



Weldon LIVE

Special Edition: Global Macro-Market Overview



Agenda

California Dreaming: The Expectations <vs> Reality “Gap”

Wait Until You See the Whites of Their Eyes: US Dollar Dilemma

Back-in-the-Saddle: Gold, Silver !!! ... & Copper ??

The Perpetual Jungessellenabschied: Europe is Living on the Edge

Say It Ain't So, Joe: Markets to Test the BOJ's Policy Resolve

Wild Card: Crude Oil



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Wild Card: Crude Oil

California Dreaming ... beaches, surf, and sun all day long !!!



But the reality does NOT always 'meet' expectations



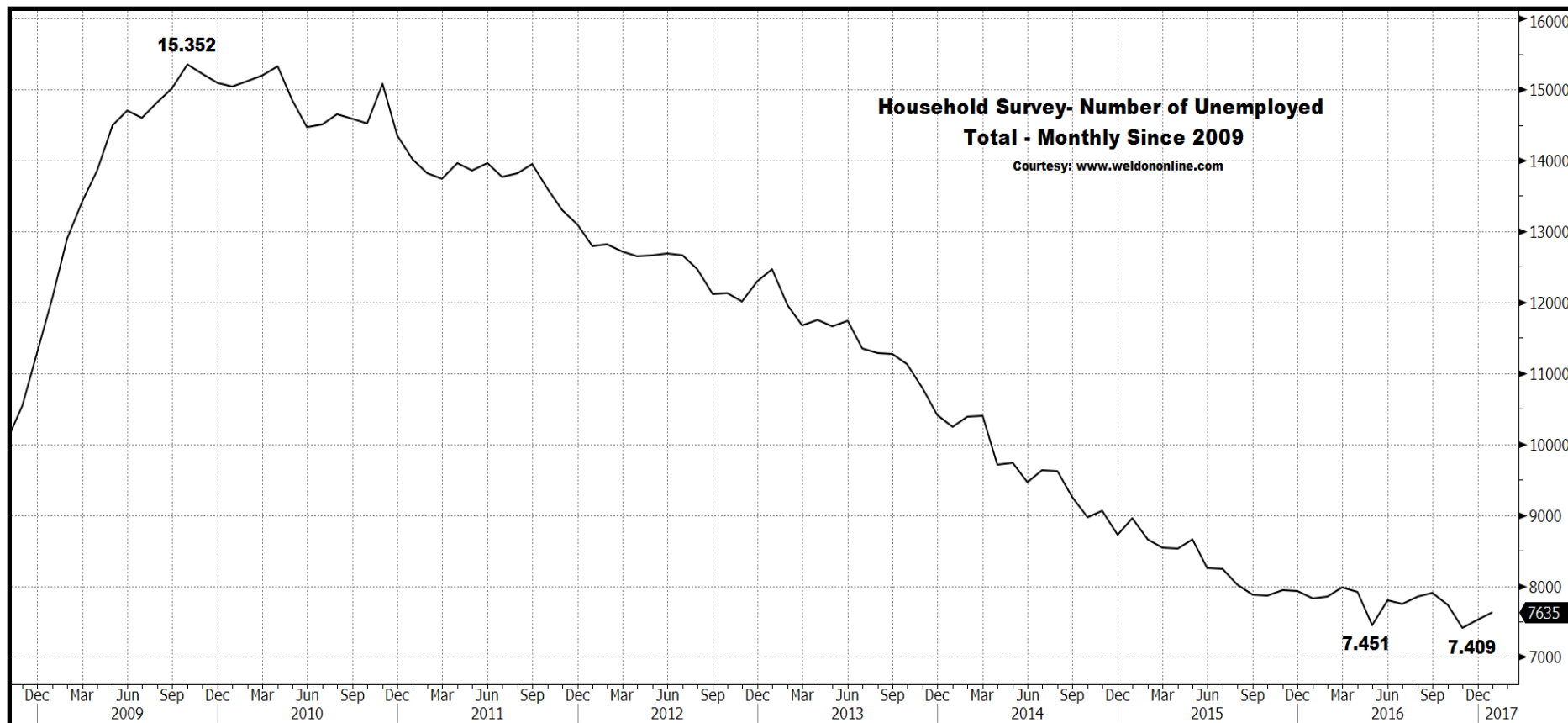
**The Seventeen-Mile Drive is BEAUTIFUL, and downright 'breathtaking' ...
... as is the optimism linked to the US economic situation, since the election of Donald Trump ...**



But, if the road is blocked for some reason, expectations may have to be scaled back

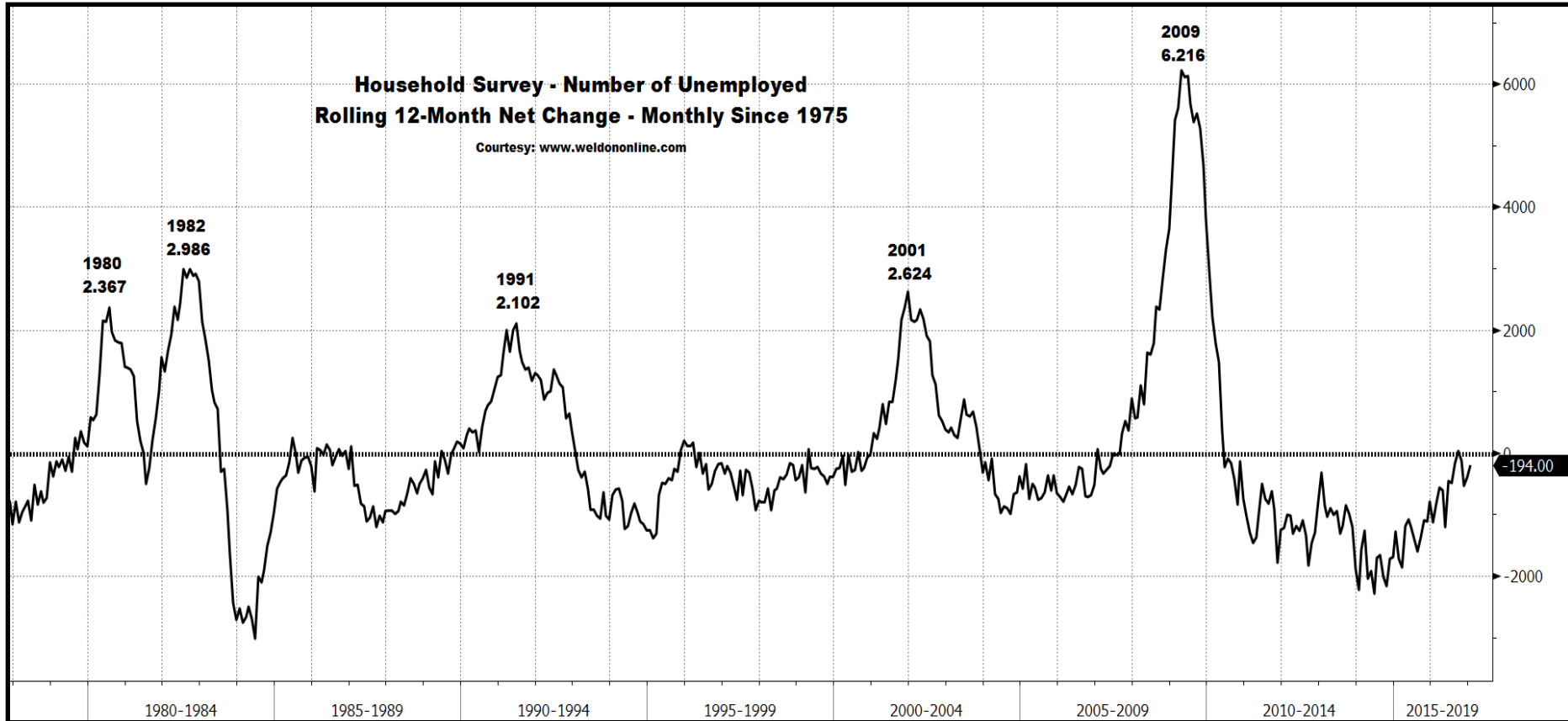


The Number of Unemployed ROSE, within the Household Survey ...

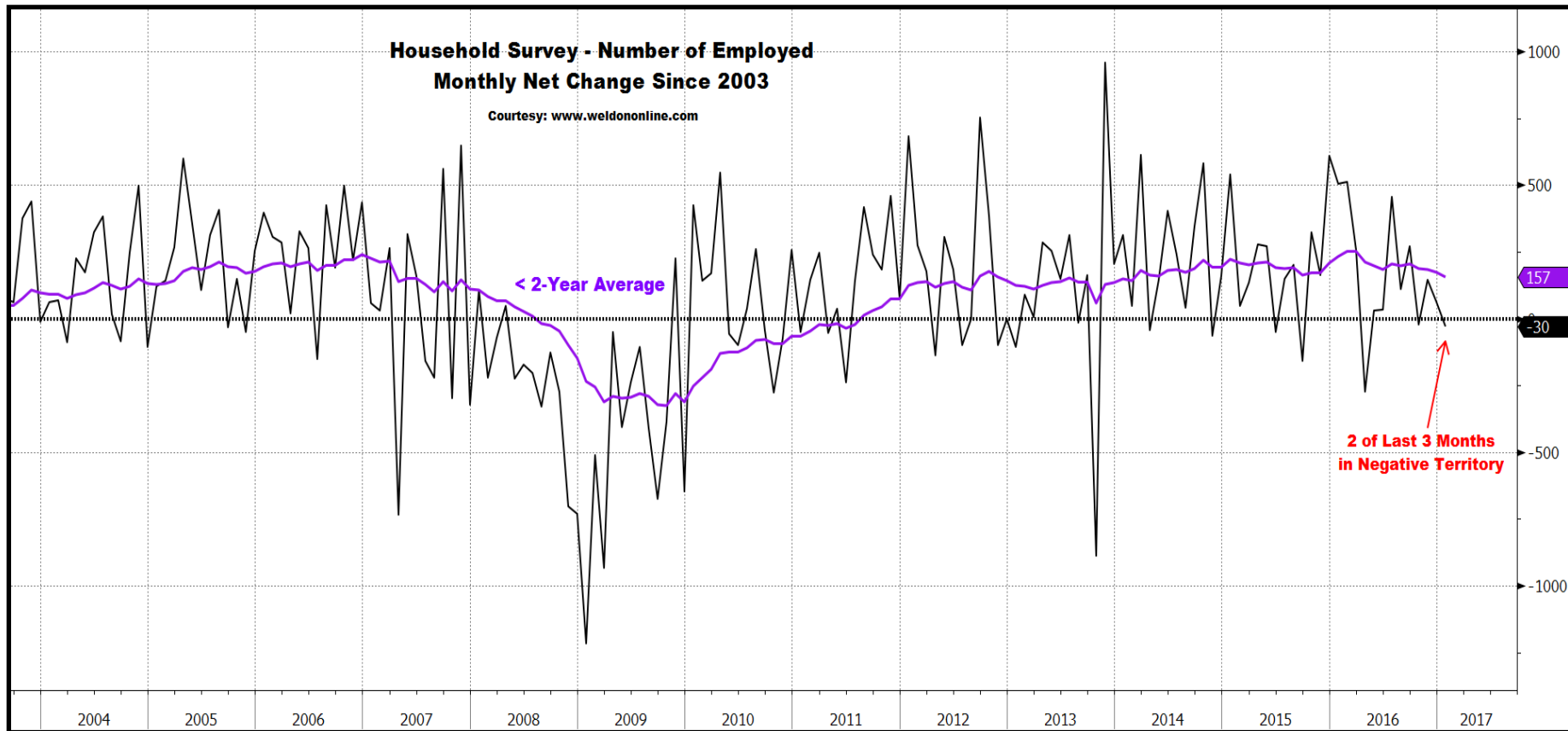




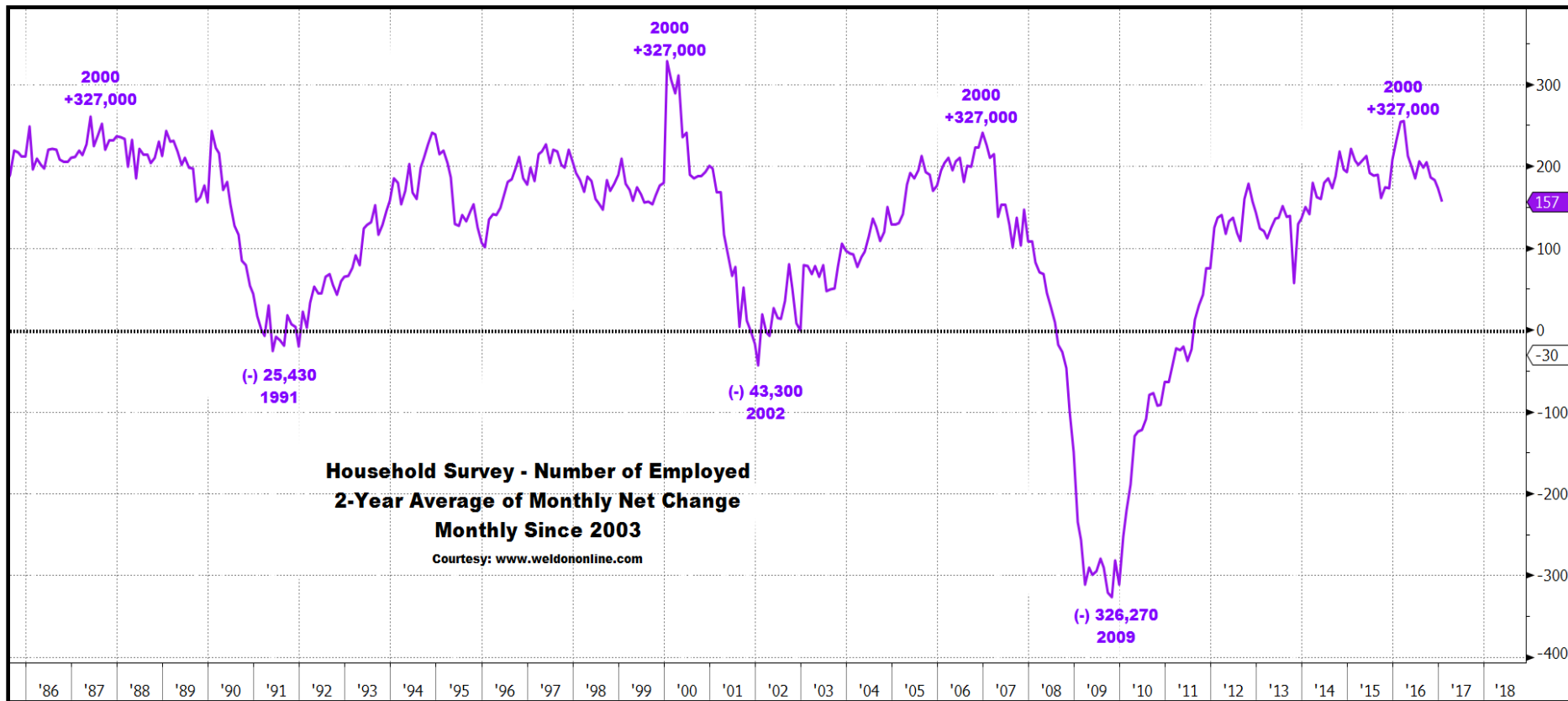
... and ... on a trend-basis, the Number of Unemployed has all but stopped 'falling'



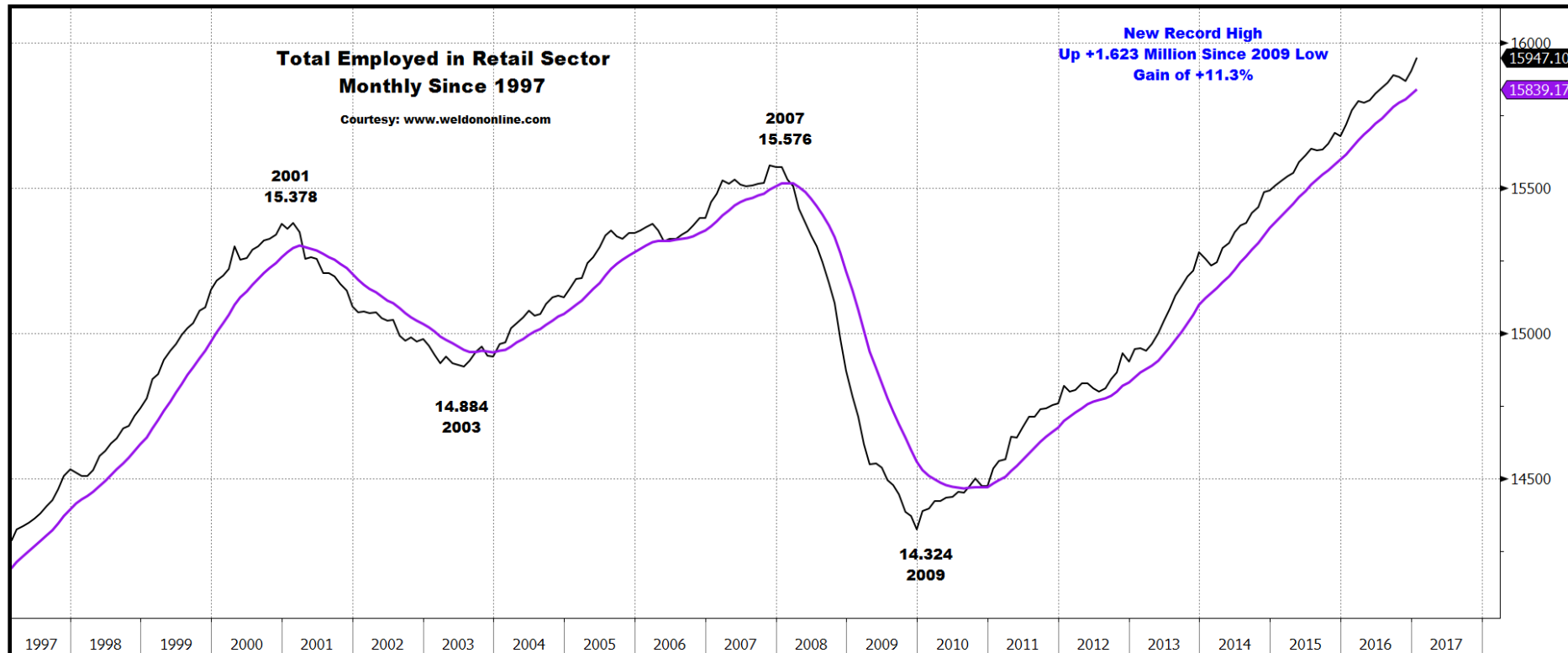
Also within the Household Survey, the Number of Employed FELL by (-) 30,000 ...



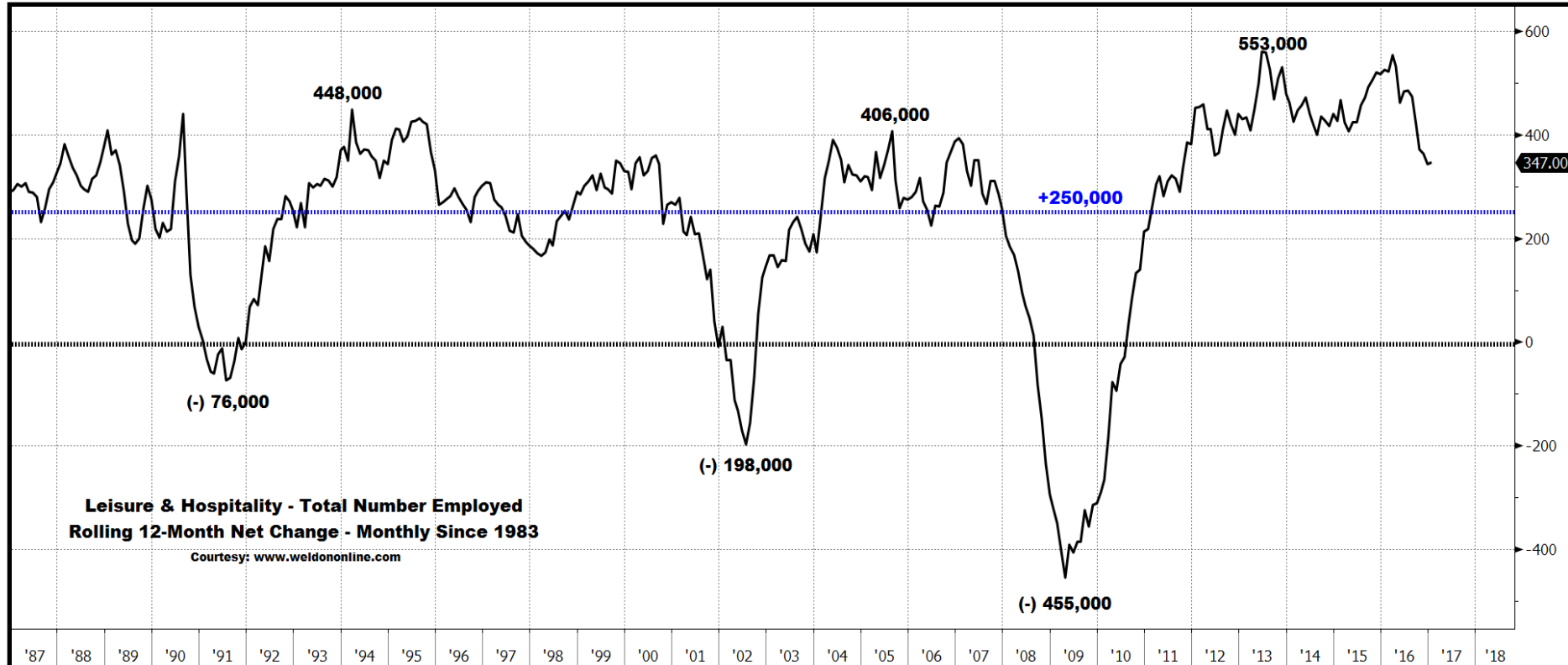
... which drove the long-term 2-Year Average of monthly Household Employment to a new multi-year low, threatening to 'violate' the uptrend in place since the crisis



**The strong sectors largely remained as the upside leaders ---
 --- The total Number Employed in Retail hit a new record high,
 soaring by +80,000 in the last two-months alone ...**



The rise of +34,000 in Leisure & Hospitality Employment pushed the 12-month figure higher ... but ... while it remains well above the go-go-level of +250,000, it is also well below it's 2012-2016 high points and 'trending' to the downside

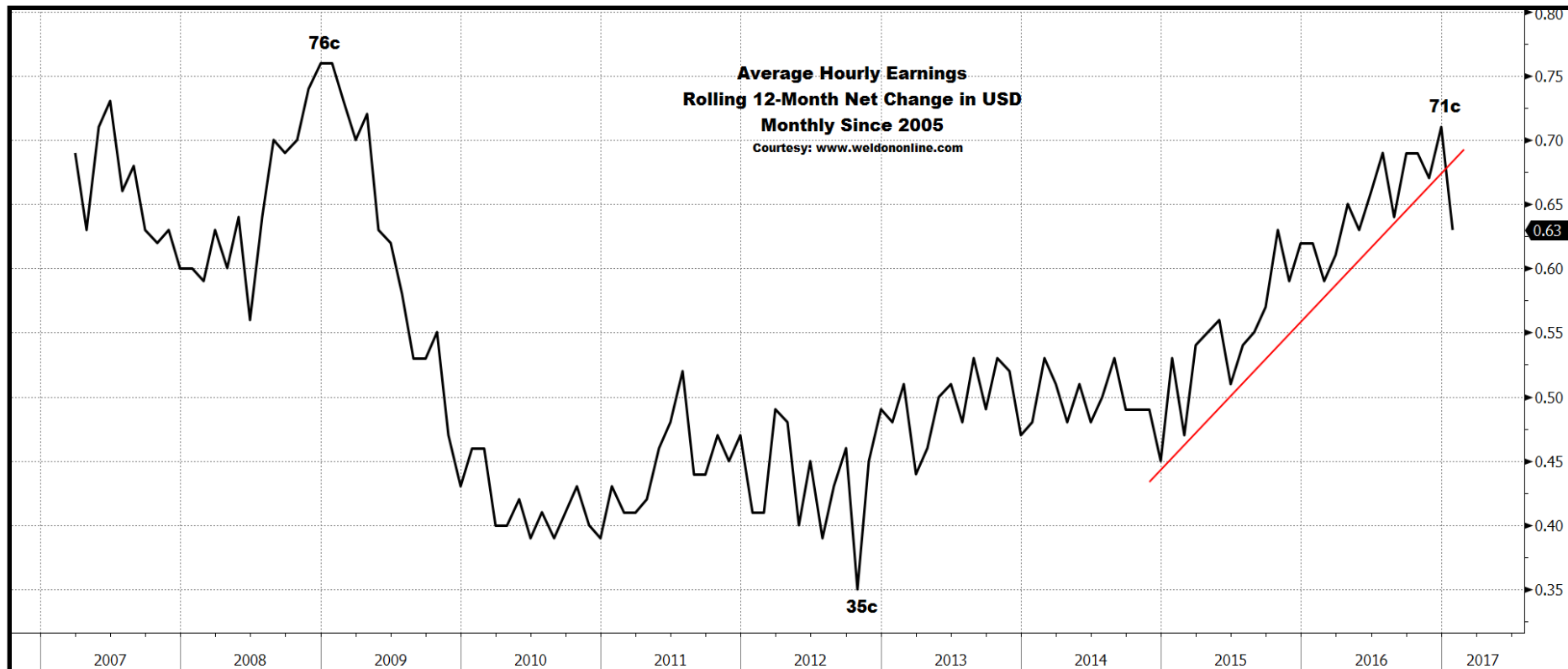




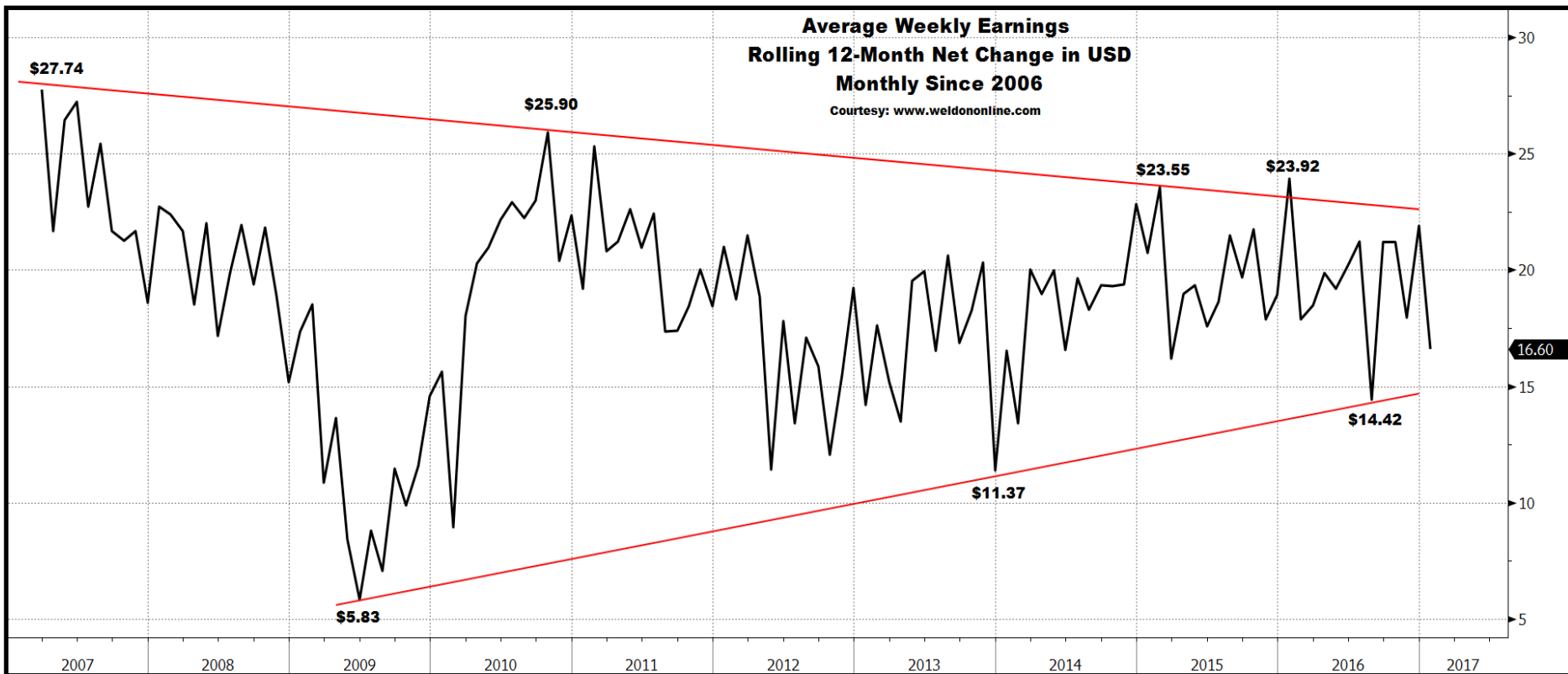
Unfortunately, aside from Construction, the sectors that posted the most robust job growth in January are at the BOTTOM of the list, in terms of the 'high-to-low' wage scale

	Jan. 2017	Dec. 2016	Jan. 2017	Dec. 2016	Nov. 2016	Jan. 2017
=====	=====	=====	=====	=====	=====	=====
---MOM% Change---			-----Dollar Level-----			-YoY%-
Total private	0.1%	0.5%	\$894.40	\$893.37	\$888.71	1.9%
Goods producing	0.5%	0.2%	\$1,098.26	\$1,093.13	\$1,091.03	2.5%
Mining	1.2%	1.3%	\$1,434.44	\$1,417.00	\$1,399.12	3.3%
Construction	0.6%	-0.5%	\$1,109.43	\$1,103.08	\$1,108.09	2.2%
Manufacturing	0.3%	0.7%	\$1,075.49	\$1,072.04	\$1,064.53	3.2%
Durable goods	0.0%	0.7%	\$1,138.36	\$1,137.94	\$1,129.84	2.5%
Nondurables	0.4%	0.7%	\$966.80	\$962.79	\$956.39	4.1%
Service providing	0.1%	0.5%	\$855.81	\$855.14	\$850.58	2.1%
Trans, utilities	0.0%	0.5%	\$775.52	\$775.38	\$771.89	1.5%
Wholesale trade	0.1%	0.4%	\$1,165.44	\$1,163.89	\$1,158.83	3.2%
Retail trade	-0.3%	0.4%	\$557.44	\$558.87	\$556.56	0.3%
Transportation	0.5%	0.0%	\$915.32	\$911.02	\$911.02	1.5%
Utilities	0.5%	2.7%	\$1,654.02	\$1,645.18	\$1,602.19	2.7%
-----	-----	-----	-----	-----	-----	-----
Information	0.8%	0.9%	\$1,366.20	\$1,355.33	\$1,343.16	4.7%
Financial activity	-1.3%	0.2%	\$1,208.39	\$1,224.38	\$1,221.75	-0.1%
Prof, business	0.4%	0.5%	\$1,130.89	\$1,126.68	\$1,121.04	2.1%
Education, health	0.1%	0.4%	\$856.20	\$855.73	\$852.44	1.9%
Leisure	0.5%	0.1%	\$395.46	\$393.38	\$393.07	3.4%

**Amid ‘conflicting’ and ‘mixed’ data-signals, reflective of a lack of ‘pure’ job growth ...
... there is NO wage pressure on the ‘build’ ... with the 12-month actual growth in
Average Hourly Earnings breaking down and violating the uptrend in place since 2012**



Average Weekly Earnings are simply NOT reflating to a degree that should be troubling to the Fed ... in fact, with CPI price inflation intensifying, “real” wage growth is COMPLETELY NON-EXISTENT !!!



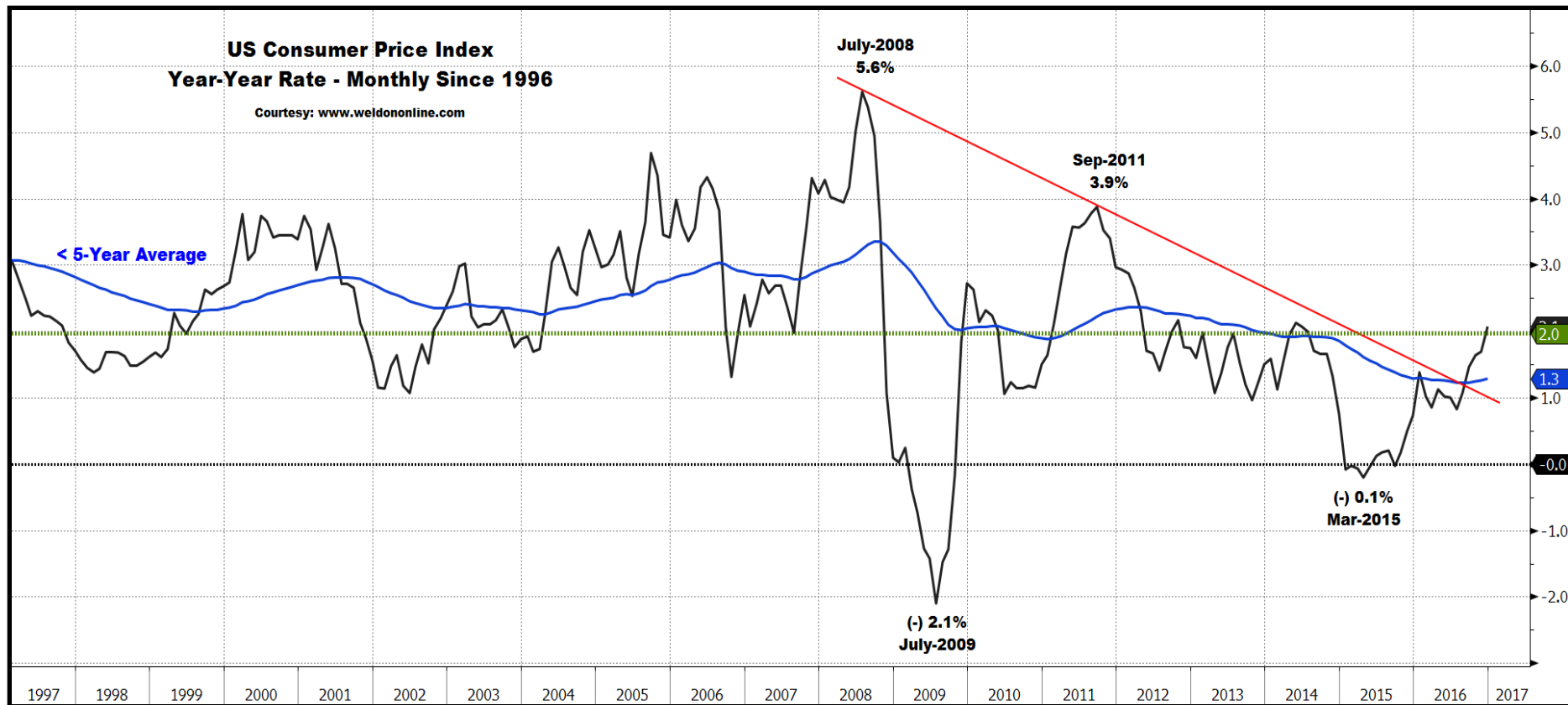


**Inflation is accelerating on the back of increases in Energy, Medical, and Shelter ...
... while Food prices remain in deflation**

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un- adjusted 12-mos. ended Dec. 2016
	June 2016	July 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016	
All items .....	.2	.0	.2	.3	.4	.2	.3	2.1
Food	-1	.0	.0	.0	.0	.0	.0	-2
Food at home	-3	-2	-2	-1	-2	-1	-2	-2.0
Food away from home ¹ .....	.2	.2	.2	.2	.1	.1	.2	2.3
Energy	1.3	-1.6	.0	2.9	3.5	1.2	1.5	5.4
Energy commodities	3.3	-4.4	-.9	5.5	6.7	2.5	3.0	9.0
Gasoline (all types)	3.3	-4.7	-.9	5.8	7.0	2.7	3.0	9.1
Fuel oil ¹	3.3	-1.3	-2.5	2.4	5.9	-1.2	6.0	12.7
Energy services	-.5	1.0	.8	.7	.5	-.1	-.1	2.2
Electricity	-.5	.5	.5	.7	.4	.0	.0	.7
Utility (piped) gas service	-.4	3.1	2.1	.8	.9	-.4	-.4	7.8
All items less food and energy .....	.2	.1	.3	.1	.1	.2	.2	2.2
Commodities less food and energy commodities	-.3	-.1	.1	-.1	.1	-.3	.0	-.6
New vehicles	-.2	.2	.0	-.1	.2	-.1	.1	.3
Used cars and trucks	-1.1	-1.0	-.6	-.3	-.1	.3	.5	-3.5
Apparel	-.4	.0	.2	-.7	.3	-.5	-.7	-.1
Medical care commodities .....	.8	.5	1.4	.6	.1	-.5	.4	4.7
Services less energy services .....	.3	.2	.3	.2	.2	.3	.3	3.1
Shelter .....	.3	.2	.3	.4	.4	.3	.3	3.6
Transportation services .....	.3	-.2	.1	.0	-.2	.4	.6	2.8
Medical care services .....	.2	.5	1.0	.0	.0	.2	.1	3.9

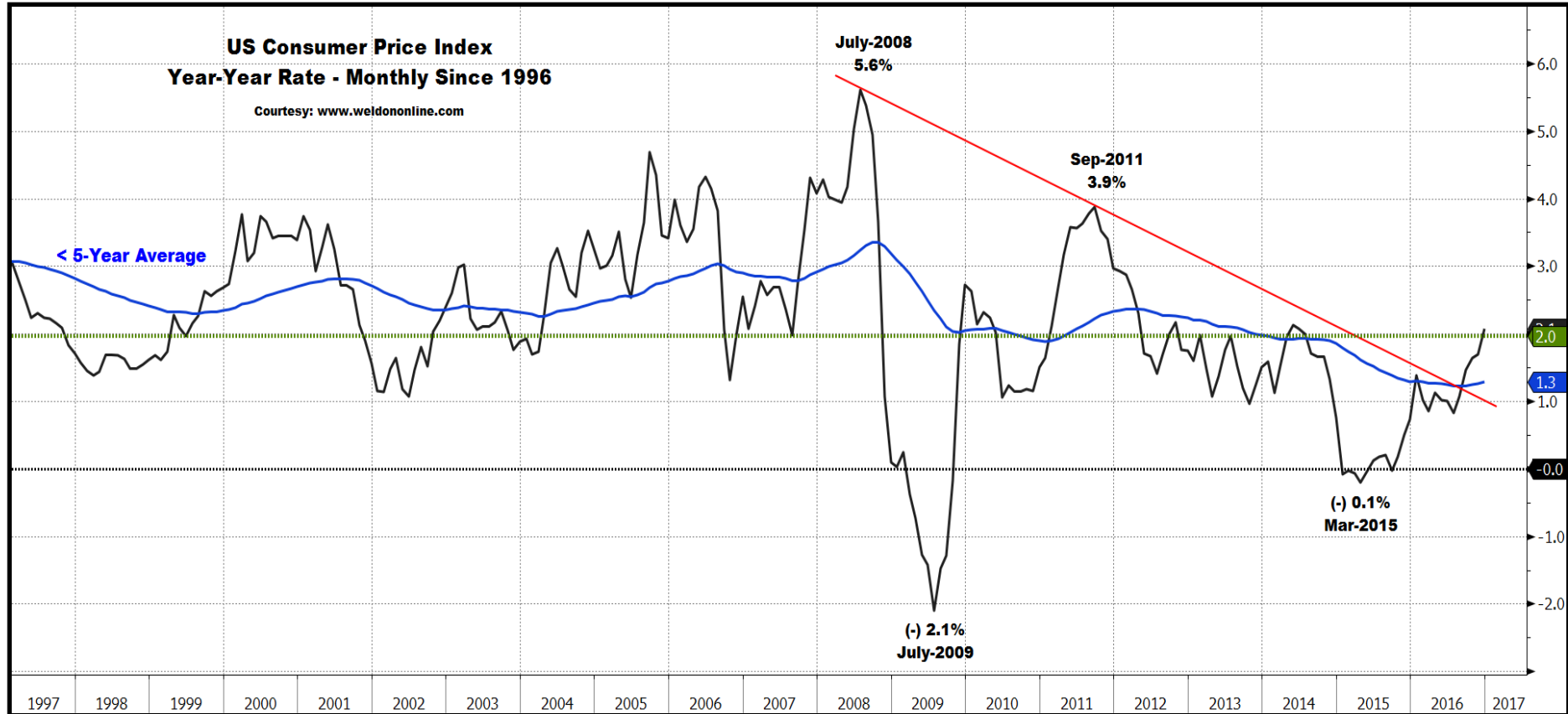
US inflation is breaking out ... and has violated the downtrend line in place since the 2008 high, while the long-term trend-defining 5-Year MA has turned to the upside, directionally



Close-Up: CPI inflation rate rises above 2%

US Consumer Price Index Year-Year Rate - Monthly Since 1996

Courtesy: www.weldononline.com





Inflation rates in MAJOR US cities is significantly HIGHER than the headline national rate

Selected local areas ⁵		
Chicago-Gary-Kenosha, IL-IN-WI.....	M	1.9
Los Angeles-Riverside-Orange County, CA.....	M	2.0
New York-Northern N.J.-Long Island, NY-NJ-CT-PA. .	M	2.1
Boston-Brockton-Nashua, MA-NH-ME-CT.....	1	
Cleveland-Akron, OH.....	1	
Dallas-Fort Worth, TX.....	1	
Washington-Baltimore, DC-MD-VA-WV ⁶	1	
Atlanta, GA.....	2	2.6
Detroit-Ann Arbor-Flint, MI.....	2	2.4
Houston-Galveston-Brazoria, TX.....	2	2.3
Miami-Fort Lauderdale, FL.....	2	2.9
Philadelphia-Wilmington-Atlantic City PA-NJ-DE-MD .	2	1.7
San Francisco-Oakland-San Jose, CA.....	2	3.5
Seattle-Tacoma-Bremerton, WA.....	2	2.6

All Items.....	2.9
All items (November 1977=100).....	
Food and beverages.....	-0.3
Food.....	-0.3
Food at home.....	-2.2
Food away from home.....	2.3
Alcoholic beverages.....	-0.4
Housing.....	3.3
Shelter.....	4.5
Rent of primary residence ⁽¹⁾	5.8
Owners' equiv. rent of residences ^{(1) (2)}	4.3
Owners' equiv. rent of primary residence ^{(1) (2)}	4.3
Fuels and utilities.....	-4.2
Household energy.....	-6.3
Energy services ⁽¹⁾	-6.3
Electricity ⁽¹⁾	-6.5
Utility (piped) gas service ⁽¹⁾	-2.8
Household furnishings and operations.....	-0.7
Apparel.....	3.4
Transportation.....	5.0
Private transportation.....	5.4
Motor fuel.....	7.4
Gasoline (all types).....	7.4
Unleaded regular ⁽³⁾	7.8
Unleaded midgrade ^{(3) (4)}	5.1
Unleaded premium ⁽³⁾	5.1



Within the South Florida CPI breakdown we note some BIG numbers in the areas of Shelter & Rent ...

