

**ETF Index performance (5d): SPY +0.7%, DIA +1.3%, IWM +0.5%, QQQ -0.4%, EEM -2.3%, EFA -0.6%, TLT +0.3%, GLD -2.2%**

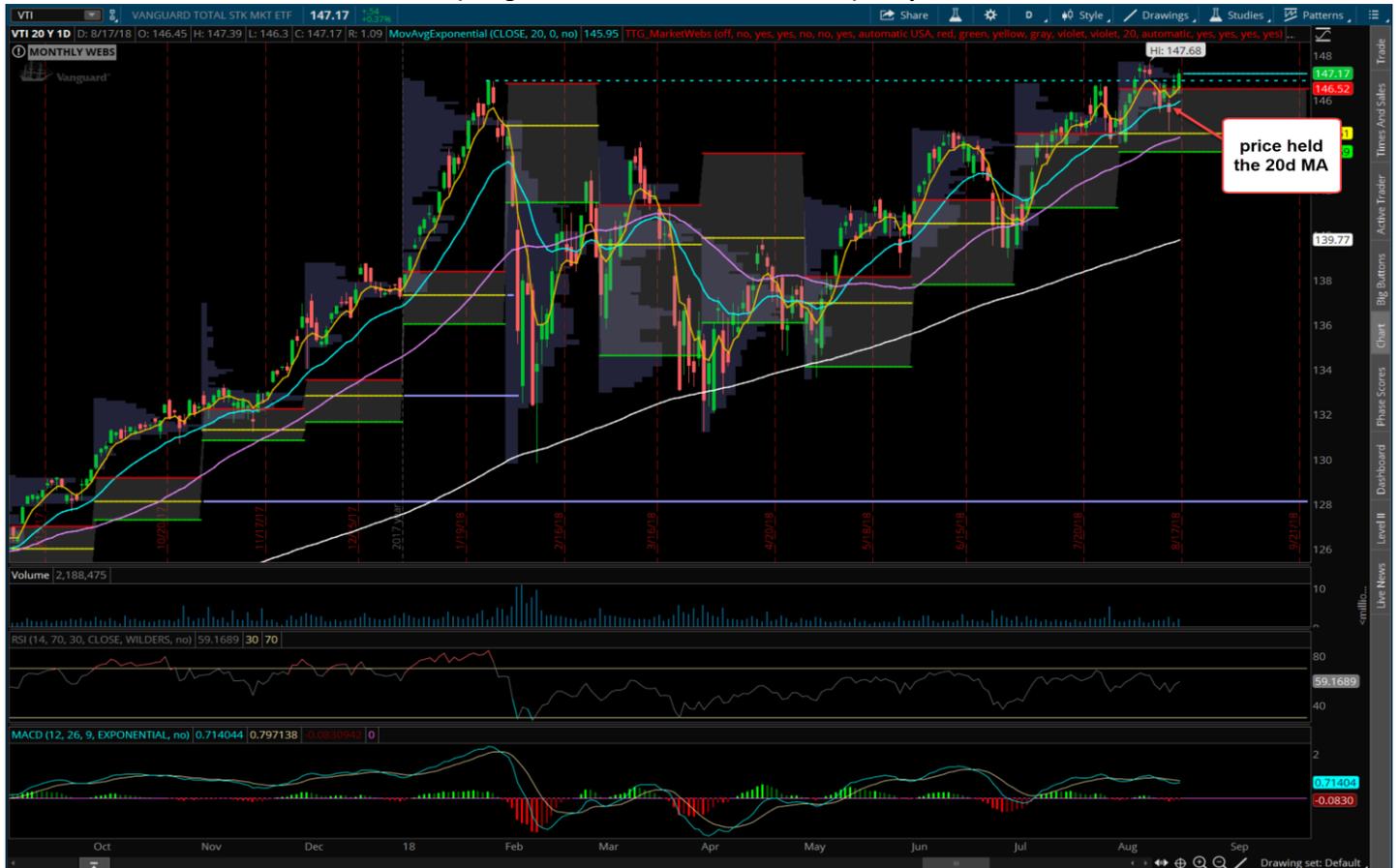
Another interesting week concludes with a mid-week spike in volatility (VIX almost reach 17 from 10 a week prior) with the word CONTAGION written all over the financial press with the focus in China and Turkey. By the end of the week volatility subsided to finish at 12.64. Some nice earnings reports from WMT and CSCO helping along with talks about talks of trade tensions easing. At the end of the week we saw a lackluster earnings report from NVDA and AMAT which hurt the stocks a bit NVDA -4.9% AMAT -7.7%.

Underneath the hood of the SPX, I see a lot of rotations taking place – with the hope of trade talks partly being a catalyst here in my opinion. For the most part I think this is healthy. I think it makes sense when a group becomes expensive money rotates out of the expensive stocks and into cheaper equities rather than money just leaving equities altogether. Last week it was more “defensive” and “value” areas rallying and “higher beta” or “growth” areas seeing profit taking. Will examine growth vs value next but let’s first look at the overall markets>

**A couple observations looking at the Total US Equity Market ETF, VTI:**

- VTI is a good representation of what all US stocks (small, mid, and large caps) are doing
- Price looks poised for new highs in my opinion
- As noted in last week’s newsletter, “lets see if the 20d MA holds”, and it did! VTI bounced perfectly there (a good sign imo).

