



US ETF Index performance (5d): SPY -1.9%, DIA -1.5%, IWM -1.9%, QQQ -3.0%, TLT +1.0%, GLD +2.3%

TTG Market View (11/3): Well a big week is behind us and a big week ahead. The #'s above speak for themselves, the major indices sold off and the Large Caps and the Tech heavy Nasdaq caught up (or caught down) with the Small Caps. If you remember from the last two newsletters I mentioned that the Small Caps are an important barometer of the overall equity market and provided a great warning signal.

Next week all eyes will be on the election. I was going to skip talking about the election because it is a very hot topic and emotions are running very high but it is my job to make money and the election will obviously affect that... so I want to be prepared for any result. So, let's be as objective as possible. What does the equity market dislike → UNCERTAINTY. So, what will be the most uncertain outcome – if the Republican candidate wins or the Democratic candidate wins and also wins Congress. Without going into details, those two outcomes will rock the boat a bit and bring more volatility into equities at least in the short term. However, once the election is over, there will be a winner, and a good amount of uncertainty will be removed. Whether or not the losing candidate goes away quietly is another story, the same with the current FBI investigation. This makes matters a bit more complicated, **but I do believe getting this election over with is the best thing for the equity market, and the VIX which is currently 22.51, will drop below 20 by December. That said, a trade to profit from a move lower in volatility is:**

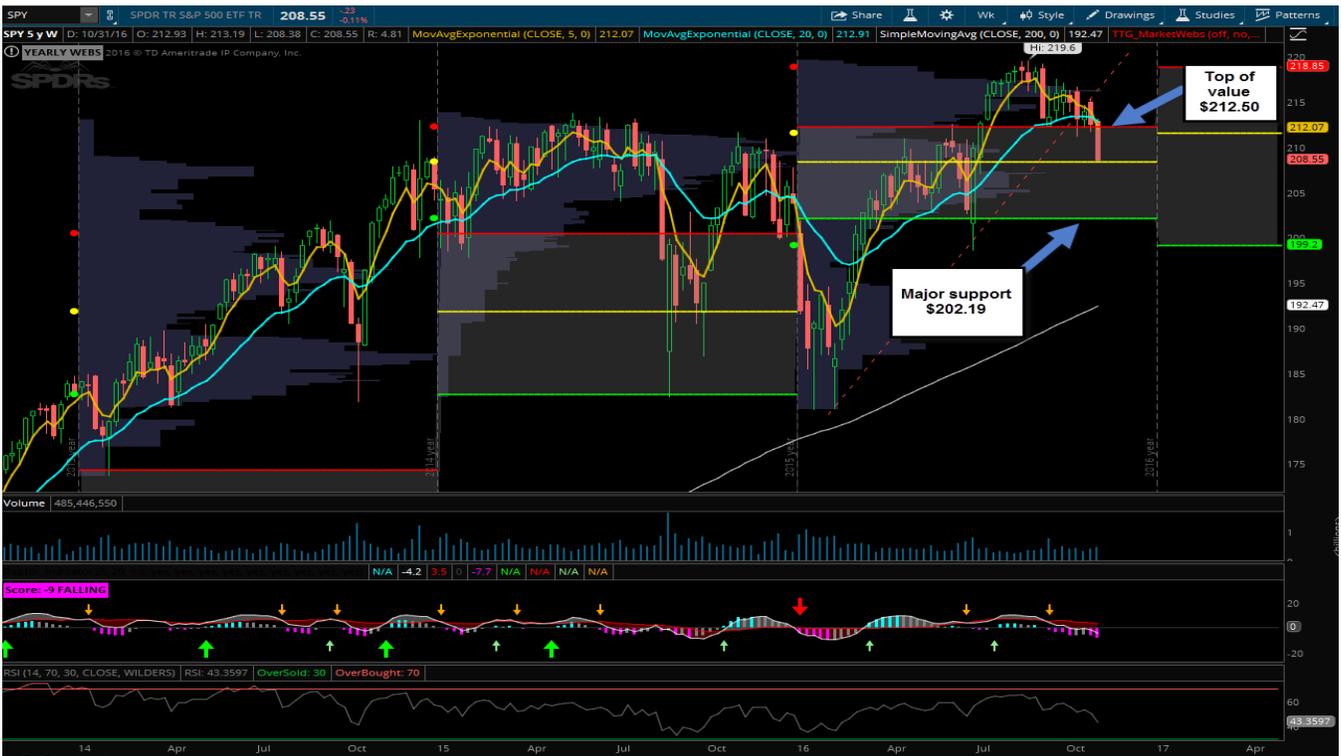
Sell the VXX Dec 40/44 call spread. This is a credit spread and based on closing prices, a trader can collect \$1.08 on this trade (total risk of \$2.92)

