows of -\$1.5B and similar to Financials it is not happening in just one ETF, but many of them including EZU, HEDJ, EWG, VGK, DBEU, and FEZ. *This tells me that it this isn't just one fund or investor pulling money out of Europe, but multiple parties...*

In commodity ETFs, GLD continues to see major inflows. GLD added +\$1.4B and IAU added +\$262M in assets this week. **GLD has now seen \$15B in inflows this year. This is an amazing number.** Silver (SLV) also added +\$164M in assets last week.

### US / Sectors (5d):

- **Sector Highlights** (largest movers included)
- **Largest Inflows:**
  - **Consumer Staples +\$317M:** XLP +\$315M
  - **Materials +\$159M:** GDXJ +\$136M, DUST +\$93M, XME +\$84M, XLB +\$68M, NUGT -\$283M
  - **Health Care +\$138M:** XLV +\$92M, IBB +\$40M
- **Largest Outflows:**
  - **Financials -\$900M:** XLF -\$639M, IYF -\$82M, KBE -\$62M, FXO -\$32M
  - **Utilities -\$367M:** XLU -\$412M, VPU +\$154M, IDU +\$85M
  - **Energy -\$241M:** XOP -\$201M, XLE -\$152M, GASL +\$51M, IYE +\$40M
  - **Tech -\$182M:** XLK -\$83M, SMH -\$61M, ROM -\$43M
  - **Consumer Discretionary -\$155M:** XHB -\$63M, ITB -\$36M

### International (5d):

- **International ETFs -\$1.2B**
- **Country/ Region specific ETFs:**
  - Largest Inflows:**
    - **Emerging Mkts +\$701M:** EMB +\$267M, IEMG +\$201M, EEM +\$171M, EEMV +\$52M
    - **Developed Mkts +\$360M:** EFAV +\$186M, VEA +\$140M

#### Largest Outflows:

- **Europe -\$1.5B:** EZU -\$629M, HEDJ -\$312M, EWG -\$255M, VGK -\$155M, DBEU -\$82M, FEZ -\$61M
- **Japan -\$665M:** EWJ -\$652M

### Largest Flows by ETF

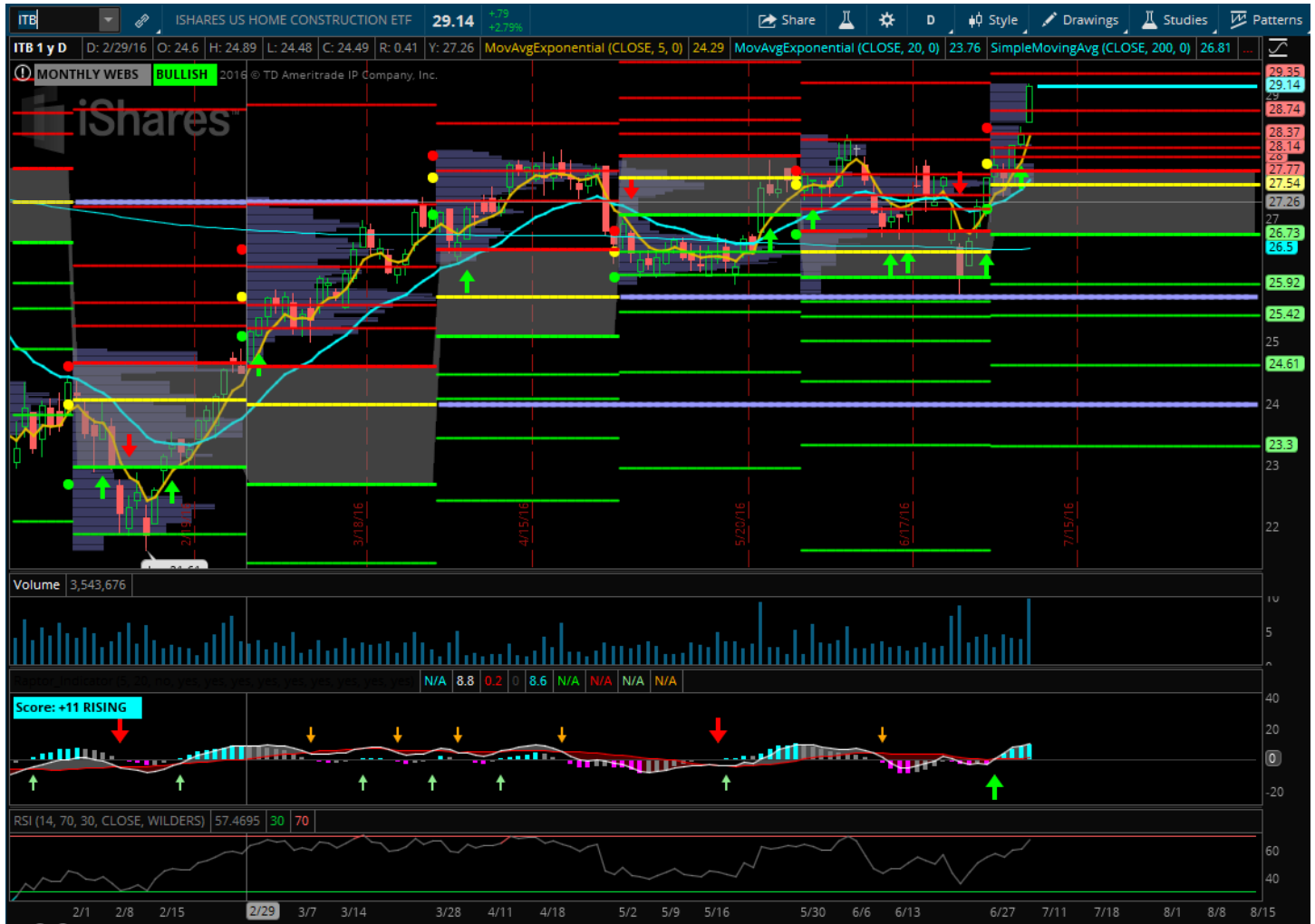
Inflows				Outflows			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
SPY	SPX	\$ 5,486,376,380	3.0	EWJ	JAPAN	\$ (652,548,000)	-4.5
LQD	INV GRADE BONDS	\$ 1,953,080,000	6.5	XLF	FINANCIALS	\$ (639,467,083)	-4.2
IWM	SMALL CAPS	\$ 1,927,035,000	7.5	EZU	EUROPE	\$ (629,437,000)	-6.6
GLD	GOLD	\$ 1,383,512,000	3.3	MDY	MID CAPS	\$ (421,924,517)	-2.5
HYG	HIGH YLD BONDS	\$ 1,275,291,000	8.0	XLU	UTILITIES	\$ (412,441,102)	-4.6
QQQ	NDX	\$ 601,135,000	1.7	HEDJ	EUROPE FX HEDGED	\$ (311,937,500)	-3.0

