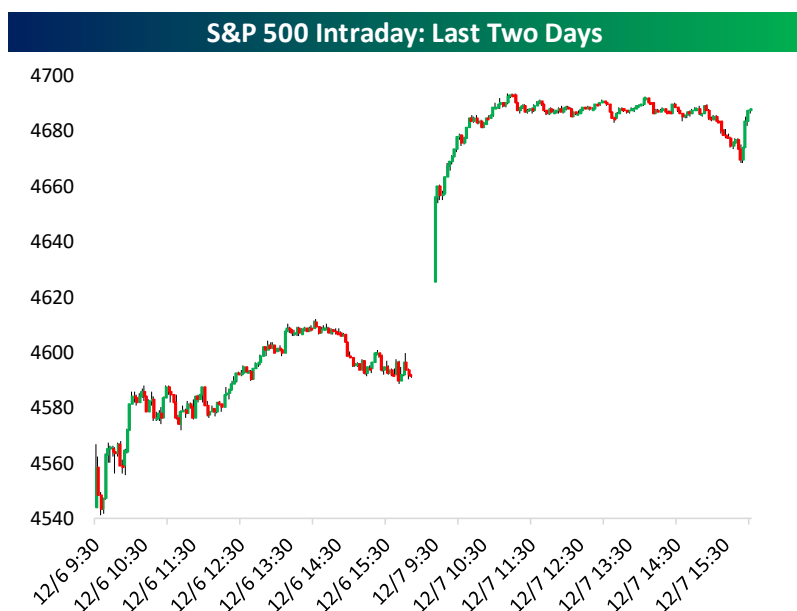




Omicron vs Antibodies, Bounce Drivers, US Trade, Treasury Auctions

- Today the first [study](#) on vaccine effectiveness versus the Omicron variant was released in South Africa.
- The research head of a lab at South Africa's Africa Health Research Institute released results which studied the impact of antibodies in blood plasma from individuals vaccinated with **Pfizer (PFE)** led to a 40x reduction in neutralization capacity against Omicron.
- We stress that this does *not* mean that vaccines won't help protect against Omicron's hit to vaccinated immune systems, and it also does not rule out Omicron generally leading to fewer deaths or hospitalizations relative to other variants.
- What it does suggest is that Omicron is very easy to spread and will do so even amidst vaccinated populations.
- Today NAID Director Fauci indicated *in vitro* studies using pseudovirus (less accurate) would be released in the middle of next week with *in vitro* studies using live virus (more accurate) due later in the week.
- We will continue to watch data on severity from South Africa closely; as we discussed this morning ([link](#); page 5), early indications are that Omicron is much less severe.
- We'll discuss drivers of price action today on the next page but the intraday chart looks downright bizarre.
- After a massive surge at the open that lasted until an hour before the European close, the S&P 500 traded in an extremely tight 8 point range until the above referenced Omicron headlines hit in the last 45 minutes of trading.

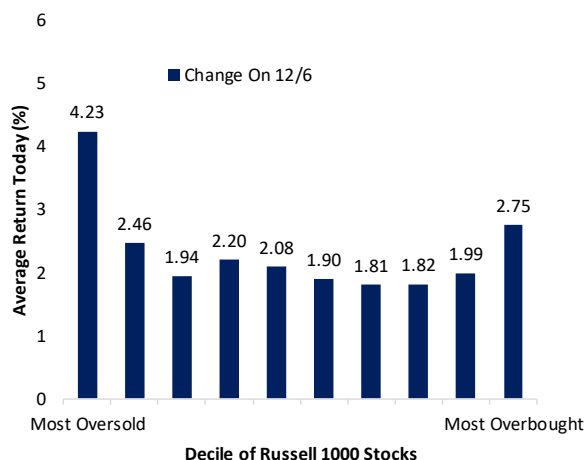
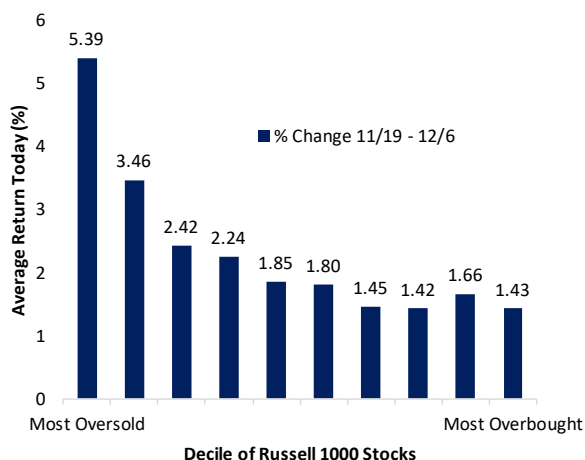
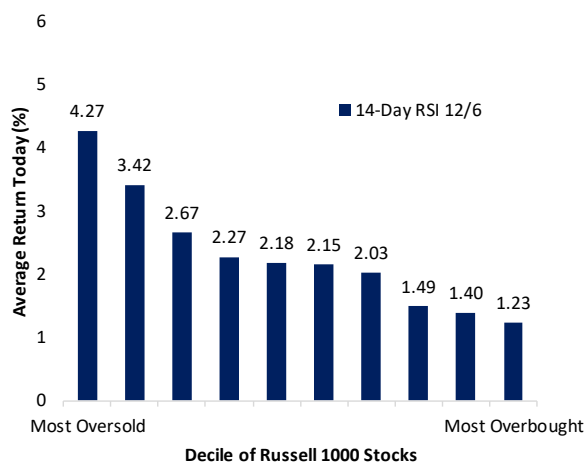
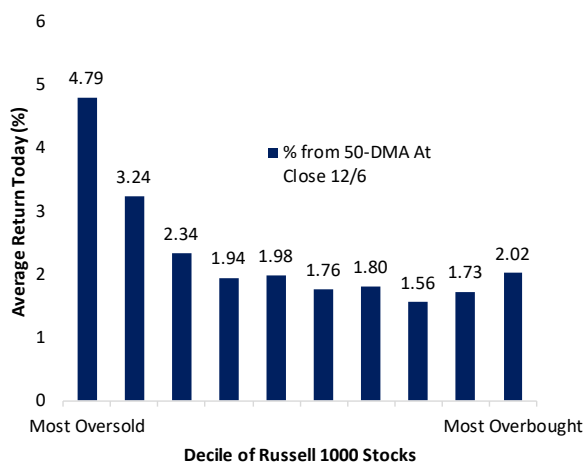


