

The Tribeca Trade Group

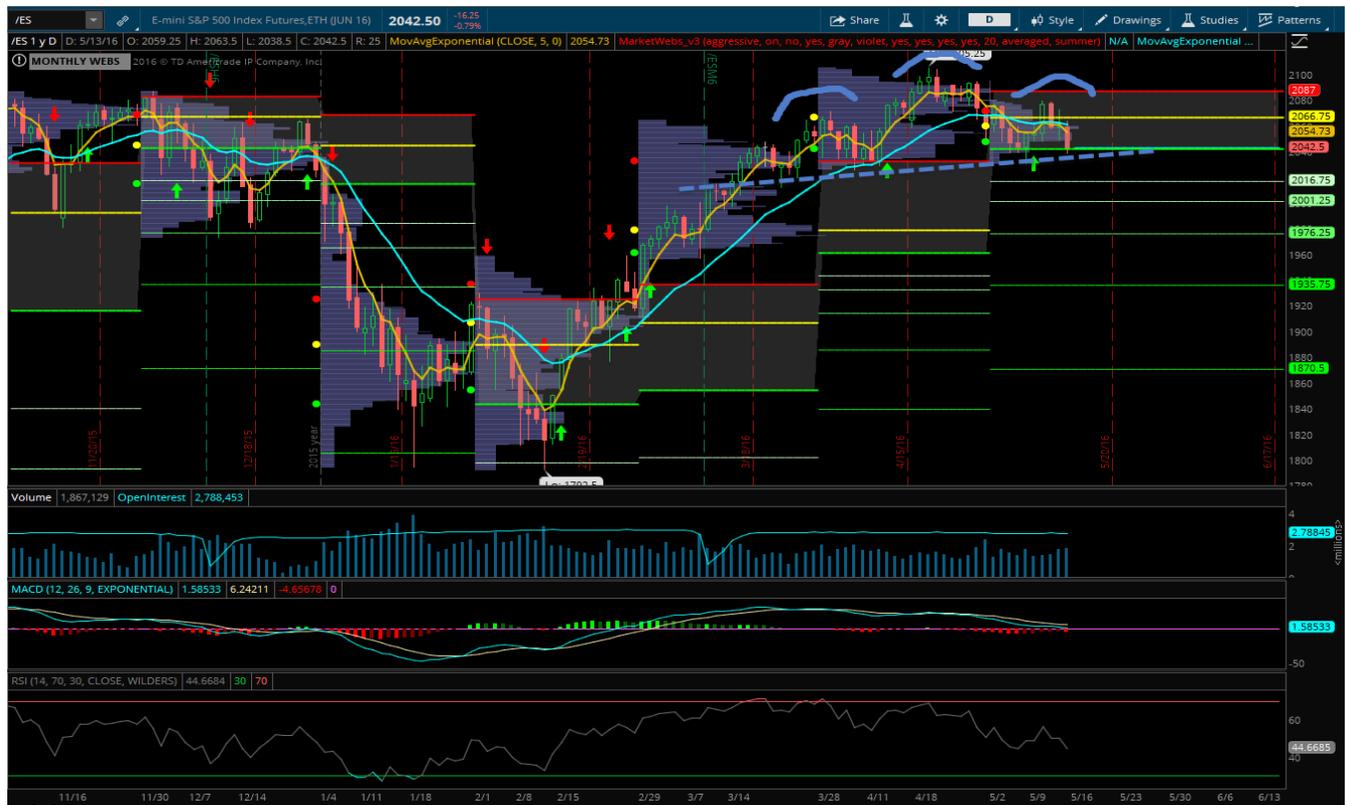
The Week in Review by Christian Fromhertz @cfromhertz

US Index performance (5d): SPX -0.5%, DJIA -1.2%, RTY -1.1%, NDX -0.1%, TLT +1.4%.

US Markets declined for a third week in a row, with weaker earnings results from the Retail (M, KSS, JWN, DDS, & JCP) sector weighing on the market. The XRT, equally weighted Retail ETF, fell -4.6% last week. Surprisingly, that was not the weakest group. Last week, Steel names (SLX) fell -9.4% with US Steel (X) getting creamed, down -26% as Iron Ore dropped. According to Bloomberg, Chinese authorities have now imposed new restrictions to dampen trading. Since the beginning of May, iron ore has tumbled 17%, copper is down 8.6%, and nickel and aluminum have dropped 9.3% and 8% respectively.