Moving on to S&P 500 technicals. **The S&P had a breakdown last week. The level to watch remains \$2117.50 and SPY \$212.20, this is the top of the yearly value area and is important. For the uptrend to continue, the S&P needs to regain this level (2nd chart).** Until then we have to accept that we have had a breakdown. However, there is a bit of a silver lining, on the daily chart (1st chart) **we have gotten oversold (RSI 29) and quickly.** The S&P is also trading outside the 2 standard deviation Bollinger Bands which indicates an extreme move. In my experience, the major indices do not stay outside of the Bollinger Bands for extended period. So, we may see a short term bounce from oversold levels. Another area to watch is the 200d Moving Average (MA). The S&P is holding this for the time being, and would be a positive if we can hold it. **However, if the 200d MA is broken next support levels in the SPY are \$207.54, \$204.32, and \$202.19 (bottom of yearly value area).**

SPY daily chart



SPY weekly chart



US sectors continued to show further deterioration. Out of the 11 GICS sectors, 6 are now weak, 4 are neutral to weak and 1 is neutral. There are currently no strong sectors.

This week's sectors

Symbol	Description	Moving Avg Summary	Category	Weight in SPX
XLF	Financials	<50d>100d	Neutral	13
XLK	Tech	<100d	Neutral to Weak	22
XLE	Energy	<100d	Neutral to Weak	7
XLI	Industrials	<100d	Neutral to Weak	10
XLB	Materials	<100d	Neutral to Weak	3
IYZ	Telecom	<200d	Weak	3
XLY	Cons Discretion	<200d	Weak	12
XLV	Health Care	<200d	Weak	14
XLP	Consumer Staples	<200d	Weak	10
IYR	REITs	<200d	Weak	3
XLU	Utilities	<200d	Weak	3

Last week's sectors (10/29 newsletter)

Symbol	Description	Moving Avg Summary	Category	Weight in SPX
XLK	Tech	>50d	Strong	22
XLF	Financials	>50d	Strong	13
XLE	Energy	>50d>100d	Neutral	7
XLI	Industrials	<100d	Neutral to Weak	10
XLB	Materials	<100d	Neutral to Weak	3
IYZ	Telecom	<100d	Neutral to Weak	3
XLY	Cons Discretion	<200d	Weak	12
XLV	Health Care	<200d	Weak	14
XLP	Consumer Staples	<200d	Weak	10
IYR	REITs	<200d	Weak	3
XLU	Utilities	<200d	Weak	3

Conclusion: Stick to the plan. **High cash balances as I have been advocating for the last few weeks.** While there will be opportunities to day trade off of oversold levels, I see no reason to jump in with two feet especially pre-election. While the above GICS sector analysis is meaningful, it certainly does not cover every area of the market. **Transport (IYT) are strong and are above the 50d MA. As I mentioned last week in the trading room, the Base Metals (DBB) have broken out, and I think this is a big positive for the Metals & Mining (XME) group.** More to follow in the chart section. **Bullish signals to watch:** SPY reclaiming \$212.50, MACD crossovers, the VIX <20, and the GICS sectors to reclaim moving averages.

