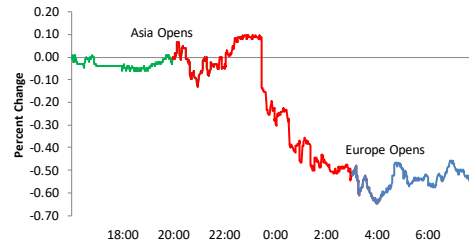




Today's Events

Overnight Trading



Other Markets

Japan	↑	0.2 %
China	↓	-0.2
Germany	↑	0.3
UK	↓	-0.1
Oil	50.13 ↓	-\$0.6
Gold	1293 ↓	-\$19.5
\$/Euro	0.840 ↓	0.00
\$/Yen	112.42 ↑	0.2
10-Yr	2.27 ↑	0.0

Noteworthy Macro Events

- US Equity Futures Flat As Europe Rallies.

Overnight Trading

Trading Up (\$):
CCC (8.2), APC (1.89), GOOGL (0.76), FOLD (0.55), TSLA (0.53), BCRX (0.48)

Trading Down (\$):
NVDA (-2.97), FTI (-0.38), XLRN (-0.33), FCX (-0.26), AAPL (-0.21), FB (-0.15)

Stock Specific News of Note

Ticker	News
ABS	Announces acquisition of private meal kit provider Plated for an undisclosed amount.
AMD	Trades higher on reports that it is working with TSLA on a chip for self-driving cars.
AMPH	Received FDA approval for Sodium Bicarbonate injection.
APC	Announced \$2.5 bln stock buyback program; reaffirmed guidance.
BCRX	Received FDA approval for pediatric indication in Rapivab.
BIDU	Says it will invest \$1.5 bln into 100 different autonomous driving projects over next 3 years.
CCC	Will be acquired by Kuraray for \$21.50 per share in cash.
DPS	Lowered full year guidance by 3 cents citing a default from a resin supplier.
JUNO	Announced \$225 mln stock offering.
MANU	Beat EPS forecasts by 4 pence (0.14 vs 0.10) on stronger revenues; lowered guidance.
MLHR	Reported inline EPS (0.57) on inline revenues; guided to high end of range.
MOS	Lowered production expectations citing impact from Hurricane Irma.
NVDA	Stock weaker in pre-market on AMD/TSLA reports.
SCHL	Reported wider than expected loss (-1.81 vs -1.29) on weaker revenues; guided inline.

Analyst Actions

Upgrades

Ticker	Firm	From	To
CTLT	M Stanley	Mkt Wgt	Overwgt
DB	HSBC	Reduce	Hold
ETR	M Stanley	Underwgt	Mkt Wgt
INTU	Wells Fargo	Mkt Perf	Outperf
RDY	M Stanley	Mkt Wgt	Overwgt
SEE	Merrill	Neutral	Buy

Downgrades

Ticker	Firm	From	To
BIIB	Ray James	Str Buy	Mkt Perf
PRAA	Ray James	Mkt Perf	Underperf
TEX	Deutsche	Buy	Hold
TNTR	Needham	Buy	Hold
USG	Evercore	Outperf	Inline

Initiations/Reiterations

Ticker	Firm	Action	Rating
ARCC	Oppenheim	Initiated	Outperf
COF	P Jaffray	Initiated	Underwgt
GIS	RBC Capital	Reiterated	Mkt Perf
NFLX	Buckingham	Initiated	Buy
VSM	Stifel	Initiated	Hold
WCG	Mitsubishi	Initiated	Overwgt

Tomorrow

Economic Indicators & Events

Time	Event	Estimate	Last Report		
			Date	Act.vs. Est.	S&P
9:45	Markit Manufact PMI	53.0	9/1	0.3	0.20
9:45	Markit Services PMI	55.7	9/6	-0.9	0.31
9:45	Markit Composite PM	n/a	9/6	-	0.31