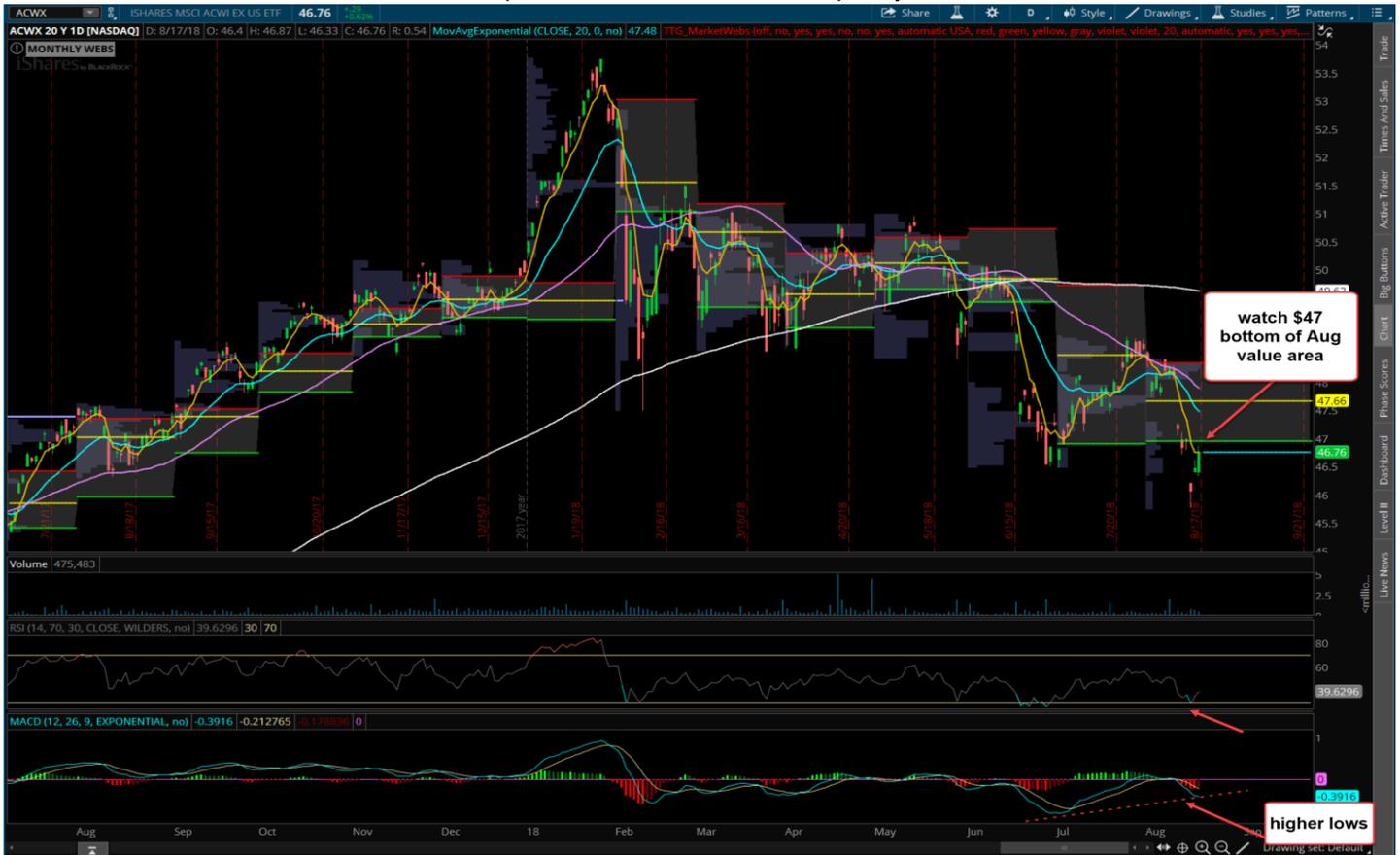
**VTI (Vanguard US Total Stock Market ETF) Daily Chart**



## A couple observations looking at the International Equities ETF, ACWX:

- Price bounced on Friday after making a lower low, ultimately, we need more time to make any conclusions here
- Watch to see if the MACD makes a higher low (too early yet)
- This is not a great sign imo, the US market only climbing I do not think is sustainable in the long run.

ACWX (iShares MSCI ACWI ex U.S. ETF) Daily Chart



## Strategy at TTG

This is important. Not everything is going up here (i.e. Intl Equities) and there are some fast rotations taking place in US securities. There is a big difference between trading & investing. I am going to focus my thoughts here on trading because that is my day to day focus at TTG. Even more so these days, trading needs a plan, discipline, and patience. Let's talk about each briefly (more in the video).

**Game plan** – make adjustments (like a football coach at half time), and be flexible as the market changes. Right now, we are in a seasonal weak time of year, so for me, **that means dial down the short-term risk taking.**

**Discipline** – This is not an easy market to trade day to day. We are seeing a lot of institutional option flow not work or taking time to work– why? No one has a crystal ball, not even the big institutions, there are a lot of factors here. Do you think the players buying TTWO and EA calls no ever bend in the road (i.e. china cutting off new game approvals). **Be disciplined to not go "all in" even when seeing a great trade opportunity, leave dry powder to scale in at lower prices.**

**Patience** – ***This is so important in trading.*** How many times have you cut a position because of frustration that it is not working fast enough? **I am giving some of my trades, EA, KSU, EXPE plenty of time to work (Dec and Jan expiration) and leaving myself room to add into weakness. I always feel the smaller and more time I have in my option trade, the more patience I have to get the trade to work.**

## Growth vs Value Debate Video

<https://youtu.be/qp4EhI54hoU>



### Last week's sector performers:

#### Best 5d:

Symbol	Description	5d % chng
XLP	Staples	3.34%
IYZ	Telecom	2.98%
IYR	REITs	2.97%
XLU	Utilities	2.85%
KRE	Regional Banks	1.80%
XLV	Health Care	1.65%
XLI	Industrials	1.61%
KBE	Banks	1.37%
IYT	Transports	1.36%
ITA	Defense & Aerospace	1.32%
XLF	Financials	0.72%
XRT	Retail	0.41%

#### Worst 5d:

Symbol	Description	5d % chng
GDX	Gold Miners	-9.00%
KWEB	China Internets	-6.94%
OIH	Oil Services	-5.73%
TAN	Solar	-4.87%
XOP	Oil & Gas Expl Prod	-4.80%
XME	Metals & Mining	-3.69%
XLE	Energy	-3.51%
SLX	Steel	-3.03%
SMH	Semis	-2.65%
ITB	Home Builders	-1.58%
FDN	Internet- FANG	-1.25%
ROBO	Robotics & Automat	-0.93%

### Last week's International performers:

#### Best 5d:

Symbol	Description	5d % chng
EIS	Israel	2.38%
EWA	Australia	2.27%
ENZL	New Zealand	1.64%
VNM	Vietnam	1.55%
RSX	Russia	1.33%
EIRL	Ireland	0.99%
EWC	Canada	0.59%
EWW	Mexico	0.38%
THD	Thailand	0.19%
EWK	Belgium	0.00%
EPI	India	-0.04%
EWD	Sweden	-0.06%

#### Worst 5d:

Symbol	Description	5d % chng
ARGT	Argentina	-7.43%
EZA	South Africa	-5.11%
EPU	Peru	-4.18%
IDX	Indonesia	-4.16%
GREK	Greece	-4.06%
EGPT	Egypt	-3.97%
EWI	Italy	-3.17%
KSA	Saudi Arabia	-3.09%
NGE	Nigeria	-3.02%
FXI	China	-2.92%
PGAL	Portugal	-2.53%
ECH	Chile	-2.46%

