



# TRIBECA TRADE GROUP

US ETF Index performance (5d): SPY +1.0%, DIA +1.4%, IWM +1.3%, QQQ +2.0%, TLT -0.3%, GLD -1.4%

## Market Recap

US Equities broke out of their +1mo sideways pattern last week. QQQs led the SPX for the 4<sup>th</sup> week in a row, gaining +2% last week. Most of last week's gains were concentrated on Tuesday & Wednesday with the SPX gaining +1.5% on those two days. I am pointing this out because now that we are in the middle of the earning season, we may have more bumpy weeks like the last where we climb a day or two and then consolidate depending on the earnings results. Case in point, another **113 of the companies in the S&P 500 are reporting next week (23% of the SPX)**. A calendar of top securities reporting this week has been uploading into the TTG trading room. Other events to watch next week are the FOMC two day meeting starting on Tuesday, the monthly jobs report on Friday, and the BOJ meeting.

## TTG Market View

**A big change from last week on a technical basis. SPY broke above the level that I have been talking about for over a month, \$227.80.** The QQQs continue to lead the major indices, although they are now a bit overbought on the daily chart. Small Caps (IWM), which were my "the bad" from last week's newsletter, climbed back into value and led the market on Tuesday & Wednesday. Similarly in US sectors, **Industrials, Materials, and Consumer Discretionary broke through their monthly value areas (Tech did this the week prior)**. More details in the Sector Section. So, in summary, *these are positive / bullish developments*.

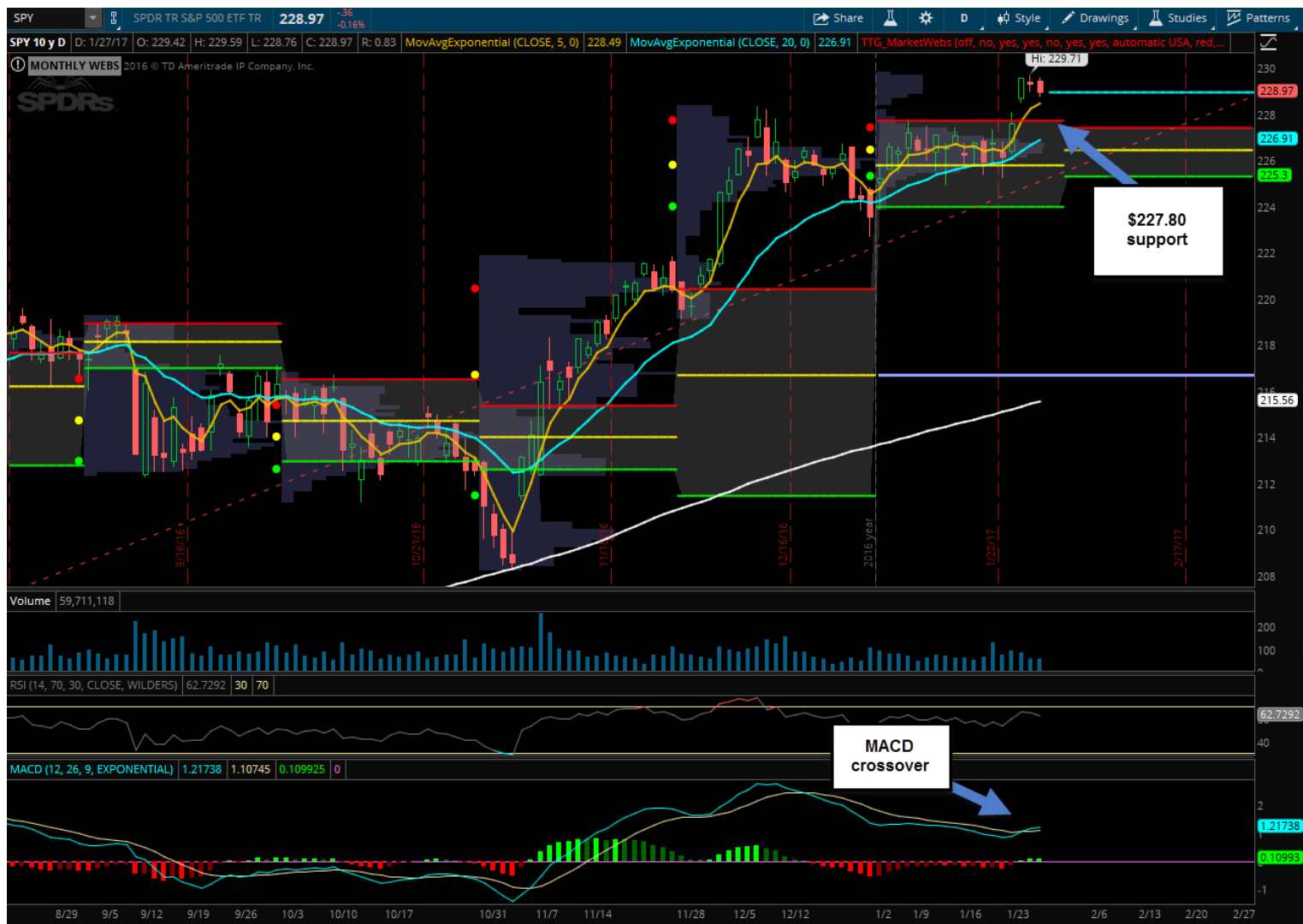
Last week I discussed the abnormally high level in option skew level, 146. This fell rapidly in the middle of last week and is now at 130. This is also encouraging. The VIX is also at a multi-year low of 10.58. This low of a VIX reading has not been seen since mid-2014. My feeling on this low level reading is that the market is not expecting any volatility, so if we do get some sort of bad news, the market is not pricing it in, and it may be a bit of a shock. **Until then, I am constructive on the stock market, as long as SPY is above \$227.80 support and IWM is above \$134.75.**

## Index Review

### SPY / SPX

Obviously some new developments from last week – for weeks I have been talking about the **daily top of value \$227.80** is the key level to watch for a break of resistance. **Last week the resistance was broken coupled with a MACD crossover** (which are great for swing trading changes of momentum). **This is bullish and I want to be long as long as we are above \$227.80 which now becomes support**. If by chance the SPY retests this level and holds it would be a great place to get longer in my opinion.