... along with Gasoline, Apparel and Transportation ...

... while Food and Household Energy (Gas and Electricity) remains in deflation, a factor that is almost assuredly going to SHIFT to the 'upside', inflation-wise !!!

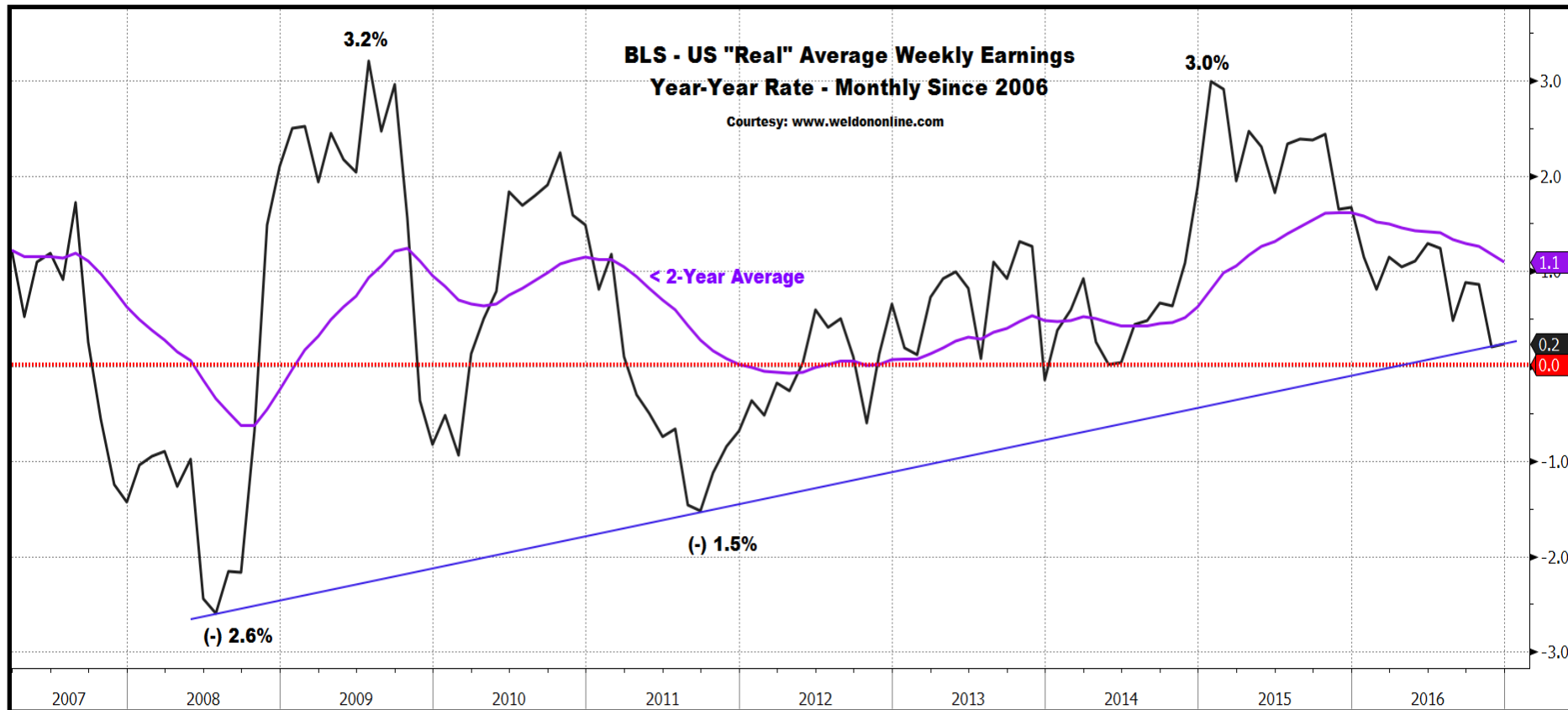
Medical Care.....	9.2
Recreation ⁽⁵⁾	2.0
Education and communication ⁽⁵⁾	-3.1
Other goods and services.....	0.8
Commodity and service group	
All Items.....	2.9
Commodities.....	2.9
Commodities less food & beverages.....	5.8
Nondurables less food & beverages.....	7.6
Durables.....	2.1
Services.....	2.8
Special aggregate indexes	
All items less medical care.....	2.4
All items less shelter.....	1.7
Commodities less food.....	5.5
Nondurables.....	3.1
Nondurables less food.....	7.0
Services less rent of shelter ⁽²⁾	0.4
Services less medical care services.....	2.9
Energy.....	0.4



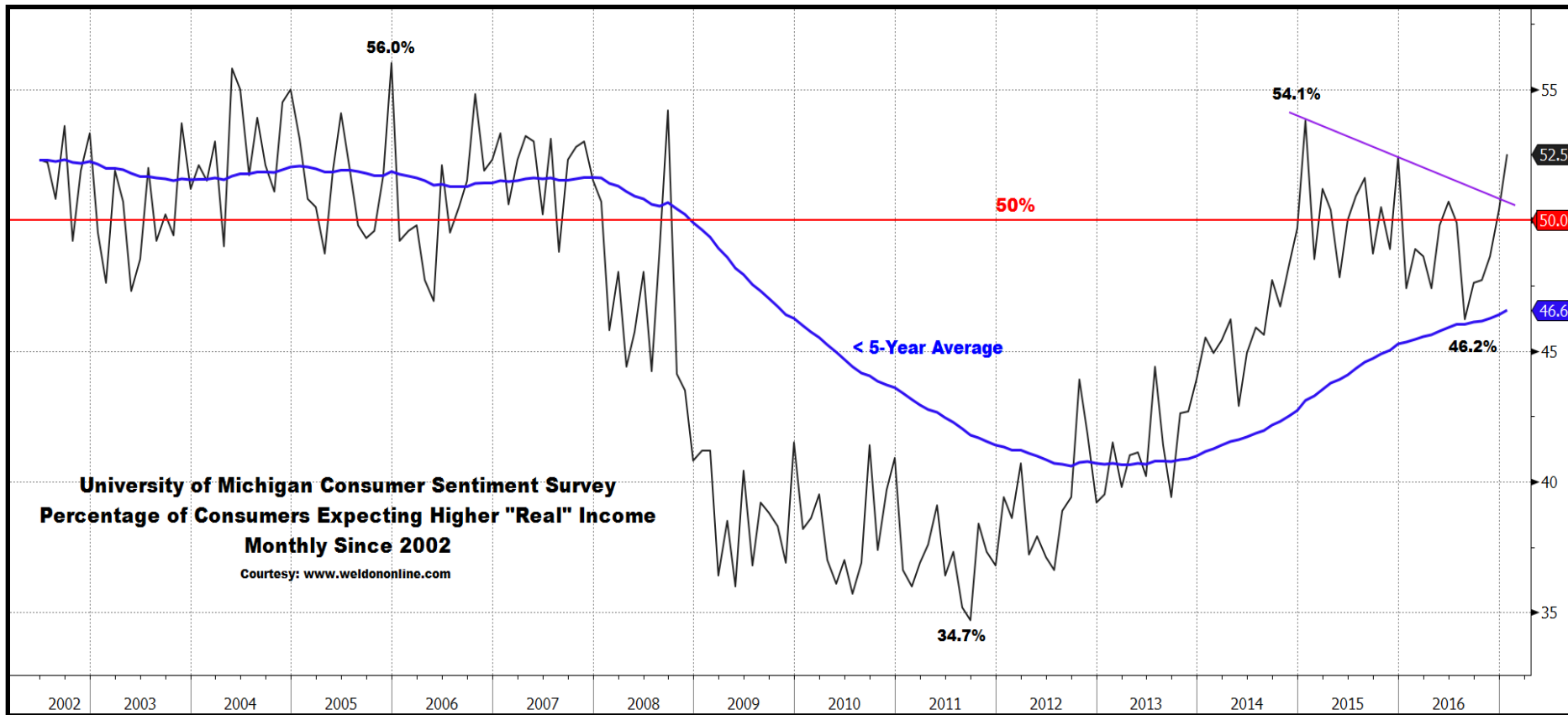
Also, Medical Care inflation is running AMOK in South Florida, presumably as a result of an increase in the cost of caring for the elderly ...

... while Service CPI inflation is near 3%

Subsequent to the rise in inflation, Real Earnings are disinflating, and are barely positive



But, the MAJORITY of Consumers expect higher “real” income over the next year





**MMmmmm, we wonder ... when it comes to the EXPECTATION for higher income ...
... versus the REALITY wherein Wage Reflation is virtually non-existent !!!**

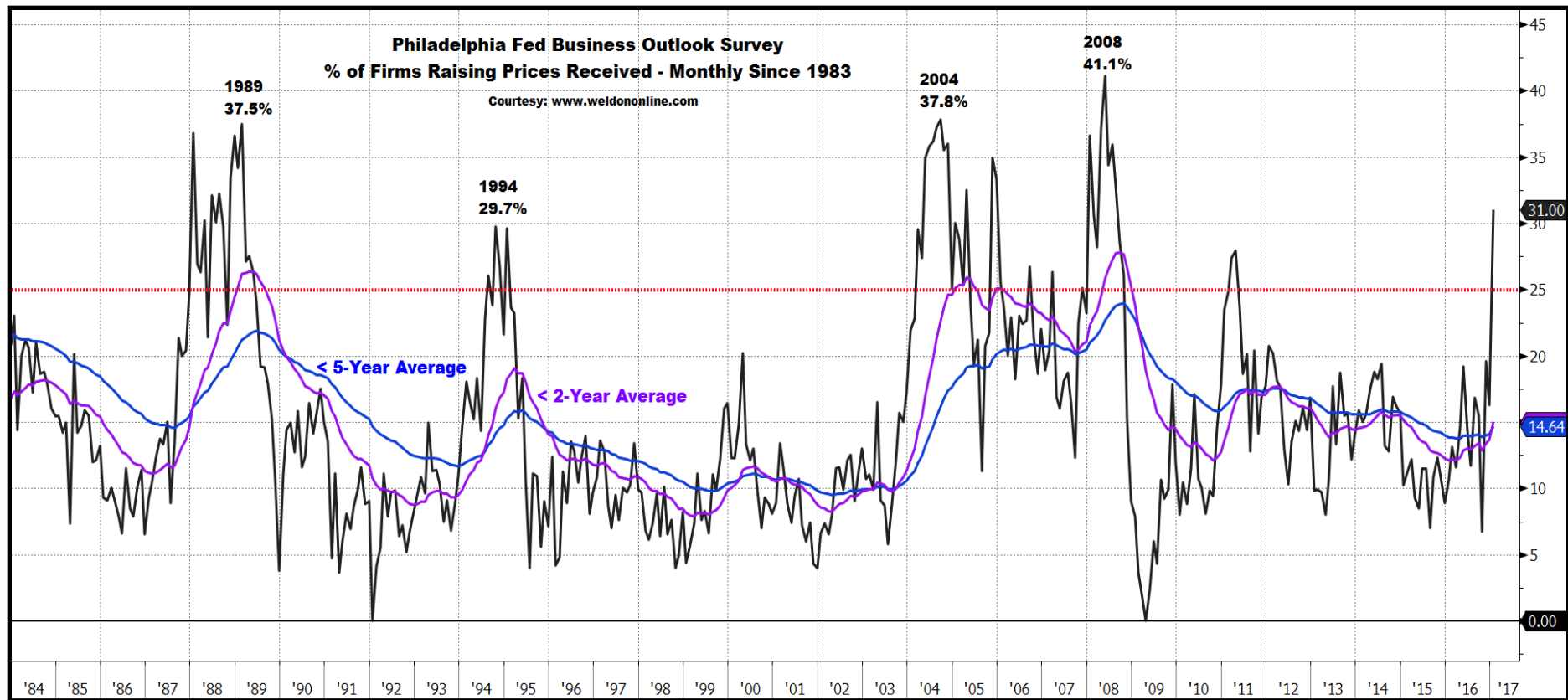
Shaving my head



**At the margin, lies the issue of ‘pricing-power’, a force that has evaded businesses over the last eight-years, and thus we specific focus on the first significant rise in Prices Received in several YEARS ...
... a rise that actually EXCEEDS the expectations posted six-months ago
(July-2016), within the Philly Fed Survey**

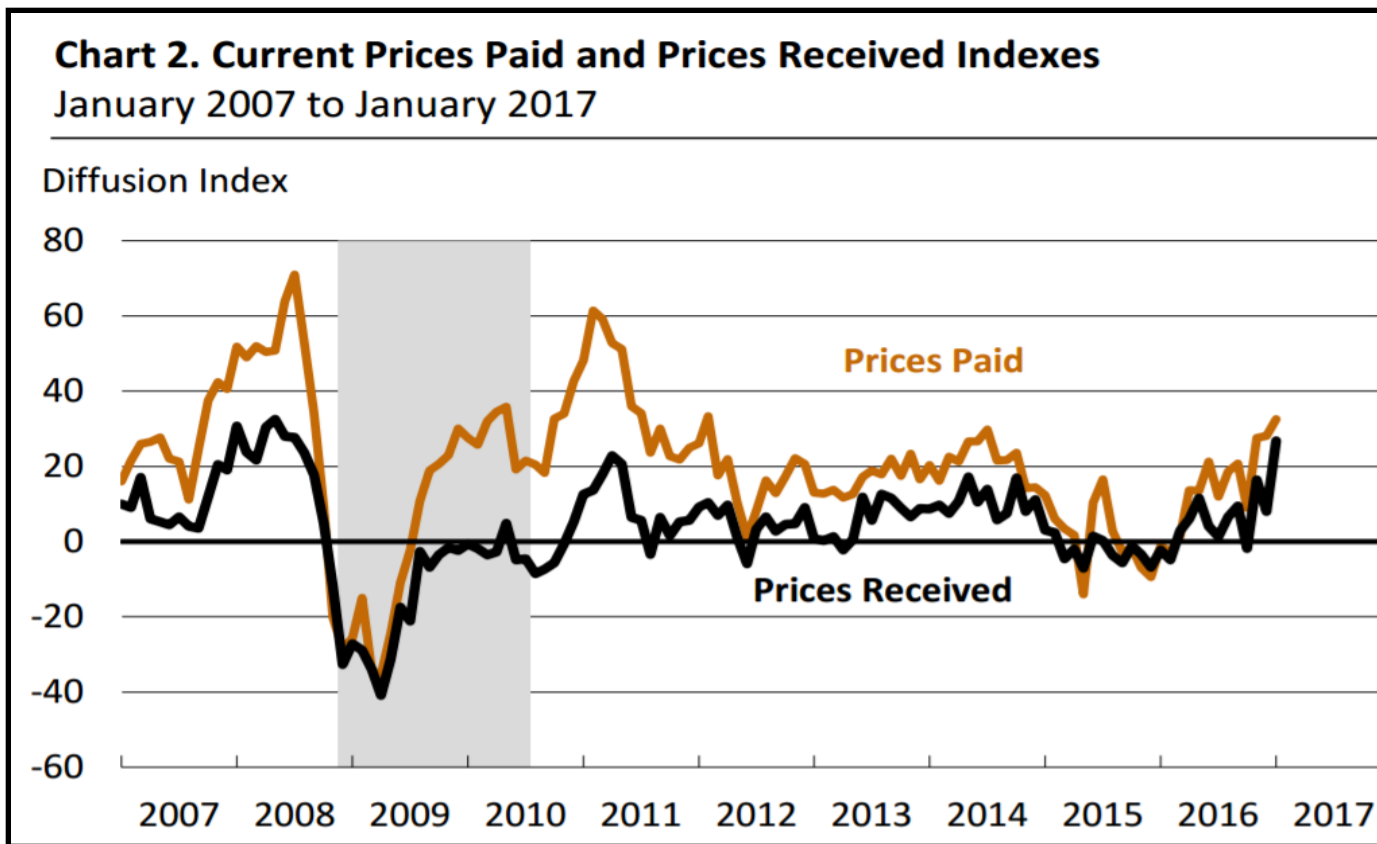
Prices Received Index				
	Current		6-Month Outlook	
	% Higher	% Lower	% Higher	% Lower
Jan	31.0	4.2	37.4	9.9
Dec	15.7	9.9	38.7	8.7
Nov	19.6	3.5	33.6	2.6
Oct	5.7	9.4	36.7	7.5
Sep	15.7	5.9	38.6	5.2
Aug	17.9	10.8	24.7	10.8
Jul	10.8	10.6	28.4	4.3

From NO pricing power at the final demand level, to historically HIGH Prices Received ...

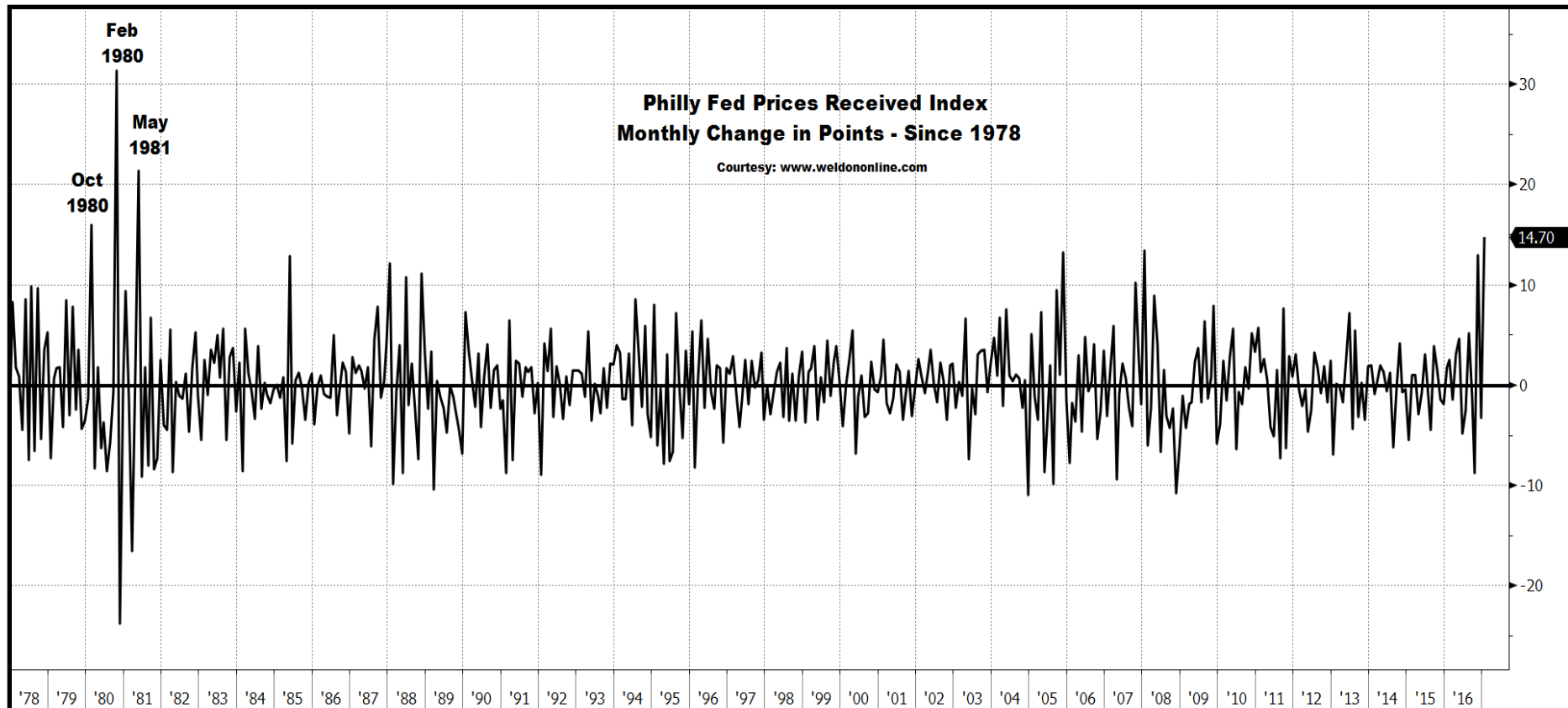




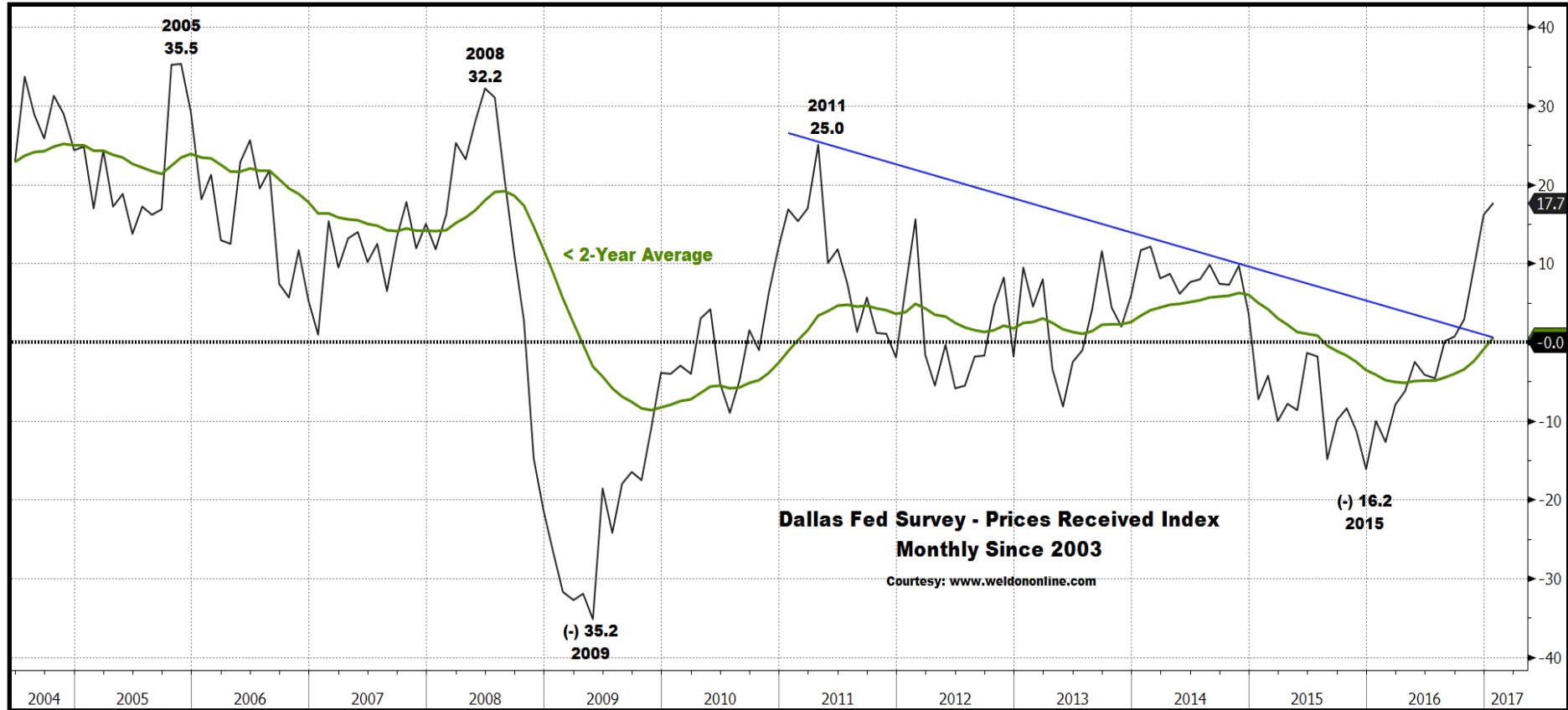
Within the context of price inflation, and, more importantly, making a serious run at ‘pricing-power’, the Philly Fed Price Indexes are breaking out and reaching multi-year highs



... amid the fourth largest single-month increase EVER, and THE LARGEST since 1981



Similarly, the Dallas Fed's Survey Prices Received Index ... SOARED





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**The Fed's Dot-Plot is LOADED for bear, with hawkish ammunition ...
... but ... can they pull the trigger, now that you CAN, 'See the White's of Inflation's Eyes' !!!**



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Despite the recent rise in US Treasury yields, thanks to the rise in CPI inflation rates, 'real' Treasury yields remain HISTORICALLY LOW ...



The risk facing the Fed, if it were to meet their Dot-Plot rate hike projections, aside from the potential to exacerbate a possible 'stagflation' event ... is the US Budget situation, and the near \$20 trillion in US public debt, and its link to the 1.90% level on the 5-Year US Treasury Note yield ... let alone the near \$200 trillion in US Commercial Bank held (For Trading Purposes) interest rate derivatives



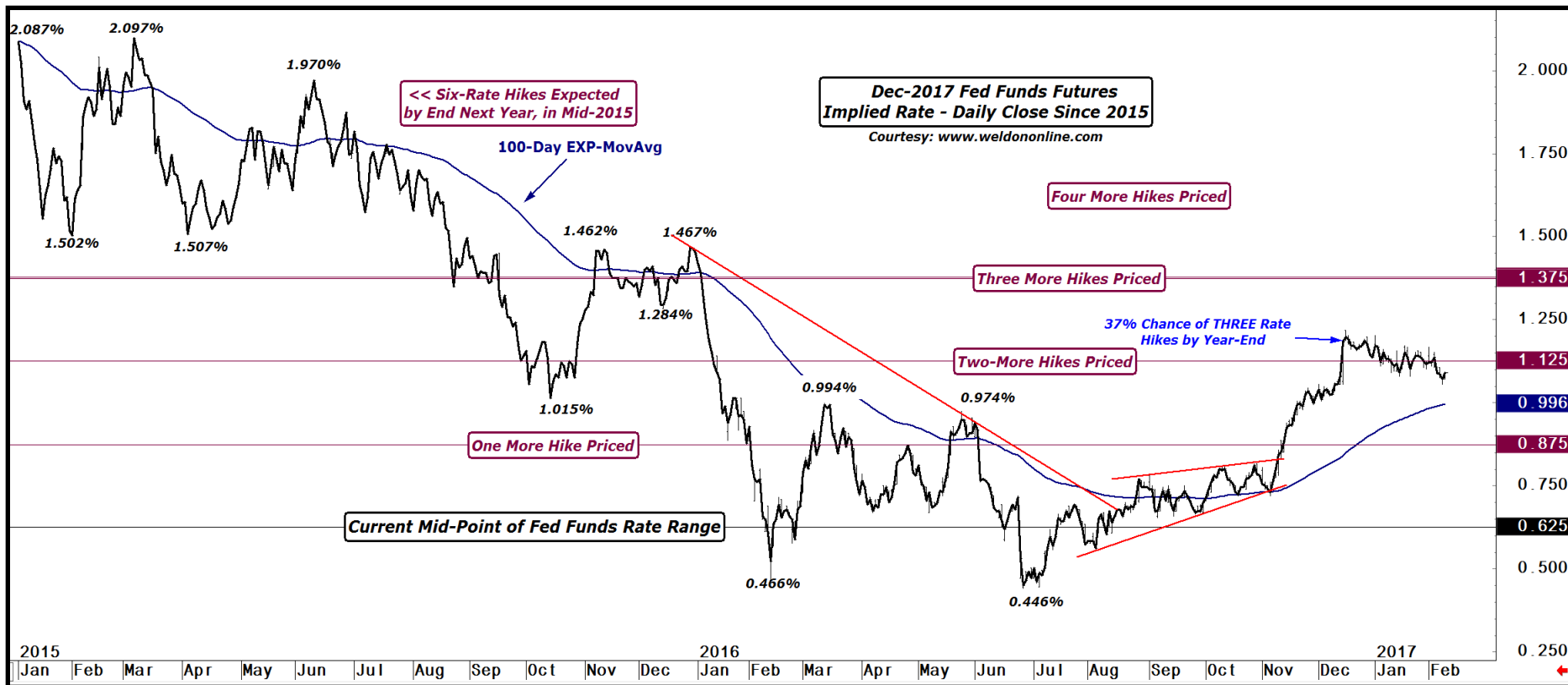
Close-Up: The monetary-debt black hole's "Event Horizon"



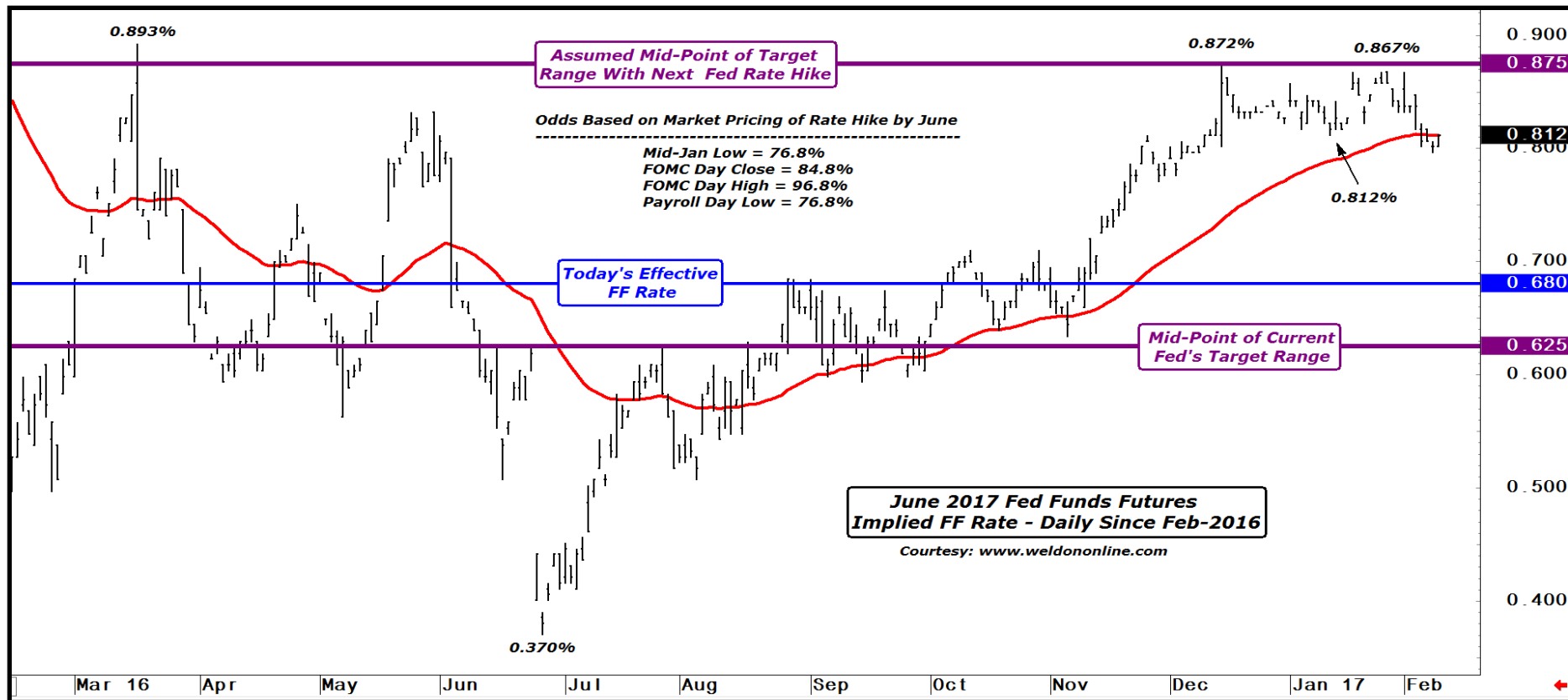
**The US Dollar continues to derive support from its large (near a record) Bond Yield differential “premium”
... another headwind as it relates to the odds of the Fed meeting their Dot-Plot projections**



The odds that the Fed will meet their own Dot-Plot projections for raising the Fed Funds Rate in 2017 have fallen, sharply ...



