



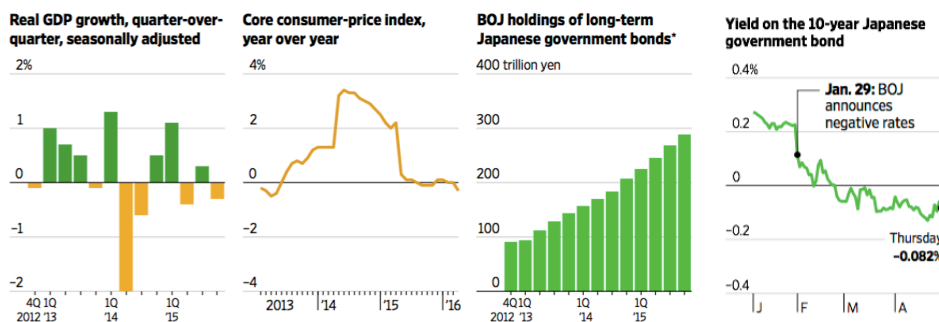
WEDNESDAY MAY 11, 2016

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	17,711.12	-217.23	3.82	58	54
Nasdaq:	4,760.69	-49.19	1.86	42	31
S&P 500:	2,064.46	-19.93			
10 yr note:	1.74%	-2bps			
Volatility:	14.69	+1.06			
EUR-USD:	1.142	+0.005	Crude Oil:	46.23	+1.57
USD-JPY:	108.39	-0.46	CRB-Com:	183.34	+3.05



Volatility jumps 7.8% as markets erase yesterday's gains. The market logged its largest decline since bottoming February 11, after rallying the most since March yesterday. The Dow (-1.2%) outpaced a 1% decline in the S&P 500 and Nasdaq. Poor retail earnings dented confidence, as Macy's (-15%) posted its largest decline since 2008 on weak sales guidance. Consumer discretionary stocks fell 2% while the XRT lost 4.4%. European stocks (-0.4%) fell as well.

Wild ideas are being debated as Japan continued to unsuccessfully fight economic stagnation. Helicopter money, where the BOJ buys zero-coupon bonds directly from the government so the government would not have to pay back principle or interest. Negative deposit (-3%) and lending (-1%) rates could also spur demand for loans and consumption, at the cost of consumers saving their cash under their mattress to avoid bank fees. Tax on cash or deposits or forced wage hikes, where companies must explain themselves if they don't raise wages by at least 2% each year (WSJ). 10-Year bond yields as of Thursday, April 28.



Note: 100 trillion yen = \$919 billion. *At end of each quarter
Sources: Cabinet Office (GDP); Ministry of Internal Affairs and Communications (CPI); Bank of Japan (JGB holdings)

No trade today.

ECONOMIC REPORTS:

Weekly Crude Inventories: -3.4 million barrels. Crude oil inventories fall after 6 weeks of gains. Product inventories fell, with gasoline (-1.2 million) and distillates (-1.6 million) stockpiles both lower.

Weekly Mortgage Applications: +0.4%. Mortgage demand gets a boost from lower rates following 2 weeks of declining activity. Both purchase (+0.4%) and refinance (+0.5%) activity gained. Purchase activity is now 14% higher over the past year, down from March 30% annual gains.

Rates:

30 Year Fixed:	3.82%	-5bps
15 Year Fixed:	3.06%	-7bps
5/1 Year ARM:	2.93%	+2bps