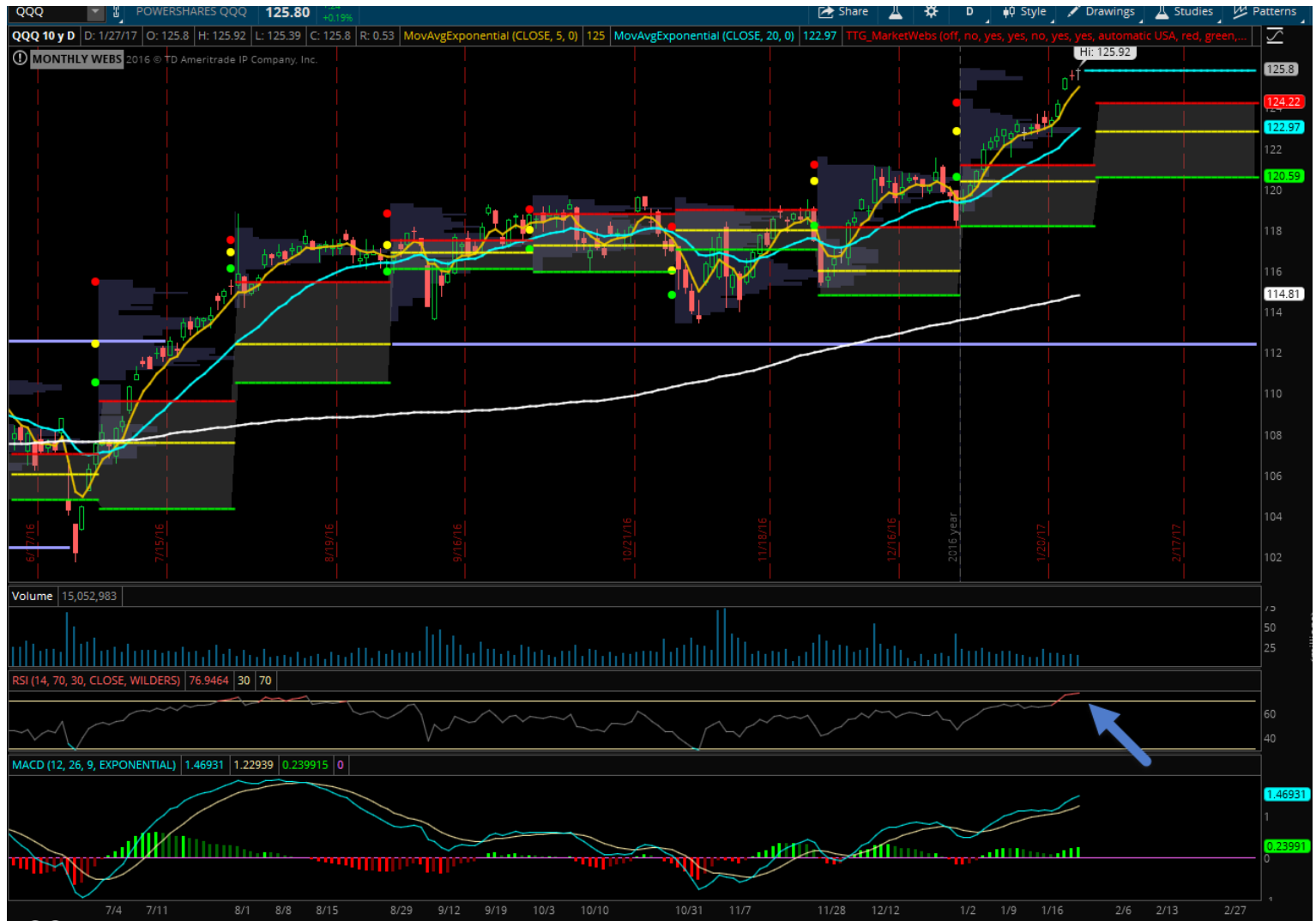
SPY daily chart



## QQQ / NDX

More strong performance in the QQQs last week and as I mentioned above, **the 4<sup>th</sup> straight week of outperformance QQQ vs SPY**. One observation is that the QQQs are **now overbought on the daily chart with an RSI of 77**. In my opinion, this **would be a good place to take some profits if long the QQQ**. I actually sold a QQQ Feb 3rd 126 / 129 call spread on Thursday as I am fading the QQQs going into next week (short term trade) because they are overbought.

