

**US ETF Index performance (5d): SPY +1.5%, DIA +2.0%, IWM +2.5%, QQQ +1.4%, TLT -3.6%.**

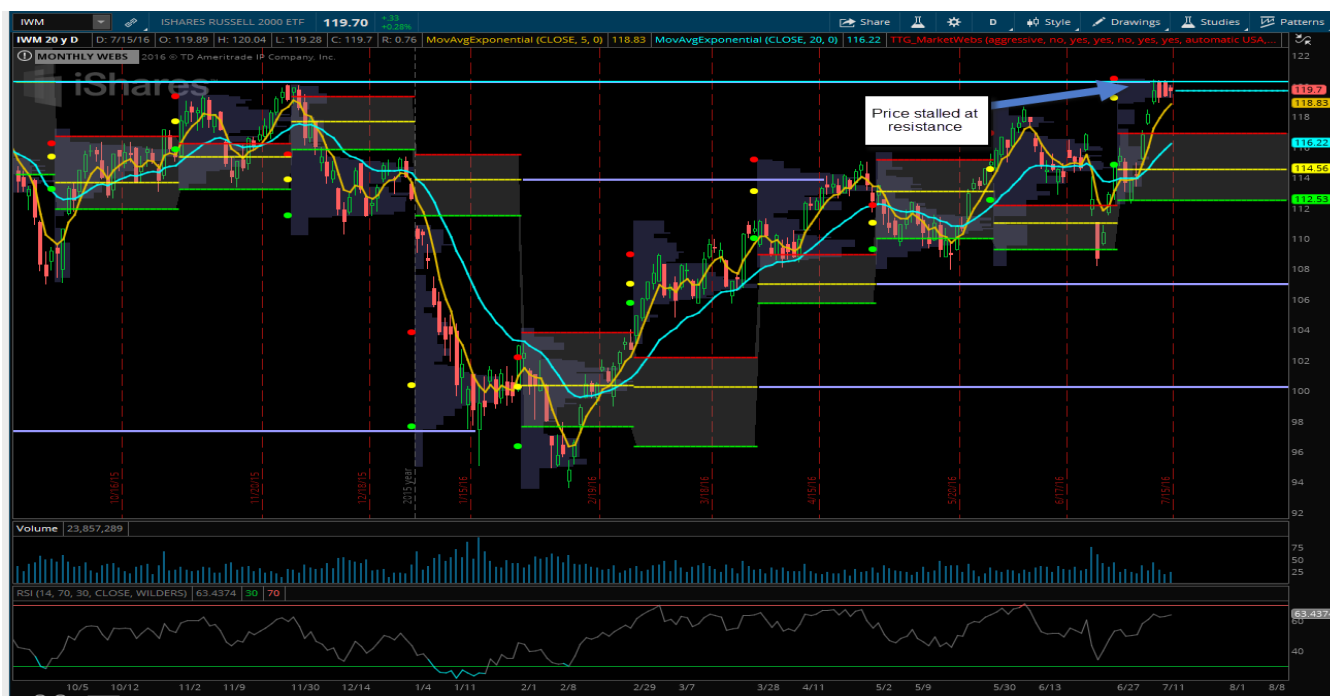
After the SPX has returned a bullish +6.1% over the last three weeks, equities looked a bit exhausted towards the end of the week. Positive economics both in China and in the US, and better than expected bank earnings results failed to catapult equities to new highs on Friday. Under normal circumstances, these positives would have led to strong gains in my opinion. Another potential reason for equities not flying higher towards the end of the week is that we have a huge earnings week ahead. So, it made sense to pause after a huge run. Further, Housing Starts, Building Permits, and Existing Home Sales are all ahead next week and should give an indication whether lower interest rates are driving home purchasing. On Friday, there was an uptick in Retail Sales (+0.6% vs exp +0.1%) which indicated consumers picked up their spending last month.

There were +\$14.6B in Equity ETF Inflows this week, this is by far the largest weekly inflow of 2016. I wrote an article in Trader Planet last week that describes how to interpret this data and where some of these inflows came from: <https://t.co/GM8MmxFw33>. See the ETF Fund Flow section below for more details.

### TTG Market View:

As I have mentioned in previous newsletters, I often use sharp option activity as a gauge of market sentiment and aggressive buying. From mid-week on, we did not see that (in either puts or calls) except in a few peripheral names i.e. calls: CIEN, WRK, BWA, MET, DAL, SWKS, RLG, and in puts: Z, XHB, IGN, XME, and SYF. In addition, while the market opened higher almost every day last week, we traded in a tight range most of the trading sessions. **Conclusion: being patient and choosy was the right strategy last week and will be a focus for me next week considering the amount of companies reporting earnings next week.** Generally, earnings season is a tricky time of the year for option traders as signals become a bit noisy with a bit more hedging taking place around earnings. Overall, I am looking for a pull back to get more involved on the long side. Also, **I am watching Small Caps to signal a possible next leg higher in equities. However, if Small Caps (IWM) fail at \$120.30, will re-assess.**