Last week's sector performers:

Best 5d:

Symbol	Description	5d % chng
GDX	Gold Miners	5.29%
XME	Metals & Mining	4.00%
SLX	Steel	0.06%
ITB	Home Builders	-0.51%
XLB	Materials	-0.71%
XLU	Utilities	-1.05%
XLI	Industrials	-1.10%
KRE	Regional Banks	-1.15%
XLF	Financials	-1.42%
KBE	Banks	-1.42%
XLY	Cons Discretion	-1.68%

Worst 5d:

Symbol	Description	5d % chng
IYZ	Telecom	-6.02%
XOP	Oil & Gas Expl Prod	-4.03%
FDN	Internet- FANG	-3.95%
IBB	Biotech	-3.37%
OIH	Oil Services	-3.35%
XLK	Tech	-2.66%
XRT	Retail	-2.52%
XLE	Energy	-2.34%
IYR	REITs	-2.08%
XLP	Staples	-2.01%
XLV	Health Care	-1.90%

Last week's International performers:

Best 5d:

Symbol	Description	5d % chng
EPU	Peru	0.46%
ASHR	China A	0.37%
THD	Thailand	-1.04%
FM	Frontier Mkts	-1.20%
EWA	Australia	-1.29%
PLND	Poland	-1.33%
EWL	Swiss	-1.51%
EWY	South Korea	-1.57%
EWM	Malaysia	-1.63%
FXI	China	-1.66%
EWU	UK	-1.87%

Worst 5d:

Symbol	Description	5d % chng
TUR	Turkey	-6.85%
EWZ	Brazil	-5.43%
EWI	Italy	-4.42%
HEWG	Germany (FX'd)	-4.14%
HEDJ	Europe (FX'd)	-3.92%
EPI	India	-3.84%
DXJ	Japan (FX'd)	-3.62%
RSX	Russia	-3.48%
EUFN	EURO FINS	-3.48%
VNM	Vietnam	-3.31%
ECH	Chile	-2.91%

ETF Flows for the Week (week ending 11/4/16)

Overall: Equity ETFs snap a 2 week streak of inflows and see -\$5.2B in outflows week ending 11/4. It was "Risk Off" in US Sectors, only Utilities posted inflows. Industrials, Tech, and Consumer Discretionary saw large outflows. The same trend was seen in International ETFs, **no country saw significant inflows. Emerging Markets** broke the streak the streak of 17 consecutive weeks of inflows as they lost -\$362M in assets last week.

Fixed Income ETFs flows were more interesting than equity flows in my opinion. **High Yield ETFs saw a second week of large outflows totaling -\$1.8B led by HYG & JNK** (see table below for details). **TIP (iShares TIPS ETF) posted the largest inflow of any ETF +\$1.1B** as someone is expressing a view of increased inflation on the horizon. A further "Risk Off" barometer could be seen in **short term Bonds funds which added +\$745M** led by **SHY** (iShares 1-3 Year Treasury Bond ETF) posting \$552M inflows, see my video on why it's important to watch these short term bond flows: <https://youtu.be/aplW3Um92ps>

US Sectors (5d):

- **Largest Inflows:**
 - **Utilities +\$184M:** XLU +\$239M, FXU -\$25M
- **Largest Outflows:**
 - **Industrials -\$568M:** XLI -\$514M, IYJ -\$44M, IYT +\$44M
 - **Tech -\$473M:** XLK -\$302M, SMH -\$107M, RYT -\$92M, TECL -\$67M
 - **Consumer Discretionary -\$304M:** XLY -\$161M, XRT -\$33M, FXD -\$30M, XHB -\$27M
 - **Health Care -\$292M:** XLV -\$239M, IHI -\$54M, FXH -\$49M, VHT -\$42M, IYH -\$41M, XBI +170M, IBB +\$40M
 - **REITs -\$255M:** VNQ -\$252M, DRN -\$50M, XLRE -\$48M, RWX -\$27M, IYR +\$89M

