

## MARKET SNAPSHOT

Markets continue to move higher, with nary a downtick and volatility still low. While October often brings remembrances of downturns in years past, this year, investors seemed unbothered and markets kept moving up. Mega stocks, especially what's known as the FANG (Facebook, Amazon, Netflix and Google) trade, returned to favor and led the way up. Growth regained leadership over value and small caps lagged their larger-cap counterparts. Globally, US markets led the way with India, China and Japan as the main exceptions.

## MARKET VITALS

Our market internal analysis maintains its constructive outlook as it has throughout the year so far:

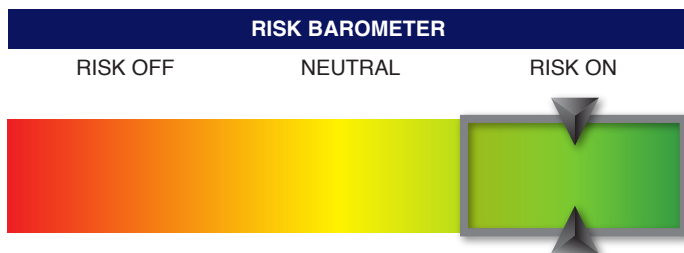
- The percentage of stocks in an uptrend—our most heavily weighted market risk variable—remains in bullish territory, increasing for the month to more than 73% from the low 60s level it held at the end of September.
- Our suite of breadth measures—advance/decline lines, new highs/new lows, up/down volume—are all in bullish structures.
- International markets remain the leaders globally on an intermediate-term basis with high readings on market internals, despite the mixed relative performance (vs. the US) in October.

## US EQUITIES

US equities markets maintained their upward trajectory with the SPDR S&P 500 ETF (SPY) up more than 2.5% and the PowerShares QQQ Trust (QQQ) up more than 4% for the month. Earlier trends of 2017 reappeared with technology returning 5.9% for the month and 32% for the year. Telecom, on the other hand, led the downside, down more than 6% in October and 15% for the year.

## INTERNATIONAL EQUITIES

Overseas markets remained in a leadership position over the intermediate term but have experienced some underperformance relative to the US for the second consecutive month. We saw the same trends overseas where emerging markets retook their leadership role. The iShares Emerging Market ETF (EEM) was up 3% for the month and more than 33% for the year. Developed markets lagged a bit at 1% for the month and more than 22% for the year. As usual, performance was widely dispersed at the country level with India leading the upside, up 8%, while Japan was up about 5%. Mexico led the downside losing more than 7% for the month. For the year, India, China and Italy are the top performers while Russia continues to lag.



**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			Green
CONSUMER DISC	Red		
CONSUMER STAPLES		Yellow	
FINANCIALS		Yellow	
HEALTHCARE		Yellow	
INDUSTRIALS		Yellow	
ENERGY	Red		
TECHNOLOGY			Green
TELECOM	Red		
UTILITIES		Yellow	

INT'L MARKETS			
MARKETS	RISK OFF	NEUTRAL	RISK ON
DEVELOPED			Green
EMERGING			Green
FRONTIER			Green

**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

Throughout October, the intermediate trend leaders including technology, specifically semiconductors, regained their footing and delivered higher returns once again for the month. Subsequently, we've added software, as well as home construction positions to some of our strategies.

While the markets remain overdue for some volatility and a pullback of some sort, nothing in our analytics suggests that either of these scenarios is imminent. We maintain that bull markets don't die of old age and neither does low volatility. As the markets continue to move higher, we are now in the S&P 500's second longest period in history without a pullback of 3%. With only one more week of the same behavior, we'll see an all-time record.

Despite our belief that the market is still quite bullish, we continue to monitor market risk levels for any signs of weakness and red flags to the contrary.

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