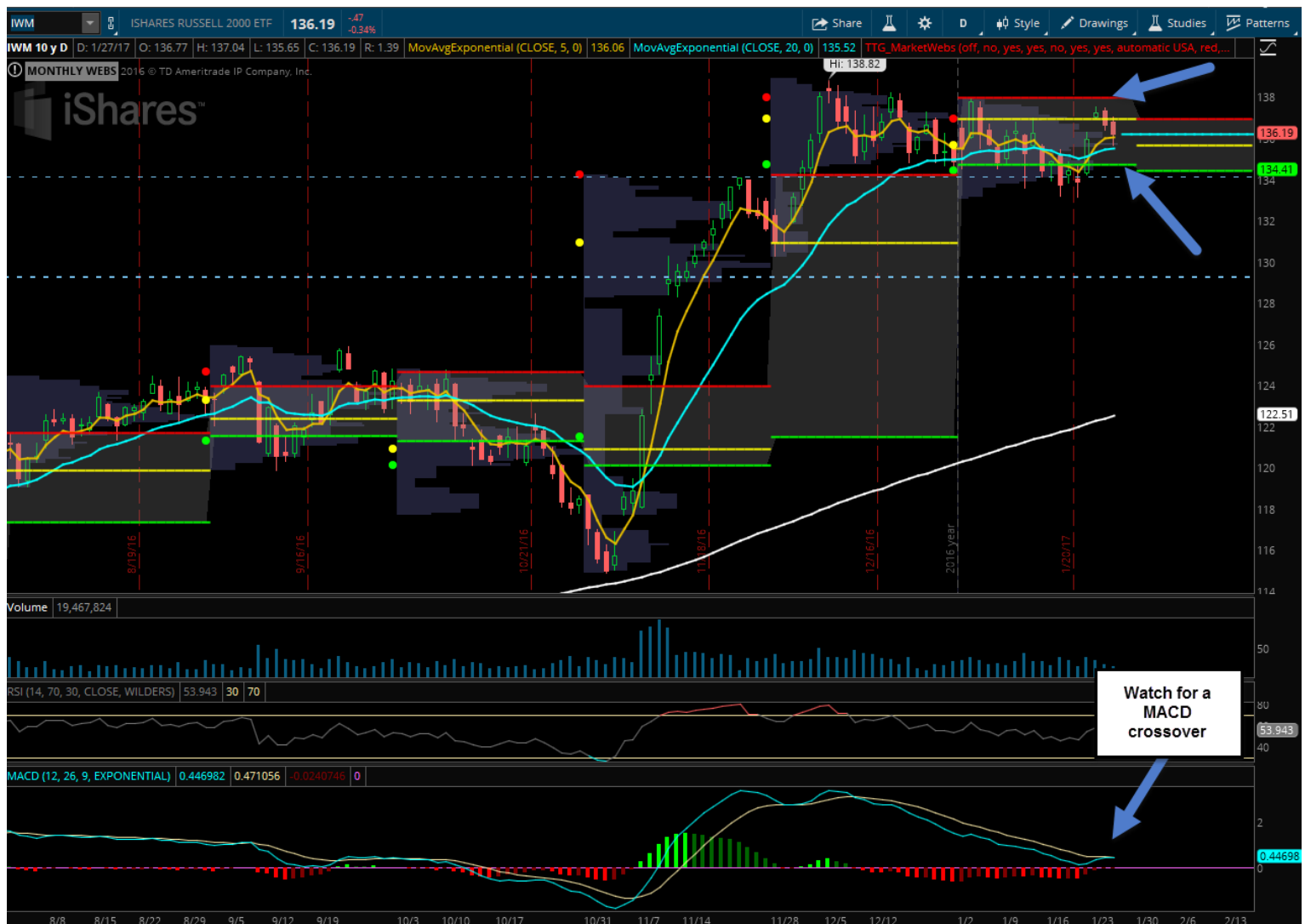
QQQ daily chart



## IWM / RUT

Small Caps are now back in the daily value area and almost saw a positive MACD crossover last week. **I am watching top of value resistance of \$138 for a breakout and \$134.75 support.** Last week I was negative on the Small Caps, which I am changing to **neutral**.

IWM daily chart



## US Sector Review

**Energy, XLE slips below the 50 day MA (Moving Average) last week and is now neutral on my rankings.** No other major trend changes. **XLF is trying to break-out and take that next leg higher. Watch \$23.80 in the XLF ETF.** **Industrials** (which I talked about in last week's newsletter as the next sector to go), **Materials, and Consumer Discretionary all broke out of +1mo consolidation and above the monthly value area last week.** Note Tech did this two week ago which we already talked about. Telecom also broke above the value area on Friday.

Meanwhile Utilities, Consumer Staples, Health Care, and REITs remain below the 100d and 200d MA's, and continue to be **"avoids"** until they climb above the major MA's. Note Consumer Staples rose up to the 200d MA and failed / got rejected.

### This week's sectors

Symbol	Description	Moving Avg Summary	Trend	*Momentum +12 / -12	Weight in SPX
XLF	Financials	>50d	Strong	+9 RISING	19
XLK	Tech	>50d	Strong	+12	14
XLY	Cons Discretion	>50d	Strong	+6	13
XLI	Industrials	>50d	Strong	+9	12
XLB	Materials	>50d	Strong	+9	7
IYZ	Telecom	>50d	Strong	+8 RISING	4
XLE	Energy	<50d > 100d <200d	Neutral	-7	7
XLU	Utilities	>50d > 100d <200d	Neutral toWeak	-8 FALLING	3
XLP	Consumer Staples	>50d > 100d <200d	Neutral toWeak	+2	9
XLV	Health Care	>50d <100d <200d	Neutral toWeak	0	8
IYR	REITs	>50d <100d <200d	Neutral toWeak	-6 FALLING	4

### Sectors from last week's newsletter

Symbol	Description	Moving Avg Summary	Trend	*Momentum +12 / -12	Weight in SPX
XLF	Financials	>50d	Strong	-4 FALLING	14
XLE	Energy	>50d	Strong	-5	7
XLI	Industrials	>50d	Strong	+7 RISING	10
XLB	Materials	>50d	Strong	+6	3
XLK	Tech	>50d	Strong	+8 RISING	21
XLY	Cons Discretion	>50d	Strong	+5	12
IYZ	Telecom	>50d	Strong	-2	2
XLU	Utilities	>50d > 100d <200d	Neutral toWeak	+3	3
XLP	Consumer Staples	>50d > 100d <200d	Neutral toWeak	+8 RISING	10
XLV	Health Care	>50d <100d <200d	Neutral toWeak	-6 FALLING	15
IYR	REITs	>50d <100d <200d	Neutral toWeak	+3	3

**\*Momentum** – a TTG proprietary indicator (Raptor Indicator)

## Last week's sector performers:

### Best 5d:

Symbol	Description	5d % chng
ITB	Home Builders	5.61%
XLB	Materials	3.37%
KRE	Regional Banks	3.25%
SLX	Steel	3.08%
KBE	Banks	2.92%
SMH	Semis	2.82%
XME	Metals & Mining	2.59%
XLF	Financials	2.16%
FDN	Internet- FANG	1.89%
XLK	Tech	1.89%
XLI	Industrials	1.66%

### Worst 5d:

Symbol	Description	5d % chng
XRT	Retail	-1.70%
OIH	Oil Services	-0.99%
IYR	REITs	-0.59%
XLU	Utilities	-0.51%
XLE	Energy	-0.42%
XLP	Staples	-0.38%
XLV	Health Care	-0.13%
IBB	Biotech	0.24%
XOP	Oil & Gas Expl Prod	0.41%
GDX	Gold Miners	0.43%
XLY	Cons Discretion	1.35%

## Last week's International performers:

### Best 5d:

Symbol	Description	5d % chng
EWV	Mexico	5.77%
RSX	Russia	4.74%
PLND	Poland	4.00%
FM	Frontier Mkts	3.72%
EPI	India	3.43%
EWT	Taiwan	3.00%
EWZ	Brazil	2.97%
EEM	Emerging Mkts	2.86%
THD	Thailand	2.78%
EPU	Peru	2.73%
VNM	Vietnam	2.48%

### Worst 5d:

Symbol	Description	5d % chng
EWI	Italy	-1.30%
TUR	Turkey	-1.20%
EWQ	France	-0.16%
GREK	Greece	0.00%
EWN	Netherlands	0.32%
EWA	Australia	0.52%
EZU	EMU	0.59%
EWK	Belgium	0.62%
EWJ	Japan	0.67%
ASHR	China A	0.97%
EFA	EAFE	0.98%

## ETF Flows (week ending 1/27/16)

**Overall: Equity ETFs post strong +\$10.9B inflows** (previous week -\$634M) last week. The breakdown was +\$5.4B were added to large cap ETFs while +2.0B added to Small Cap, and +\$1.0B to Mid Cap ETFs.

