

## Weekly Notes for October 21, 2016

*"I've arranged with my executor to be buried in Chicago. Because when I die, I want to still remain active politically." Mort Sahl*

### Market Week

Monday the market sold off despite reports that retail sales increased; Industrial production rose to a seasonally adjusted 0.1% and total manufacturing output was up 0.2% in September. Good news is still bad news.

Tuesday the gloom was lifted as U.S. macro data fell to its lowest point for the year in September. This brought smiles to the faces of those who only the day before were fretting over the impending doom to be administered by a Fed rate increase. Lots of Ethernet air was expended on how, finally, Core CPI has crossed the Fed's 2% threshold but as explained by the St. Louis Fed, it **"all depends on what you buy"**. Core CPI excludes food and energy prices as too volatile and when added back to the average, official CPI inflation is at 1.1% vs. Core at 2.3%. The two components driving Core are medical and rent expenses running at +3.5% and +5.1% respectively. Since 37% of the U.S. population are renters, it is they who bear all of the burden of rent increases because this component is measured by BLS as "implied rent" across the entire population but homeowners with fixed mortgages or none at all do not experience the changes that are included in the dynamic calculation of rents. On the medical side, in 2008 Medical CPI peaked at +6%. With the great recession it fell to less than 2% but when the ACA began to roll out in 2013 the rate began to rise again. With next years' promised Obamacare driven insurance rate increases, it may make a new all time high. Stocks spiked in the first hour of trading and gradually gave back a significant portion of the early gains with the S&P 500 ending up +13.10 after topping at +17.88 on the day.

Wednesday we got back on the see-saw as stocks rose on the back of a 9.0% drop in Housing Starts report which showed that for the second straight month starts were led lower by a sharp decrease in multifamily dwellings. Single home starts were up 8.1% as were building permits of all types. The stock indexes have been getting slowly and steadily negative for a few months as the Fed's December meeting approaches. Oil prices increased so this added a positive tone to the trading.

The market really rocked on Thursday as the averages opened lower and we saw 5 switchbacks from negative to positive until we finally settled the day lower with the DJIA off 40 points. The Philadelphia Fed's monthly manufacturing index on regional manufacturing was lower at 9.7 in October vs. 12.8 in September, which had been the highest level of the previous 19 months. Experts were expecting a report of 7. This seemed to confuse traders as good reports are expected to influence the FOMC to increase rates in December.

The ACA numbers keep rolling in and they only get worse. Health insurance prices in TX, MS, KS will rise 30%; in IL, AZ, PA 50% and +93% in NM. Of the 47 Million who were uninsured prior to the new law, 27 Million remain so despite promises that all of our subsidy (tax) money would get them covered. The economic genius in the White House, when asked why this is, said it is just "growing pains". He is certainly right there; Obamacare is a growing pain for which no opioid will give the country relief. Friday we received the weekly Jobless report and new claims increased 13,000 to 260,000. The Market sold off at the opening and spent the rest of the day regaining its early losses to close mixed with the Dow and S&P 500 off a bit and NASDAQ up. QPM Radar™ ended the week at 41.53% of the ETF universe in positive territory, off another 4 points on an up week.

*Sources: Federal Reserve Bank of St. Louis and Philadelphia; BLS; WSJ; Reuters; Zerohedge*

### Weekly New Signals

The market trend is still deteriorating but very slowly. The S&P 500 was up 0.38% for the week but since the Post Brexit high of 2190.15 on August 15, we are down 2.2%. The underbelly of the market is being hollowed out and each week that passes increases the risk that things will get out of hand.