- That sparked a modest wobble lower in US equity indices but not the sort of plunge that might be expected given just how bad the data was relative to expectations.
- As we laid out above, there's reason to be optimistic, but we're surprised the decline was so modest after such furious buying through the morning and such stability after.
- At the end of the day a late session move higher took the S&P 500 to almost exactly where it was before the headlines, another oddity in a very strange trading day.



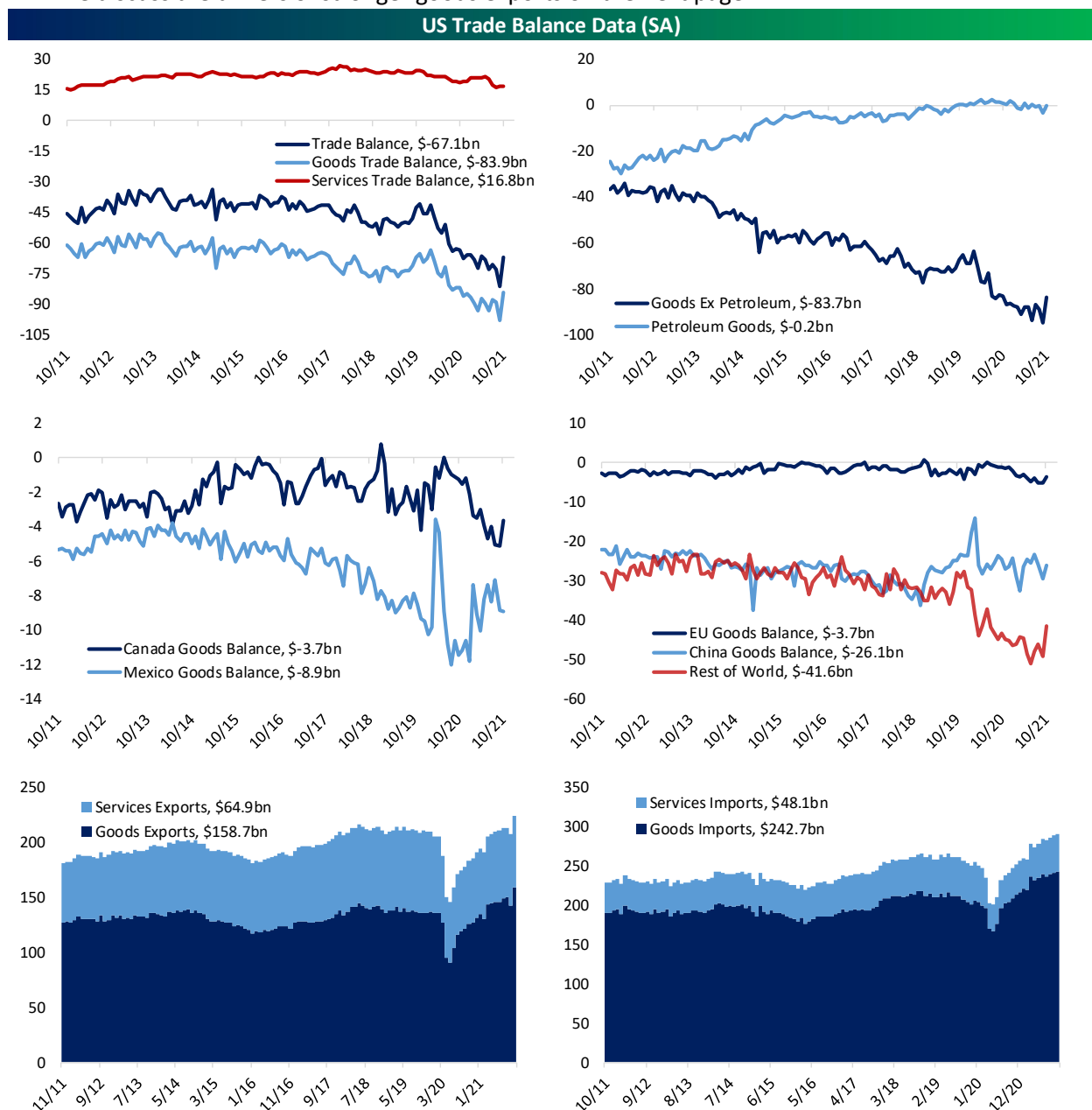
- As far as stock performance goes today, there was one overwhelming driver of equity price action: oversold bounces.
- In the charts below we show average performance of Russell 1000 stocks today by decile of four different attributes.
- In the first chart, stocks that were the furthest in percentage terms below their 50-DMA yesterday rallied almost 5%, while those in the second decile were up over 3%; no other decile was a major outlier.
- Stocks with low 14-day RSI readings (a technical indicator that suggests stocks are at extreme over-sold levels) in the bottom decile were up over 4% today with big outperformance from the second decile a well.
- Another way to measure names that are most oversold is to look at changes since the November 19th NASDAQ high that has led to so much pain for aggressively valued names, with the worst-performers through the selloff up over 5% today.
- Finally, we note that even recent declines (performance yesterday) was a major driver of returns today.

