



## FRIDAY MAY 13, 2016

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	17,535.32	-185.18	...	...	...
Nasdaq:	4,717.68	-19.66	...	...	...
S&P 500:	2,046.61	-17.50			
10 yr note:	1.70%	-6bps			
Volatility:	15.04	+0.35			
EUR-USD:	1.131	-0.006	Crude Oil:	46.21	-0.49
USD-JPY:	108.64	-0.13	CRB-Com:	182.55	-1.10



	WEEK:	YTD:
DOW:	-1.16%	+0.63%
NASDAQ:	-0.39%	-5.79%
S&P 500:	-0.51%	+0.13%
RUSSELL 2000:	-1.10%	-2.90%

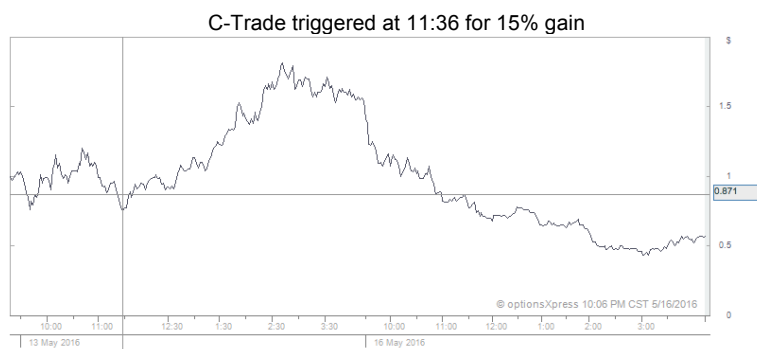
Markets fall for a 3<sup>rd</sup> day as the Dow (-1%) leads declines among the S&P 500 (-0.8%) and Nasdaq (-0.4%). Volatility gains 4.3%, a small gain for such a large market decline, signaling investor ease that will lead to a rebound on Monday.

The Dow and S&P 500 logged their 3<sup>rd</sup> consecutive weekly decline while the Nasdaq logged its 4th, their longest stretch of declines since the start of this year. Nevertheless the cumulative drop over this timeframe is only in the 2% range (Barron's). And while the overall decline has been slight, this week has nonetheless been plagued with volatility, rising the most since March on Tuesday only to fall the most since February 11 on Wednesday (WSJ).

The price move correlation among the 10 industry sectors in the S&P 500 is declining, from 88% in 2010 to 82% in 2015 to 78% so far this year and 70% in April. By comparison correlations were around 50% from 1982 to 2002 (Convergex, Barron's).

European stocks (+0.5%) rallied today, adding to a 0.9% gain for the week as data today showed eurozone growth accelerating in the first quarter. The Euro fell 0.6% today. Nevertheless Asian stocks (-0.9%) fell on the week. The Nikkei (-1.4%) fell today but still gained 1.9% as the yen fell 1.4% against the dollar over the course of the week. The Shanghai Composite fell 2.4% this week. Chinese steel futures fell more than 10% this week, now down 25% from their peak in April. Additionally Chinese credit data showed a sharper drop than expected in April in most lending categories (Barron's).

C-Trade could have made a lot more without the profit limit, it is just very hard to gauge when and when not to use the limit with such little backdated information at the moment.



## **ECONOMIC REPORTS:**

**April Retail Sales:** +1.3%. Retail sales gain the most since March 2015 as the economy rebounds from its 1<sup>st</sup> quarter malaise. April's surge was led by auto, gas station and non-store retailers. However without autos, sales still gained 0.8% and without gasoline stations, sales still climbed 0.6%. Internet and catalogue sales grew 2.4% in April, rising 10.2% over the past year. In contrast, department stores sales have fallen 1.7% over the same period. April's strong retail sales have prompted upward revisions to growth estimates, with the Atlanta Fed's measure rising to 2.8% from 2.2% before the report (WSJ).

Sales strength is not just isolated to the US either, with European auto sales today showing a 9.1% gain to 1.3 million in April, their highest level since April 2008.

**April Producer Prices:** +0.2%. Mirroring yesterday's import prices, higher energy prices (+.2%) in April help lift producer prices, now unchanged over the past year. Core prices gained 0.1% in April for a 0.9% annual rise.

**March Business Inventories:** +0.4%. Inventories rise in line with a 0.3% gain in sales, leaving the inventory to sales ratio unchanged at 1.41.

**May Prelim. U. of Mich. Consumer Sentiment:** +6.8 to 95.8. After moderating over the past 8 month, consumer confidence surges it its best levels since June of last year. May's renewed confidence comes from a 10 point jump in expectations, its largest gain since 2006. Despite increasing energy prices, consumer short-term inflation expectations dropped 30bps to 2.5%.

	Change from April:	May Prelim:
Current Conditions:	+1.9	108.6
Expectations:	+9.9	87.5
Inflation Exp (1 yr):	-30bps	2.5%
Inflation Exp (5 yr):	+10bps	2.6%

