

**US ETF Index performance (5d): SPY -0.1%, DIA +0.4%, IWM +0.1%, QQQ -0.1%, TLT +1.1%.**

US Indices ran out of steam last week as Brexit fears started to take shape. S&P futures (ESM6) hit major resistance of 2117. As we are running into this resistance, I think it makes sense to reassess market internals / indicators. Last Wednesday I wrote an article titled, "The 5 Warning Signs that Signal a Stock Market Correction".

<http://www.traderplanet.com/commentaries/view/169825-the-5-warning-signs-that-signal-a-stock-market-correction/>

Did some of those Warning Signs start to form last week?

1. **Small Caps start to decline.** - They did underperform on Thursday & Friday -2.0% vs SPX -1.1%.
2. **The RSI indicator.** - The RSI has did not reach overbought levels in the SPX on the daily chart, but it did get overbought in Small Caps and a couple sectors (Semis and Materials).
3. **Volume.** Volume did pick up on Friday, it was ~30% higher than the 30d average, so higher, but not that dramatic
4. **Option Order Flow.** The CBOE Equity Put to Call Ratio was higher, 0.81 vs the 1 month average of 0.68 indicating there was a pickup in put activity.
5. **The Baltic Dry Index.** Showed no noticeable change and is still moving sideways.

So, the answer is yes, a few warning signs showed up on Friday. However, one day is not a trend, but this is definitely something to watch going into a heavy data and event driven week.

**Next week earnings reports are light (ORCL, SWHC, and KR), but we have a large amount of economics and macro meetings.** Starting with tonight we have **China Industrial Production and Retail Sales reports**. On Tuesday we have **US Retail Sales, and Wednesday, PPI, Industrial Production and the conclusion of the two day FOMC meeting**. Thursday we have the **Bank of Japan meeting and US CPI**. On Friday we have **Housing Starts and Building permits**. Next week is also **Quadruple witching** where in index futures, index options, stock options and single stock futures expire on Friday. Note **major indices (SPX, NDX) and S&P sector indices / ETFs (XME, XRT, XBI, XOP) also rebalance** back to their respective benchmark which means there is typically an increase in volatility as we get closer to the end of the week.

#### **TTG Market View:**

Most of the major indices and sectors that I watch are back in neutral territory after hitting some major resistance in the ESM6. I will return to a bullish stance if we climb above 2117 ESM6. The positive from last week is that we burned off some overbought levels, the negative is the VIX climbed 16.3% on Friday to 17 which may be an indication that we roll over a bit further. While the market is not expecting any rate decision from next week's FOMC nor from the BOJ meeting, it may be wise to have a larger position in cash and let some of these events play out including the upcoming Brexit vote on 6/23.

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

**Best 5d:**

Symbol	Description	5d % chng
OIH	Oil Services	5.77%
GDV	Gold Miners	2.49%
SLX	Steel	1.79%
XME	Metals & Mining	1.38%
XLE	Energy	1.25%
XLP	Staples	1.06%
XLU	Utilities	0.98%
XLI	Industrials	0.86%
IYZ	Telecom	0.71%
ITB	Home Builders	0.40%
IYR	REITs	0.18%

**Worst 5d:**

Symbol	Description	5d % chng
IBB	Biotech	-5.03%
XRT	Retail	-2.20%
KBE	Banks	-2.13%
FDN	Internet- FANG	-1.82%
KRE	Regional Banks	-1.60%
XLF	Financials	-1.49%
XOP	Oil & Gas Expl Prod	-1.04%
SMH	Semis	-0.93%
XLY	Cons Discretion	-0.78%
XLV	Health Care	-0.71%
XLK	Tech	0.05%

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

Symbol	Description	5d % chng
RSX	Russia	0.64%
EWY	South Korea	0.56%
VNM	Vietnam	0.41%
EWH	Hong Kong	0.25%
ECH	Chile	0.06%
EWC	Canada	0.00%
EWZ	Brazil	-0.18%
FXI	China	-0.47%
EWT	Taiwan	-0.51%
IDX	Indonesia	-0.59%
DXJ	Japan (FX'd)	-0.64%

Symbol	Description	5d % chng
GREK	Greece	-6.99%
EUFN	EURO FINS	-5.65%
EWP	Spain	-4.85%
EWN	Netherlands	-4.36%
EWU	UK	-3.93%
EZU	EMU	-3.84%
ASHR	China A	-3.77%
EWQ	France	-3.74%
VGK	Europe	-3.74%
EWG	Germany	-3.71%
FM	Frontier Mkts	-3.49%

## ETF Flows for the Week (6/11/16)

**Overall: Equity ETFs see +\$4.0B in inflows (+\$1.4B prior week), the third week in a row of inflows.** International ETFs captured the lion share of the Equity Inflows with VEA (Vanguard FTSE Developed Markets ETF) seeing the largest inflow of any ETF last week +\$1.2B. Emerging Markets also saw strong inflows totaling +\$1.2B with EEMV (iShares Edge MSCI Min Vol Emerging Markets ETF) adding +\$761M in assets. Japan & European ETFs both saw more outflows and it continues to be the FX Hedged ETFs (DXJ, HEDJ) that are losing the most assets.

In the US, IWM (iShares Russell 2000 ETF) saw the largest outflow of any ETF, -\$528M. As mentioned above, Small Caps underperformed on Thursday & Friday, -2.0%. Fixed Income ETFs saw strong inflows, adding +\$1.9B for the week with AGG (iShares Core U.S. Aggregate Bond ETF) added the largest inflow of +\$401M. In Commodities, GLD (Gold) added +\$523M last week and the Material sector also saw inflows of +\$194M.