Today's Rally Was Mostly About Oversold Bounces



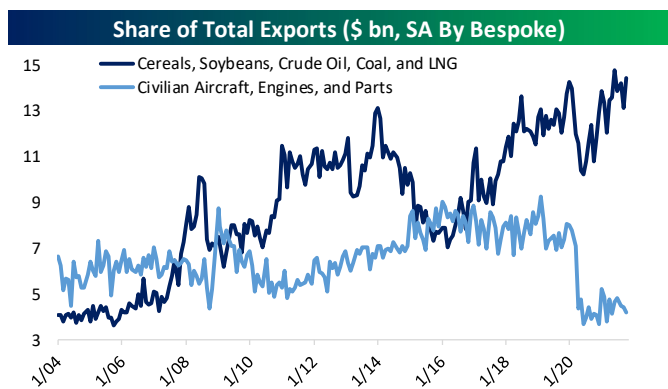
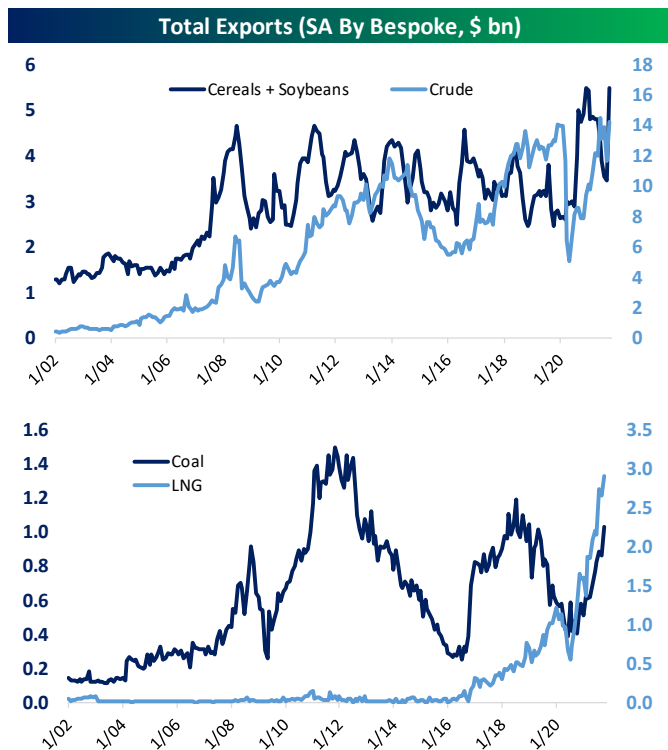
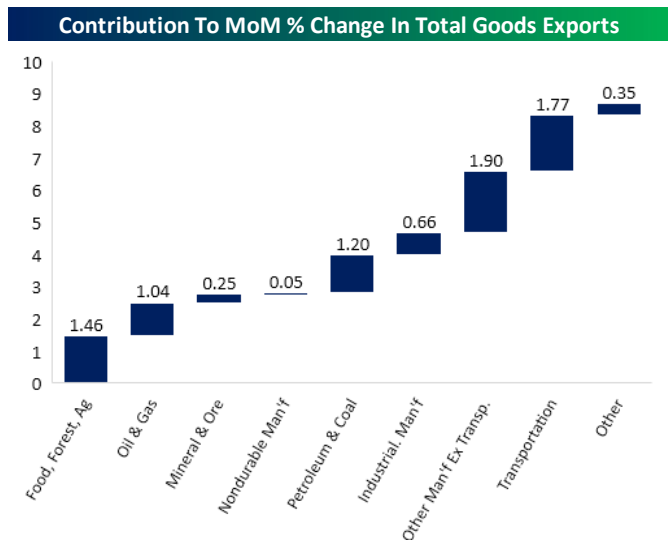


- Today the October US trade balance came in slightly wider than expected, but recorded a huge narrowing versus the massive \$80.9bn deficit last month.
- The driver was the goods trade balance, with both petroleum and ex-petroleum goods trade balances bouncing sequentially.
- Trade balances versus Canada, the EU, China, and the rest of the world all rose materially on the month.
- Total exports and goods exports both surged to record all-time highs while imports continued to rise but at a somewhat slower pace than earlier in the post-pandemic period.
- We discuss the drivers of stronger goods exports on the next page.



