MONDAY OCTOBER 26, 2015

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	17,623.05	-23.65	3.39	63	50
Nasdaq:	5,034.70	+2.84	1.76	64	84
S&P 500:	2,071.18	-3.97			
10 yr note:	2.06%	-2bps			
Volatility:	15.29	+0.83			
EUR-USD:	1.105	+0.004	Crude Oil:	43.98	-0.62
USD-JPY:	120.72	-0.72	CRB-Com:	192.28	-1.43

S&P 500 MONDAY

Stocks pull back on lighter volume following last week's gains. The Nasdaq (+0.06%) outperformed the Dow (-0.13%) and S&P (-0.19%). Similarly both the DJ Transportation (-0.16%) and S&P 600 (-0.38%) fell today, remaining under their September 17 highs and highlighting weakness within the major market's October rally. The energy sector (-2.5%) fell as oil continued to decline. Volatility gained for a second day, rising 5.7% and signaling further declines tomorrow.

European stocks (Euro Stoxx 600: -0.4%) dropped slightly as well, retreating from Friday's strong rally. Asian stocks were mixed as the Shanghai Composite (+0.5%) gained and Hang Seng (-0.1%) fell despite Friday's PBOC monetary stimulus.

Declining expectations for an interest rate cut have spurred the net value of Eurodollar futures contracts to its highest level since May 2013 (WSJ). In the week ending October 13, the net value of contracts hit $526 billion. The street has similarly toned down yields expectations, forecasting US treasuries yields will remain lower, and closer to its international peers, for longer. German (0.510%) U.K (1.866%) and Japan (0.307%) all made the US look like a high yield play.

Year End Forecasts:	**Previous:**	**Current:**
JP Morgan:	2.4%	2.25%
Morgan Stanley:	2.85%	2.3%
Bank of America:	2.75%	2.35%
Goldman Sachs:	2.5%	2.3%

ECONOMIC REPORTS:

October Dallas Manufacturing: +3.2 to -9.7. Manufacturing activity decreases but at a slower rate, mirroring the same marginal improvements in last week's Empire State and Kansas City reports. While the bleeding has been halted for now, there still are no foreseeable developments that will stimulate manufacturing activity enough to offset a stronger dollar and weak international growth.

September New Home Sales: -11.5%. Seasonally adjusted new home sales drop well below expectations to a 468,000 annual rate in September while August's reading was also revised lower (-33,000). Sales fell in every region of the country. Seasonally adjusted sales are now only 2% higher over the past year, however non-seasonally adjusted sales are 17.6% higher over the same period. Given the sales slowdown, supply jumped to 5.8 months, the most since March 2010 and very close to its historical average of 6-months. The median price for a new home jumped 2.7% last month to $296,900, 13.5% higher than a year ago and potentially explaining the recent sales slowdown. Homebuilders reported labor shortages, mirroring employment shortages in other housing reports.

Given strength in other housing indicators, recent weakness in new home sales stems from seasonal volatility rather than fundamental weakness, suggesting the housing market continues to recover. The effect, if any, of September's financial market turbulence will be confirmed in next month's report.