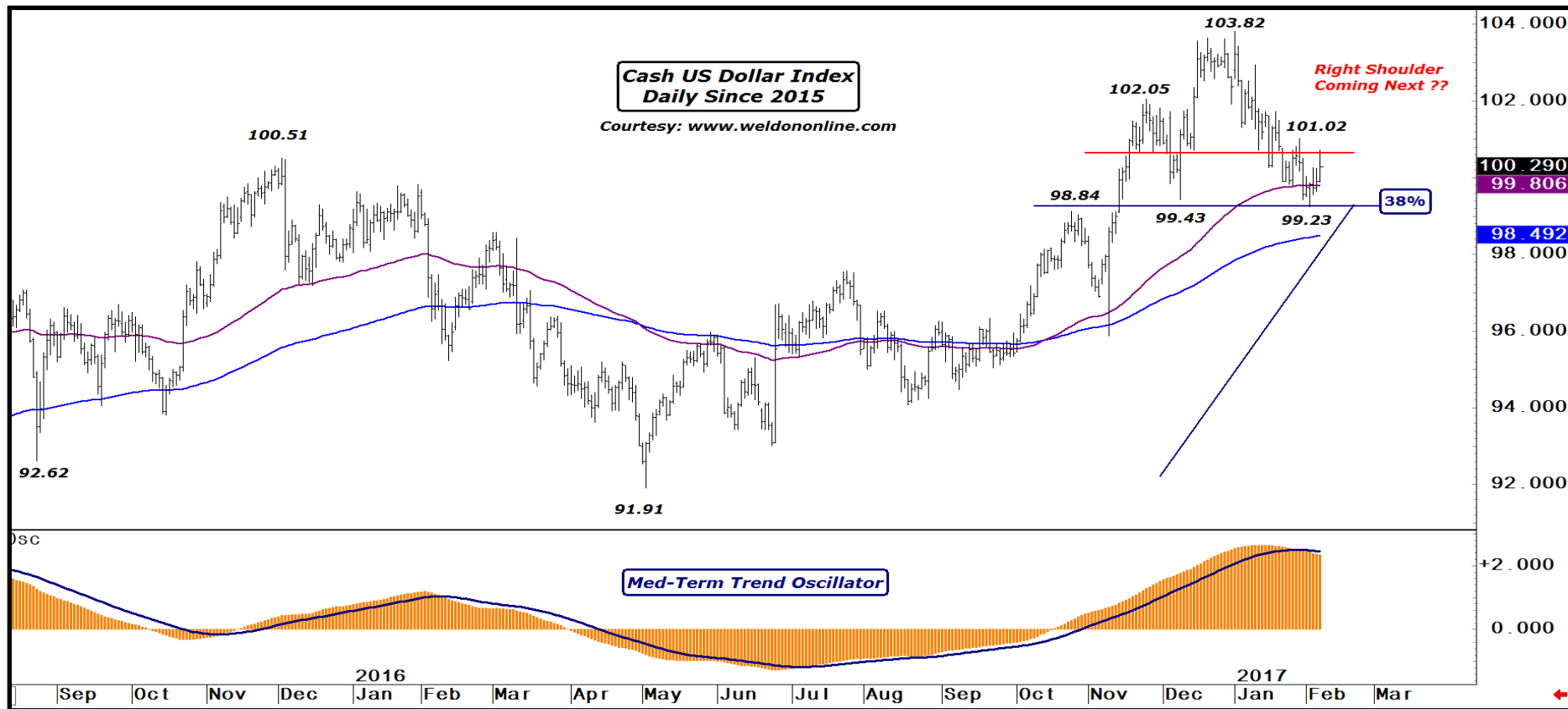
**... while the chance of a hike by the middle of the year have also fallen,
particularly since the January Payroll Employment Report was released**



The USDX looks to have potentially lost the support it had been deriving from the hawkish forward expectation for future Fed policy moves



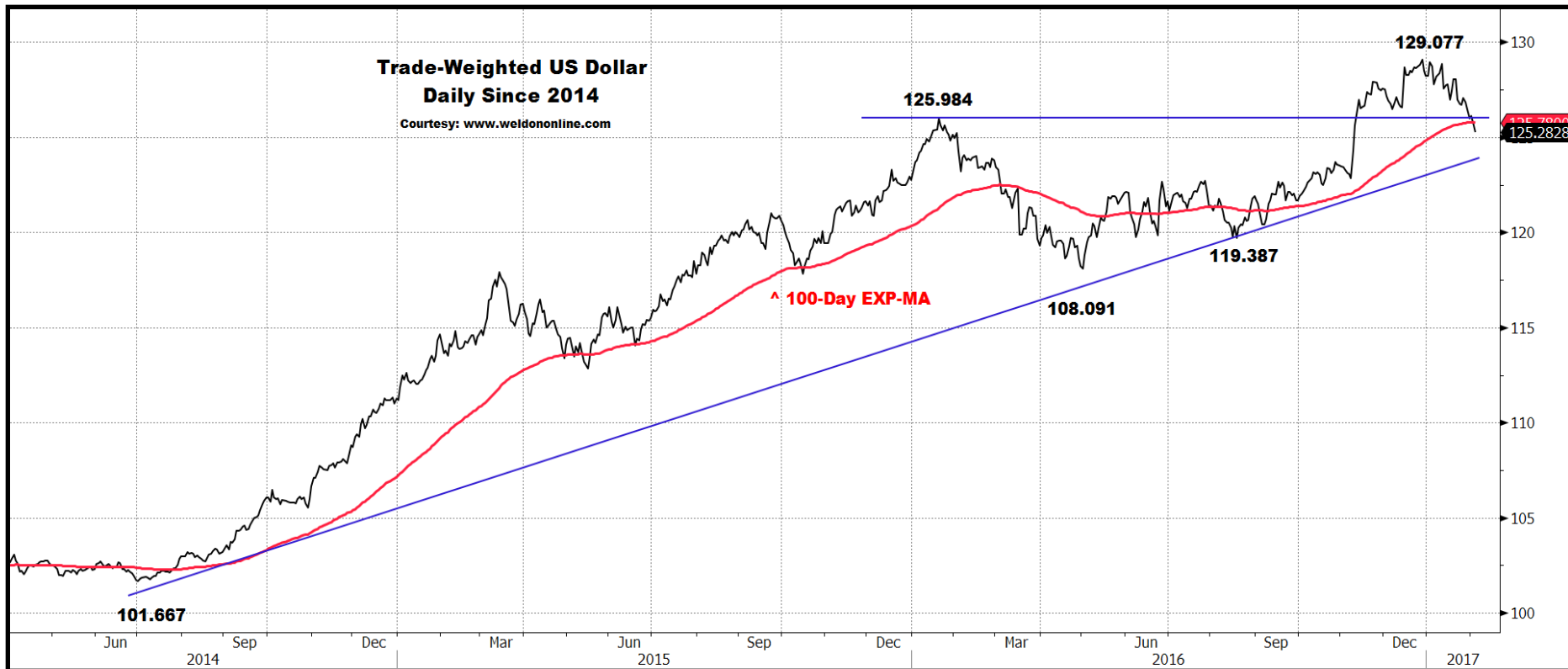
The US Dollar rallied off its most recent low, but the move is only serving to solidify the recent low at 99.23 as a could-be-major downside technical pivot-point



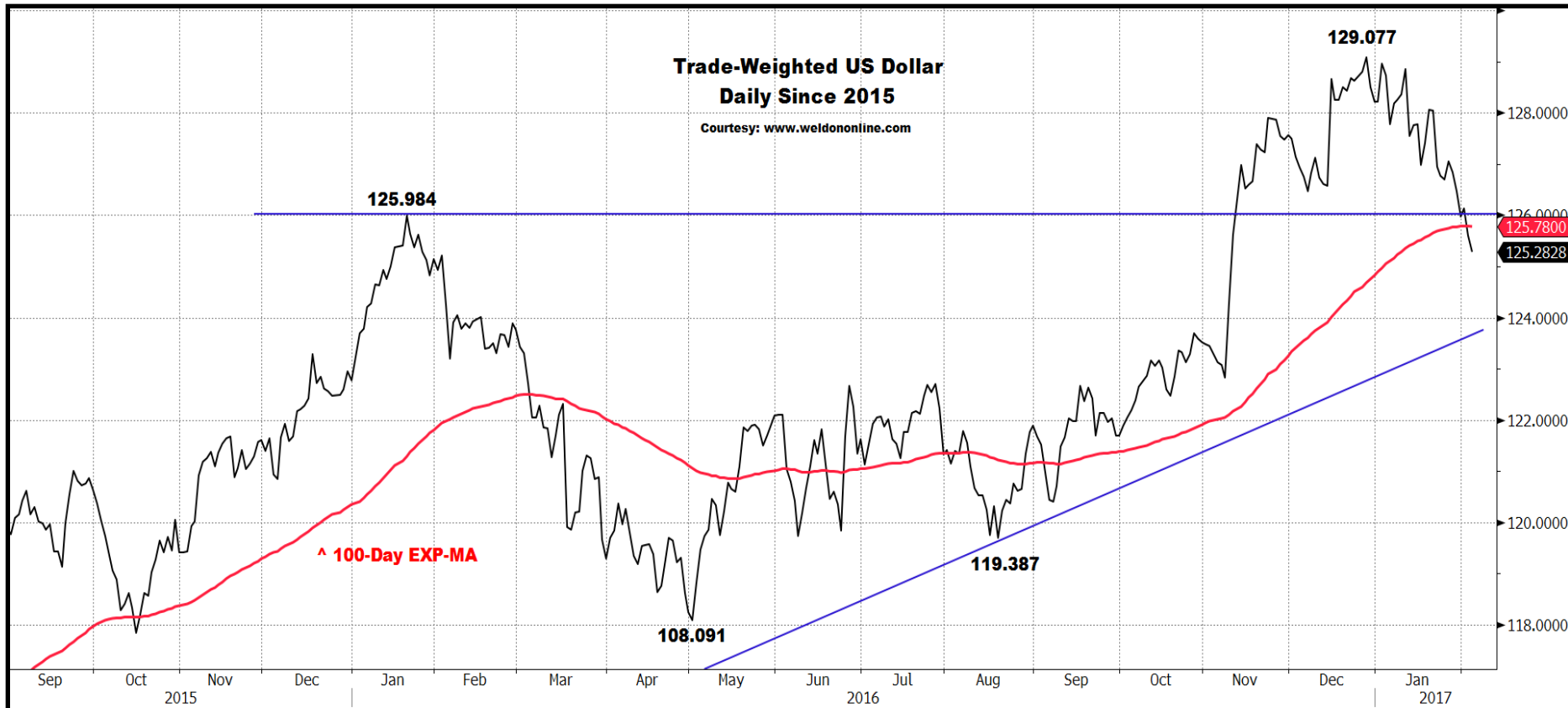
**From a longer-term perspective, 99.23 takes on 'added-meaning',
as the low of last week's outside-downside reversal week,
and a reversal low 'from' support derived from the 2015 and 2016 highs**



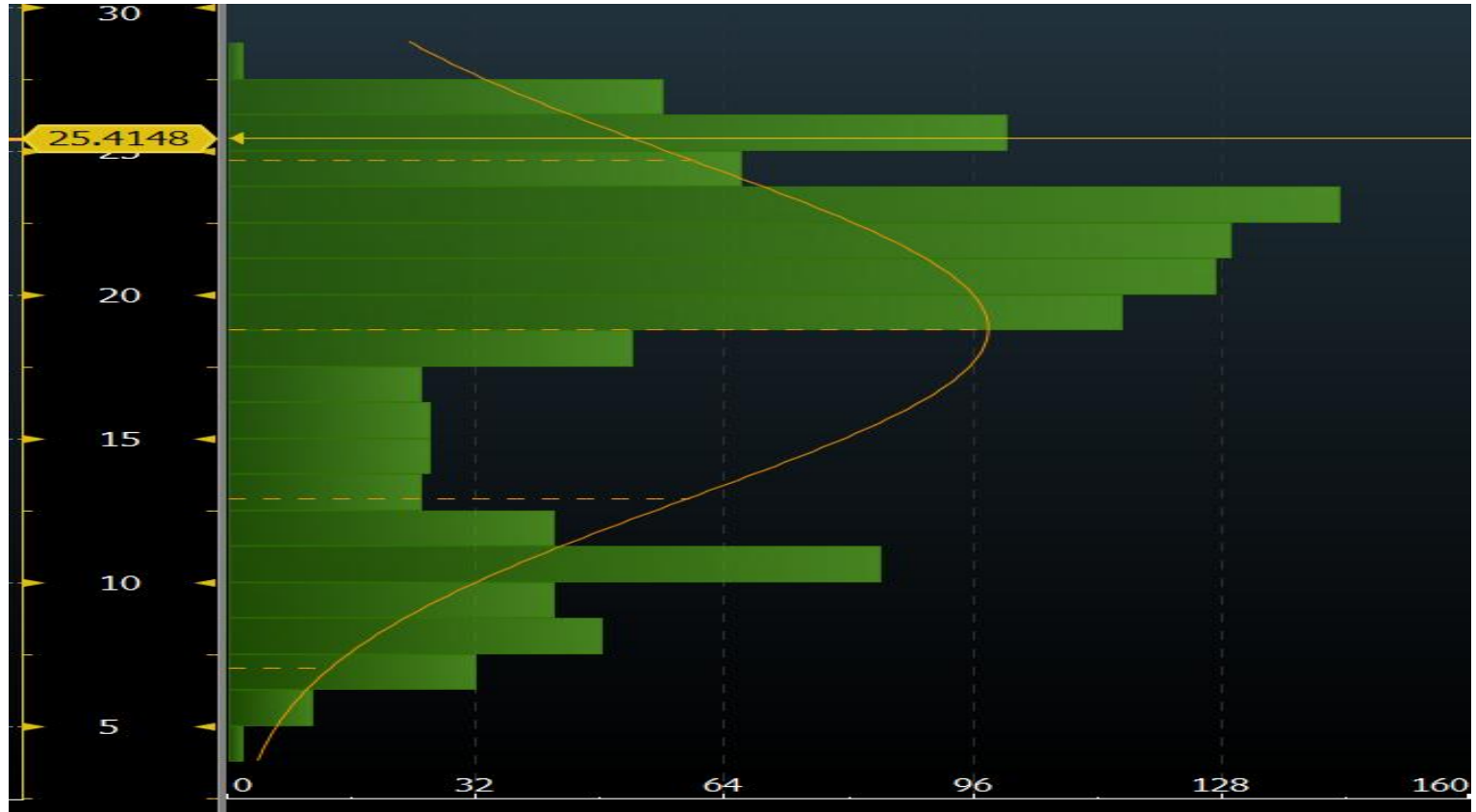
**In synch with our WeldonLIVE discussion of the US Merchandise Trade data ...
... we note that the 'Trade-Weighted' US Dollar has broken down,
and is on the verge of a more technically significant test of the uptrend in place since 2014**



Close-Up: Trade-Weighted US Dollar ... cracked



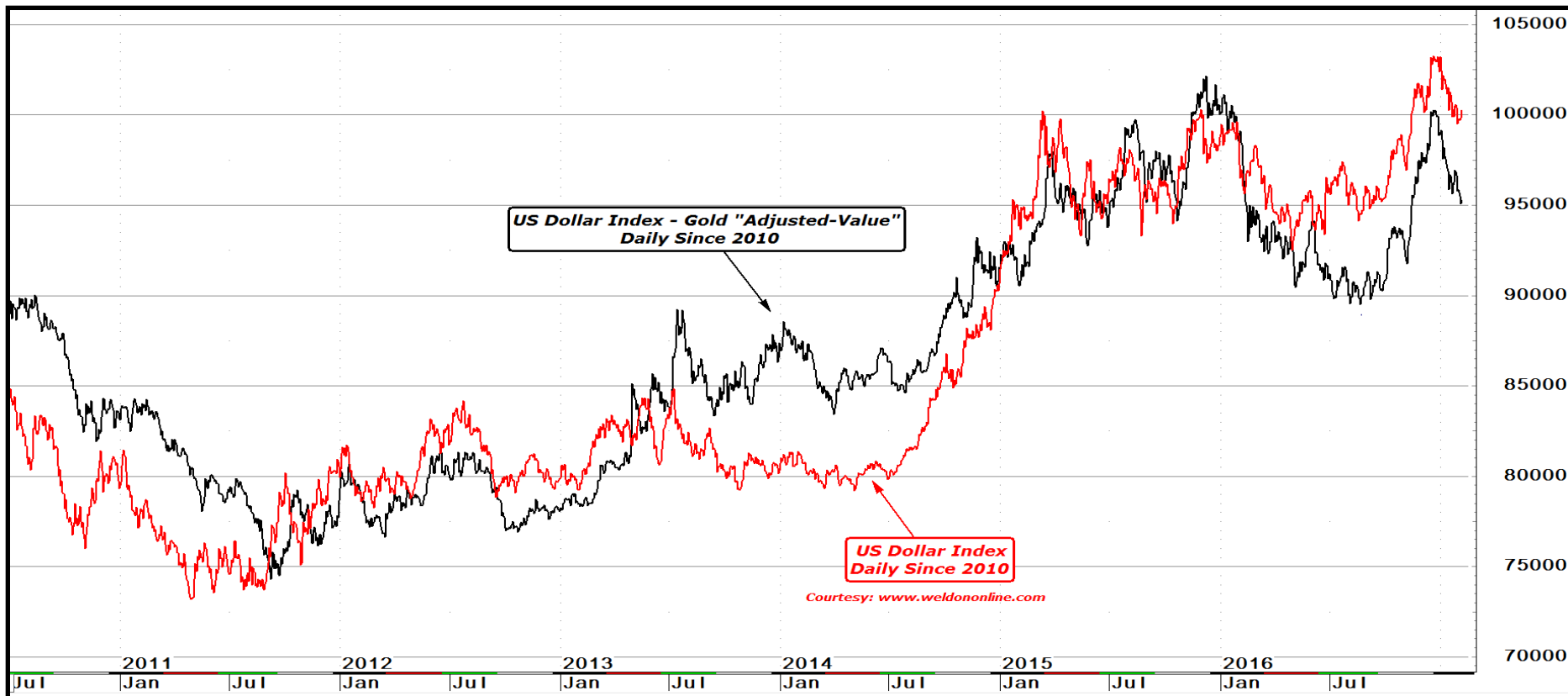
The TW-USD is 'high', on a relative basis ... and sits at the edge of the 'distribution curve'



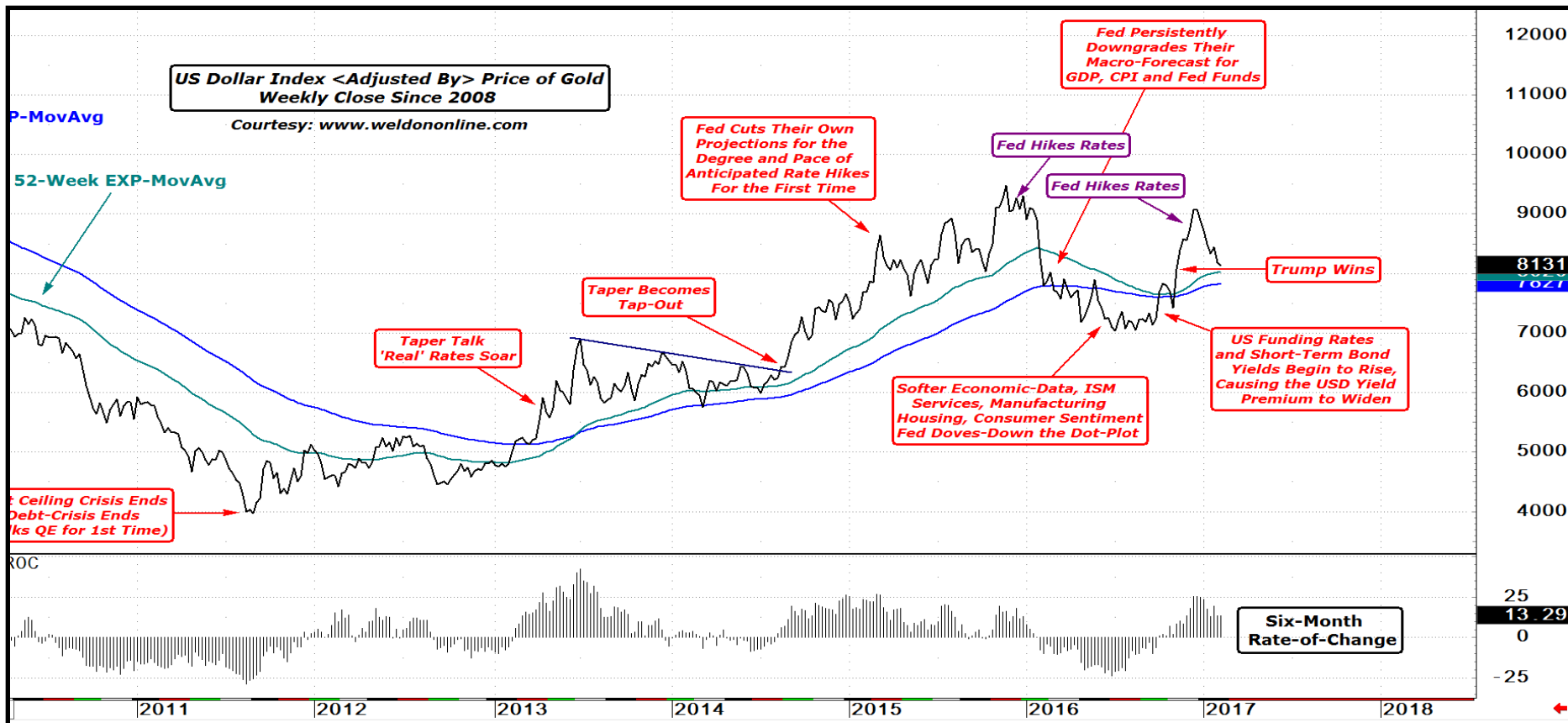
AND ... the Gold-Adjusted Dollar Index is also BREAKING DOWN ...



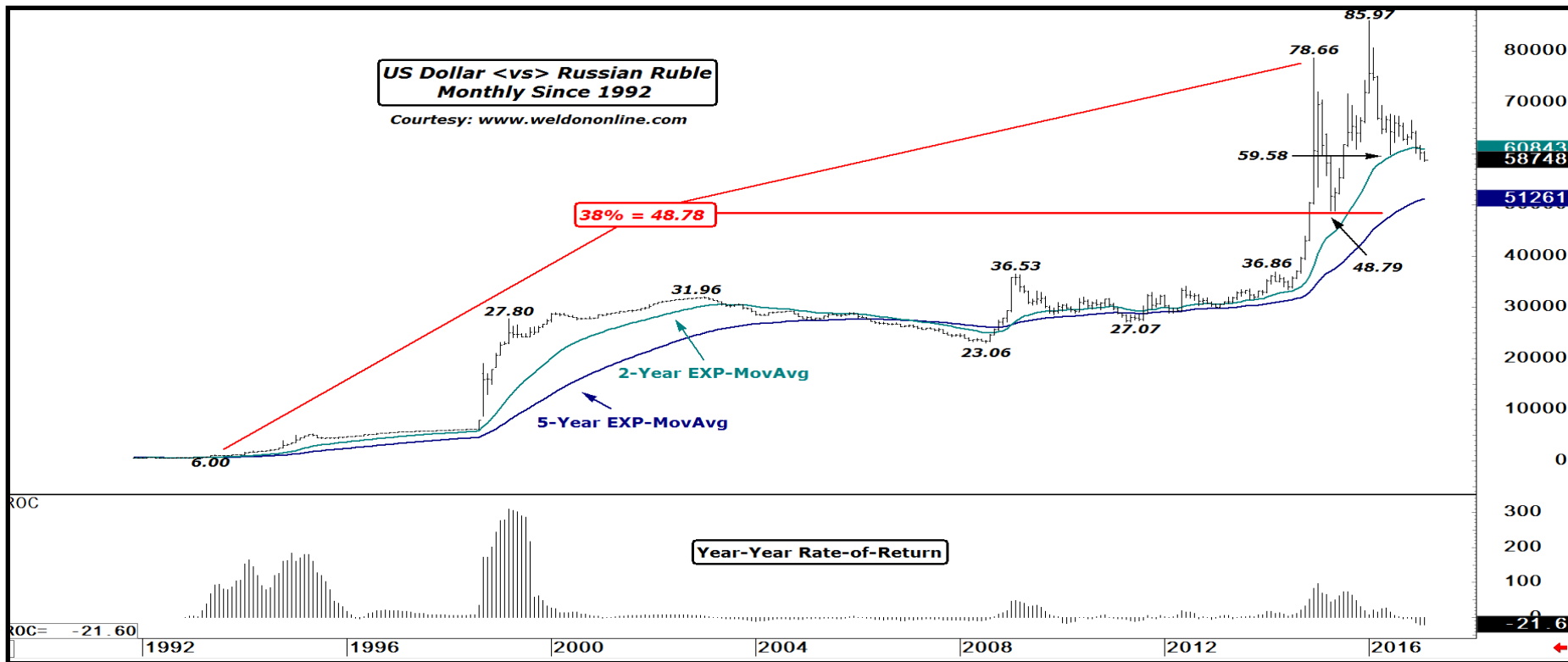
**... amid a significant degree of 'bearish divergence',
in the fact that the Gold-Adjusted Dollar FAILED to confirm the recent multi-year high in the USD**



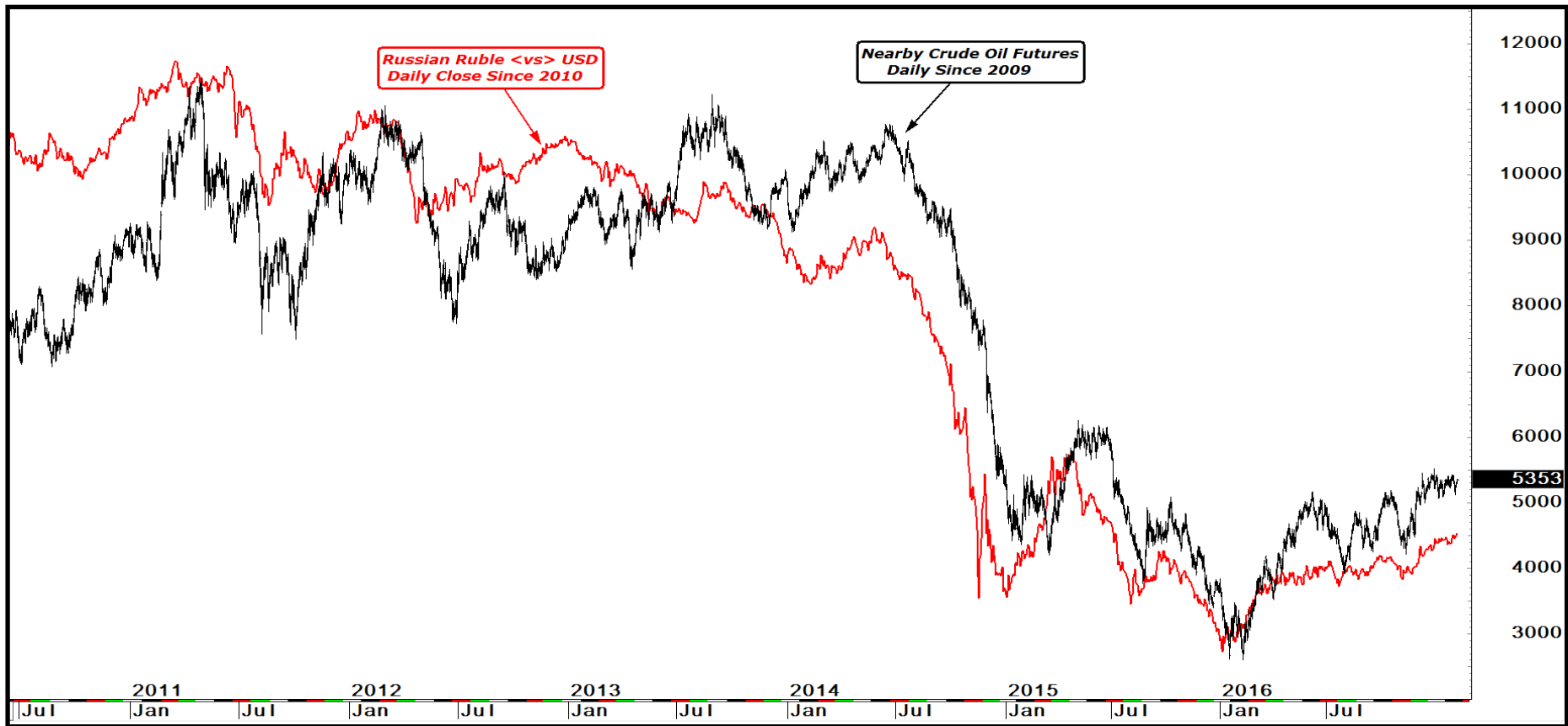
The Gold-Adjusted Dollar has now LOST nearly ALL of its post-Trump-election appreciation



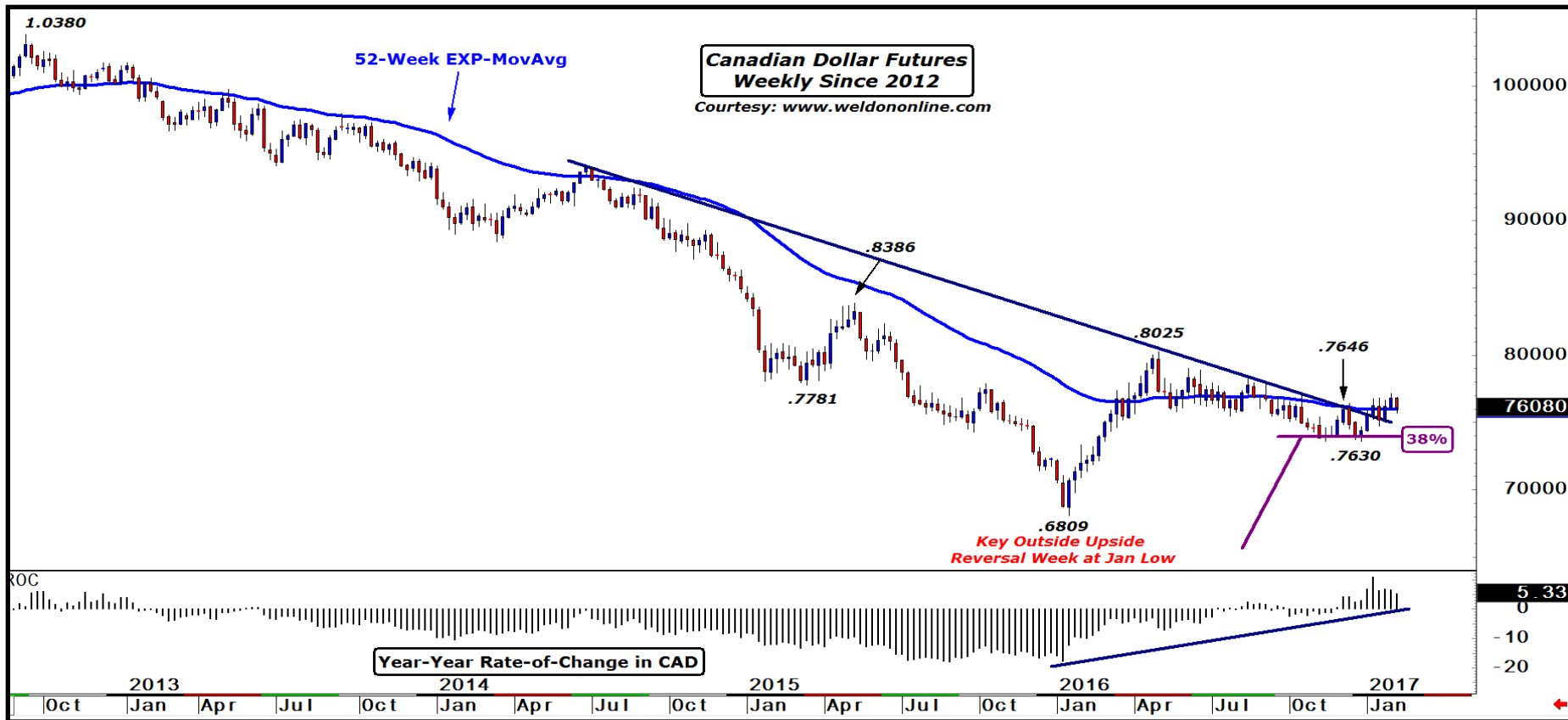
Telling and 'on-point' is the fact that while the USDX continues to derive support from a 'soft' EUR, the greenback is breaking DOWN relative to a broad and lengthening list of 'commodity currencies', including the Oil-linked Russian Ruble, which has violated key 'resistance' and is breaking out on a long-term technical basis



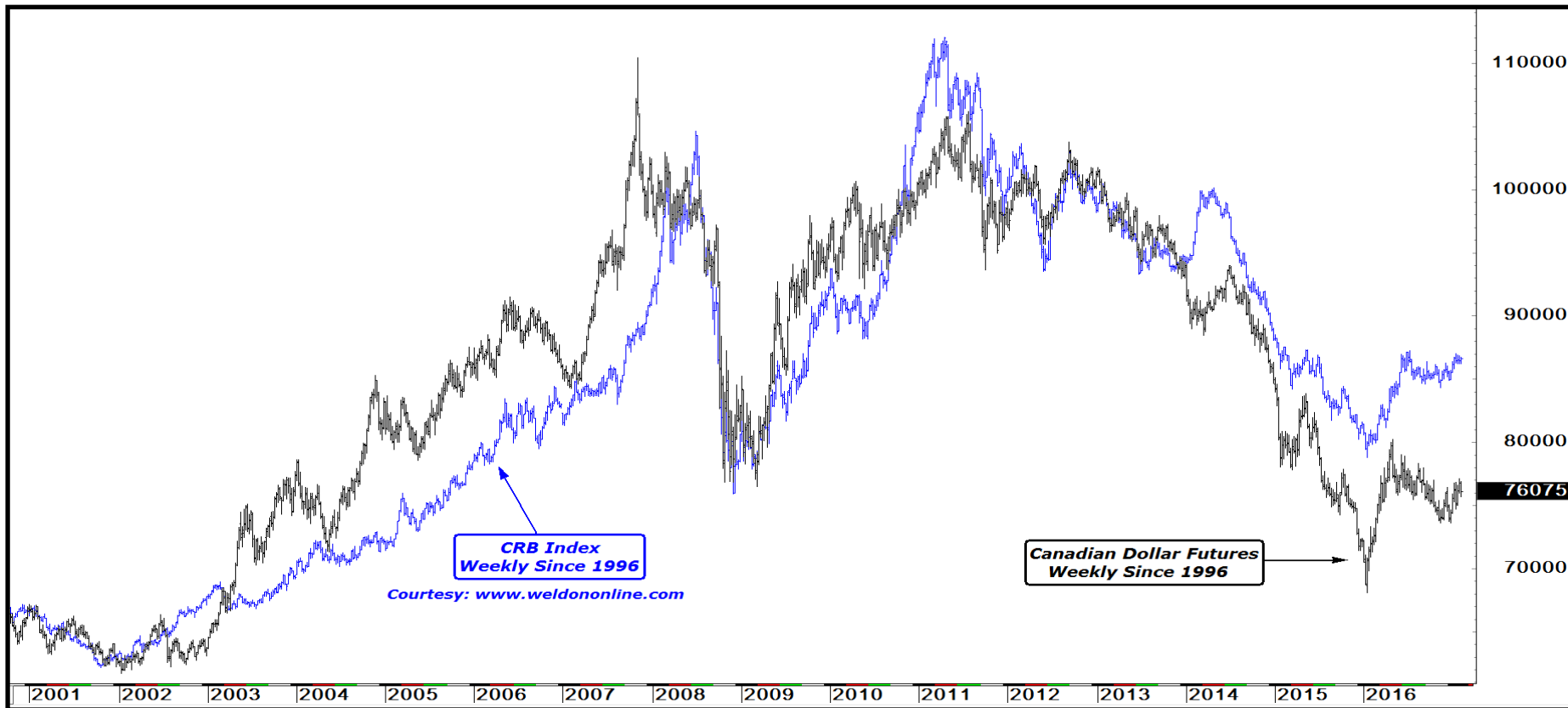
Crude Oil is leading the Ruble higher



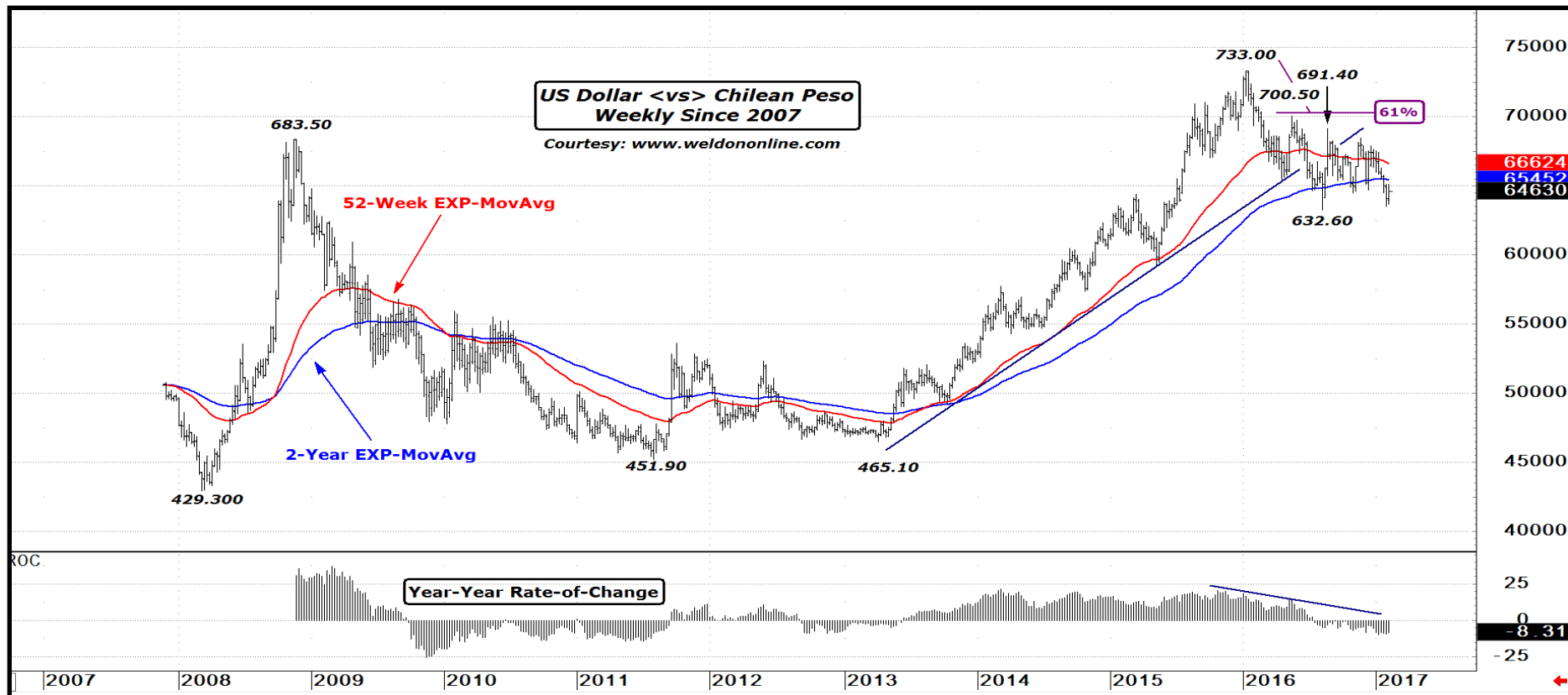
The Canadian Collar is probing key long-term overhead resistance, and bidding to breakout ...



