

Weekly Notes for December 2, 2016

Market Week

We began the week with worries that many Italian Banks are in the throes of failure and the Italian government is in disarray. There's a referendum on changes to its Constitution on Sunday and if the no vote wins the Premier, Renzi, has threatened to quit. It is being touted as another of the populist uprisings that have been sweeping the elites from power. If the no's win and Renzi goes, the Five Star Movement, with its leader comedian Beppe Grillo, will be seen to have led the charge and that party has vowed to take Italy out of the EU. Stocks in the EU had a bad day on that news and French voters added to the worry by dumping the Center Rights' former leader Alain Juppé, who had deposed Sarkozy the previous week as the Party's candidate for the next election. Juppé will be in a run-off on Sunday with François Fillon who got 44% of the vote vs. his 28%. The winner will face Marine le Pen in the second round of elections next year and that winner will challenge whoever replaces Hollande, the unpopular socialist president, who has decided not to run. Venezuela's currency took a huge one day hit, falling 15% despite a rise in oil prices. All of this uncertainty took the wind out of the sails of U.S. investors and a long overdue sell-off began at the opening. Stocks stayed down all day and closed with the S&P500 down 11.63.

Tuesday the BEA made its' second guess on the Q3 rate of GDP growth and the number moved higher to 3.15% from 2.9%, most of which was based on consumer spending increases. BEA also publishes a secondary figure that excludes inventories, which often distort the primary results, and that rate came in at 2.66%. Corporate profits increased in the quarter by 5.2% vs. last year which was the first positive year over year increase since the 4th quarter of 2014. Stock players generally liked the news and the averages rebounded but only slightly.

Wednesday began with an OPEC six month agreement that promises to cut production by 1.2 Million BBLs/day even though Iran will get to increase production to 3.9 Million BBLs/day. Oil prices rose almost 10% on the news and dragged the Dow a bit higher but the NASDAQ & S&P 500 fell.

Thursday we had another mixed session even though the ISM manufacturing report showed that sector grew in November to 53.2% from 51.5% the previous month. Oil continued its rise on hopes the OPEC deal will hold. New unemployment claims rose again by 268,000 vs. predictions of 253,000 and last week's 251,000. In France, M. Hollande announced that he will not run in next years' election leaving the field open for his Prime Minister Manuel Valls. It has been three months since the Rio Olympics and the city is now broke. It notoriously was unable to pay vendors building the venues for the games and now federal bailout money that paid for police and hospitals while Olympics tourists were there has dried up and public employees aren't being paid. The state government has been debating a cut of 30% wage and pension cuts for state workers. Meanwhile in Venezuela the currency is drowning as it costs 4402 Bolivars to purchase a dollar on the black market vs. the official price of 10 to the buck.

Friday nonfarm payrolls increased 178,000, less than the 180,000 experts had been guessing. The Labor Department reduced October's report from +161,000 to +142,000 and the labor participation rate fell for the second consecutive month and 95.055 million have removed themselves from the workforce, a new all time high. This pushed the unemployment rate down to 4.6% from 4.9%. Average hourly earnings in November also were off by 0.1% vs. estimates of a 0.2% increase. If this keeps up, when the Labor participation rate gets below 50%, we will enjoy zero unemployment rates and the government can then claim it has succeeded in producing 100% full employment. For the week the Dow and S&P 500 closed mixed but NASDAQ lost ground at minus 2.7%. The 10 Year Treasury bond has nearly doubled in yield from the low of 1.336% in July to 2.39% at this week's close. For the first week in a very long time most of the economic data was positive and it is interesting that, in recent years, when bond yields increase the stock market seems to respond positively. Our QPM Radar™ has been reflecting the positive trend and closed the week with Positive Momentum at 54.64%.

Sources: Bloomberg; WSJ; BEA; ISM; Haver Analytics; dolortoday.com; Zerohedge

New Signals for the Week

As the markets have rallied since the election, it appears that the threat of Fed intervention in the interest rate market has been diminished in the eyes of investors who are now concentrating of the promise of less business regulation, increased employment opportunities and the economic growth that attends such changes. The majority of new signals have been positive and that trend has not changed in the flat markets this week.

