



Weekly Worries and Opportunities Report

Economic Commentary by Randy Warren, Chief Investment Officer

Randy Warren

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What to Watch for (Catalysts):

1. **WORRY** about the growth of the economy. Every time we think it might speed up we get disappointed. The Jobs number last Friday showed only 156,000 new jobs last month. It remains unlikely that the Fed can raise rates until the economy perks up. Certainly, the Fed is worried about overheating the economy with these long term, low interest rates. However, even though the economy added 156,000 new jobs, the unemployment rate rose. Apparently, people who had previously given up looking for a job came back into the labor force to look again.
2. **WORRY** about foreign exchange markets. The British pound is at unprecedented lows against other world currencies. This will make imports into England difficult and more expensive, but this will dramatically help corporations in England that export products to the rest of the world.
3. **WORRY:** Oil is rising but continues to be in the reasonable range of \$40-\$60/bbl.

The Key: Our Macro-VIX Indicator leveled off at 35 out of 100 indicating there is concern in the markets

Buy:

This market is not as "overpriced" as people seem to think. US equities may appear expensive at first glance, but a deeper look shows the US market is reasonably priced and pull-backs are good opportunities to buy. Foreign markets appear cheap, but there is still no growth to drive foreign equity prices higher.

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Drivers in the Market

- It's earnings season. Earnings begin in full force beginning Tuesday. Wall Street is not very optimistic.
- Politics are getting uglier every day with the debates as the highlight.
- Tuesday Alcoa expected (\$.35), Fastenal (\$.45)
- Wednesday Oct 12th CSX (\$.45)
- Thursday Delta (\$1.65)
- Friday Citi (\$1.15), JPMorgan (\$1.38), PNC (\$1.78), and Wells Fargo (\$1.02)
- Wednesday the minutes of the recent Fed meeting are released at 2pm.
- Friday we get economic numbers on the Producer Price Index and Retail Sales as well as a speech from Janet Yellen.