Source: Bloomberg

## ETFs of the Week:

### ITB (iShares U.S. Home Construction ETF)

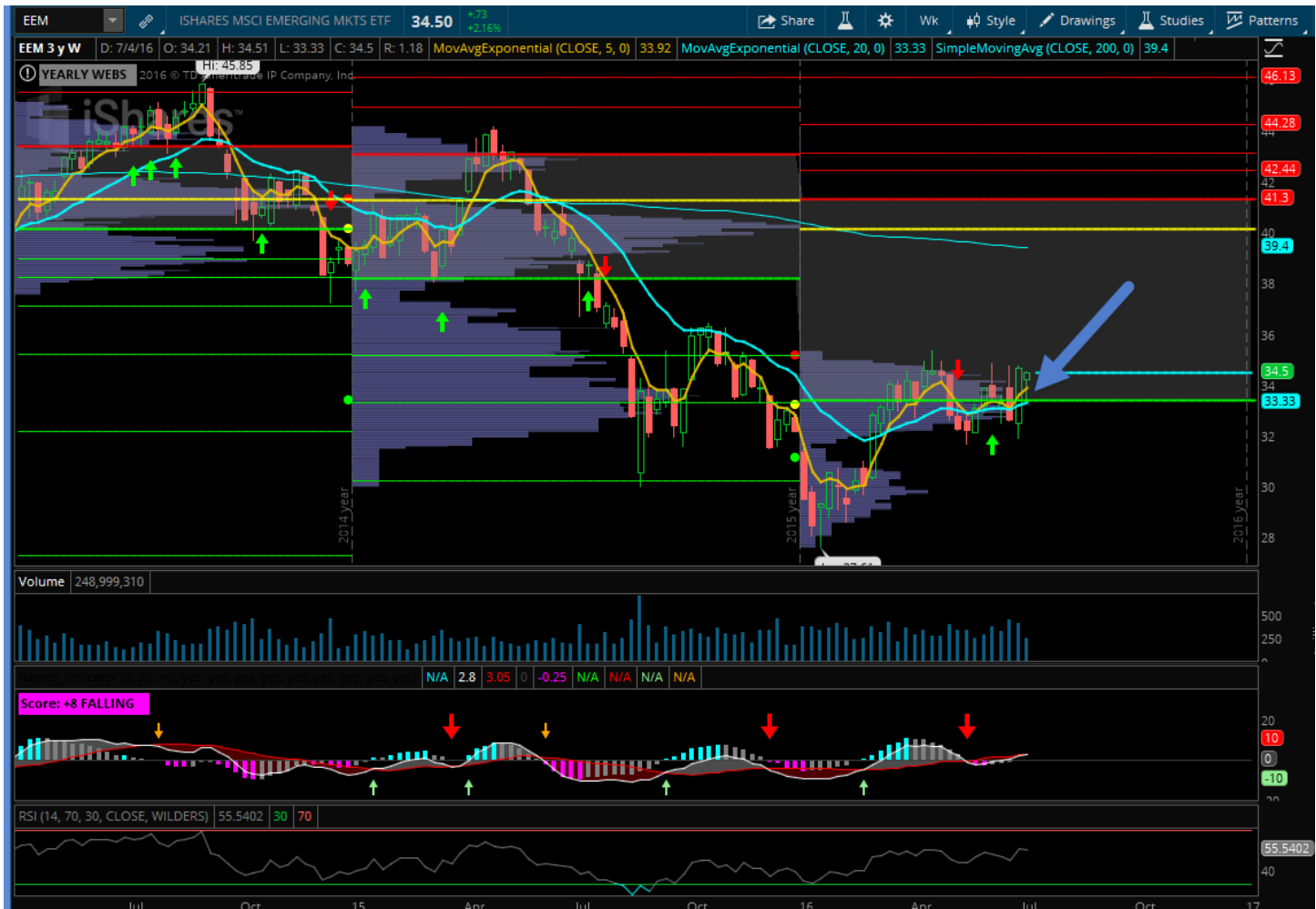
I have had ITB on the radar for the last couple weeks. I am showing this chart again because it broke out last week, and it may have more to run in the next few months if interest rates remain at record low levels. As a reminder, Housing stocks are a beneficiary of lower interest rates. Top weights in the ITB ETF are DHI, LEN, NVR, PHM, TOL and HD. Watch for aggressive call buying in this group next week.