In terms of US Sectors last week, **Tech saw large inflows** with **XLK adding +\$812M** and **SOXX (Semis) adding +\$137M** and **SMH (Semis) adding +\$49M**. Materials saw the 2<sup>nd</sup> highest inflows with **VAW (Materials) adding +\$179M**, **XLB (Materials) adding +\$95M**, and **GDX (Gold Miners) adding +\$62M**. Despite the Energy sector underperforming last week -0.5%, the group saw inflows of \$306M. Financials & REITs also saw inflows. On the outflow side, **Healthcare, Utilities, and Consumer Staples all saw outflows**.

**International ETFs also posted strong inflows of +\$4.7B**. Developed Markets specific ETFs, **IEFA, EFA, and EFV posted a combined +\$1.3B**. Emerging Market specific ETFs, **IEMG and VWO also posted a combined +\$1.3B inflow**. Japan ETFs, **EWJ & DXJ posted +720M**. See below for full list.

Interestingly, **Fixed Income ETFs also posted strong inflows of +\$7.6B**. Most of the inflows went into Investment Grade Bond ETFs and High Yield Bonds ETFs, but there was also short term treasuries ETFs that saw inflows as well. For example, **BSV (short term treasuries) posted a +\$1.3B inflow**. **GLD (Gold) posted a -\$386M inflow and SLV (Silver) -\$46M outflows**.

### US Sectors (5d):

- **Largest Inflows:**
  - Tech +\$987M
  - Materials +\$464M
  - Energy +\$306M
  - Financials +\$245M
  - REITs +\$227M
- **Largest Outflows:**
  - Health Care -\$488M
  - Utilities -\$456M
  - Consumer Staples -\$304M

### International (5d):

- **International ETFs +\$4.7B**
- **Country/ Region specific ETFs:**
  - Largest Inflows:**
    - Developed Markets +\$1.3B
    - Emerging Markets +\$1.3B
    - Japan +\$720M
    - UK +\$256M
    - Canada +\$156M
  - Largest Outflows:**
    - Europe -\$121M

### 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	\$ 3,778,341,870	1.7	QQQ	NDX	\$ (1,314,610,000)	-3.0
BSV	SHORT TERM BONDS	\$ 1,337,618,389	6.8	VUG	GROWTH	\$ (864,769,302)	-3.6
VCIT	INTERM. CORP BND	\$ 1,107,851,141	10.4	XLV	HEALTH CARE	\$ (634,722,908)	-4.5
XLK	TECH	\$ 811,840,507	5.3	XLU	UTILITIES	\$ (452,448,436)	-6.8
IEFA	CORE EAFE	\$ 779,660,000	4.5	GLD	GOLD	\$ (385,798,000)	-1.2
IWM	SMALL CAPS	\$ 748,990,000	2.0	XLP	CONSUMER STAPLES	\$ (230,471,476)	-2.8

## ETFs / Stocks of the Week:

### AMLP (Alerian MLP ETF)

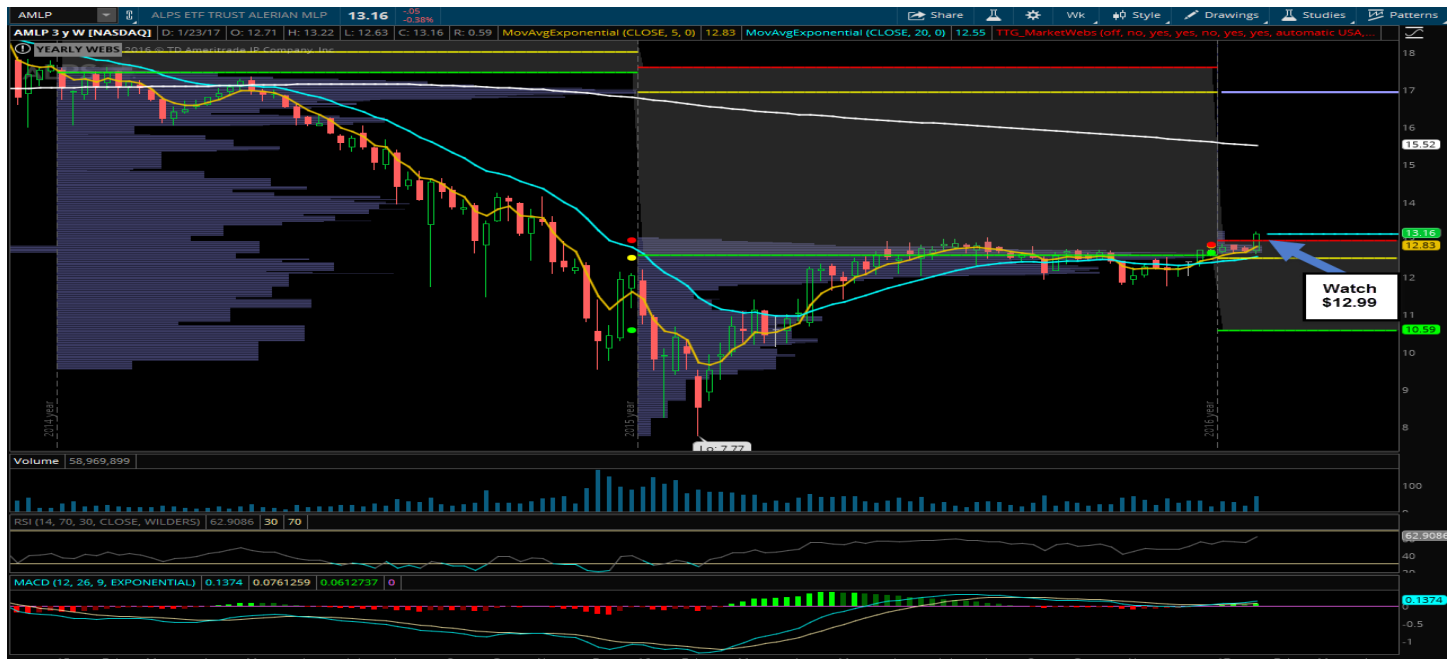
MLPs continue to see call activity in both single names and ETFs (AMLP, AMJ). For example, last week the +10,000 contracts in the AMJ ETN (The JPMorgan Alerian MLP Index ETN) were rolled up from Mar 33 calls to the 34 calls. From a technical standpoint the price of AMLP is now above all the major Moving Averages (50, 100, & 200) and the price is all above the yearly value area (2<sup>nd</sup> chart) of \$12.99. I like a long here as long as price remains above \$12.99. Note the dividend yield is 7.7%.