International (5d):

- **International ETFs -\$754M**
- **Country/ Region specific ETFs:**
 - Largest Inflows:**
 - **No Inflows > \$100M**
 - Largest Outflows:**
 - **Emerging Mkts -\$362M:** EEM -\$323M, EMB -\$114M, IEMG +\$26M
 - **Developed Mkts -\$335M:** VEA -\$412M, EFA -\$102M, HEFA -\$40M, SCHF +\$94M, IEFA +\$84M, EFV +\$36M
 - **Mexico -\$153M:** EWW -\$153M

Largest Flows by ETF

Inflows			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
TIP	US TREASURY TIPS	\$ 1,147,311,000	5.9
IVV	SPX	\$ 587,076,000	0.7
SHY	1-3YR TREASURIES	\$ 552,435,000	5.2
UWTI	3X LONG CRUDE	\$ 445,608,856	55.1
GLD	GOLD	\$ 310,950,000	0.8
USO	WTI CRUDE OIL	\$ 260,478,000	9.6

Outflows			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
SPY	SPX	\$ (2,189,873,743)	-1.1
HYG	HIGH YIELD BONDS	\$ (849,800,000)	-5.3
JNK	HIGH YIELD BONDS	\$ (752,219,642)	-6.5
XLI	INDUSTRIALS	\$ (513,877,000)	-7.0
QQQ	NDX	\$ (505,742,500)	-1.3
VXX	SHORT TERM VIX	\$ (415,423,036)	-19.4

ETFs of the Week:

TIP (iShares TIPS ETF)

As mentioned in the ETF Flow section, **TIP saw the highest inflows of any ETF last week**. Take a look at the white line at the right of the chart, this illustrates a **large appetite for inflation protected treasuries**. While there are no options on TIP, this may be a good cash investment.

TIP & TIP Outstanding Shares 1 year Chart



XME (SPDR Metals & Mining ETF), **Copper**, **DBB** (PowerShares DB Base Metals Fund), and **FCX** (Freeport-McMoRan Inc.)

First, Copper is trying again to get into the yearly value area. 2.93 has been a strong resistance level for copper all year long. If copper gets into the value area, it may have some nice upside ahead.