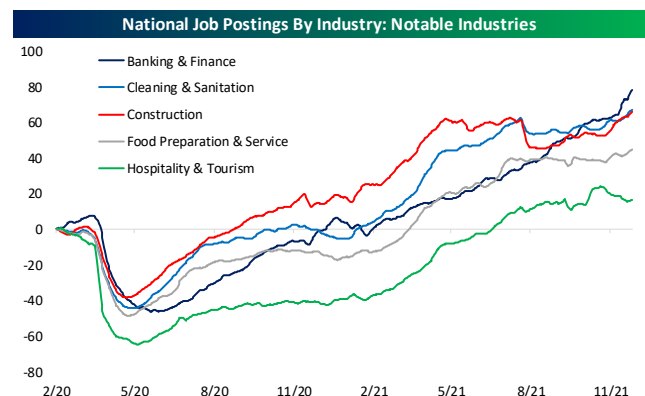
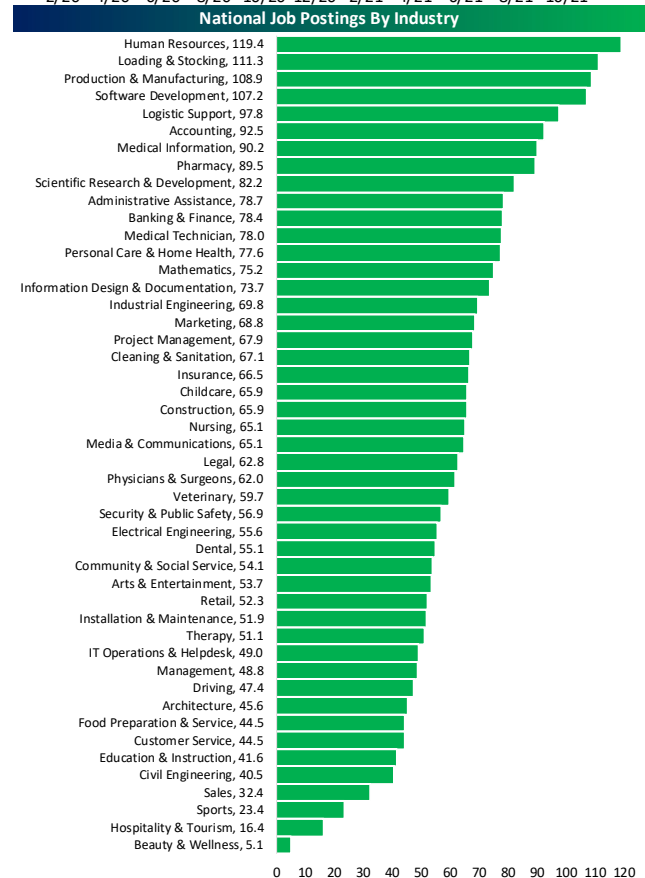
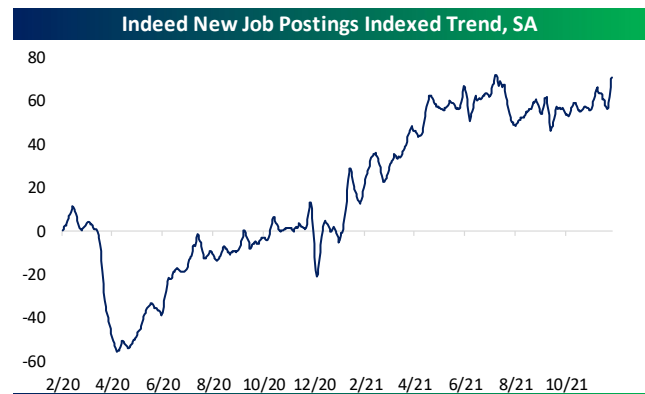


- In the chart at right, we show the percentage contribution to the total exports increase by major category of US exports.
- The strength this month was very strong across the board, with commodity-related categories (Food, Forest, Agriculture; Oil & Gas; Petroleum & Coal) all adding at least 1% to total exports growth on the month.
- Categories of durable goods manufacturing were broadly strong as well, with a huge surge in Transportation especially.
- In general, US exports have shifted dramatically away from high end manufacturing and towards commodity categories.
- US competitive advantages in farming (driven by both geography and industrial policy) and fracking (driven by geology and regulation) have driven exports of agricultural products, crude oil, and LNG sharply higher over recent years.
- Coal has also seen a huge rebound amidst growing demand globally and a price surge.
- LNG exports have benefitted from the high price of global cargoes and are also ramping up volume, nearing \$3bn/month in exports after seasonal adjustment.
- In total, these categories make up nearly 15% of US exports, up from roughly 4% in the 2000s.
- Gains in commodity prices flatter this measure but volumes are also up dramatically.
- High end manufacturing (proxied by the temporary collapse in aircraft demand driven by COVID, but stagnant for years before that) has gone the other way.





- The Job Openings and Labor Turnover Survey for the month of October is due to release tomorrow morning.
- Ahead of this data, we wanted to check in on a more timely reading on job openings from Indeed.
- As of November 26th, job postings were at a new high of 57% above the February 2020 baseline level.
- That new high came as new postings are being put up onto the job board at an accelerated rate over the course of the fall.
- Particularly in the second half of November there was a big rise in new postings.
- Indeed provides industry breakdowns on this data as well.
- Currently, there are four industries with double the number of postings as there were right before the pandemic.
- Ironically, given the fair degree of labor market slack, human resources continues to top the list with postings almost 120% above the baseline level.
- Loading & Stocking, Production & Manufacturing, and Software Development are the other most in demand industries.
- On the other end of the spectrum continues to be reopening sensitive areas like Hospitality & Tourism (which has also been on the decline in recent weeks), though, these too are now all above baseline levels.
- Noting a few other industries, Banking & Finance, Construction, Cleaning & Sanitation, and Food Prep & Service have all seen acceleration in postings recently.





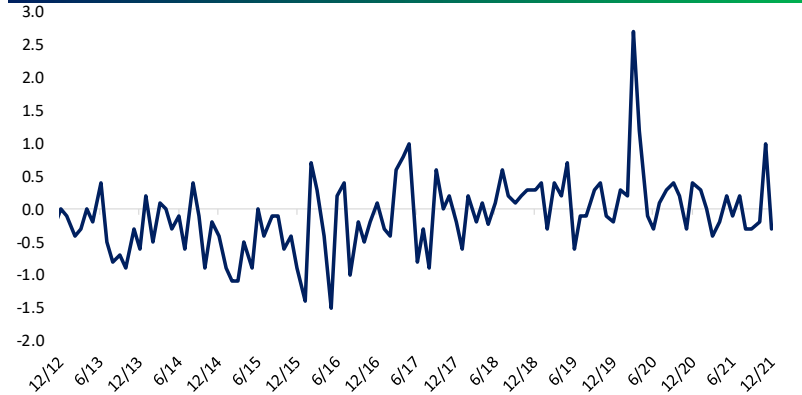
- The first December coupon auction hit the tape today in the form of \$54 billion of 3 year notes.
- The largest auction slated for this week saw solid demand with the yield stopping at 1% on the dot. That stopped through the when issued yield by 0.3 basis points.
- That marked a significant improvement from last month's auction in which the 3 year note sale tailed by a full basis point which was one of the worst auctions of the past decade.
- The bid to cover ratio picked up modestly as well coming in at 2.43.
- That was basically in line with the ten auction average of 2.44
- The internals were similarly not exactly noteworthy with bidder takedowns again in line with the ten auction average.
- Primary dealers received 29.8% of the auction, 6 bps below the average.
- Indirect bidders received just over half of the auction and that was similarly only 5 basis points below average.
- That left direct bidders with a slightly above average share of 18%.