Top weights in the AMLP ETF are: **MMP, EPD, ETP, PAA, WPZ, MPLX, BPL, and OKS.**

AMLP 2 year Chart



AMLP Weekly Chart

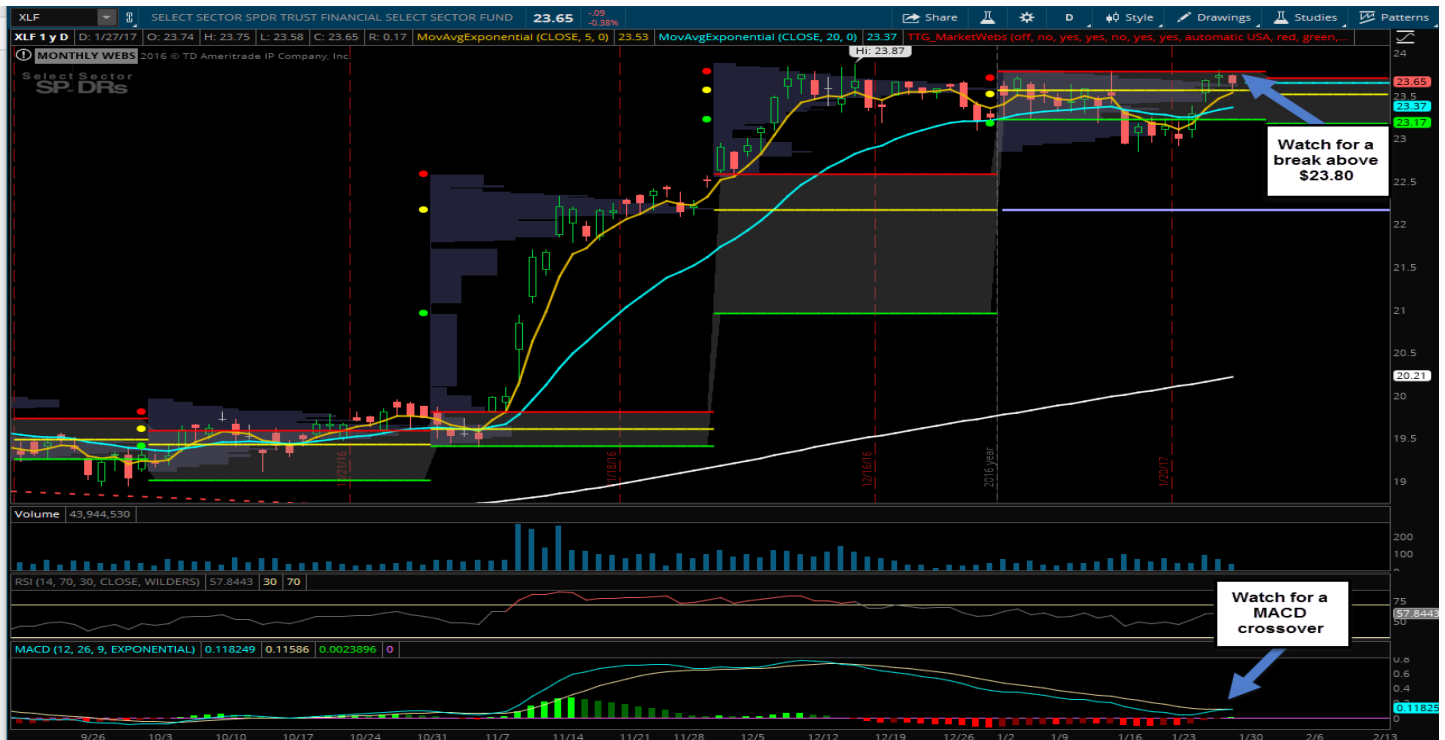




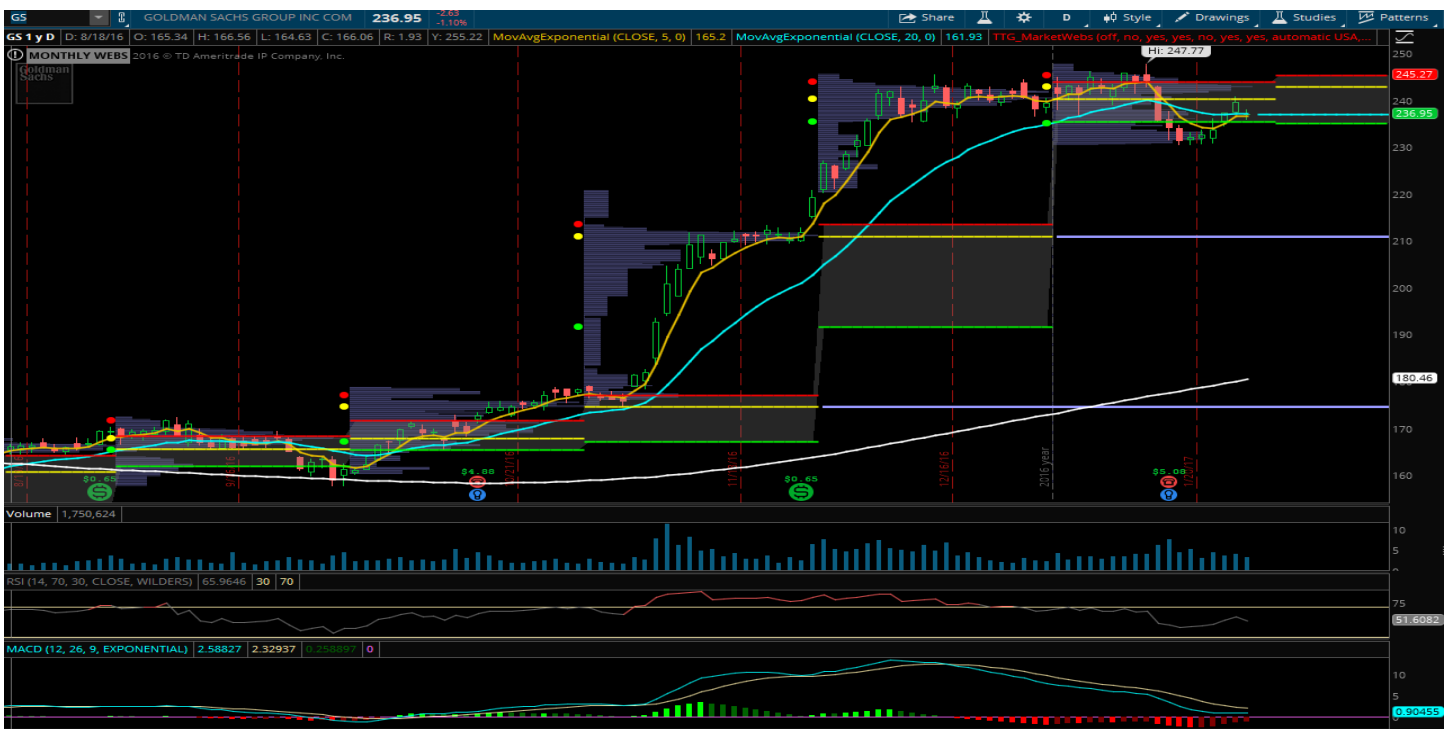
## XLF (Financial Select Sector SPDR Fund)

Now that the money center bank earnings are past, I am watching the next leg higher in Financials. **Watch \$23.80 for a break out.** In single stocks, I like **GS & JPM**. I am also watching **MET** as there has been strong call buying ahead of their earnings report on 2/1. Many of these charts look similar, so if one does not want single stock risk, then the XLF ETF is a good alternative.