## ETF Flows (week ending 8/17/18)

**US Equity ETFs posted +\$0.8B inflows last week (+\$9.0B previous week),** although there was -\$1.9B outflows on Friday. **International ETFs posted outflows of -\$0.9B (+\$0.4B previous week) last week & Fixed Income ETFs saw inflows last week +\$1.3B (-\$0.6B previous week).** In US ETFs, **SPY after seeing +\$4.0B inflows two weeks ago, saw profit taking and last week's largest outflow of any ETF, -\$2.3B.** Interestingly, **VOO and IVV which are also SPX funds, both saw inflows +\$1.3B and +\$1.0B.** Note there appeared to be some mid-month inflows (15<sup>th</sup> of the month) if looking for the reasoning for the **VOO & IVV.**

**US Sectors had a risk off feel last week.** Overall, very little inflows last week - **Health Care ETFs saw the largest inflows for the 2<sup>nd</sup> week in a row** with IBB +76\$M, VHT +56M, \$47M, FBT +\$30M, and XHE +\$29M. **Communications, a new sector** (I will adjust table next wk) posted +\$165M inflows with IYZ (Telecom) +\$101M inflows. Industrials were the only sector to see inflows and only +\$53M. On the outflow side, **Energy saw large outflows of -840M** with XLE -\$538M, AMLP -\$138M, XOP -\$111M, and OIH -\$55M. **Financials also saw sizable outflows -\$840M** with XLF -\$515M, KRE -\$89M, KBE -\$74M, and EUFN -\$63M. **Cons Discretionary (XLY, XRT) also saw decent outflows -\$441M.**

### US Sector Summary for the week:

US Sector	5d market value change
Health Care	268,097,801
Industrials	53,398,556
Consumer Staples	(28,851,584)
REITs	(35,207,236)
Thematic	(35,409,506)
Technology	(54,728,004)
Materials	(114,166,938)
Utilities	(170,855,500)
Consumer Discretionary	(441,081,790)
Financial	(840,081,542)
Energy	(840,181,376)

### International Summary for the week:

International	5d market value change
Developed Markets	592,524,161
China	286,826,723
Turkey	114,750,000
Russia	82,936,564
Canada	57,900,000
Mexico	(44,829,000)
Latin American Region	(48,749,787)
Asian Pacific Region	(251,450,183)
Brazil	(291,575,525)
Japan	(393,547,882)
Europe	(881,056,836)

**International ETFs continue to see choppy flows / investment, last week -\$0.9B outflows.** The biggest flows +/- contradicted one another. For example, Developed Market ETFs which are mostly European and Japan equities, posted +\$592M inflows and Europe and Japan specific ETFs saw -\$881M and -\$393M outflows. Considering the overlap, I think it makes sense to net these categories together, which nets out to -\$682M outflows. **The largest flows in these ETFs were -\$EZU -\$423M, FEZ -\$291M, DXJ -\$212M, and SCHF +\$226M.** There were interesting flows in **China ETFs last week, FXI and ASHR posted inflow of +\$267M and ASHR +\$40M and CHIQ (China Consumer) posted -\$75M outflows which represents 28% of the fund redeemed.** Another interesting flow last week was the **TUR (Turkey ETF) posting +\$115M inflows into the weakness.**

**As mentioned above Fixed Income ETFs posted inflows of +\$1.3B.** By far the largest inflow was **LQD (Inv Grade Corp Bonds) +823M inflow.** Note the previous week, this ETF saw a -\$945M outflow, so I think it makes sense to net the two weeks together, net -\$122M outflow. High Yield Bond ETF flows were not significant last week +\$65M, and that was the same across treasury and short-term bond flows last week (no notable net flows).

**VIX related ETPs posted outflows (profit taking) last week** as the VIX jumped mid-week to almost 17 before closing at 12.64 on Friday. Details: UVXY, -\$197M, and VXX -\$29M. Gold ETFs saw more outflows with GLD -\$527M.