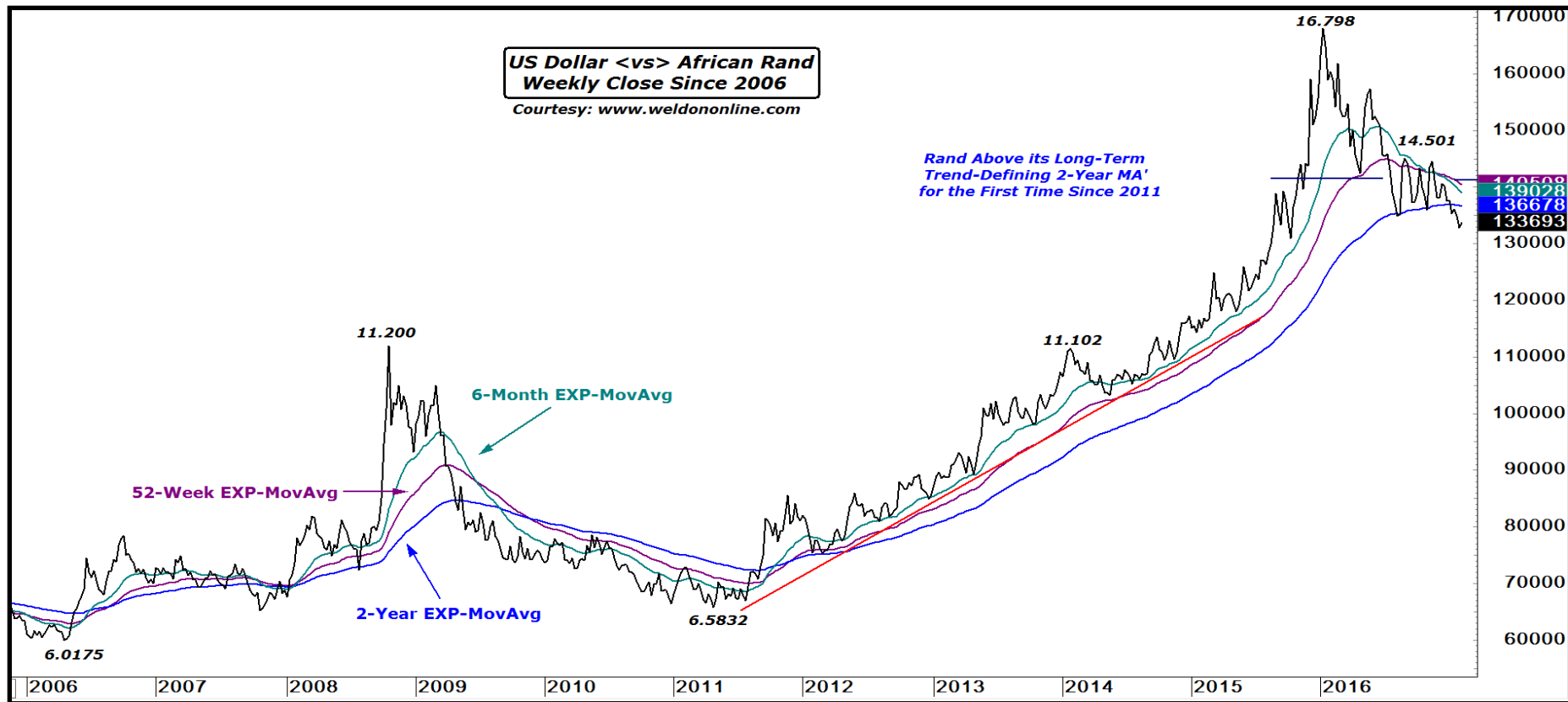
**... deriving support from the rally in the commodities complex,
(which appears ready to intensify, amid possible long-term breakouts in Corn and the Oilseed sector)**



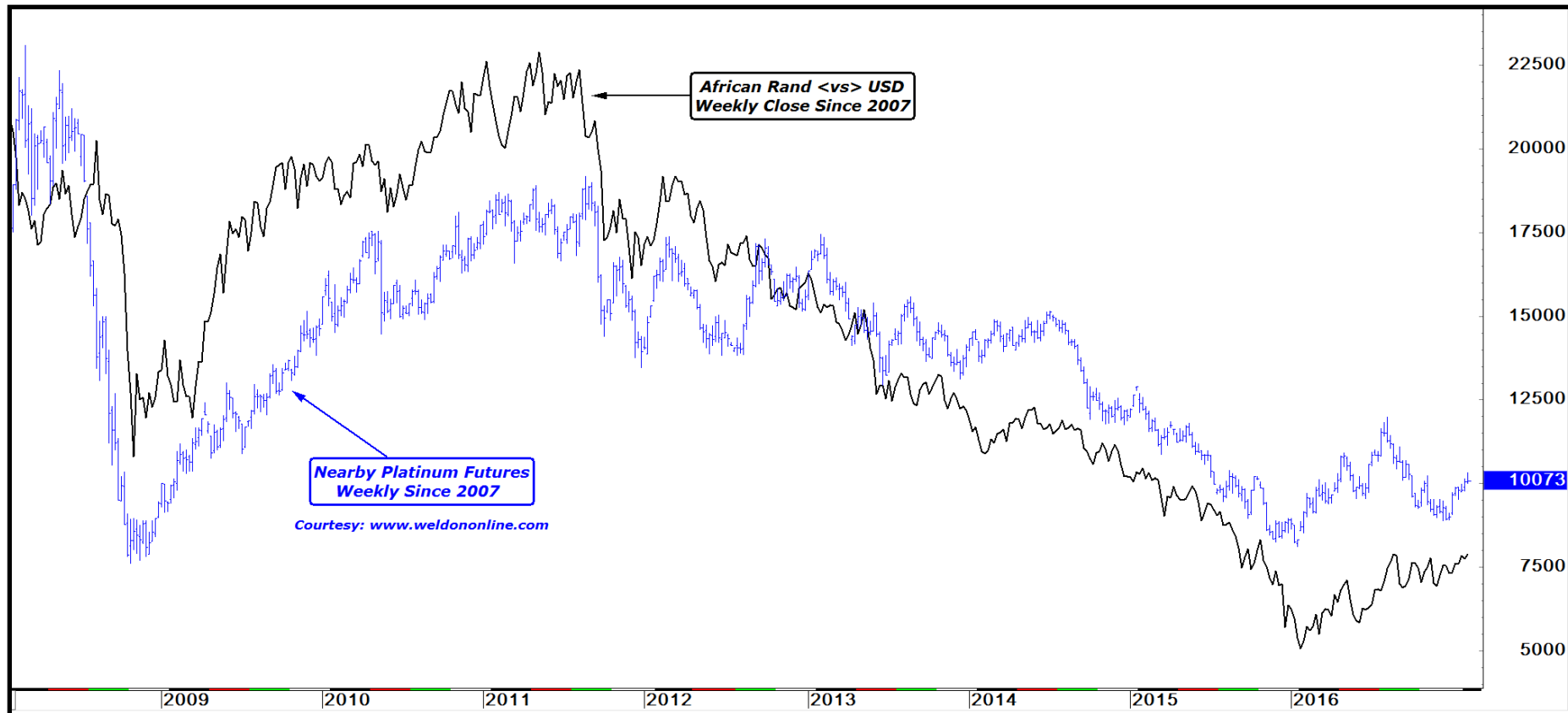
In synch with the rally in Copper, the Chilean Peso has moved 'above' its long-term trend-defining 2-Year EXP-MA for the first time since 2013 ...



... while the South African Rand has already broken out, and is above its 2-Year EXP-MA for the first time in nearly SEVEN-YEARS !!!! ... or, since 2011



Platinum is showing signs of life, and is supporting the move higher in the Rand





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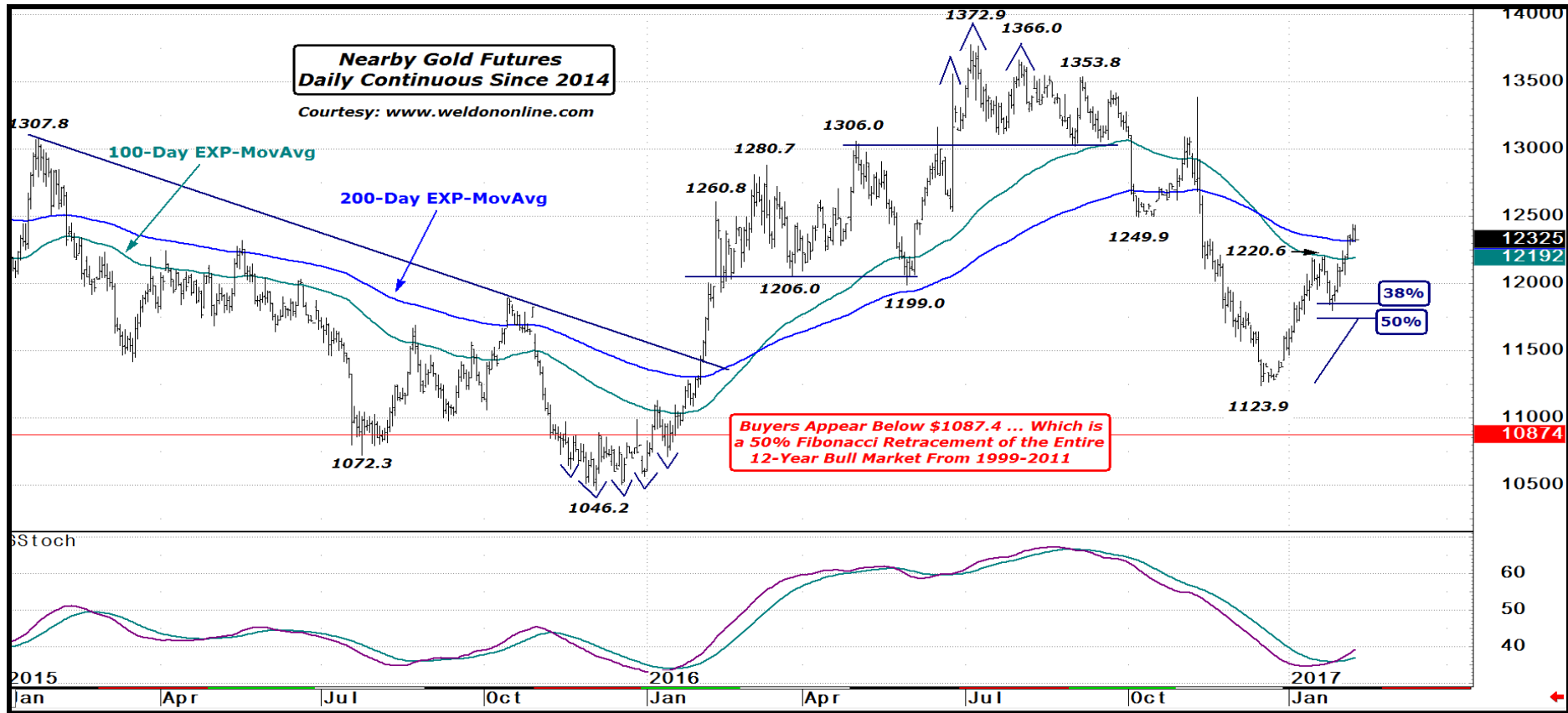
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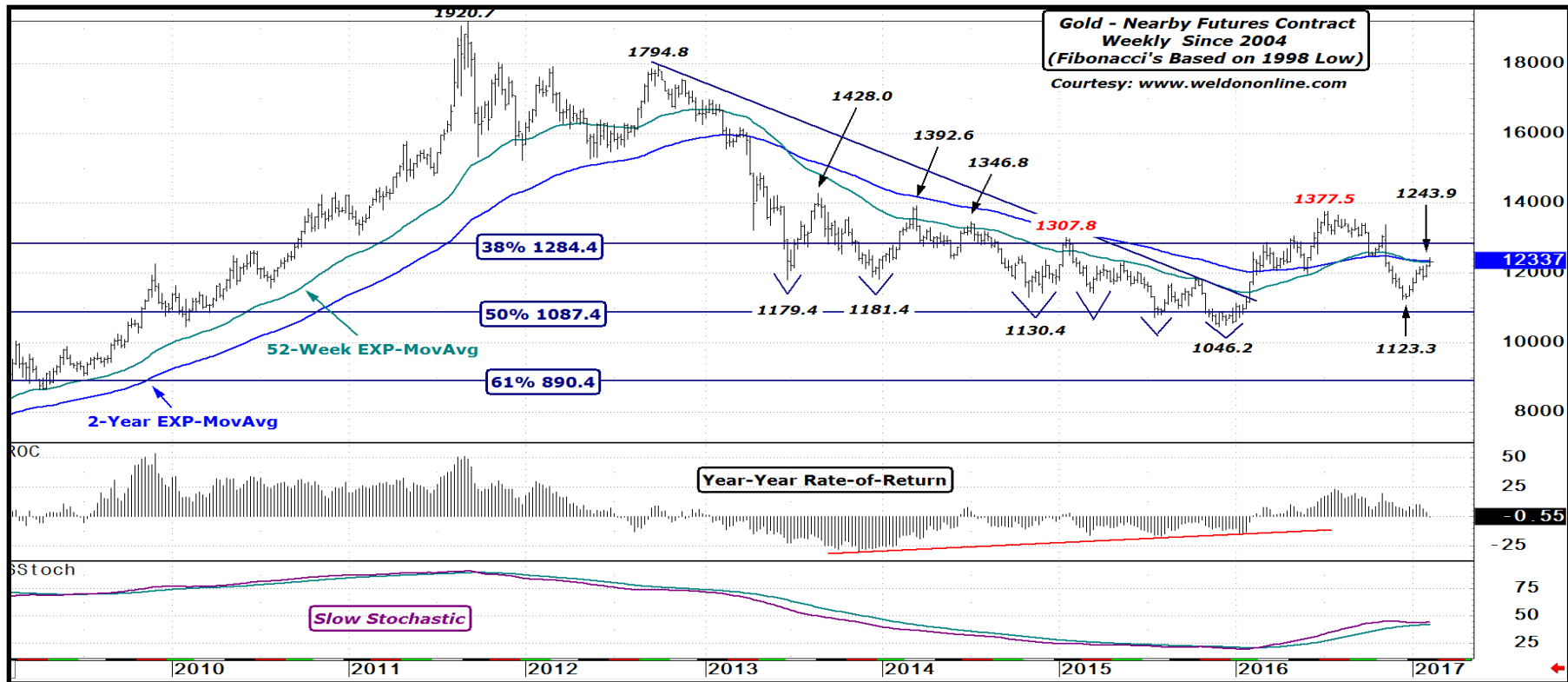
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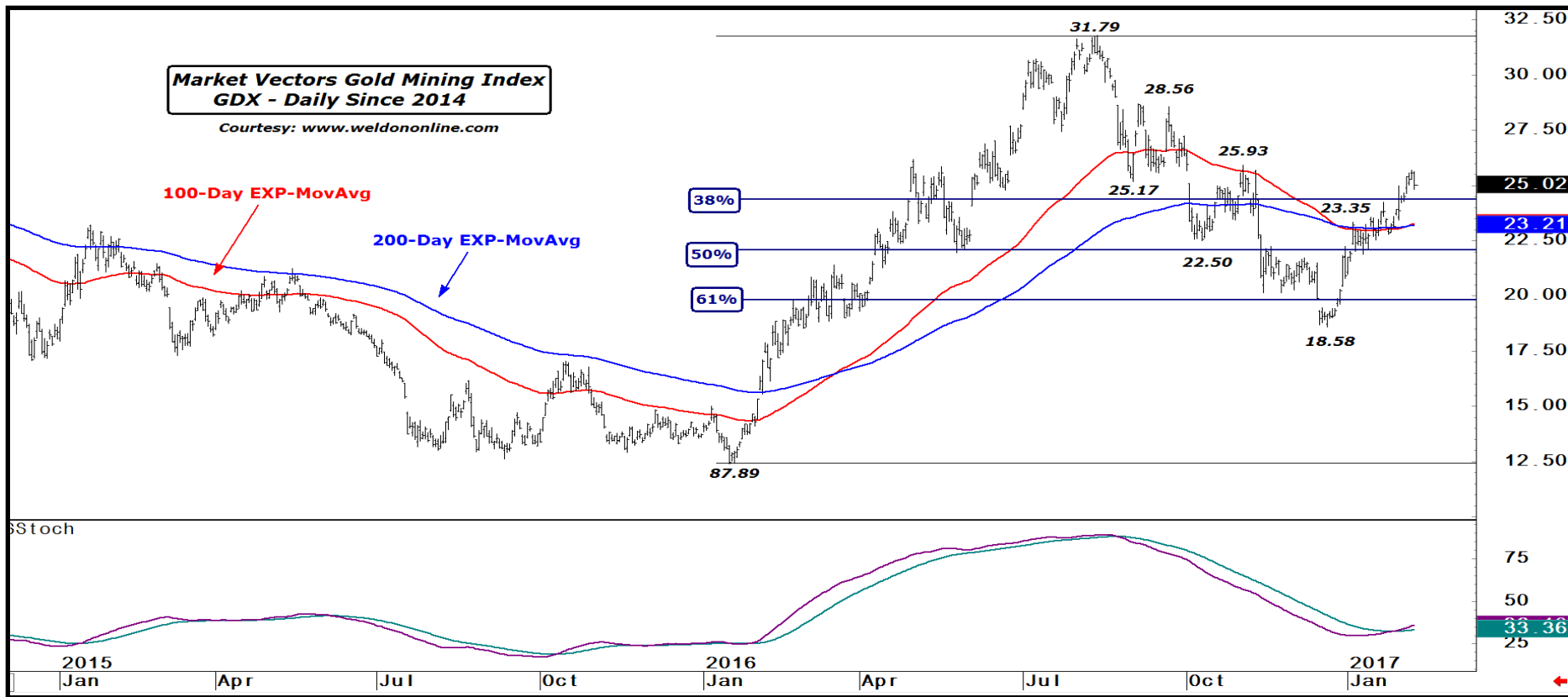
Gold ... looking for an upside breakout



**Gold's long-term momentum profile remains more positive than not ...
 ... confirmation would come with a move above \$1220,
 which would generate clearance of the two long-term trend-defining MA**



The GDX Gold Mining ETF is breaking out, amid a bullish re-alignment in med-term momentum



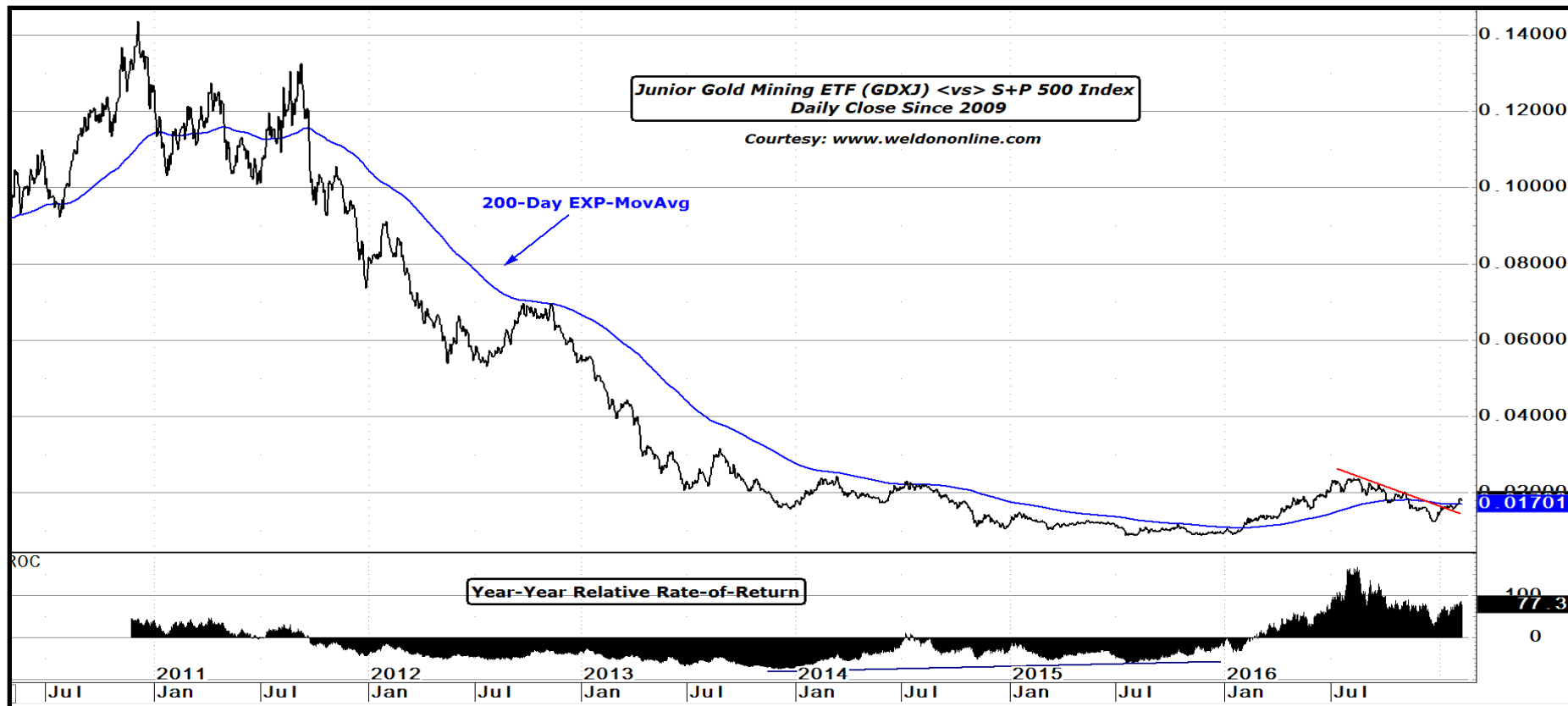
The Junior Gold Mining ETF ... bull market on the mend ??

**Market Vectors Junior Gold Miners ETF
GDXJ - Daily Since 2015**

Courtesy: www.weldononline.com



The Junior Gold Mining ETFV (GDXJ) has re-established an upside breakout versus the broader US stock market, and is once again 'adding' to its year-year outperformance relative to the S+P 500



Silver's longer-term momentum dynamic remains quite favorable

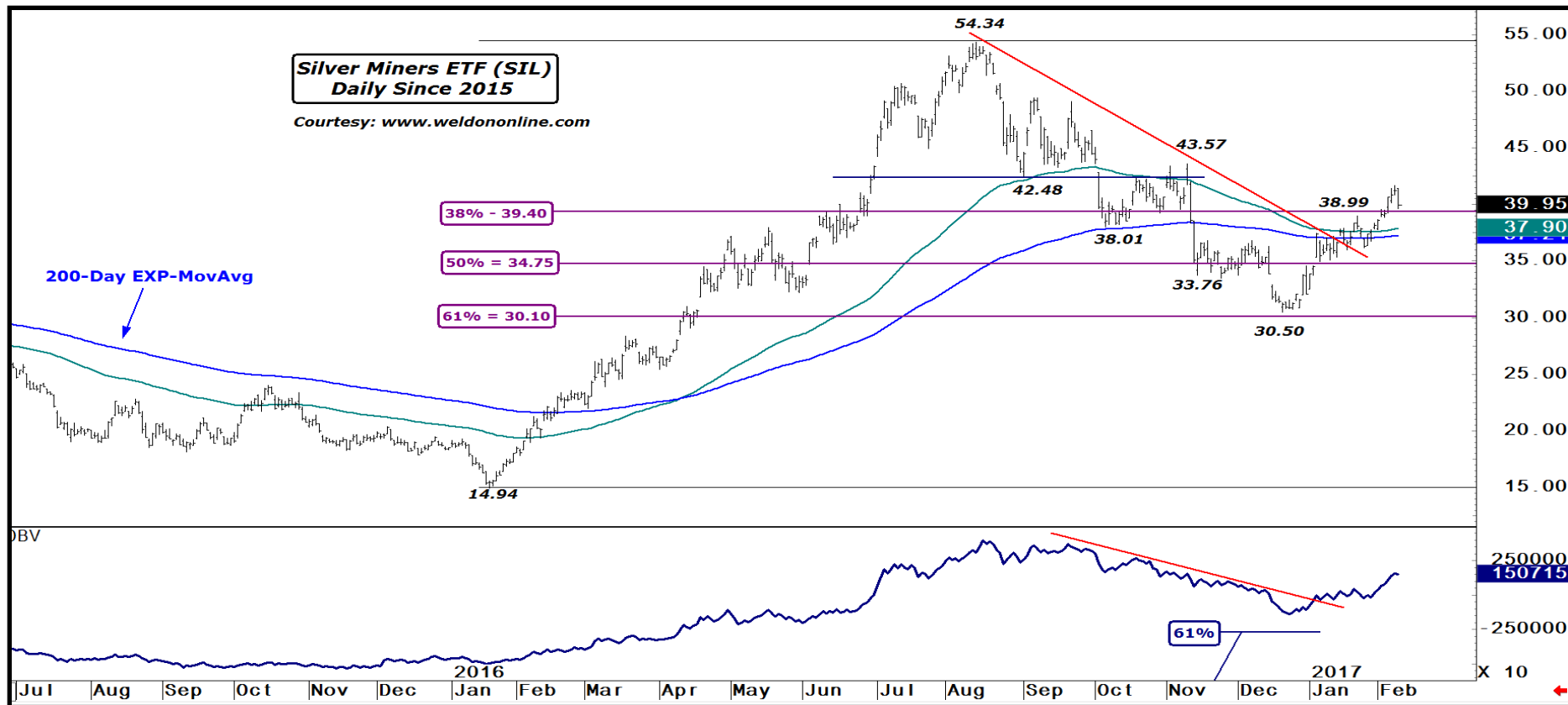




Close-Up: Silver, breaking out anew ??



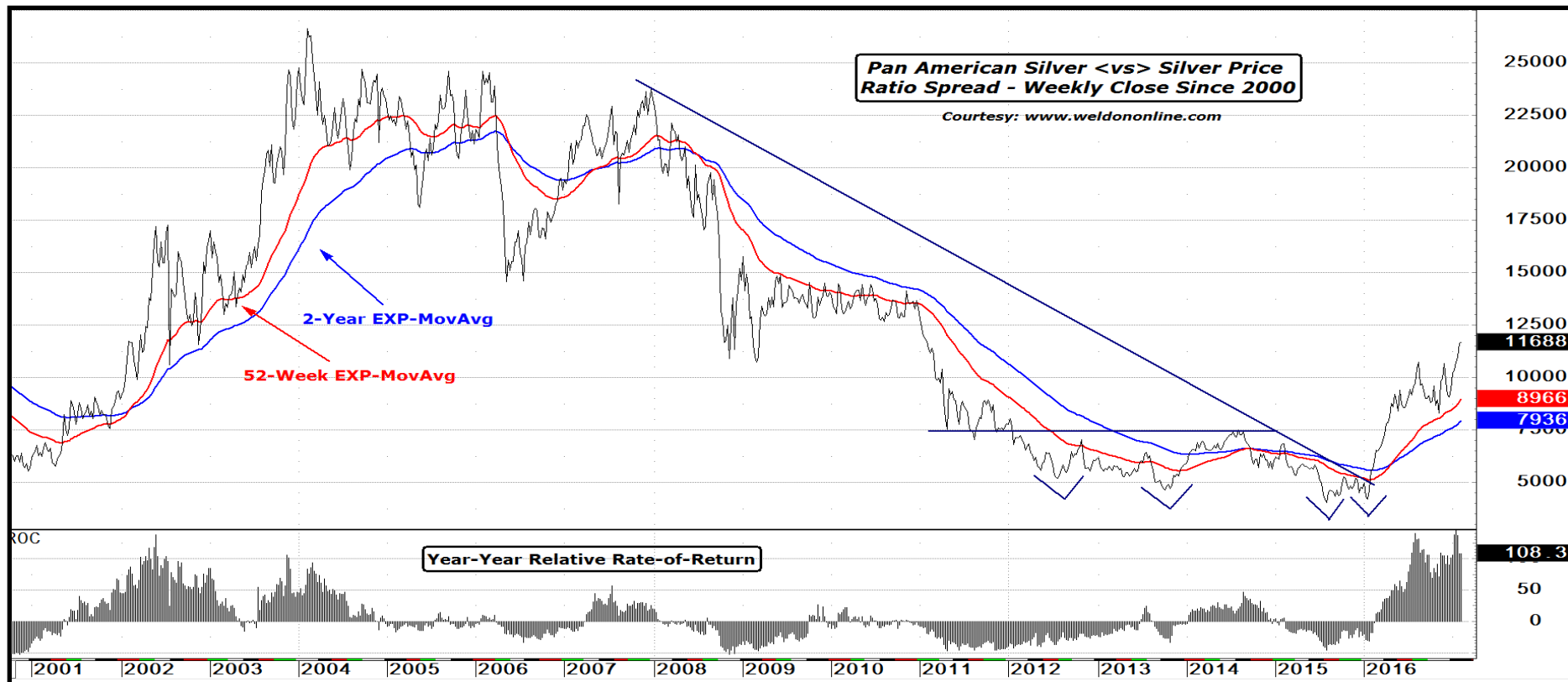
The decline today in the Silver Mining ETF (SIL) may offer a buying opportunity, within the context of a med-term breakout and possible continuation of the 2016 bull market



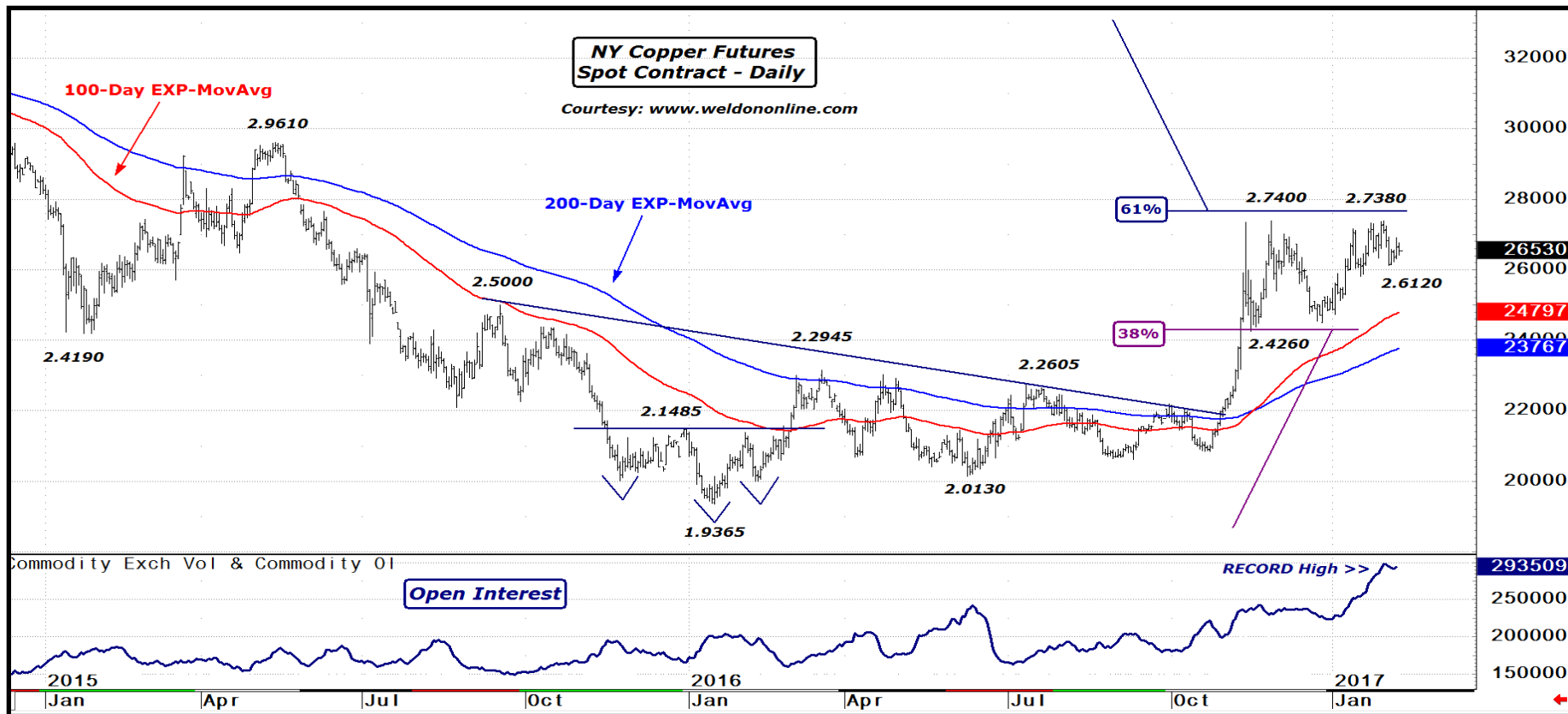
Pan American is already probing the 2016 high, following a 'Double-Kill-Zone' correction



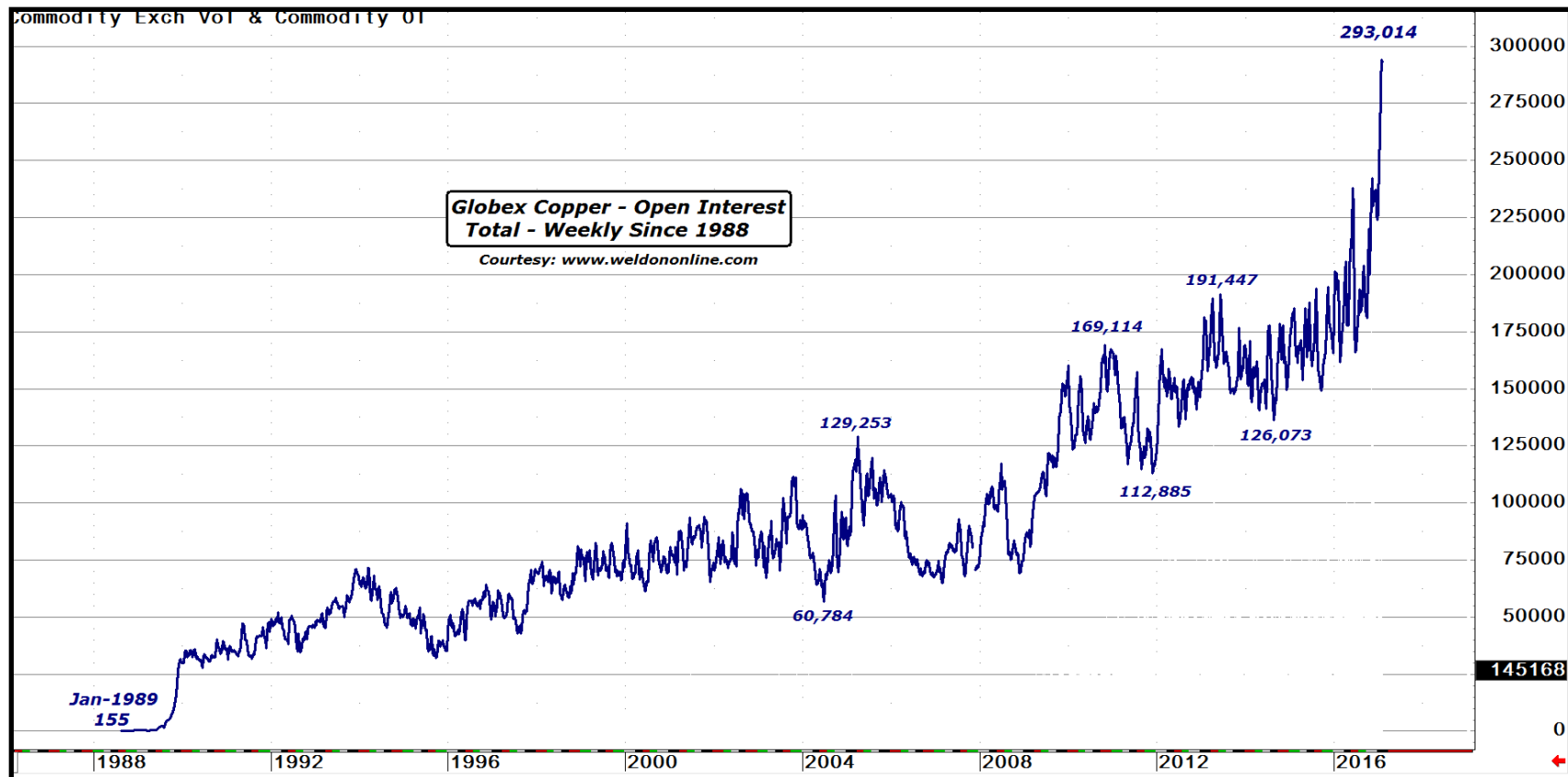
**Pan American has also soared to a new bull move high, relative to the price of Silver ...
... offering a top-down bullish tell for the entire Precious Metals sector**



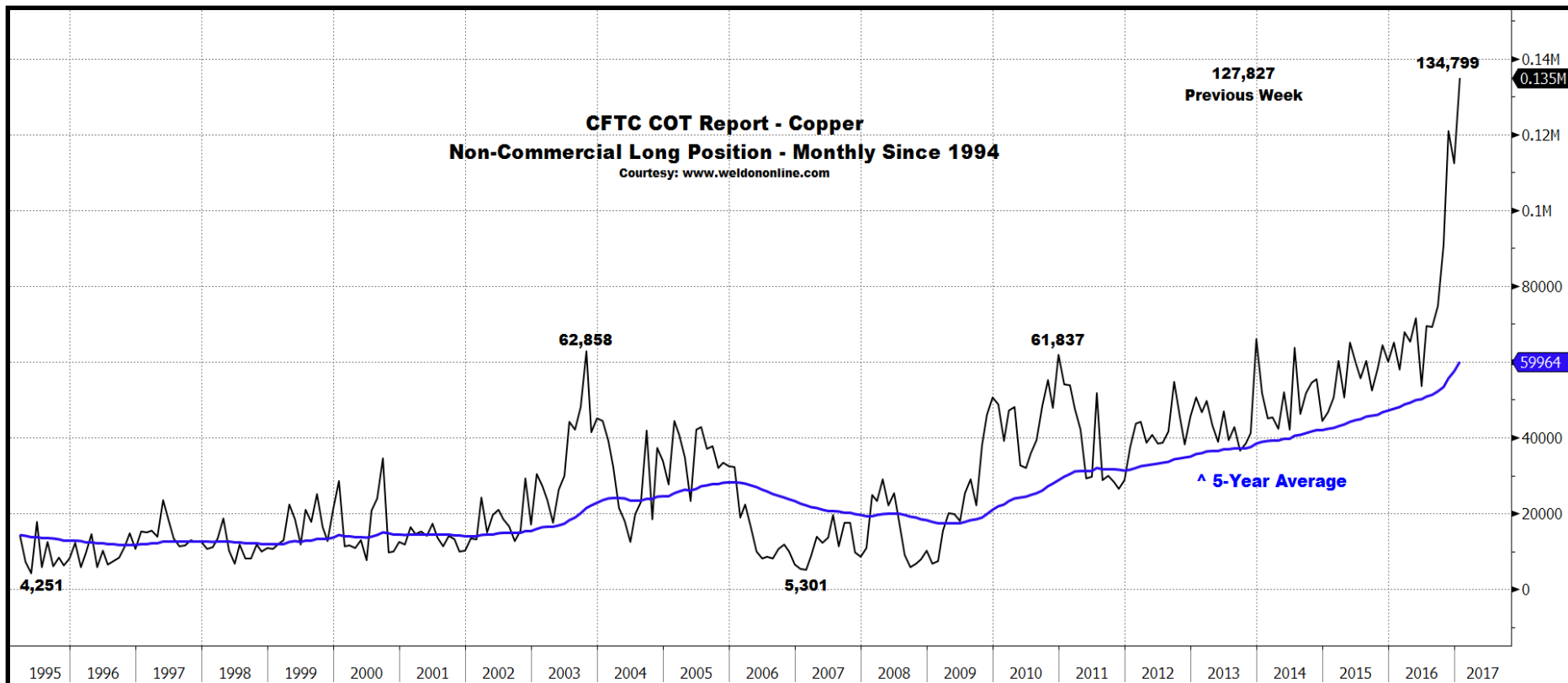
Copper continues to run into stiff overhead resistance shy of \$2.75 and the 61% Fibonacci retracement level, with a major topping pattern under formation, against HUGE Open Interest



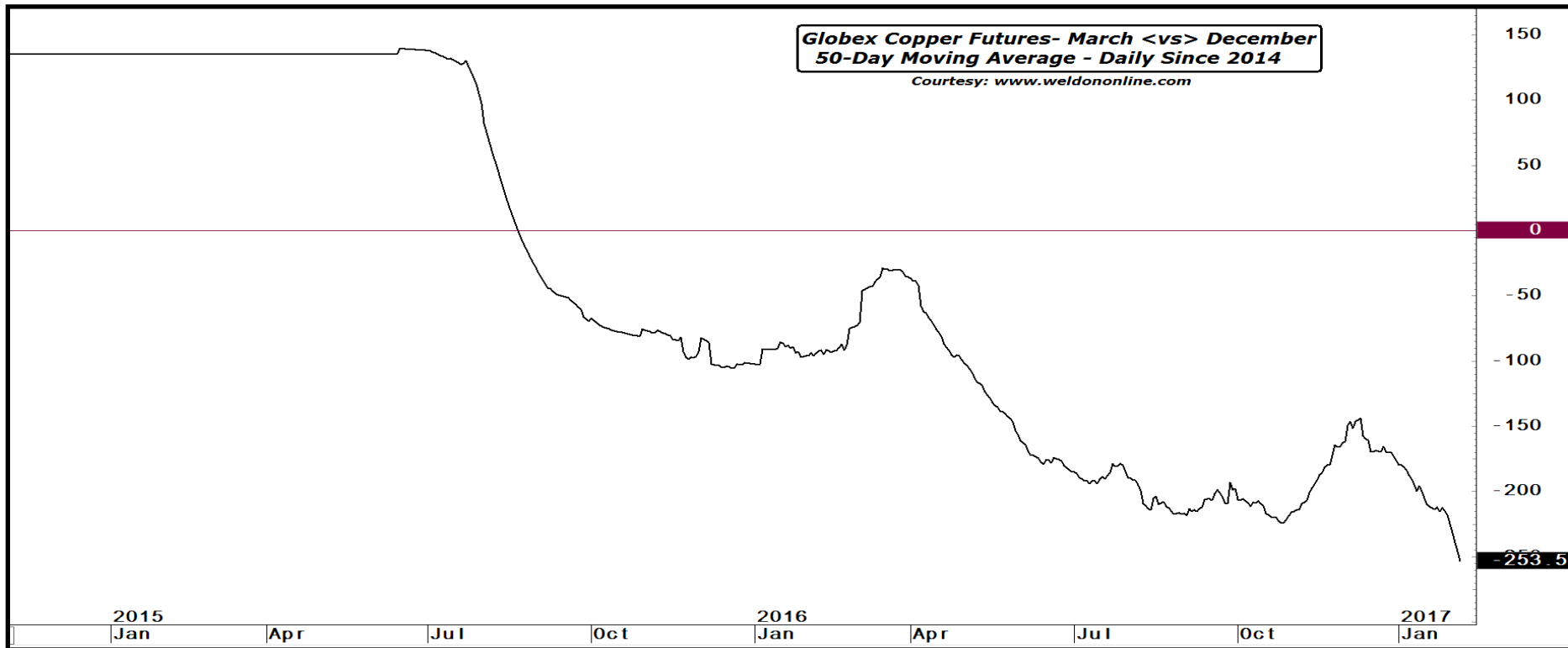
Open Interest in USD-priced Copper futures sits at the HIGHEST LEVEL in HISTORY !!!