Copper weekly chart



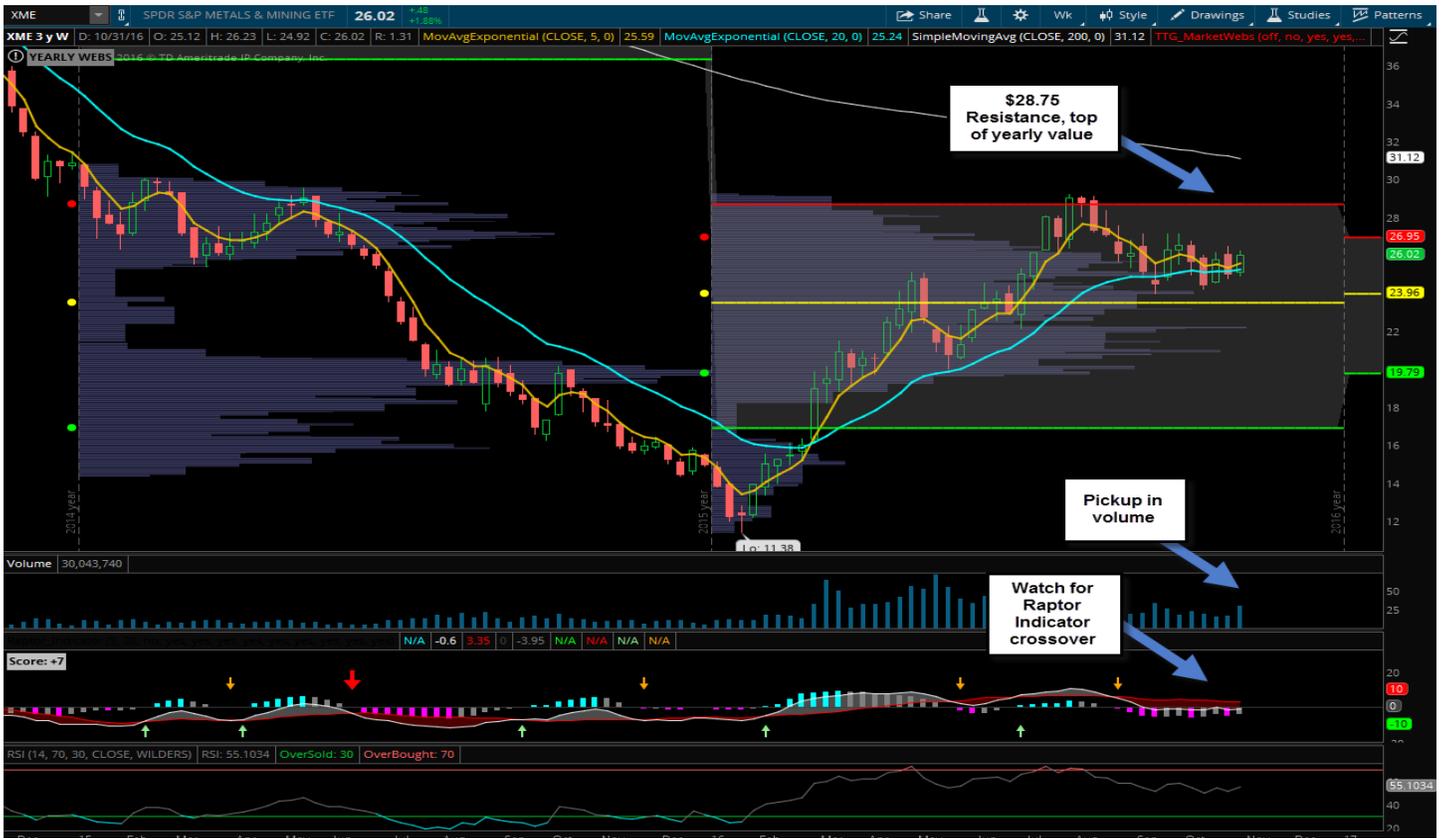
Base Metals (Aluminum, Zinc, and Copper ETF) is also exhibiting strength here.

DBB daily chart



The XME ETF top holdings are a combination of Steel and Mining names: AKS, X, STLD, WOR, HL, SWC, CMC, NUE, CLF, and CMP. Note X (US Steel) continues to see large call activity in April. In addition, the XME ETF saw large buying in cash at the end of last week. The XME ETF stalled in July, but looks like it might want to retest the top of the yearly value area at \$28.75. I am looking for the Raptor Indicator to crossover for a buy signal (see below).

