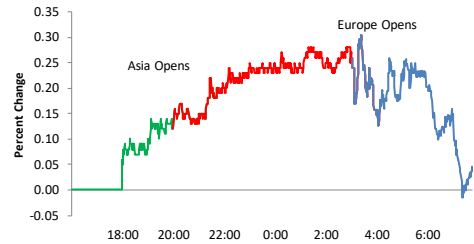




Today's Events

Overnight Trading



Other Markets

Japan	↑	0.5 %
China	↑	0.3
Germany	↑	0.3
UK	↑	0.4
Oil	59.53 ↓	-\$0.4
Gold	1313.7 ↓	-\$7.6
\$/Euro	0.837 ↑	0.00
\$/Yen	111.39 ↑	0.6
10-Yr	2.21 ↑	0.0

Noteworthy Macro Events

- US Futures Modestly Higher Ahead of Wednesday Fed Meeting.

Overnight Trading

Trading Up (\$):
 OA (21.46), NBRV (7.05), AMZN (4.21), NVDA (4.09), TSLA (2.39), CAT (2.11)
Trading Down (\$):
 ALV (-1.04), CRUS (-0.95), EFX (-0.78), XXII (-0.13), CCL (-0.04), NETE (-0.04)

Stock Specific News of Note

Ticker	News
AMG	Positive Barron's follow-up says stock has further to run citing trend of increased flows.
CFR	Positive Barron's article sees 25% upside citing attractive valuation.
CSII	Sees Q1 revenues below forecasts citing impact of hurricanes.
EFX	Announces that Chief Info and Security Officers are 'retiring'.
GS	Positive Barron's column highlights the stock's valuation gap with its peers.
HSIC	Announces \$400 mln stock buyback.
MGI	Ant Financial will resubmit merger application to US authorities.
NBRV	Shares up more than 100% in pre-market following positive trial results for pneumonia.
OA	Will be acquired by NOC for \$139.50 per share in cash.
T	Reuters reports that company is looking into a divestiture of LatAm TV assets.
ULTA	M Stanley analyst sees short-term opportunity following 25%+ pullback.
WB	Announced resignation of CFO to pursue other opportunities.

Analyst Actions

Upgrades

Ticker	Firm	From	To
AMAT	RBC Capital	Mkt Perf	Outperf
ASML	Susque	Neutral	Positive
CAT	UBS	Neutral	Buy
COHU	Needham	Hold	Buy
MD	KeyBanc	Mkt Wgt	Overwgt
PAH	SunTrust	Hold	Buy

Downgrades

Ticker	Firm	From	To
BRKS	Needham	Buy	Hold
FINL	P Jaffray	Neutral	Underwgt
REN	BMO Capital	Outperf	Mkt Perf
SN	P Jaffray	Overwgt	Neutral
TCO	M Stanley	Mkt Wgt	Underwgt
TDOC	Baird	Outperf	Neutral

Initiations/Reiterations

Ticker	Firm	Action	Rating
CRUS	Merrill	Initiated	Underperf
NVDA	Merrill	Reiterated	Buy
PZZA	Citigroup	Initiated	Buy
SONC	Citigroup	Initiated	Buy
TWNC	RBC Capital	Initiated	Outperf
YUMC	Citigroup	Initiated	Buy

Tomorrow

Economic Indicators & Events

Time	Event	Estimate	Last Report		
			Date	Act. vs. Est.	S&P
8:30	Housing Starts	1174K	8/16	-65	0.14
8:30	Building Permits	1220K	8/16	-27	0.14
8:30	Import Price Index	0.4	8/15	0.0	-0.05
8:30	Export Price Index	0.2	8/15	0.2	-0.05

Earnings Reports

Ticker	Date	TOD	Estimate	
			EPS	Revs.
APOG	9/19/17	AM	0.85	350
AZO	9/19/17	AM	15.14	3491
YGE	9/19/17	AM	-2.05	415
AIR	9/19/17	PM	0.31	411
ADBE	9/19/17	PM	1.01	1818
BBBY	9/19/17	PM	0.95	3004
CPRT	9/19/17	PM	0.31	356
FDX	9/19/17	PM	3.15	15393