IWM (iShares Russell 2000 ETF) daily chart



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

**Best 5d:**

Symbol	Description	5d % chng
SLX	Steel	8.43%
XME	Metals & Mining	7.15%
KRE	Regional Banks	5.52%
KBE	Banks	5.14%
XLB	Materials	3.88%
SMH	Semis	3.04%
XLF	Financials	2.62%
XLI	Industrials	2.55%
IYZ	Telecom	2.39%
XLE	Energy	2.24%
XLK	Tech	1.99%

**Worst 5d:**

Symbol	Description	5d % chng
GDX	Gold Miners	-2.19%
XLU	Utilities	-1.03%
XLP	Staples	0.02%
ITB	Home Builders	0.10%
XLY	Cons Discretion	0.45%
IBB	Biotech	0.52%
XLV	Health Care	0.53%
IYR	REITs	0.60%
XRT	Retail	0.81%
OIH	Oil Services	1.41%
XOP	Oil & Gas Expl Prod	1.57%

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

**Best 5d:**

Symbol	Description	5d % chng
DXJ	Japan (FX'd)	9.47%
EUFN	EURO FINS	5.99%
EWZ	Brazil	5.40%
EWI	Italy	4.83%
EWG	Germany	4.57%
GREK	Greece	4.51%
HEWG	Germany (FX'd)	4.37%
EWT	Taiwan	4.25%
EWQ	France	4.16%
EWP	Spain	4.13%
EZU	EMU	4.05%

**Worst 5d:**

Symbol	Description	5d % chng
VNM	Vietnam	0.93%
EPI	India	1.41%
IDX	Indonesia	1.55%
FM	Frontier Mkts	1.60%
EWK	Belgium	1.62%
EWL	Swiss	1.71%
EWV	Mexico	1.93%
EWM	Malaysia	2.06%
ASHR	China A	2.12%
EPU	Peru	2.52%
ECH	Chile	2.56%

In last week's newsletter, I commented that the rest of the world needs to "catch up" to the US. Japanese, European financials, and Emerging markets all rallied last week so mission accomplished! **World-wide breadth is important, and to see beaten up global areas rebound, is a good sign in my opinion.**

## ETF Flows for the Week (week ending 7/16/16)

**Overall: Equity ETFs post +\$14.6B in inflows (+6.9B prior week)**, the largest weekly inflows (by far) in 2016. This is particularly interesting to see money come off the sidelines and into equities, **but I want to see follow through after this action. Most US Sectors saw sizable inflows including Industrials, Materials, and Financials.** It was interesting to see the Financials see inflows after a few weeks of heavy outflows (prior 2 weeks -\$2.8B) following better than expected bank earnings. **More defensive sectors saw outflows with Consumer Staples -\$503M and Utilities -\$228M.** Also, interesting was **Technology seeing -\$453M in outflows with six different ETFs making up that large number** (see more on Tech in the chart section).

In International ETFs, **Emerging Markets posted gigantic inflows of +\$3.6B.** EEM, iShares MSCI Emerging Markets ETF, saw +\$2.3B. Meanwhile, **Europe continues to see large outflows. Last week they saw another -\$1.6B outflows (previous week -\$1.5B).** Not only did Europe focused ETFs like HEDJ, EZU see outflows, but also country specific ETFs like EWG, EWP, and EWI saw them as well.

In commodity ETFs, **GLD reversed the trend of inflows that it has seen all year (+\$13.7B ytd) and saw it largest weekly outflows of 2016 at -\$786M.** These outflows are something to keep an eye on next week or if investors view this recent pull back in GLD as a buying opportunity.

### US / Sectors (5d):

- **Sector Highlights** (largest movers included)
- **Largest Inflows:**
  - **Industrials +\$546M:** XLI +\$390M, VIS +\$142M, IYT +\$64M
  - **Materials +\$523M:** NUGT +\$139M, VAW +\$117M, XLB +\$80M, XME +\$66M, RING +\$53M, GDXJ +\$52M
  - **Financials +\$452M:** XLF +\$316M, EUFN +\$116M, KBE +\$62M
  - **REITs +\$352M:** VNQ +\$280M, SCHH +\$45M
  - **Consumer Discretionary +\$347M:** XLY +\$235M, VCR +\$104M
  - **Health Care +\$247M:** XLV +\$482M, VHT +\$98M, XBI -\$148M, IBB -\$122M
- **Largest Outflows:**
  - **Consumer Staples -\$503M:** XLP -\$560M, VDC +\$125M
  - **Tech -\$453M:** XLK -\$227M, SMH -\$74M, IGN -\$71M, IGV -55, VGT +\$95M, SOXX -\$49M
  - **Utilities -\$228M:** XLU -\$192M, VPU -\$48M, IDU +\$85M

