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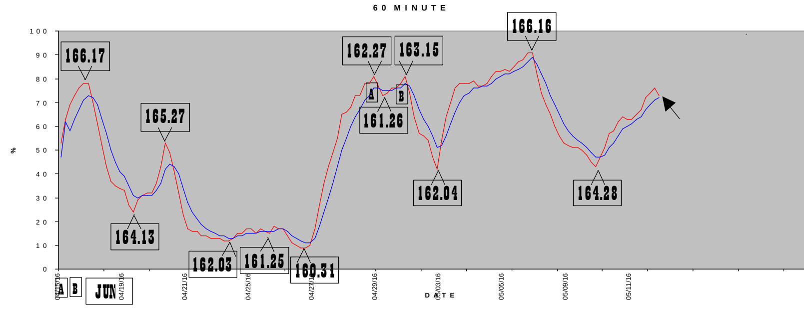
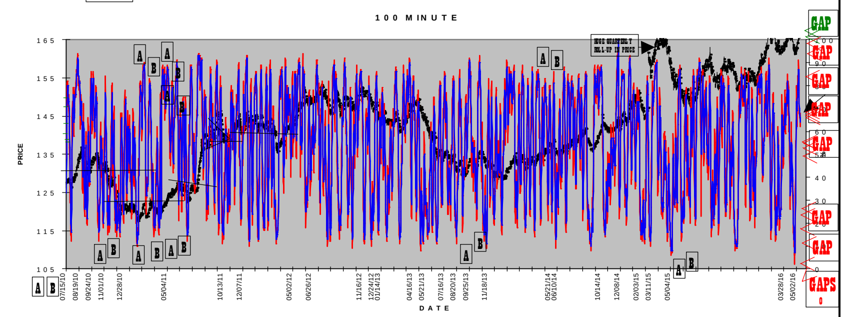
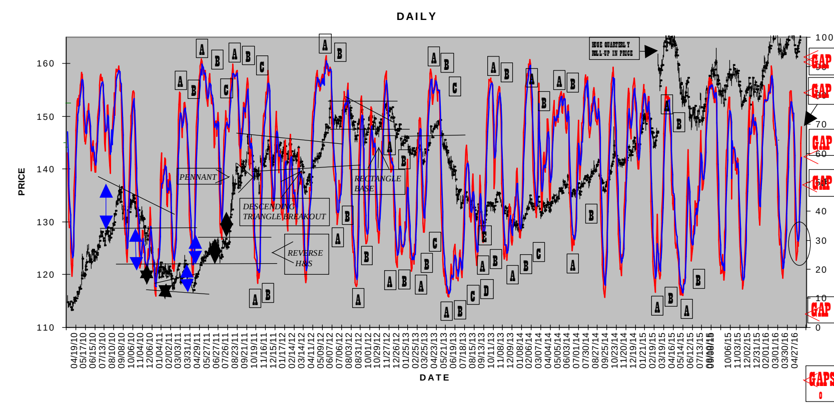
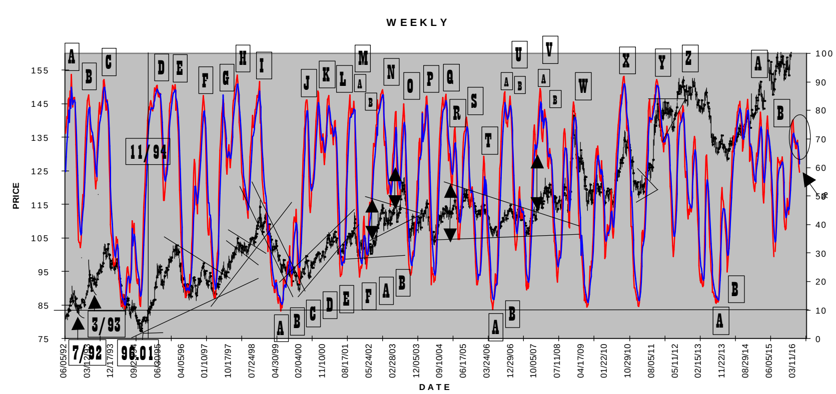
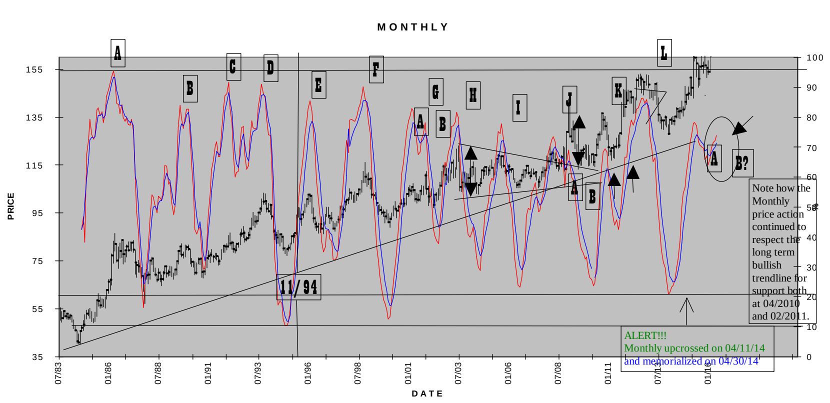
ANALYTICS











