

**US ETF Index performance (5d): SPY +1.2%, DIA +0.8%, IWM +0.3%, QQQ +1.9%, TLT +1.6%, GLD +1.3%**

## Market Recap

A nice start to 2017. After a couple weeks of consolidation, the SPX made a new high on Friday. The QQQs had good strength +1.9% last week and also made a new high on Friday. Bonds and Gold also had countertrend rallies.

Next week we have something for everyone: speeches from Janet Yellen, Obama, Trump, Merkel, Fed officials, earnings from KBH, DAL, JPM, BLK, PNC, WFC, the JP Morgan Healthcare Conference, the ICR conference, monthly sales numbers from AAL, LUV, SAVE, UAL, JBLU, SIG, and GME. US Economics are a bit light next week, with Wholesale Inventories, JOLTS job openings, PPI, Retail Sales, and Sentiment. I will send out an email with a day by day calendar of these events.

## TTG Market View

For the last three weeks I have been neutral the major US indices. I am now a bit more bullish as the technicals are turning up again. See the Index and Sector sections for more detail. In short, some of the major indices are firing off some buy signals as well as some of the US Sectors (not all, so they should be analyzed on a case by case situation). In International markets, especially the developed markets look very strong to me.

There is some talk of the “buy the election, sell the inauguration”. I am not sure who came up with this but I disagree with this view. I think the road ahead will be bumpy and there will be challenges and surprises but the bull trend is intact. There is also still money being put to work in ETFs, another +\$12.4B of equity inflows last week.

**Conclusion:** Patience is paying off, after a couple weeks of consolidation, the major US Indices are starting to turn the corner. Implied correlations remain very low so I don't think this is a buy everything market, being choosy and analyzing the technicals is a must right now due to these low correlations.

On the negative side (as I always want to be skeptical and aware of risks), the VIX is now at 11.32 which basically means the market is closely priced to perfection. So, if there is bad news coming out of the events listed above, they could provide a little market volatility and may represent buying opportunities. Also, we are entering earnings season.

### A few points regarding earnings season:

1. Company earnings are going to have to be good for stocks / sectors that have taken off to justify the higher prices
2. Option flow will get harder to interpret in the next few weeks as trades will involve more hedging than usual
3. Company buy back plans are turned off due to quiet periods around earnings, so there will be a little less support for many names
4. Do not take unnecessary risks around earnings season – a company can have outsized moves around this time, so be aware of when a company reports earnings and what the implied move is around the event.

## Index Review

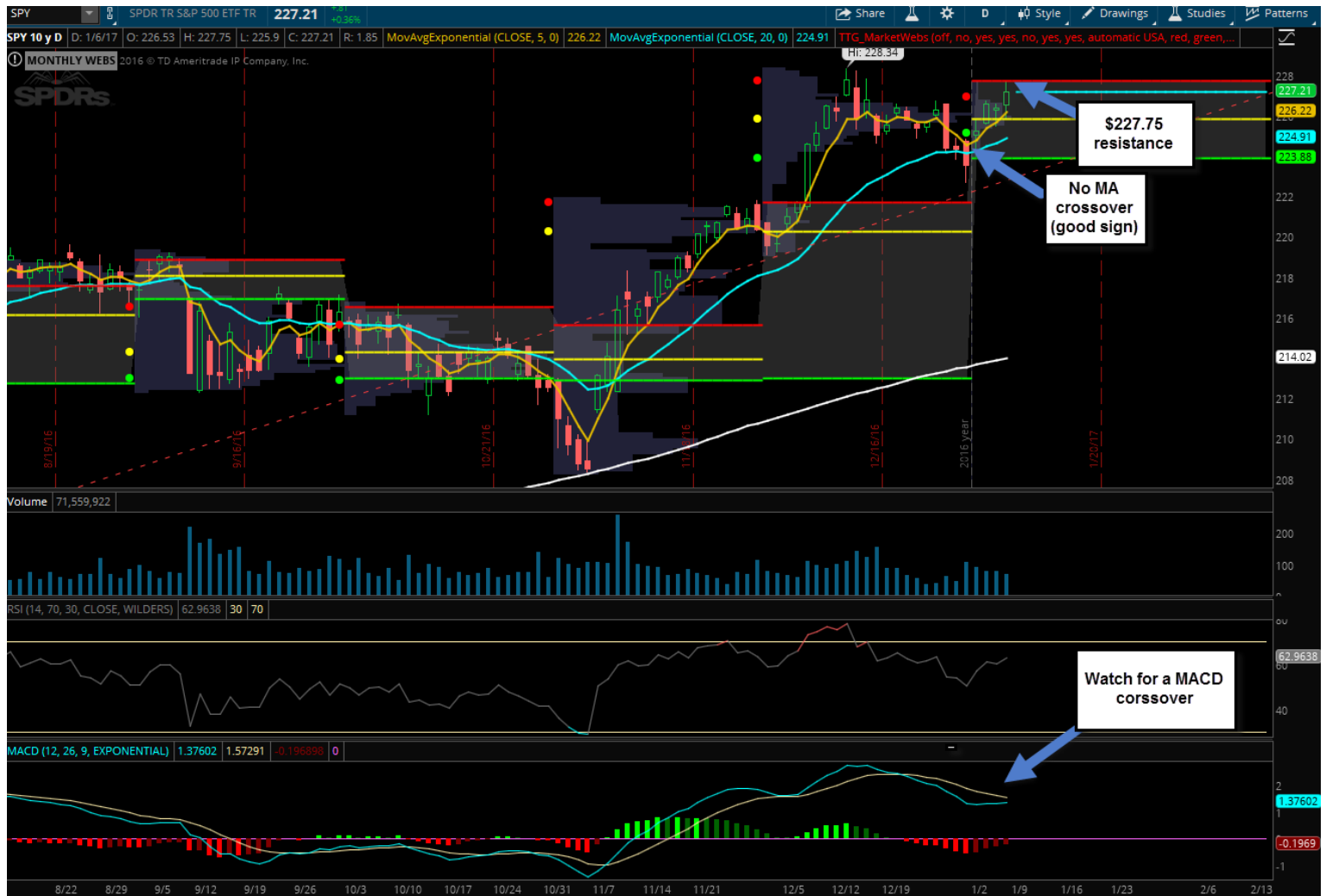
### SPY / SPX

Last week we examined the weekly charts of the indices in detail – nothing has changed with all of that analysis and all those support levels remain intact. That said, I will focus on the daily charts for shorter time horizon / signals.