This Week's Auctions: Past Ten Reopenings/Auctions Average								
Date	Maturity*	Offering	Tail (+) / Stop	Win	B.C.	Bidder Takedowns (%)		
		Amount (\$ bn)	Through (-) (bps)	Rate (%)	Ratio	Primary	Indirect	Direct
12/7	3Y	54	-0.01	60	2.44	29.86	52.25	17.90

This Week's Auctions: Average for December								
Date	Maturity*	Offering	Tail (+)/Stop	Win	B.C.	Bidder Takedowns (%)		
		Amount (\$ bn)	Through (-) (bps)	Rate (%)	Ratio	Primary	Indirect	Direct
12/7	3Y	54	-0.17	50	3.01	41.96	43.95	14.11

Today's Auction Results								
Date	Maturity*	Offering	Tail (+)/Stop	High	B.C.	Bidder Takedowns (%)		
		Amount (\$ bn)	Through (-) (bps)	Yield	Ratio	Primary	Indirect	Direct
12/7	3Y	54	-0.30	1.000	2.43	29.80	52.20	18.00

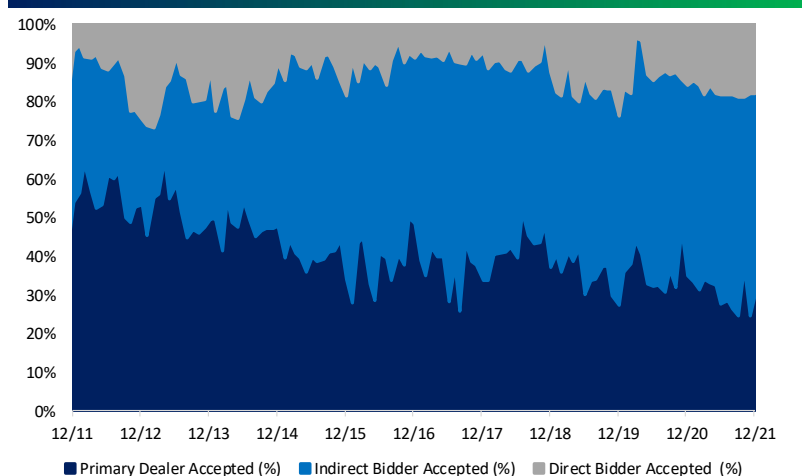
3 Year Note Auctions Tail/Stop Through - Since 2012



3 Year Note Auctions Bid-to-Cover Ratio - Past Decade

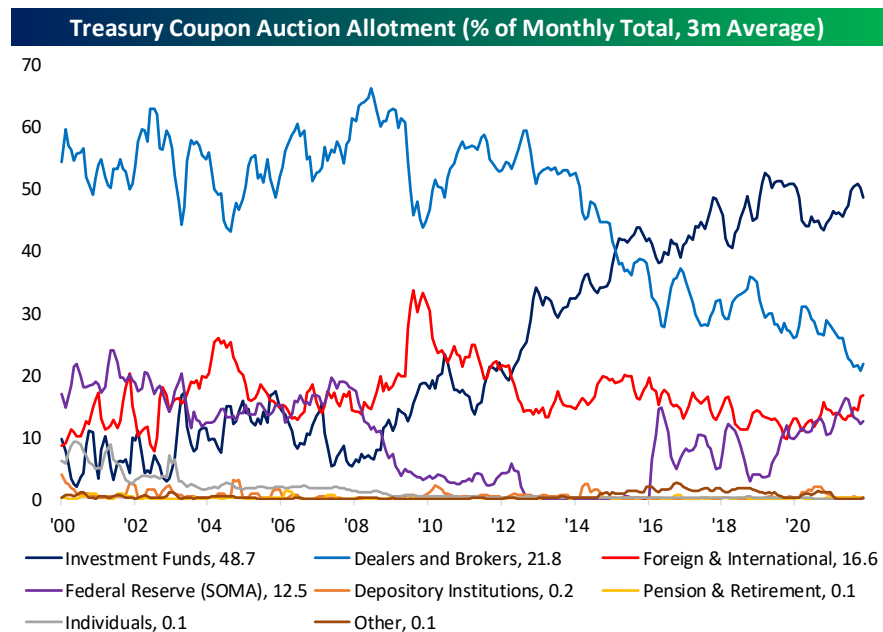
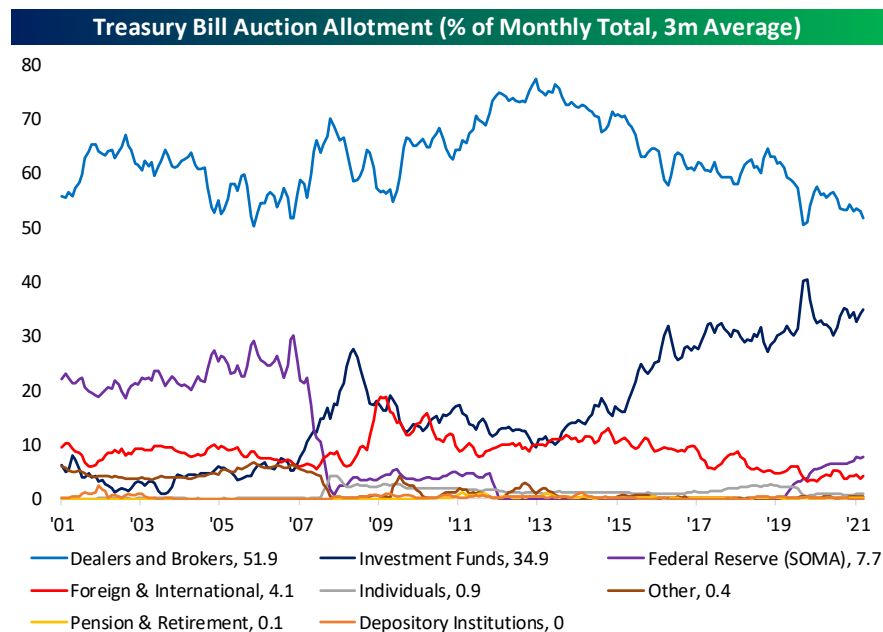


