



FRIDAY NOVEMBER 4, 2016

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	17,888.28	-42.39	3.84	107	106
Nasdaq:	5,046.37	-12.04	2.03	108	90
S&P 500:	2,085.18	-3.48			
10 yr note:	1.78%	-3bps			
Volatility:	22.51	+0.43			
EUR-USD:	1.114	+0.003	Crude Oil:	44.07	-0.58
USD-JPY:	103.12	+0.14	CRB-Com:	182.50	-0.88



	WEEK:	YTD:
DOW:	-1.50%	+2.66%
NASDAQ:	-2.77%	+0.78%
S&P 500:	-1.94%	+2.02%
RUSSELL 2000:	-2.04%	+3.69%

The S&P 500 (-0.2%) fell for a 9th consecutive day, its longest stretch since December 11, 1980. Nevertheless the market has only lost 3.1%, compared to a 9.4% drop during the same stretch 36 year ago (WSJ). The Dow and Nasdaq also fell 0.2% today as volatility (+2%) gained. Volatility has similarly rallied for 9 consecutive days, its longest stretch ever. A surge in Trump's poll readings due to Hillary's reopened FBI investigation has spooked markets, with oil down nearly 11% and gold 2.5% higher over the past week. Every major market in Asia (-1.38%) and Europe (-3.15%) also fell this week.

Despite election fears hampering US markets, copper prices rallied for a record 10th day, surpassing 2004's 9-day streak. Stronger than expected inflation and manufacturing data in China and the US has boosted the front-month contract 8.5% over the 10-day period and 3.3% higher this week.

All 10 sectors of the S&P 500 fell this week, led by technology (-2.6%) on the heels of weaker than expected Facebook and Amazon earnings. Nevertheless with 85% of the S&P 500 reported, 71% of companies have still beat EPS expectations. Similarly aggregate third quarter earnings are slated to rise 2.7%, which would be their first quarterly rise since March 2015 (Barron's, FactSet Research).

ECONOMIC REPORTS:

October Unemployment: +161,000, 4.9%. While October payroll growth fell short of the 175,000 expected, a combined 44,000 upward revision to August and September confirm the labor market's underlying strength. Payroll growth has now averaged 176,000 over the past 3 months, slightly lower than its 2016 average of 181,000 and 2015's 229,000 pace (WSJ).

The unemployment rate fell to 4.9% due to 195,000 job-seekers leaving the workforce, which also led the participation rate 10bps lower to 62.8%. The employment-to-population ratio rate also fell 10bps to 59.7% but has not improved at all since mid-2009 (David Rosenberg, Barron's). Average hourly earnings jumped 0.4% in October, leading annual wage gains (+2.8%) to their strongest gains since 2008. A December rate hike is all but assured.

September International Trade: -\$36.4 billion. A 1.1% drop in imports and 0.6% gain in exports helped narrow the trade gap by over \$4 billion in September. Lower imports will help 3Q GDP while stronger exports could signal budding foreign demand, an encouraging sign for the beleaguered manufacturing sector.