A couple points here:

- In the beginning of the month price consolidated and the 5 (yellow line) period EMA (exponential moving average) and 20 EMA touched, *but did not crossover* – conclusion: **uptrend is intact**
- **Watch for a MACD crossover coupled with a break of the value area \$227.75 next week** – each would be a buy signal (note this has not triggered yet, but is close)
- **One by one the sectors in the SPX are showing buy signals again** (see sector section for more detail)

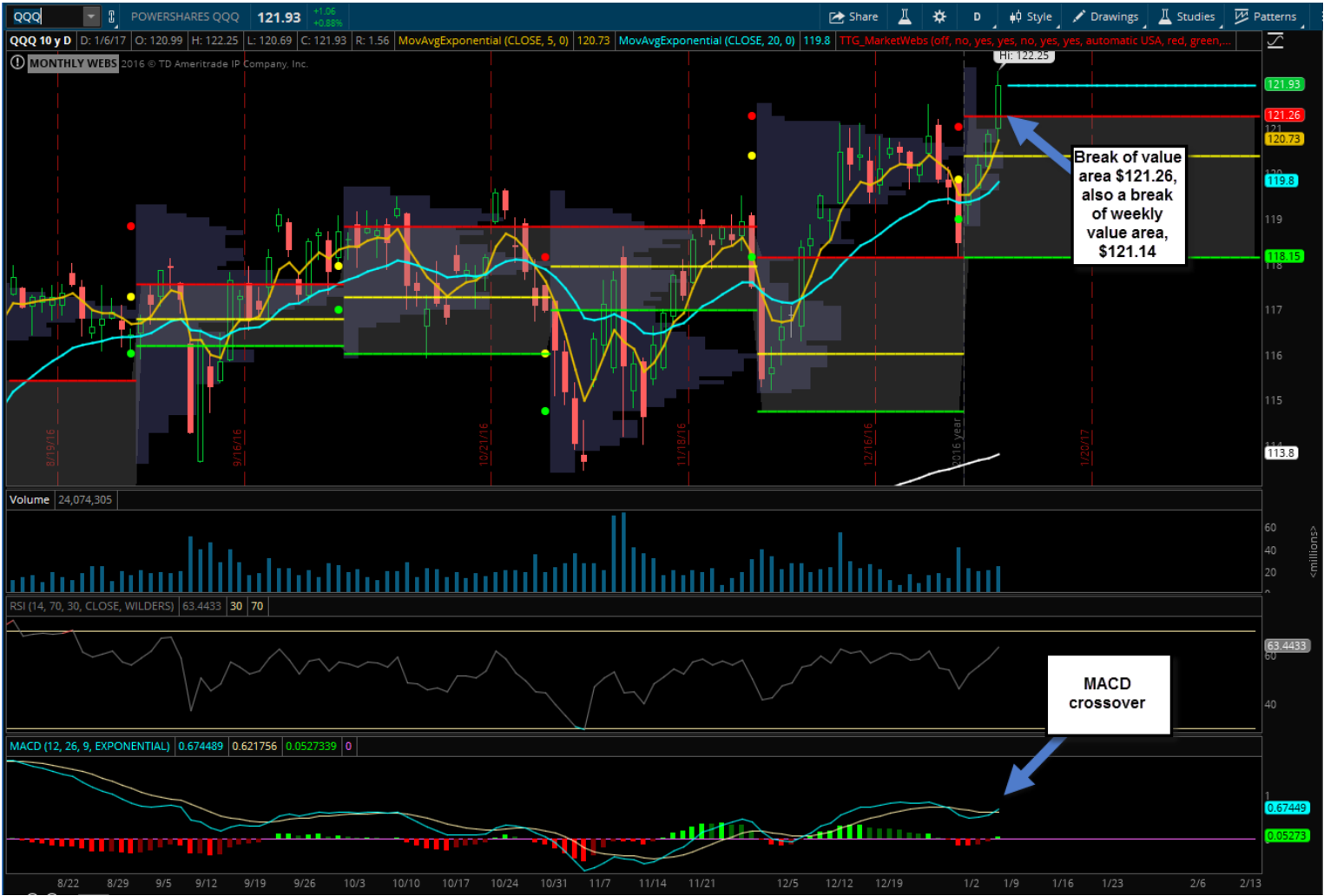
SPY daily chart



QQQ / NDX

I mentioned last week that I would be neutral the QQQs until we had a break of \$121.14. The QQQs rallied 1.9% last week and are now over that level. **I am now BULLISH the QQQs against support of \$121.26 (yearly top of value).** I also like the fresh MACD crossover on the daily chart.

QQQ daily chart



IWM / RUT

Small Caps are caught in the middle of the daily chart value. So, while IWM is in an uptrend, I am waiting for a break of the value area, +\$138.97 to become BULLISH or a break of \$134.73 to be BEARISH. For now, I'm BULLISH long term in IWM and neutral in the shorter term until one of these levels break. So patience is key here.

IWM daily chart



## US Sector Review

Big improvement from last week in sectors. Out of the seven sectors that are in uptrend (green color), four of them now have **RISING Momentum** on the Raptor Indicator. This is a much different picture than last week when these 7 sectors had negative Raptor ratings and 5 had FALLING ratings.