### US / Sectors (5d):

- **Sector Highlights** (largest movers included)
- **Largest Inflows:**
  - **Energy +\$329M:** OIH +\$204M, XLE +\$104M, GASL +\$49M, XOP -\$190M
  - **REITs +\$242M:** VNQ +\$280M, IYR -\$150M, SCHH +\$34M
  - **Materials +\$194M:** GDX +\$222M, XLB +\$84M, DUST +\$82M, GDXJ +\$74M, NUGT -\$299M
  - **Health Care +\$142M:** XLV +\$262M, IBB -\$94M
- **Largest Outflows:**
  - **Financials -\$510M:** XLF -\$347M, KBE -\$156M, KRE -\$61M
  - **Utilities -\$343M:** XLU -\$362M
  - **Consumer Discretionary -\$230M:** XRT -\$123M, XLY -\$59M, XHB -\$62M

### International (5d):

- **International ETFs +\$2.7B**
- **Country/ Region specific ETFs:**
  - Largest Inflows:**
    - **Developed Mkts +1.6B:** VEA +\$1.2B, EFV +\$214M, VEU +\$156M, SCZ +\$71M, EFAV +\$67M, DBEF -\$117M
    - **Emerging Mkts +1.2B:** EEMV +\$761M, VWO +\$205M, EEMV +\$116M, SCHF +\$52M
    - **China +\$101M:** ASHR +\$65M, FXI +\$45M

#### Largest Outflows:

- **Japan -\$457M:** DXJ -\$521M, DBJP +\$60M
- **Europe -\$346M:** HEDJ -\$276M, EWG -\$91M

### 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
VEA	DEVELOPED INTL MKTS	\$ 1,208,020,818	3.8	IWM	SMALL CAPS	\$ (528,118,500)	-2.0
IEMG	EMERGING MKTS	\$ 761,298,000	6.6	DXJ	JAPAN FX HEDGED	\$ (521,000,000)	-6.6
GLD	GOLD	\$ 523,482,000	1.4	XLU	UTILITIES	\$ (361,577,523)	-4.3
AGG	AGGREGATE BONDS	\$ 401,472,000	1.1	XLF	FINANCIALS	\$ (347,399,074)	-2.1
VBR	SMALL CAP VALUE	\$ 294,828,617	4.3	SPY	SPX	\$ (304,595,198)	-0.2
VNQ	REITS	\$ 279,510,000	0.9	NUGT	3X GOLD MINERS	\$ (299,258,710)	-16.8

## ETF of the Week:

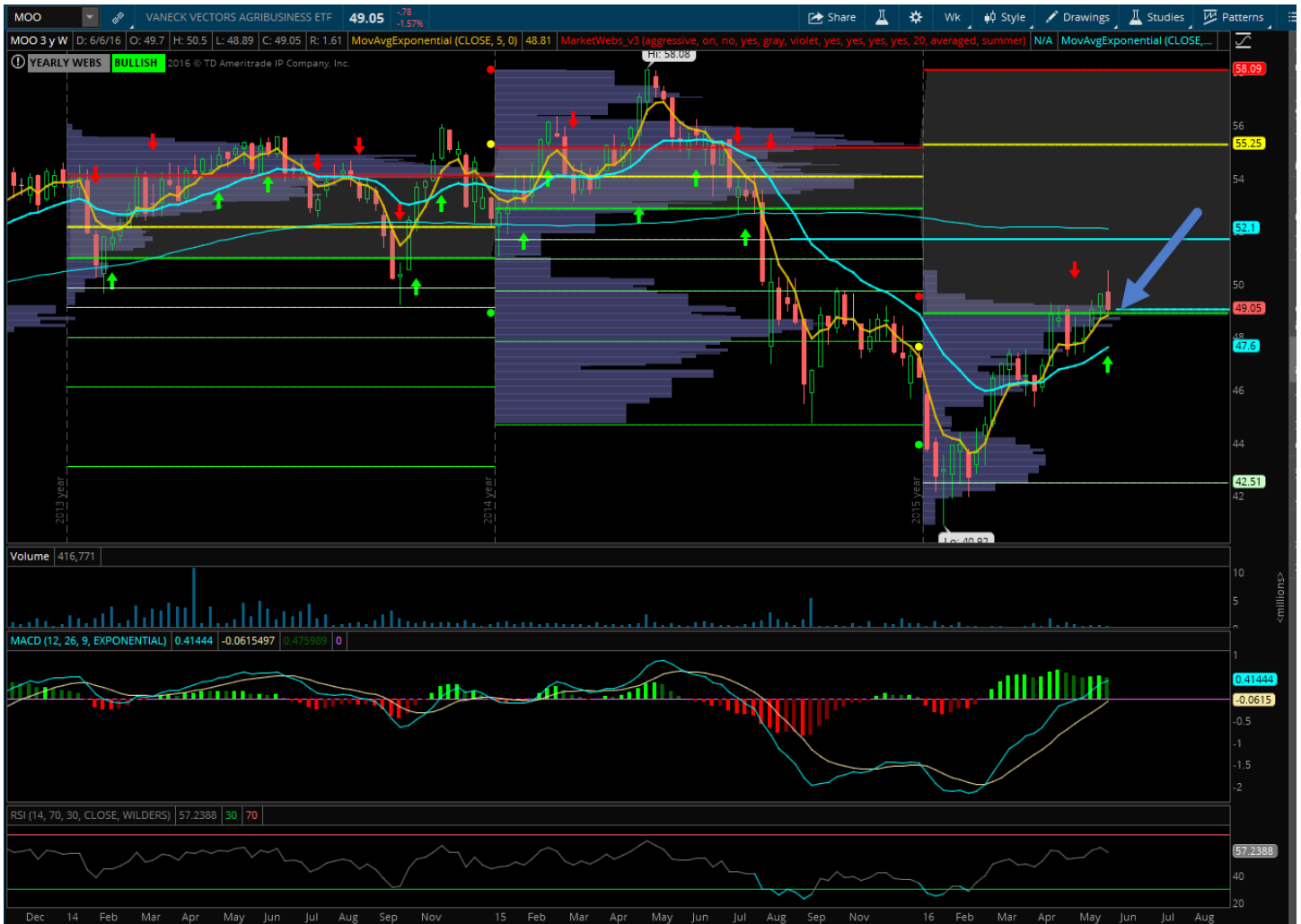
### FXE (Euro Currency Trust):