Conferences & Meetings

EFX Investor Meeting

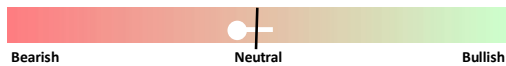
Dividends & Splits

Ticker	Dividend	TIF	0.50
TUP	0.68		
STX	0.63	RPT	0.22

Index Changes

- CDNS Will replace SPLS in the S&P 500 effective 9/18.
- ILG Will replace CDNS in the S&P 400 effective 9/18.
- CASH Will replace ILG in the S&P 600 effective 9/18.
- BCO Will replace WOOF in the S&P 400 effective 9/18.
- ARR Will replace BCO in the S&P 600 effective 9/18.
- CPE Will replace WBMD in the S&P 400 effective 9/18.

Market Timing Model



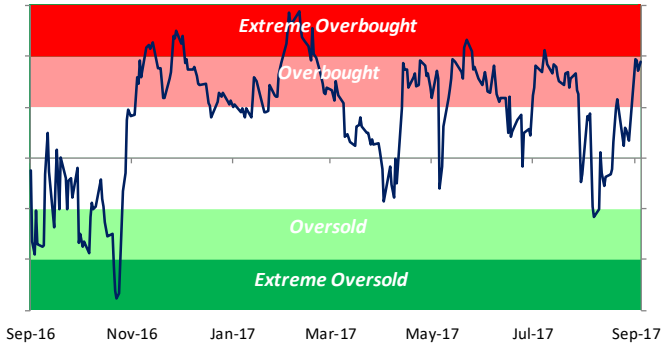
Category	Expected S&P 500 Return (%)		
	One Week	Two Weeks	One Month
Sentiment	0.08	0.16	0.57
Technicals	0.03	0.19	0.36
Fundamental	0.09	0.20	0.50
Overall	0.07	0.18	0.52
Average (all days)	0.12	0.24	0.49

Indicators/Events

Time	Event	Estimate	Last Report						
			Date	Est	Act.	Diff.	S&P	Best	Worst
10:00	NAHB Housing Index	67	8/15	64	68	4	-0.05	Util	C Disc



S&P 500 50-Day Moving Average Spread



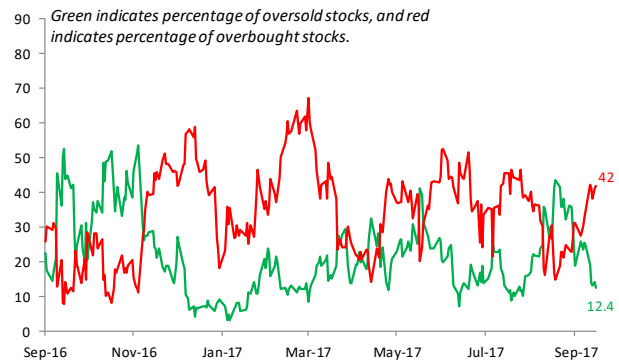
S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↑	1.5 %	0.3 %
10-Day A/D Line	↑	812	699
# of Overbought Stocks	↑	209	172
# of Oversold Stocks	↓	62	123
P/E Ratio			
Trailing	↑	21.39	21.06
Forward	↑	19.10	18.81
Dividend Yield	↓	1.99 %	2.02 %
Net Earnings Revisions	↓	-3.5 %	-2.1 %
Credit Spreads (bps)			
High Yield	↓	374	392
Corporate Bonds	↓	114	117