Company	Symbol	Current Price	QPM Score	Pos/Neg	Open Date	Start Price
DI Euro Stoxx 50	FEZ	32.58	D1-1	Negative	22-Oct-16	32.58
iShare S & P 600 Barra Growth	IIT	132.60	D1-1	Negative	22-Oct-16	132.60
iShare Dow Jones U.S. Financial Sector	IYF	90.33	C3-1	Negative	22-Oct-16	90.33
Morningstar Small Core	JKI	140.44	D1-1	Negative	22-Oct-16	140.44
PowerShares Water Resources	PHO	23.81	D1-1	Negative	22-Oct-16	23.81
Standard & Poor's 500 Composite	SP500	2141.16	C3-1	Negative	22-Oct-16	2141.16
Vanguard Small Cap	VB	119.28	D1-1	Negative	22-Oct-16	119.28
Vanguard Growth	VUG	111.03	D1-1	Negative	22-Oct-16	111.03
Chipotle	CMG	411.94	A3-3	Positive	21-Oct-16	411.94
CISCO Systems Inc	CSCO	30.15	D1-1	Negative	21-Oct-16	30.15
Dow Short ProShrs	DOG	20.89	A3-3	Positive	21-Oct-16	20.89
Dow Ultra Short ProShrs	DXD	17.09	A3-3	Positive	21-Oct-16	17.09
Enterprise Products	EPD	26.75	D1-1	Negative	21-Oct-16	26.75
Elbit Systems	ESLT	96.75	B1-3	Positive	21-Oct-16	96.75
S&P Mid Cap 400 Value iShrs	IJJ	131.33	D1-1	Negative	21-Oct-16	131.33
S&P 500 Growth iShrs	IVW	120.46	C3-1	Negative	21-Oct-16	120.46
Russell Mid-Cap Value iShrs	IWS	75.46	C3-1	Negative	21-Oct-16	75.46
Keryx BioPharma	KERX	4.69	C3-1	Negative	21-Oct-16	4.69
Martin Midstream Partners	MMLP	20.97	C3-1	Negative	21-Oct-16	20.97
Magellan Midstreams LP	MMP	70.41	D1-1	Negative	21-Oct-16	70.41
S&PSPDR Ultra Long	SSO	69.30	D1-1	Negative	21-Oct-16	69.30
Vanguard Small Cap Value	VBR	108.81	D1-1	Negative	21-Oct-16	108.81
Volatility SP 500	VIX	13.34	A2-3	Positive	21-Oct-16	13.34
Acceleron Pharma	XLRN	29.20	D1-1	Negative	21-Oct-16	29.20
Buckeye Partners	BPL	70.64	B1-3	Positive	20-Oct-16	70.64
CME Group	CME	104.09	C3-1	Negative	20-Oct-16	103.65
Chevron Corp	CVX	101.30	B1-3	Positive	20-Oct-16	101.87
PwrShr Agriculture Double Long ETN	DAG	3.82	D1-1	Negative	20-Oct-16	3.74
Fairfax Fin'l Holding	FRHF	536.00	D1-1	Negative	20-Oct-16	544.67
Morningstar Small Cap Growth	JKK	139.13	D1-1	Negative	20-Oct-16	139.16
Vanguard Small Cap Growth	VBK	127.63	D1-1	Negative	20-Oct-16	127.96
Windstream Corporation	WIN	8.37	D1-1	Negative	20-Oct-16	8.36
ProShrs Ultra Short Japanese Yen	YCS	63.55	A3-3	Positive	20-Oct-16	63.70
ProShr Ultra Short Biotech Index	BIS	36.36	A2-3	Positive	19-Oct-16	36.47
MSCI EAFE Growth	EFG	66.29	D1-1	Negative	19-Oct-16	66.72
iPath Copper ETN	JJC	23.66	D1-1	Negative	19-Oct-16	23.82
Contango Oil & Gas	MCF	10.00	B1-3	Positive	19-Oct-16	10.04
PowerShares Biotech & Genome	PBE	38.84	D1-1	Negative	19-Oct-16	38.83
PowerShares WilderHill Clean Energy	PBW	3.83	B1-3	Positive	19-Oct-16	3.85
ConocoPhillips	COP	41.54	B1-3	Positive	18-Oct-16	40.65
E I Du Pont De Nemours And Co	DD	69.70	A3-3	Positive	18-Oct-16	69.50