On Friday, we saw a noticeable pickup in **currency related trades that may have been related to Brexit fears**. The largest trade was the **50,200 FXE Jul 106 / 108 put spread that was bought for \$0.42**. This trade covers all the major events that we mentioned above, FOMC, BOJ, and **the Brexit vote**. We also saw a similar directional trade in **EUO**, the ProShares UltraShort Euro ETF, where **4,641 EUO Jul 24 calls traded @ \$0.50**. Being that the EUO is a leveraged inverse ETF it profits when the Euro declines, so call buying is essentially a bearish position in the FXE. Further, a bullish trade in UUP, the PowerShares DB US Dollar Index Bullish Fund ETF also took place on Friday: **4,638 UUP Jul 25c @ \$0.13**. *To sum up, all three trades may be profitable if the Euro falls, which is a likely scenario if the UK leaves the Euro.*



## MOO (VanEck Vectors Agribusiness ETF):

Agriculture commodities have been on fire over the last couple months. Top holdings in the MOO ETF are MON, SYT, ZTS, DE, ADM, TSN, PUT, and AGU. This ETF has made a healthy move from the lows, keep an eye on the bottom of value \$49 on the yearly value area for more continuation.



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

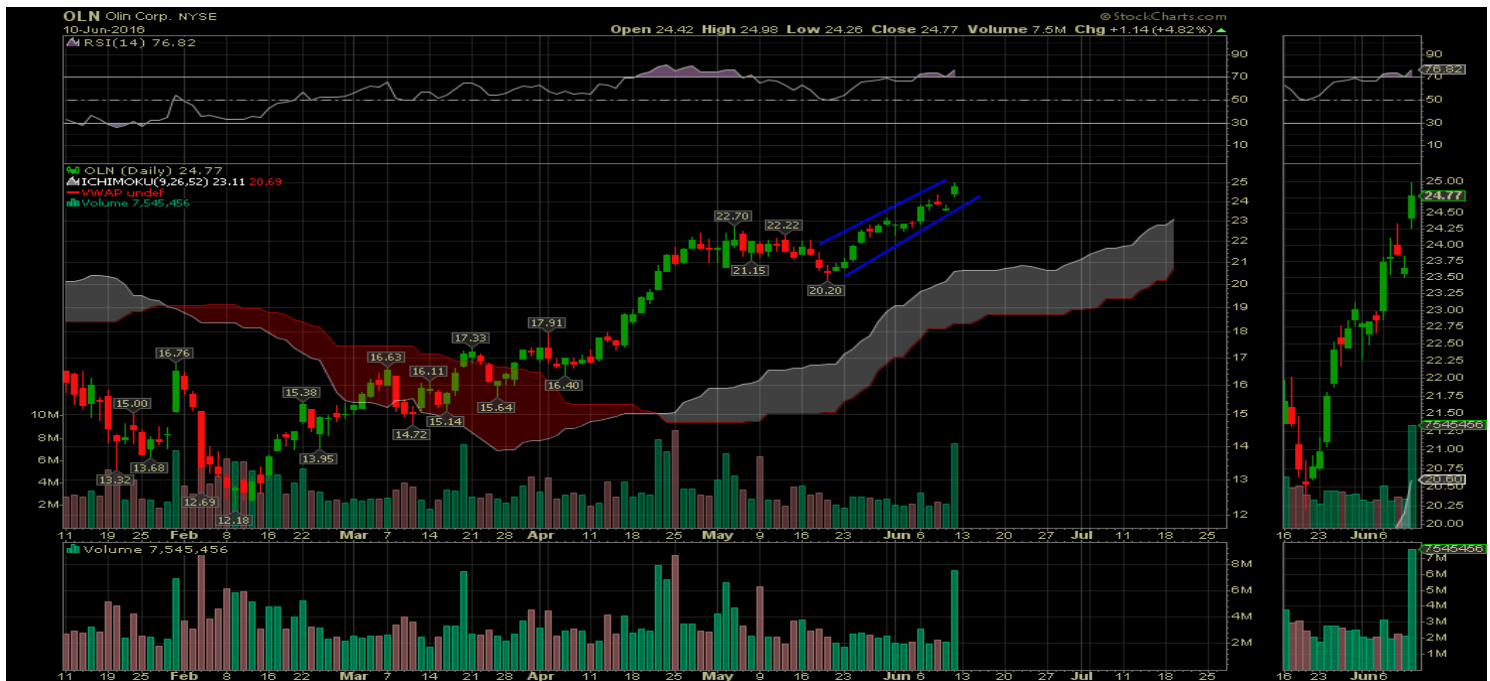
### CEVA

CEVA, Inc. licenses signal processing intellectual property (IP) technologies to semiconductor companies and original equipment manufacturers (OEMs) serving the mobile, consumer, automotive, industrial, and Internet-of Things (IoT) markets worldwide. **In Markets that are dicey at best I like to keep an Eye on Stocks consistently making new Highs. Often people shun these stocks because words like over extended or it's Run to Much when actually stocks consistently throughout the MONTH making new 52 week Highs is what they should have been in all the time. FORM 4 filings here.**