Returning to what happened last week in Retail, is Amazon (AMZN) stealing business away from department stores or is there a greater problem with the consumer? Is the answer a little of both? I was hoping to see evidence of this in Friday's Retail Sales report. However, there was nothing of the sort in this report. Retail sales beat expectations +1.3% vs +0.8%. So, consumer related industries that have nothing to do with Amazon should be flying, right? Think again. Over the last month airline stocks (XAL Index) are down 11%, autos (CARZ ETF) -2.5%, and homebuilders (ITB ETF) -5.9%. Based on the recent performance of these groups & AMZN +17% over the last month it appears consumers are staying in their (existing) homes and internet shopping. With all those non-existent steps walked no wonder Fitbit (FIT) is -16% in one month, ha-ha. In all seriousness, this is particularly troubling when only one company is dominating. Perhaps will get more clues regarding the health and behaviors of the consumer from this week's earnings reports from HD, LOW, TJX, URBN, and TGT...

Turning the focus to the charts... the SPX appears to be forming a head and shoulder pattern on the daily chart (see below) which may lead to further downside. However, these patterns are seldom perfect, and don't always come to fruition. I am focusing more on sectors and international charts for further clues on the next direction in the overall market (see the chart section below).



Source: ThinkorSwim

Here are last week's sector performers:

Best 5d:

Symbol	Description	5d % chng
XLU	Utilities	1.15%
FDN	Internet- FANG	0.79%
XOP	Oil & Gas Expl Prod	0.78%
XLP	Staples	0.00%
XLV	Health Care	-0.06%
XLK	Tech	-0.09%
IYZ	Telecom	-0.10%
XLE	Energy	-0.43%
XLB	Materials	-0.45%
ITB	Home Builders	-0.53%
IBB	Biotech	-0.54%

Worst 5d:

Symbol	Description	5d % chng
XME	Metals & Mining	-5.89%
XRT	Retail	-4.62%
OIH	Oil Services	-4.42%
XLY	Cons Discretion	-1.48%
GDX	Gold Miners	-1.35%
KRE	Regional Banks	-1.29%
IYR	REITs	-1.12%
KBE	Banks	-1.09%
XLF	Financials	-1.08%
XLI	Industrials	-1.06%
SMH	Semis	-0.94%

Here are last week's largest International performers:

Symbol	Description	5d % chng
EPHE	Philippines	7.73%
EPU	Peru	2.61%
GREK	Greece	1.72%
RSX	Russia	1.19%
DXJ	Japan (FX'd)	1.08%
EWL	Swiss	0.64%
THD	Thailand	0.35%
EWK	Belgium	0.11%
EWJ	Japan	-0.09%
EWK	Canada	-0.17%
HEWG	Germany (FX'd)	-0.26%

Symbol	Description	5d % chng
ECH	Chile	-4.40%
TUR	Turkey	-3.18%
PLND	Poland	-2.86%
FXI	China	-2.71%
ASHR	China A	-2.69%
EWH	Hong Kong	-2.49%
EWI	Italy	-2.31%
EWP	Spain	-2.09%
EWM	Malaysia	-2.07%
EWT	Taiwan	-1.98%
EUFN	EURO FINS	-1.90%

The Week Ahead

Next week Housing data, Inflation data (CPI), Industrial Production, and Fed Minutes will be important reports to watch in the US. In International economics, the Bank of Canada publishes their semi-annual report on their economy and Japan GDP & UK employment data is on Wednesday. Key earnings reports next week are URBN, HD, TJX, TGT, HRL, LB, CSCO, TTWO, CRM, LOW, SPLS, WSM, AAP, DKS, WMT, AMAT, ROST, GPS, DLTR, CPB, DE, and FL.

