



MONDAY NOVEMBER 30, 2015

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	17,719.92	-78.57	4.31	76	64
Nasdaq:	5,108.67	-18.86	2.25	86	133
S&P 500:	2,080.41	-9.70			
10 yr note:	2.22%	unch			
Volatility:	16.13	+1.01			
EUR-USD:	1.056	-0.005	Crude Oil:	41.65	-0.06
USD-JPY:	123.11	+0.31	CRB-Com:	182.53	-0.70



Markets fall on higher volume while volatility jumps 6.7% on the first day of full trading following Thanksgiving. The S&P 500 (-0.5%) outpaced a 0.4% decline in the Dow and Nasdaq. Biotech stocks (-1.9%) resumed their decline, dragging the S&P Health Care index (-1.3%) lower. The dollar continued to gain against the Euro (+0.3%) and Yen (+0.2%) today, hurting commodities and oil (-0.1%). The British pound dipped below \$1.50 intraday today for the first time since April 23 (WSJ). Nevertheless the Chinese yuan (+0.3%) bucked dollar strength today, gaining as the IMF allowed the currency in its lending basket for reserve currencies, gaining to 6.42/\$.

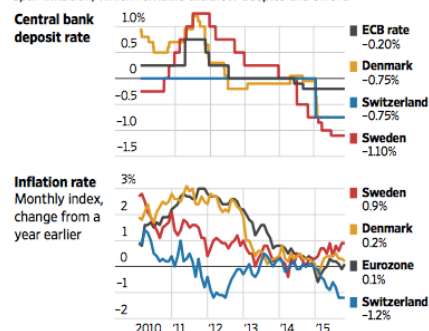
US Markets were able to sustain October's renaissance, as the Nasdaq (+1.1%) led gain in the Dow (+0.3%) and S&P 500 (+0.05%) during November. The Fed tightening trade continued to dominate, as the Euro fell 4% against the dollar during the month, its worst month since March. Nevertheless European markets (+2.7%) rallied through November on hopes of further ECB stimulus. A stronger dollar spelled disaster for commodities, as gold (-6.6%) and oil (-11%) fell heavily during the month.

The dollar trade may be getting crowded, rising 12% against the Euro so far this year. Traders already expect the ECB to drop rates an additional 10-20bps and extend their QE program during tomorrow's meeting. Furthermore rates are expected to diverge as far as 2018, at which point the Fed will have rates at 2.75% with no corresponding hike from the ECB (Societe Generale). With such extremes already anticipated and the dollar trading near a 13 year high, the Euro is poised to bounce. The ECB's negative rates could finally be taking effect: private sector lending as gained for the past several months after nearly 3 years of declines (ECB data).

Black Friday sales did not disappoint, gaining 14% from last year (Adobe Systems). \$4.45 billion was spent online and \$12.1 billion in stores on Thursday and Friday (ShopperTrak). Nevertheless traditional stores lost out to higher

Going Negative

Central banks in Europe have used negative deposit rates in a bid to spur inflation, which remains ultralow despite the effort.



Sources: European Central Bank; Danish, Swedish and Swiss central banks; Eurostat

online spending, with “more than half of Black Friday shopping coming from mobile devices (WSJ).” An estimated 103 million people shopped online while 102 million shopped in stores this thanksgiving weekend (retail federation).

ECONOMIC REPORTS:

November Dallas Manufacturing: +7.8 to -4.9. Manufacturing activity decreases for an 11th month, but at a slower rate, adding to a slew of mixed regional manufacturing reports so far this month. While the bleeding has been halted for now, there are still no foreseeable developments that will stimulate manufacturing activity enough to offset a stronger dollar and weak international growth.

November Chicago PMI: -7.5 to 48.7. A bad sign for tomorrow’s ISM Manufacturing report, industrial activity in the Chicago region fell well beyond expectations, exactly erasing all of October’s gains. This report is as pessimistic as last month’s was optimistic, showing a severe drop in new orders while backlog orders remain in contraction for their 10th month. Prices paid contracted for a 4th month, mirroring similarly weak October PPI data. One bright spot: employment gained slightly.

October Pending Home Sales: +0.2%. Housing data has been mixed in September and now October; as weaker existing home sales and housing starts conflict with a rebound in new and pending home sales. Today’s pending home sales decline foreshadows further moderation of the housing recovery throughout the winter, as a low supply of available homes and rising prices hinder demand. Pending home sales are 3.9% higher from a year ago, up from last month’s 3% rise.