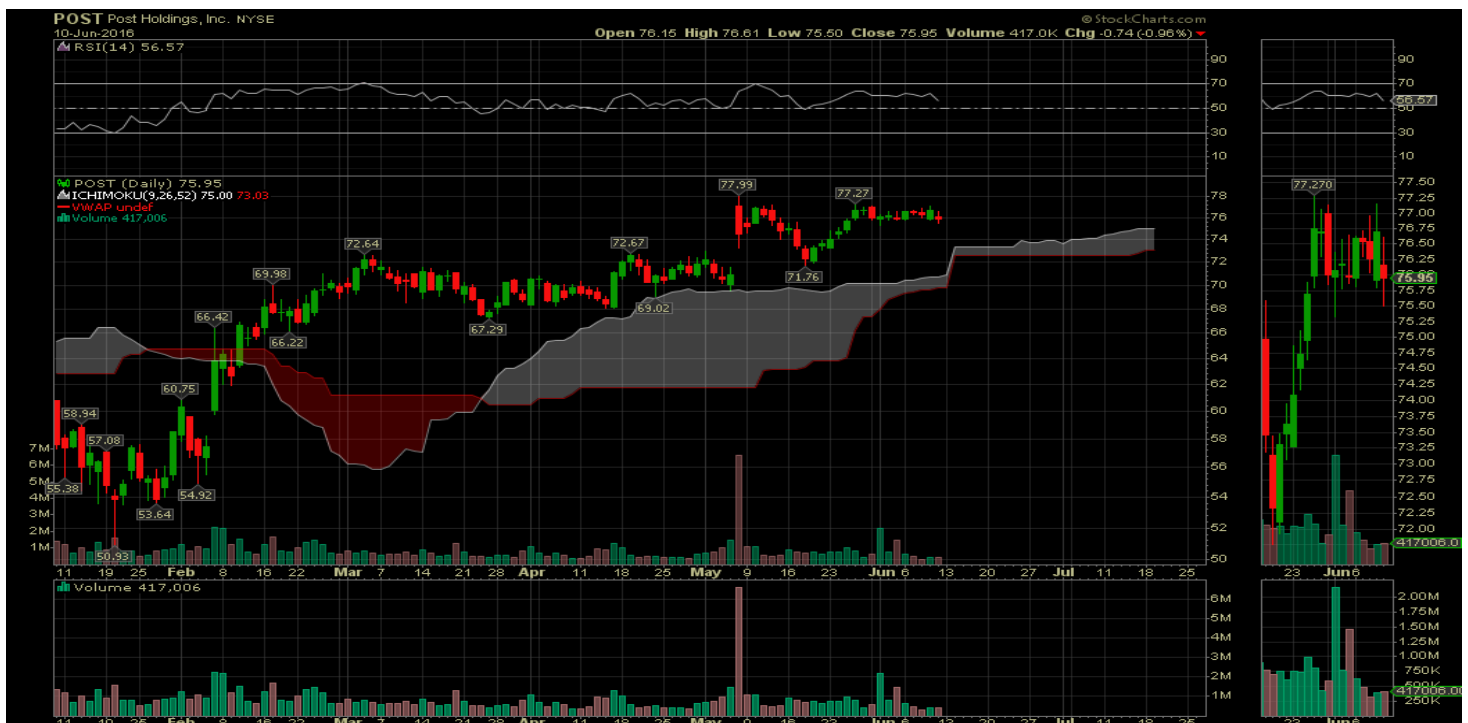
## OLIN

Olin Corporation manufactures and distributes chemical products in the United States and internationally. It operates through three segments: Chlor Alkali Products and Vinyls, Epoxy, and Winchester. **FORM 4 filings here.**



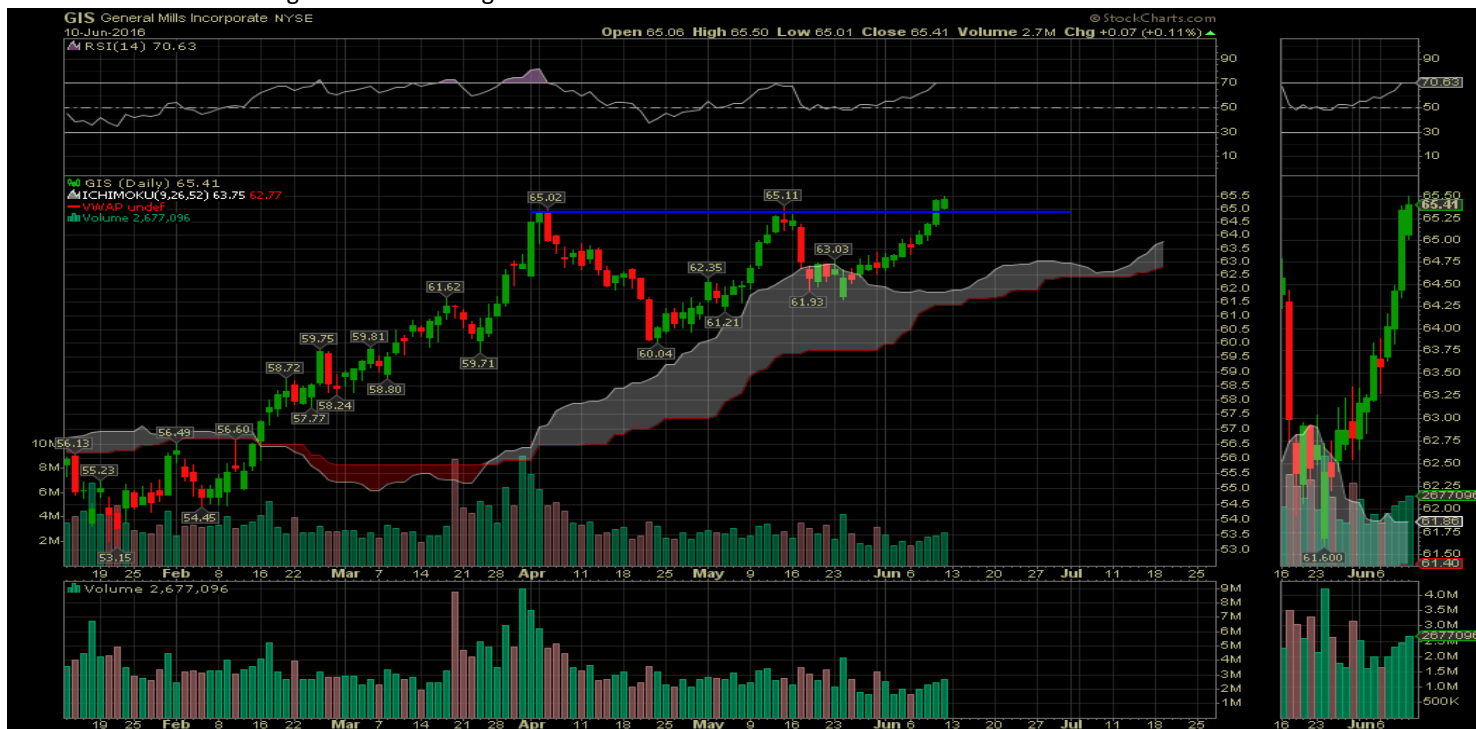
## POST

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 has sweeps calls bought all the way through September plus Form 4 filings.**