Yesterday's Movers

Ticker	% Chg.	Occ.	Average Return (%)			
			Next Day		Next Week	
			Chg.	Percent Up	Chg.	Percent Up
BBOX	10.2	2	-2.3	0.0	3.3	50.0
VSI	9.0	12	-1.8	33.3	0.0	41.7
TLRD	9.0	29	0.5	51.7	1.4	65.5
FRED	9.0	28	0.2	53.6	-2.7	50.0
BEAT	-11.9	4	2.2	100.0	4.3	75.0
VDSI	-8.7	24	2.1	75.0	2.6	50.0
ORCL	-7.7	1	-1.6	0.0	0.2	100.0
SMCI	-7.5	21	-0.6	47.6	-1.0	42.9

S&P 500 Overbought and Oversold Stocks (Percentage)



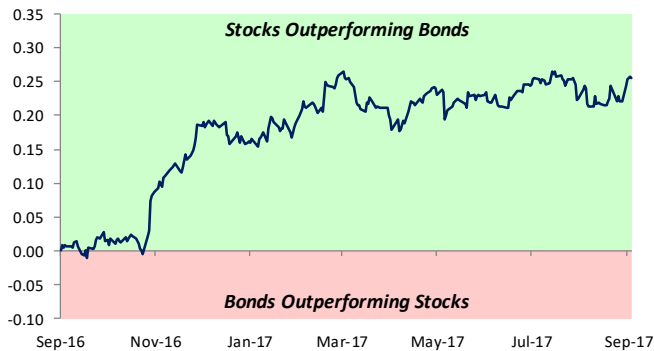
Trading Ranges: Sectors

Index/Sector	Current	1 Wk Ago	OS	N	OB
S&P 500	OB	N			
Cons Discret.	N	N			
Cons Staples	N	N			
Energy	OB	N			
Financials	N	OS			
Health Care	OB	OB			
Industrials	OB	N			
Materials	OB	N			
Technology	OB	N			
Telecom Svcs	N	OS			
Utilities	N	OB			

S&P 500 Overbought Stocks Most Likely to Fall

Ticker	Price	Standard Deviations Above 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
DOV	89.81	2.76	-1.48	24.1
FLIR	39.84	2.37	-1.10	28.8
NOV	34.45	1.60	-1.40	34.1
BWA	48.76	2.66	-1.32	34.5
TXT	51.61	2.35	-0.44	36.7
AVY	96.83	3.03	-0.90	38.6
DVN	33.65	1.69	-0.47	39.6
GPS	27.99	2.65	-0.39	39.6
XEC	106.72	2.43	-1.39	40.0
EMR	62.35	2.53	-0.54	40.3

Relative Strength of Stocks versus Bonds



Trading Ranges: Bonds/Commodities

Commodity	Current	1 Wk Ago	OS	N	OB
\$/Euro	OS	OS			
\$/Yen	N	OS			
2-Year	OS	OB			
10-Year	N	OB			
Gold	OB	OB			
Silver	OB	OB			
Copper	N	OB			
Crude Oil	OB	N			
Heating Oil	OB	OB			
Gasoline	N	N			
Natural Gas	OB	N			

S&P 500 Oversold Stocks Most Likely to Rise

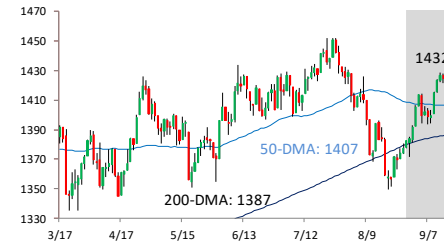
Ticker	Price	Standard Deviations Below 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
BDX	195.34	-1.88	1.24	65.6
TDG	256.15	-1.53	0.92	64.3
TAP	87.25	-1.25	0.48	64.1
PEP	114.85	-1.03	0.40	61.6
MDLZ	40.86	-1.55	0.40	55.4
CCL	65.94	-1.43	0.76	51.9