XME weekly chart



FCX Daily chart



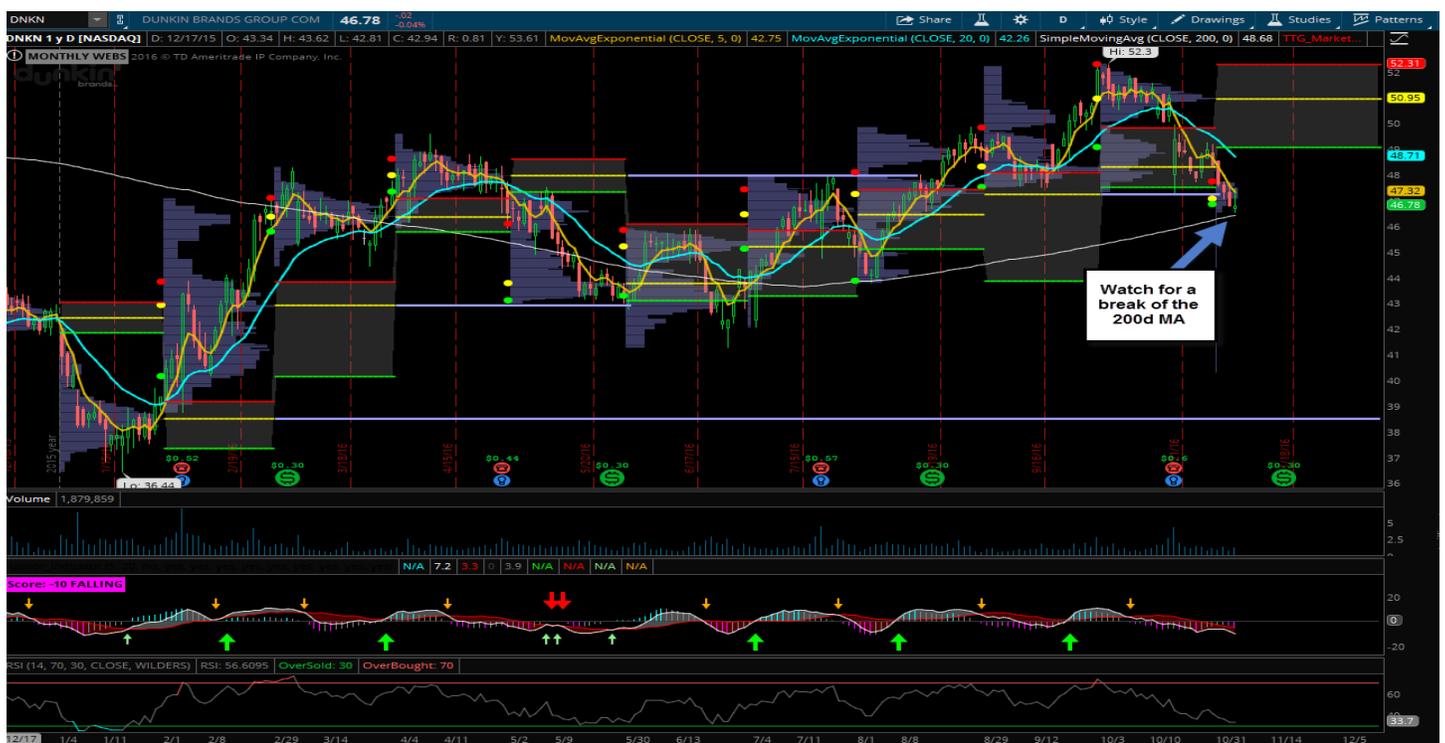
Coffee & DNKN (Dunkin' Brands Group Inc.)

After a big decline in 2015, Coffee has been coming back with a vengeance. Notice the VPOC (purple line at \$184.50) which could be where Coffee is headed. As input costs rise, I would think this is bad for companies who are in the coffee business. On Friday, there was a large put buyer in DNKN: **7,433 DNKN Mar 45 P, ~ \$1.6M trade**. After a decent slide in the market, I am not looking for shorts right now, but this trade makes sense to me.

Coffee Daily chart



DNKN Daily Chart



Stocks to Watch (from Pat Harris @pharris667)

LMAT

LeMaitre Vascular, Inc. develops, manufactures, and markets medical devices and implants for the treatment of peripheral vascular disease worldwide. The company provides angioscope, a fiber optic catheter used for viewing the lumen of a blood vessel; carotid shunts to temporarily divert or shut blood to the brain during the removal of plaque from the carotid artery in a carotid endarterectomy surgery; and powered phlebectomy devices that enable less invasive removal of varicose veins.

IBD Chart of the Week- Health related Stocks got hit hard in the last Week saw this in IBD searched a little Farther and Roth Capital is big On this Company. Below is IBD's take on the Company. "Good things come in small packages" is not a CAN SLIM axiom. Leadership-grade stocks in the CAN SLIM world should trade a minimum of 400,000 shares a day, and in some cases investors should also look for daily dollar volume north of \$20 million. But gems can be distracting and **Lemaitre Vascular (LMAT)**, a medical products maker operating out of Burlington, Mass., has some gemlike qualities. The company designs and manufactures a wide range of implantable devices used by surgeons inside arteries and veins and outside the heart.