Earnings Reports

Ticker	Date	TOD	Estimate	
			EPS	Revs.
KMX	9/22/17	AM	0.94	4255
FINL	9/22/17	AM	0.11	478

Conferences & Meetings

- 6:00 Fed's William Speaks to Swiss National Bank
- 9:30 Fed's George Speaks at KC Fed Conference
- 13:00 Baker Hughes Rig Count
- 13:30 Fed's Kaplan Speaks at KC Fed Conference

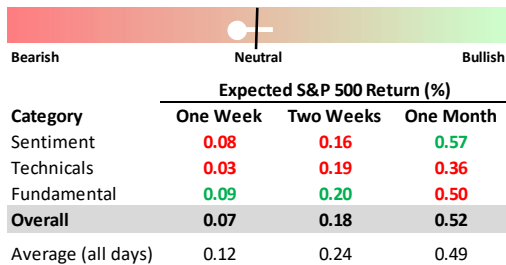
Dividends & Splits

IFF	0.69
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Index Changes

- SAFM Will replace CAB in the S&P 400 effective 9/26.
- TPRE Will replace SAFM in the S&P 600 effective 9/26.

Market Timing Model

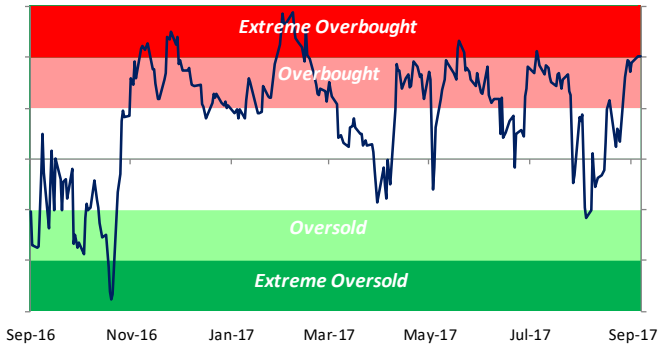


Indicators/Events

Time	Event	Estimate	Last Report						
			Date	Est	Act.	Diff.	S&P	Best	Worst
8:30	Initial Claims	300	9/14	300	284	-16	-0.11	Util	C Disc
8:30	Continuing Claims	1975	9/14	1965	1944	-21	-0.11	Util	C Disc
8:30	Philly Fed	17.1	8/17	18.0	18.9	0.9	-1.54	Util	Tech
9:00	FHFA House Price	0.4	8/22	0.5	0.1	-0.4	0.99	Tech	C St.
10:00	Leading Indicators	0.2	8/17	0.3	0.3	0.0	-1.54	Util	Tech
10:30	EIA Nat Gas Inventories (+95)								



S&P 500 50-Day Moving Average Spread



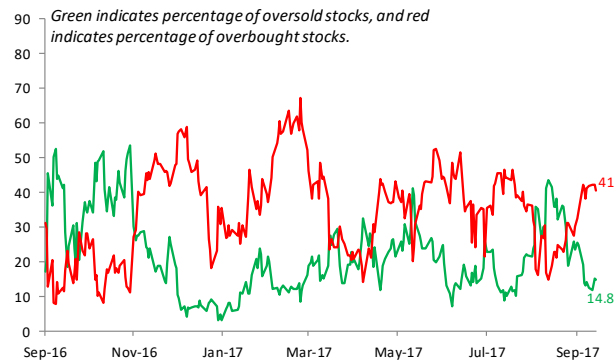
S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↑	1.7 %	1.6 %
10-Day A/D Line	↓	881	1083
# of Overbought Stocks	↑	203	191
# of Oversold Stocks	↑	74	66
P/E Ratio			
Trailing	↑	21.51	21.37
Forward	↑	19.20	19.12
Dividend Yield	↓	1.98 %	1.99 %
Net Earnings Revisions	↓	-4.7 %	-3.4 %
Credit Spreads (bps)			
High Yield	↓	368	381
Corporate Bonds	↓	113	116