3 Year Note Auctions Bidder Takedowns - Past Decade





- In addition to the 3 year note auction, the Treasury also updated its allotment data through the end of November today.
- There were no major changes in recent trends with dealer and brokers continuing to receive historically low shares of both bill and coupon sales with investment funds making up the difference.
- While it is less the case for bill auctions, foreign buyers have also continued to ramp up purchases for coupon auctions. On a rolling 3 month average, this group has taken down 16.58% of allotment which is the highest level since March 2017.





Equities roared higher today with the S&P 500 popping over 2%, the NASDAQ rising over 3%, and the Russell 2,000 notching a 2.28% gain of its own. Breadth was again overwhelmingly positive with 85% of the S&P 500 higher led by Tech and Consumer Discretionary. Crude oil retook the \$70 threshold. Treasury yields were broadly higher.

Japanese data makes up the bulk of the overnight slate that includes Q3 GDP and the current account. The Indian central bank will also have a rate decision. Economic scorecard [link](#).

Don't forget to keep an eye on what the FOMC is saying with our *Fedspeak Monitor* ([link](#)) and stay up-to-date with central bank meeting dates with our *Global Central Bank Monitor* ([link](#)). These are regularly updated along with our economic scorecard to keep you on top of major developments.

Bespoke Major Asset Class Dashboard

Asset	Level	Change	5d Chg	3m Chart	Asset	Level	Change	5d Chg	3m Chart
(bps)					(bps)				
Equity Futs	S&P 500	4695.50	229.8	283.1	Commodity	Gold	1785.00	30.9	47.8
	Russell	2261.10	260.9	290.4		Silver	22.53	119.9	-124.9
	VIX Fut	22.25	-1393.3	-1337.9		WTI	71.84	338.2	855.2
	TSX	1272.50	138.6	212.7		Copper	434.25	11.5	146.0
Trsy Yields	2 Year	69.32	6.2	12.8	Int'l Equity	Nikkei	28455.60	189.1	227.8
	5 Year	126.14	5.5	10.2		CSI 300	4922.10	60.3	186.4
	10 Year	148.36	4.9	3.9		ASX 200	7313.90	95.0	79.8
	30 Year	181.05	4.0	1.9		STOXX 600	480.18	244.7	372.0
Curves/BE	2s10s	78.84	-1.1	-8.5	FX	BBG USD	1182.87	-22.5	1.8
	5s30s	54.76	-1.5	-8.1		EURUSD	1.1273	-10.6	-57.3
	5 Yr BE	286.40	7.7	5.5		USDJPY	113.55	6.2	33.6
	10 Yr BE	251.33	6.6	0.0		EM FX	52.35	59.2	-13.7
Eurodollars	Sep '21	98.05	-0.5	0.09	Credit	CDX IG	53.57	-4.5	-4.1
	Dec '21	99.78	-1.0	-0.02		iTraxx IG	53.42	-6.2	-4.4
	Mar '22	99.66	-3.0	-0.06		CDX HY	304.71	-4.2	-22.6
	Jun '22	99.46	-4.0	-0.09		iTraxx HY	263.26	-6.1	-25.0



Closing Charts & Tweets

Popular Tweets From @bespokeinvest on Twitter

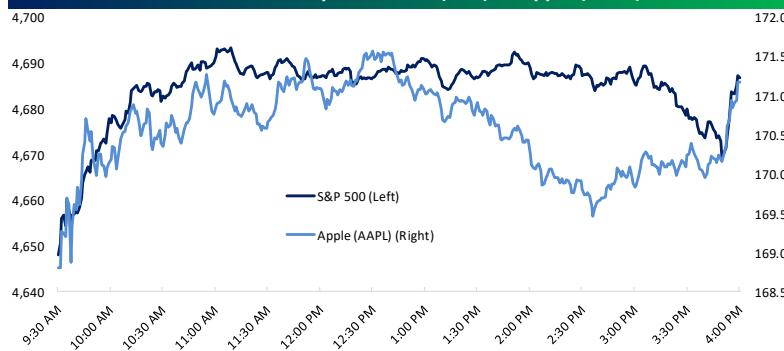
"Apple \$AAPL has been the one mega-cap that has held up during the recent market pullback." — 8:49

"The Russell 2,000 ETF \$IWM has had an intraday high/low spread of at least 2% for 7 straight trading days. That may seem high, but during the COVID Crash, \$IWM had a 2%+ high/low spread for 41 straight trading days!" — 12:53