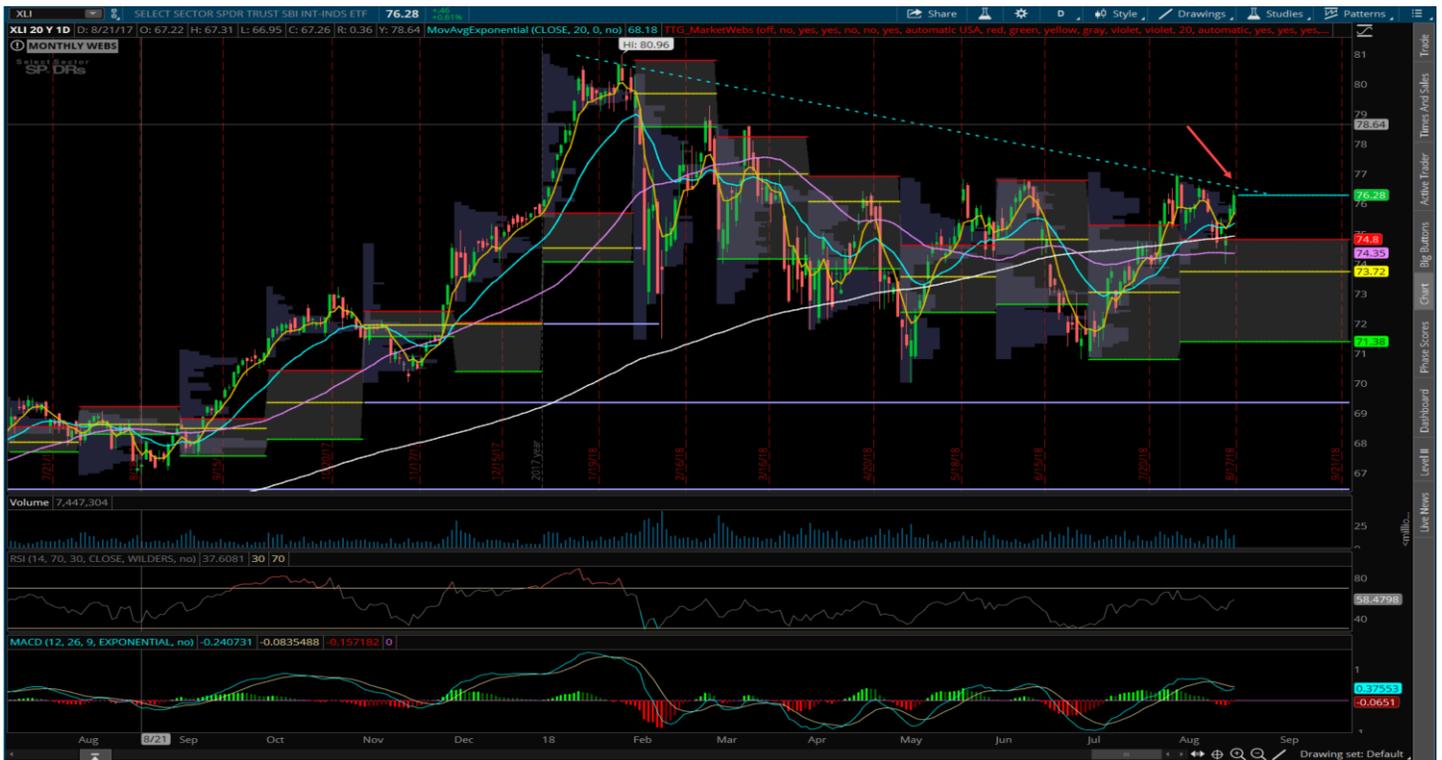
### Largest Flows by ETF

Inflows				Outflows			
Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng	Ticker	Description	5d Mkt Value Chng	Fund Size 5d % Chng
VOO	SPX	\$ 1,305,476,844	1.3	SPY	SPX	\$ (2,280,160,000)	-0.8
IVV	SPX	\$ 990,288,000	0.6	DIA	DJIA	\$ (615,624,000)	-2.8
LQD	INVESTMENT GRADE BONDS	\$ 823,387,000	2.4	XLE	ENERGY	\$ (537,610,000)	-3.0
SPLV	LOW VOLATILITY EQUITIES	\$ 595,349,000	7.9	GLD	GOLD	\$ (527,011,000)	-1.8
IJH	MID CAPS	\$ 351,610,000	0.7	XLF	FINANCIALS	\$ (515,511,000)	-1.6
VTV	VALUE	\$ 321,428,250	0.8	VT	TOTAL WORLD STOCK MKT	\$ (478,144,000)	-3.9

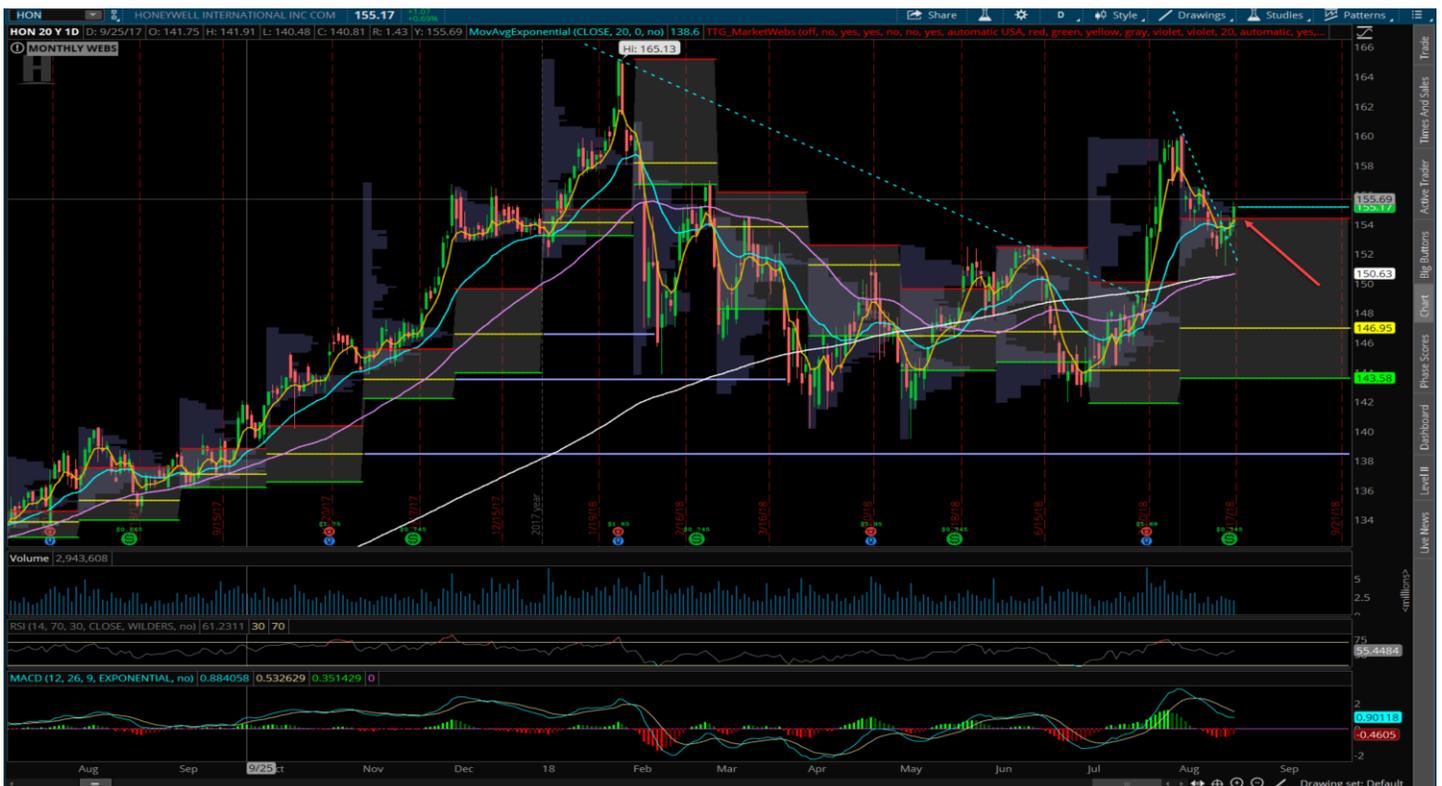
## Best Ideas List (Daily charts)