Yesterday's Movers

Ticker	% Chg.	Occ.	Average Return (%)			
			Next Day		Next Week	
			Chg.	Percent Up	Chg.	Percent Up
MCF	9.4	71	0.6	49.3	3.0	50.7
TMST	8.5	72	-0.2	54.2	1.5	48.6
CRR	6.8	87	-0.5	40.2	-2.1	40.2
OFG	6.1	29	-0.7	44.8	0.1	48.3
BBBY	-15.9	1	1.5	100.0	2.5	100.0
RCII	-8.3	26	1.8	65.4	3.1	61.5
KND	-8.2	27	0.4	44.4	-1.6	48.1
MDXG	-6.2	31	0.3	58.1	1.7	58.1

S&P 500 Overbought and Oversold Stocks (Percentage)



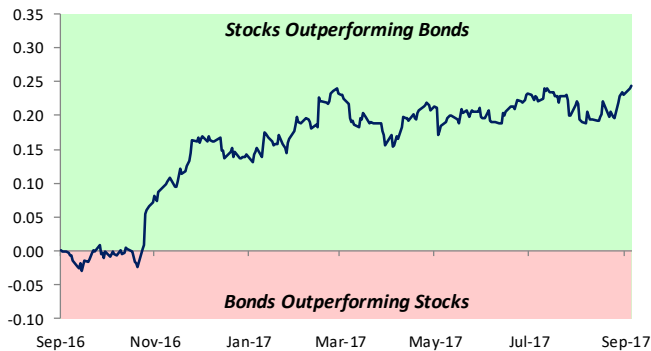
Trading Ranges: Sectors

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

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
COP	48.33	2.99	-1.70	33.3
DVN	34.89	2.51	-1.50	33.9
NOV	35.51	1.99	-1.34	34.4
PNR	67.10	1.99	-0.63	37.0
XEC	109.32	2.56	-1.34	38.7
FLIR	39.71	2.02	-0.51	39.0
AVY	98.88	3.15	-0.79	40.0
CAT	124.85	2.29	-0.39	40.3
PH	176.29	2.71	-0.35	40.7

Relative Strength of Stocks versus Bonds



Trading Ranges: Bonds/Commodities

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

S&P 500 Oversold Stocks Most Likely to Rise

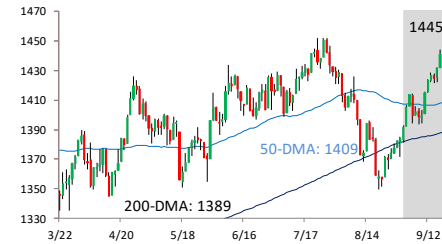
Ticker	Price	Standard Deviations Below 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
AVGO	242.91	-1.74	4.21	78.6
UDR	38.43	-1.29	0.51	66.2
TDG	259.25	-1.19	0.93	65.3
BCR	318.56	-1.15	0.78	59.5
BDX	194.00	-2.10	1.10	57.9
EXPE	143.01	-1.15	1.20	57.1
MDLZ	40.41	-1.65	0.46	56.6
ANSS	122.99	-1.56	0.89	54.5
BBY	52.59	-1.77	0.71	48.9
SEE	41.87	-2.43	0.45	37.5