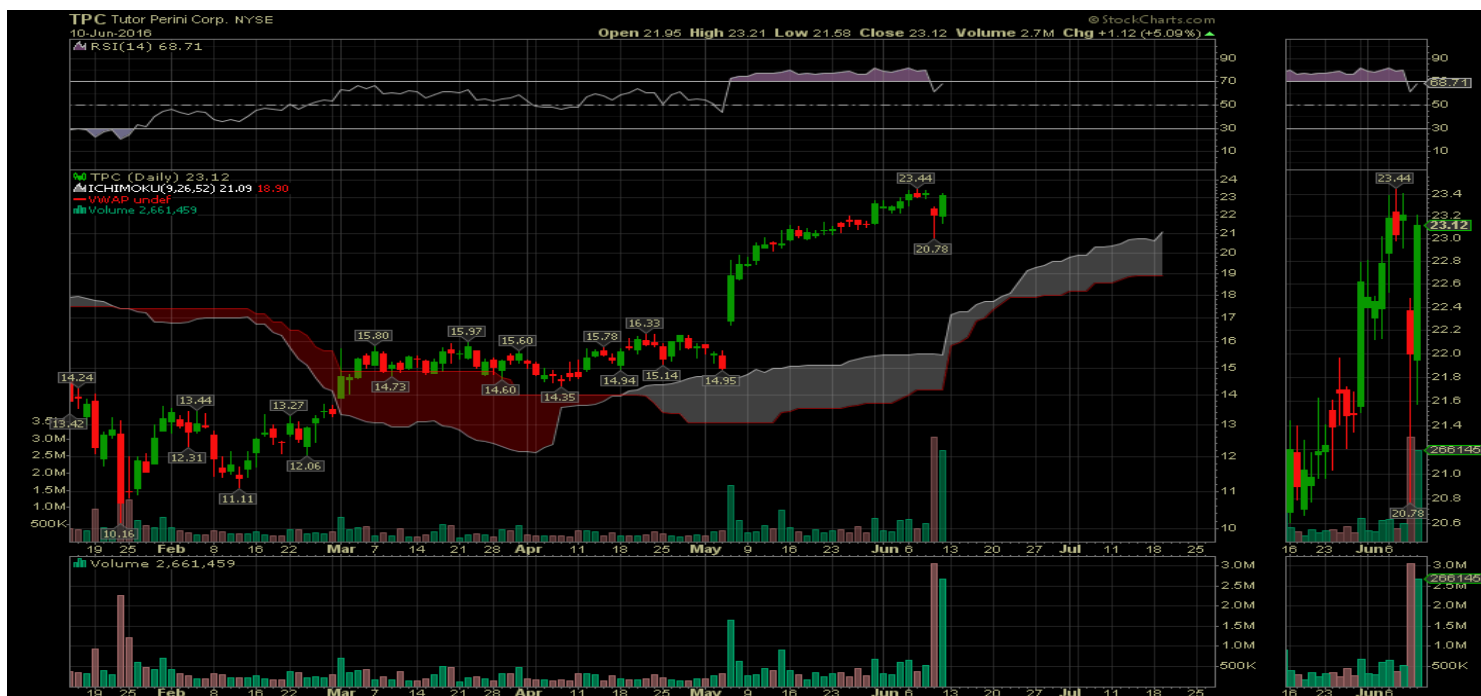
## GIS

General Mills a safety play or possible short in this market has Form4 filings and sweep calls. Because of this market could go either way for you swing traders or day traders. If this breaks down and you are looking for something to invest in this is a safety play. Berkshire made a 13F filing about 6 weeks ago.