### International (5d):

- **International ETFs +\$2.4B**
- **Country/ Region specific ETFs:**
  - Largest Inflows:**
    - **Emerging Mkts +\$3.6B:** EEM +\$2.3B, IEMG +\$728M, EMB +\$396M, PXH +\$59M, EMLC +\$49M, EEMV +\$47M
    - **Developed Mkts +\$235M:** PXF +\$195M
  - Largest Outflows:**
    - **Europe -\$1.6B:** HEDJ -\$453M, EZU -\$306M, FEEU -\$258M, VGK -\$231M, EWG -\$215M FIEU -\$64M, EWP -\$81M, EWI -\$46M, DBEF -\$46M

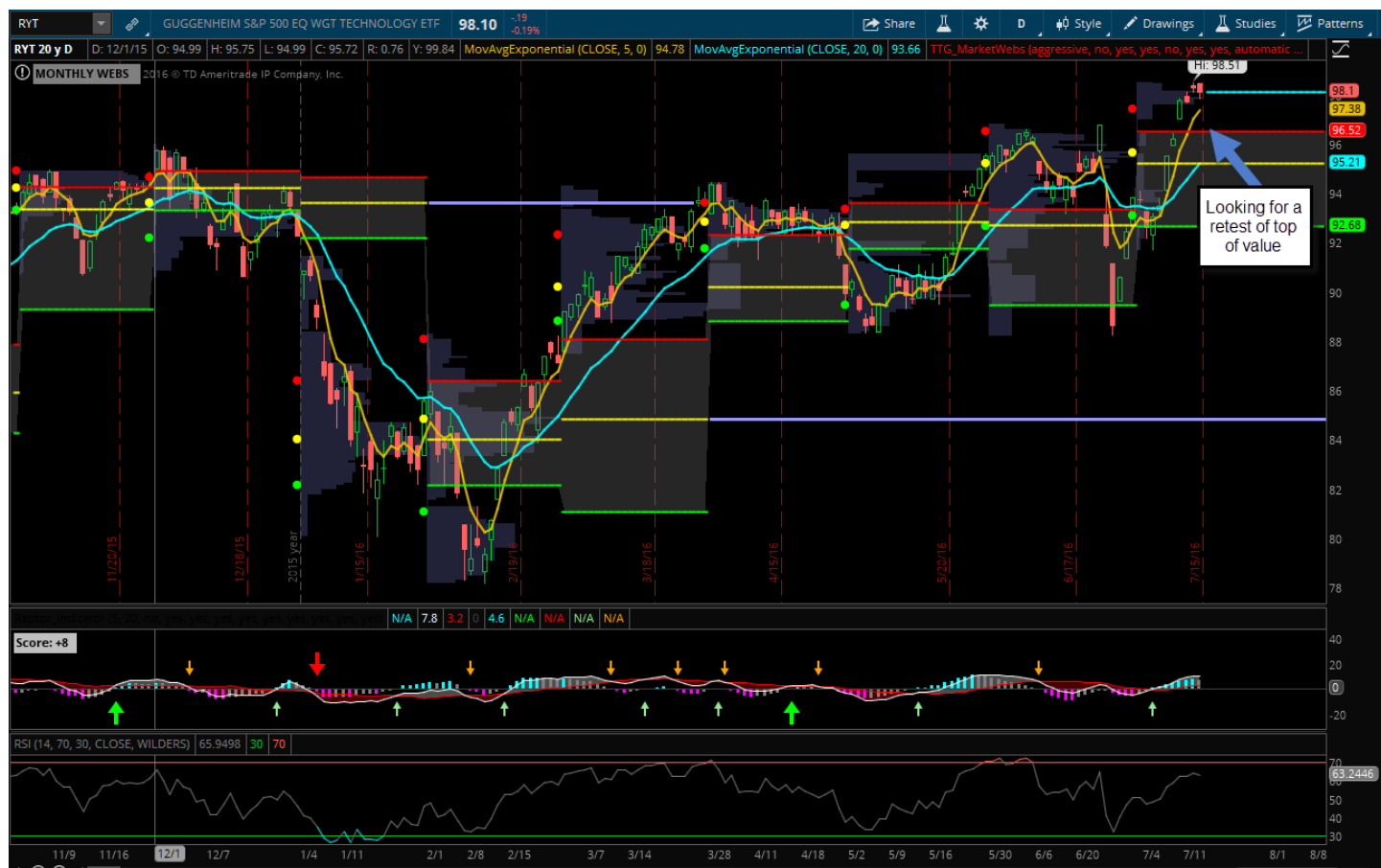
### Largest Flows by ETF

Inflows				Outflows			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
SPY	SPX	\$ 5,104,385,975	2.7	GLD	GOLD	\$ (786,408,000)	-1.9
EEM	EMERGING MKTS	\$ 2,312,712,000	9.6	EWJ	JAPAN	\$ (563,112,000)	-4.0
QQQ	NDX	\$ 838,500,000	2.3	XLP	CONSUMER STAPLES	\$ (559,784,443)	-5.3
VOO	SPX	\$ 794,518,214	1.7	HEDJ	EUROPE FX HEDGED	\$ (453,775,000)	-4.3
IEMG	EMERGING MKTS	\$ 727,944,000	5.4	SHY	1-3YR TREASURY	\$ (374,308,000)	-3.6
JNK	HIGH YIELD BONDS	\$ 704,145,361	6.0	EZU	EUROPE	\$ (306,063,000)	-3.3