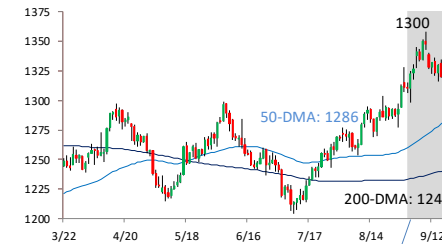
S&P 500: Last Six Months



Russell 2000: Last Six Months



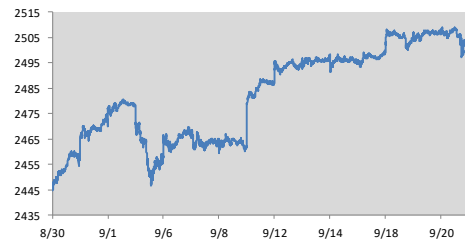
Gold Future: Last Six Months



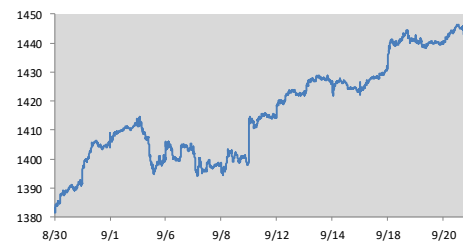
Long Bond Future: Last Six Months



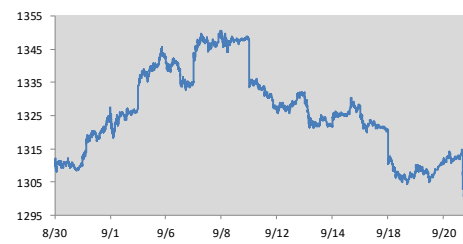
S&P 500: Last 15 Trading Days



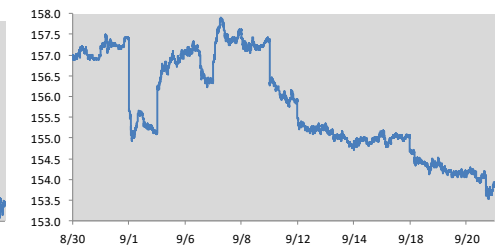
Russell 2000: Last 15 Trading Days



Gold Front Month Future: Last 15 Trading Days



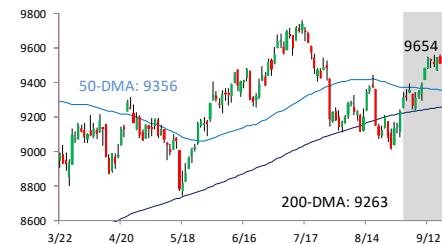
Long Bond Future Intraday: Last 15 Trading Days



Nasdaq Composite: Last Six Months



DJ Transports: Last Six Months



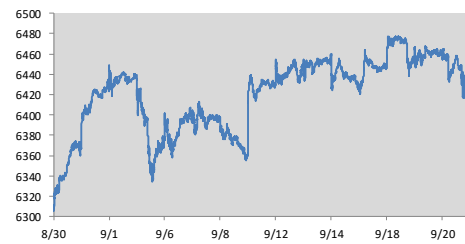
Oil Future: Last Six Months



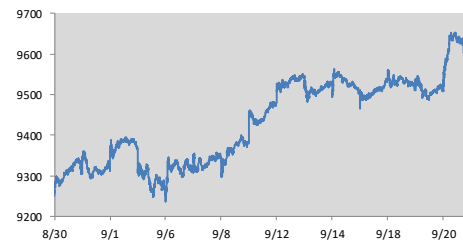
BBG US Dollar Index: Last Six Months



Nasdaq Composite: Last 15 Trading Days



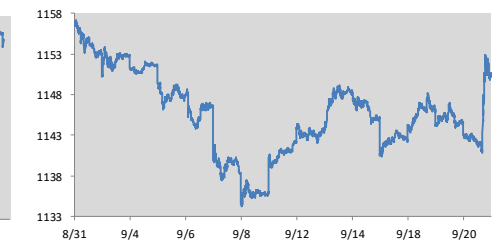
DJ Transports: Last 15 Trading Days



Oil Future: Last 15 Trading Days



BBG US Dollar Index: Last 15 Trading Days





Highlights

- *S&P 500 futures flat*
- *Broad commodities weakness (Dashboard)*
- *SK trade, JN anti-stimulus + BoJ (Asia)*
- *Steeper curves in Europe (Europe)*
- *Dovish Fed in the cards today? (Americas)*

Overview: Commodities are getting rough treatment today with broad declines across categories ([table](#)). A stronger dollar and lackluster OPEC headlines are both factors behind the weakness. Gold is getting a similar treatment, violating key support today ([chart](#)). [Asset Class Dashboard](#)

Asia: South Korea released advance trade data for the month of September [today](#) and the results were strong. During the first 20 days of September, export trade value was up over 30% versus the first 20 days of last September, rising 31.1%. Imports were up a similarly strong but less impressive 23.9%. As shown in this [chart](#), that 31.1% export growth number was the best for any period since January of 2011.

