



## FRIDAY MAY 20, 2016

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	17,500.94	+65.54	3.52	400	277
Nasdaq:	4,769.56	+57.03	<b>1.97</b>	350	375
S&P 500:	2,052.32	+12.28			
10 yr note:	1.85%	+1bps			
Volatility:	15.20	-1.13			
EUR-USD:	1.122	+0.002	Crude Oil:	47.75	-0.40
USD-JPY:	110.15	+0.19	CRB-Com:	184.21	+0.32



	WEEK:	YTD:
DOW:	-0.20%	+0.44%
NASDAQ:	+1.10%	-4.75%
S&P 500:	+0.28%	+0.28%
RUSSELL 2000:	+0.92%	-2.10%

Markets rally off of their lower BB as the Nasdaq (+1.2%) leads gains in the S&P 500 (+0.6%) and Dow (+0.4%). Nevertheless the Dow fell for a 4<sup>th</sup> consecutive week while the S&P logged its first weekly gain in 4 weeks and Nasdaq in 5 weeks. Volatility fell 6.9% today as market sentiment improved, however today's light volume rally to just beneath the market's 15-day MA foreshadows weakness Monday.

Oil gained 3.3% this week, leading energy to this week's best gains. Oil was resilient to a 0.8% rise in the WSJ Dollar index this week amid higher interest rate expectations, fueling a bank stock rally (KBW: +4.2% this week). Higher rate expectations also boosted the 10-year treasury yield (+15bps) and 2-year note yield (+13bps) to their largest 1-week gains since early November (WSJ). June rate hike odds currently stand at 26%.

Despite weakness among major indexes this May, technology stocks have outperformed every other sector, up 1.5% so far this month.

European Stocks rose 1.2% today and 1% for the week. Nevertheless Asian stocks were mixed as the Nikkei rallied this week (+2%) while the Shanghai composite fell for its 5<sup>th</sup> consecutive week.

Outstanding credit card debt hit \$952 billion in the first quarter, up 6% from a year earlier. Perched at their highest level since August 2009, credit card debt is set to surpass its all time peak hit in July 2008 of \$1.02 trillion this year. While defaults stand near historical lows, industry wide default rates on general purpose credit cards have gained in each of the first 4 months of this year.

Similarly auto loans surpassed \$1 trillion in the first quarter, a record for the industry (Experian, WSJ). Similarly companies are borrowing as well, as nonfinancial company's total debt rising roughly 15% to \$6.6 trillion last year while their amount of cash and other investments rose only 1% to \$1.84 trillion. Interestingly the top 25 cash holders, or 1% of the companies, control 51% of the total cash, up from 38% 5 years ago (WSJ).

---

No trade today. After trading lower prices options, the potential profits have increased. I will change to the profit limit to 30% from 15% to see if this can help the overall success of the system. As of now, 4 out of 5 trades would have won (still better than 5 out of 5 with 15%).

## **ECONOMIC REPORTS:**

**April Existing Home Sales:** +1.7%. The housing market continues to grow, with sales 6% higher over the past year. Median sales prices are also higher, up 5% in April to \$232,500 and 6.3% over the past year.