## ETFs of the Week:

### RYT (Guggenheim S&P 500 Equal Weight Technology ETF)

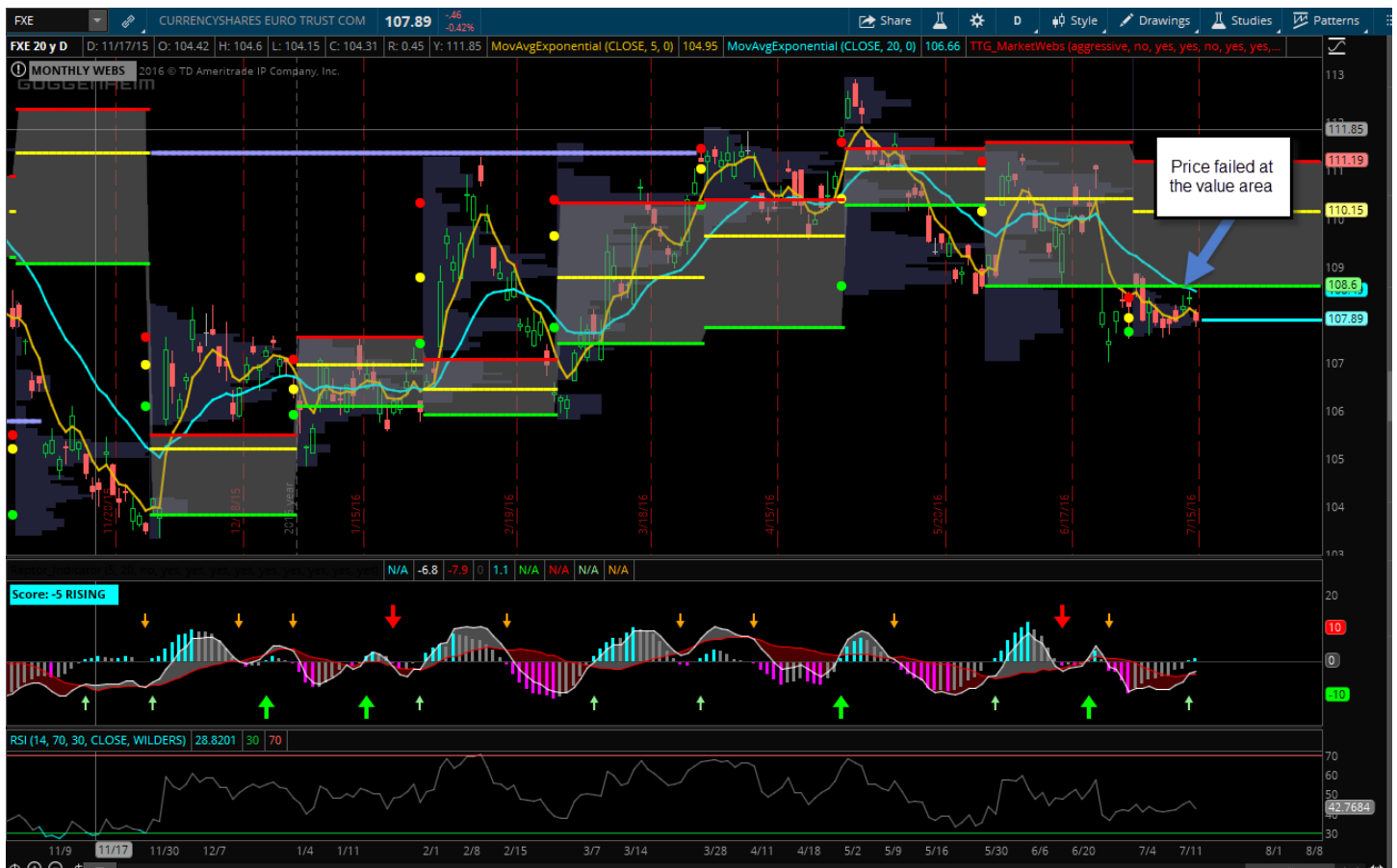
As mentioned in the ETF Flow section, the Tech sector saw large outflows this week of -\$453M, and I view this as profit taking and many groups like Semis have had a great run the last few weeks. Interesting, we saw large call buyer in the XLK (Tech) ETF, 57,513 XLK 7/29 45.5 C @ \$0.30 and a large put buyer in the IGN (Tech-Multimedia Networking) ETF 21,806 IGN Dec-16 33 P @ \$1.00. My take on these large prints is that they could be used as a hedging vehicle going into earnings season, or a way to lock in profits (in the case of IGN). The reason I am focusing on RYT is that it has recently broken out of resistance and it contains more smaller companies due to the ETF being equally weighted vs XLK being a market cap weighted ETF. For example, the top holdings of RYT are STX, SYMC, NVDA, ATVI, PAYC, and WDC vs XLK are AAPL, MSFT, FB, T, and GOOGL. **I am looking for the RYT ETF to fall back to ~\$96.52 for an entry in the group and / or specific companies in the ETF.**



