



MONDAY OCTOBER 3, 2016

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	18,253.85	-54.30	3.11	71	67
Nasdaq:	5,300.87	-11.13	1.61	69	96
S&P 500:	2,161.20	-7.07			
10 yr note:	1.62%	+1bps			
Volatility:	13.57	+0.28			
EUR-USD:	1.121	-0.002	Crude Oil:	48.81	+0.57
USD-JPY:	101.61	+0.26	CRB-Com:	187.03	+0.71

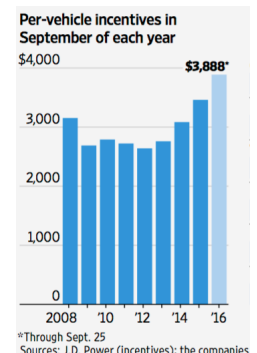


Markets pull back from Friday's rally as the Dow (-0.3%) and S&P 500 (-0.3%) lead the Nasdaq (-0.2%) lower. Volatility (+2.1%) consequently gains marginally. Higher rate expectations hindered utility (-1.3%) and real estate (-1.8%) shares, while strengthening the dollar (+0.2%). Dividend stocks, a yield alternative, also fell as the S&P 500 High Yield Dividend Aristocrat index dropped 0.6% (WSJ). WTI oil (+1.2%) continued to rally, adding to last week's 8% jump on OPEC optimism. European (+0.1%) and Japanese +0.9%) shares gained today.

The FTSE (+1.2%) also gained, as the sterling fell 0.9% against the euro (1.1434) and dollar (1.2818). Theresa May declaring that the UK would invoke the clause to leave the EU by March led the pound to its lowest level against the euro on record, and a hair from its low against the dollar following the Brexit vote (1.2798).

ECONOMIC REPORTS:

September Auto Sales: -0.5% annually. Including fleet sales, last month's sales volume slipped below 1.5 million for the first time since February. Seasonally adjusted annual sales were 17.76 million, nearly the highest for this year but under last September's 18 million rate. Nevertheless a record amount of incentives was needed to maintain these sales, as total incentives of \$3,888 per unit sold in September topped the prior record set in December 2008 (J.D. Power, WSJ).



September ISM Manufacturing: +2.1 to 51.5. Mirroring a tentative rebound in regional manufacturing reports, overall national activity jumps out of contractionary territory. New orders gained 6 points to 55.1, while all other sub-indexes other than employment (49.7) remained above 50.

August Construction Spending: -0.7%. Spending is now 0.3% lower over the year. Nevertheless multifamily units, which only make up 5% of total construction, are up 13.9% over the past year (Econoday).