



# TRIBECA TRADE GROUP

US ETF Index performance (5d): SPY +0.2%, DIA -0.1%, IWM +0.5%, QQQ -0.1%, TLT -0.5%, GLD +2.3%

## Market Recap

US Equities saw a lot of chop last week and were a “bend but don’t break” market. This was not surprising to me considering the heavy week of earnings and events (FOMC and Jobs data). I had the right trade on last week for this type of market which was a short iron condor and selling call spreads in the QQQ. Next week the SPX has another 86 companies reporting in the index (17% of the SPX). This is less than last week (23% last week reported) but still a healthy amount of earnings names.

## TTG Market View

After a week of chop and +1mo performance of +1.9% in the SPX the major indices are all in uptrends and above short term resistance levels. The VIX remains at a very low 10.97 and SKEW remains heightened at 133. What is the conclusion? There is little volatility expected in the SPX over the next 30 days... but out of the money options are expecting a higher than normal “tail risk”. So, right now they are contradicting one another. One can read into this and make their own conclusions. For me, I want to participate in this market but watch support levels in case the market starts to turn. Another point I want to emphasize here is it remains a stock picker’s market. Implied correlations inside the SPX are still running at 2 year lows, meaning stocks are not moving together. So, in my **opinion there are more opportunities in individual names / sectors than owning the overall whole market.**

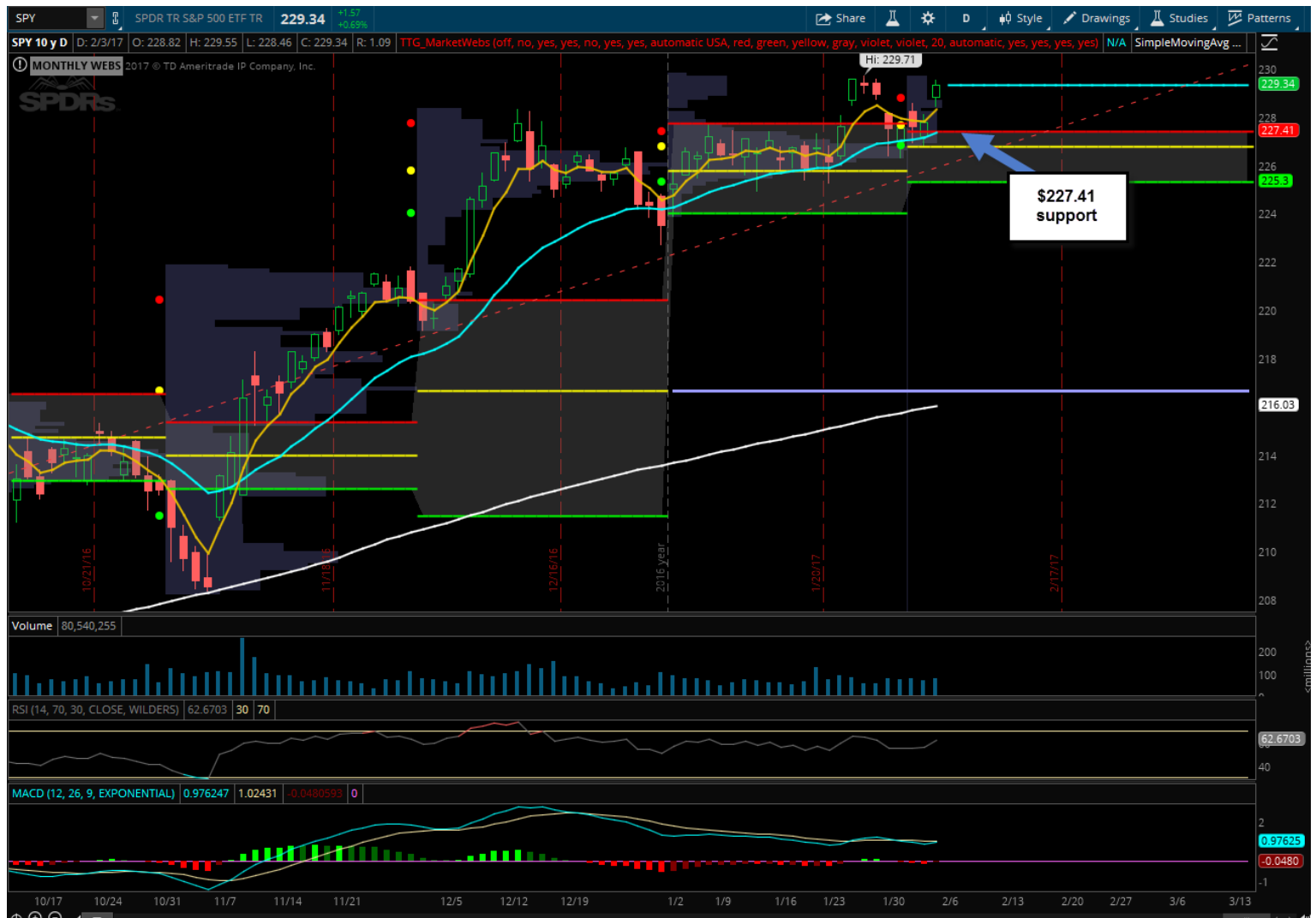
**Conclusion: Pay attention to where aggressive buyers are in this market and how they are positioning themselves. Recently, we have seen aggressive buying in AAPL, NFLX, DIS, WFT, NRG, CRM, GS, XLF, AMD, MU, COP, etc.** These are names that I either own or are on my watchlist. The fact that we have another week of big earnings out of the way is also encouraging. So, as the recent Warren Buffett documentary stated, “Wait for the right pitch”. Here is a short clip of his philosophy, <https://youtu.be/t69G17HCl4Y> . **The takeaway for me is in a choppy market, don’t overtrade and don’t own too many positions, be patient, and wait for your pitch...**