Source: ThinkorSwim

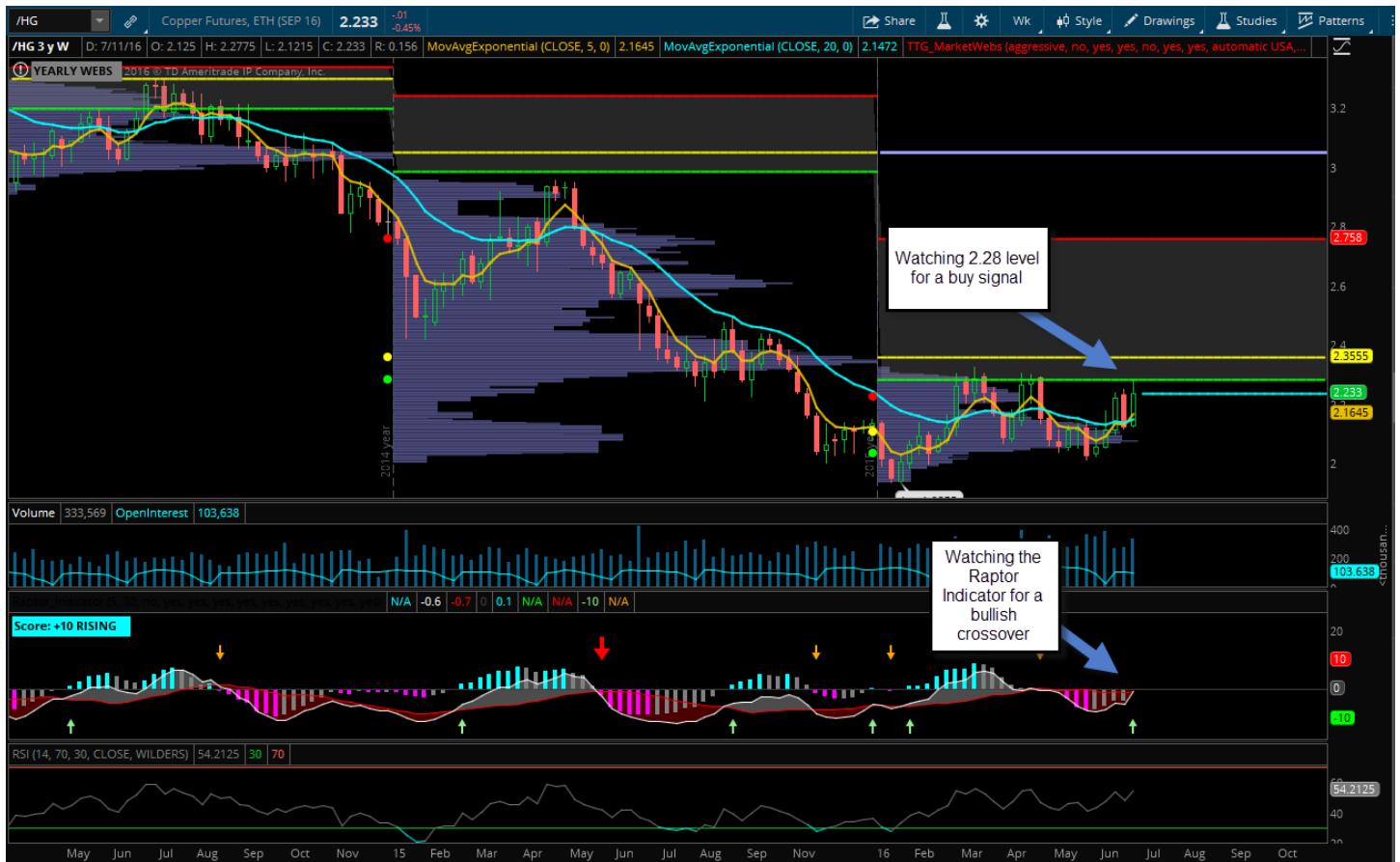
## FXE (Euro Currency Trust ETF):

From a technical standpoint the FXE touched the bottom of value and failed and may setup as a short here. European ETF saw more huge outflows, something that has been a trend all year. FXE also saw -\$48M in outflows last week. I am considering a bearish risk limited risk reversal, buying the FXE Sep 106p and selling the 109-112 call spread for a total cost of ~\$0.10