### This week's sectors

Symbol	Description	Moving Avg Summary	Trend	*Momentum +12 / -12	Weight in SPX
XLF	Financials	>50d	Strong	+6 RISING	14
XLE	Energy	>50d	Strong	+4 RISING	7
XLI	Industrials	>50d	Strong	+8 RISING	10
XLB	Materials	>50d	Strong	+7 RISING	3
XLK	Tech	>50d	Strong	+8	21
XLY	Cons Discretion	>50d	Strong	+8	12
IYZ	Telecom	>50d	Strong	+4	2
XLU	Utilities	>50d > 100d <200d	Neutral toWeak	+11	3
IYR	REITs	>50d < 100d <200d	Neutral toWeak	+9 RISING	3
XLV	Health Care	>50d > 100d <200d	Neutral toWeak	+11 RISING	15
XLP	Consumer Staples	>50d < 100d <200d	Neutral toWeak	+11	10

### Sectors from last week's newsletter

Symbol	Description	Moving Avg Summary	Trend	*Momentum +12 / -12	Weight in SPX
XLF	Financials	>50d	Strong	-2	14
XLE	Energy	>50d	Strong	-4 FALLING	7
XLI	Industrials	>50d	Strong	-9 FALLING	10
XLB	Materials	>50d	Strong	-9	3
XLK	Tech	>50d	Strong	-6 FALLING	21
XLY	Cons Discretion	>50d	Strong	-9 FALLING	12
IYZ	Telecom	>50d	Strong	-3 FALLING	2
XLU	Utilities	>50d > 100d <200d	Neutral	+4	3
XLP	Consumer Staples	>50d < 100d <200d	Neutral toWeak	-7 FALLING	10
IYR	REITs	>50d < 100d <200d	Neutral toWeak	+4	3
XLV	Health Care	<50d < 100d <200d	Weak	-7	15

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

## Last week's sector performers:

### Best 5d:

Symbol	Description	5d % chng
IBB	Biotech	4.92%
OIH	Oil Services	4.41%
FDN	Internet- FANG	3.81%
GDX	Gold Miners	2.94%
IYR	REITs	2.87%
IYZ	Telecom	2.85%
XLV	Health Care	2.54%
XLY	Cons Discretion	1.47%
XLF	Financials	1.47%
XME	Metals & Mining	1.40%
XLK	Tech	1.35%

### Worst 5d:

Symbol	Description	5d % chng
XRT	Retail	-1.11%
SMH	Semis	-0.79%
XLU	Utilities	-0.02%
ITB	Home Builders	0.04%
XOP	Oil & Gas Expl Prod	0.22%
XLP	Staples	0.27%
XLE	Energy	0.46%
KRE	Regional Banks	0.78%
SLX	Steel	0.88%
KBE	Banks	0.90%
XLI	Industrials	1.12%

## Last week's International performers:

### Best 5d:

Symbol	Description	5d % chng
GREK	Greece	6.10%
EPHE	Philippeanes	5.51%
FM	Frontier Mkts	4.64%
EUFN	EURO FINS	4.32%
EWH	Hong Kong	4.07%
DXJ	Japan (FX'd)	3.58%
EWZ	Brazil	3.57%
EWP	Spain	3.54%
EWJ	Japan	3.23%
PLND	Poland	3.14%
EWI	Italy	3.11%

### Worst 5d:

Symbol	Description	5d % chng
TUR	Turkey	-5.28%
EWV	Mexico	-2.47%
ECH	Chile	-0.29%
EWN	Netherlands	1.33%
EWY	South Korea	1.49%
IDX	Indonesia	1.54%
HEDJ	Europe (FX'd)	1.56%
HEWG	Germany (FX'd)	1.57%
RSX	Russia	1.70%
EPI	India	1.84%
EEM	Emerging Mkts	1.87%

## ETF Flows (week ending 1/6/16)

**Overall: Equity ETFs post +\$12.4B inflows** (previous week +\$8B). Almost all US sectors saw inflows. **REITs, Financials, Health Care, Industrials, Consumer Discretionary, and Staples all saw strong inflows.** Interesting to see **REITs** lead sector inflows (+\$991M) as they saw heavy outflows in Nov-Dec as interest rates climbed. **Health Care also notable**, this sector has not seen sizable inflows since the election and added **+\$452M in assets last week.** Note XBI (Biotech) is +7% in 2017.

**International ETFs gained +\$2.4B in assets last week.** Developed International Market ETFs continue to post sizable inflows, **+\$1.6B inflows** (previous week +\$1.5B). **Emerging Market ETFs also posted inflows of +\$652M last week.** Just like the previous week, there was good breadth in developed ETFs as **VEA +\$504M, IEFA +\$395M, EFA +\$283M, and EFG +\$78M had strong inflows.** Note **Japan ETFs have now seen 8 straight weeks of inflows posting +\$418M inflow led by EWJ +\$348M.** On the outflow side, China & India ETFs were the only countries to see outflows > \$100M although both were not drastic, see below.

**US Sectors (5d):** see table next page

**International (5d):**

- **International ETFs +\$2.4B**
- **Country/ Region specific ETFs:**
  - Largest Inflows:**
    - Developed Markets +\$1.6B
    - Emerging Markets +\$652M
    - Japan +\$418M
  - Largest Outflows:**
    - China -\$121M
    - India -\$113M

**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	\$ 1,204,454,543		0.5	QQQ	NDX	\$ (1,444,870,500)		-3.3
VOO	SPX	\$ 1,018,387,083		1.8	GLD	GOLD	\$ (357,632,000)		-1.2
VNQ	REITS	\$ 784,764,344		2.4	IWF	LARGE CAP GROWTH	\$ (343,584,000)		-1.0
XLF	FINANCIALS	\$ 620,279,942		2.7	IEF	7-10YR US TREASURIES	\$ (273,234,000)		-3.6
MDY	MID CAPS	\$ 603,269,859		3.2	NUGT	GOLD MINERS 3X	\$ (268,076,681)		-14.5
IJH	MID CAPS	\$ 552,519,000		1.6	DGAZ	3X INVERSE NAT GAS	\$ (222,467,000)		-62.5