Dow Chemical	DOW	54.10	A3-3	Positive	18-Oct-16	53.69
MSCI EAFE	EFA	58.19	B1-3	Positive	18-Oct-16	58.07
MSCI Canada	EWC	25.70	A3-3	Positive	18-Oct-16	25.74
MSCI Sweden	EWD	28.36	B1-3	Positive	18-Oct-16	28.48
MSCI Spain	EWP	27.06	A3-3	Positive	18-Oct-16	26.62
MSCI France	EWQ	23.93	B1-3	Positive	18-Oct-16	23.96
MSCI Mexico	EWV	51.95	B1-3	Positive	18-Oct-16	51.54
MSCI EMU Index	EZU	34.09	B1-3	Positive	18-Oct-16	34.08
Huntsman Corp	HUN	16.50	A3-3	Positive	18-Oct-16	15.78
iShare Goldman Sachs Natural Resources	IGE	34.16	A3-3	Positive	18-Oct-16	33.91
iShare S & P Small Cap 600 Index	IJR	120.45	B1-3	Positive	18-Oct-16	121.06
iShare S & P Small Cap 600 Barra Value	IJS	121.53	B1-3	Positive	18-Oct-16	121.76
iShare S & P Global 100	IOO	74.43	B1-3	Positive	18-Oct-16	74.54
iShare Dow Jones U.S. Energy	IYE	38.77	A3-3	Positive	18-Oct-16	38.51
Morningstar Large Core	JKD	127.54	A3-3	Positive	18-Oct-16	127.46
Morningstar Mid Cap Value	JKI	132.73	A3-3	Positive	18-Oct-16	132.00
Morningstar Small Cap Value	JKL	121.53	A3-3	Positive	18-Oct-16	121.76
Macy's	M	36.51	B1-3	Positive	18-Oct-16	35.20
Mkt Vectors Agribusiness	MOO	49.75	A3-3	Positive	18-Oct-16	49.50
Mid Cap S&P 400 Short Pro Shrs	MYI	14.33	C3-1	Negative	18-Oct-16	14.29
Mid Cap S&P400 Ultra Short Pro Shrs	MZZ	31.04	C3-1	Negative	18-Oct-16	30.94
PwrShr Emerging Mkt Sovereign Debt	PCY	30.14	A3-3	Positive	18-Oct-16	29.99
PowerShares Dividend Achiever Int'l ID	PID	14.49	B1-3	Positive	18-Oct-16	14.49
PowerShares Oil & Gas Services	POJ	11.68	A3-3	Positive	18-Oct-16	11.52
Large Cap Growth Schwab	SCHG	54.97	B1-3	Positive	18-Oct-16	54.82
S&P SPDR UltraShort ProShr	SDS	16.76	C3-1	Negative	18-Oct-16	16.78
S&P SPDR Short ProShr	SH	38.49	C3-1	Negative	18-Oct-16	38.53
iShr TIPS Bond	TIP	116.13	A3-3	Positive	18-Oct-16	116.02
United Healthcare	UNH	145.37	A3-3	Positive	18-Oct-16	143.39
Vanguard Financial	VFI	50.12	A3-3	Positive	18-Oct-16	49.71
Van guard Extended Mkt	VXF	89.10	A3-3	Positive	18-Oct-16	89.06
Williams Energy Partners	WPZ	37.26	A3-3	Positive	18-Oct-16	36.79
Kayne Aderson Energy	KED	18.70	A3-3	Positive	18-Oct-16	18.57
Amgen	AMGN	158.51	D1-1	Negative	17-Oct-16	162.62
iPath Cotton ETN	BAL	45.77	B1-3	Positive	17-Oct-16	47.27
Currency Shares Japanese Yen	FXY	92.96	C3-1	Negative	17-Oct-16	92.92
ALPS U.S. Equity Hi Vol Put Writer	HVPW	19.87	B1-3	Positive	17-Oct-16	19.71
NASDAQ Biotech	IBB	267.77	D1-1	Negative	17-Oct-16	265.78
Illumina	ILMN	141.80	D2-1	Negative	17-Oct-16	141.23
Nasdaq Biotech Index	NBI	2800.90	D1-1	Negative	17-Oct-16	2780.76
Technet	TECH	104.94	D1-1	Negative	17-Oct-16	105.09
Russell Top Mega Cap	XLG	151.14	D1-1	Negative	17-Oct-16	150.84

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