## HGU6 (Copper):

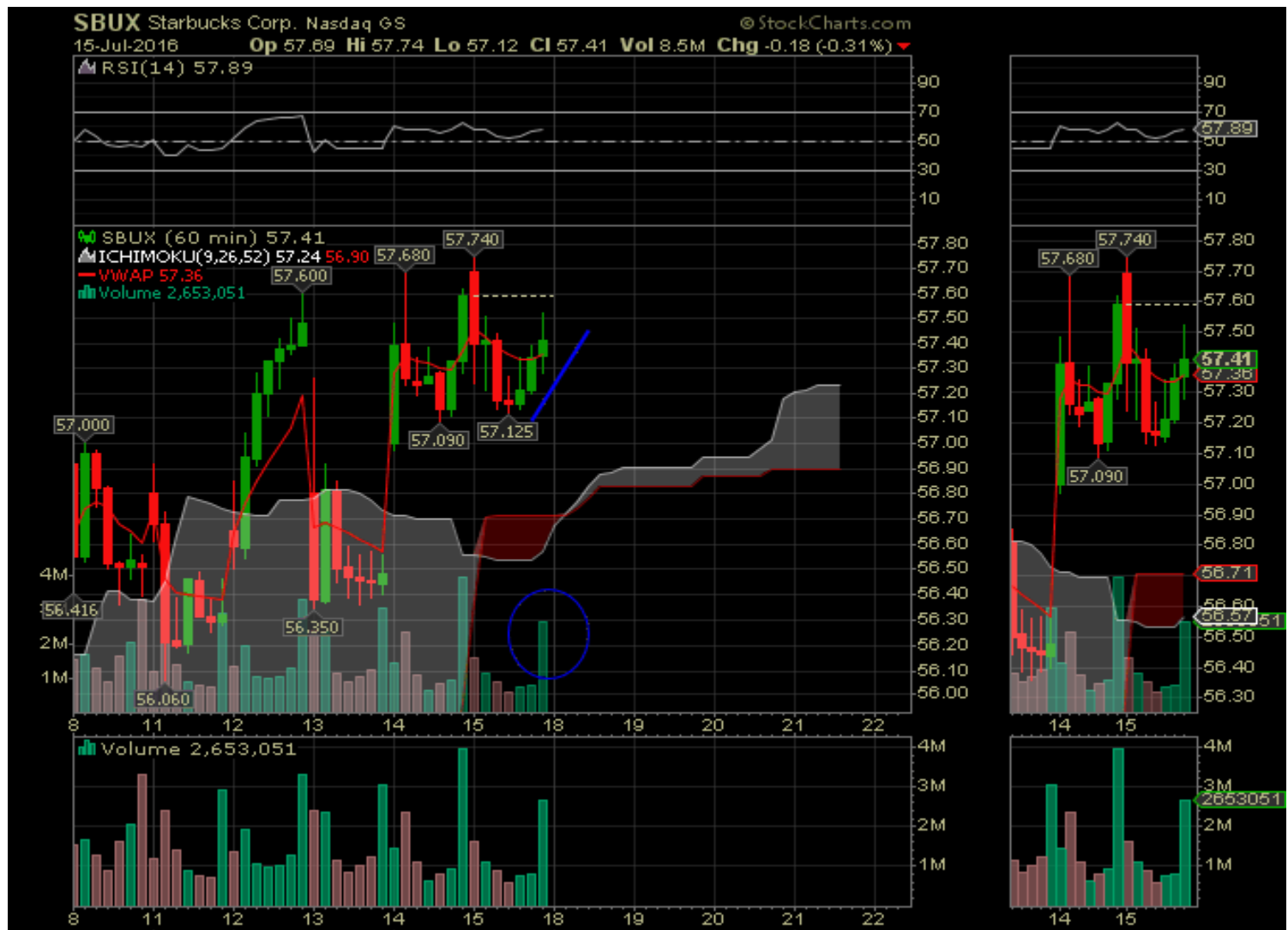
Copper is starting to look interesting. Warning, it did so in March & April and failed to get into the yearly value area. I am watching the 2.28 level and for a close above that level on Friday. I am also long EEM and strong move for copper generally benefits EM.