## EQUITY INFLOWS POST +\$12.4B INFLOWS week ending 1/6

## LARGEST WEEKLY SECTOR INFLOWS

REIT ETF FLOWS +\$991M 5D				FINANCIAL ETF FLOWS +\$779M 5D				HEALTHCARE ETF FLOWS +\$452M 5D			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
VNQ	REITS	\$ 784,764,344	2.4	XLF	FINANCIALS	\$ 620,279,942	2.7	XLV	HEALTH CARE	\$ 305,087,129	2.2
RWO	GLOBAL REAL ESTATE	\$ 95,760,000	4.0	VFH	FINANCIALS	\$ 103,586,250	2.1	IBB	NASDAQ BIOTECH	\$ 112,104,000	1.4
IYR	REITS	\$ 74,489,500	1.7	KRE	REGIONAL BANKS	\$ 39,046,000	1.1	XBI	S&P BIOTECH	\$ 85,522,500	3.3
VNQI	INTERNATIONAL REITS	\$ 51,074,142	1.6	IYF	US FINANCIALS	\$ 36,078,000	2.0	IHE	US PHARMACEUTICALS	\$ 58,580,000	8.2
SCHH	US REITS	\$ 25,116,000	0.9	FNCL	FINANCIALS	\$ 24,500,000	4.1	VHT	HEALTH CARE	\$ 13,055,000	0.2
XLRE	REITS	\$ (36,110,000)	-1.5	IAT	REGIONAL BANKS	\$ 20,508,750	3.4	PJP	DYN PHARMACEUTICALS	\$ (14,525,000)	-1.7
DRN	REIT 3X BULL	\$ (65,665,000)	-75.7	KBE	BANKS	\$ (118,179,000)	-3.5	IYH	US HEALTHCARE	\$ (96,395,000)	-5.1
CONSUMER DISCRETIONARY ETF FLOWS +\$449M 5D				INDUSTRIAL ETF FLOWS +\$353M 5D				CONSUMER STAPLES ETF FLOWS +\$316M 5D			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
XLY	CONSUMER DISCRETIONARY	\$ 374,845,835	3.4	XLI	INDUSTRIALS	\$ 363,055,000	3.5	XLP	CONSUMER STAPLES	\$ 328,293,521	4.0
XRT	RETAIL	\$ 301,944,175	78.9	FXR	INDUST/PROD DURABLES	\$ 50,025,000	3.6	VDC	CONSUMER STAPLES	\$ 13,585,471	0.4
PKB	DYN HOME CONSTR	\$ (18,161,000)	-7.4	ITA	AEROSPACE & DEFENSE	\$ 35,915,000	2.0	RHS	EQUAL WGT CONS STPLS	\$ 6,015,000	1.2
XHB	HOMEBUILDERS	\$ (18,826,500)	-1.7	VIS	INDUSTRIALS	\$ 27,132,750	1.0	PBJ	FOOD & BEVERAGE	\$ (1,673,500)	-1.1
ITB	HOME CONSTRUCTION	\$ (33,288,000)	-2.8	IYT	TRANSPORTS	\$ (32,752,000)	-3.1	PSL	DWA CONSUMER STAPLES	\$ (2,697,000)	-2.9
FXD	CONSUMER DISCRETIONARY	\$ (48,195,000)	-8.1	XTN	TRANSPORTATION	\$ (37,914,450)	-13.1	IYK	CONSUMER GOODS	\$ (11,221,000)	-2.0
IYC	US CONSUMER SERVICES	\$ (107,534,000)	-11.5	XAR	AEROSPACE & DEFENSE	\$ (90,468,000)	-17.6	FXG	CONSUMER STAPLES	\$ (16,124,500)	-2.0