### XLI - Industrial Select Sector SPDR Fund

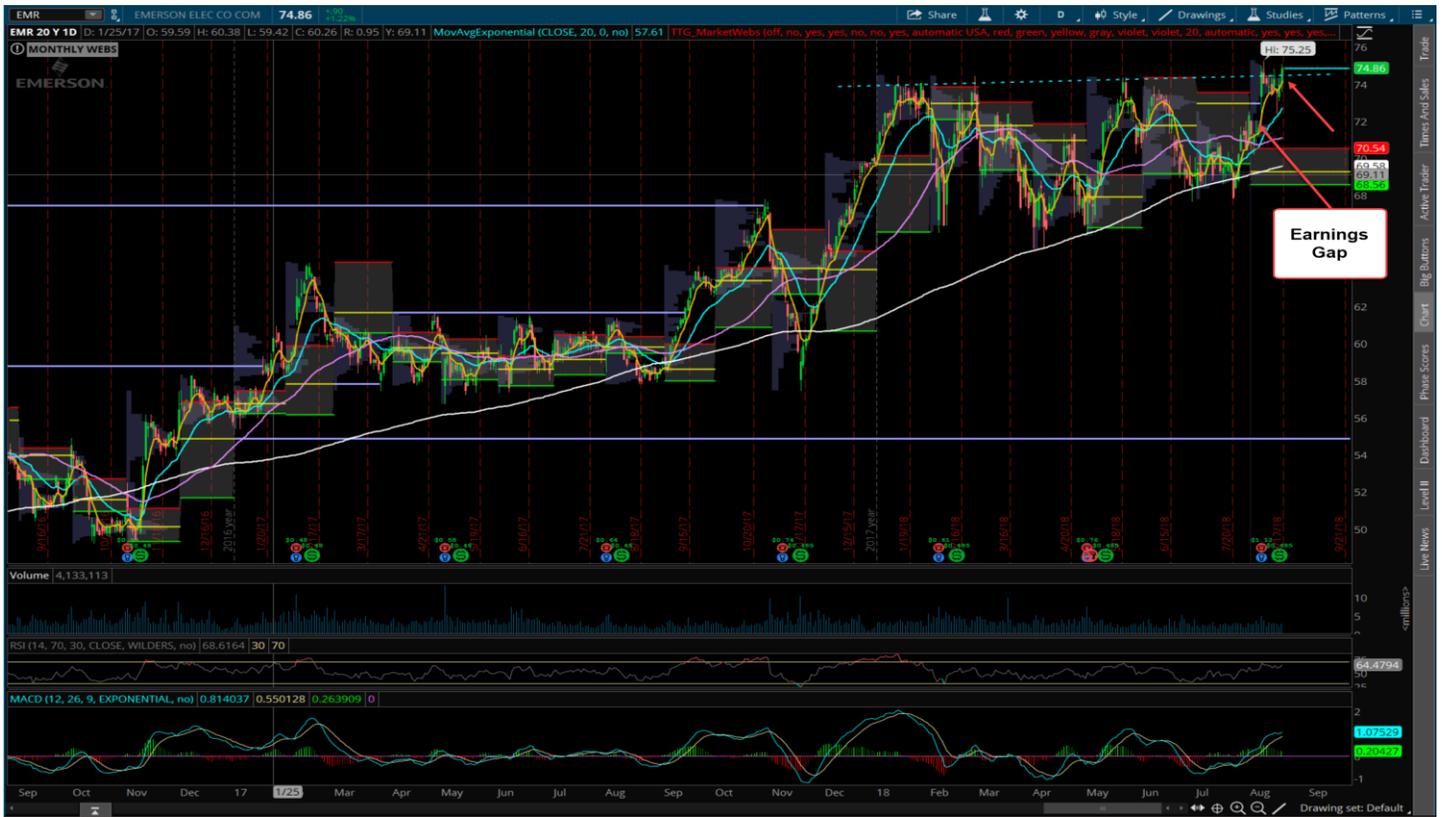
I have this on my watchlist because it is an area that has not participated recently, saw short term call buying, and I think could rally if trade tensions ease. Not pictured here is BA, alert set at 50d MA for a long.



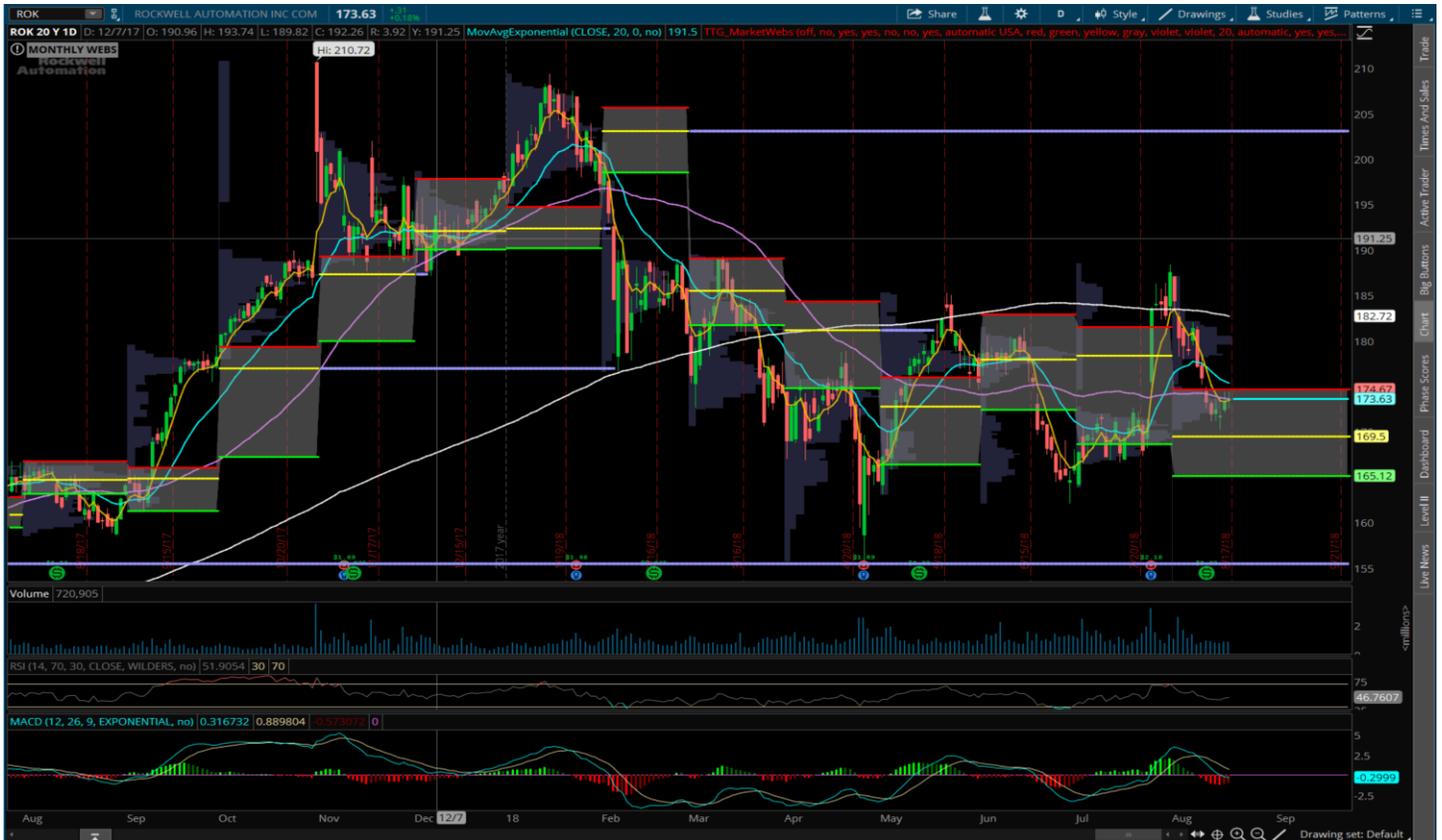
### HON - Honeywell International Inc.