Date Time	Event	Period	Survey	Actual	Prior
05/16/2016 08:30	Empire Manufacturing	May	6.5	--	9.56
05/16/2016 10:00	NAHB Housing Market Index	May	59	--	58
05/16/2016 16:00	Total Net TIC Flows	Mar	--	--	\$33.5b
05/17/2016 08:30	Housing Starts	Apr	1125k	--	1089k
05/17/2016 08:30	Building Permits	Apr	1135k	--	1086k
05/17/2016 08:30	CPI MoM	Apr	0.30%	--	0.10%
05/17/2016 08:30	CPI Ex Food and Energy MoM	Apr	0.20%	--	0.10%
05/17/2016 08:30	Real Avg Weekly Earnings YoY	Apr	--	--	1.10%
05/17/2016 09:15	Industrial Production MoM	Apr	0.30%	--	-0.60%
05/17/2016 09:15	Capacity Utilization	Apr	75.00%	--	74.80%
05/17/2016 09:15	Manufacturing (SIC) Production	Apr	0.30%	--	-0.30%
05/18/2016 07:00	MBA Mortgage Applications	weekly	--	--	0.40%
05/18/2016 14:00	FOMC Meeting Minutes	27-Apr	--	--	--
05/19/2016 08:30	Chicago Fed Nat Activity Index	Apr	-0.2	--	-0.44
05/19/2016 08:30	Initial Jobless Claims	weekly	275k	--	294k
05/19/2016 08:30	Philadelphia Fed Business Outlook	May	3	--	-1.6
05/19/2016 10:00	Leading Index	Apr	0.40%	--	0.20%
05/20/2016 10:00	Existing Home Sales	Apr	5.40m	--	5.33m

ETF Flows for the Week

Overall: Equity ETFs added back +\$2.4B in assets from the prior week's major outflows -\$14.4B. Note SPY once again was the biggest contributor to the headline number, +\$2.7B. Many trends from the previous week remain the same. Gold (GLD) and Gold Miners (GDX, GDXJ) once again were among the week's largest inflows. REITs had the largest sector inflows as IYR, VNQ, and REM all had significant inflows. Energy & Industrials also had inflows.

In International ETFs, Emerging Market ETFs for the 2nd week in had outflows. EEM had the largest outflow of any ETF, losing -\$1.4B in assets. Europe, Japan, and China continued to lose assets. European ETFs have now lost -\$3B in outflows over the last month with EZU responsible for half that number.

US / Sectors (5d): Large Caps +\$2.1B, Small Caps -\$500M, Mid Caps +\$174M

- **Sector Highlights** (largest movers included)
- **Largest Inflows:**
 - **REITs +\$875M:** IYR +\$472M, VNQ +\$229M, REM +\$97M
 - **Materials +\$496M:** GDX +\$347M, NUGT +\$96M, GDXJ +\$55M, XLB -\$62M
 - **Energy +\$375M:** XOP +\$210M, GDXJ +\$189M, OIH +\$72M, AMLP -\$21M
 - **Industrials +\$238M:** XLI +\$275M, IYT -\$21M
- **Largest Outflows:**
 - **Financials -\$121M:** XLF -\$91M, KBE -\$31M

International (5d):

- **International ETFs -\$2.3B**
- **Country/ Region specific ETFs:**
 - Largest Inflows:**
 - **Belgium +\$105M:** EWK +\$105M
 - Largest Outflows:**
 - **Europe -\$720M:** EZU -\$438M, EWG -\$106M, HEDJ -\$51M, DBEU -\$48M, VGK -\$M
 - **Japan -\$391M:** EWJ -\$373M, DXJ -\$93M, HEWJ +\$81M
 - **China -\$280M:** FXI -\$197M, ASHR -\$39M