JUN BONDS H: 166.21 L: 165.11 C: 166.06 +.20 MAY 11, 2016

EVEN NEWER!! Read why interest rates will be significantly LOWER, not higher as consensus would have you believe, in 2014.
www.stomaster.com/Fade.pdf
NEW!! See Weekly commentary and technicals on the 10 year Treasury Note at
www.loanmine.com/latest.html
For daily trading strategy, updates and execution, call Jeff Rosenberg at SunTrust Bank (901) 842-3971

UPDATE

60 MINUTE The Sixty upcrossed, to close at 73/72 K/D, with bonds ending at 166^06 *(basis Jun)*, up +.20 tics on the day. Note the Hondo's fifteen **bearish** gaps below. These bearish lacunas are now opposed by two **bullish** gaps.

100 MINUTE The Hondo fibrillated at yesterday's levels, to close at 68/66 K/D. **The Hondo opened a +.01 tic bullish gap between 166^22-166^21 on 04/08/16. The Hondo opened a +.22 tic bullish gap between 166^31-166^09 on 02/26/16. The Hondo opened a +.19 tic bearish gap between 162^19-163^06 on 05/03/16. The Hondo opened a +.05 tic bearish gap between 161^11-161^16 on 04/27/16. The Hondo filled +.14 tics of the +.39 tic bearish gap between 157^18-158^25 opened 01/15/16 on 01/19/16. The Hondo opened an +.18 tic bearish gap between 154^07-154^25 on 01/06/16. The Hondo filled another +.17 tics of the+.47 tic bearish gap between 144^28-146^11 opened 06/29/15 on 07/02/15 for a total of +.43 tics. The Hondo opened an +.08 tic bearish gap between 144^06-144^14 on 07/08/14. The Hondo opened a +.06 tic bearish gap between 143^17-143^23 on 07/07/14. The Hondo opened a +.06 tic bearish gap between 138^07-138^13 on 03/12/14. The Hondo opened a +.07 tic bearish gap between 136^11-136^18 on 01/23/14. The Hondo opened a +.01 tic bearish gap between 133^00-133^01 opened 01/09/14. The Hondo opened a +.04 tic bearish gap between 123^05-123^09 on 07/29/11. The Hondo opened a +.04 tic bearish gap between 122^19-122^23 on 07/28/11. The Hondo filled +.09 tics of the +.11 tic bearish gap between 119^00-119^11 opened 07/05/11 on 07/07/11. The Hondo filled +.02 tics of the +.06 tic bearish gap between 114^15-114^21 opened 04/12/11 on 04/13/11. The Hondo opened a +.13 tic bearish gap between 108^15-108^28 on 05/04/10.** ***(Click www.stomaster.com/stogaps.pdf to see additional 100 Minute gaps with detail) .***