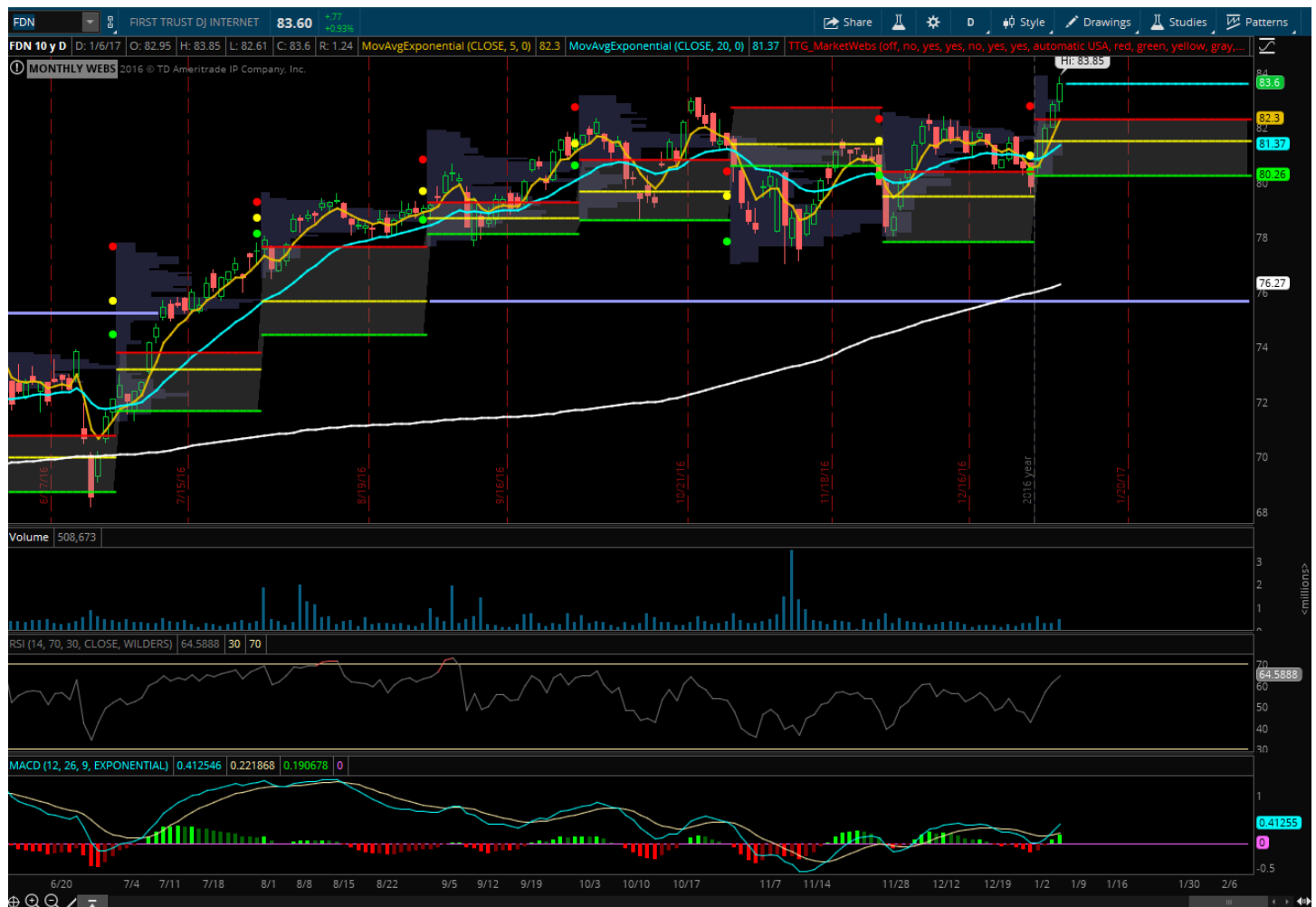


## ETFs / Stocks of the Week:

### FND (First Trust Dow Jones Internet Index Fund)

The FND ETF is my “FANG stock” proxy. FB, AMZN, NFLX, and GOOGL are the top weights and make up 35% of the FND ETF. After a 3 month sideways pattern, it just broke to a new high on Friday. There is a fresh MACD crossover and the RSI is not overbought. For those who do not want single stock risk as NFLX reports 1/18, GOOGL 1/26, FB 2/1, and AMZN 2/2 this may be a good substitute. I will look to add an Apr or July expiry call option this week if they option prices setup well.

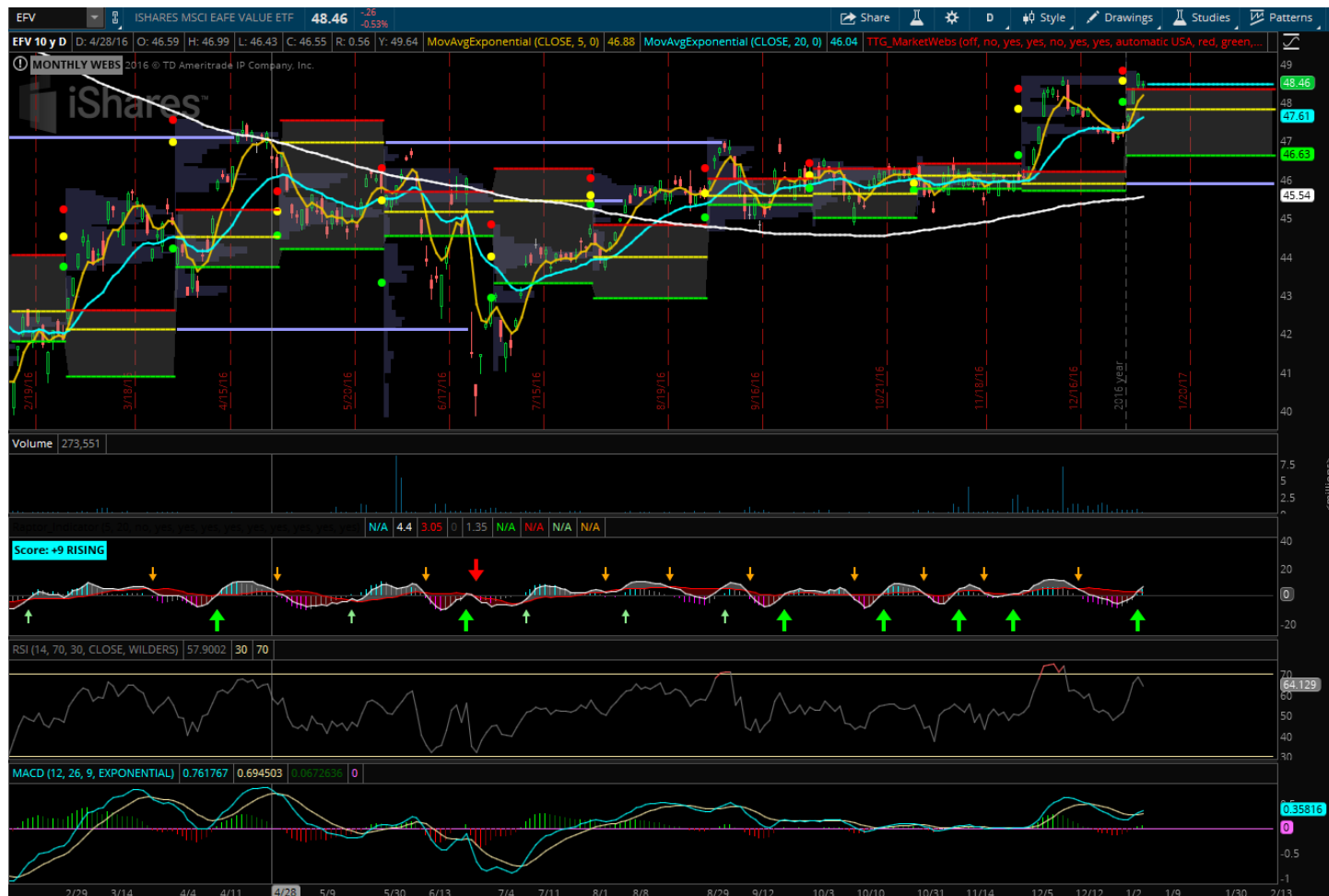
EFA Weekly Chart



## EFV (iShares MSCI EAFE Value ETF)

Last week I talked about the VEA & EFA ETFs and how I am bullish Intl Developed Markets. I still have the same view and these rallied nicely last week, EFA +2.3% last week. Taking it a step further, Developed Intl Value looks great to me here, and has nice defined support, \$48.34 top of value. Notice on the below chart the buy signal on the Raptor Indicator & the recent MACD crossover.