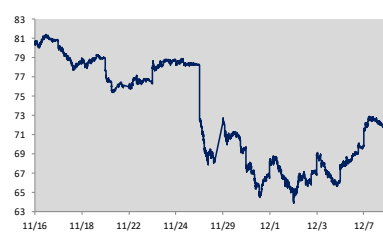
S&P 1500 Biggest Movers

Price (%)		Volume vs Historical Avg (%)	
Most Up	Most Down	Most Up	Most Down
EHTH 15.81	GEO -6.67	RAVN 860.90	DNOW -71.23
BJRI 12.83	HIBB -6.66	UFS 678.53	VSCO -68.31
MPAA 11.48	PNM -6.31	BSIG 414.80	BBBY -67.20
KR 11.04	SPPI -5.95	PNM 412.06	CADE -64.05
SABR 10.55	SIG -5.13	HXL 401.46	NUVA -58.61
RUTH 9.32	LRCX -4.62	MDP 339.36	WDFC -58.06
DAL 9.28	CRUS -4.48	KR 330.25	ANIP -54.30
CCL 9.22	PVH -4.11	FIVE 325.58	SJI -53.98
REX 9.13	ETSY -3.75	ECPG 233.21	MLAB -53.59
ALGT 9.02	ICHR -3.59	HIBB 217.57	WGO -51.98
HA 8.73	GIII -3.42	RHI 214.26	CMTL -51.83
KAR 8.59	AMAT -3.42	DAR 195.73	EBS -51.71
CZR 8.38	AXON -3.28	SON 193.37	CAR -51.68
RRGB 8.28	DG -3.13	PVH 188.78	VREX -51.22
WYNN 8.19	PFE -3.00	UBSI 181.94	QNST -51.22

The Tale of The Tape: S&P 500 (Left) vs Apple (AAPL)



Oil Future: Last 15 Trading Days



BBG US Dollar Index: Last 15 Trading Days



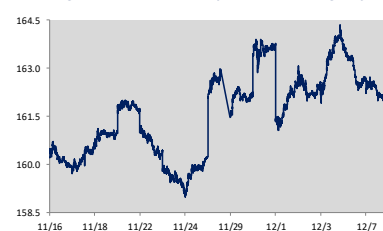
S&P 500 Intraday: Last 15 Trading Days



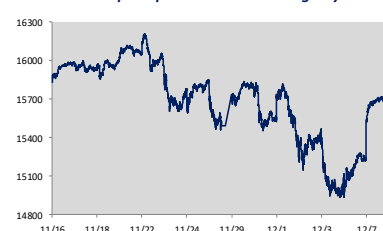
Gold Front Month Future: Last 15 Trading Days



Long Bond Future Intraday: Last 15 Trading Days



Nasdaq Composite: Last 15 Trading Days



Key ETFs (1 Day % Change)

Ticker	Name	Change	Last 6 Mos
SPY	S&P 500	2.07	
IJH	S&P 400	1.70	
IJR	S&P 600	1.39	
DIA	Dow 30	1.38	
QQQ	Nasdaq	3.01	
IWB	Russell 1000	2.08	
IWM	Russell 2000	2.31	
XLF	Financials	1.81	
XLB	Materials	1.53	
XLE	Energy	2.31	
XLI	Industrials	1.02	
XLV	Cons. Cyclical	2.32	
XLP	Cons. Staples	0.22	
XLV	Health Care	1.29	
XLRE	Real Estate	1.77	
XLC	Telecom	1.01	
XLK	Technology	3.49	
XLU	Utilities	0.75	
GDX	Gold Miners	0.71	
XME	Metals & Mining	2.22	
XRT	Retail	2.19	
XHB	Homebuilders	1.33	
IYR	US Real Estate	1.55	
KRE	Regional Banks	0.28	
IWD	Russell 1000 Value	1.25	
IWF	Russell 1000 Growth	2.99	
AGG	Total Bond Mkt	-0.17	
TLT	20+ Yr Treasuries	-0.81	
MUB	Muni. Bonds	-0.02	
LQD	Invest. Gr. Bonds	0.04	
JNK	High Yield Bonds	0.61	
BKLN	Senior Loan	0.27	
GLD	Gold	0.37	
SLV	Silver	0.56	
USO	Oil	2.18	
UNG	Natural Gas	1.24	
VT	Total World	2.06	
CWI	World Ex-US	1.97	
VEA	Developed Mkts	2.16	
EEM	Emerging Mkts	1.56	
VGK	Eurozone	2.03	
DXJ	Japan JPY Hdq'd	2.60	
EWZ	Brazil	1.72	
FXI	China	1.39	
EWT	Taiwan	1.43	
EWI	Hong Kong	1.01	
EWJ	Mexico	1.97	