# EMR - Emerson Electric Co.



# ROK- Rockwell Automation, Inc.



## IYZ - iShares U.S. Telecommunications ETF

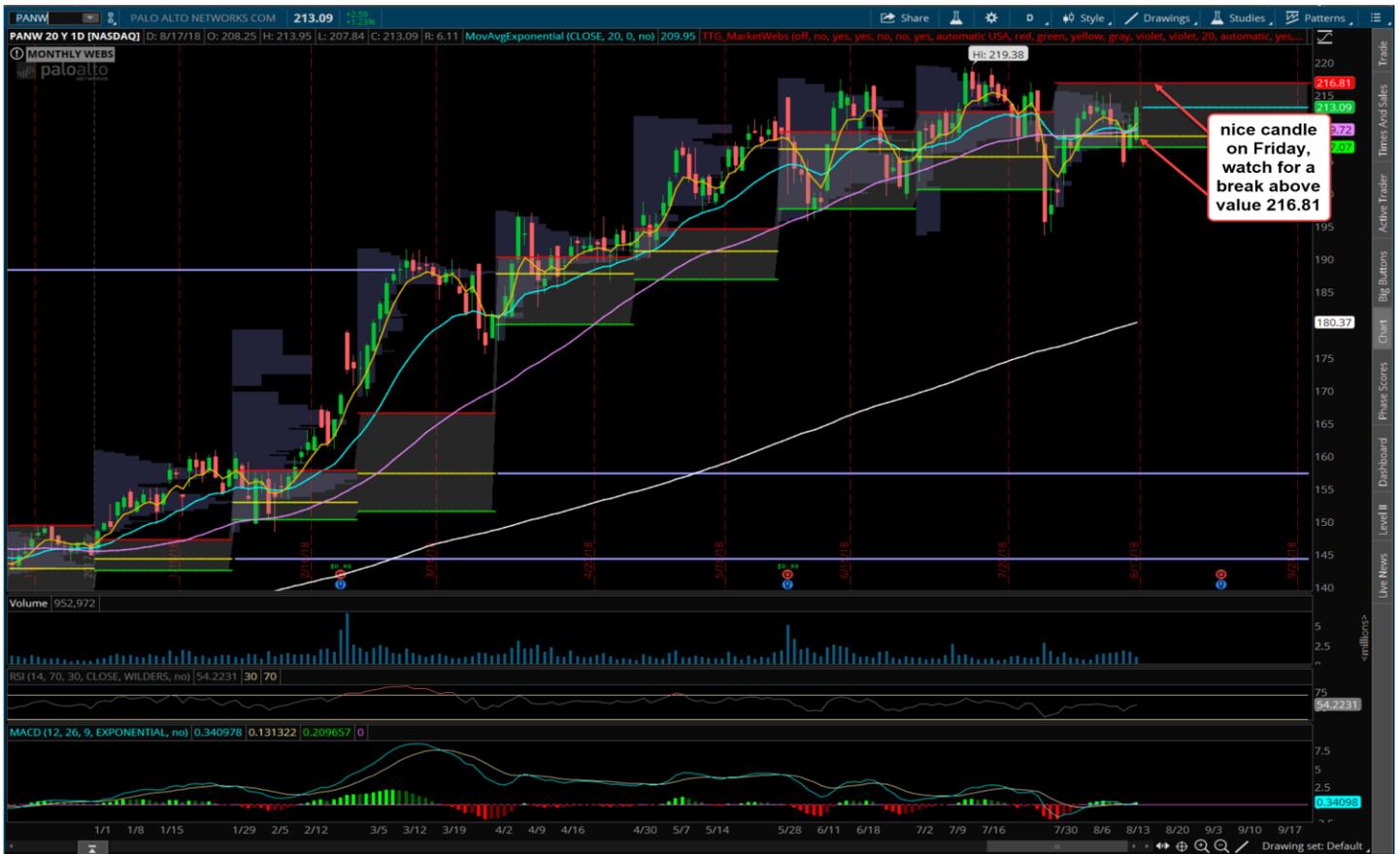
Very interesting to see Telecom names break higher here

- the IYZ saw a +\$101M inflow last week, increasing fund size by 21%.
- Notice, this is the 2<sup>nd</sup> big inflow into the IYZ ETF in the past 3 months.
- There is a “golden cross” where the 50d MA has crossover over the 100d and 200d MAs
- Take a look at the holdings of this ETF, they are a little different than you might think (i.e. CSCO, JNPR, PANW, ANET, FFIV, etc)