The stock is forming a base on base pattern with a 22.60 buy point. The small company on Oct. 26 stomped analyst expectations for third-quarter earnings and revenue growth (up 55% and 22%, respectively). The performance marked a second straight quarter of acceleration on both sales and earnings. Gross margin improved 230 basis points to 73.3%. Management guided fourth-quarter margin expectations to 73%, but lowered Q4 revenue guidance to just below the consensus view. The products driving results were XenoSure and Hydro. XenoSure is an animal tissue patch used for heart and vascular repairs. Lemaitre acquired the rights to XenoSure from Neovasc for \$4.6 million in 2012. Hydro is an angioplasty device used to feed into and manipulate arteries and veins.



BABA

Alibaba Group Holding Limited, through its subsidiaries, operates as an online and mobile commerce company in the People's Republic of China and internationally. It operates Taobao Marketplace, an online shopping destination; Tmall, a third-party platform for brands and retailers; Juhuasuan, a sales and marketing platform for flash sales; Alibaba.com, an online wholesale marketplace; Alitrip, an online travel booking platform; 1688.com, an online wholesale marketplace; and AliExpress, a consumer marketplace. **Singles Day is this Week and we saw sweep buying Calls in Chinese retail names on Friday. One of their biggest Retail Events of the year should Run Higher into this Event.**



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. **Beat estimates last two Quarters in a row plus like the Idea that Amazon selected their platform. This caught a Downgrade from Bank of America Friday- Sorry but to be frank about this think the Analysts is sleeping @ the Switch.**



RH

Restoration Hardware Holdings, Inc., together with its subsidiaries, engages in the retail of home furnishings. It offers products in various categories, such as furniture, lighting, textiles, bath ware, decor, outdoor and garden, tableware, and child and teen furnishings. **Big buying by the Institutions Thursday and Friday for this Company and like the fact that Famed Short Seller is long the Stock. Should have low valuations going into Earnings-Remember the stock was 90-100 2 Quarters ago.**



RP

RealPage, Inc. provides software and software-enabled services for the rental housing and vacation rental industries in the United States. It offers property management solutions, including OneSite to serve multi-family, affordable property, rural housing, military housing, senior and student housing, and commercial sectors; and Propertyware for accounting, maintenance and work order management, marketing spend management, and portal services, as well as screening, renter's insurance, and payment solutions. The company also provides Kigo, a solution for vacation rental property management; spend management solutions for property owners and managers; and RealPage Cloud, an application infrastructure that allow property owners and managers to outsource portions of the information technology (IT) operations. **This company has ignored the gyrations of the Market reported Great Earnings and may just be getting started.**



AMGN

Amgen Inc., a biotechnology company, engages in discovering, developing, manufacturing, and delivering human therapeutics worldwide. This selloff was purely due to the election and all the attention on Mylan pricing and other manufacturers and in some cases Politicians are correct where you can go to Canada and buy the products for 4 times less but in all the time I have been trading politicians and the Stock Market don't Mix. Remember the company reported great earnings for the Quarter this is an Opportunity. Closing price Friday 135.40- Stock in down from the Mid 170's and with the Election Tuesday I see the focus coming off some of these better companies.



NVRO

Neuro Corp., a medical device company, develops and commercializes a neuromodulation platform for the treatment of chronic pain in the United States, Europe, and Australia. It offers Senza system, a spinal cord stimulation system that delivers its proprietary HF10 therapy. **2 Major Analysts Have Upgrades keeping this in Play Price targets of 91 to 95. Mind you it does report this week be interesting to see how that comes out. Got caught up in the selloff of ISRG and EW.**



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