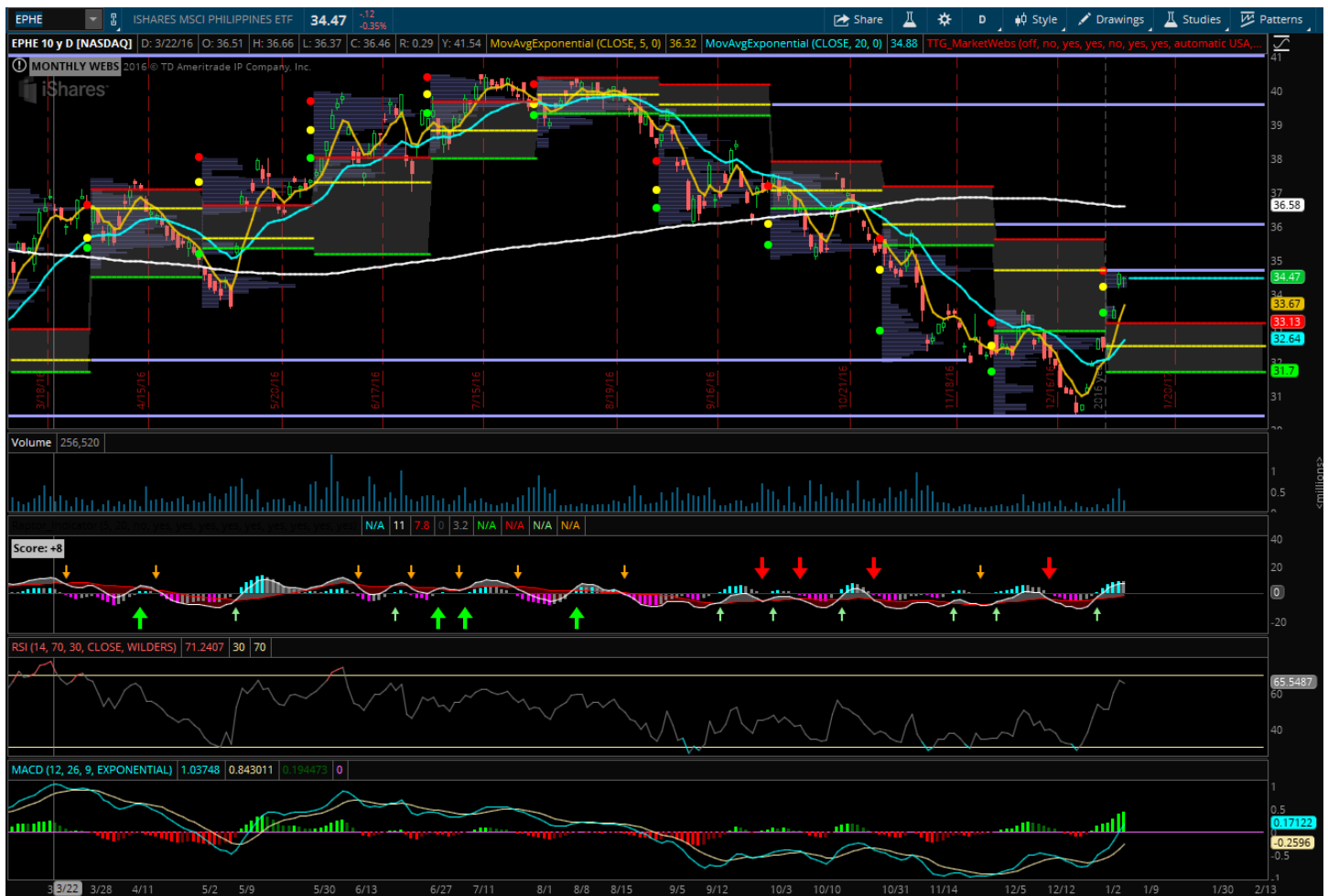
EFV Daily Chart



## EPHE (iShares MSCI Philippines ETF)

Last week, the EPHE climbed 6.3% and moved outside of the downtrend that it has been in. On the weekly chart (not pictured) the EPHE just got into the value area, watch \$34.31 support which is bottom of the yearly value area.

