



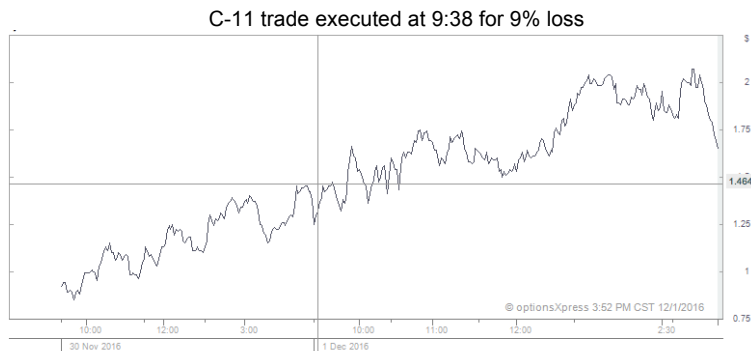
## THURSDAY DECEMBER 1, 2016

	PRICE	CHANGE	VOLUME	UP/DN %	UP/DN VOL %
Dow:	19,191.93	+68.35	5.05	61	96
Nasdaq:	5,251.11	-72.57	<b>2.26</b>	59	33
S&P 500:	2,191.08	-7.73			
10 yr note:	2.44%	+7bps			
Volatility:	14.07	+0.74			
EUR-USD:	1.066	+0.006	Crude Oil:	51.05	+1.62
USD-JPY:	114.11	-0.34	CRB-Com:	191.41	+2.09



Markets continue to fall as the Nasdaq (-1.4%) leads a 0.4% decline in the S&P 500. Nevertheless the Dow (+0.4%) managed to gain to another record, boosted 50 points by GS alone as financials continue to rally. Volatility (+3.3%) also gained as treasury yields jumped to a 17-month high. Treasuries have sold off faster than corporate bonds, as investment-grade corporate average spreads has fallen 3bps to 1.34 over the past month while junk debt has fallen 24bps to 4.93 percentage points. Municipals have bared the brunt of the selling, falling 4.3% in November for the asset's worst month since September 2008. Munis have lost their tax advantage with lower future taxes under Trump, and could get flooded with new supply when infrastructure spending begins. Emerging market bonds have also been hit, falling 4.1% in November as investors pulled \$1.4 billion out of EM bond mutual funds during the month, their first outflow since February.

C-11 misfired at 9:38 and is now corrected. Amazing how that slipped through the cracks for so long. Algo is struggling this week. Hopefully tomorrow will change everything.



## **ECONOMIC REPORTS:**

**November Auto Sales:** +3.5%. With two extra selling days in November, sales gained 3.5% during the month. Seasonally adjusted annual sales are on a 17.87 million pace, down from last November's 18.25 million. Similarly dealerships spent nearly \$4,000 per vehicle in incentives, 3% higher than last year. While auto sales have peaked they remain strong and signal no slowdown in consumer spending.

**November Chain Store Sales:** Chains store's annual sales continue to struggle, suffering as a result of online retailing. Nevertheless more inclusive measures of consumer spending continue to show strong spending growth so far this holiday season.

**Weekly Jobless Claims:** +17,000 to 268,000. Jobless claims jump unexpectedly during the holiday shortened week last week. Continuing claims (+38,000) also rose, hitting 2.081 million, a 2-month high.

**Weekly Bloomberg Consumer Sentiment:** +0.1 to 44.9. Consumer sentiment remains strong, a point above it average for the year, indicating further consumption and economic growth into year end.

**November ISM Manufacturing:** +1.3 to 53.2. Manufacturing activity matches July's reading for the best of the year, as new orders (53), production (56) grow while employment (52.3) falls slightly. Inventories and prices paid (54.5) were relatively unchanged.

**October Construction Spending:** +0.5%. Construction spending continues to strengthen, boosted by a strong housing market. Public spending and residential activity (+2.8%) offset a decline in private non-residential construction spending (-2.1%) during October. Spending has grown 3.4% over the past year.