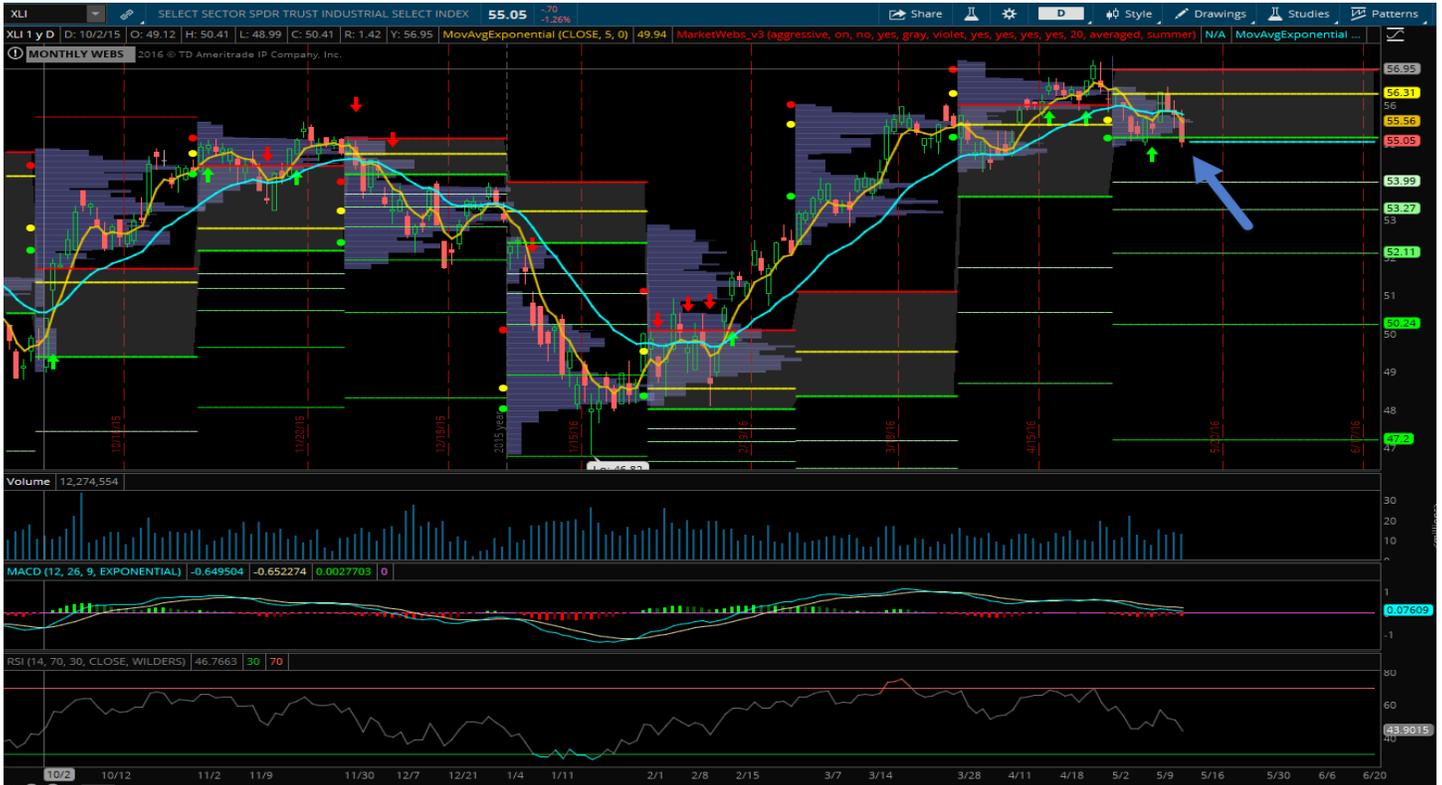
Largest Flows by Fund

Inflows				Outflows			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
SPY	SPX	\$ 2,661,886,143	1.5	EEM	EMERGING MKTS	\$ (1,365,021,000)	-5.6
HYG	HIGH YLD BONDS	\$ 1,076,140,000	7.7	IWM	SMALL CAPS	\$ (761,998,000)	-3.1
QQQ	NDX	\$ 812,350,000	2.4	LQD	INV GRADE BONDS	\$ (648,108,000)	-2.2
GLD	GOLD	\$ 693,747,000	2.0	EZU	EUROPE	\$ (437,697,000)	-3.9
IYR	REITS	\$ 471,780,000	11.7	EWJ	JAPAN	\$ (373,572,000)	-2.4
IEF	7-10YR TREASURIES	\$ 410,293,000	4.3	DIA	DOW 30	\$ (210,576,000)	-1.8

ETFs of the Week:

1. XLI (Industrial Select Sector SPDR Fund):

Industrials are starting to crack with a close below the value area (green line). The US Dollar gained +0.8% last week and that is generally not good for the Industrial sector. In addition, on Friday we saw put buyers in several Industrials companies including EMR, CMI, and PNR. I added a bearish position on Friday of the XLI Jun 55 puts.



Source: ThinkorSwim

2. KRE (SPDR S&P Regional Banking ETF):

Financials saw some large opening put buying on Friday:

➤ 151,647 XLF Jun-16 22.0 P (Qtrly) OPENING

➤ 5,030 KRE Dec-16 30.0 P OPENING

➤ 15,036 WFC Fri 5/27 48.0 P (Wkly) OPENING

I am watching for a break in the trendline below to short the banks via the KRE ETF. Also keeping an eye on Treasuries as TLT rallied +1.4%. As Treasuries gain, rates fall, which is not good for the banks...



