

MARKET SNAPSHOT

Markets defied the seasonal odds, trading higher in September and showing signs of reversing some of the trends we have seen throughout 2017. Small-cap stocks outperformed large, and value beat growth. On a broad market basis, US equities reasserted dominance over international markets as well, again reversing trend in place so far in 2017. Whether these reversals are the beginning of a true rotation or just a short-term phenomenon remains to be seen.

MARKET VITALS

Our market internal analysis continues to flash positive signs and keep the odds in favor of the bulls:

- The percentage of stocks in an uptrend—our most heavily weighted market risk variable—remains in bullish territory, increasing for the month to more than 60% from the mid-50s level it held at the end of August.
- Our suite of breadth measures—advance/decline lines, new highs/new lows, up/down volume—ended September breaking out to new highs, another solidly bullish signpost.
- International markets remain the leaders globally on an intermediate-term basis with high readings on market internals, despite the slight underperformance in September.

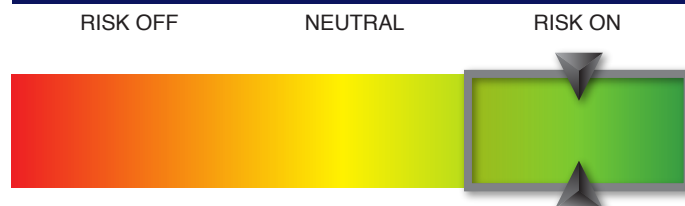
US EQUITIES

US equities markets traded in higher with the SPDR S&P 500 ETF (SPY) up 2.01% and the small cap iShares Russell 2000 ETF (IWM) returning a whopping 6.30%. On a short-term basis, we saw reversals in leadership, which were especially evident on a sector level. Energy led the way returning 10.18% for the month while still down 6.71% for the year. Technology, on the other hand, returned 0.82% in September but still led the way year to date, up 23.61%.

INTERNATIONAL EQUITIES

Overseas markets remain in a leadership position over the intermediate term but have experienced some underperformance relative to the US for the first time in a number of months. While developed markets traded solidly higher with the iShares MSCI EAFE ETF (EFA) up 2.36% for the month and 20.56% in 2017, emerging markets were actually lower with the iShares MSCI Emerging Markets ETF (EEM) down .04% in September but still up 26.59% year to date. These numbers continue the short-term reversal theme we've experienced for the month. Leading countries in September included Germany (the iShares MSCI Germany ETF [EWG] was up 5.43%), Russia (the VanEck Vectors Russia ETF [RSX] was up 4.55%) and Brazil (the iShares MSCI Brazil Capped ETF [EWZ] was up 4.22%). Interestingly, international country leadership was the only area that did not show reversals in short-term leadership with both Brazil and Germany holding their spots as the top performing countries in 2017.

RISK BAROMETER



Risk Barometer – An illustrated snapshot of current market conditions, risk levels, based on Niemann's proprietary risk-management analytics.

Risk Off – Elevated risk in the current equity market environment, taking on risk not advisable.

Risk On – Lower risk in the current equity market environment, constructive for taking on more risk advisable.

S&P 500 SECTORS

SPDR SECTORS	RISK OFF	NEUTRAL	RISK ON
MATERIALS		■	
CONSUMER DISC	■		
CONSUMER STAPLES		■	
FINANCIALS		■	
HEALTHCARE			■
INDUSTRIALS		■	
ENERGY	■		
TECHNOLOGY			■
TELECOM	■		
UTILITIES		■	

INT'L MARKETS

MARKETS	RISK OFF	NEUTRAL	RISK ON
DEVELOPED			■
EMERGING			■
FRONTIER			■

Past performance does not guarantee future results.

Data Provider: Online Advisors, a software development company affiliated with Niemann Capital Management, was created specifically to provide technology development for money managers, financial advisors and broker/dealers, including Niemann. This information was obtained from sources that Online Advisors believes to be reliable, but its accuracy and completeness are not guaranteed.

CONCLUSION

Equity markets around the world were mostly higher in September, pushing aside the historically seasonal tendencies of weakness typically displayed as summer draws to a close. While plenty of potential risks that could sabotage the bulls—such as geopolitical risks, elevated valuations, threats of trade war and nuclear threats—still are lurking, market internals and trends still remain bullish. While we did see short-term reversals in leadership, those reversals are looking to be truly short term and haven't led to any rotations in our analytics. In fact, as Q3 draws to a close, our positioning has led to strong returns and our lowest turnover so far for the trailing three months in 2017. At Niemann, lower portfolio turnover typically correlate highly with solid returns. Our models remain risk-on and bullish as we continue to be fully invested. Currently, our strategies are overweight in technology and have high allocations to international markets where strategies allow.

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