DAILY THE DAILY UPCROSSED ON 05/03/16 AT 30/30 K/D, DOWNCROSSED ON 04/12/16 AT 77.50/77.50 K/D, UPCROSSED ON 03/17/16 AT 20.50/20.50 K/D, DOWNCROSSED ON 02/12/16 AT 86/86 K/D, UPCROSSED ON 02/05/16 AT 61.75/61.75 K/D, DOWNCROSSED ON 02/04/16 AT 81.15/81.15 K/D. **The Daily widened its positive spread to +10.71 K/D from the prior session's +10.24 K/D, to close at 69.30/58.59 K/D. ALERT 05/03/16: The Daily upcrossed. ALERT 04/12/16: The Daily downcrossed. ALERT 03/17/16: The Daily upcrossed. ALERT 02/12/16: The Daily downcrossed. ALERT 02/05/16: The Daily upcrossed. ALERT 02/04/16: The Daily downcrossed. The Daily upcrossed after a normative 22 day downcycle *(avg.=15-20 days)*. The Daily opened a +.02 tic bearish gap between 162^07-162^09 on 03/17/16. The Daily opened a +.13 tic bearish gap between 159^22-160^03 on 01/20/16. The Daily opened an +.08 tic bearish gap between 154^17-154^25 on 01/06/16. The Daily opened a +.03 tic bearish gap between 143^21-143^24 on 07/08/14. The Daily opened a +.06 tic bearish gap between 138^07-138^13 on 03/12/14. The Daily filled +.02 tics of the +.05 tic bearish gap between 114^06-114^11 opened 04/12/11 on 04/13/11.** ***(Click www.stomaster.com/stogaps.pdf to see additional Daily gaps with detail).***

WEEKLY THE WEEKLY DOWNCROSSED ON 04/18/16 AT 68.75/68.75 K/D, UPCROSSED ON 04/13/16 AT 68.50/68.50 K/D, DOWNCROSSED ON 04/12/16 AT 68.70/68.70 K/D, UPCROSSED ON 04/07/16 AT 68.25/68.25 K/D, DOWNCROSSED ON 04/06/16 AT 68.25/68.25 K/D, UPCROSSED ON 04/05/16 AT 68/68 K/D, DOWNCROSSED ON 03/09/16 AT 72/72 K/D, UPCROSSED ON 03/08/16 AT 72/72 K/D, DOWNCROSSED ON 03/07/16 AT 71.75/71.75 K/D, UPCROSSED ON 01/07/16 AT 45/45 K/D, DOWNCROSSED ON 12/29/15 AT 45/45 K/D, UPCROSSED ON 12/11/15 AT 42/42 K/D, DOWNCROSSED ON 10/23/15 AT 62/62 K/D, UPCROSSED ON 10/21/15 AT 62/62 K/D, DOWNCROSSED ON 10/20/15 AT 62/62 K/D, UPCROSSED ON 09/28/15 AT 60/60 K/D, DOWNCROSSED ON 09/25/15 AT 60/60 K/D, UPCROSSED 09/22/15 AT 60/60 K/D, DOWNCROSSED ON 09/21/15 AT 59/59 K/D, UPCROSSED ON 09/18/15 AT 59/59 K/D, DOWNCROSSED ON 09/15/15 AT 59/59 K/D AND UPCROSSED ON 07/30/15 AT 34/34 K/D. **The Weekly narrowed its negative spread to -3.03 K/D from the prior session's -3.69 K/D, to close at 58.25/61.28 K/D. ALERT 04/18/16: THE WEEKLY DOWNCROSSED! ALERT 04/13/16: THE WEEKLY UPCROSSED!! ALERT 04/12/16: THE WEEKLY DOWNCROSSED! ALERT 04/07/16: THE WEEKLY UPCROSSED!! ALERT 04/06/16: THE WEEKLY DOWNCROSSED! ALERT 04/05/16: THE WEEKLY UPCROSSED!! ALERT 03/09/16: THE WEEKLY DOWNCROSSED! ALERT 03/08/16: THE WEEKLY UPCROSSED!! ALERT 03/07/16: THE WEEKLY DOWNCROSSED! ALERT 01/07/16: THE WEEKLY UPCROSSED!! ALERT 12/29/15: THE WEEKLY DOWNCROSSED! ALERT 12/11/15: THE WEEKLY UPCROSSED!! ALERT 12/23/15: THE WEEKLY DOWNCROSSED! ALERT 10/21/15: THE WEEKLY UPCROSSED!! ALERT 10/20/15: THE WEEKLY DOWNCROSSED! ALERT 09/28/15: THE WEEKLY UPCROSSED!! ALERT 09/25/15: THE WEEKLY DOWNCROSSED! ALERT 09/22/15: THE WEEKLY UPCROSSED!! ALERT 09/21/15: THE WEEKLY DOWNCROSSED! ALERT 09/18/15: THE WEEKLY UPCROSSED!! ALERT 09/15/15: THE WEEKLY DOWNCROSSED! ALERT 07/30/15: THE WEEKLY UPCROSSED!!** The Weekly downcrossed on 04/18/16 after a 5 day upcycle *(avg.=8-12 weeks).* Remember, fibrillation about the crossline on turns is common for this Sto and confirmation of any upcross/downcross must be validated by the Weekly ending on a following Friday in the upcrossed/downcrossed position. **This is called memorialization.** (For a riveting analysis, see *StoMaster's* thought provoking new piece at **www.stomaster.com/TheEndofQEII.pdf.)**