And, Friday's CFTC's Commitment of Trader's Report revealed a SIZABLE single-week expansion to a NEW RECORD HIGH in the number of long contracts held by Non-Commercial Accounts (specs)



**The rally in Copper is built SOLELY on EXPECTED demand, possibly, in the future ...
... whereas the CURRENT supply-demand dynamic reveals a MORE than AMPLY supplied market,
as evidenced by a complete collapse in the March-December Swap Rate**



Close-Up: Selling in Copper would most likely intensify with a downside violation of \$2.61





Agenda

California Dreaming: The Expectations <vs> Reality “Gap”

Wait Until You See the Whites of Their Eyes: US Dollar Dilemma

Back-in-the-Saddle: Gold, Silver !!! ... & Copper ??

The Perpetual Jungessellenabschied: Europe is Living on the Edge

Say It Ain't So, Joe: Markets to Test the BOJ's Policy Resolve

Wild Card: Crude Oil

**It's been a perpetual Junggesellenabschied since QE was introduced by the ECB
(Junggesellenabschied ... AKA ... “Stag Party”)**





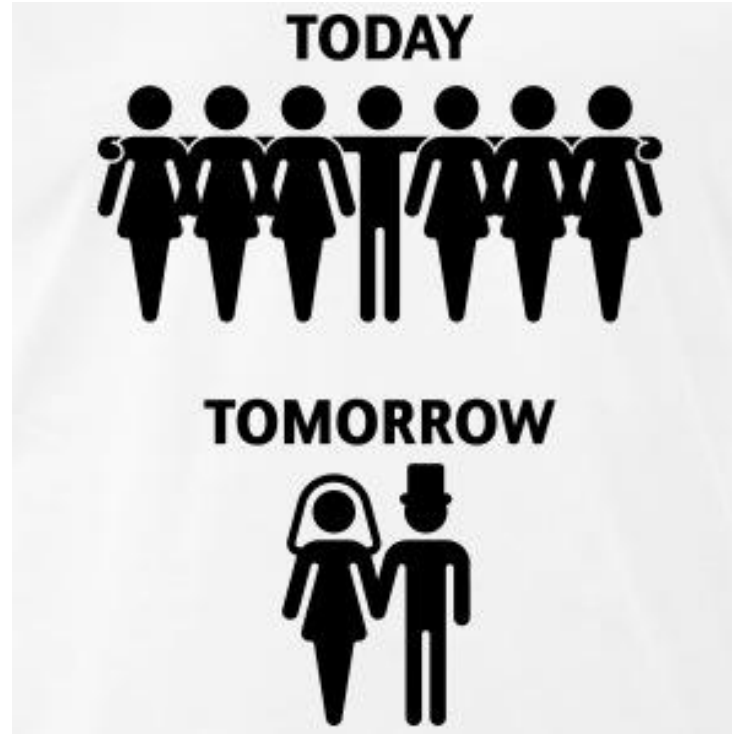
**In fact, this is a global phenomenon, as Central Banks around the world have assumed the role of 'Best Man', fueling the Perpetual Stag Party with an omnipresent 'full punch bowl' ...
... with assurances from 'officialdom' that all is well, and to remain calm !!!**



**KEEP
CALM
IT'S ONLY A
STAG
NIGHT**



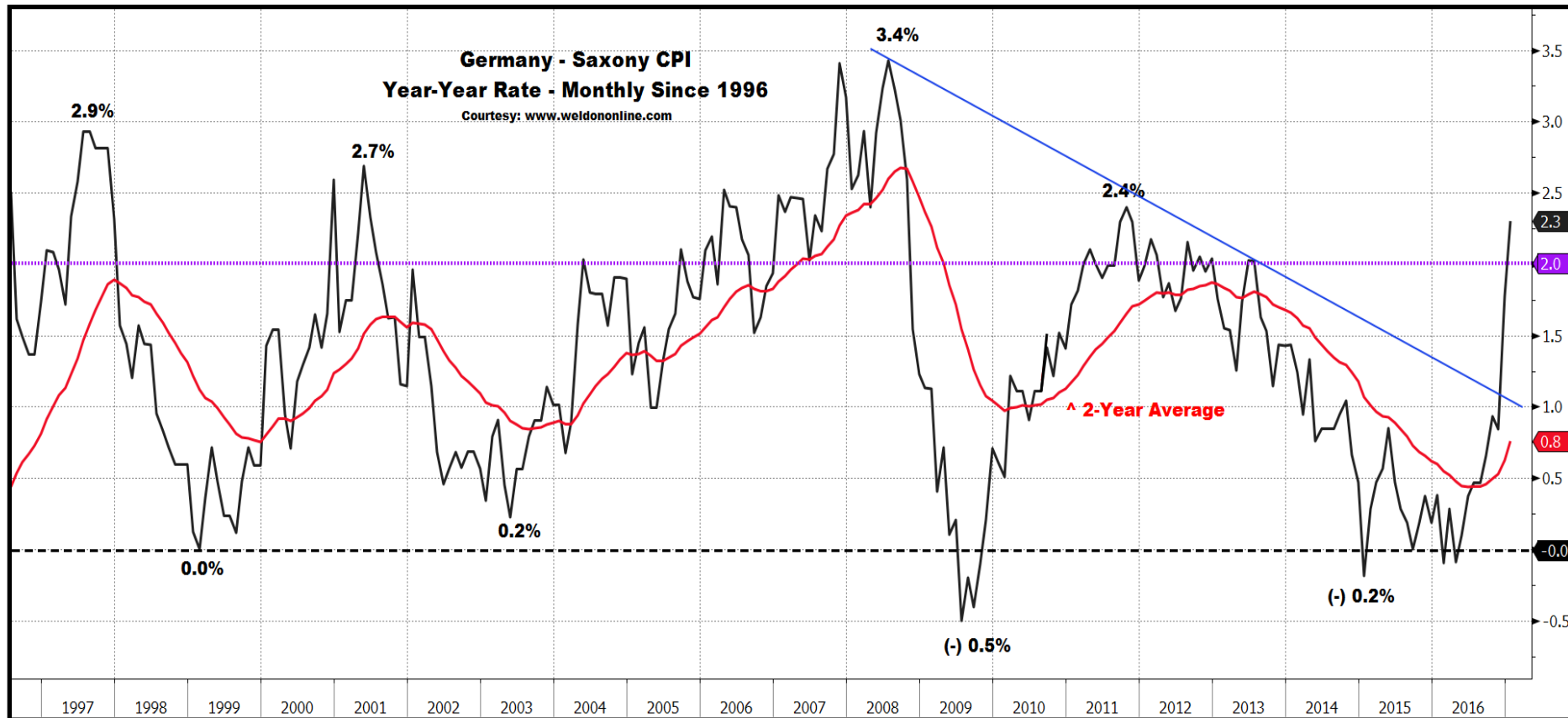
**But has that proverbial punch-bowl finally ‘runneth-over’ ??
Is it time to pay-the-piper for ALL of the over-the-top frivolity ??**



German CPI inflation intensifies and is likely to EXCEED the ECB's target rate in February



Saxony's CPI inflation rate also SOARS through the ECB's target rate



SOURCE: Statistisches Landesamt des Freistaates Sachsen

	Jan. 2017	Dec. 2016	Nov. 2016	Oct. 2016	Sept. 2016
--	--------------	--------------	--------------	--------------	---------------

Food, non-alcoholic beverages	3.6%	2.8%	1.3%	0.0%	0.8%
Food	3.7%	3.0%	1.3%	-0.2%	0.7%
Meat	1.9%	1.3%	0.3%	0.5%	1.6%
Fish	2.3%	2.1%	2.6%	2.5%	2.8%
Fruit	6.4%	1.3%	1.5%	3.9%	3.7%
Vegetables	16.4%	13.1%	-1.8%	-7.2%	0.8%
Alcoholic beverages and tobacco	1.8%	2.6%	1.2%	1.8%	2.7%
Alcoholic beverages	-0.3%	2.3%	-1.3%	0.1%	2.0%
Tobacco	3.2%	3.0%	3.0%	3.1%	3.3%
Clothing, Shoes	3.1%	2.3%	2.3%	1.9%	0.3%
Rent, electricity, water and gas	1.3%	0.9%	0.1%	0.1%	-0.5%
Rents	0.6%	0.7%	0.6%	0.4%	0.5%
Net rents	0.7%	0.6%	0.5%	0.4%	0.4%
Additional costs	0.7%	0.8%	0.8%	0.8%	0.8%
Household energy	3.2%	1.5%	-1.7%	-1.4%	-3.6%
Electricity	2.4%	1.7%	2.0%	2.0%	0.7%
Gas	-4.3%	-3.1%	-2.9%	-3.0%	-2.5%
Heating oil	41.2%	24.3%	-3.6%	1.0%	-11.8%
Household appliances	0.9%	0.8%	0.9%	0.9%	1.1%
Healthcare	2.5%	2.0%	2.0%	1.9%	1.8%
Transportation	4.2%	2.7%	0.8%	1.4%	0.5%
Fuel	12.4%	6.4%	-1.1%	1.2%	-2.4%
Passenger air transport	-3.3%	-1.3%	-2.0%	1.2%	0.8%
Communication	-0.9%	-0.7%	-0.8%	-0.8%	-0.9%
Leisure, Entertainment	2.0%	2.3%	0.7%	1.1%	1.6%
Package holidays	1.4%	2.0%	-4.1%	-1.6%	-0.8%
Education	3.3%	3.0%	2.9%	2.9%	2.3%
Hotels, Restaurants	2.0%	1.8%	1.3%	1.9%	2.3%
Restaurants	1.9%	1.5%	1.2%	1.1%	1.9%
Hotels	2.5%	2.8%	1.8%	4.9%	3.7%
Other Goods and Services	2.4%	2.4%	2.4%	2.3%	2.0%



The breakdown in Saxony's inflation data details reveal a broad based price push ...

... note the following:

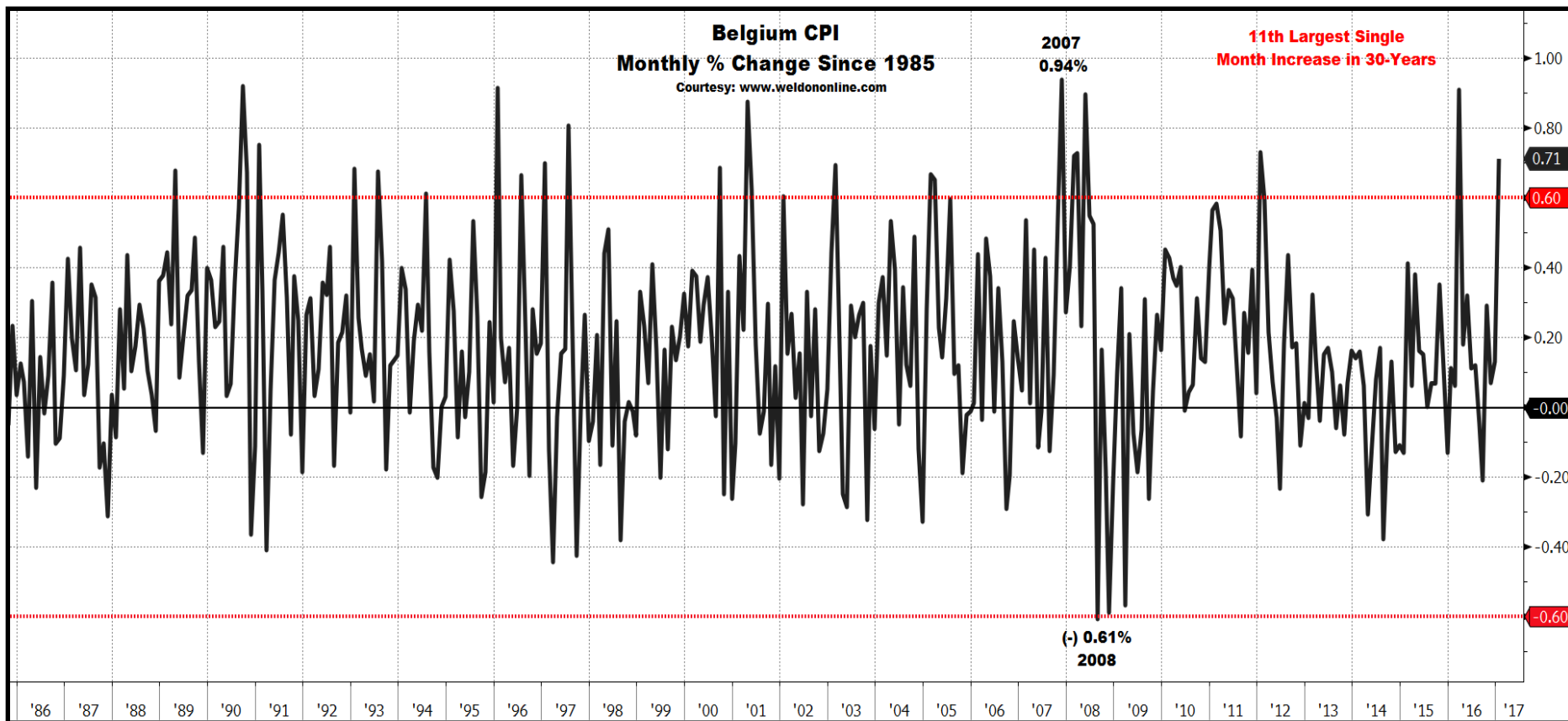
- Fruit**
- Food**
- Beverages**
- Vegetables**
- Tobacco**
- Clothing**
- Healthcare**
- Education**
- Hotels**

And of course, Energy

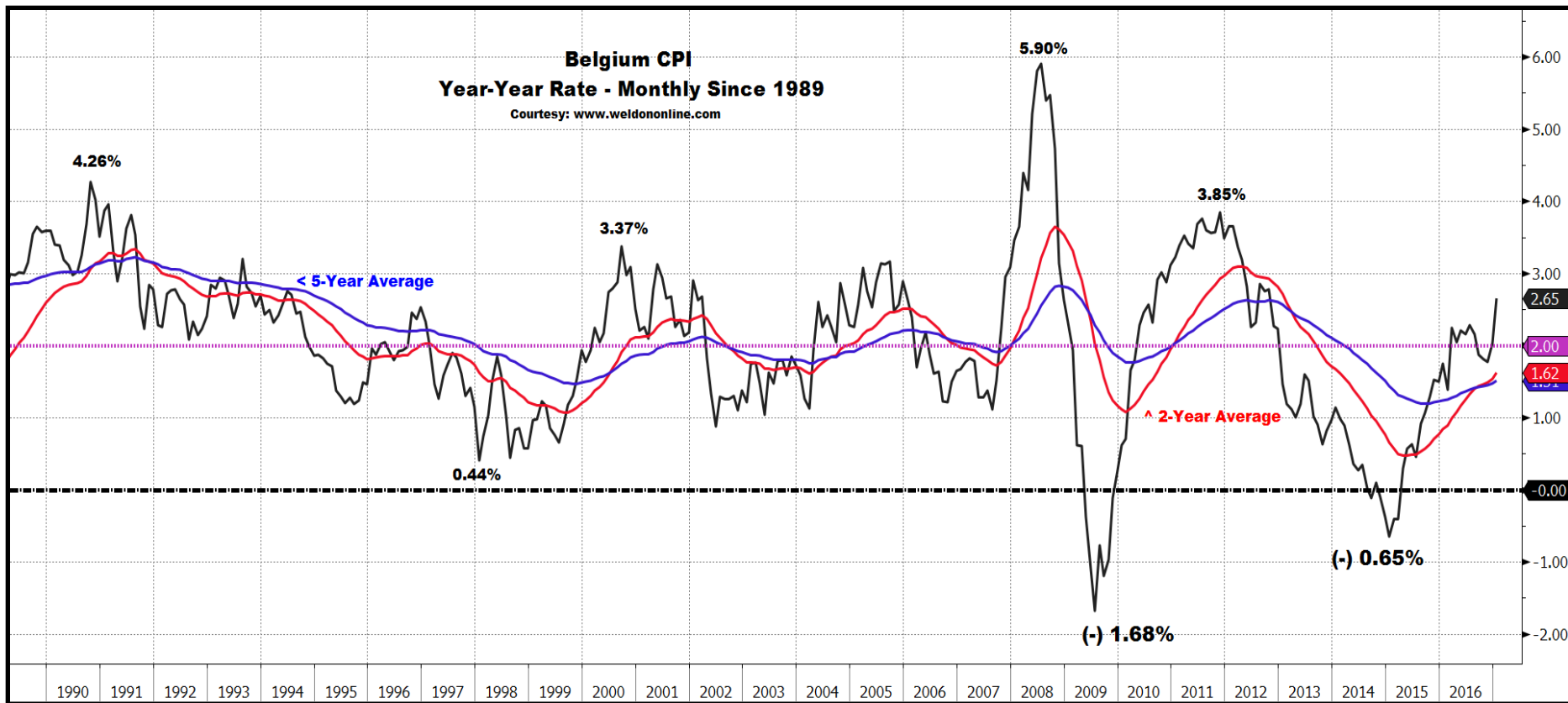


WeldonLIVE

Belgian CPI posts one of the largest single-month gains in the last THIRTY-YEARS !!!

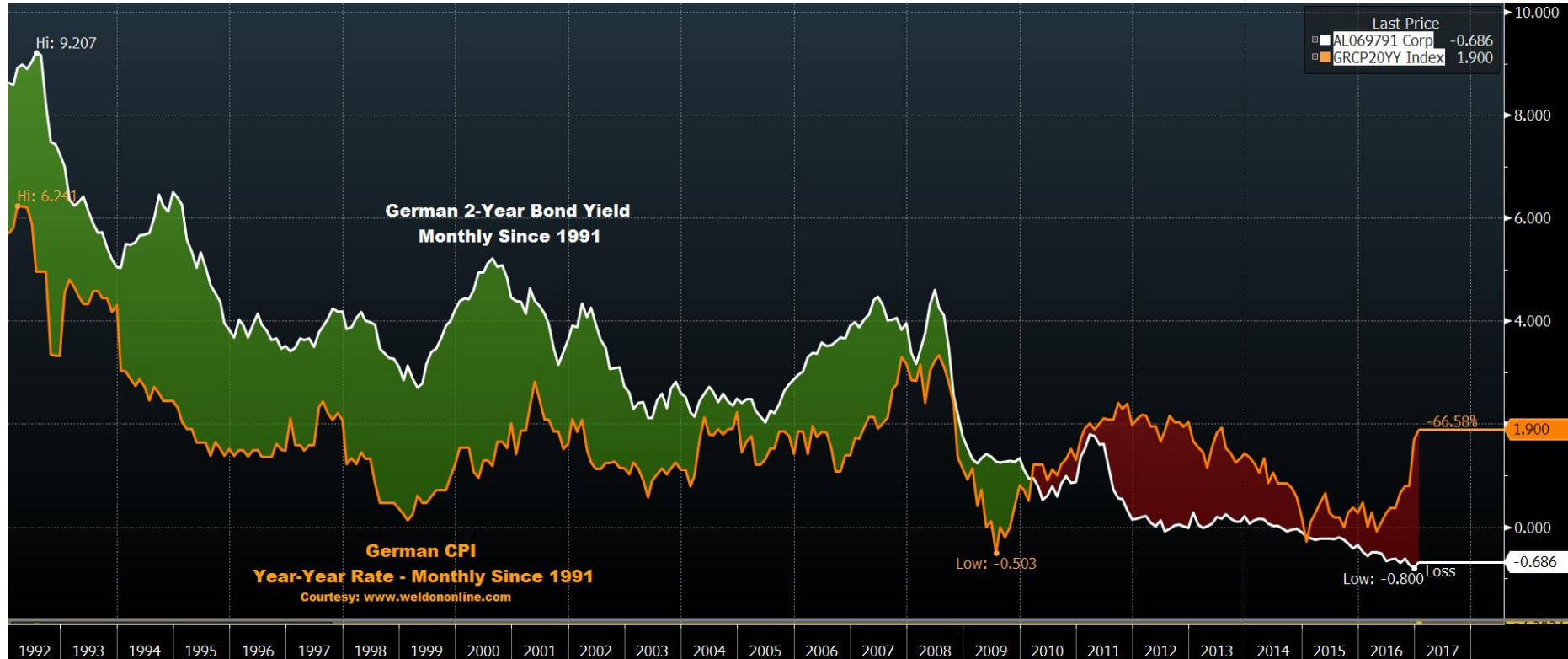


**The year-year rate of CPI inflation accelerates and is now well above the ECB target rate ...
... while the long-term moving averages execute an upside crossover**





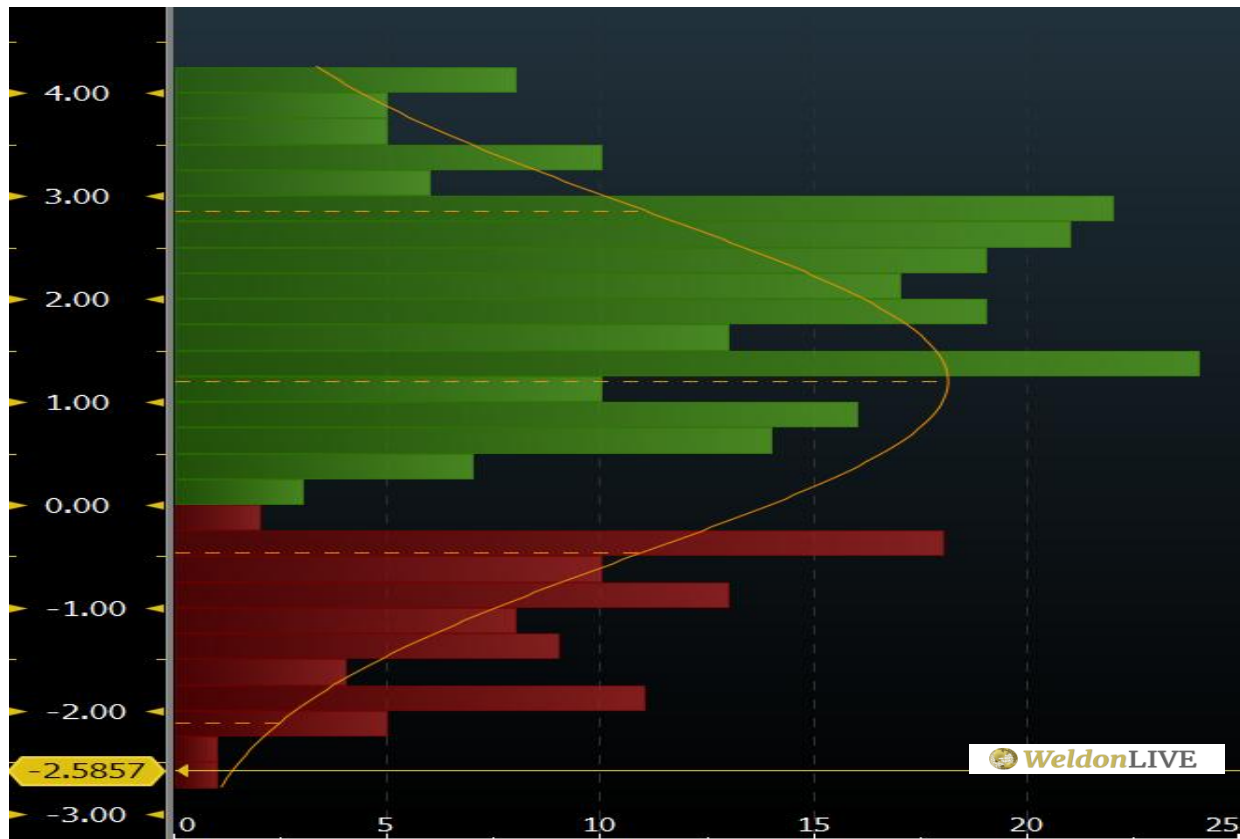
The rise in inflation in Spain, France, Belgium, and Germany (to mention a few) creates a problem for the ECB and their one-Euro monetary policy ... note the MASSIVE divergence between the German inflation rate and the 2-Year Shatze Yield



**On the back of the rise in Germany's inflation,
the “real” German 2-Year yield PLUNGES to a NEW RECORD LOW**

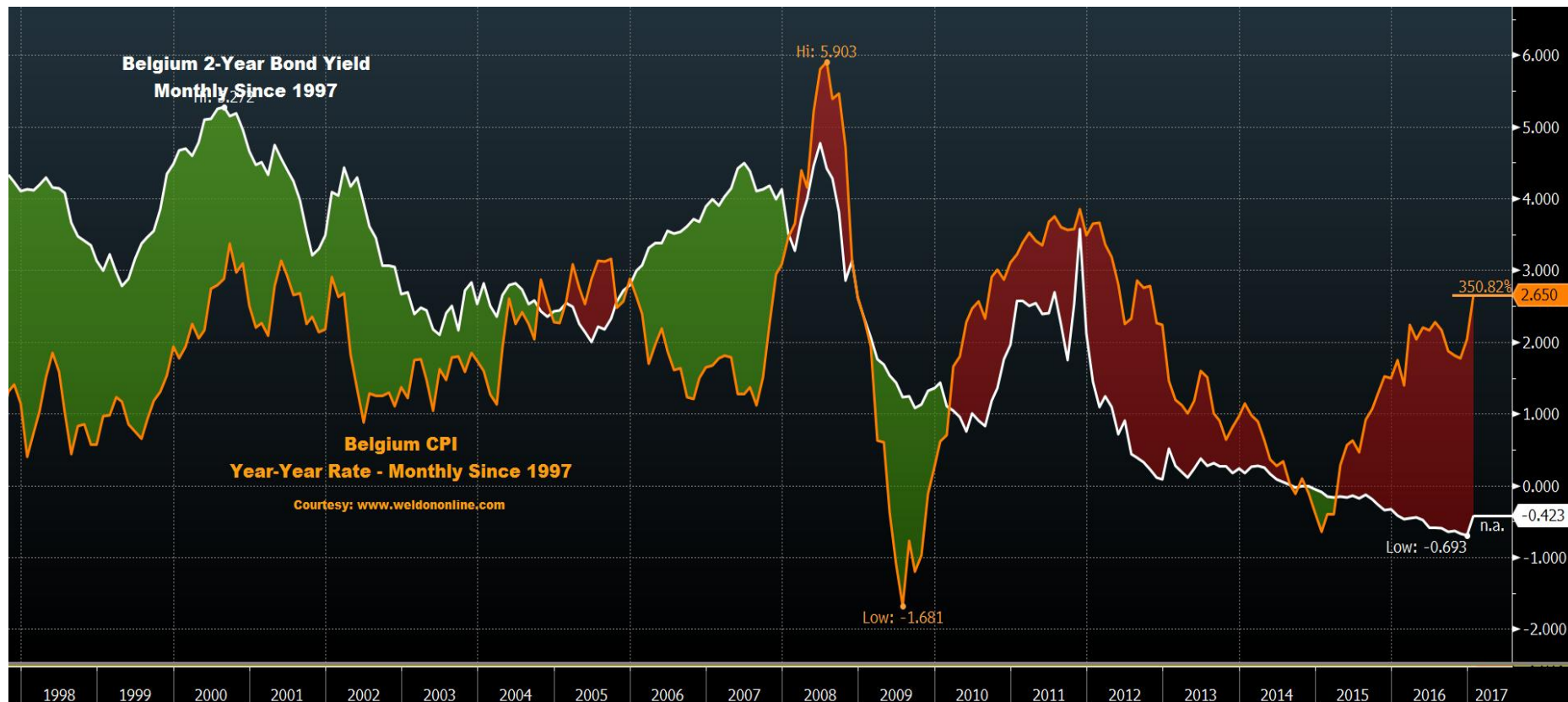


An UNPRECEDENTED level in the “real” 2-Year German yield

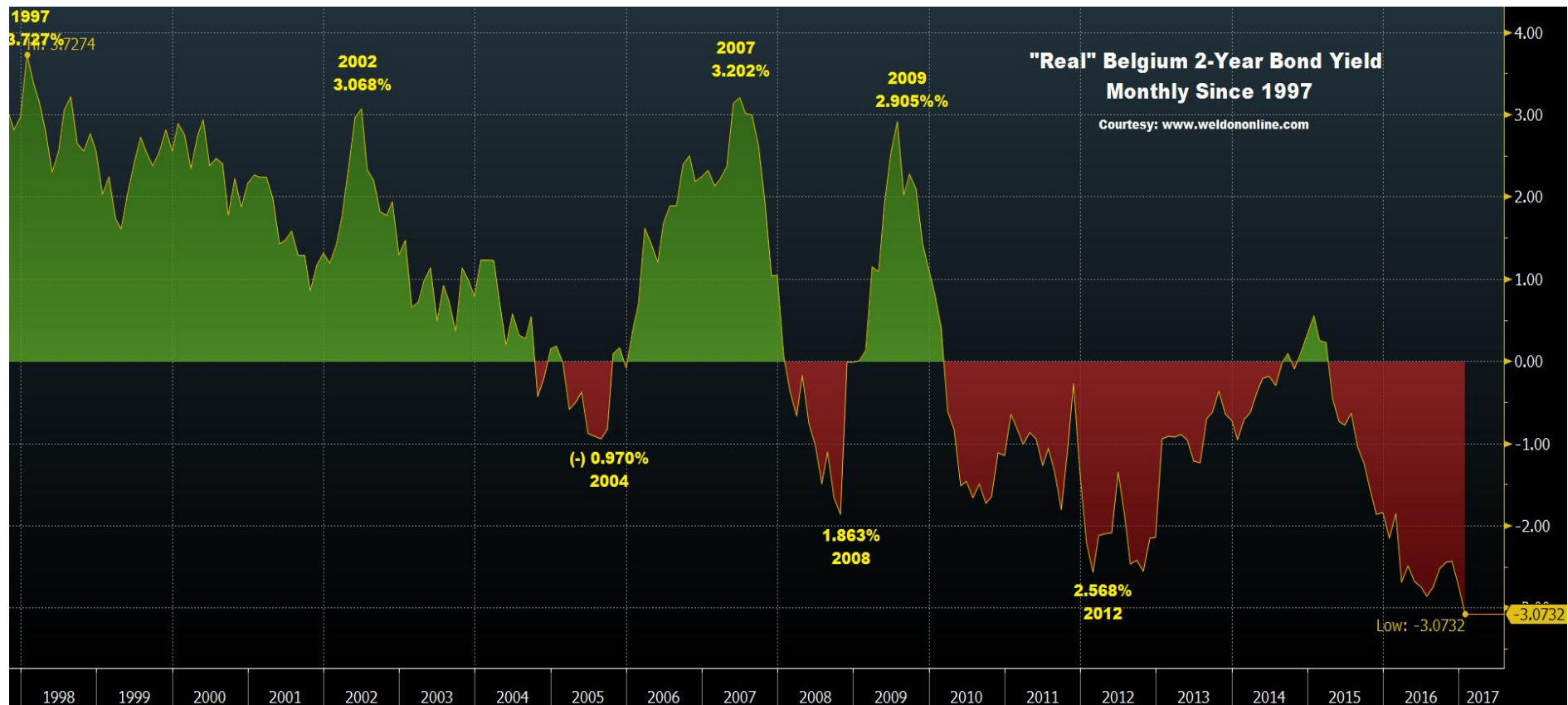




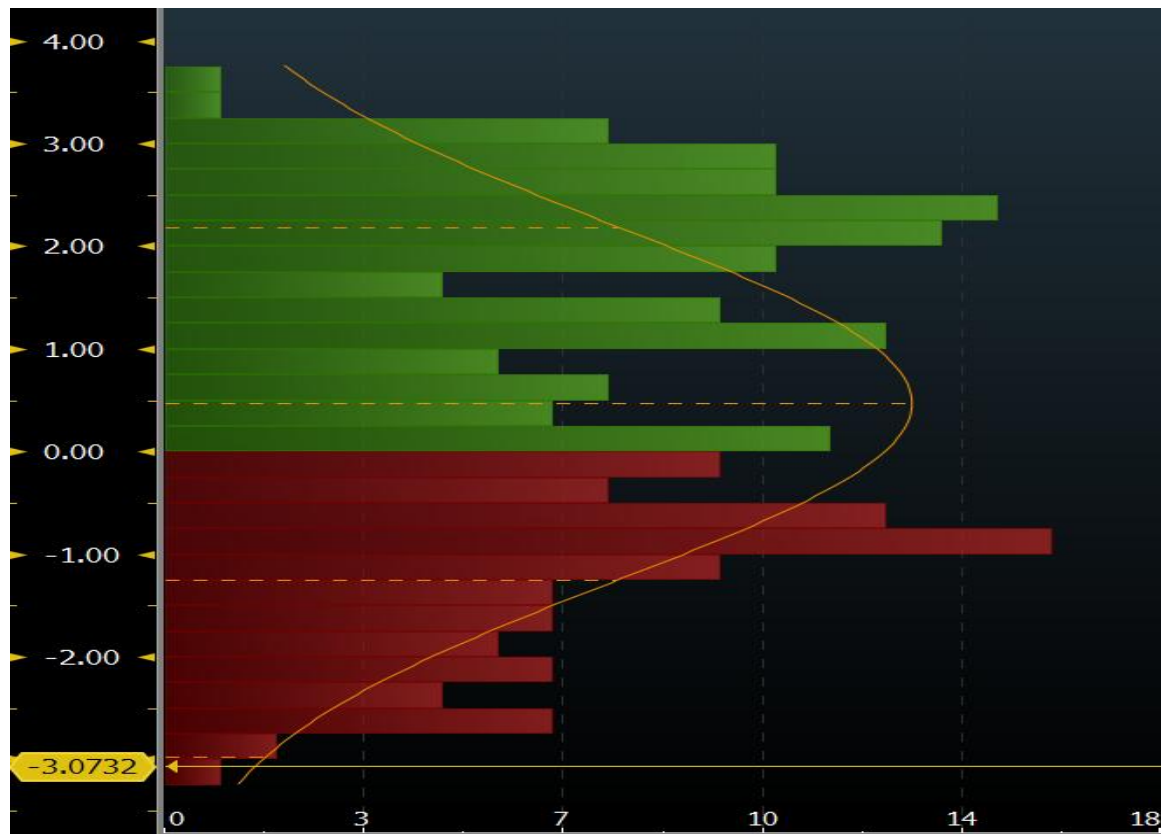
Note the HUGE divergence between Belgian's CPI rate and the 2-Year Belgian Bond yield



The “real” 2-Year Belgian Bond yield plunges to a NEW RECORD LOW



An UNPRECEDENTED level for the “real” 2-Year Belgian Bond yield





Spain's Unemployment Rate fell ... thanks to the fact that the Number of Unemployed fell by MORE than did the Number Employed, which also fell ... while the already-ridiculously-narrow 'spread' between those Employed and those Not in the Labor Force (Inactive) narrowed further

Spanish Labor Market

4Q Change

2016 Change

Workforce	(-) 102,400	(-) 127,800
Employed	(-) 19,400	+413,900
Unemployed	(-) 83,000	(-) 541,700
Inactive	+143,700	+223,100
Population	(-) 5,000	(-) 75,500