Source: Bloomberg

3. X and IOEU6 (United States Steel Corporation & Iron Ore Futures):

US Steel Co lost 26% last week as Iron Ore prices dropped. These two tend to move together as the chart below depicts. As mentioned above, Chinese authorities have now imposed new restrictions to dampen trading which is impacting Iron Ore prices. This is another area to watch as I believe it is a leading indicator for the stock market and economies.



Source: Bloomberg

Stocks to Watch (from Pat Harris @pharris667)

CRM

Salesforce.com, inc. provides enterprise cloud computing solutions, with a focus on customer relationship management to various businesses and industries worldwide. **Upgraded, news and sweeps bought-keeping this on my radar**



DRI

Darden Restaurants, Inc., through its subsidiaries, owns and operates full-service restaurants in the United States and Canada. As of July 8, 2015, it owned and operated approximately 1,500 restaurants under the Olive Garden, LongHorn Steakhouse, Bahama Breeze, Seasons 52, The Capital Grille, Eddie V's, and Yard House brand names. **SHORT set-up not following the higher Rated restaurants.**



CMG

Chipotle Mexican Grill, Inc., together with its subsidiaries, develops and operates fast-casual fresh Mexican food restaurants. Interesting that early in the week US health department ruled that CMG handling was handled exactly the way it was supposed to be done-Better than a flukey Upgrade by an analyst.



VMW

VMware, Inc. provides virtualization and cloud infrastructure solutions in the United States and internationally. Its virtualization infrastructure solutions include a suite of products and services designed to deliver a software-defined data center (SDDC), run on industry-standard desktop computers, servers and mobile devices; and support a range of operating system and application environments, as well as networking and storage infrastructures. **Been awhile since this stock was in focus-reported great earnings, Third Point has a 13F filing plus sweeps bought late in the day Friday.**



SCTY

No need to explain what company this is-Owned by the Great manipulator Elon Musk-Once again seriously oversold and watching for a long.



NEE

NextEra Energy, Inc., through its subsidiaries, generates, transmits, and distributes electric energy in the United States and Canada. The company generates electricity from gas, oil, solar, coal, petroleum coke, nuclear, and wind sources.



BLD

TopBuild Corp. engages in the installation, distribution, and sale of insulation and other building products to the United States construction industry. **Surprisingly strong stock in a crappy Market.** TopBuild to Present at J.P. Morgan Homebuilding & Building Products Conference Wednesday, May 18 at 8:40 a.m.



BIDU

China internet company-Moody lowers rating-China investigating and downgrade on Fri, Analyst downgrade says stock may not recover for 12-18 months. Short.



ENDP

Endo International plc develops, manufactures, and distributes pharmaceutical products and devices worldwide. Its U.S. Branded Pharmaceuticals segment offers chronic pain management products, such as BELBUCA, OPANA ER, and Percocet; Lidoderm for opioid analgesics; and Voltaren gel for osteoarthritis pain, as well as XIAXFLEX for treating Peyronie's and Dupuytren's contracture diseases. **Big unusual options purchased plus insider buying keeps this on my docket. The trade below happened Friday.**