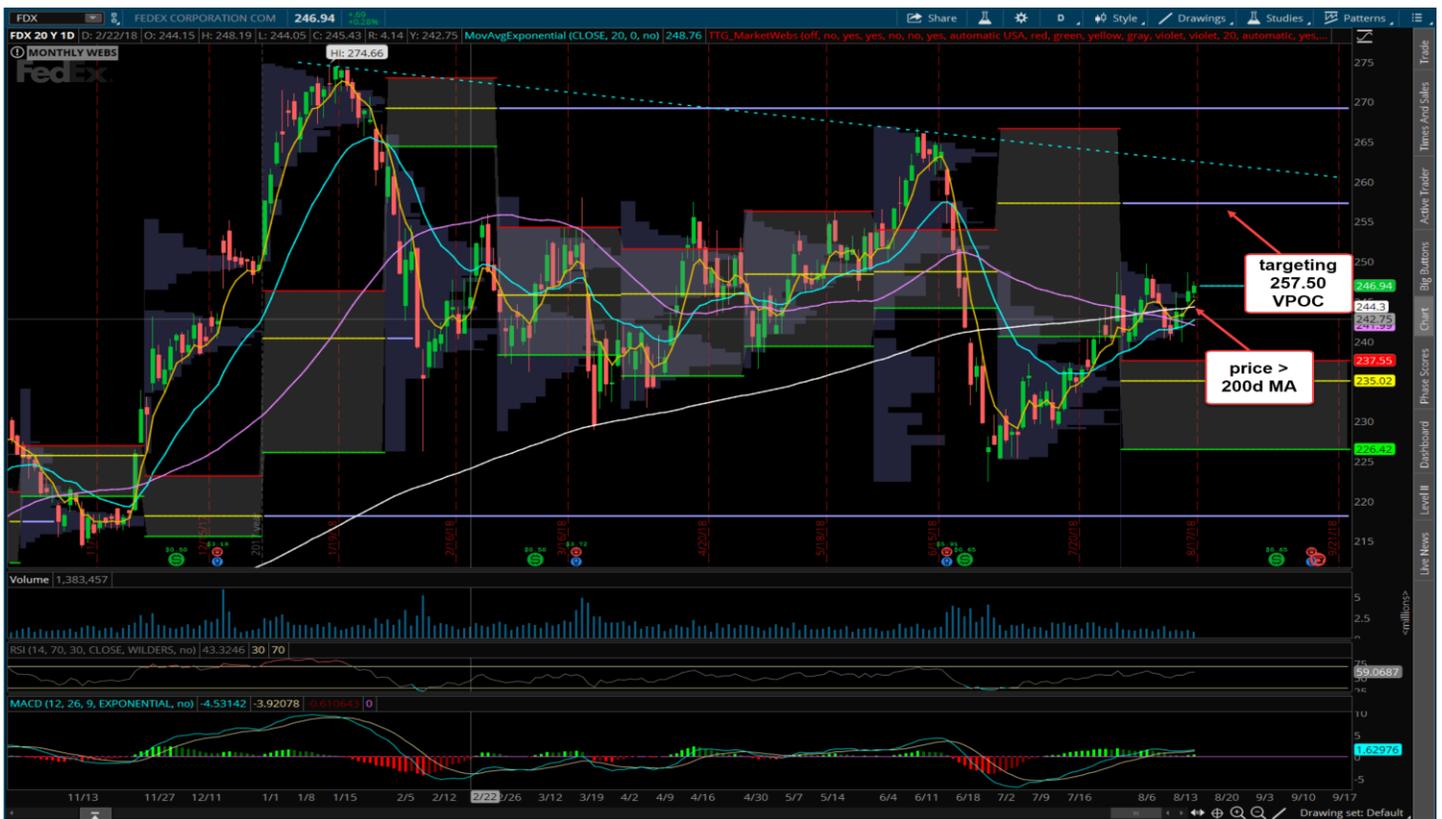


IYZ US Equity		97) View Creation Unit		98) Holdings Analysis		Page 1/3 Mutual Fund Holdings	
iShares US Telecommunications		Portfolio Filing Date 8/16/2018		Cash Position -34.00k USD		Create/Redeem Fee 250 USD	
Fund Type ETF		Asset Class Equity		Name		Ticker	
IYZ US \$ C 29.36 +0.25		29.34/29.35Z		1x61		Val 102.815M	
On 17 Aug d Vol 3,517,717		O 29.15Z		H 29.45B		L 29.04Y	
Name	Ticker	Position	Value(USD)	Change	%Net		
1) AT&T Inc	T	2,305,470	76.29M	49,504	16.077		
2) Verizon Communications Inc	VZ	1,325,380	71.93M	28,462	15.159		
3) Cisco Systems Inc	CSCO	1,483,521	67.00M	31,857	14.119		
4) CenturyLink Inc	CTL	881,036	20.55M	18,921	4.332		
5) T-Mobile US Inc	TMUS	267,272	17.63M	5,740	3.716		
6) Motorola Solutions Inc	MSI	141,637	17.18M	3,038	3.621		
7) Palo Alto Networks Inc	PANW	79,814	16.80M	1,715	3.541		
8) Arista Networks Inc	ANET	47,753	12.79M	1,022	2.696		
9) F5 Networks Inc	FFIV	66,464	11.87M	1,428	2.502		
10) Juniper Networks Inc	JNPR	401,372	10.96M	8,617	2.309		
11) Garmin Ltd	GRMN	146,875	9.47M	3,157	1.995		
12) Zayo Group Holdings Inc	ZAYO	249,819	9.40M	5,362	1.981		
13) CommScope Holding Co Inc	COMM	273,094	8.39M	5,866	1.769		
14) Sprint Corp	S	1,186,184	7.26M	25,473	1.530		
15) ARRIS International PLC	ARRS	274,404	6.65M	5,894	1.402		
16) Ciena Corp	CIEN	251,345	6.62M	5,397	1.395		
17) Lumentum Holdings Inc	LITE	105,922	6.39M	2,275	1.346		
18) Vonage Holdings Corp	VG	436,842	6.22M	9,380	1.310		

