FRIDAY NOVEMBER 18, 2016

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	18,867.93	-35.89	3.58	93	79
Nasdaq:	5,321.51	-12.46	1.87	125	114
S&P 500:	2,181.90	-5.22			
10 yr note:	2.33%	+5bps			
Volatility:	12.85	-0.50			
EUR-USD:	1.059	-0.003	Crude Oil:	45.69	+0.27
USD-JPY:	110.91	+0.80	CRB-Com:	183.14	+0.70

S&P 500 FRIDAY

S&P 500 WEEK

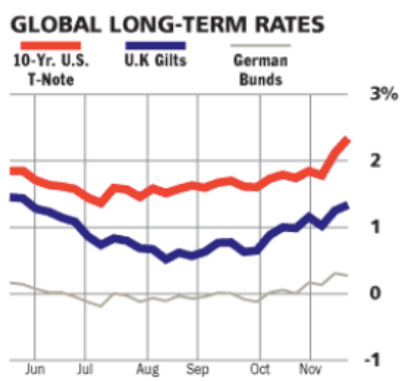
	WEEK:	YTD:
DOW:	+0.11%	+8.28%
NASDAQ:	+1.61%	+6.27%
S&P 500:	+0.81%	+6.75%
RUSSELL 2000:	+2.59%	+15.80%

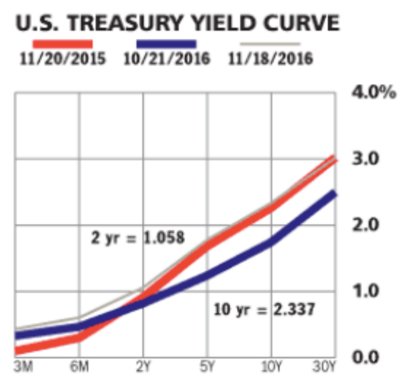
Markets extend last week's election gains despite today's low volume decline. The Dow, S&P 500 and Nasdaq all fell 0.2% today, but not before the Nasdaq hit a new intraday high earlier in the day. Volatility (-3.7%) fell along with the market, hinting at further rallying next week. Rising in tandem with stocks, the US Dollar Index (+2.2%) rallied to its highest level since 2003 as a December rate hike expectations mounted. Oil (+5.3%) also gained this week, snapping 3 weeks of losses as OPEC production-cut hopes return. Small caps continue to outperform as the Russell 2000 gained for an 11th day today, benefitting from higher inflation, less regulation, Trump's possible corporate tax cut, and insulated from possible trade tariffs. Financials (+1.8%) also gained this week, continuing to outperforming utilities (+0.4%) and consumer goods (+0.13%). Asian stocks (-1%) fell over the week despite Japan's (+3.6%) rally on yen weakness. Conversely European stocks (+0.6%) gained this week, led by Greece (+8%).

Macro trends capitulated following last week's election, leading to inflow and outflow records for numerous asset classes. In the week ending Nov. 16, financial, healthcare, biotech and industrial sector funds all registered new weekly inflow records, as did US equity funds while emerging market bond funds had their largest ever outflow (EPFR Global, WSJ). The great rotation from bonds into equities has begun in a violent manner.

$44.6 billion moved into equity ETFs in the 7 days following the election, second largest only to July 2007 (TrimTabs, Barron's). Bank of America's more conservative estimate places equity inflows equivalent to December 2014 levels.

While equity momentum faded this week, the 10-year treasury yield continued to plod higher, hitting a new high for 2016 today. The 10-year yield has gained more in the past 2 week than in the past 15 years, as investors pull a net $43.2 million from mutual funds targeting Treasuries for the week through Wednesday, the largest outflow since March 2015. Other measures recorded bond outflows equivalent to June 2013's taper tantrum (Bofa). With a strong dollar and rates up over 50bps in the past 2 weeks, housing activity -as well as stretched balance sheets- will run into trouble in the new year. Global rates have followed US yields higher, as the US yield curve returns to where it was a year ago.





ECONOMIC REPORTS:

October Leading Indicators: +0.1%. Leading indicators gained, helped by an increase in the interest-rate spread. Nevertheless higher rates and a stronger dollar, while good for financials and consumers, could quickly constrain economic activity.

November Kansas Manufacturing: -5 to 1. Kansas city manufacturing follows national trends and continues to rebound from mid-year weakness, albeit sluggishly.