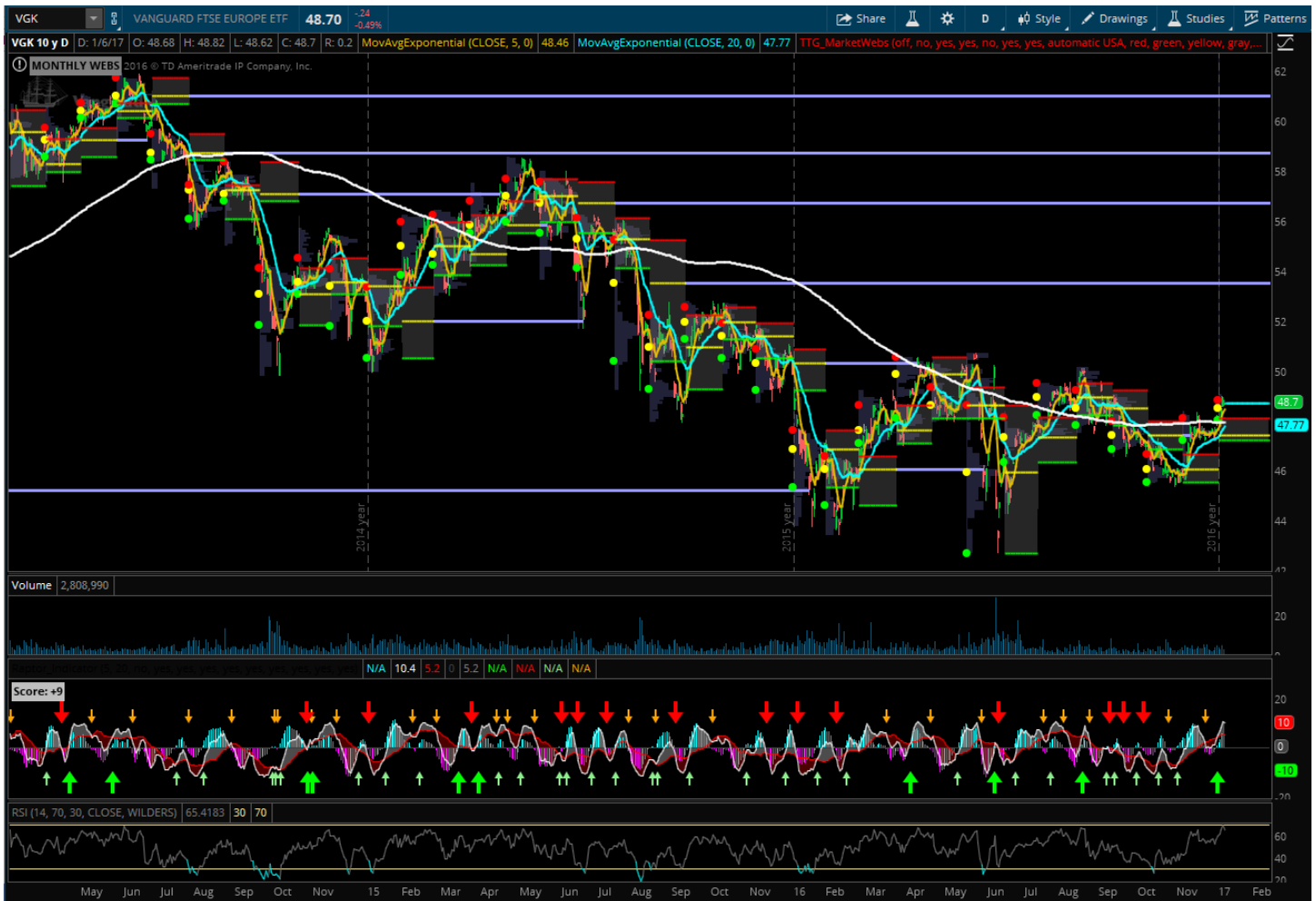
EPHE Daily chart



## VGK (Vanguard FTSE Europe ETF)

A lot going on here in this chart... The chart below is a 3 year chart that covers the whole downtrend of the VGK ETF. Notice that the price just got back above the **200d MA** (Moving Average). **I like a long here as the price is > the 200d MA and above the value area, \$48.10.** Also, check out all the VPOCs (Virgin Point of Controls) which are purple lines on the chart. These VPOCs often act as price magnets once the price starts to trend. **The Jan'18 50 strike calls look attractive to me.**