## Index Review

### SPY / SPX

Mostly chop last week until Friday when US equities got a nice pop following the jobs report. The main takeaway from last week and the technicals was that while the SPX looked like it may break down intraday (several days last week), it held and the closing prints, which are always most important, held above the value area. Defined support for the month is **\$227.41**.

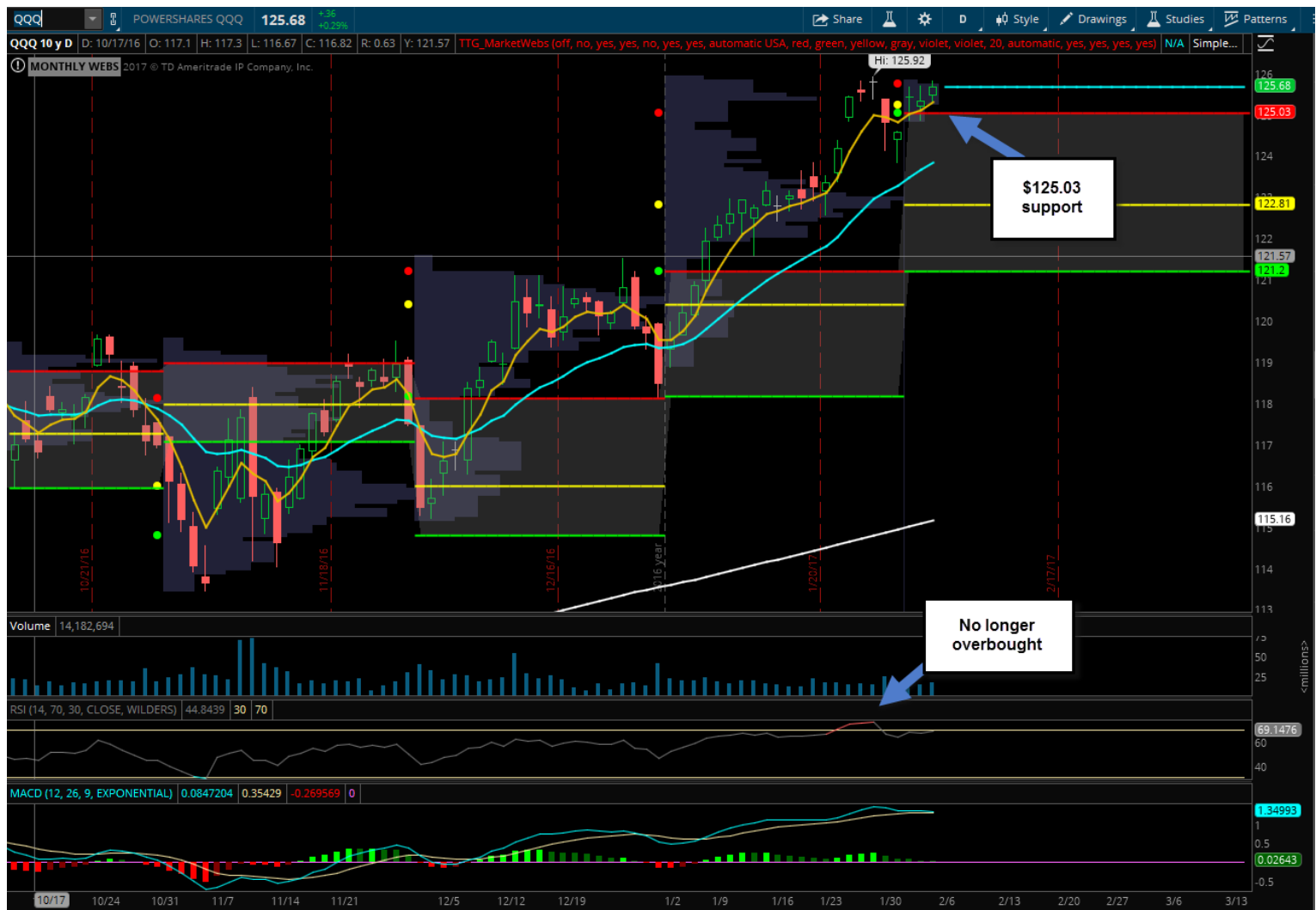
SPY daily chart



## QQQ / NDX

The QQQs were flat last week. Coming into to last week they were a bit overbought and the credit call spread that I sold last week worked out beautifully. Going forward, defined support is **\$125.03** and one can be long against that level. I have no positon in the QQQs and wouldn't mind waiting for a dip to add a long.

QQQ daily chart



## IWM / RUT

Small Caps were +0.5% last week and closed slightly above the value area, **\$136.87**. In my opinion, **this is the most interesting of the US major indices to watch / keep an eye on**. Next week I am watching for continuation from Friday's rally and a MACD crossover.

IWM daily chart



## US Sector Review

Health Care makes a big jump this week, now back above the 50, 100, & 200d Moving Averages (MA's). Energy held above the 100d MA but still remains below the 50d, so for now remains neutral. Not many other major changes from the prior week.

### This week's sectors

Symbol	Description	Moving Avg Summary	Trend	*Momentum +12 / -12	Weight in SPX
XLF	Financials	>50d	Strong	+8 FALLING	19
XLK	Tech	>50d	Strong	+8 FALLING	14
XLY	Cons Discretion	>50d	Strong	-3 FALLING	13
XLI	Industrials	>50d	Strong	+3 FALLING	12
XLB	Materials	>50d	Strong	+1 FALLING	7
IYZ	Telecom	>50d	Strong	-3 FALLING	4
XLV	Health Care	>50d	Strong	+11 RISING	8
XLE	Energy	<50d > 100d <200d	Neutral	-3	7
XLU	Utilities	>50d > 100d <200d	Neutral toWeak	+10 RISING	3
XLP	Consumer Staples	>50d > 100d <200d	Neutral toWeak	+9	9
IYR	REITs	>50d <100d <200d	Neutral toWeak	+2	4