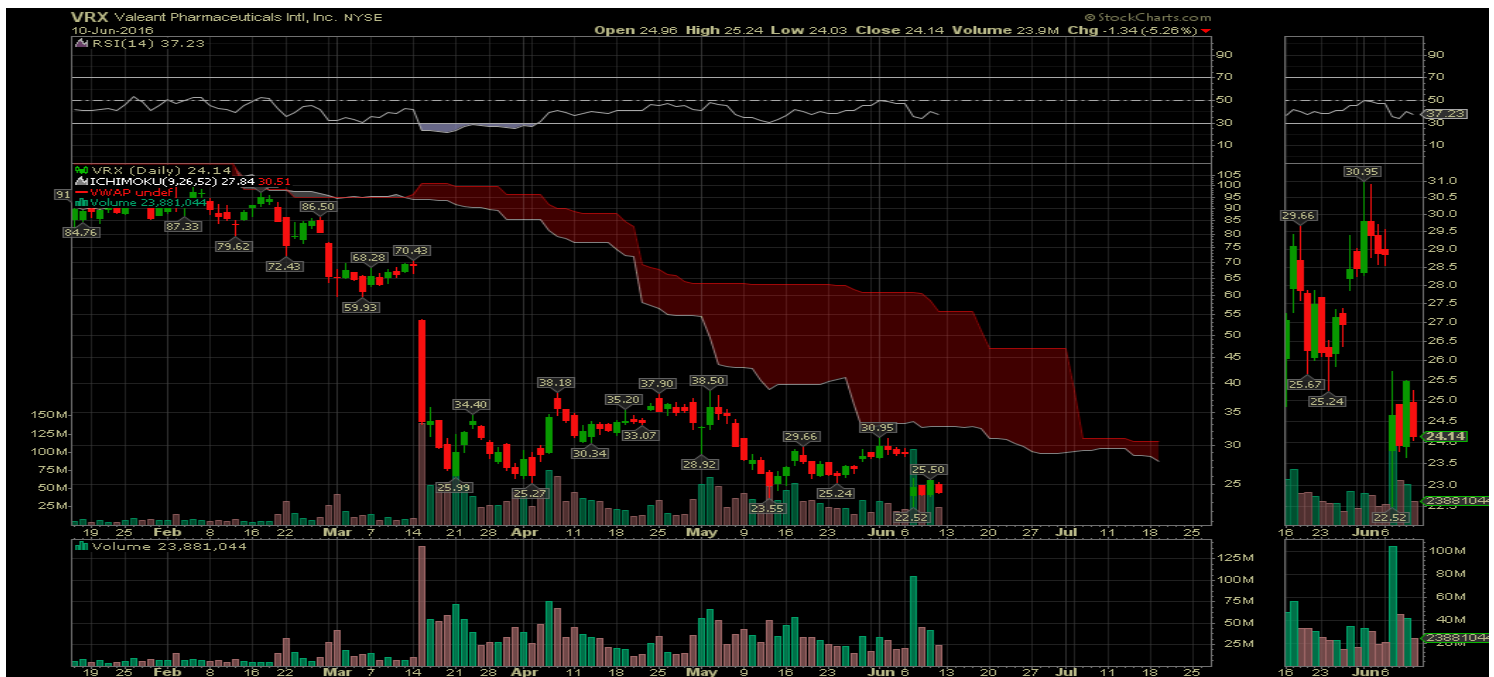
## TPC

Tutor Perini Corporation provides diversified general contracting, construction management, and design-build services to private customers and public agencies worldwide. **Everyone Likes the momentum stocks and miss some of the smaller ones setting up. From the building and construction sector summer plays this has Form 4 filings.**



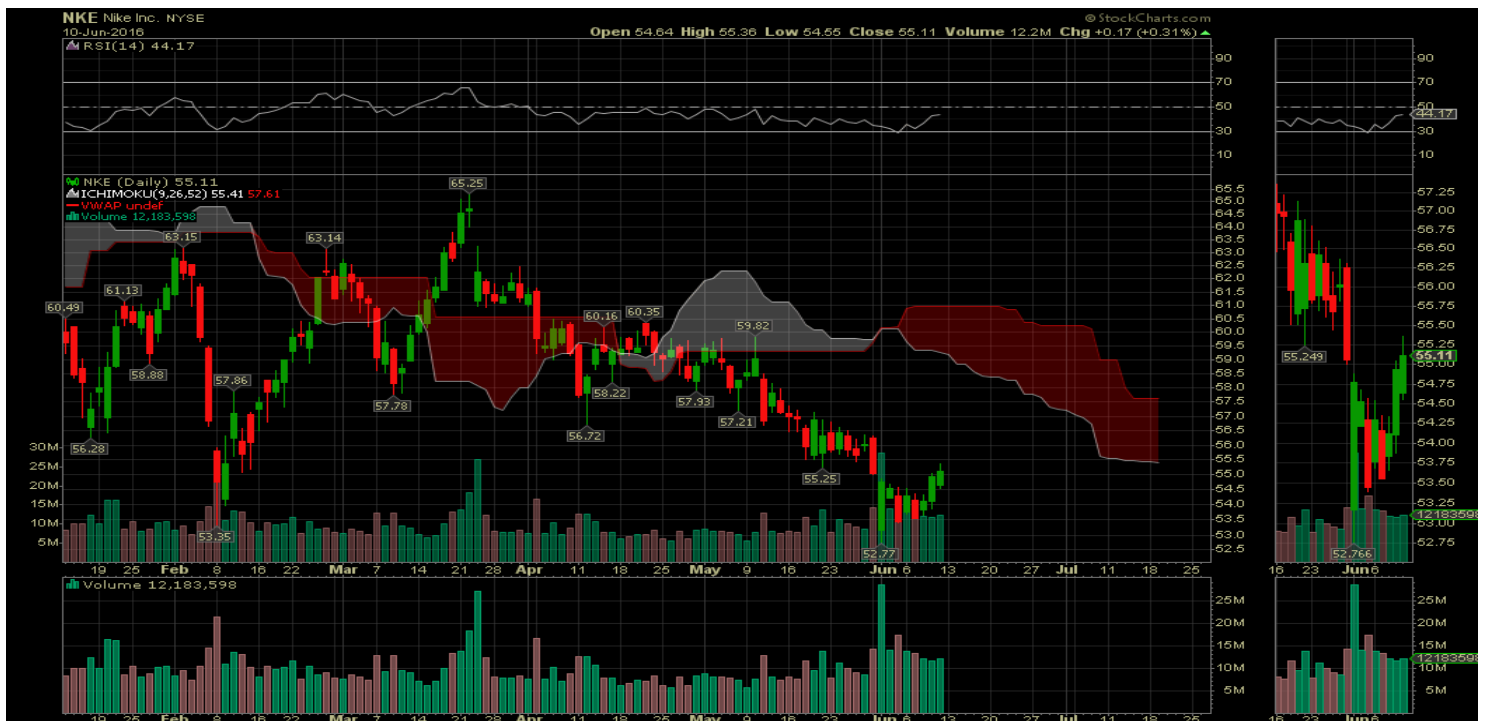
## VRX

Valeant Pharmaceuticals International, Inc. develops, manufactures, and markets pharmaceuticals, over-the-counter products, and medical devices worldwide. **Beaten up maligned and not for the weak of Heart. Thing that impressed me is I am seeing Institutional buys Sweeps calls out to September and January here plus aligned with Walgreens. One of their biggest products is Bausch and Lomb.**