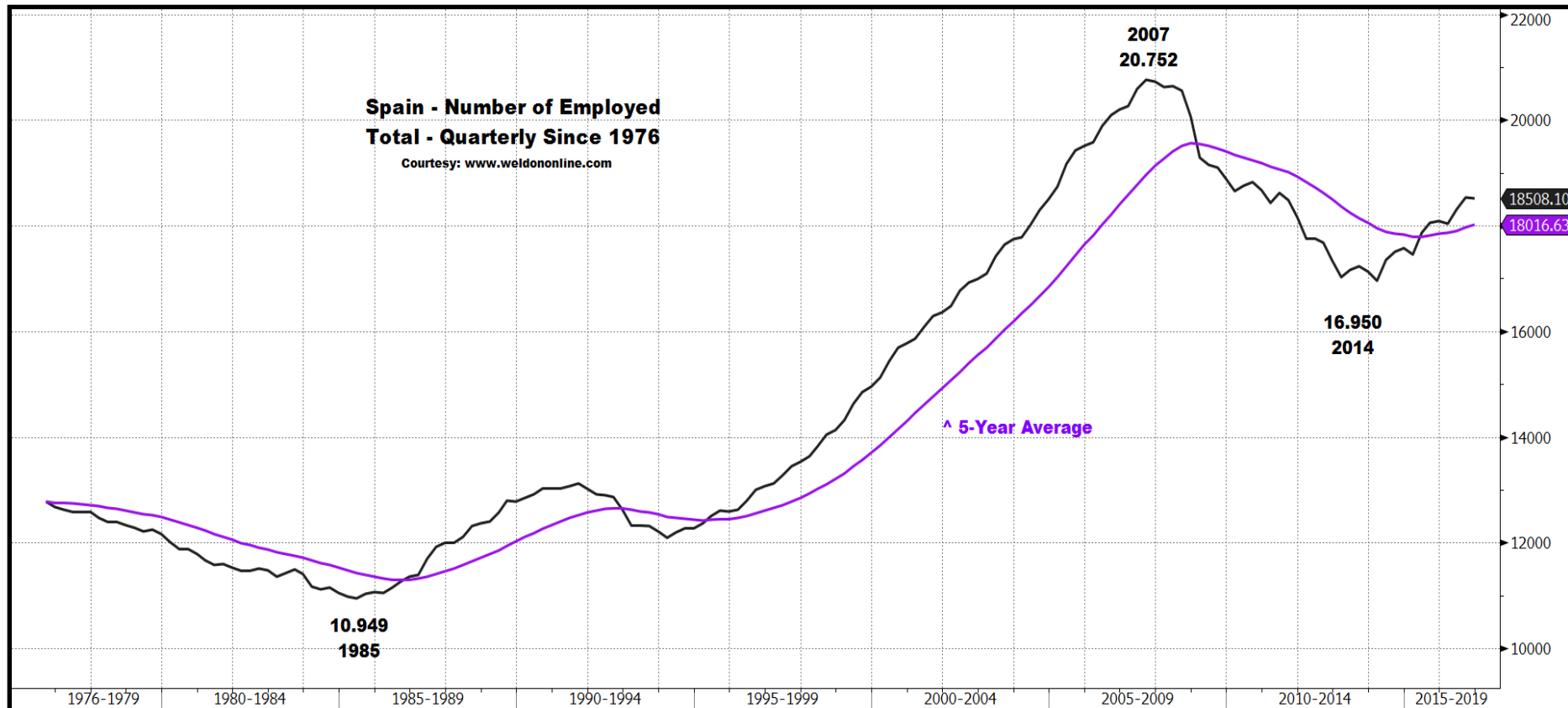
Number Employed **18,508,000**

Number Inactive **15,839,000**

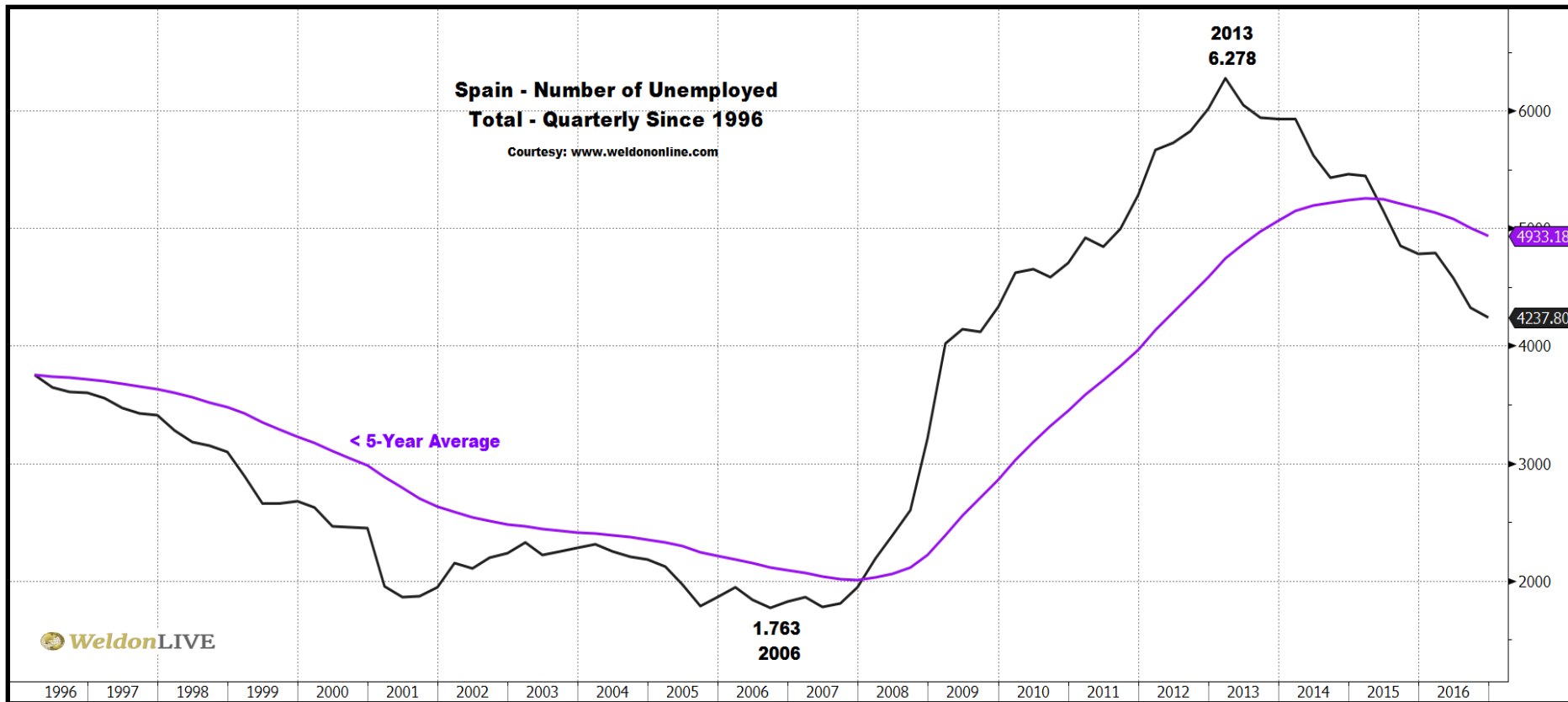
Workforce 22,745,000



The Number Employed in Spain fell during the 4Q ...



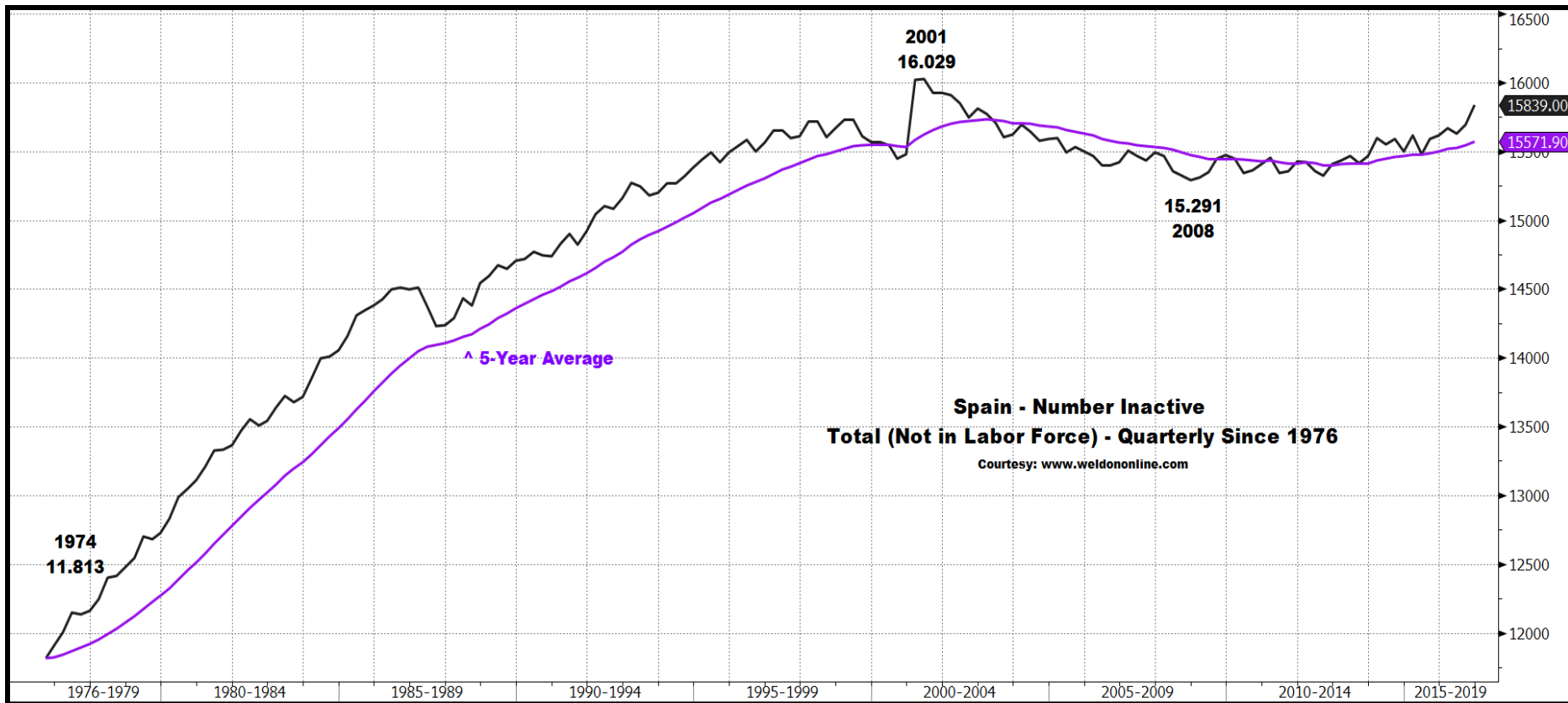
... but the Number of Unemployed fell by more !!!



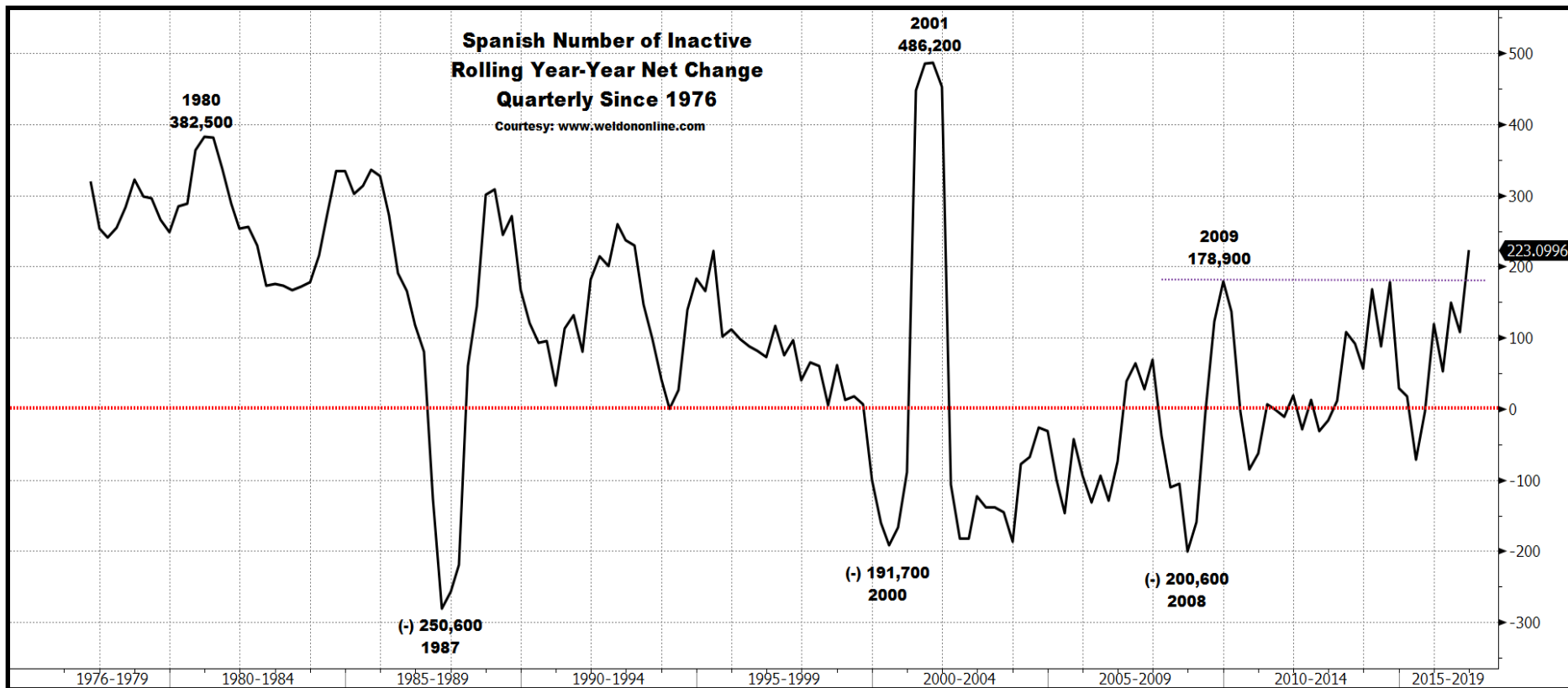
**The growth in the Number Employed, on a 12-Month basis,
has rolled over, albeit from a high nominal level**



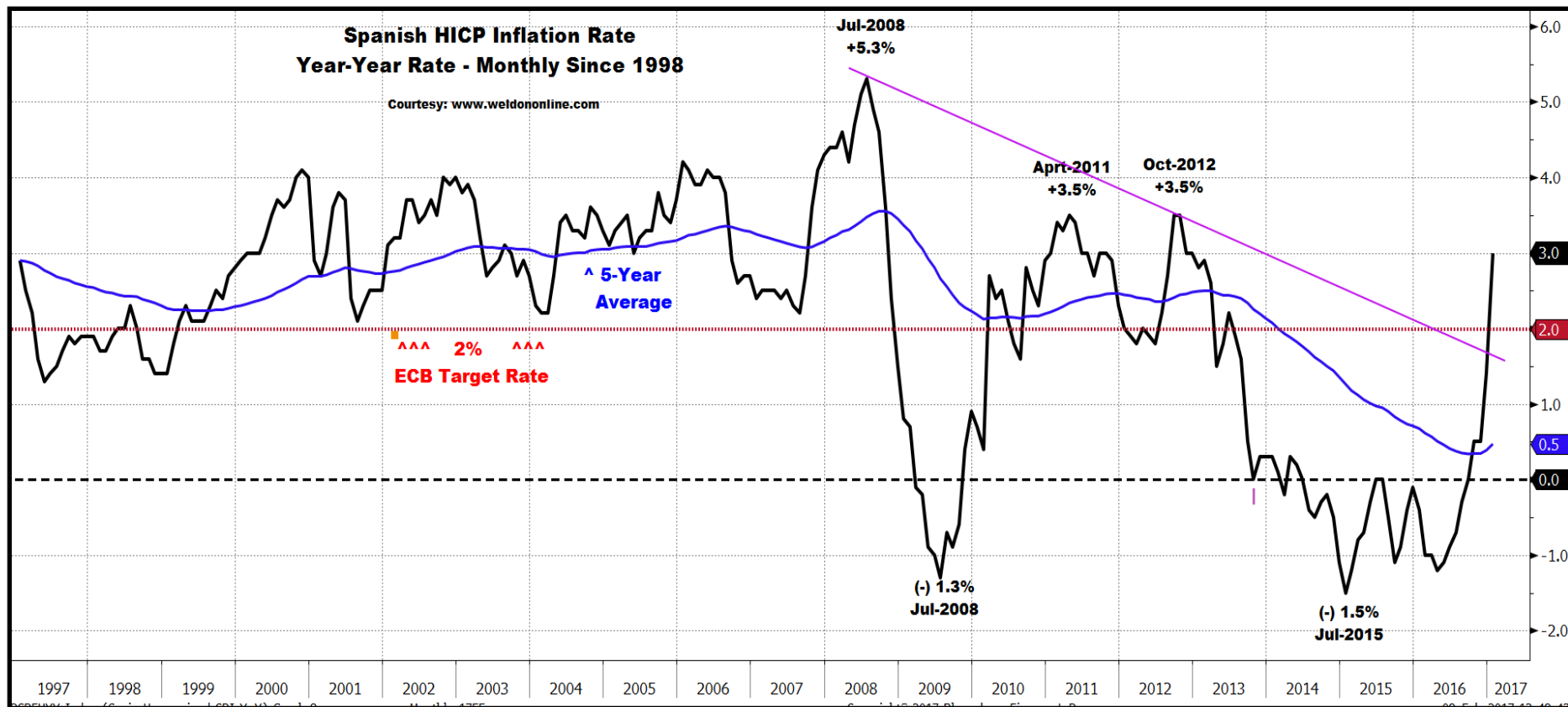
The Number Inactive has soared of late, as more Spaniards 'drop-out' of the 'equation'



**The Number of Inactive has risen by the most
(for a 12-month period) that it has in FIFTEEN-YEARS !!!**

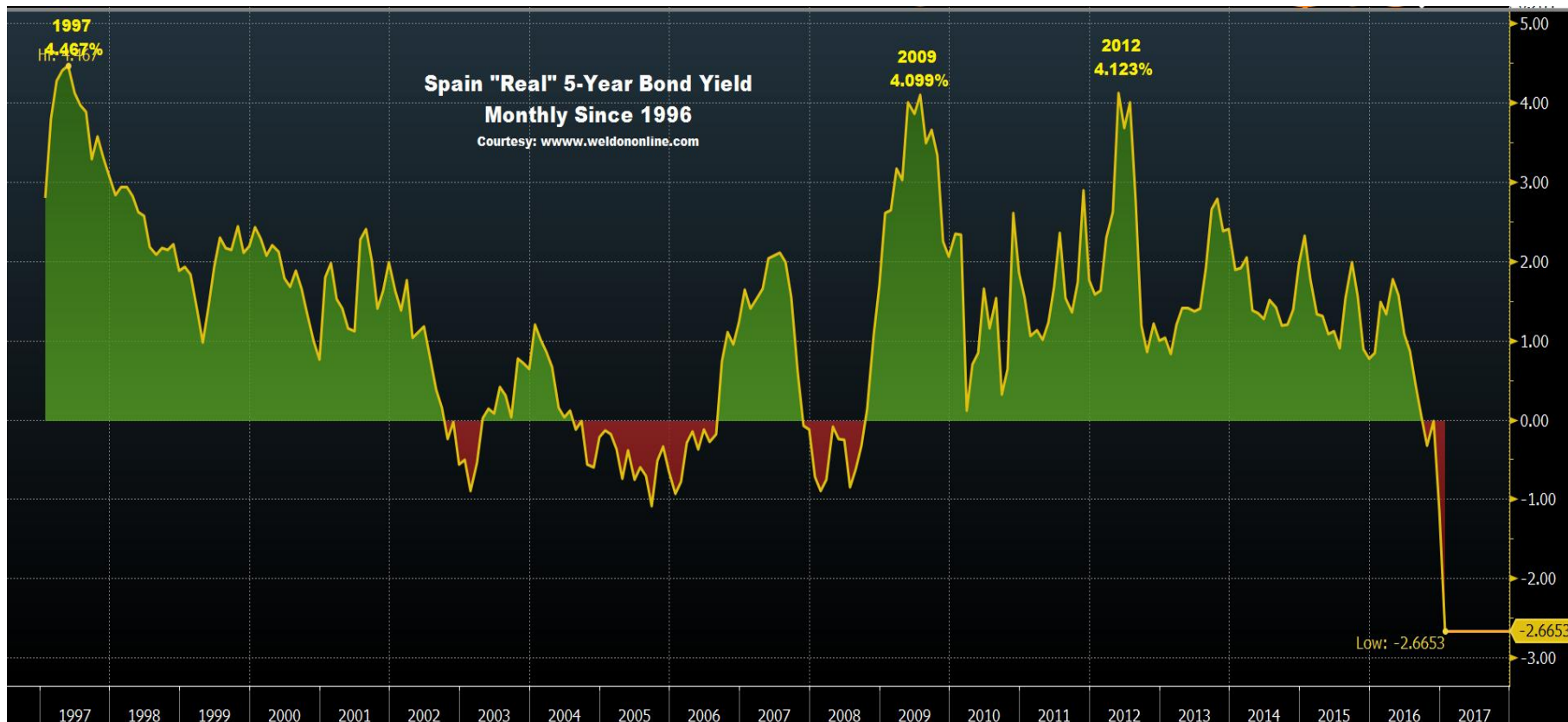


And ... Spanish CPI has SOARED, and is FAR ABOVE the ECB's target rate

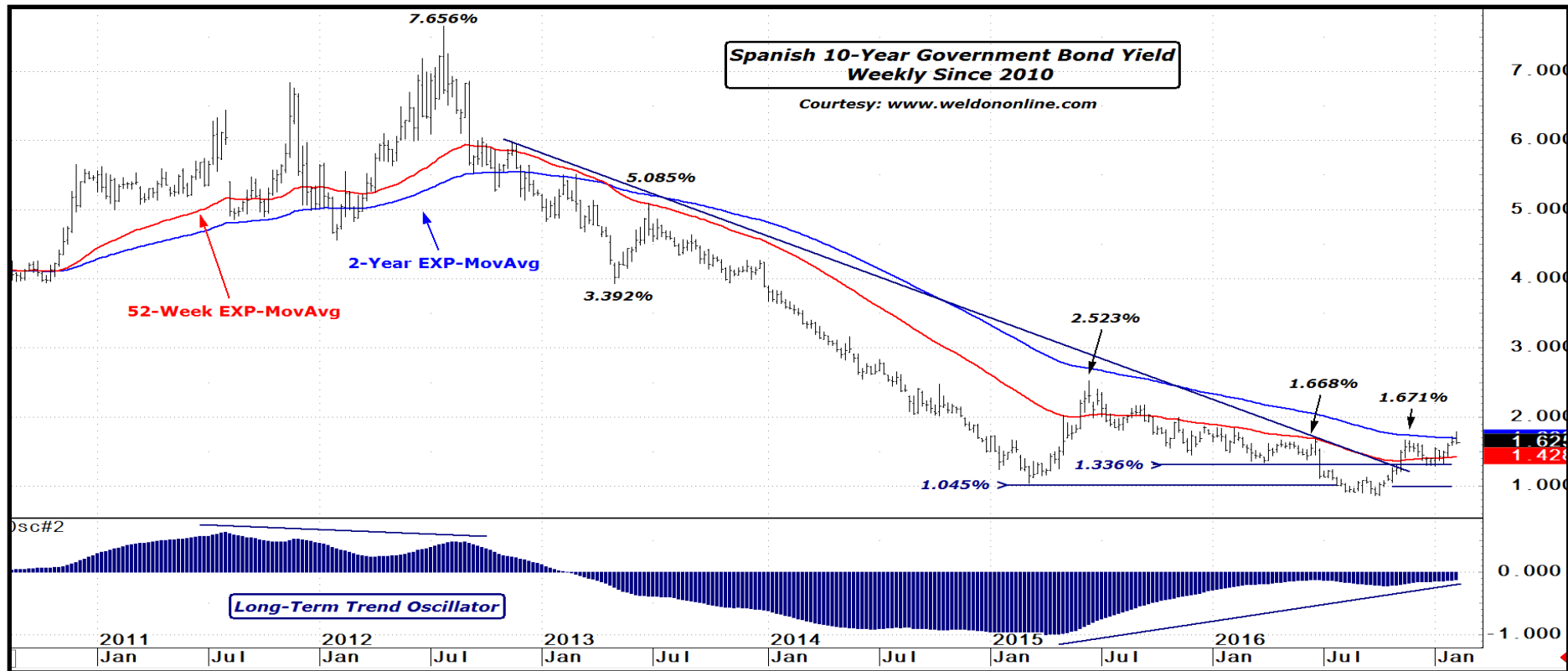




Spanish “real” BONO yields ... the Stag-Party is getting out of control !!!

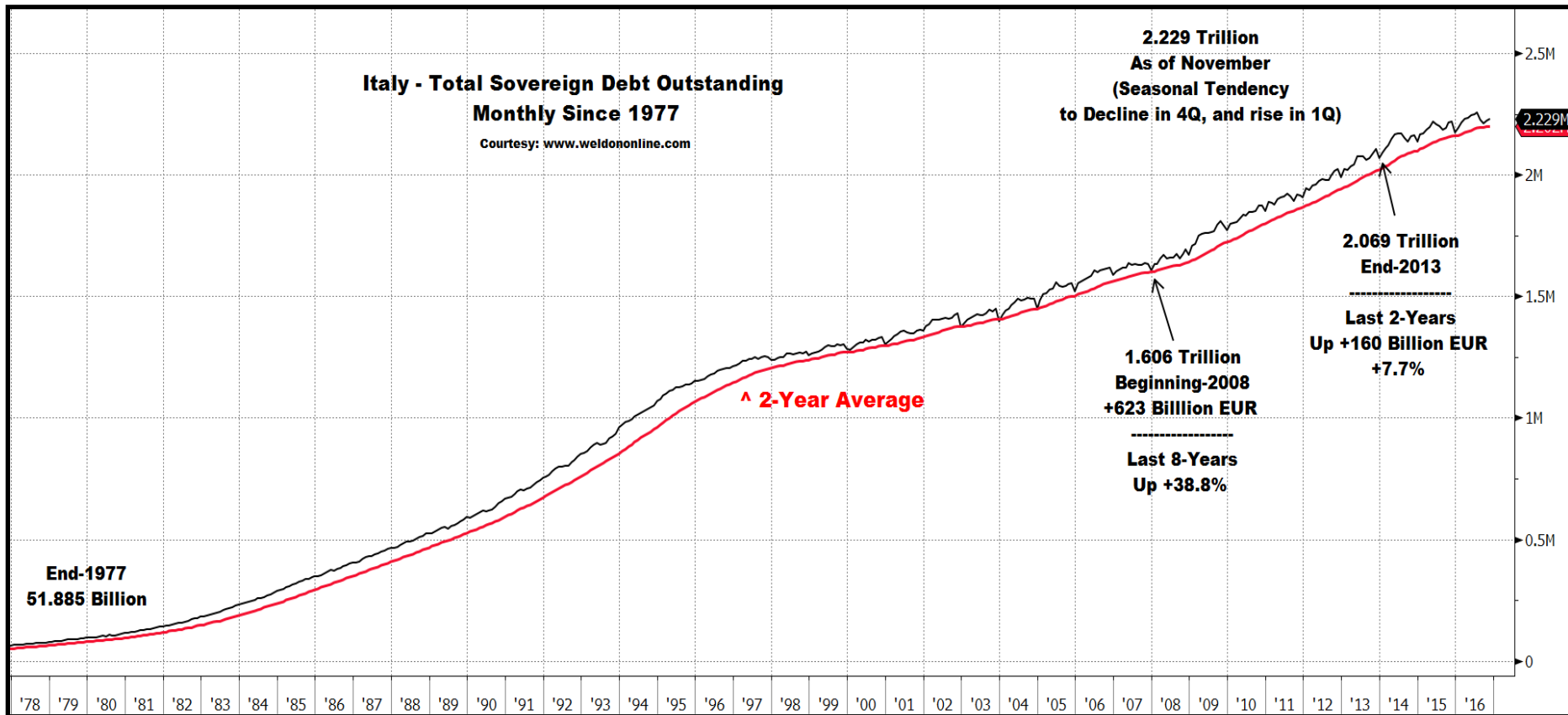


A move above the recent high at 1.67% would constitute a long-term technical breakout in the Spanish 10-Year BONO yield ... amid clearance of the long-term trend-defining 2-Year MA, and a SIGNIFICANT degree of bullish (higher yields) momentum divergence at the all-time low yield

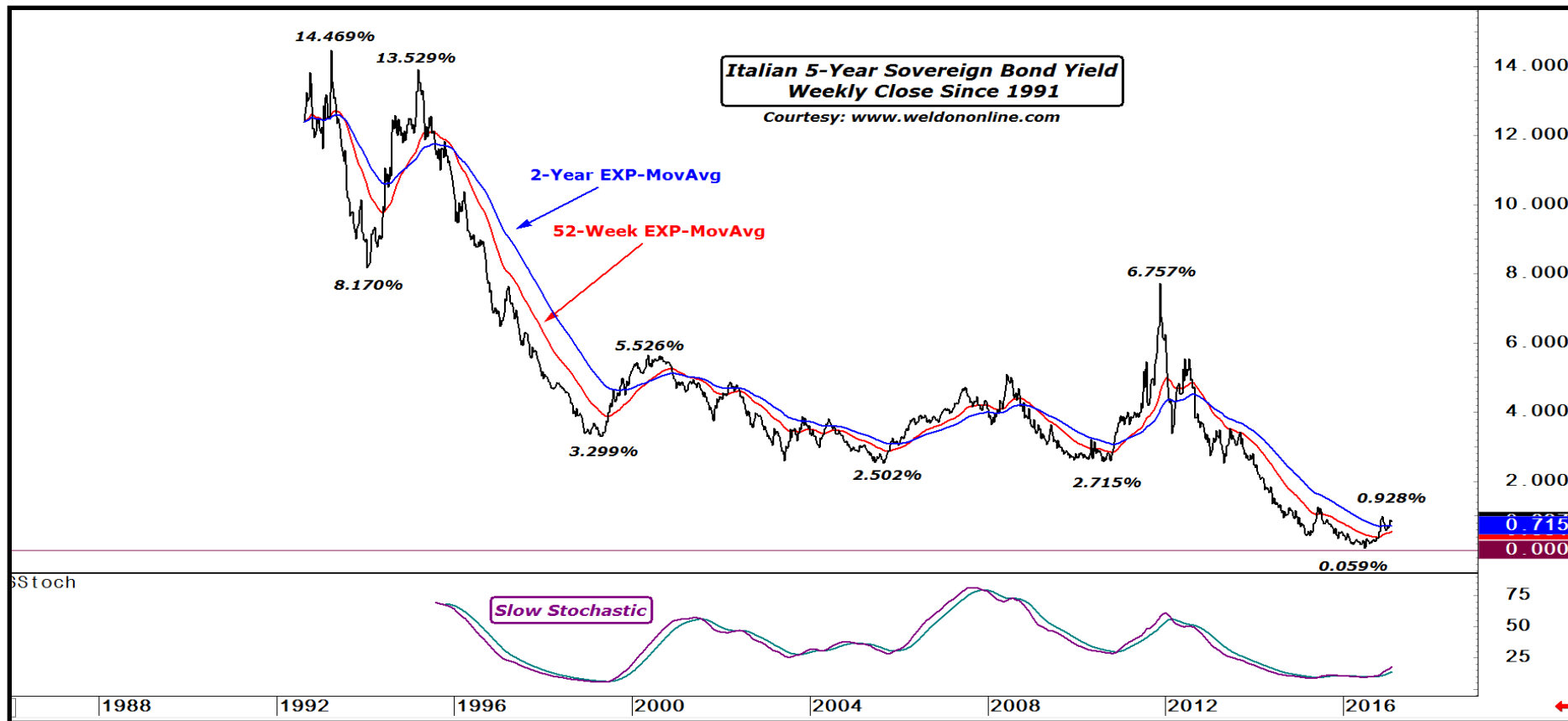




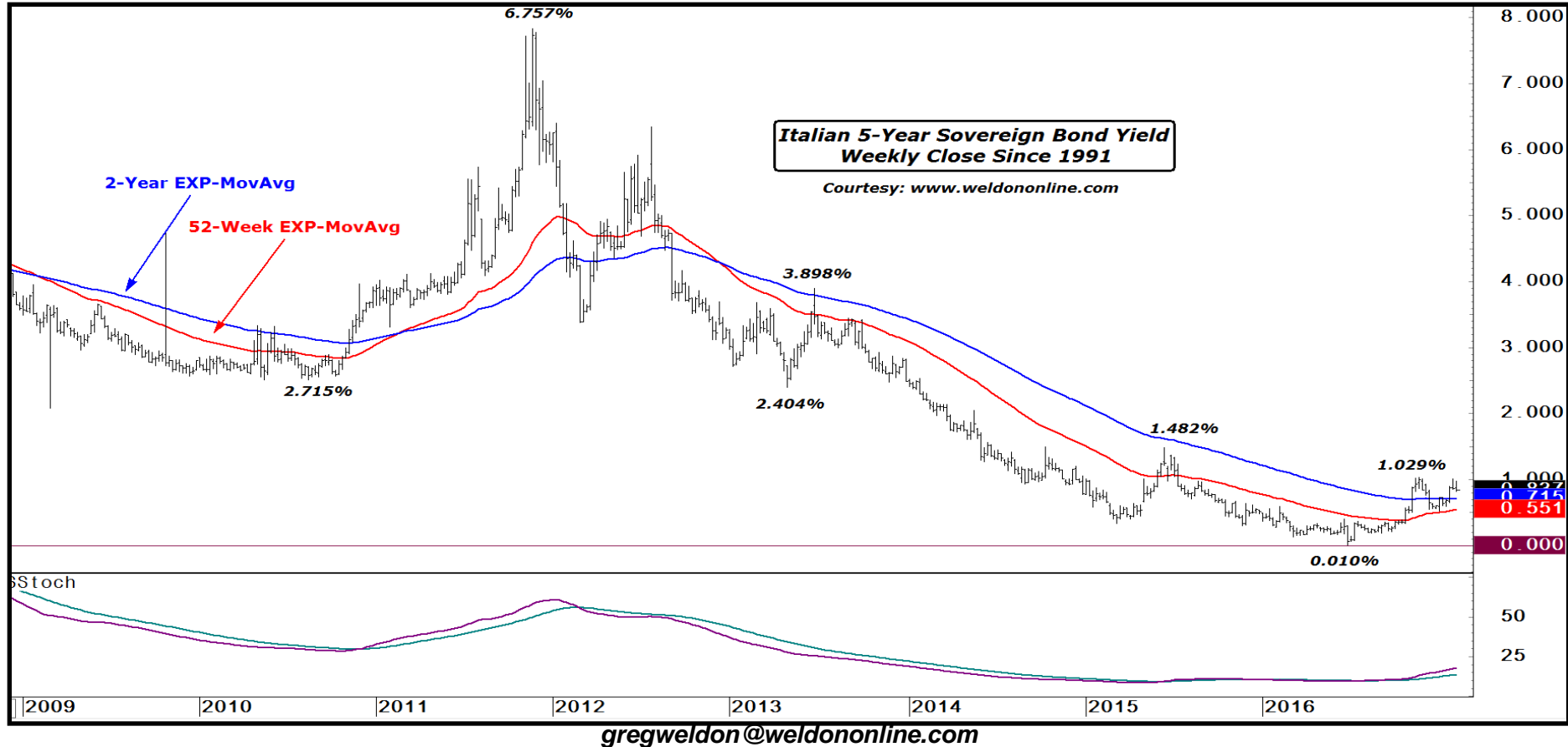
And then there is Italy ... where the WINE if flowing fast and furiously ...



The 5-Year BTP yield is threatening to breakout on a long-term secular-trend basis



A convincing move above 1% would constitute a breakout in the 5-Year BTP yield



Close-Up: 5-Year Italian Bond yield



'Bearish' is the steepening in the Italian Yield Curve ...

**Italian Yield Curve
5-Year <vs> 2-Year
Spread - Weekly Close Since 2001**

Courtesy: www.weldononline.com



... and **OMINOUS** is the breakout, trend reversal, and widening in the Italian-German Bond Yield Spread





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Wild Card: Crude Oil

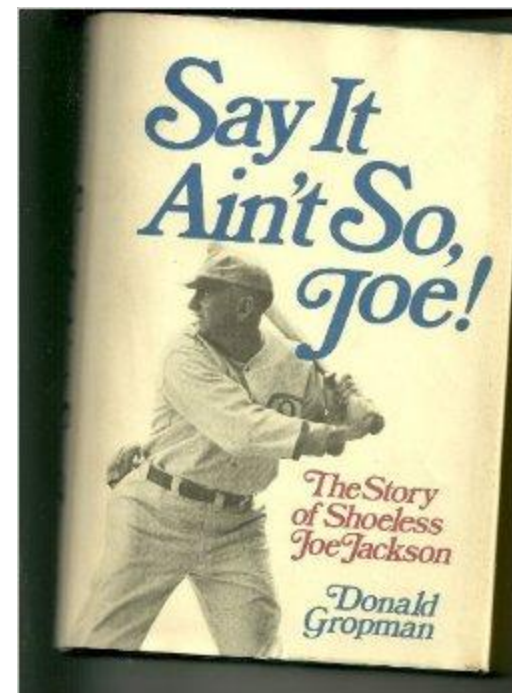


**The world could not believe that the White Sox 'threw' the World Series ...
... and the world may not believe that JGB yields can rise, amid a strengthening macro-situation !!!**

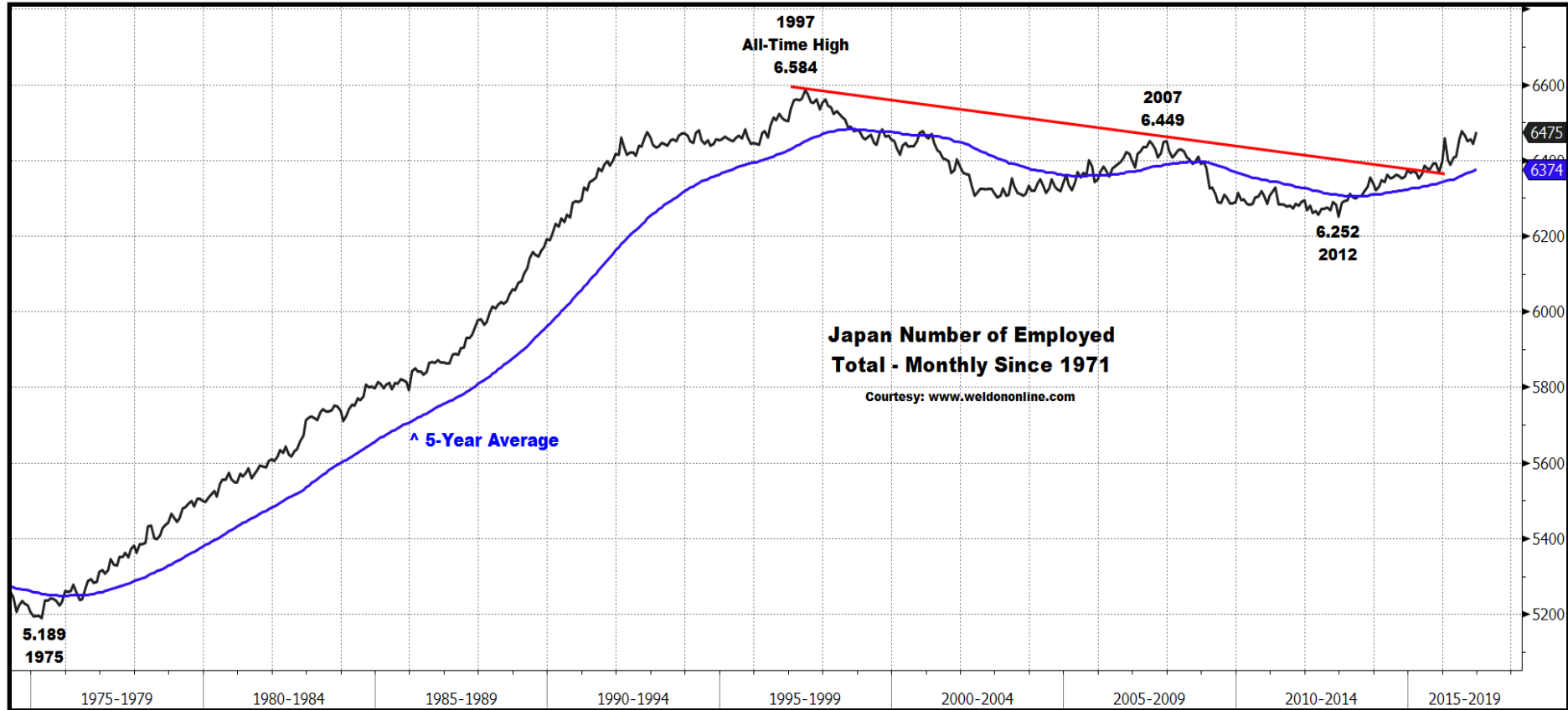
York Times.

