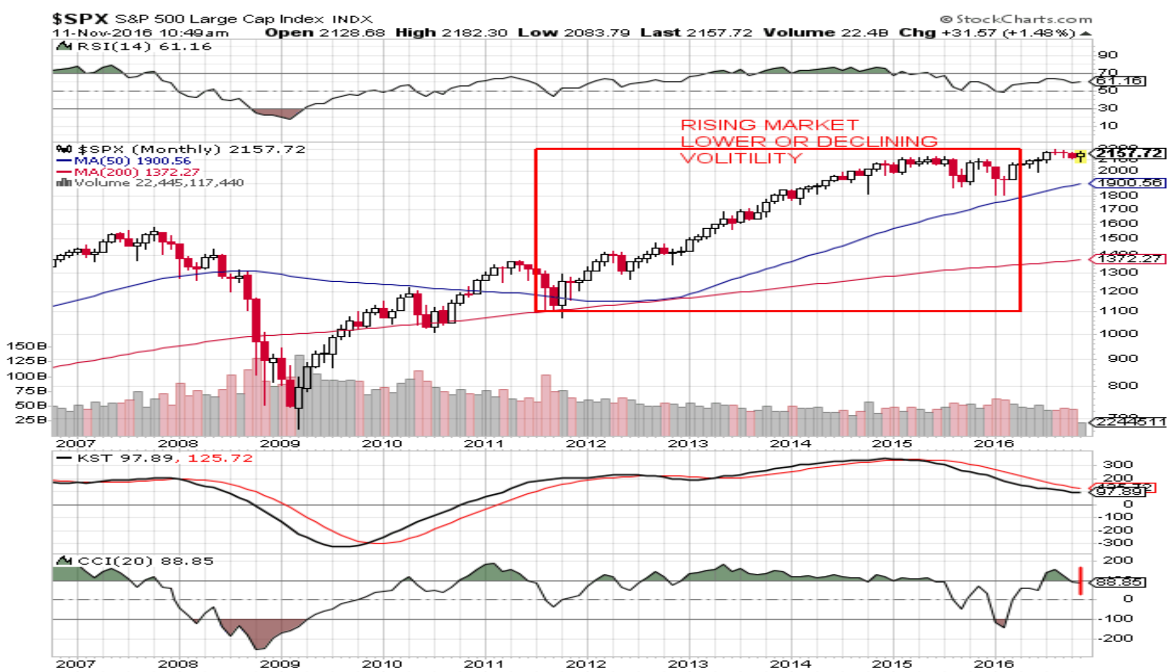
Starboard Weekly Report Ending November 11, 2016
Charts of the Week



The top chart is a long-term monthly view that displays the volatility of the S&P compared to the actual index. The bottom chart is the monthly performance of the S&P index since 2007. Both charts are from StockCharts.com.

TECHNICAL
The top first support chart is the long-term relative strength index (RSI). The last time we had extreme volatility was the housing bubble in 2008 and is represented on the chart by the green spike above 70%. Note the flat line in the RSI chart that started in 2009 with only two spikes up in 2011 and 2015. This is an extraordinarily long period of time not to witness volatility. This occurred largely due to the FED's loose monetary policies. Below the top main chart is the CCI chart that shows a similar lack of volatility, except for spikes in 2011 and 2015. The bottom RSI and CCI charts exhibit a positive uninterrupted upside except for the 2011 and 2015 bearish events. Please note on the very bottom CCI chart how the S&P index is trending down (where I have put a red indication line at the 88.85 mark on the far right)

FUNDAMENTAL
The market volatility this week was intense due to the election. Our charts are only looking at the stock side of investments. The bond market reaction to Trump's election was very bearish versus the upside spike in stocks. The bond market's negative reaction to a Trump victory is signaling a more normal cycling condition and a less controlled environment for stocks and bonds. The FED will have less influence going forward and market forces of supply and demand will return. Short term this means a downside stock reaction, similar to what the futures showed on Election night as it became more obvious Trump was going to win. In case you did not stay up until midnight, at one point the S&P futures tumbled over 5%. Then on the two days following the election stocks soared and bonds tanked. That's volatility folks and you haven't seen anything yet because I expect an intense sell off due to the major economic changes which will accompany a shift to the right in our entire political system. Government controlled markets will disappear and their purging will cause short term pain in the way of lower stock prices. The longer term benefits can be summed up in our President elect's favorite expression "just beautiful". We can only hope!

ASIDE
"To improve is to change; to be perfect is to change often." Winston Churchill

Markets and economies need change for without it they cannot create opportunity. Capitalism cannot be artificially controlled by price, interest rates or market manipulation. When it is, then the end result is extreme volatility. We are entering a period of change to adjust to errant economic policies of the outgoing administration.