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

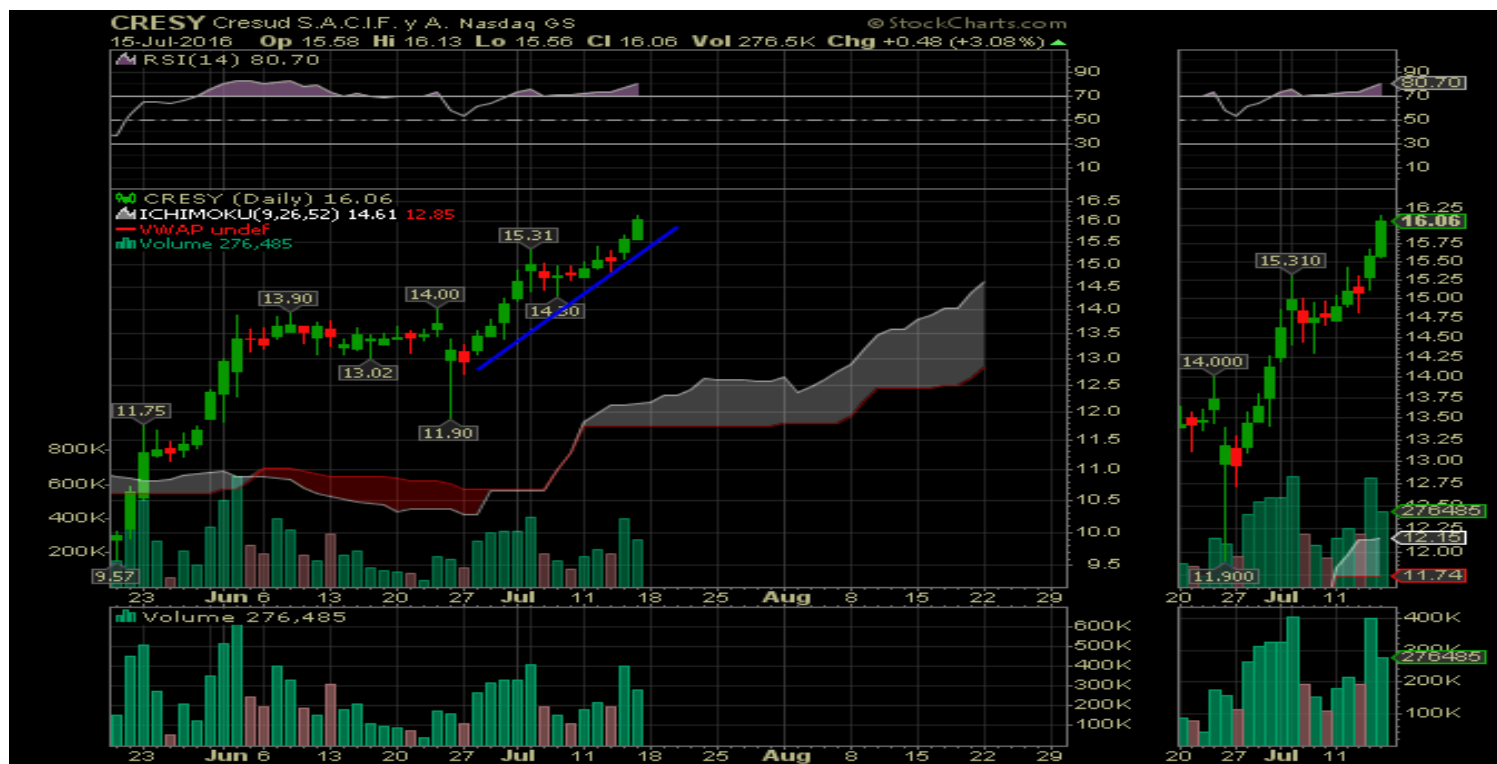
### SBUX

Starbucks Corporation operates as a roaster, marketer, and retailer of specialty coffee worldwide. The company operates in four segments: Americas; Europe, Middle East, and Africa; China/Asia Pacific; and Channel Development .**Stock Basing Well.**



## CRESY

Cresud Sociedad Anonima Comercial, Inmobiliaria, Financiera y Agropecuaria, an agricultural company, produces basic agricultural commodities in Brazil and other Latin American countries. The company's Agricultural business is involved in planting, harvesting, and sale of crops, such as wheat, corn, soybean, cotton, and sunflower, as well as sugarcane; breeding, purchasing, and fattening of beef cattle for sale to meat processors and local livestock auction markets.



## GOOGL





## TSLA



## LLY

Eli Lilly and Company discovers, develops, manufactures, and markets pharmaceutical products worldwide. It operates through two segments, Human Pharmaceutical Products and Animal Health Products. Sweep calls, FDA News and Analyst thoughts are propelling this Stock.



## AMWD

American Woodmark Corporation manufactures and distributes kitchen cabinets and vanities for the remodeling and home construction markets in the United States. **Like the Stock, like the sector.**



## YRD

Yirendai Ltd. operates as an online consumer finance marketplace that connects borrowers and investors primarily in the People's Republic of China. It offers standard, fasttrack, and vertical loan products. The company also provides credit scoring and fraud detection systems, and investing tools. **To big toilgnore just continues making New Highs. Market will let you when it tops out- Plus I like what the Company does.**



## TWLO

Twilio Inc. provides cloud communications platform that enables developers to build, scale, and operate communications within software applications through the cloud as a pay-as-you-go service in the United States and internationally. **Software IPO keeps rolling-However, short interest in the newly listed stock also rose from zero to 19 percent of the number of shares issued at the IPO as of last Friday.**



## MHK

Mohawk Industries, Inc. designs, manufactures, sources, distributes, and markets flooring products for remodeling and new constructions of residential and commercial spaces worldwide.