### Sectors from last week's newsletter

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

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

### Last week's sector performers:

#### Best 5d:

Symbol	Description	5d % chng
GDX	Gold Miners	5.51%
IBB	Biotech	3.27%
XLV	Health Care	2.42%
XLP	Staples	1.13%
XLU	Utilities	1.05%
XRT	Retail	0.80%
IYR	REITs	0.69%
XLF	Financials	0.30%
KBE	Banks	0.00%
XLK	Tech	-0.10%
XME	Metals & Mining	-0.24%

#### Worst 5d:

Symbol	Description	5d % chng
SLX	Steel	-3.62%
IYZ	Telecom	-3.33%
OIH	Oil Services	-1.52%
XOP	Oil & Gas Expl Prod	-1.50%
XLB	Materials	-1.40%
XLI	Industrials	-1.35%
XLE	Energy	-1.10%
FDN	Internet- FANG	-0.95%
ITB	Home Builders	-0.82%
XLY	Cons Discretion	-0.67%
KRE	Regional Banks	-0.41%

### Last week's International performers:

#### Best 5d:

Symbol	Description	5d % chng
TUR	Turkey	9.91%
EWY	South Korea	2.99%
EPI	India	2.90%
EWX	Mexico	2.04%
ECH	Chile	1.98%
IDX	Indonesia	1.61%
EPU	Peru	1.46%
PLND	Poland	1.42%
FM	Frontier Mkts	1.36%
EWN	Netherlands	1.09%
EWA	Australia	0.89%

#### Worst 5d:

Symbol	Description	5d % chng
DXJ	Japan (FX hedged)	-1.43%
HEWG	Germany (FX hedged)	-1.27%
RSX	Russia	-1.27%
EPHE	Philippines	-0.78%
ASHR	China A	-0.52%
FXI	China	-0.52%
EWG	Germany	-0.50%
EWZ	Brazil	-0.45%
HEDJ	Europe (FX'd)	-0.43%
GREK	Greece	-0.38%
EWI	Italy	-0.29%

## ETF Flows (week ending 2/3/16)

**Overall: Equity ETFs post light +\$1.5B inflows** (previous week +\$10.9B) last week. Fixed Income ETFs actually added more assets than Equities posting +\$4.1B last week.

In terms of US Sectors last week, **Health Care & Biotech topped the list, posting +\$854M inflows. This is something that we have not seen for a long time and is encouraging given the underperformance in the group over the last year. The breakdown of these inflows was +\$639M into XLV, +\$172M into XBI, and +\$56M into IBB. Other sectors that saw inflows were Consumer Discretionary, Materials, and Financials. On the outflow side, Consumer Staples, REITs and Industrials were the only sectors to see outflows.**

**International ETFs had a quiet week. As a group, they posted +\$1.3B of inflows (+4.7B the prior week). Emerging Market ETFs saw the majority of last week's International inflows, posting +\$954M. The breakdown: IEMG +\$412M, EMB +\$192M, and VWO +\$138M. And that's it in term of inflows... on the outflow side it was also quiet with Canada and Japan seeing small outflows.**

As mentioned above **Fixed Income ETFs saw strong inflows of +\$4.1B.** Most of the inflows went into Investment Grade Bond ETFs and High Yield Bonds ETFs. Details: **LQD +\$1.0B, JNK +\$634M, VCIT +\$326M, and VCSH +\$119M. TIP, the treasury inflation protected securities ETF, posted +296M of inflows last week. Finally, GLD (Gold) posted a +large \$615M inflow which is the first weekly inflow for GLD since pre-election.**

