



Vantage *point*

MARKET OUTLOOK: NEUTRAL
STRATEGY: PAUSE TO MONITOR MARKET

Last Friday, the US NFP figure came in at 271,000, beating even the most bullish forecast. From a 38% probability before the payrolls data, Fed fund futures are now pricing in a 70% chance of a rate hike in December.

This surprised markets, so we expect the different asset classes to start pricing in the prospect of higher interest rates. The dollar strengthened sharply, with the Euro and yen dropping by more than 1% on Friday alone. As of this writing, the peso has also broken out of the 47 level. We will be closely watching this as it has negative implications on equities.

China also reported imports down 18.8% and exports down 7%, a sign that its economy continues to weaken. This, along with a strong dollar, have weighed on the entire commodity complex.

Earnings have likewise been lackluster, especially for telcos. Given TEL's significant weight in the index, it will be hard for the market to rise unless a significant catalyst comes along, such as higher than expected 3Q15 GDP, which comes out at the end of the month.



TRADING STRATEGY

Source: Technistock



The NFP data last Friday increased the likelihood of a December rate hike. We will continue to monitor the market as the different asset classes start pricing in a December liftoff.

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