S&P 500: Last Six Months



Russell 2000: Last Six Months



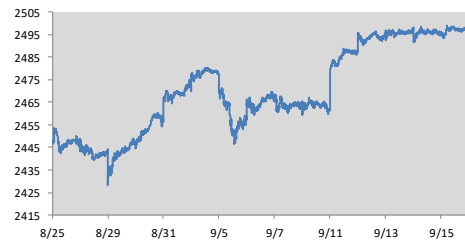
Gold Future: Last Six Months



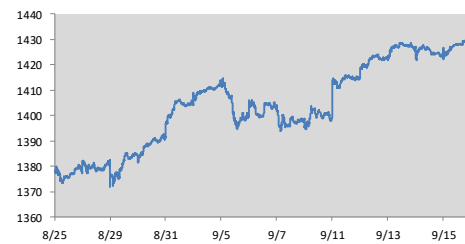
Long Bond Future: Last Six Months



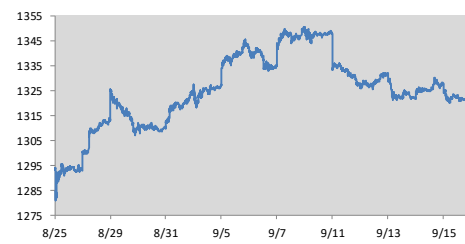
S&P 500: Last 15 Trading Days



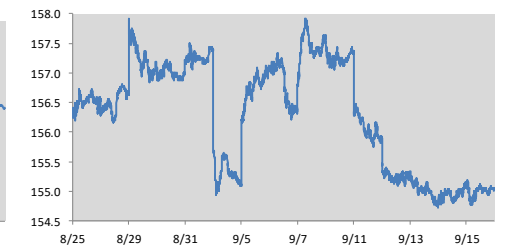
Russell 2000: Last 15 Trading Days



Gold Front Month Future: Last 15 Trading Days



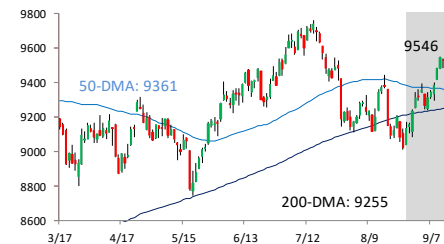
Long Bond Future Intraday: Last 15 Trading Days



Nasdaq Composite: Last Six Months



DJ Transports: Last Six Months



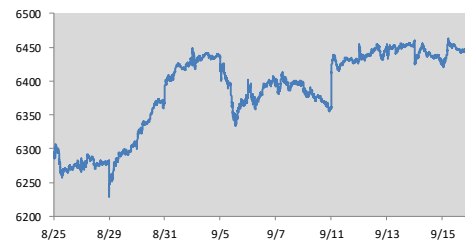
Oil Future: Last Six Months



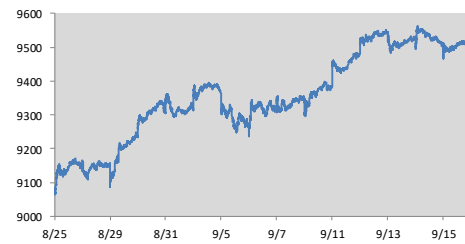
BBG US Dollar Index: Last Six Months



Nasdaq Composite: Last 15 Trading Days



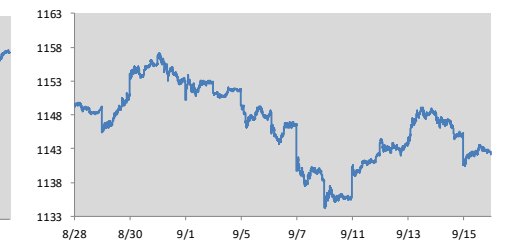
DJ Transports: Last 15 Trading Days



Oil Future: Last 15 Trading Days



BBG US Dollar Index: Last 15 Trading Days





Highlights

- *S&P 500 futures +19 bps*
- *A red start to the day for Treasuries (Dashboard)*
- *Year of outperformance, yuan not strong (Asia)*
- *German elections, CHF, Italian trade (Europe)*
- *Quiet day ahead of the Fed Wednesday (Americas)*