WEDNESDAY, SEPTEMBER 29, 1920. TWO CENTS

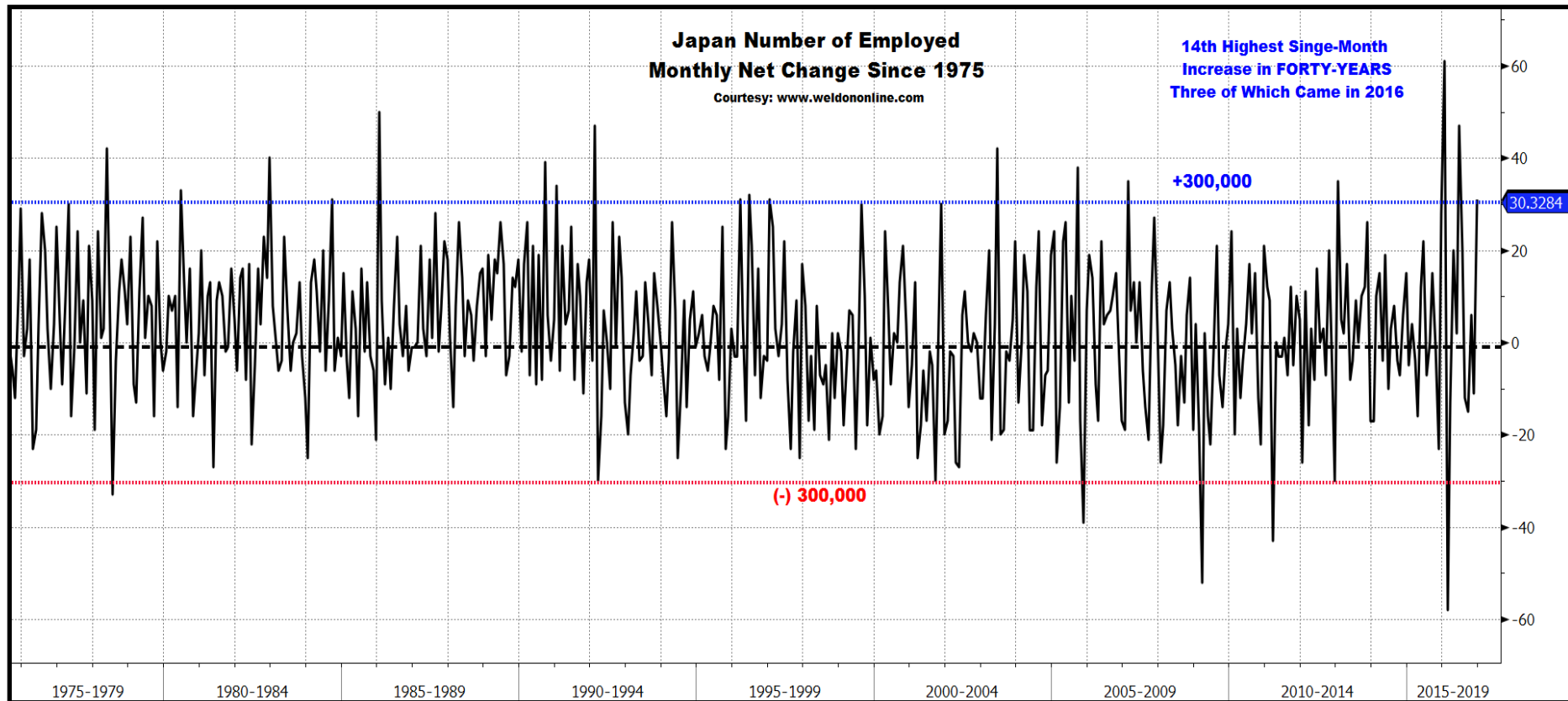
**EIGHT WHITE SOX PLAYERS ARE INDICTED
ON CHARGE OF FIXING 1919 WORLD SERIES;
CICOTTE GOT \$10,000 AND JACKSON \$5,000**



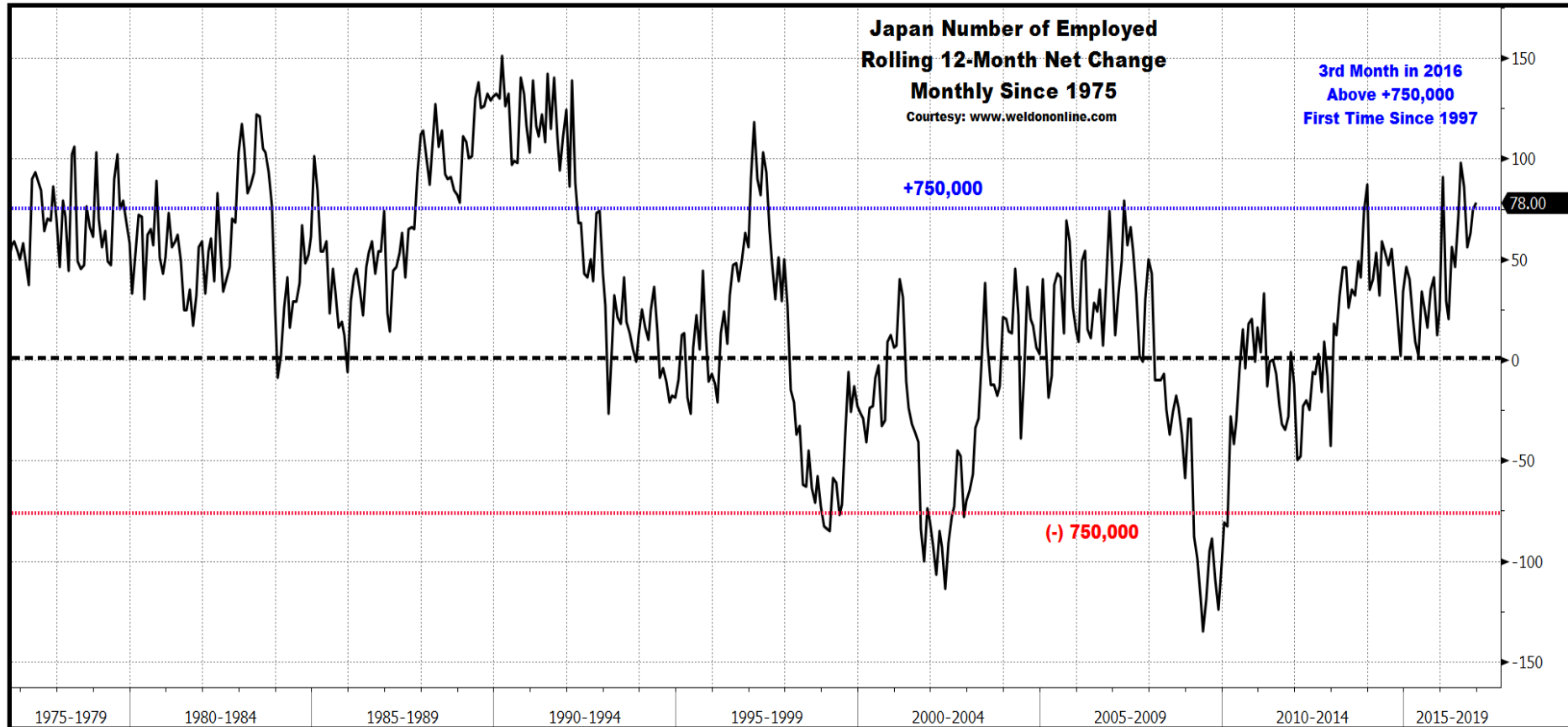
The total number of Employed matches the post-crisis high (6.475 million)



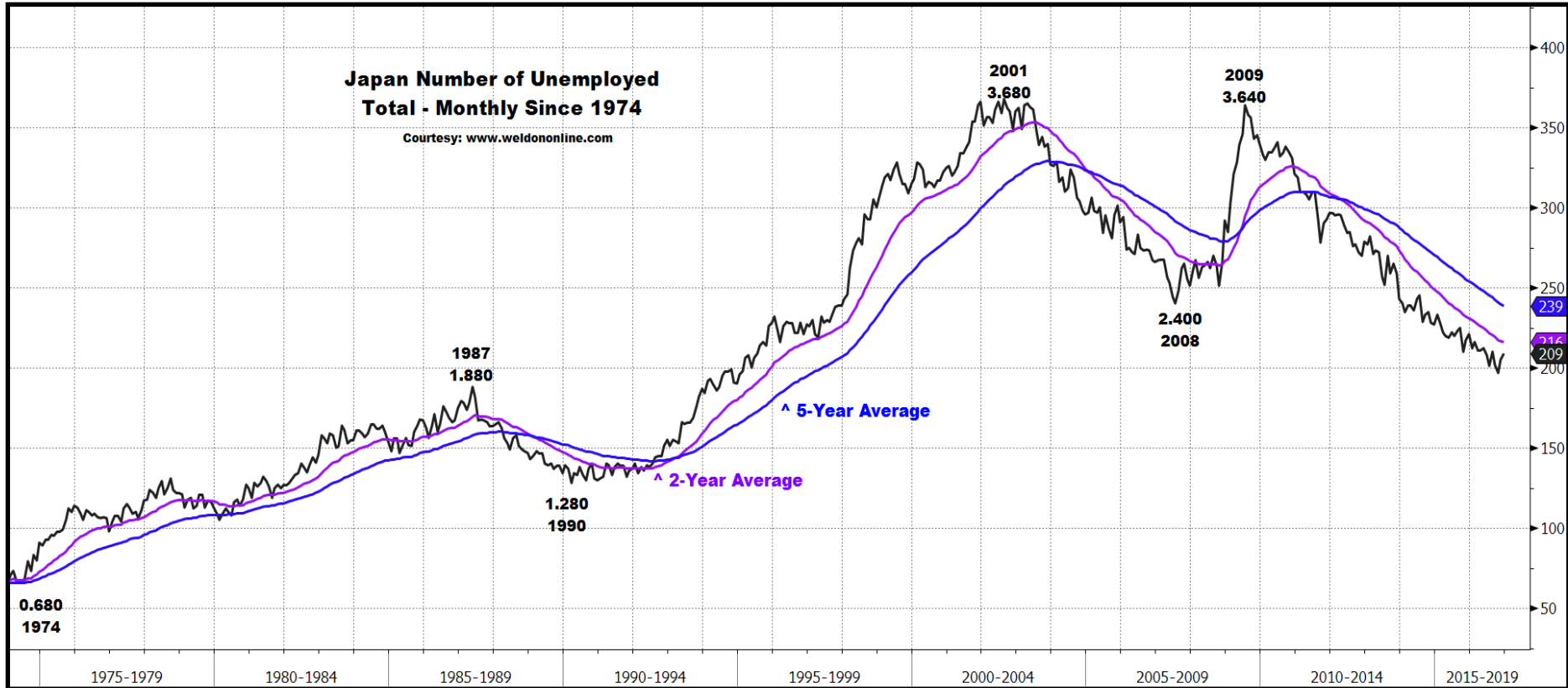
**The change in Employment (+310,000) is among the highest
single-month increases seen in the last FORTY-YEARS**



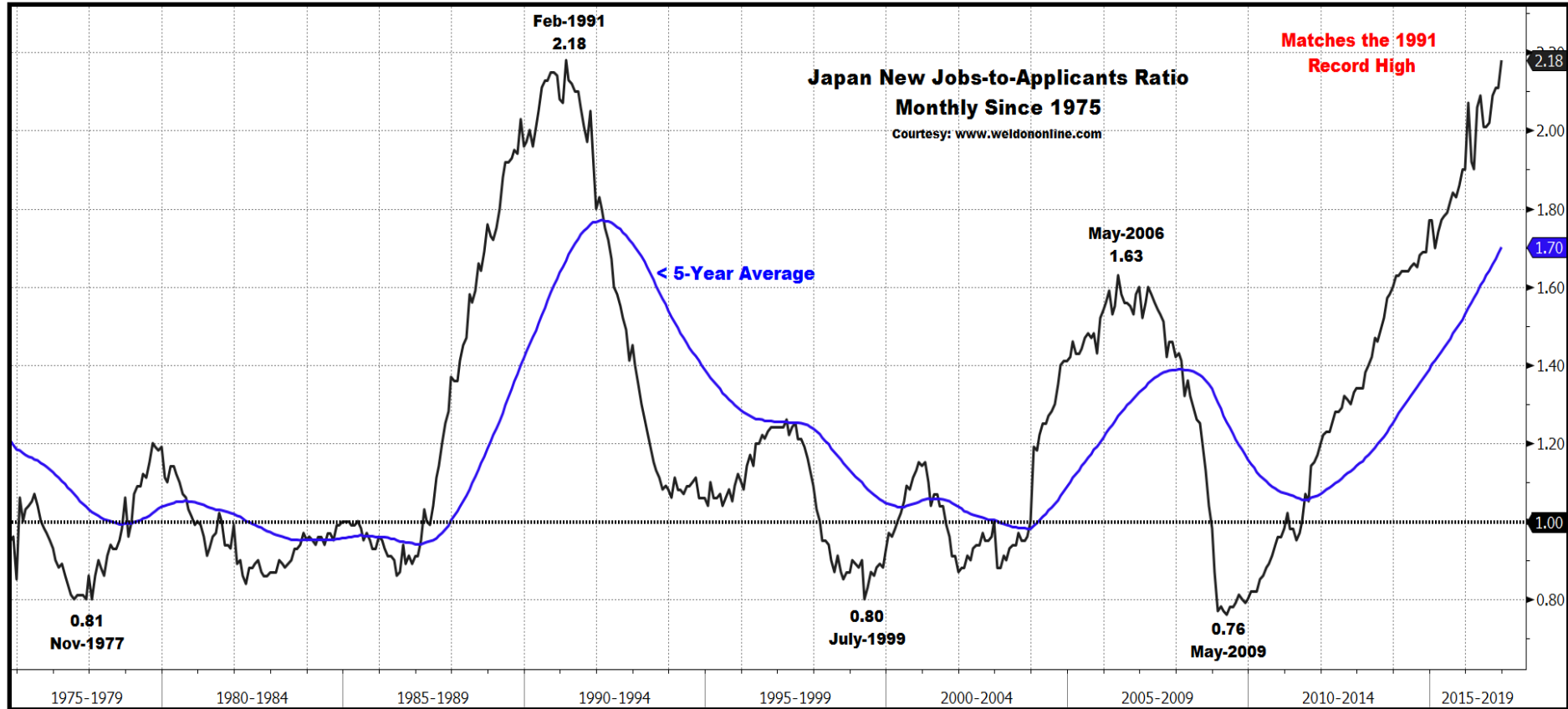
The 12-month change in the Number Employed is the fourth highest in the last 20-years



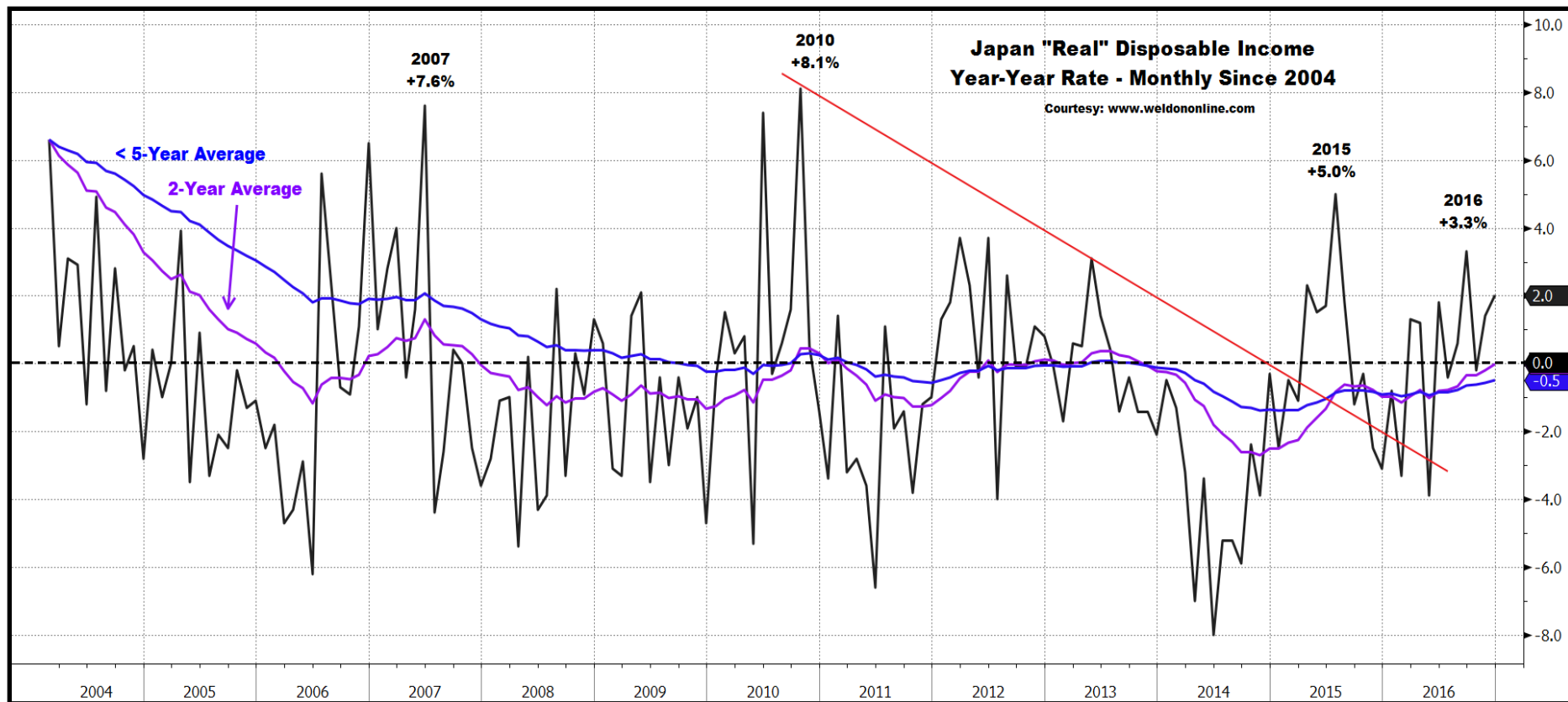
**The Number of Unemployed rose by +4,000 ...
... but remains firmly entrenched in a secular downtrend**



... while the New Jobs-to-Applicants Ratio matched the 1991 RECORD HIGH



**“Real” Disposable Income growth was relatively robust, for Japan ...
... driving the 2-Year Average into positive territory for the first time since 2013**



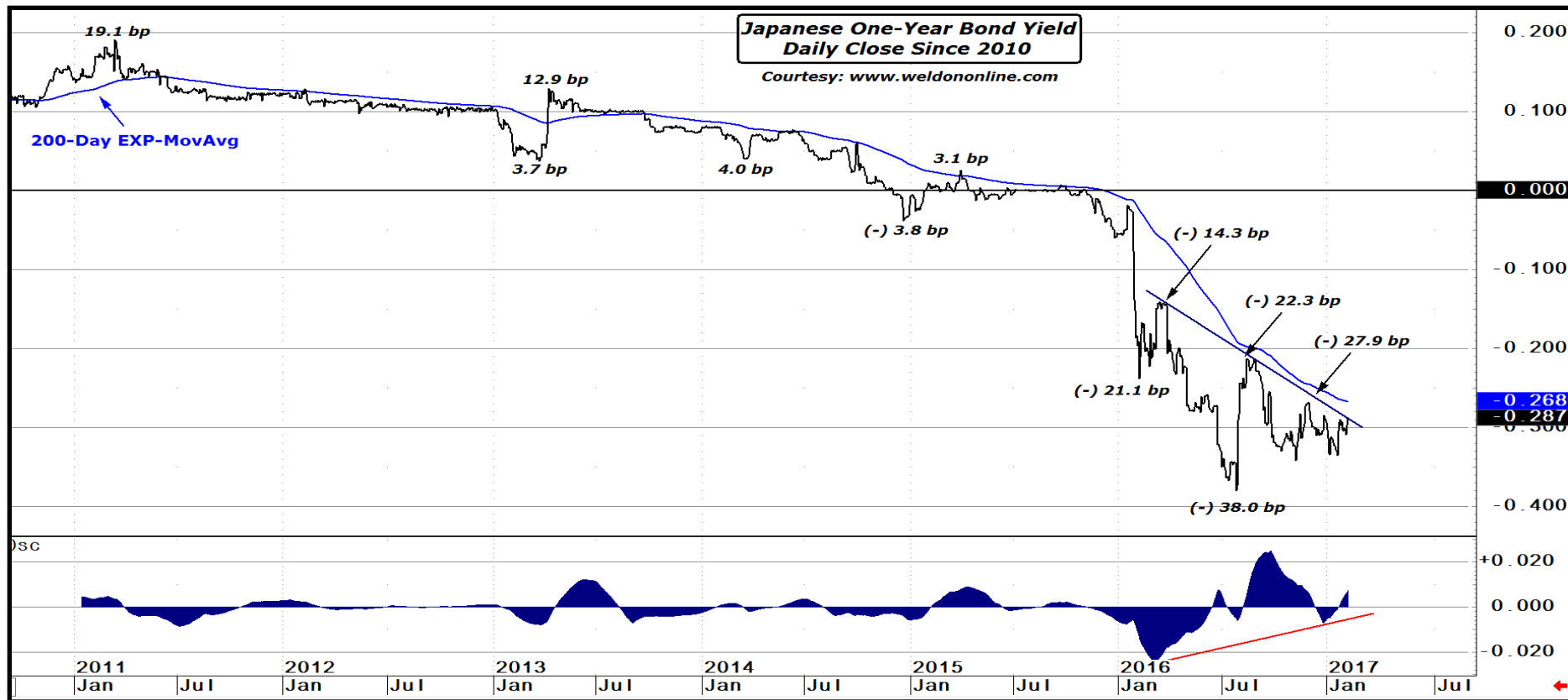


**Household Disposable Income ROSE versus year-ago December ...
... and ... Japanese Households SPENT MORE as well**

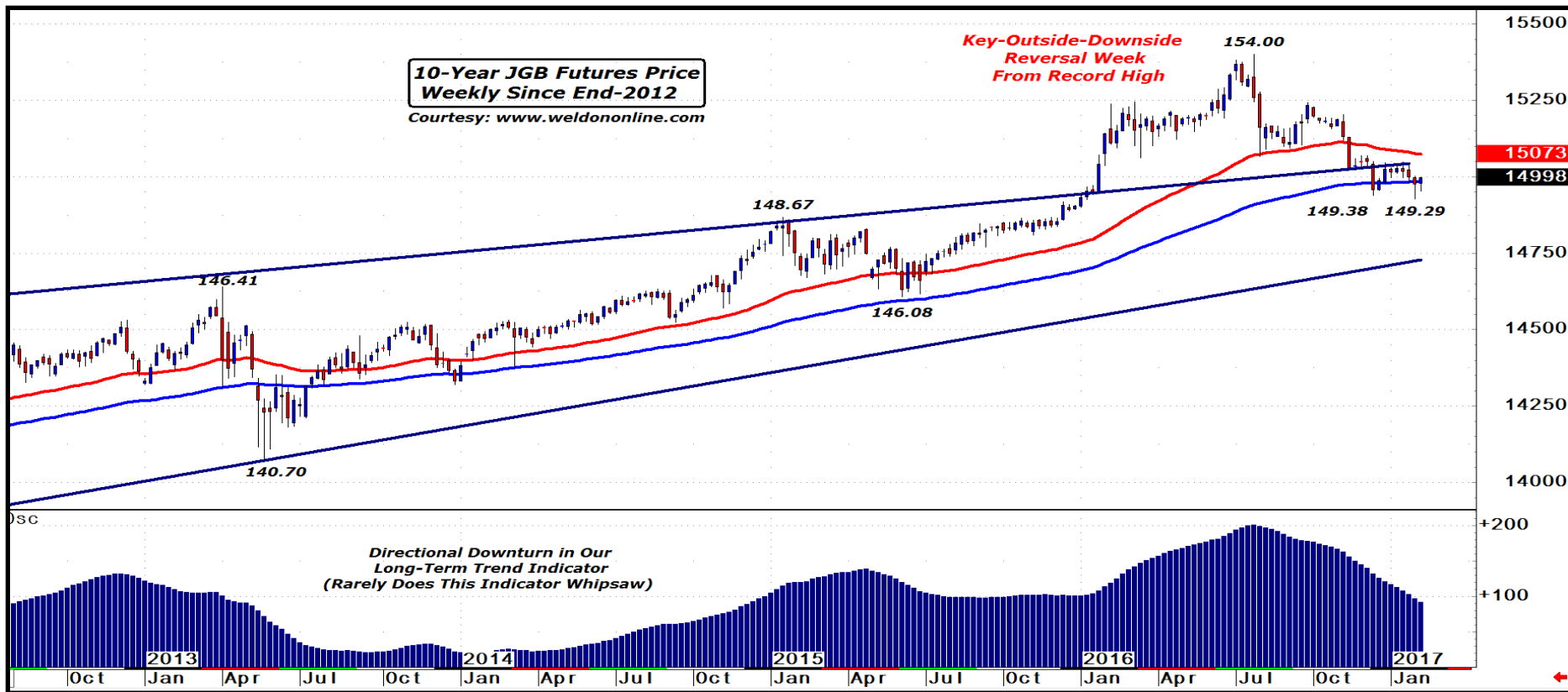
	Actual figures (Yen)	Change over the year in %	
		Nominal	Real
Workers' households			
Income	924,920	2.7	2.3
Disposable income	769,634	2.4	2.0
Consumption expenditures	349,214	2.6	2.2
Average propensity to consume (%)	45.4	2) 45.3	3) 0.1



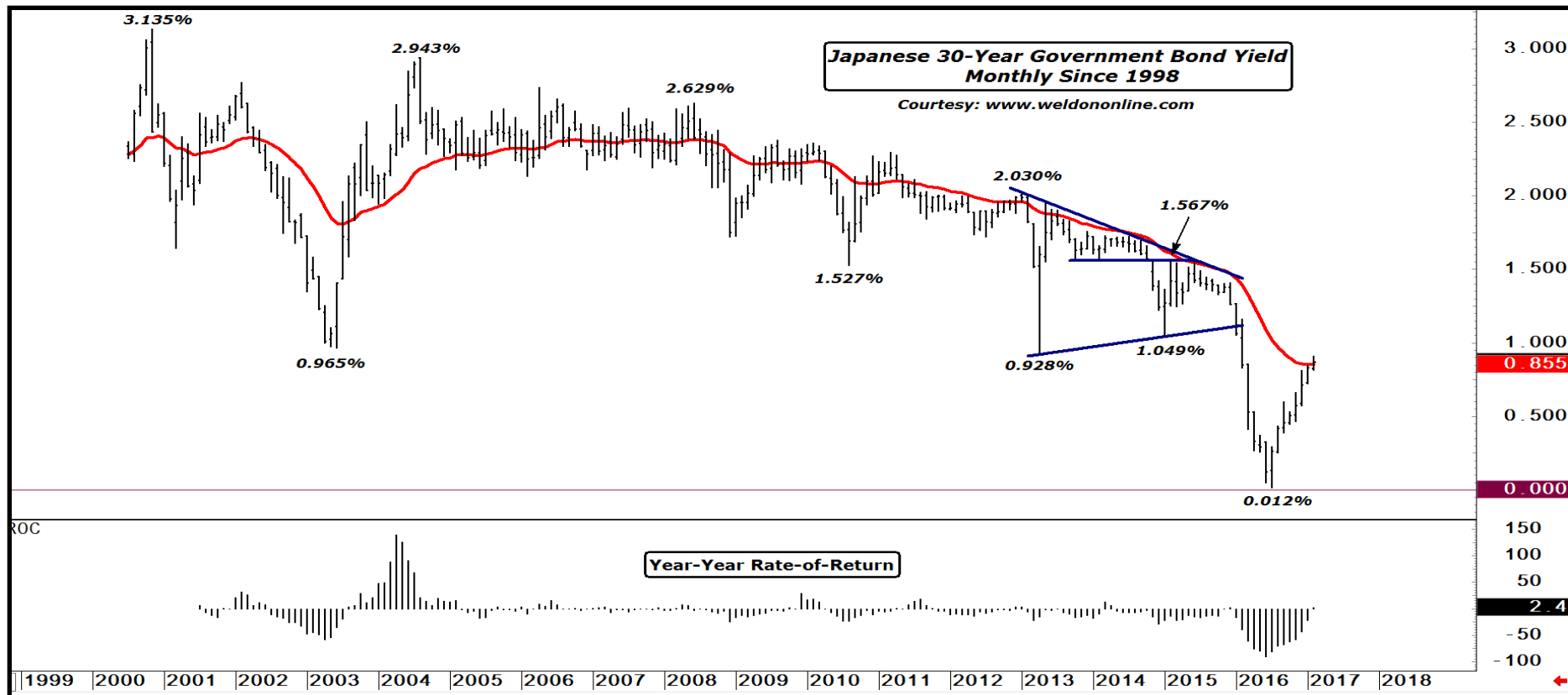
Japanese One-Year Bond yield ... threatening to breakout



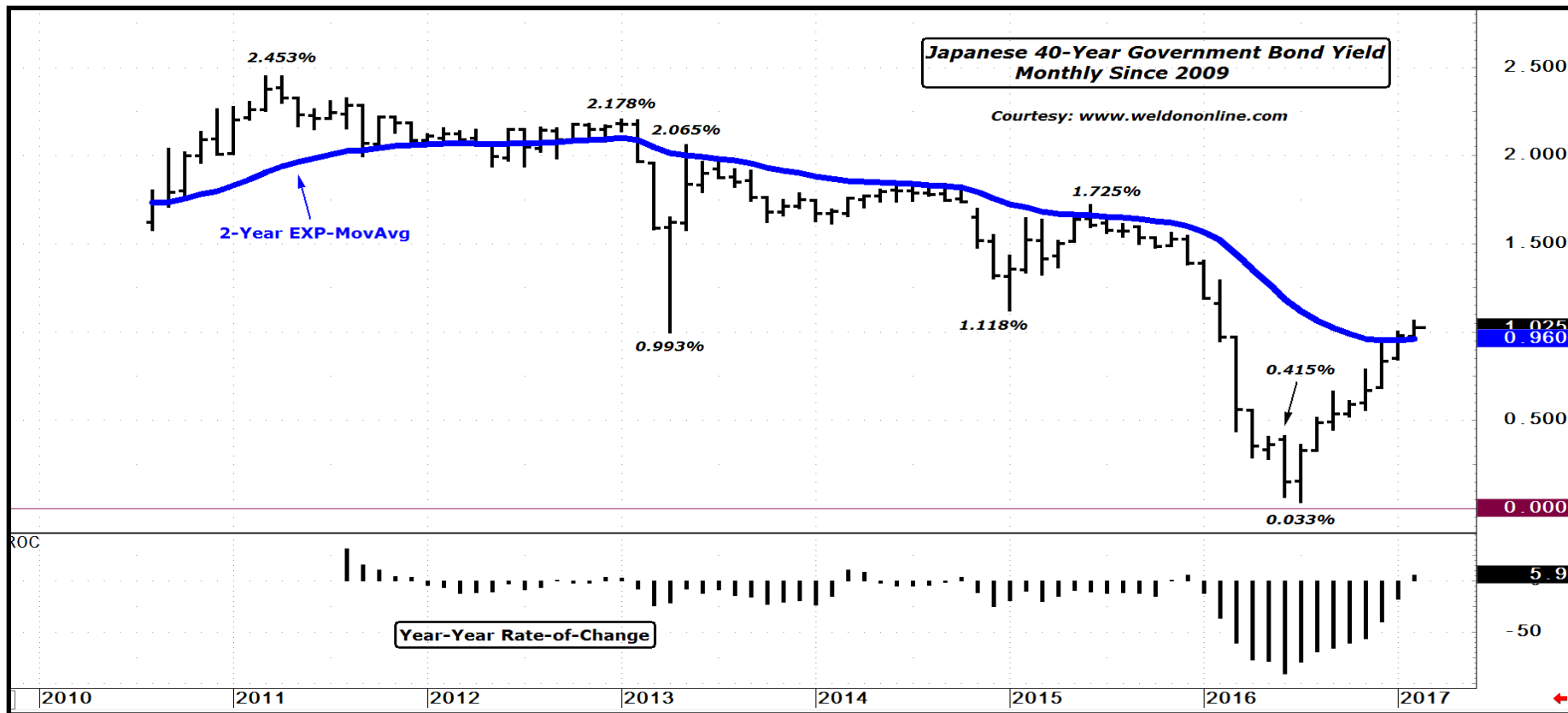
We are closely monitoring the 10-Year JGB futures, with recent price lows correlating with the 0.10% level in the cash bond, the level the BOJ has 'pledged' to 'defend'



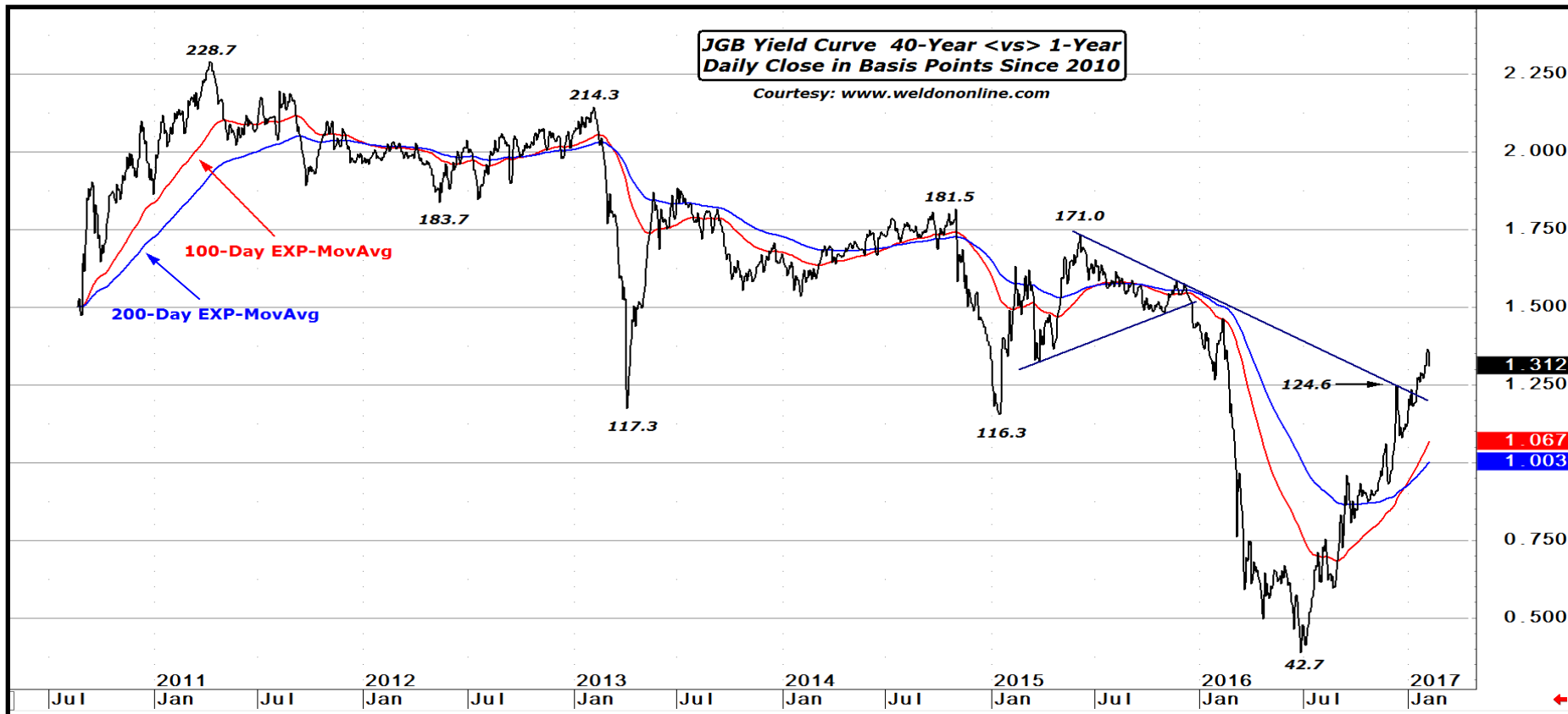
Yields along the long-end of the Japanese Bond market are already long-gone, to the upside



The Super-Long 40-Year JGB yield has risen by +100 basis points since its all-time low of 0.033%



The One-Year/40-Year JGB Curve has broken out and is now full entrenched in a steepening trend