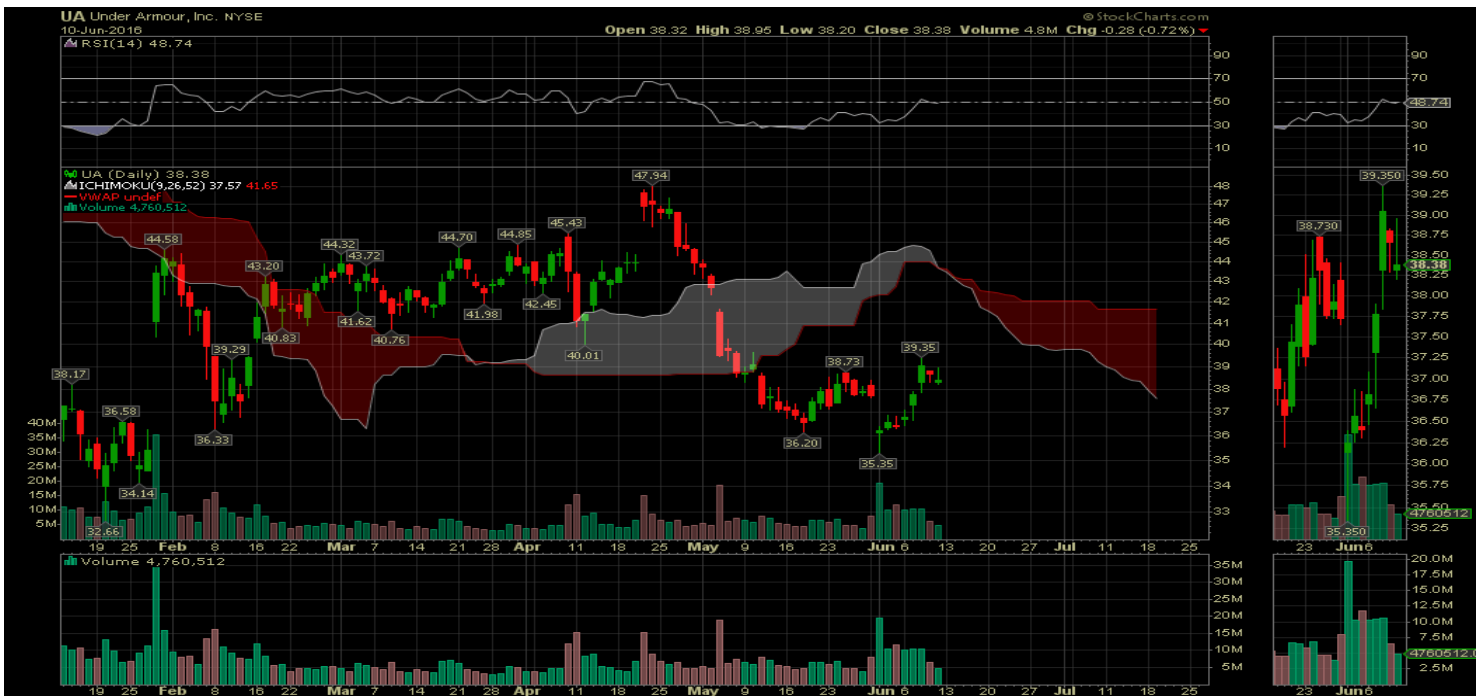
## NKE

Earnings on the 26<sup>th</sup> of June. Calls being swept Thursday and Friday. Signed a new NBA contract



UA

Under Armour, Calls swept here Friday. May be a Peter Lynch style of investing but if your Kids are into sports look to see what they're wearing a lot of this name here.



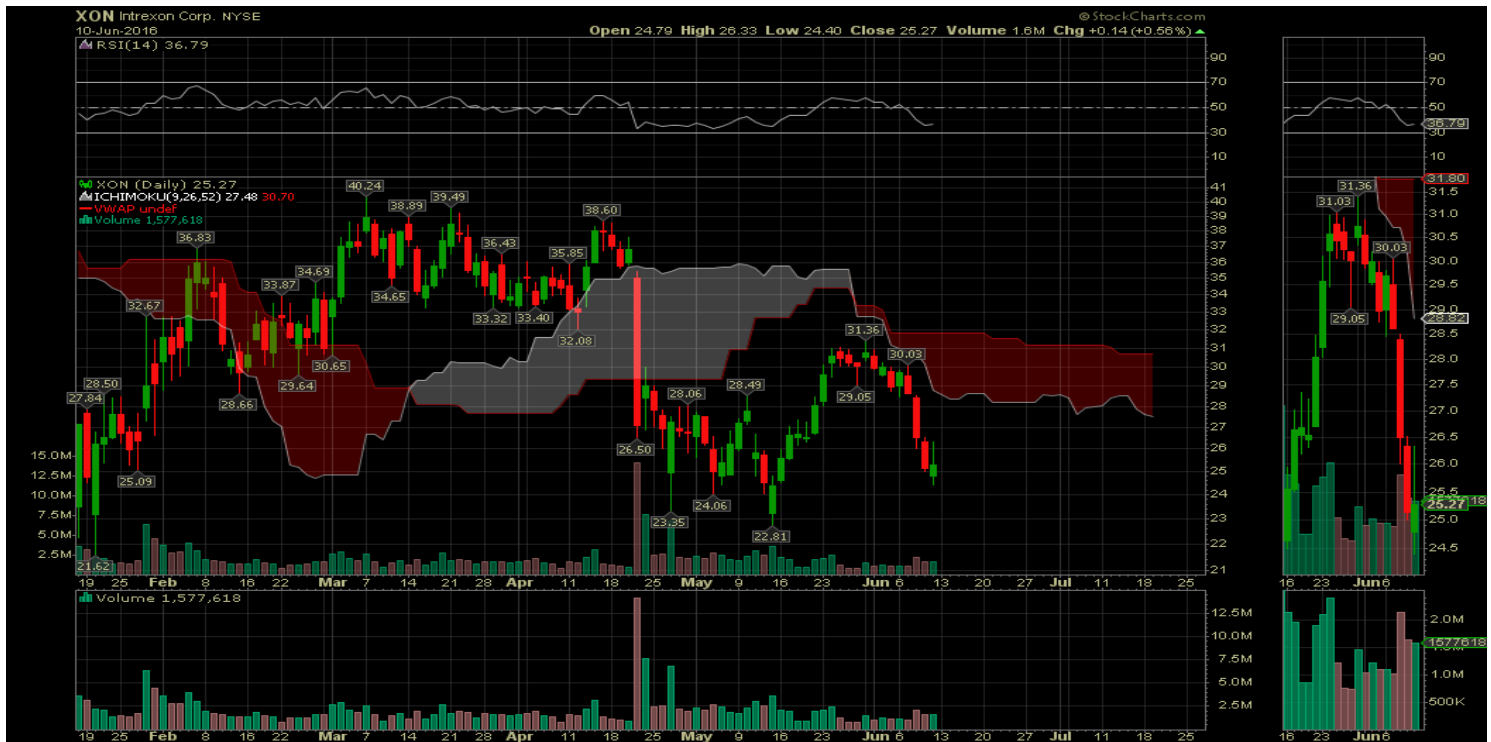
RLYP

Relypsa, Inc., a biopharmaceutical company, focuses on the discovery, development, and commercialization of polymeric medicines for patients with conditions that are overlooked and undertreated and can be addressed in the gastrointestinal tract primarily in the United States. **Still in Play sweeps still being bought.**