MONTHLY THE MONTHLY UPCROSSED ON 02/01/16 AT 67.10/67.10 K/D, DOWNCROSSED ON 08/25/15 AT 71.75/71.75 K/D, UPCROSSED ON 08/21/15 AT 72.47/72.47 K/D, DOWNCROSSED ON 06/02/15 AT 74/74 K/D, UPCROSSED ON 04/30/14 AT 25/25 K/D AND DOWNCROSSED ON 04/29/14 AT 25/25 K/D. **The Monthly widened its positive spread to +2.55 K/D from the prior sessions +2.25 K/D, to close at 73.99/71.44 K/D. ALERT 02/01/16!! THE MONTHLY UPCROSSED. ALERT 08/25/15: THE MONTHLY DOWNCROSSED. ALERT 08/21/15!! THE MONTHLY UPCROSSED. ALERT 06/30/15: THE MONTHLY MEMORIALIZED ITS DOWNCROSS. ALERT 06/02/15: THE MONTHLY DOWNCROSSED. THE MONTHLY MEMORIALIZED ITS APRIL UPCROSS!! ALERT 04/29/14!! THE MONTHLY UPCROSSED. The Monthly upcrossed on 02/01/16, downcrossed on 08/25/15, upcrossed on 08/21/15 and downcrossed on 06/02/15 after hosting a 13 month secular bull market prevailing for 13 months *(avg.=12-15 months)*. To be validated *(i.e. memorialized)* the Monthly must close in the downcrossed/upcrossed position *(i.e. a negative/positive spread K/D)* at month's end. The Monthly has a tendency to fibrillate about its crossline at secular market turns. WORDS TO LIVE BY: NEVER FADE THE MONTHLY STO!!**

~FYI~

ALERT!! : THE MONTHLY MEMORIALIZED ITS DOWNCROSS ON 06/30/15. ALERT!! THE MONTHLY DOWNCROSSED ON 06/02/15!! DOUBLE FLASH!! THE MONTHLY MEMORIALIZED ITS UPCROSS ON 04/30/14!! FLASH !! THE MONTHLY UPCROSSED ON 04/11/14 FOR THE FIRST TIME SINCE DECEMBER 2012!! HUGE ALERT!! THE MONTHLY MEMORIALIZED ITS DECEMBER 2012 DOWNCROSS, CLOSING OUT ON JANUARY 31, 2013 WITH A NEGATIVE SPREAD K/D IN EXCESS OF –6.00 K/D!! THIS SIGNAL EVENT MARKS THE COMMENCEMENT OF A SECULAR BEAR MARKET FOR THE NEXT 12-15 MONTHS. ALERT!! THE MONTHLY HAS WIDENED ITS NEGATIVE SPREAD K/D FROM ITS DOWNCROSS ON 12/12/12 TO OVER -6.00 POINTS, HAVING SPENT THE LAST MONTH EQUIVOCATING ABOUT THE CROSSLINE. IF IT CLOSES OUT THE MONTH OF JANUARY WITH A NEGATIVE SPREAD K/D OF –6.00 POINTS OR GREATER, IT WILL SIGNAL THE START OF THE SECULAR BEAR MARKET OF 2013-2014. MORE HEADS UP!!: THE MONTHLY MEMORIALIZED ITS UPCROSS ON 08/31/11 MAJOR BULLISH IMPLICATIONS. HEADS UP!! THE MONTHLY UPCROSSED ON 08/01/11!! ATTENTION: ON 01/03/11, THE MONTHLY MEMORIALIZED ITS DOWNCROSS, OFFICIALLY SOUNDING THE TOCSIN TO THE BEAR MARKET OF 2011. *OF HISTORICAL NOTE: "FINALLY, ON 06/01/10, THE MONTHLY COMMITED TO A DEFINITIVE UPCYCLE, LIFTING HIGHER WITH CONVICTION AFTER SKITTISHLY FIDDLE-FOOTING AROUND SINCE IT MEMORIALIZED 05/03/10 UPCROSS. AFTER OVER A YEAR AND A HALF STRETCH OF UNPRECEDENTED VOLATILITY AND PANIC DRIVEN, CONVOLUTED MARKETS, THE MONTHLY STO HAS RETURNED TO ITS DEPENDABLE PERIODICITY."* FOR ONE IRONCLAD STO RULE IS ABSOLUTELY CLEAR; NEVER FADE THE MONTHLY STO!! WHY? "'CAUSE THE STO DON'T LIE!!"