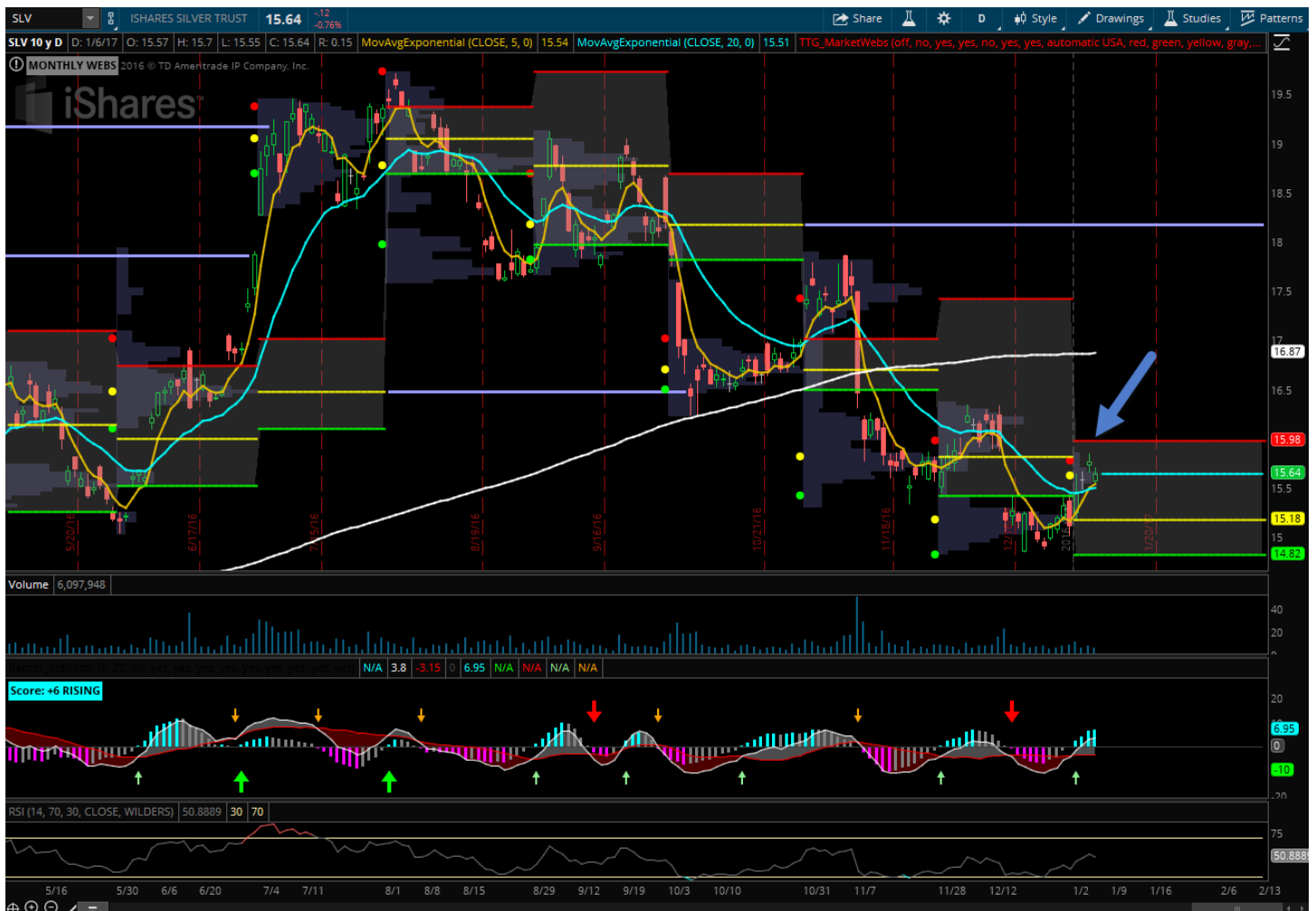
VGK Daily Chart



## SLV (iShares Silver Trust)

On Friday, the Silver ETF saw aggressive sizable aggressive call buying in both Mar 16.5 & July 19.5 strikes. I followed and entered into the Mar 16.5 calls. From a technical standpoint, the SLV ETF is in a downtrend. I am watching for the SLV to get above the monthly value area of \$15.98 for a break of the downtrend and a rally up to the 200d MA.

SLV Daily Chart



## BABA (Alibaba Group Holding Limited)

A few points to mention here in BABA.

- 1) Price above the recent downtrend
- 2) Price > 200d MA and at 50d MA, but still < than 100d MA which will act as resistance
- 3) Price > the monthly value area (not pictured), watch \$93.04 support
- 4) Started to see some call buyers come into BABA last week (something we have not seen in months), particularly the Apr 100 strike calls.

BABA Daily Chart



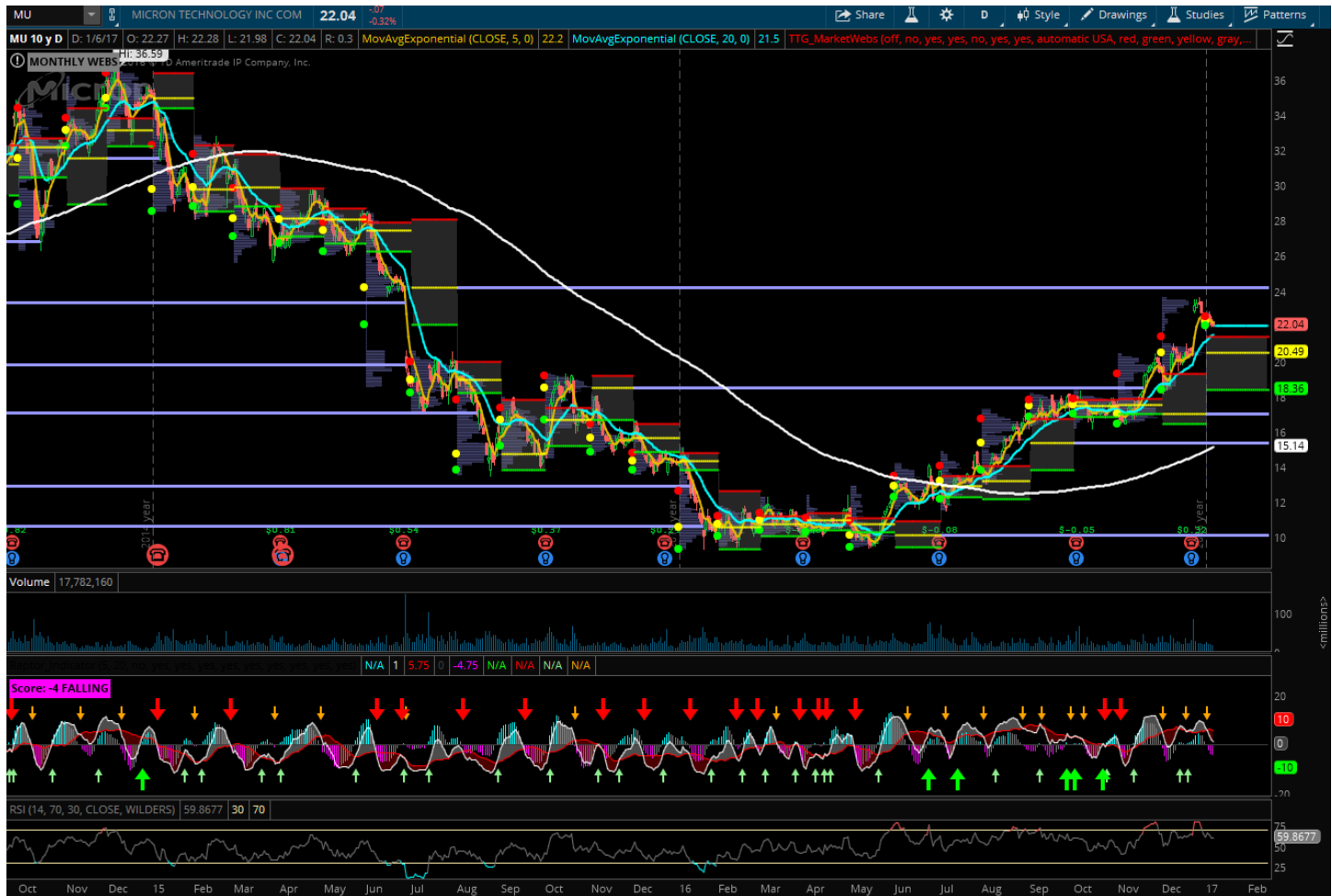
## MU (Micron Technology, Inc.)

Last week we saw several chunky call orders in MU:

- 2001 MU Feb 20.0 Calls \$2.66 **ASKSIDE**, \$810k premium 1/6 trade date
- 1602 MU Apr 25.0 Calls \$0.981 **ASKSIDE**, \$157k premium 1/5 trade date
- 5000 MU Jan18 27.0 Calls \$2.25 **ASKSIDE**, \$1.1mm premium 1/6 trade date

MU is +65% over the last year, but looking at where the previous high of \$36.59 vs the current stock price of \$22.04, long term the stock may be poised for further upside. Of the above order, I like the Jan18 27 calls.

MU Daily Chart



**Thank you for reading the TTG newsletter, please respond back to me with any comments or questions.**

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