



## FRIDAY OCTOBER 9, 2015

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	17,084.49	+33.74	3.72	130	106
Nasdaq:	4,830.47	+19.68	1.81	125	137
S&P 500:	2,014.89	+1.46			
10 yr note:	2.10%	-1bps			
Volatility:	17.08	-0.34			
EUR-USD:	1.135	+0.008	Crude Oil:	49.63	+0.20
USD-JPY:	119.93	+0.03	CRB-Com:	202.69	+1.39

S&P 500 FRIDAY



S&P 500 WEEK



	WEEK:	YTD:
DOW:	+3.75%	-2.32%
NASDAQ:	+2.61%	+1.99%
S&P 500:	+3.30%	-0.54%
RUSSELL 2000:	+4.61%	-2.28%

Market ekes out a small gain on light volume, settling right underneath their September 17<sup>th</sup> intraday high (2,020.86). Volatility's (-2%) downtrend, coupled with perfect internals and volume over the past 2 weeks, signal this rally has strength to move equities higher for a third week. Market rejoice the lower chances of a Fed rate increase this year, rallying on a weak unemployment report last Friday and a dovish Beige book this Thursday. However Fed Presidents, like Stanley Fischer today, continue to warn of the possibility of a rate increase this year. Volatility fell for a 9<sup>th</sup> session, the longest losing streak since October 2011, breaking 20 and ushering in a new period of higher trends and calm.

Earnings are now in focus, however how easily the market overlooked Alcoa's disappointing earnings this week suggests the market wont concern itself too deeply. Similarly given how low companies and analysts

guide earnings (-5.1% in 3Q S&P 500 earnings, FactSet), earnings only need to climb a small hurdle to please investors.

Equity markets surge this week; as the Dow gains the most since February while the S&P gains the most since December. Oil's jump (+9%) this week propelled the S&P energy sector higher (+7.8%). Global indexes also rallied this week, as Europe (+4.3%) rallied the most since July and Glencore jumped +36%. Similarly the Nikkei (+4.03), Shanghai Composite (+2.97%) and Hang Seng (+4.43%) gained this week. Emerging market gained to a 2 month high. Similarly commodities and emerging market currencies came back to life this week, rebounding to multi-month highs. Zink (+8.9%) lead (+8.3%), the Brazilian real (+4.5%) also jumped this week.

Corporate credit spreads have deteriorated to their worst levels since 2012 while high-yield firms have to accept worse financing terms, worrying developments. Similarly Tuesday's record low yield (0%) on Tuesday's T-Bill sale indicates heightened credit worries (as well as low inflation expectations).

Center-stage next week will be the US's strong retail sales report (+0.2% expected) out Wednesday and Chinese trade data (annual -8.6% expected) out Tuesday.

## **ECONOMIC REPORTS:**

**September Import & Export Prices:** -0.1%, -0.7%. The global disinflationary malaise spreads, limiting the Fed's ability to raise rates this year. Import and export prices continue to decline in September, as a higher dollar limits import inflation and global weakness hinders export pricing power. Annually, import prices are 10.7% lower and 3.3% lower ex-petroleum (the largest ex-petroleum annual price drop since October 2009). Export prices are 7.4% lower over the same period. Prices for petroleum imports actually gained (+1.1%) in September, following August's (-11.8%) and July's (-6.6%) steep drops. Agricultural prices (-1.1%) declined in September, now 13.5% lower over the past year. Similarly the annual decline in export prices ex-agriculture (-6.7%), point to fundamental global weakness beyond commodities.