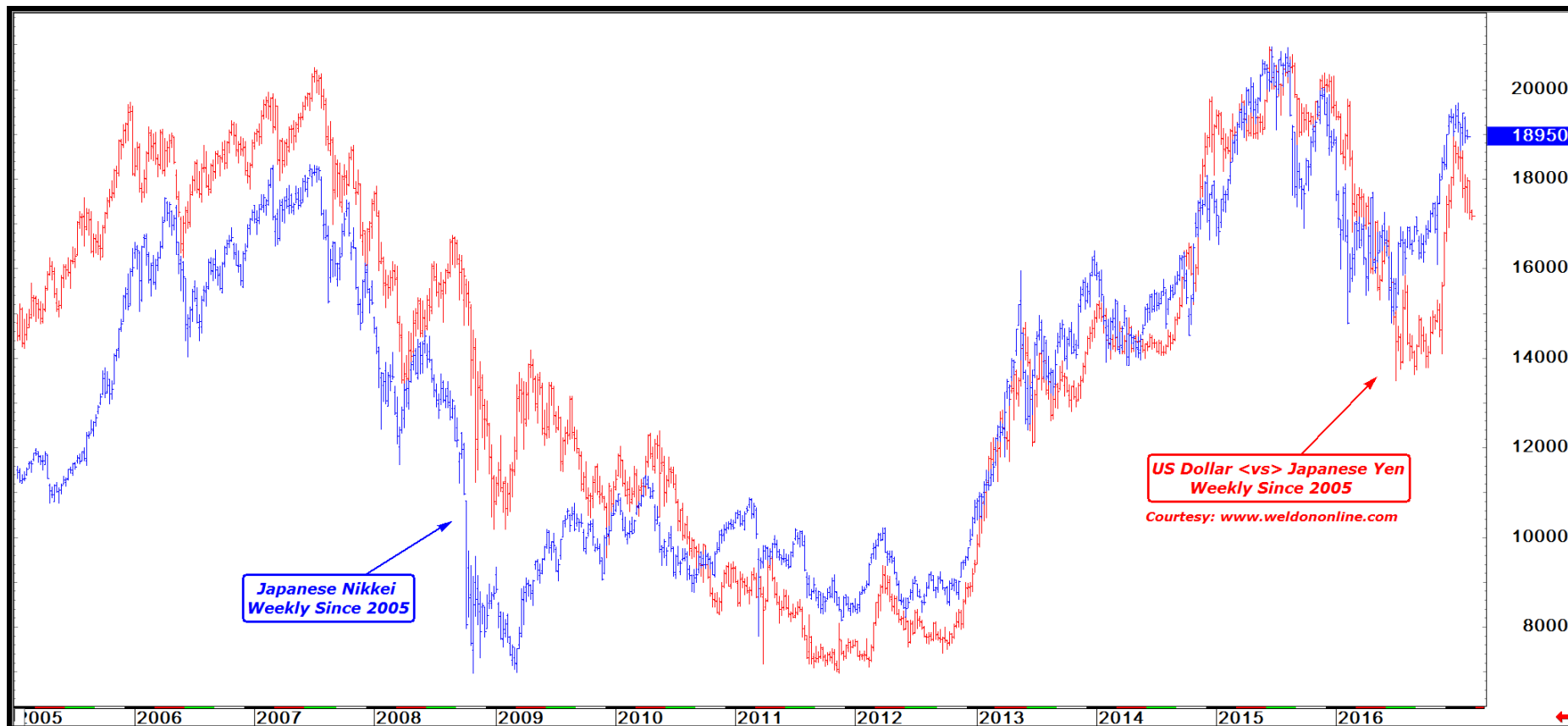
And, the 40-Year/30-Year Yield Curve ... new high, extending the steepening move





WeldonLIVE

An extending rally in the Yen (USD decline, in red) would most likely 'weigh' heavily on the Nikkei



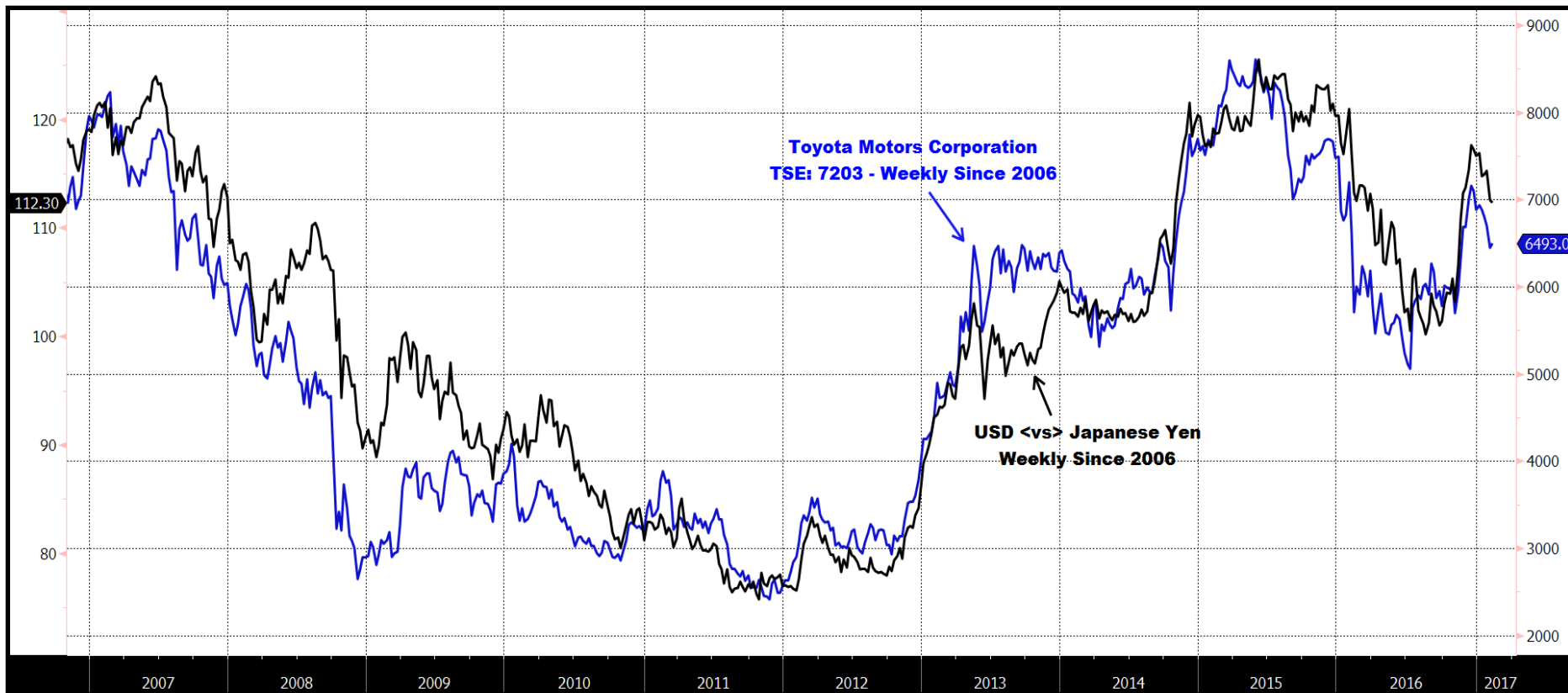
Japanese Nikkei
Weekly Since 2005

US Dollar <vs> Japanese Yen
Weekly Since 2005

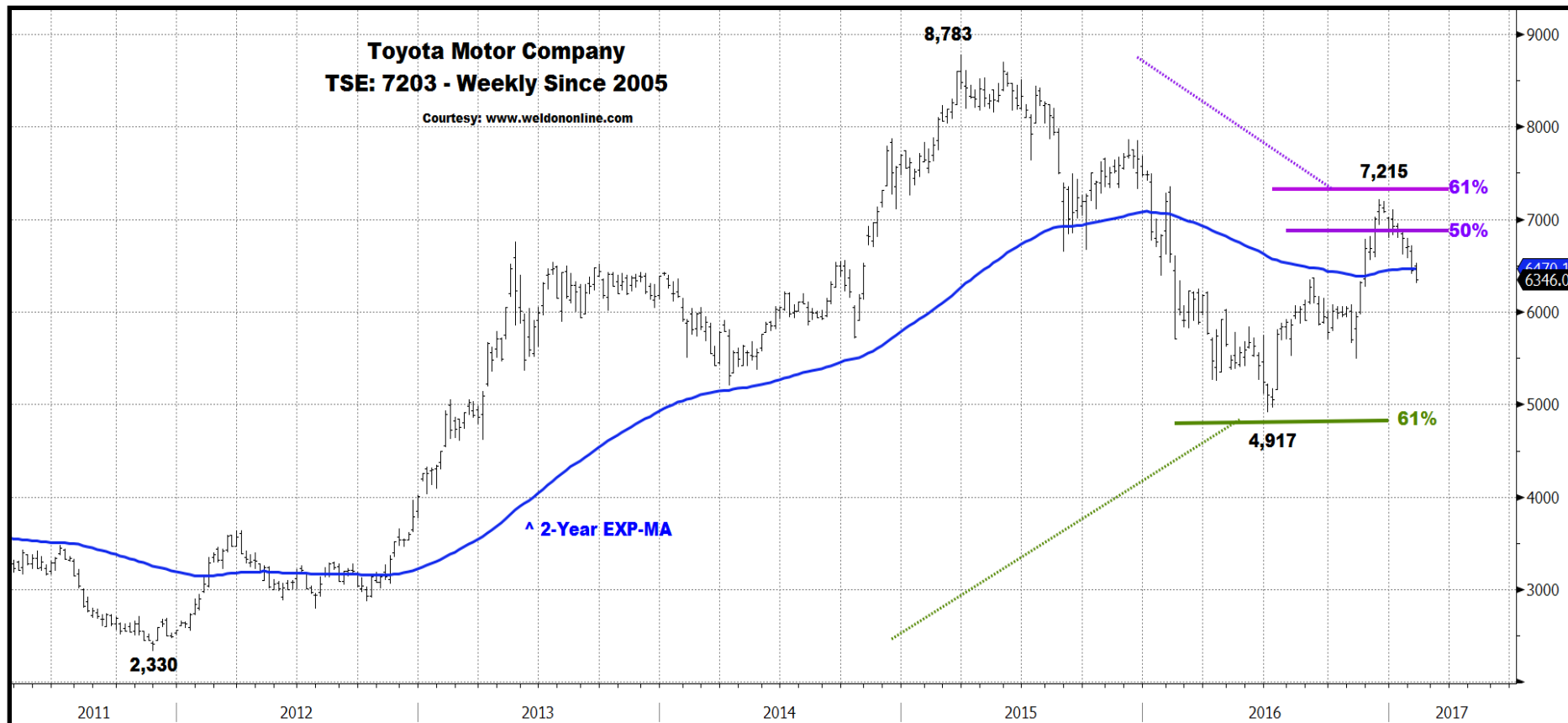
Courtesy: www.weldononline.com



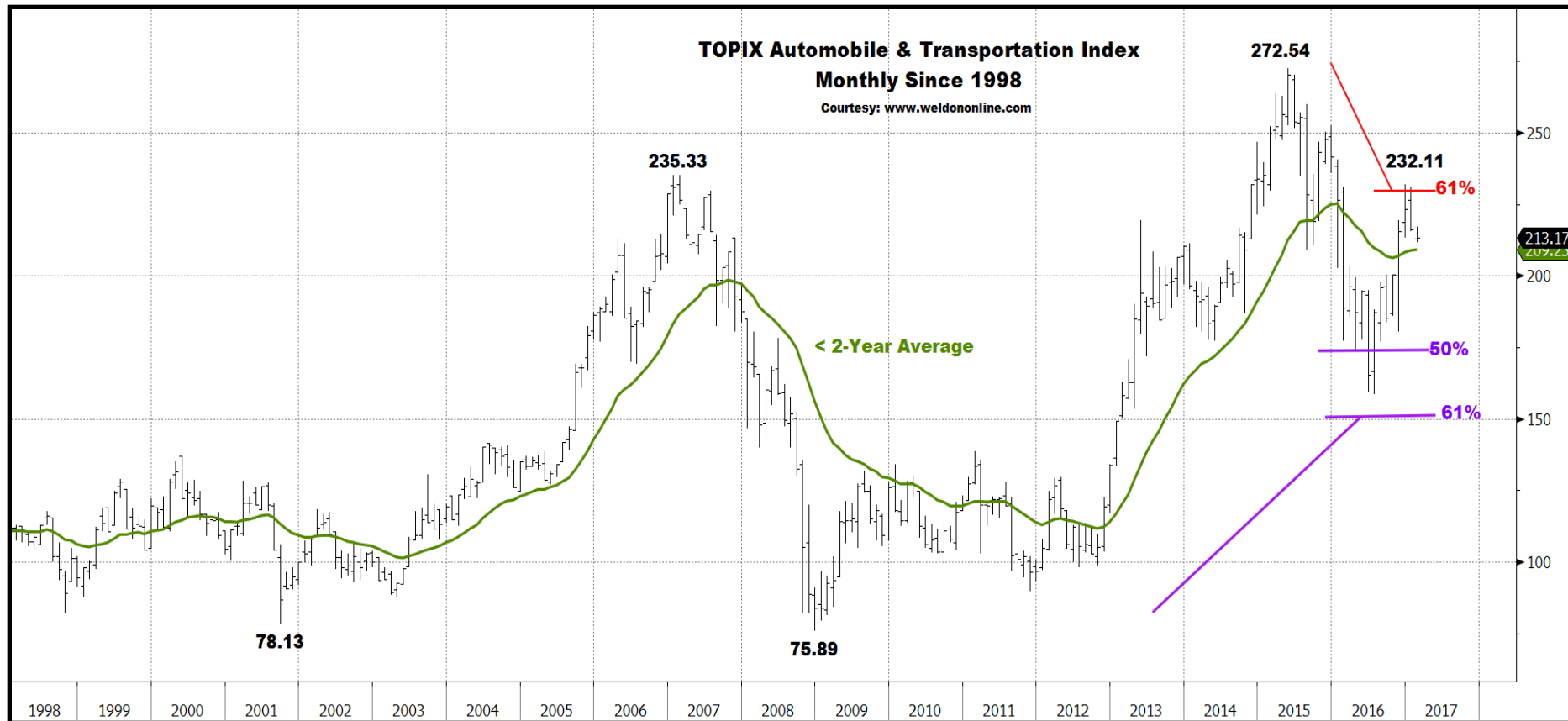
**Toyota is in the news, with Income falling short of expectations ...
... and Toyota is moving in tandem with the Yen (USD-JPY)**



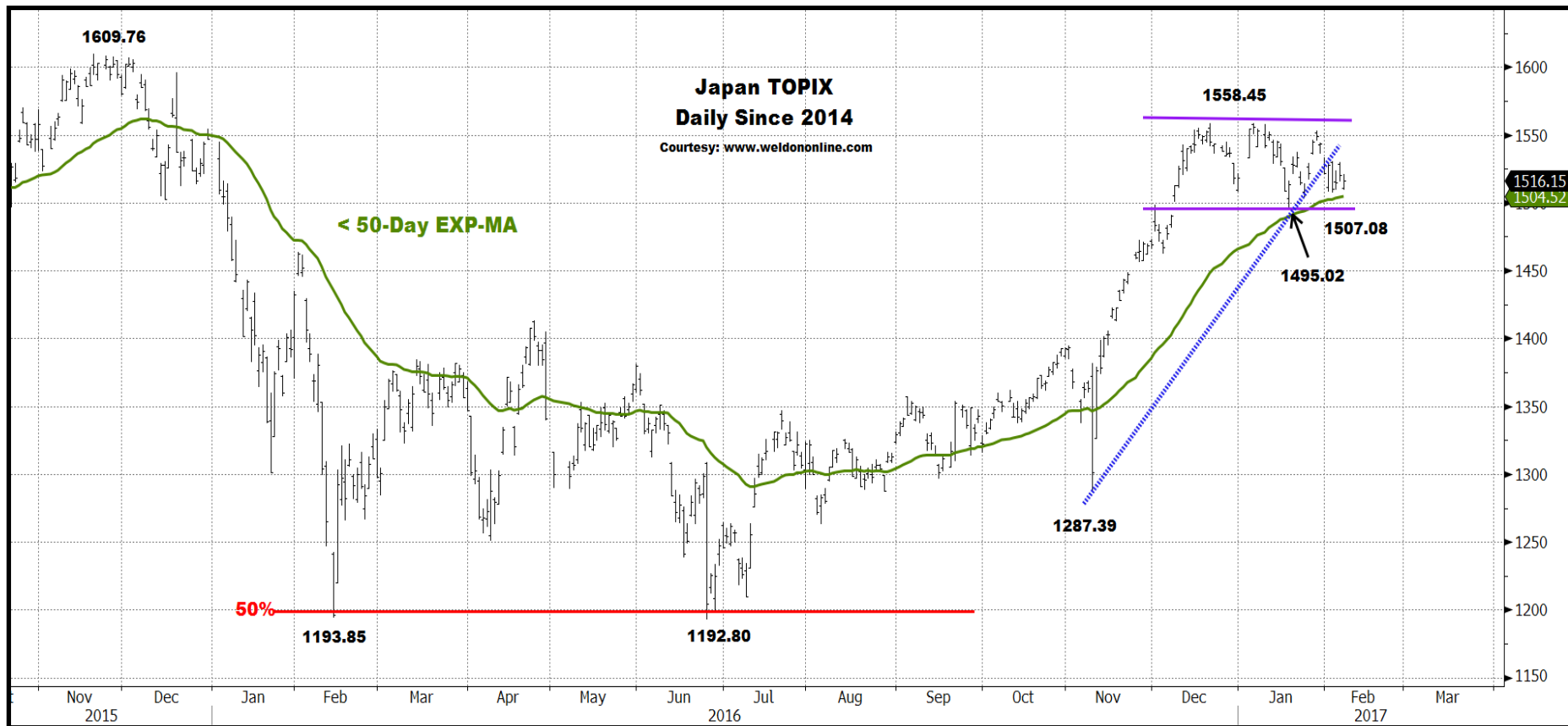
Close-Up: Toyota, 'trembling' ??? ... technically speaking



TOPIX Automobile & Transportation Index ... at a secular cross-road ??



TOPIX ... key med-term technical pivot-points





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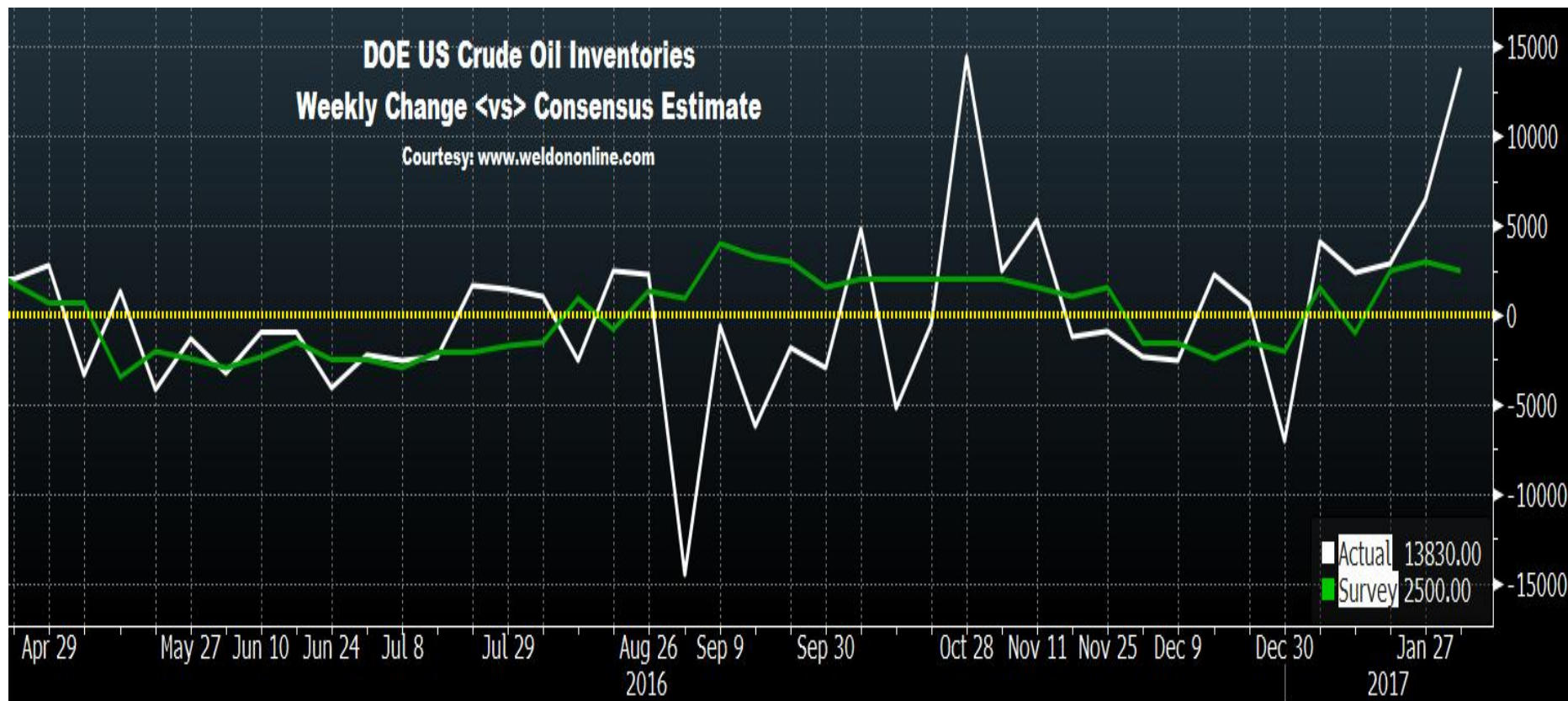
Wild Card: Crude Oil

I've played in the World Series of Poker's Main Event, and I can tell you from experience that in poker, you can be a 97.8% favorite to win a big pot, with one card to be played, and LOSE

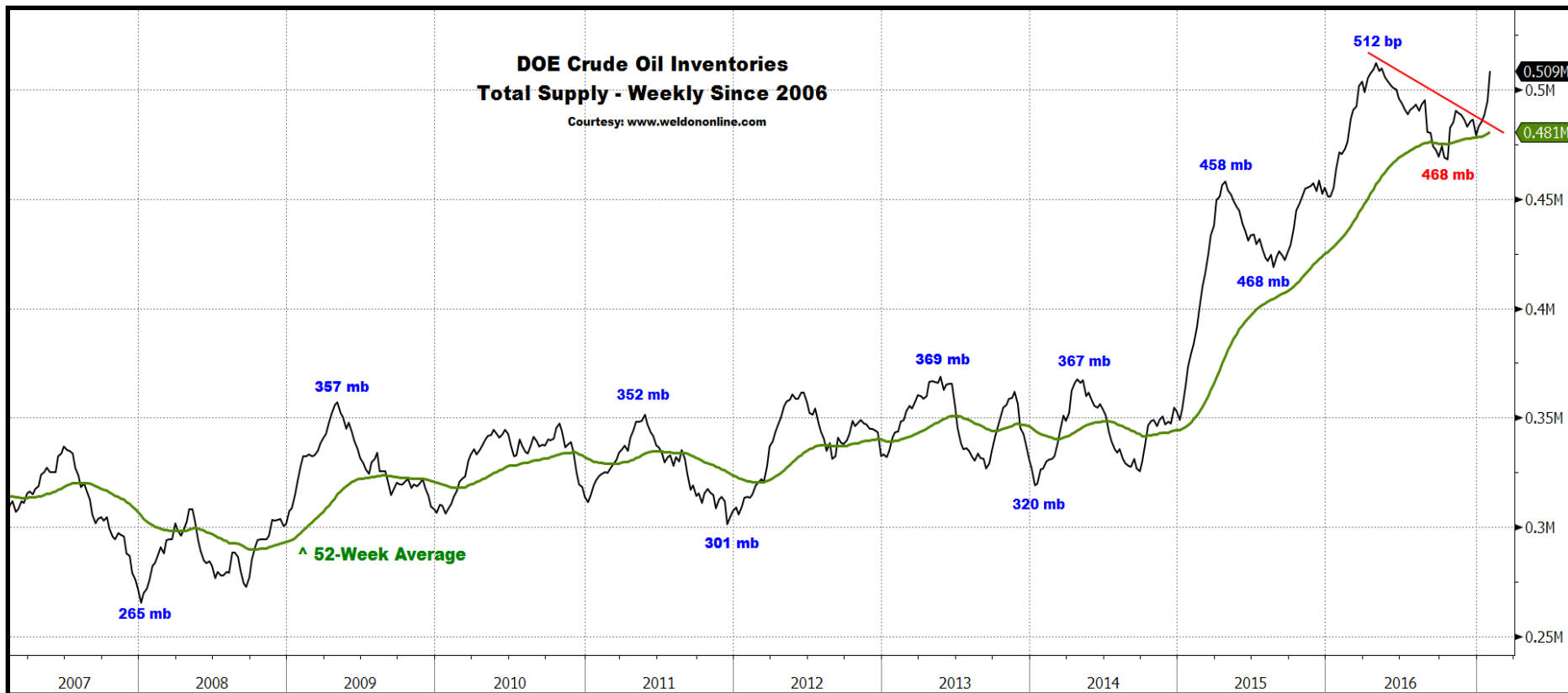




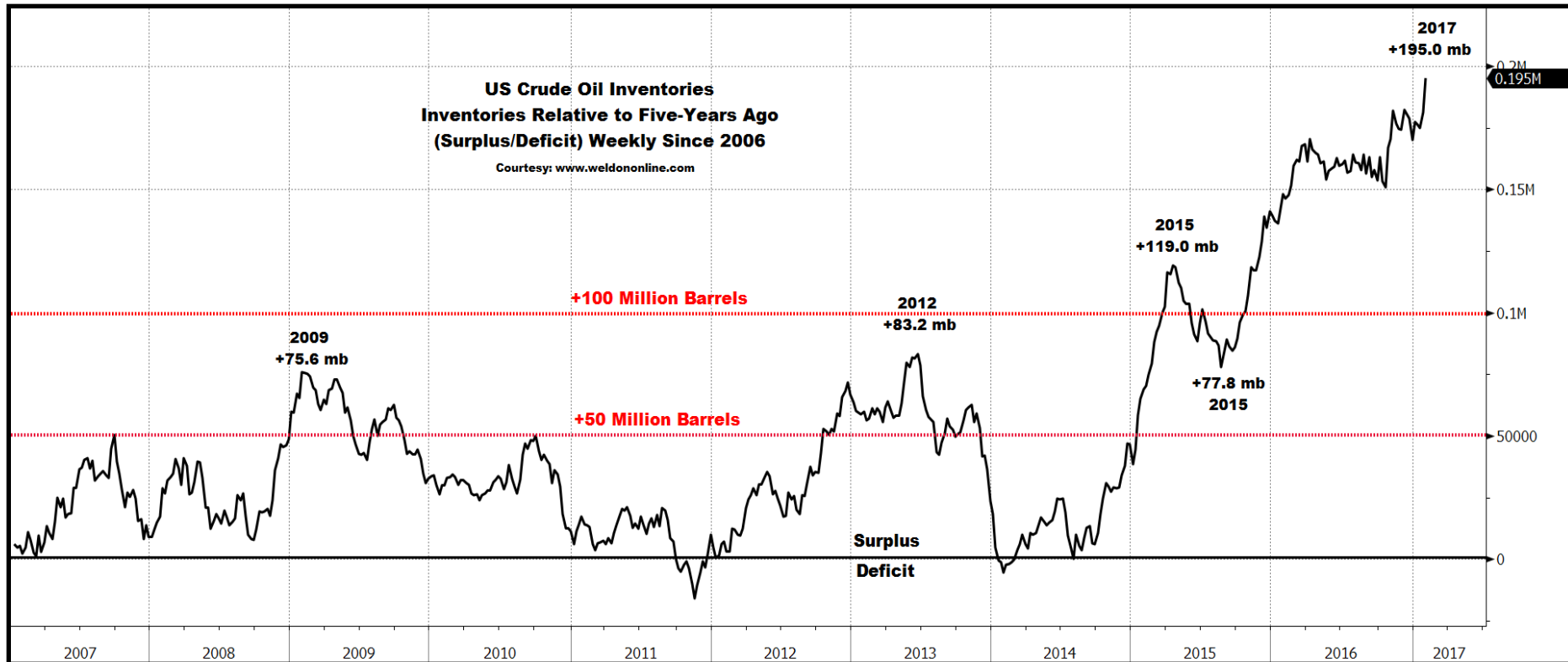
NO sign of the OPEC output cutbacks ... as US Crude Oil inventories SOARED, increasing by FAR MORE than expected, with one of the LARGEST single-week increases EVER



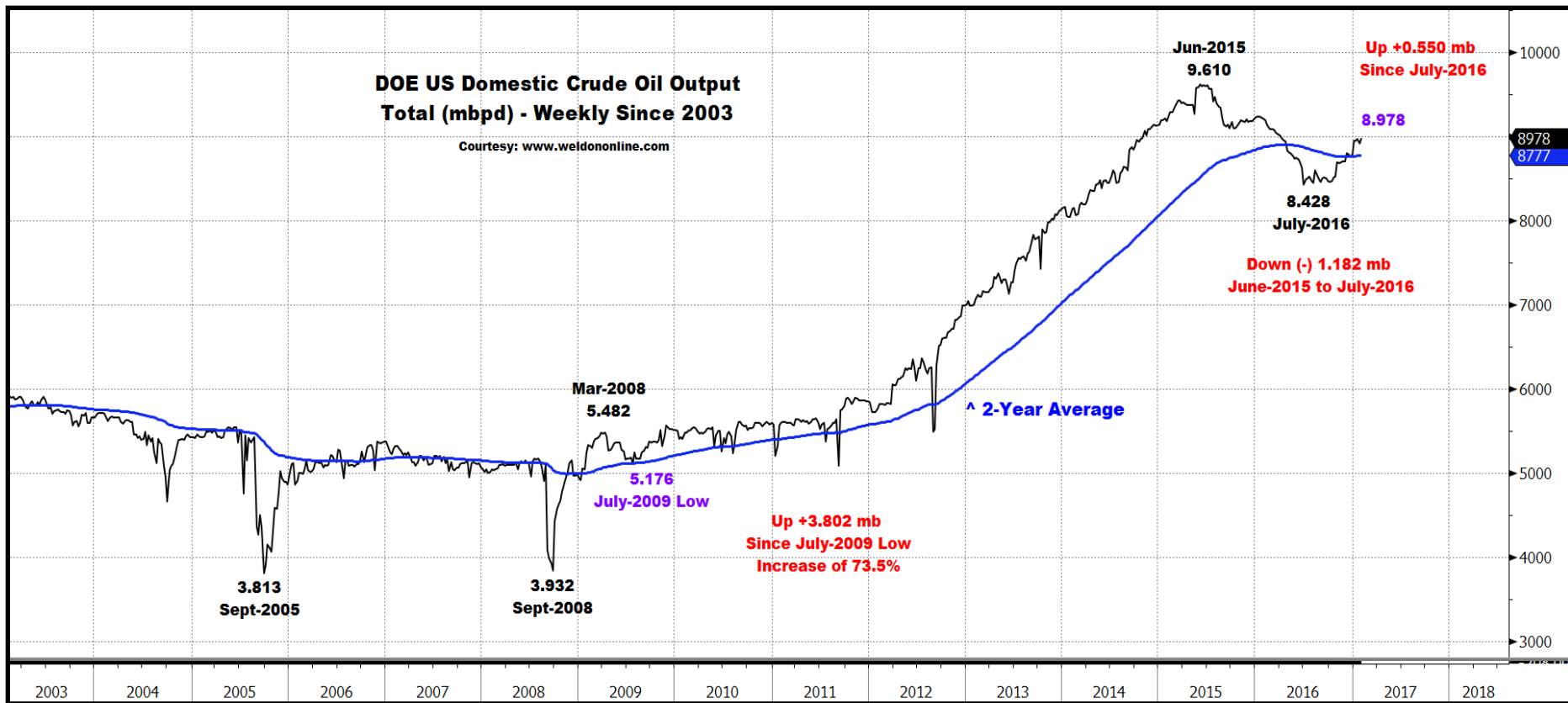
US Crude Oil inventories ... rising, rapidly, with the total surging back above 500 million barrels



The current level of inventories, compared to the level of five-years ago, reflects a RECORD 'surplus' of nearly 200 million barrels ... which means, that FORTY-PERCENT of the entirety of ALL US Crude inventories has been 'built' in just the last five-years

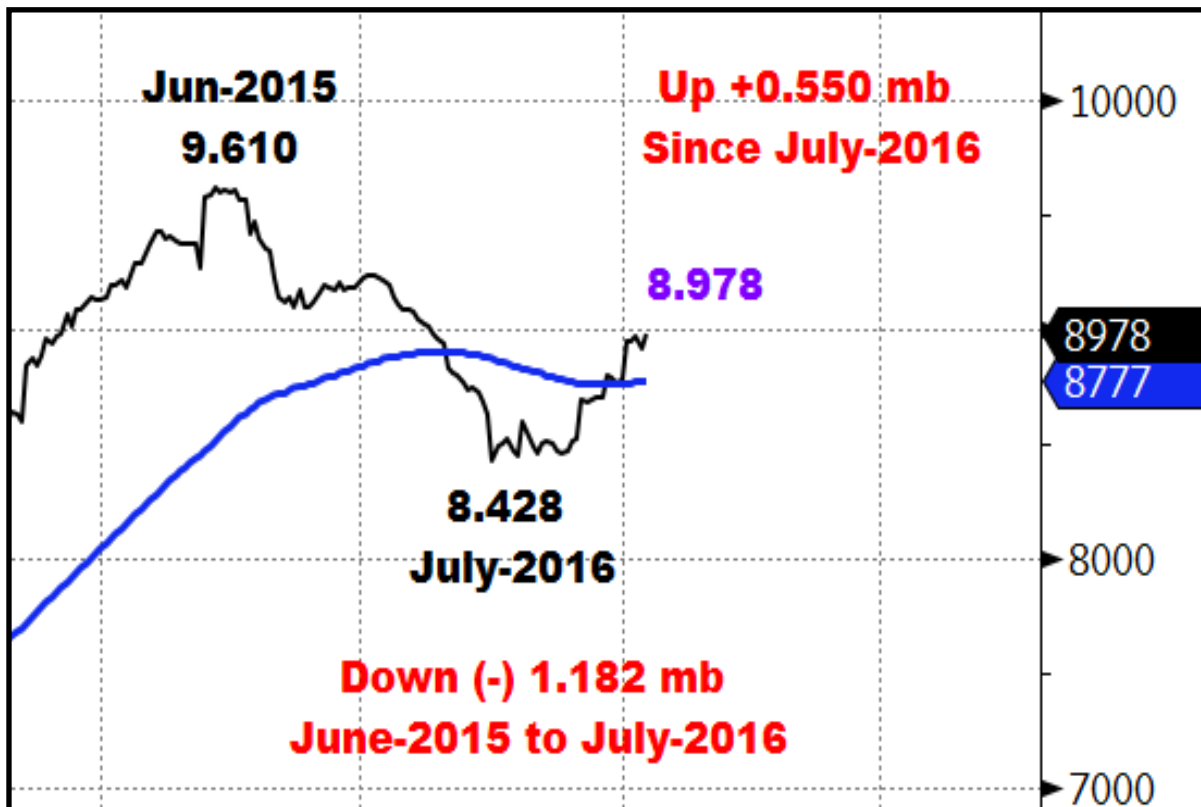


AND ... US production is on the rise again, hitting a 52-week high, and generating an upside directional reversal by the long-term trend-defining 2-Year MA

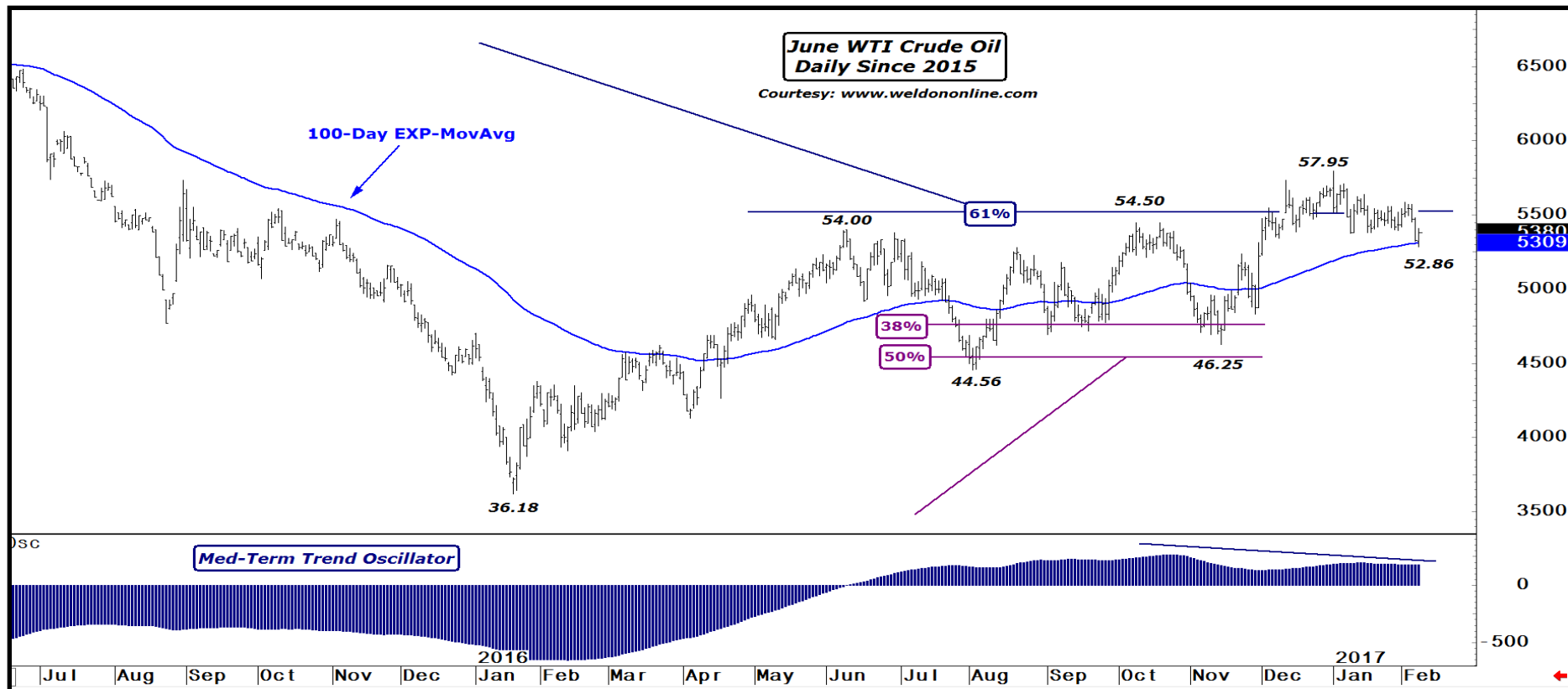




Close-Up: US Crude Oil Production



Oddly, in the face of the HUGE inventory build, Crude Oil failed to follow through on yesterday's losses, and bounced from the med-term trend-defining 100-Day EXP-MA



Closely monitoring the 2017 'calendar' ... for tells as to the perceived success, or lack-thereof, in OPEC's output reduction deal