Source: ThinkorSwim

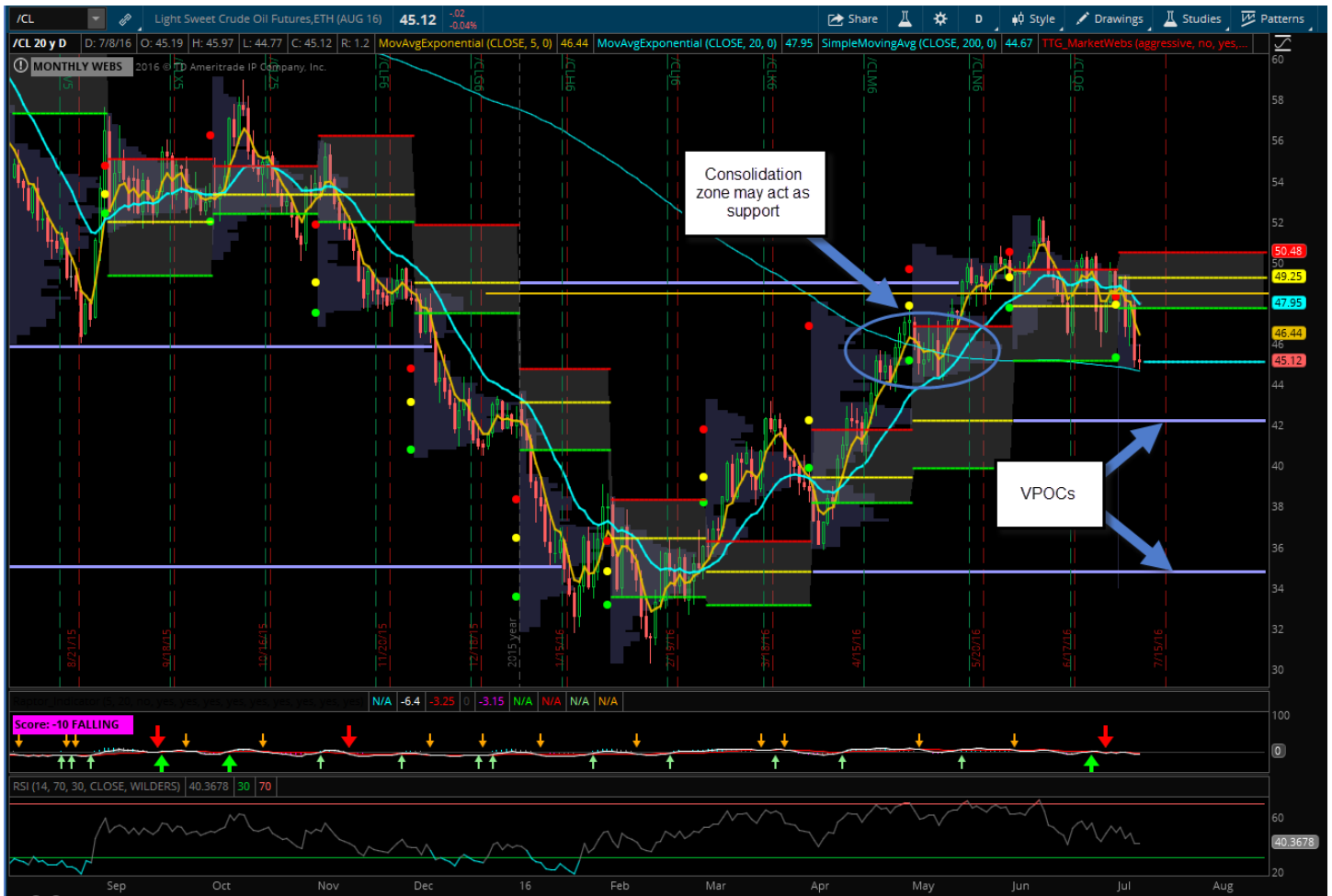
## EEM (iShares MSCI Emerging Markets ETF):