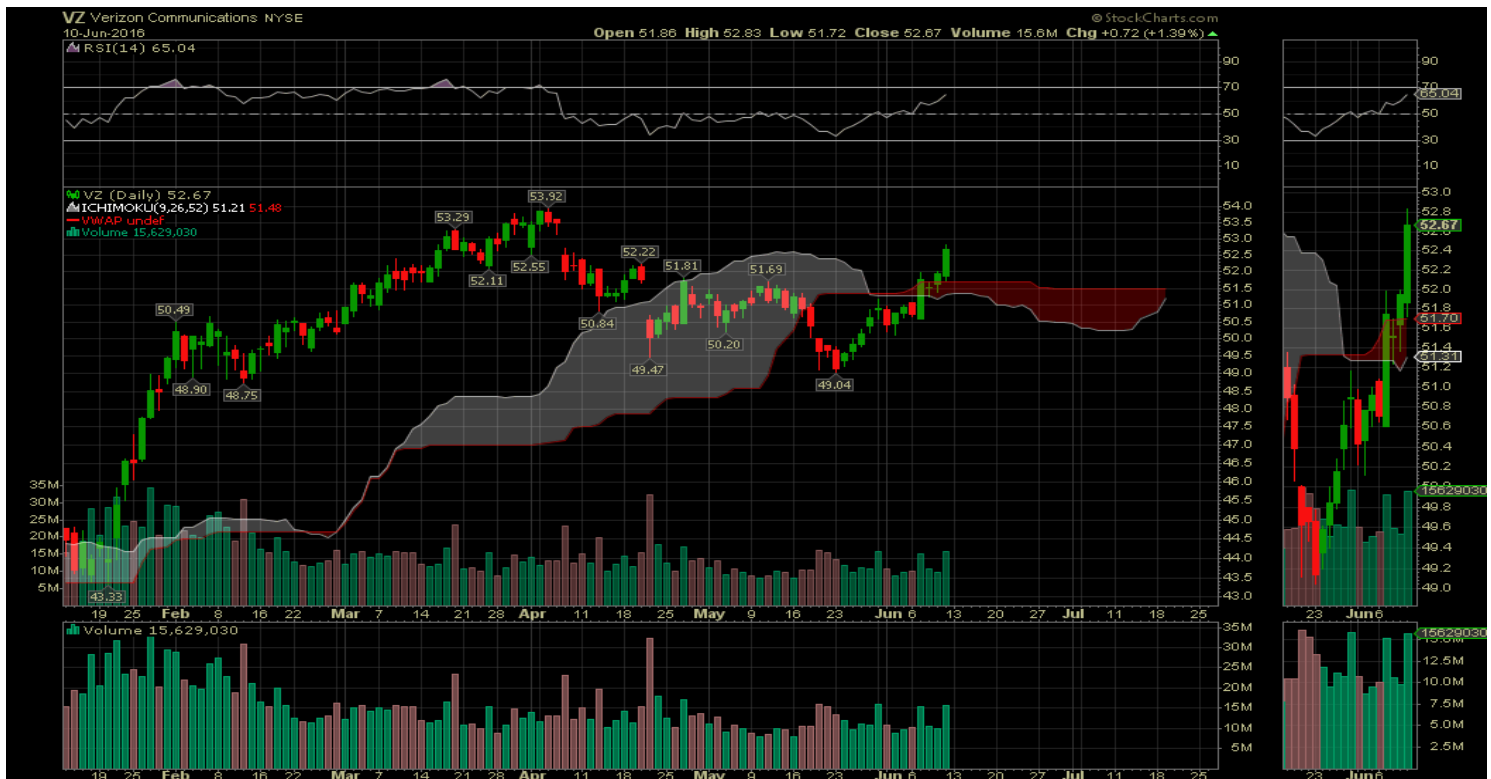
XON

Had this one before and coming into summer a stock to keep an eye on Zika virus propels this.



VZ

Verizon consistent heavy buying throughout the week. One of the better stocks this year.



## HSY

Hershey is candy company. Interesting rumors here about them shopping their company. When asked to comment about it most companies deny it when asked directly. Their answer No comment at this time. Huge 100 calls being bought in the Market.



## STOR

STORE Capital is a privately owned real estate investment trust. The firm invests in the real estate markets. It primarily invests in single-tenant properties including chain restaurants, supermarkets, drugstores and other retail, service and distribution facilities. Form 4 filings consistently making 52 week highs featured in IBD this week.



## OGS

ONE Gas, Inc. operates as a regulated natural gas distribution utility company in the United States. The company operates through three divisions: Oklahoma Natural Gas, Kansas Gas Service, and Texas Gas Service. **In the trading room the other day when Natural gas was rebounding the Question came up, “what are some good Nat Gas plays to invest in or trade?” So, I set out to find one. A lot of Form 4 filings here and with Oil and gas rebounding why not invest in something consistently making 52 week Highs.**



## SRPT

Sarepta Therapeutics, Inc., a biopharmaceutical company, focuses on the discovery and development of RNA-based therapeutics for the treatment of rare, infectious, and other diseases. **This sold off hard on a failed FDA review-But the thing that impresses me here is this fact that the FDA agreed to take another look at the findings and that doesn't happen very often.**



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