### US Sectors (5d):

- **Largest Inflows:**
  - Health Care & Biotech +\$855M
  - Consumer Discretionary +\$377M
  - Materials +\$353M
  - Financials +\$164M
- **Largest Outflows:**
  - Consumer Staples -\$406M
  - REITs -\$339M
  - Industrials -\$183M

### International (5d):

- **International ETFs +\$1.3B**
- **Country/ Region specific ETFs:**
  - Largest Inflows:**
    - Emerging Markets +\$954M
    - Developed Markets +\$139M
  - Largest Outflows:**
    - Canada -\$218M
    - Japan -\$178M

### Largest Flows by ETF

Inflows				
Ticker	Description	5d Mkt Value	Chng	Fund Size 5d % Chng
LQD	INVESTMENT GRADE BONDS	\$	1,030,040,000	3.7
DIA	DJIA	\$	881,716,000	5.3
QQQ	NDX	\$	804,352,000	1.9
JNK	HIGH YIELD BONDS	\$	663,840,369	5.5
XLV	HEALTH CARE	\$	628,674,143	4.6
GLD	GOLD	\$	615,489,000	2.0

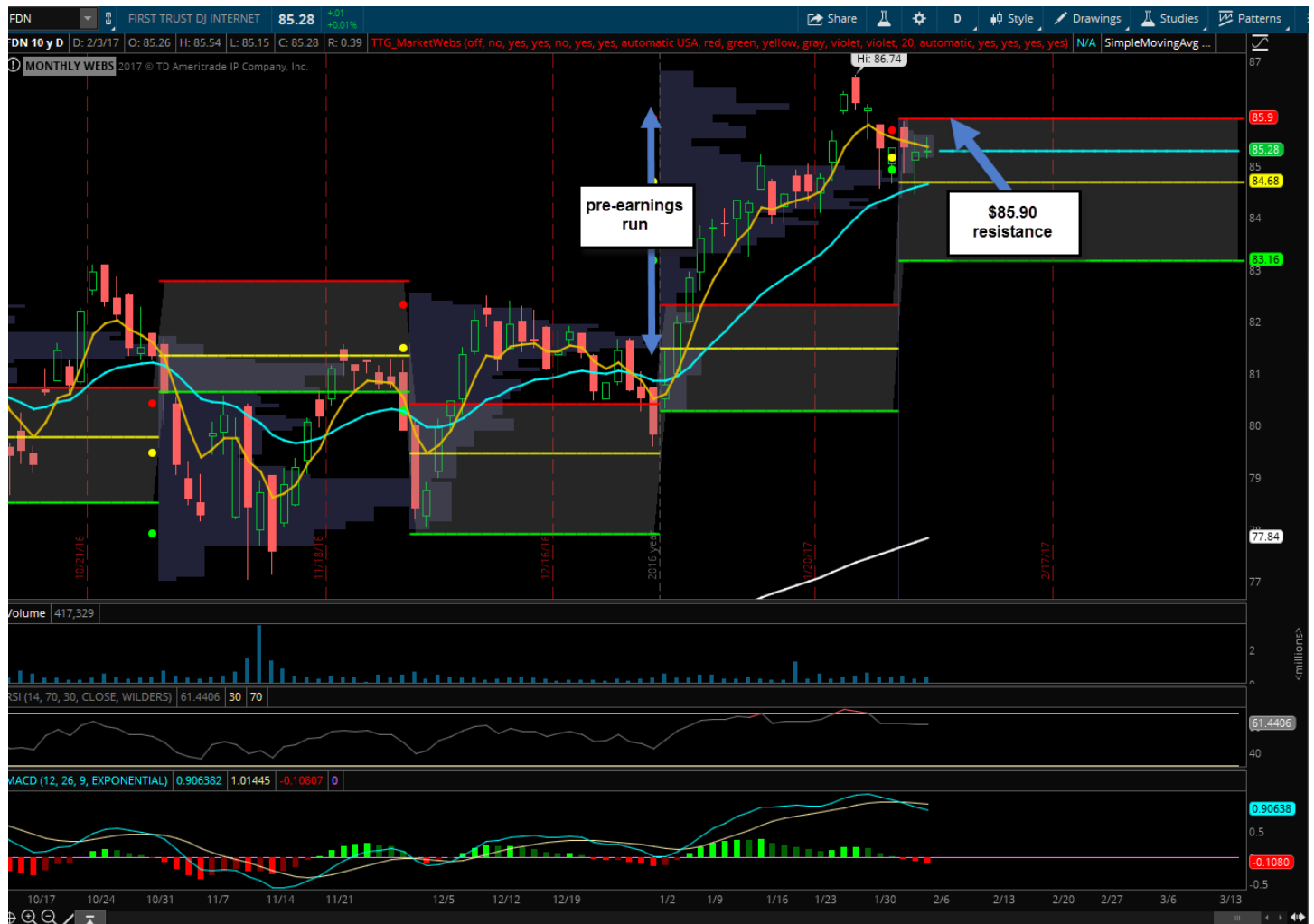
Outflows				
Ticker	Description	5d Mkt Value	Chng	Fund Size 5d % Chng
SPY	SPX	\$	(4,506,720,619)	-2.0
XLP	CONSUMER STAPLES	\$	(384,031,970)	-4.7
IVV	SPX	\$	(299,975,000)	-0.3
XLI	INDUSTRIALS	\$	(273,566,000)	-2.6
VNQ	REITS	\$	(239,951,088)	-0.7
IWM	SMALL CAPS	\$	(232,611,000)	-0.6