Bespoke Market Timing Model: 12/7/21



Bearish		Neutral			Bullish		
		Current Level			Average S&P 500 Performance (%)		
Sentiment	Indicator	Direction	vs Historical		One Week	Two Weeks	One Month
CBOE Call Volume	1.3	↓	0.0	1.0	0.51	0.75	1.50
NYSE Up vs Total Volume (%)	40.3	↓	-0.9	-1.8	0.14	0.37	0.91
Nasdaq Up vs Total Volume (%)	45.7	↓	-0.8	-1.0	0.10	0.41	0.90
Index vs Equity PC Ratio	1.8	↓	-1.3	1.0	-0.07	0.00	0.33
VIX 50-Day ROC (%)	53.1	↑	1.0	1.1	0.36	0.72	1.31
VIX 10-Day ROC (%)	51.8	↑	0.5	2.3	0.83	-0.42	-0.05
Investors Intelligence Bullish (%)	49.4	↓	-0.9	0.1	0.21	0.34	0.54
Investors Intelligence Bearish (%)	24.7	↓	-0.4	0.1	0.22	0.46	0.94
Inv Intell. Bull Bear Spread	24.7	↓	-0.7	0.0	0.07	0.26	0.97
AAll Bullish (%)	26.7	↓	-0.8	-1.2	0.26	0.36	1.08
AAll Bearish (%)	42.4	↓	-0.7	1.0	0.05	0.18	1.24
AAll Bull Bear Spread	-15.7	↓	-0.8	-1.2	0.19	0.24	0.75
Overall Sentiment		↓	-0.3	0.1	0.20	0.35	0.93
Technical							
S&P 500 10-Day Avg. Spread (%)	-0.5	↑	0.1	-0.3	0.03	0.32	0.43
S&P 500 50-Day Avg. Spread (%)	0.9	↓	-0.4	0.0	0.18	0.43	0.68
S&P 500 200-Day Avg. Spread (%)	6.5	↓	-0.2	0.4	0.28	0.54	0.90
S&P 500 Monthly ROC (%)	-2.3	↓	-0.7	-0.6	0.09	0.22	0.65
S&P 500 Weekly ROC (%)	-1.4	↓	-0.3	-0.6	0.29	0.49	0.56
S&P 500 Quarterly ROC 1 (%)	2.2	↓	-0.1	0.0	0.22	0.38	0.73
Group 10-Day A/D Line	-4.0	↑	0.3	-0.4	0.24	0.29	0.65
Group 50-Day A/D Line	112.0	↓	-0.4	0.5	0.29	0.51	0.96
S&P 500 10-Day A/D Line	-305.0	↑	0.4	-0.7	0.20	0.24	0.53
S&P 500 50-Day A/D Line	815.0	↓	-0.5	0.0	0.26	0.50	0.94
NYSE TRIN Index	1.1	↑	0.0	-0.3	0.20	0.44	0.83
Overall Technical		↓	-0.2	-0.2	0.22	0.43	0.68
Fundamental/Monetary							
Corporate Spreads (10-Day ROC)	9.0	↓	-0.1	0.5	0.14	0.33	0.70
Corporate Spreads (50-Day ROC)	16.0	↑	0.1	0.4	0.21	0.16	0.38
High Yield Spreads (10-Day ROC)	32.0	↓	-0.4	0.6	0.06	0.29	0.60
High Yield Spreads (50-Day ROC)	51.0	↓	0.0	0.4	0.07	0.39	0.38
S&P 500 P/S Ratio	3.1	↓	-0.1	2.9	0.76	0.76	1.74
S&P 500 P/E Ratio	25.2	↓	-0.1	1.7	0.47	0.57	1.06
S&P 500 P/B Ratio	4.7	↓	-0.1	3.2	0.63	1.20	2.24
Yield Curve (50-Day ROC)	-2.9	↓	-0.4	0.0	0.17	0.26	0.50
Yield Curve (10-Day ROC)	-10.9	↓	-0.2	-0.5	0.12	0.38	0.00
Overall Fundamental		↓	-0.1	1.0	0.17	0.38	0.60
Bottom Line		↓	-0.2	0.3	0.20	0.37	0.74
Average S&P 500 Performance (All Days)					0.17	0.33	0.67

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Bespoke Market Timing Model – Explained

Sentiment	Indicator	Current Level		Average S&P 500 Performance (%)		
		Direction	vs Historical	One Week	Two Weeks	One Month
CBOE Call Volume	1.7	↑	0.6	0.13	-0.22	-0.44
Overall Sentiment		↑	0.3	0.14	0.16	0.28
Bottom Line		↑	0.3	0.12	0.21	0.27
Average S&P 500 Performance (All Days)				0.12	0.24	0.50

The **Bespoke Market Timing Model** is a compilation of some widely (and not so widely) followed market indicators. While most investors have one or two indicators they rely on, we all recognize that no indicator by itself is correct all of the time. With this in mind, we set out to create a series of indicators from multiple disciplines in order to see what the 'crowd' of indicators are telling us. Just as no individual is bigger than the market, we contend that no single indicator is more accurate at forecasting the market than the sum of them all. What follows below is an explanation of the various fields in our report.

Indicator: Current level of the given indicator. In this example, CBOE call volume is 1.7 times CBOE put volume.

Direction: Change in the indicator (positive or negative) over the last week. In this example, calls relative to puts have increased during the last week.

vs Historical: This field measures the distance in standard deviations that the indicator is currently at versus its average over the last five years. In the above example, the volume of calls relative to puts is 0.6 standard deviations above its historical average.

Average S&P 500 Performance: This field displays the average performance of the S&P 500 following previously occasions when the indicator was at similar levels to the present. Values highlighted in green indicate the two indicators for that group which are predicting the biggest gains, while indicators highlighted in red highlight the indicators which are signaling the most negative returns going forward.

Overall Scores: Averages all the indicators for a given category. In the example above, overall sentiment is 0.3 standard deviations from its long-term average. At similar levels in the past, the S&P 500 has gone up an average of 0.14% over the next week, 0.16% over the next two weeks, and 0.28% over the next month.

Bottom Line: This line shows the average of all the indicators in the study. In the example above, the aggregate level of all the indicators is currently 0.3 standard deviations above the historical average, and based on prior experiences, the S&P 500 has gone up an average of 0.12% in the next week, 0.21% in the next two weeks, and 0.27% in the next month. Values highlighted in red indicate returns that underperform the S&P 500 over the entire period covered (regardless of the indicator level), while green highlights indicate that they outperformed the overall average S&P 500 performance.

Average S&P 500 Performance (All Days): This line measures the average historical performance of the S&P 500 over all periods for one week, two week, and one month time frames. These levels are then compared to the average level the indicators are predicting in the next two weeks, and 0.27% in the next month. Values highlighted in red indicate returns that underperform the S&P 500 over the entire period covered (regardless of the indicator level), while green highlights indicate that they outperformed the overall average S&P 500 performance.