Company	Symbol	Current Price	QPM Score	Pos/Neg	Open Date	Start Price
National Oilwell Varco	NOV	37.89	A2-3	Positive	2-Dec-16	37.89
SolarCity	SCTY	20.34	A3-3	Positive	2-Dec-16	20.34
iShare Dow Jones U.S. Technology	IYW	116.53	B1-3	Positive	2-Dec-16	116.53
Skyworkds Solutions	SWKS	73.34	B1-3	Positive	2-Dec-16	73.34
Virnetx Holding	VHC	3.15	B1-3	Positive	2-Dec-16	3.15
Intellia Therapeutics	NTLA	15.87	B2-3	Positive	2-Dec-16	15.87
ACADIA Pharma	ACAD	27.15	B3-3	Positive	2-Dec-16	27.15
U.S. Gasoline Fund	UGA	29.51	C2-1	Negative	2-Dec-16	29.51
MSCI Austria	EWO	16.09	C3-1	Negative	2-Dec-16	16.09
AFLAC	AFL	68.29	D1-1	Negative	2-Dec-16	68.29
iShare S & P Global 100	IOO	74.82	D1-1	Negative	2-Dec-16	74.82
Merck & Co Inc	MRK	61.13	D1-1	Negative	2-Dec-16	61.13
VeriFone Systems	PAY	15.52	D1-1	Negative	2-Dec-16	15.52
Volatility SP 500	VIX	14.12	A2-3	Positive	1-Dec-16	14.38
Ultra Short QQQ Pro Shrs	QID	25.32	A3-3	Positive	1-Dec-16	25.38
BiotechMkt Vector	BBH	113.37	B1-3	Positive	1-Dec-16	113.37
Home Depot Inc	HD	129.87	B1-3	Positive	1-Dec-16	129.56
3M Co	MMM	172.43	B1-3	Positive	1-Dec-16	172.49
Short QQQ ProShrs	PSQ	48.64	B1-3	Positive	1-Dec-16	48.71
SPDR Homebuilders	XHB	33.63	B1-3	Positive	1-Dec-16	33.53
Chesapeake Energy	CHK	7.23	C1-1	Negative	1-Dec-16	7.06
MSCI Japan	EWJ	49.62	D1-1	Negative	1-Dec-16	49.51
iShare Goldman Sach Technology	IGM	120.46	D1-1	Negative	1-Dec-16	119.84
iShare Goldman Sachs Software	IGV	107.94	D1-1	Negative	1-Dec-16	108.02
iPath Grains Total Return ETN	JJG	28.31	D1-1	Negative	1-Dec-16	28.07
Kinder Morgan	KMI	21.36	D1-1	Negative	1-Dec-16	21.49
SPDR Technology	XLK	46.69	D1-1	Negative	1-Dec-16	46.48
SeaDrill Ltd	SDRL	2.95	A1-3	Positive	30-Nov-16	2.79
Pebblebrook Hotel	PEB	28.43	A3-3	Positive	30-Nov-16	28.76
Energy Transfer	ETE	16.48	B1-3	Positive	30-Nov-16	17.03
NASDAQ Biotech	IBB	270.46	B1-3	Positive	30-Nov-16	274.07
Nasdaq Biotech Index	NBI	2829.90	B1-3	Positive	30-Nov-16	2864.55
Dominion Resources	D	73.78	D1-1	Negative	30-Nov-16	73.29
iShare Global Technology Sector	IXN	107.04	D1-1	Negative	30-Nov-16	109.29
Altria Group Inc.	MO	63.99	D1-1	Negative	30-Nov-16	63.93
Pan American Silver	PAAS	17.91	D1-1	Negative	30-Nov-16	16.85
Ultra Long QQQ	QLD	81.79	D1-1	Negative	30-Nov-16	84.37
Power Shrs QQQ	QQQ	115.70	D1-1	Negative	30-Nov-16	117.50
IAMGOLD Corp	IAG	3.86	D2-1	Negative	30-Nov-16	3.67
iShr DJ U.S. Healthcare Pvd	IHF	127.05	A3-3	Positive	29-Nov-16	127.34
J.C. Penney's	JCP	9.81	A3-3	Positive	29-Nov-16	9.54
Campbell Soup Co.	CPB	57.63	B1-3	Positive	29-Nov-16	57.65
Guggenheim Timber	CUT	24.85	B1-3	Positive	29-Nov-16	25.14
MSCI Canada	EWC	26.23	A3-3	Positive	28-Nov-16	25.90
Russell 1000 Growth iShrs	IWF	103.15	B1-3	Positive	28-Nov-16	104.63
Large Cap Growth Schwab	SCHG	55.19	B1-3	Positive	28-Nov-16	55.68
Wal-Mart Stores Inc	WMT	70.88	B1-3	Positive	28-Nov-16	71.26
Ligand Pharma	LGND	104.12	B2-3	Positive	28-Nov-16	104.91

For Subscription Information contact: glenn@quacera.com or johnk@quacera.com



Daily subscription rates \$12/ Month or \$99/Year. Subscriptions Include the Early Warning Reports and your choice of any of our full reports. Go to www.quacera.com for the full list and a thirty day free trial subscription. Custom Portfolios are available.

This report is for information purposes only. It does not purport to provide individual investment advice. Readers and subscribers are cautioned to seek professional advice from their own advisors. Data in this report is taken from sources deemed to be reliable. Calculations of signal averages are based on the date of each signal and are not annualized. Since the signal prices are as of the close of trading on the dates shown, replicating the signal returns may be difficult as trades based on these signals would differ once the markets reopened. In addition, attempting to reproduce returns as reported would require a strict application of each signal on as timely a basis as possible. From time to time, Quacera, LLC or its employees will be long or short some or all of the securities mentioned in this report.

Neither the information nor any opinion expressed herein constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or suggested in this report and investors should understand that statements regarding any future projections may not be realized. Any decision to purchase or sell must be based solely on existing public information on each security and not solely on this report. Prices are subject to change and therefore results will vary from those tracked in the reports.

Securities and other financial instruments discussed in this report, or highlighted by Quacera LLC, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution. Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases reliable information about the value or risks related to a security or financial instrument may be difficult to obtain. Investors should note that prices or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment.

Past performance is not a guarantee of future performance.