A few months ago Emerging Market ETFs had very strong inflows. Those inflows tapered off last month, but this week they picked up again. Last week there was +\$701M in Emerging Market ETFs. On the weekly chart, EEM is now back above the bottom of value \$33.33, and I am looking at adding a long position for a swing trade (if price stays above \$33.33).



## CLQ6 (WTI Crude Oil futures):

Last week Crude oil fell -7.1% and broke below its +2month price range. If Crude cannot consolidate at current levels it may be on its way to the VPOC (Virgin Point of Control) \$42.11. If we start to see volatility in Crude increase it would not be a good sign for the market (in my opinion).



## Stocks to Watch (from Pat Harris @pharris667)

### POST

Post Holdings, Inc. manufactures, markets, and sells branded and private label ready-to-eat cereal products primarily in the United States, Puerto Rico, Canada, Mexico, and the Caribbean. **This has sweeps calls bought all the way through September plus Form 4 filings. Take out rumors. The only reason this is still here is this has been a Dip buyers special. They don't let this die in any type of market Brexit, sideways, poor always like to watch stocks consistently making new highs.**





## SLW

Silver Wheaton Corp. operates as a precious metals streaming company worldwide. It has 19 long-term purchase agreements and 1 early deposit long-term purchase agreement associated with silver and gold relating to various 29 mining assets. **Up down Market doesn't matter here DIPS being bought regularly.**



## WHR

Whirlpool Corporation manufactures and markets home appliances and related products worldwide. **Lot of upgrades here Top stocks for Second Half of 2016 by 2 different analysts.**



Masco Corporation designs, manufactures, markets, and distributes home improvement and building products in North America and internationally.



MaxLinear, Inc. provides integrated, radio-frequency (RF) and mixed-signal circuits for broadband communication and data center, metro, and long-haul transport network applications worldwide. 8k fillings one to watch to fill the gap an IBD 20 big Cap addition.



Agilent Technologies, Inc. provides application focused solutions to the life sciences, diagnostics, and applied chemical markets worldwide.



HD Home Depot, Inc. NYSE  
 8-Jul-2016 O 132.33 H 134.36 L 132.25 C 134.34 V 4.8M Chg +3.18 (+2.42%)  
 ▲ RSI(14) 65.84

HD (Daily) 134.34  
 ▲ ICHIMOKU(9,26,52) 128.99 130.37  
 — VWAP undef  
 ■ Volume 4,806,226

132.34 129.35 129.10 124.71 123.62

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134.34 132.95 129.10 124.71 123.62

## AGN

Allergan plc, a specialty pharmaceutical company, develops, manufactures, markets, and distributes medical aesthetics, biosimilar, and over-the-counter pharmaceutical products worldwide. It operates through US Brands, US Medical Aesthetics, International Brands, and Anda Distribution segments. **Hasn't really had the move yet in the Bio sector-Upgrades and Form 4 filings on July 5<sup>th</sup>.**



## NKE

Some Negative articles being written about this stock- 2 analysts named this as Best stock for rest of 2016.



## GPN

Global Payments Inc. provides payment solutions for credit cards, debit cards, electronic payments, and check-related services. It operates in two segments, North America Merchant Services and International Merchant Services. **Long set-up. Just like the Stock RSI 51 possible fill the Gap to 79.**



## VZ

Sector selloff on Thursday puts this back in play



UA

Under Armour. Calls swept here JUNE 30. What changed- Nothing. May be a Peter Lynch style of investing but if your Kids are into sports look to see what they're wearing a lot of this name here.



3 oil Plays I'm watching

HAL

Dips being bought here.



## MPC



## HES





## PNRA

Panera Bread Company, together with its subsidiaries, owns, operates, and franchises retail bakery-cafes. The company operates through three segments: Company Bakery-Cafe Operations, Franchise Operations, and Fresh Dough and Other Product Operations.

### An under the Radar Play.



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