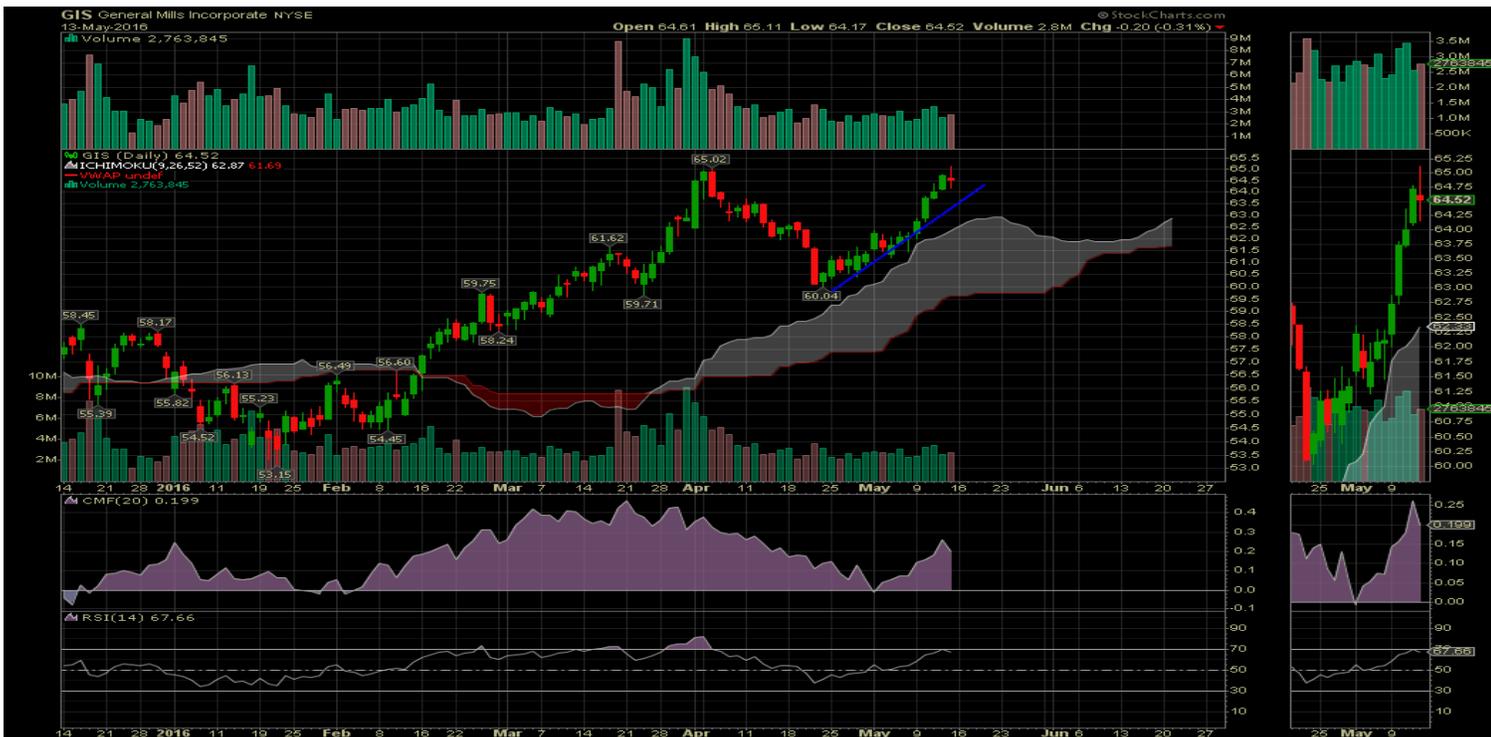
Since trading above \$95 last April, **Endo International** has lost 85% to pocket-change levels at \$14. Today, ENDP managed to buck broad market weakness though, garnering the attention of at least one options trader who bought 5,000 ENDP May 14 calls for \$1.15 each.

With an outlay of \$575,000 and a break-even price at expiration in a week of \$15.15, ENDP needs to increase 7.8% for this aggressive trade to profit. For most stocks, this would be asking a lot, but ENDP typically fluctuates 6% to 8% per day. If this move marks the start of a significant bounce, ENDP could run to \$18 next week without even breaking a sweat.



GIS

General Mills, Inc. manufactures and markets branded consumer foods in the United States and internationally. **3G filling by Berkshire (Buffet) piques my interest.**



LGND

Ligand Pharmaceuticals Incorporated, a biopharmaceutical company, focuses on developing and acquiring technologies that help pharmaceutical companies discover and develop medicines worldwide. **Some of these bios are getting oversold an IBD 50 Stock that reported great earnings-looking for a turnaround in some of these.**



AGN

Allergan plc, a specialty pharmaceutical company, develops, manufactures, markets, and distributes medical aesthetics, biosimilar, and over-the-counter pharmaceutical products worldwide. **Reported earnings plus a 10 billion buyback here. 275 SEPT options being bought here.**



BSX

Boston Scientific Corporation develops, manufactures, and markets medical devices for use in various interventional medical specialties worldwide. It operates through three segments: Cardiovascular, Rhythm Management, and MedSurg



AHS

AMN Healthcare Services, Inc. provides healthcare workforce solutions and staffing services in the United States. The company operates through three segments: Nurse and Allied Healthcare Staffing, Locum Tenens Staffing, and Physician Permanent Placement Services. **Caught in the bio selloff here excellent earnings.**



Keep a watch on the industries of strength Soft Drinks, REITs, and Food.

Also watching SBUX MSFT PAYC DPZ

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