ANALYSIS

SHORT TERM Both the Sixty and the Hondo pushed modestly higher on an outsized upward displacement in the bond, with the former just cosseting the marge of overbought metrics K/D and ending on a bullish near hinge position, while the latter upcrossed tepidly to end barely higher than yesterday's numbers, midway between midlevel and the verges of overbought loci K/D on a bullish near-near hinge position. Both are exhibiting extreme skittish behavior in this heightened environment of uncertainty. The bond's corrective upcycles that we have witnessed in the last few months are slowly transitioning to a bona fide secular bear market, the call for which was made on 06/30/15 with the memorialization of the Monthly Sto. Irrespective of ostensibly bullish action, …IT STILL STANDS!! Patience is required as inordinate volatility plays out. **With the Monthly's downcross on 06/02/15 and memorialization on 06/30/15, transition to a secular bear market is now a reality, especially given the continued weakness of the Daily Sto.** Volatility is regnant and rampant. Volatility, of course, is still in evidence, for we are now at the mercy of **TWO** bullish gaps above, with **FIFTEEN** opposing bearish gaps below.

MEDIUM TERM ***The Daily upcrossed on 05/03/16, downcrossed on 04/12/16, upcrossed on 03/17/16 downcrossed on 02/12/16, upcrossed on 02/05/16, downcrossed on 02/04/16.*** **05/03/16: THE DAILY UPCROSSED!! ALERT 04/12/16: THE DAILY DOWNCROSSED!! 03/17/16: THE DAILY UPCROSSED!! ALERT 02/12/16: THE DAILY DOWNCROSSED!! ALERT 02/05/16: THE DAILY UPCROSSED!! ALERT 02/04/16: THE DAILY DOWNCROSSED!!** The Daily's upcross on 04/12/16 ended a garden variety 22 day downcycle *(avg.=15-20 days).* It is wise to remember an important *StoMaster* mantra: **"BEAR MARKETS ARE BUILT ON THE BACKS OF <u>BULLISH DIVERGENCES</u>."** ***The Weekly downcrossed on 04/18/16, upcrossed on 04/13/16, downcrossed on 04/12/16, upcrossed on 04/07/16, downcrossed on 04/06/16, upcrossed on 04/05/16, downcrossed on 03/09/16, upcrossed on 03/08/16. downcrossed on 03/07/16, upcrossed on 01/07/16, downcrossed on 12/29/15, upcrossed on 12/11/15, downcrossed on 10/23/15, upcrossed on 10/21/15, downcrossed on 10/20/15, upcrossed on 09/28/15, downcrossed on 09/25/15, upcrossed on 09/22/15, downcrossed on 09/21/15, upcrossed on 09/18/15, downcrossed on 09/15/15 and upcrossed on 07/30/15.*** **ALERT 04/18/16: THE WEEKLY DOWNCROSSED! ALERT 04/13/16: THE WEEKLY UPCROSSED!! ALERT 04/12/16: THE WEEKLY DOWNCROSSED! ALERT 04/07/16: THE WEEKLY UPCROSSED!! ALERT 03/06/16: THE WEEKLY DOWNCROSSED! ALERT 04/05/16: THE WEEKLY UPCROSSED!! ALERT 03/09/16: THE WEEKLY DOWNCROSSED! ALERT 03/08/16: THE WEEKLY UPCROSSED!! ALERT 03/07/16: THE WEEKLY DOWNCROSSED! ALERT 01/01/16: THE WEEKLY UPCROSSED!! ALERT 12/29/15: THE WEEKLY DOWNCROSSED! ALERT 12/11/15: THE WEEKLY UPCROSSED!! ALERT 10/23/15: THE WEEKLY DOWNCROSSED! ALERT 10/21/15: THE WEEKLY UPCROSSED!! ALERT 10/20/15: THE WEEKLY DOWNCROSSED! ALERT 09/28/15: THE WEEKLY UPCROSSED!! ALERT 09/25/15: THE WEEKLY DOWNCROSSED! ALERT 09/22/15: THE WEEKLY UPCROSSED!! ALERT 09/21/15: THE WEEKLY DOWNCROSSED! ALERT 09/18/15: THE WEEKLY UPCROSSED!! ALERT 09/15/15: THE WEEKLY DOWNCROSSED! ALERT 07/30/15: THE WEEKLY UPCROSSED!!** The Weekly downcrossed on 04/18/16 after a abbreviated a 5 day upcycle *(avg.=8-12 weeks).* To be a valid cyclical upturn/downturn, however, any upcross/downcross of the Weekly must memorialize at the week's end *(i.e. close in the upcrossed/downcrossed position).* But it should be noted that the Weekly has a tendency for fibrillation about the crossline, a phenomenon that has held sway during the past few years. To **To review a little history, 03/23/15's upcross along with 03/27/15's memorialization was an extremely bullish totem occurring at midlevel and on a shortened downcycle. Moreover, it set the stage for the final leg of the secular bull market, a leg that astonished all in its strength and magnitude** (see **www.stomaster.com/Fade.pdf and** www.stomaster.com/TheEndofQEII.pdf)