## USCR

U.S. Concrete, Inc., through its subsidiaries, produces and sells ready-mixed concrete, aggregates, and concrete-related products and services for the construction industry in the United States. **Good Strength Sector Improving One of the top stocks of 2016.**



## 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.**



## HSY

The Hershey Company manufactures, imports, markets, distributes, and sells confectionery products. The company operates through two segments, North America, and International and other. **This Company stays in Focus as Heavy Sweep calls of 110 bought- Still believe another offer coming.**



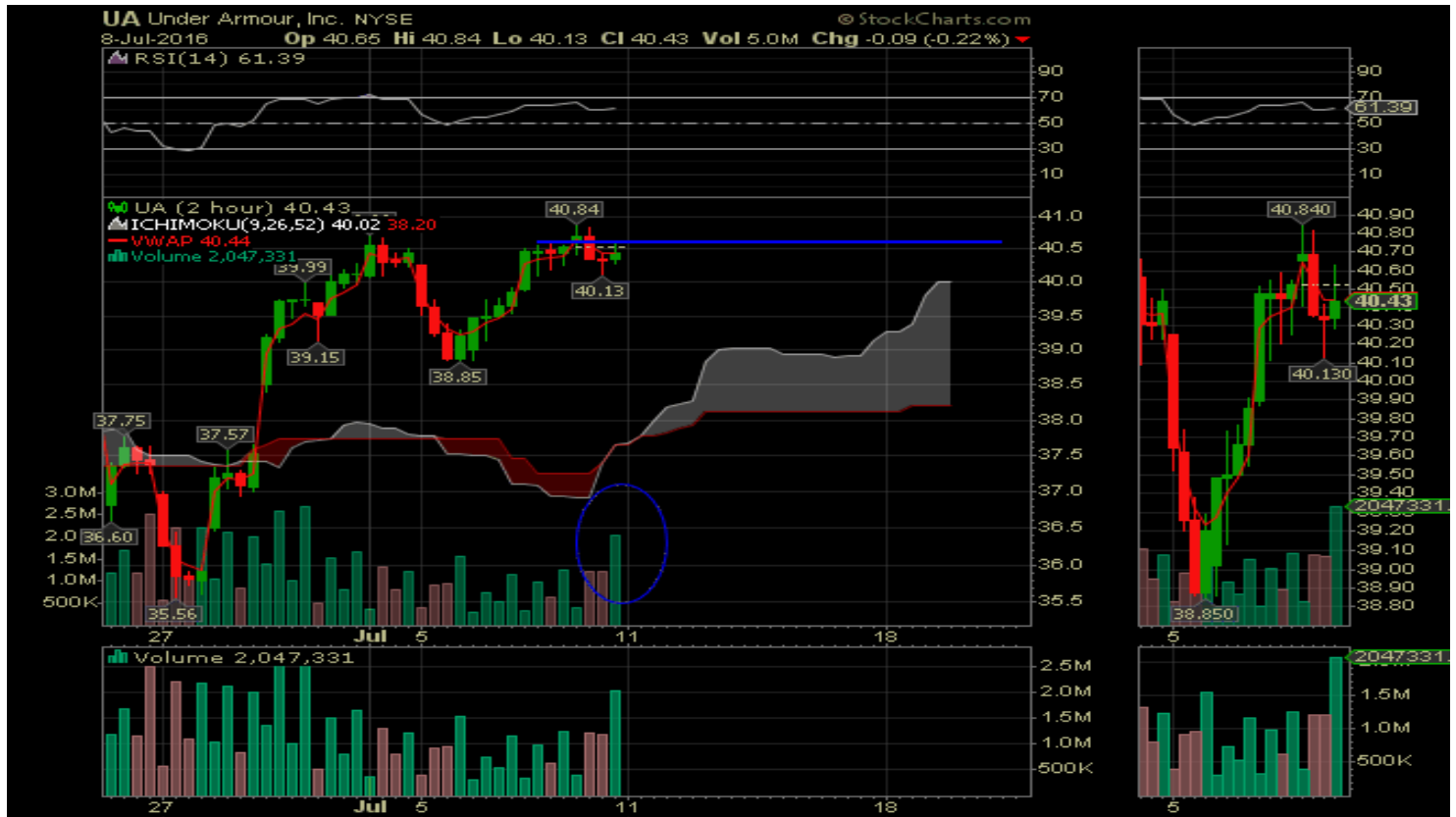
## POST

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 had calls bought all the way through September plus Form 4 filings. The only reason this is still here is this has been a dip buyers special. They haven't let this die in any type of market, sideways, poor always like to watch stocks consistently making new highs.**



UA

Under Armour . Still on watchlist, calls swept here July 15. What changed- Nothing. Call buying 2 Fridays in a row



Also watching X LOW RLYP JOY FCX SYK

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