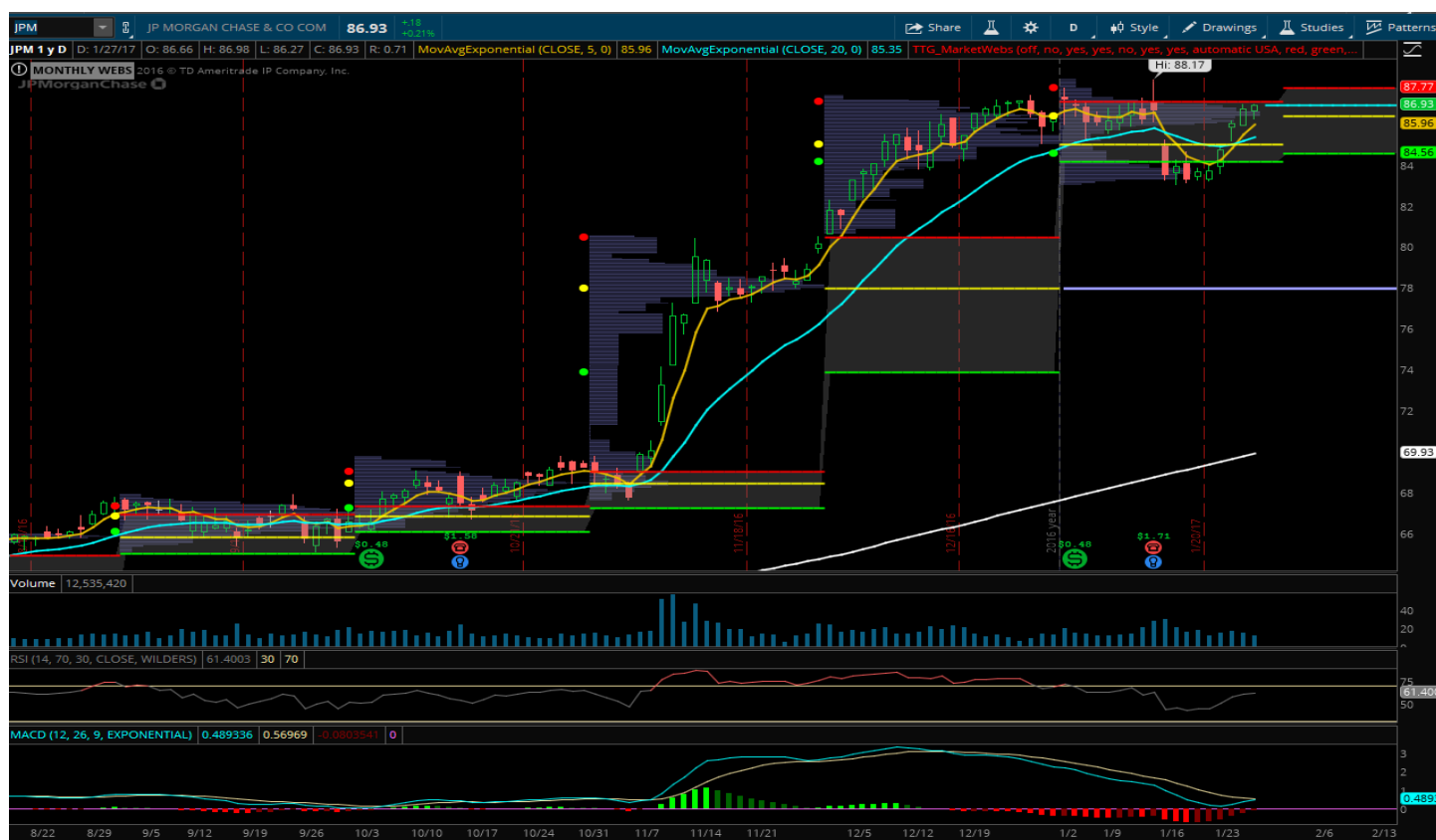
XLF Daily Chart



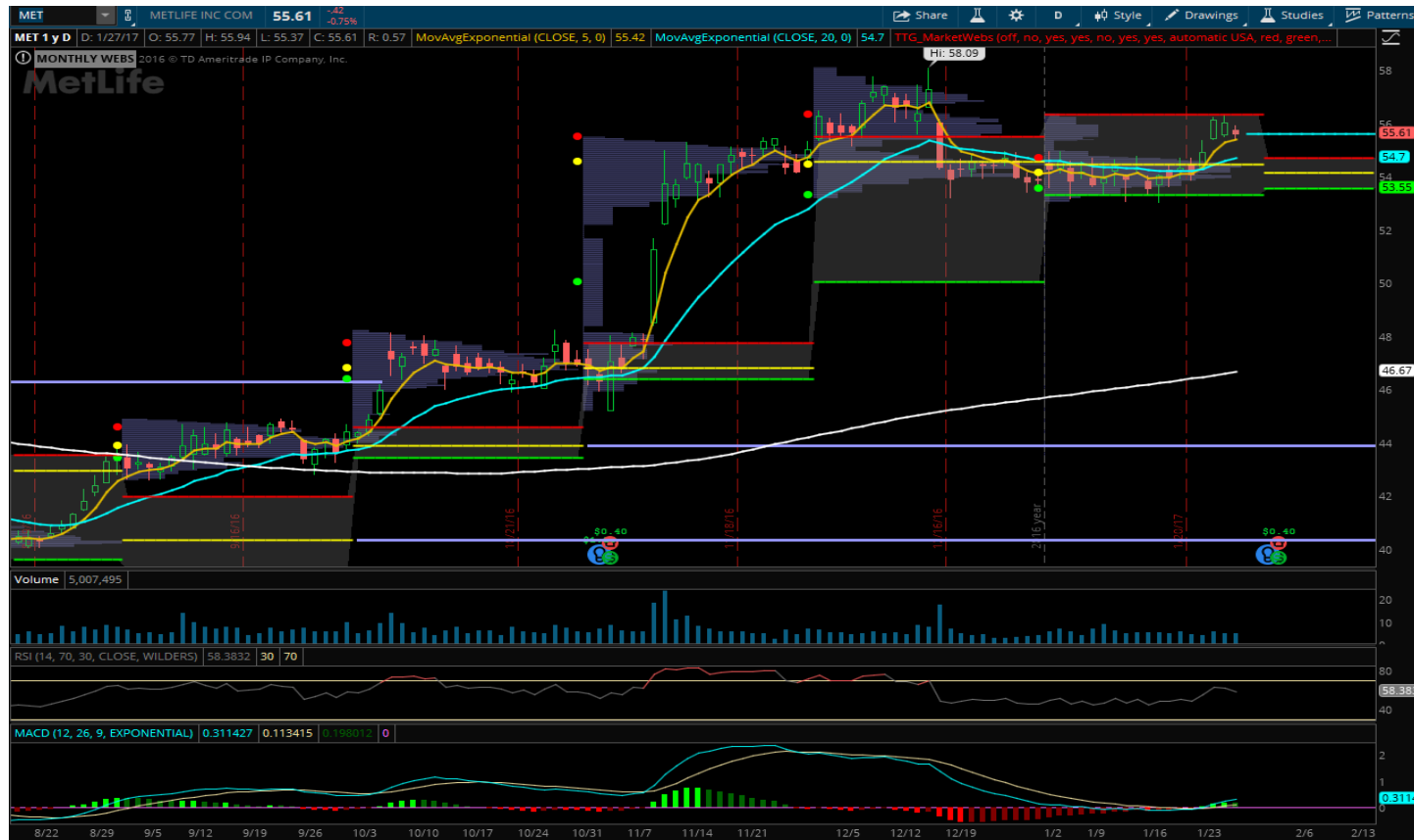
GS Daily Chart



## JPM Daily Chart



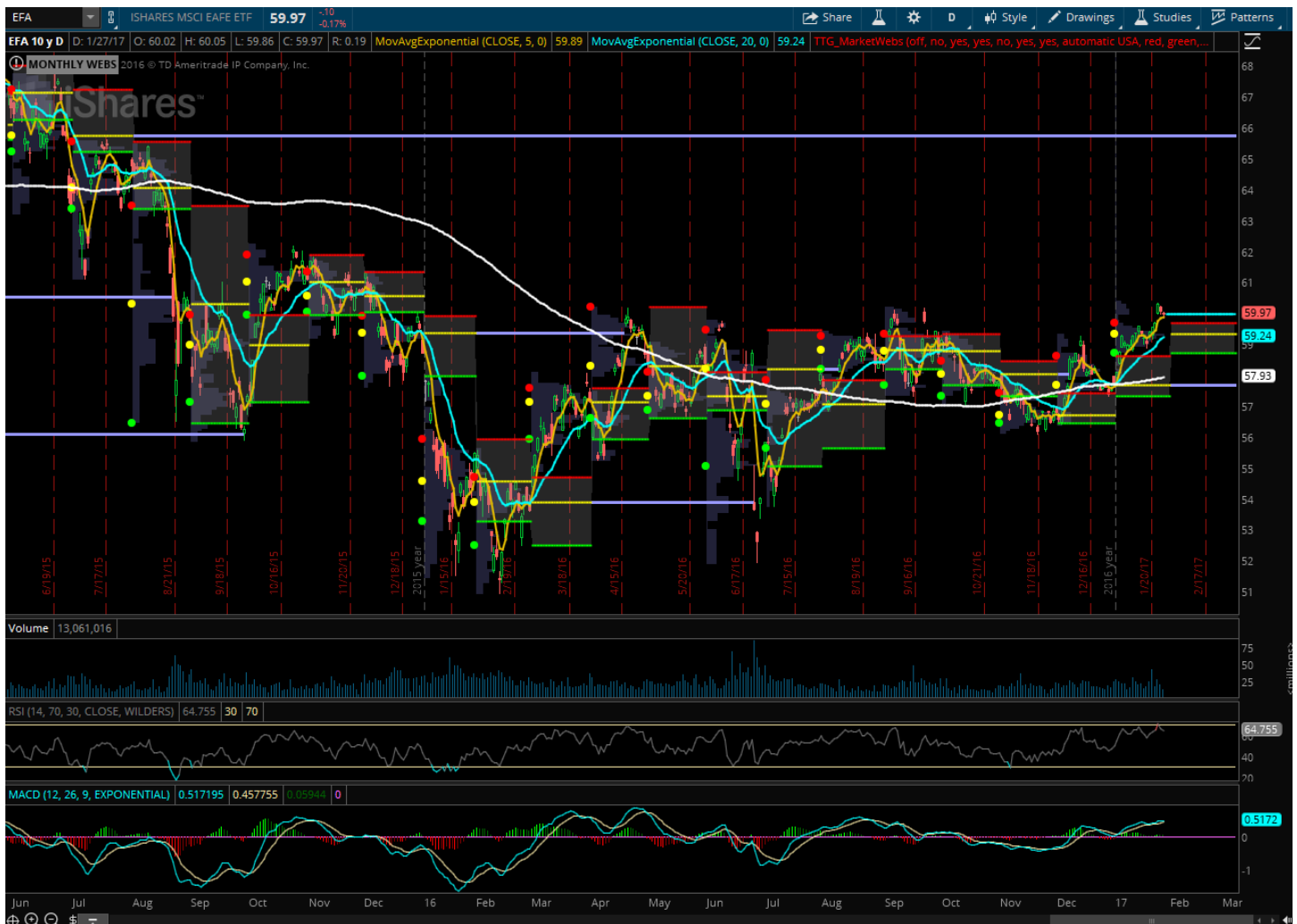
### MET Daily Chart



## EFA (iShares MSCI EAFE ETF)

This is an ETF that I profiled a few newsletters past. International developed