LONG TERM ***The Monthly upcrossed on 02/01/16, downcrossed on 08/25/15, upcrossed on 08/21/15, downcrossed on 06/02/15 and upcrossed on 04/30/14.*** **ALERT 02/01/16: THE MONTHLY UPCROSSED. ALERT 08/31/15: THE MONTHLY MEMORIALIZED ITS DOWNCROSS. ALERT 08/25/15: THE MONTHLY DOWNCROSSED. ALERT 08/21/14: THE MONTHLY UPCROSSED. ALERT 06/30/15: THE MONTHLY MEMORIALIZED ITS DOWNCROSS. ALERT 06/02/15: THE MONTHLY DOWNCROSSED. ALERT 09/17/14: THE MONTHLY HAS MET THE MEASURED MOVE OBJECTIVE OF ITS *REVERSE H&S* FORMATION, BUT STILL HAS A WAYS TO GO IN ITS CALL FOR THIS SECULAR BULL MARKET. ALERT 05/02/14: THE MONTHLY HAS BROKEN TO THE UPSIDE OF A *REVERSE H&S* FORMATION!! ALERT 04/30/14: THE MONTHLY UPCROSSED AND MEMORIALIZED THE UPCROSS!** The Monthly upcrossed on 02/01/16, downcrossed on 08/21/15 and upcrossed on 08/21/15. The Monthly memorialized its downcross of 06/02/15 on 06/30/15 and sounds the clarion call of the commencement of the secular bear market of 2015-2016 *(avg.=12-15 months).* To be valid, it must memorialize at month's end (i.e. close in an upcrossed/downcrossed position) at a minimum 5.00 spread K/D. But prior to that event, we may expect multiple reverses about the crossline. **REMEMBER:** To be validated as a bona fide secular turn to a bull/bear market, the Monthly has to close the end of the upcross/downcross month in the upcrossed/downcrossed position and with a positive/negative spread K/D of at least 5.00 points within a reasonable length of time (i.e. 6 weeks). Short of that, history has demonstrated that the Monthly had a tendency to vacillate about the crossline, eschewing a clean call and attendant with erratic action in the bonds. Never forget and always remember: **"Those who would covet, Great wealth to be made, Dare not on their life, The Sto Monthly to fade."**

For bull and bear market analyses and past economic position papers (www.stomaster.com/botline2.htm). But fresh off the press is *StoMaster's* new insightful analysis entitled *"The End of QE II – What to Expect – A Different View* at **www.stomaster.com/TheEndofQEII.pdf**

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