While we often point out that commodity prices can have an out-sized impact in nominal trade numbers, it's hard to see how that applies here; Asia energy price acceleration peaked in Q1 of this year and has been decelerating somewhat since. Also interesting is that reported container volumes for Busan (South Korea's largest port) have lagged badly in recent months and as-of August were up 4.3% YoY ([chart](#)) – a far cry from the torrid pace of preliminary exports. In sum, the news out of South Korea was very good, but doesn't look fully consistent with other data that suggests a more modest growth picture for Korean export trade and therefore the regional economy.

Governor Kuroda gave an interesting press conference after announcing no change to BoJ policy in last night's meeting. There was one dovish dissenter on the policy. Kuroda noted that while the BoJ stood ready to continue easing in pursuit of its 2% CPI target and wouldn't hike just because foreign rates rose, he did say that "current easing is enough to reach the 2% inflation target." While recent prints have been encouraging on the CPI front ([chart](#)), there's a *long* way to go to get to 2%, and we're skeptical that the yield curve control program won't have to be pushed further in pursuit of easier policy.

We should also note that Kuroda observed "fiscal discipline is important." Japanese gross government debt to GDP has fallen of late per IMF statistics and on a net basis debt is drastically lower ([chart](#)). As shown in the chart, when government debt assets are netted out, government debt in Japan looks much more reasonable and stable than it did a couple of years ago. The net versus gross distinction is much more important in Japan than other countries ([chart](#)), where government financial assets are smaller (in other words, where the government doesn't have such a large pension role). If anything, we would argue that Abenomics' "three arrows" (monetary easing, fiscal stimulus, and structural reforms) only ever got one out of the quill (monetary easing) with one halfway to notched (structural reform) and one unused entirely (fiscal stimulus). It's hard to argue a country with basically stable net government debt to GDP ratios (120.5% of GDP in 2012 to 119.8% today) is doing much fiscal stimulus!

Closing up our discussion of this section, overnight [data](#) included the Japanese all industry activity index which fell 0.1% MoM as expected. That represents a

sharp slowdown versus the Q2 average pace of growth, and at the July pace the AIAI would be signaling a decline in Q3 GDP ([chart](#)). It's still early for that, but growth quite clearly decelerated after a strong Q2 in Japan, a phenomenon we've also seen in other economies (US due to hurricanes, Canada, Sweden, China, etc).

In reaction to the BoJ, USDJP rallied above its 200-DMA and sits at the highest level in two months ([chart](#)). Similar to other assets discussed in *The Closer* last night ([link](#)), USDJPY is at a big, multi-month resistance level after the FOMC and the BoJ overnight and a breakout would be pretty bullish. We should stress though, none of the assets we discussed last night (the USD, EURUSD, and the 10 year yield) have definitively broken out yet though they are making a real effort at it.

Europe: European bond markets are generally following the cues of the US yield spike post-Fed yesterday, but rather than bear flattening as the US curve did, they're bear steepening ([table](#)). US 2s10s has been persistently flatter than German 2s10s for the last several months, the first time that's happened since the height of the mid-2000s tightening cycle ([chart](#)). Ultimately, the market is more worried about surprise hikes, growth upside, and inflation risk (all components of the 2s10s spread) in the Eurozone than the US, a very novel state of affairs after the last few years.

Americas: Expect more hurricane impact on claims this week. [US data](#) also features Philly Fed, FHFA home prices, Bloomberg consumer data and the leading index all follow, but we are most interested in the Fed's Q2 flow of funds (Z.1) report at noon.