markets are continuing to attract ETF inflows. Last week, this group of ETFs attracted +\$1.3B in assets. I am long this ETF and will remain long above \$59.70.

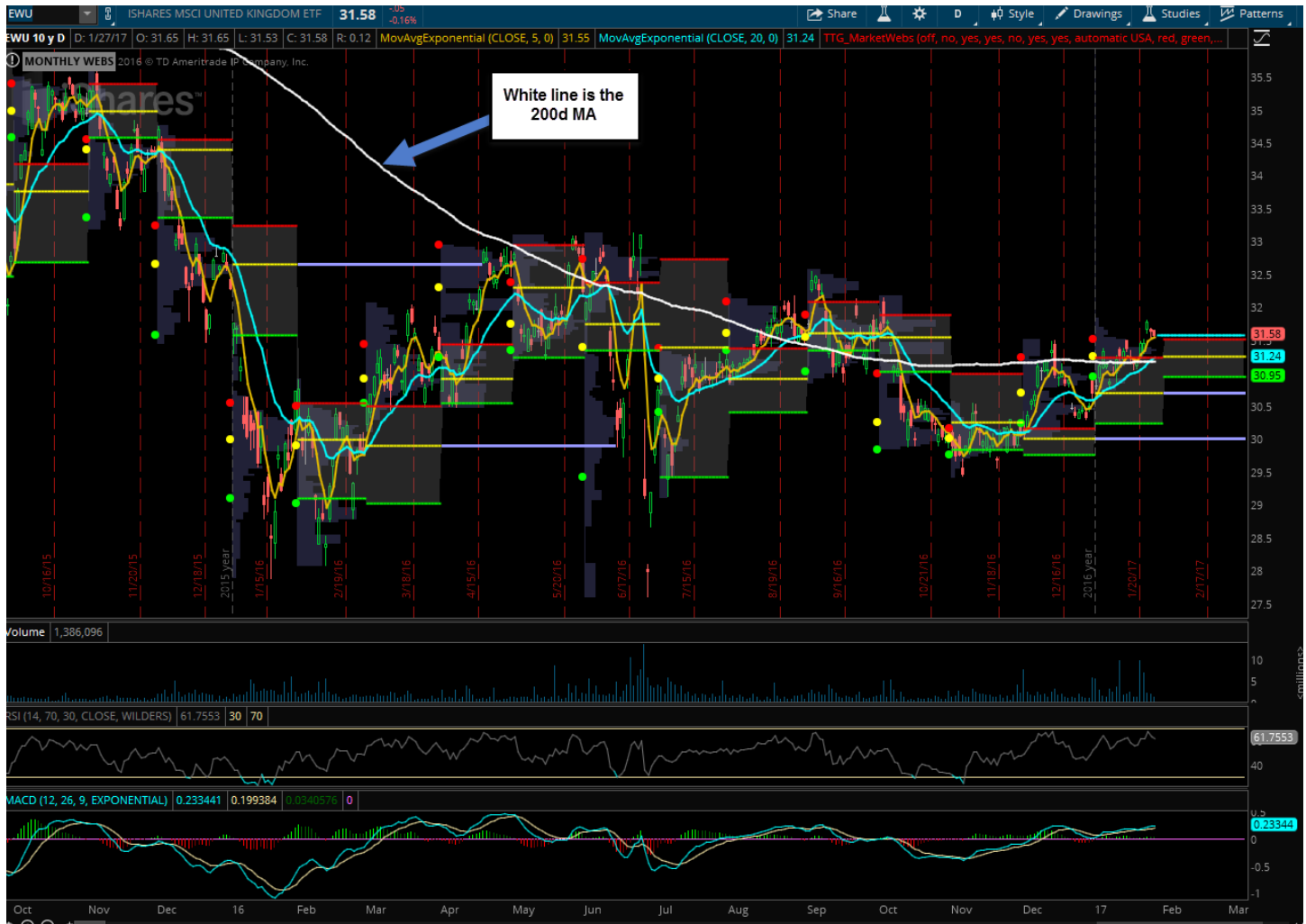
EFA Daily chart



## EWU (iShares MSCI United Kingdom ETF)

EWU is a similar looking chart to the EFA chart. That is partly because UK stocks have a 15% weighting in the EFA ETF. Last week I entered into a long swing trade in EWU because I like the chart and the ETF saw +\$262M in inflows. I will remain long provided the price > 200d MA (Moving Average).

EWU Daily Chart



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