## ETFs / Stocks of the Week:

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

If you have read this newsletter before than you know I refer to the FDN ETF as my “FANG stock” proxy because **FB, AMZN, NFLX, and GOOGL** have the highest weights in this ETF. Since, all four stocks have now reported earnings, I thought it would be a good idea to look at how the group looks together in terms of the technical picture. **The group had a massive run into earnings and is now in digestion mode. I would wait for a break of the monthly value area of \$85.90 to initiate a long.**

FDN Daily Chart

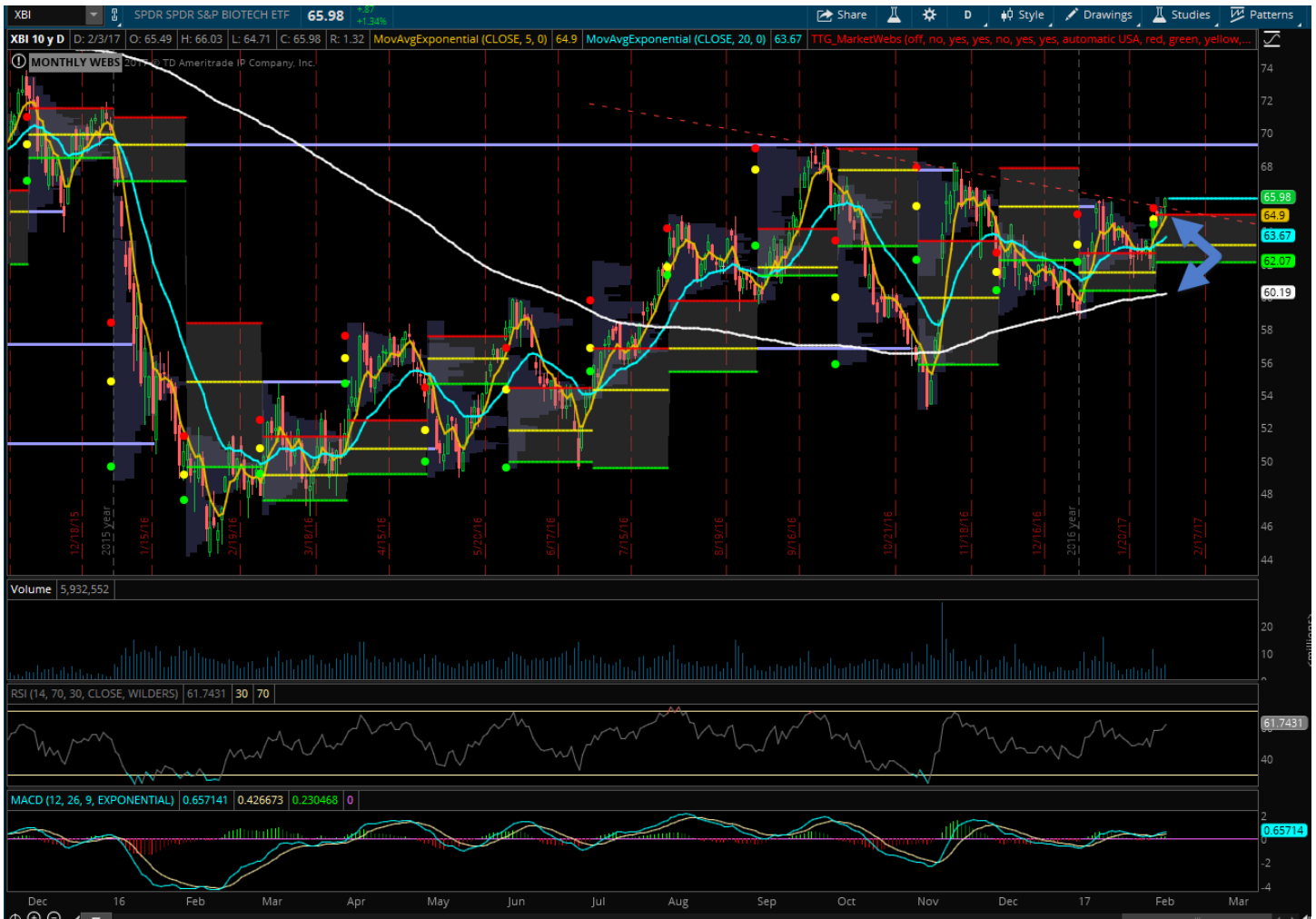




## XBI (SPDR S&P Biotech ETF)

Biotech had a big week last week with the XBI ETF +4%. I think it is a good sign that there was money put to work in the space again with **Heath Care & Biotech ETFs seeing +\$854M in inflows last week**. The ETF is now firmly **above the 200d MA** (white line) and is **above the monthly value area, \$64.90**, and also **above the dotted trend line**. I like a **long** here as long as the XBI ETF remains > \$64.90.

XBI Daily Chart



## GUNR (FlexShares Morningstar Global Upstream Natural Resources Index Fund)

This ETF is very interesting because it combines global mining, energy, and material and chemicals companies. Think of it almost as ETF that combines, XME, XLB, XLE, and MOO all into one. This ETF has been on a nice run since the beginning of 2016 and saw more ETF inflows of +\$102M last week. The trend is your friend here.

GUNR Daily chart



## Names that saw aggressive Option Activity last week

**WFT** (Weatherford International plc)

Aggressive option started back in the beginning of Jan mostly Mar & Apr maturity. For example, the Mar 6 calls have 46k open interest.



**DIS** (The Walt Disney Company)

Repeat Jun & July call buying



## ETE (Energy Transfer Equity, L.P.)

Feb and Apr calls bought



## AMD (Advanced Micro Devices, Inc.)

Repeat call buying



## MU (Micron Technology, Inc.)

Repeat call buying.



## NRG (NRG Energy, Inc.)



## FIG (Fortress Investment Group LLC)



## GS (The Goldman Sachs Group, Inc.)





## NFLX (Netflix Inc.)



## ABX (Barrick Gold Corporation)



## COP (ConocoPhillips)



## AGN (Allergan plc)





## IBM (International Business Machines Corporation)



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