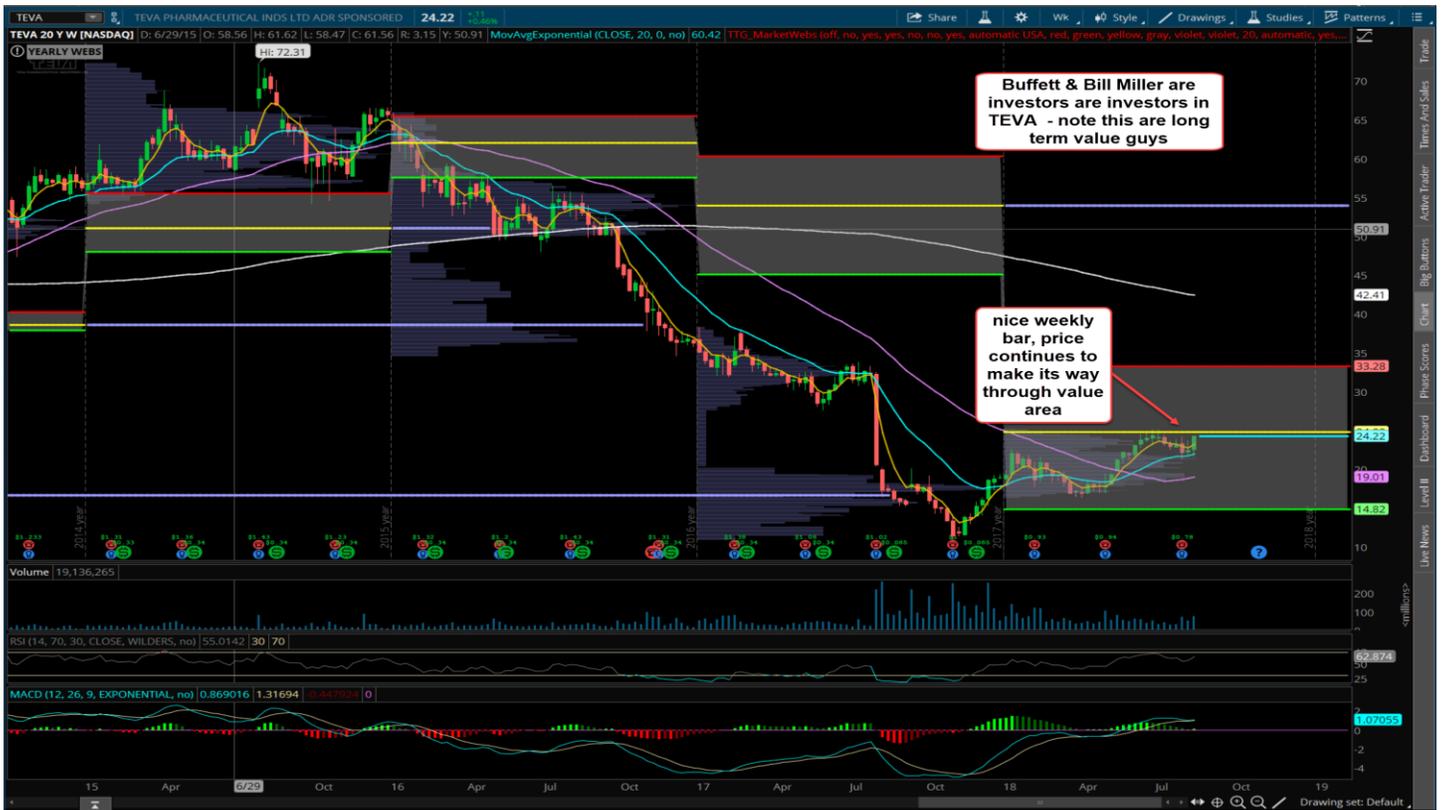
PANW - Palo Alto Networks, Inc.



FDX - FedEx Corp.



TEVA - Teva Pharmaceutical Industries Ltd. (weekly chart)

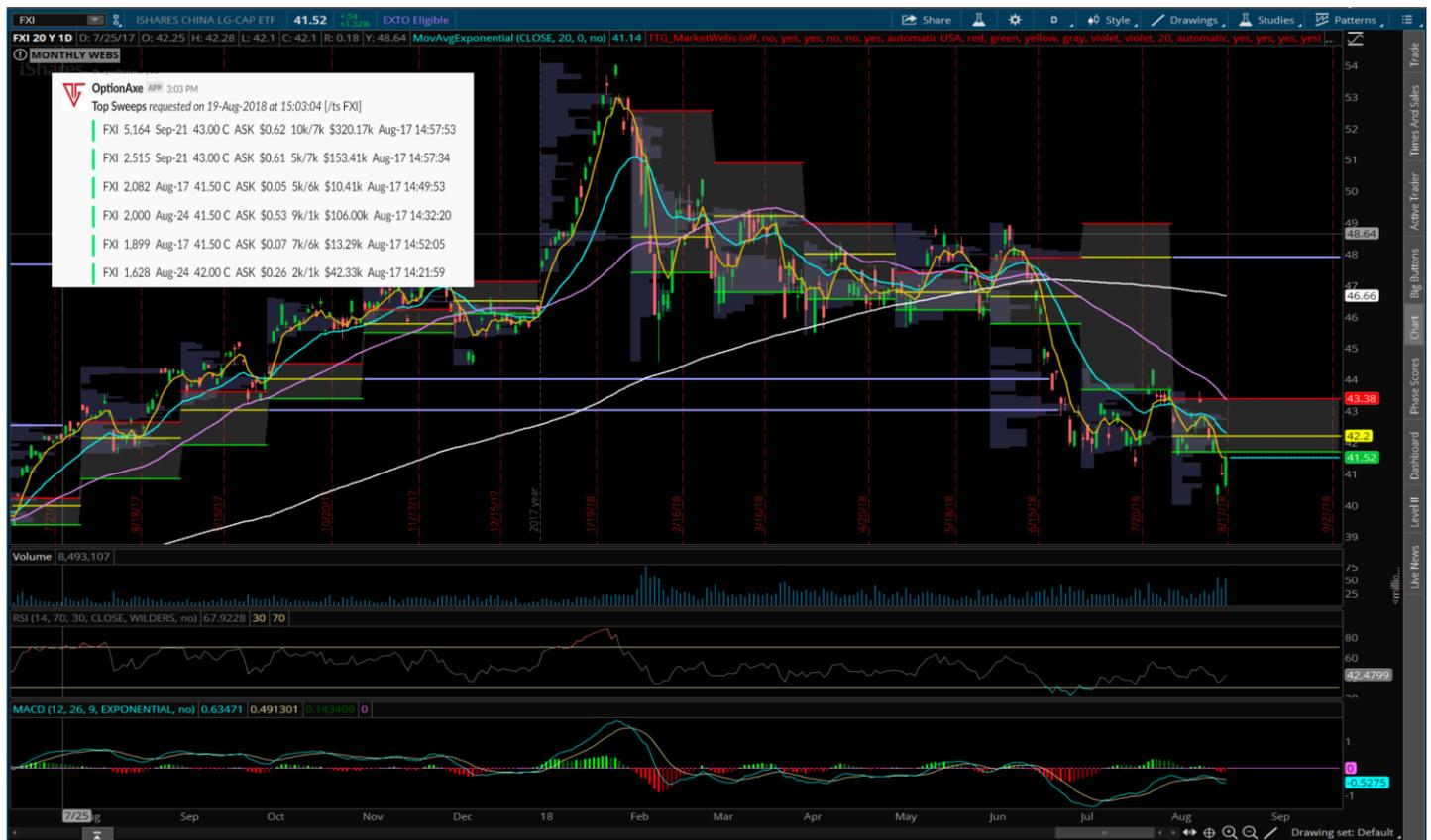


JNJ - Johnson & Johnson (weekly chart & daily chart)





## FXI - iShares China Large-Cap ETF



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