Overview: Interest rates are continuing to tick up on both sides of the Atlantic, gold is making new lows ([chart](#)), while [gasoline](#) appears to have found an equilibrium after all the disruptions from hurricanes this fall. [Asset Class Dashboard](#)

Asia: It was a strong start to the week for APAC equity indices as virtually every one finished higher and continued to add to the strong YTD numbers (in dollar terms) which have started to close in on +30% for many countries ([table](#)). One rally that has not continued is the move higher in yuan versus the dollar; USDCNH continues to tick up ([chart](#)). The uptick in the trade-weighted yuan has led to inevitable claims that the currency is now too strong ([chart](#)) but State Administration for Foreign Exchange (SAFE; part of the PBoC) data for August continues to show outflows of capital ([chart](#)), something that would not be happening if the yuan was perceived as strengthening significantly and persistently. Total “hot money” (that is, non-FDI) capital flows were \$50bn in August based on data released so far ([chart](#)). If the yuan was too strong, this number would look quite different.

Europe: Unlike previous European elections this year there’s not really compelling narrative for the German election: right wing populists are going to lose quite dramatically, and the center-right will continue to rule the Bundestag under the leadership of Angela Merkel. “Status quo” elections are rarely a

compelling media narrative, and that’s one of the reasons we’ve seen so little discussion ahead of the vote next Sunday. From an investors’ perspective, the increase in polling for the extremist AfD is worrying (they never polled much better than 5% in 2013 and are reliably pulling ~10% in recent weeks), but their share has fallen dramatically since the start of current polling iterations and their peak when German migrant inflows were still rising ([chart](#)). The implosion of the center-left (SPD) has been epic, but it’s still hard to see the CDU’s broad coalition managing an outright majority; that outcome would likely be the best in terms of European stability based on what’s currently plausible.

Speaking of Eurozone stability, two data points today continue to suggest that things really have been different for the activity picture of late. As shown in this [chart](#) which we’ve used before, sight deposit growth in Switzerland continues to slow, supporting EURCHF. Growth of total sight deposits, where inflows tend to boost CHF, has truly slowed to a crawl in recent weeks.

Italian trade data for July was also released today ([link](#)). As shown in this [chart](#), the Italian trade balance is starting to slow a bit, but has been consistently positive since 2012 both versus the European Union broadly and all countries. Most of that improvement in the trade balance came from substitution effects away from imports, which declined even while exports continued to grow steadily ([chart](#)).

Incidentally, for all the talk of the Eurozone preventing adjustment due to a fixed exchange rate (something we agree with in principal), Italian trade has undergone a textbook external adjustment of

declining imports (thanks to real income declines) as export growth has continued. In 2017, though, both imports and exports have grown dramatically on both an EU-only and total basis. That suggests a fundamental shift in the Italian story and a move towards whole-economy growth again, a narrative that’s definitely supported in accelerating GDP figures ([chart](#)). In other words, Italy is emerging from its external adjustment; belonging to the Eurozone may have prolonged that adjustment, but it didn’t stop it from taking place. That suggests a degree of flexibility much greater than Eurozone countries get credit for.

EURUSD continues to hold its trend channel ([chart](#)), but on a broader basis (weighted by trade and trading volume versus 10 currencies) the Euro has broken down out of the April-August uptrend in September ([chart](#)). The biggest driver has been the performance of EURGBP ([chart](#)), which has responded to what seem to be a BoE promise to hike in November. We don’t understand the bank’s logic and think hiking to fight currency-driven inflation that has already peaked and started to recede is misguided. It’s also possible the MPC language from last week gets walked back by Governor Carney in his speech at the IMF today (11am). One interesting fact: despite both currencies rallying dramatically versus the dollar this year, Eurozone equities are trouncing UK stocks, both in local currency and priced in dollars ([chart](#)).

Americas: Futures are modestly higher but off their highs as equities enter the week at record highs. On the data front, it’s pretty quiet with very little on the schedule ([link](#)).