

# Market Commentary

By Art Cashin

Prepared by UBS Financial Services Inc.

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## Statistics:

Fair Value	=	N.A.
Buy Program	=	N.A.
Sell Program	=	N.A.

## Cashin's Comments

### An Encore Presentation

We've been doing "Cashin's Comments" for well over three decades. Readers have been overly gracious and generous in their acceptance. Sometimes they even asked for extra copies. The most requests we ever got for copies were for the first two "Comments" that followed 9/11. We are told they were mailed or emailed many times over. Today, the 14th Anniversary of 9/11 will see lots of folks recall how things were. To remember that day and the heroes it spawned we thought it simplest to repeat what we wrote back then. After the encore we'll look at things like the current market. We hope you don't mind the repeat.

### MONDAY, SEPTEMBER 24, 2001

On this day, in September of the fateful year 2001, America – and the world – continued to try to find some way to return to normal.

There have been no comments since the atrocity on 9/11. All of our family and staff are safe, thank God. But my office was put out of commission. (It was across a small open park from one of the towers.) We hope to get back into it this week and – maybe – begin regular comments next week.

**A Few Personal Comments** – A few years back the "New Yorker" magazine ran a whimsical cover showing how "egotistical" New Yorkers might conceive a map of the United States. Satirically it depicted the nation, with three-quarters of its focus on the island of Manhattan. Ironically, after the atrocity on September 11th, the nation's heart, its concern, its generosity is disproportionately focused on New York in almost the same manner.

Similarly, in each of our lives, the picture we view of the world around us would surely have had us as the dominant feature of the canvas. Yet after the tragedy of that Tuesday, with its image of victims and heroes, of smoke and tears; none of us shall see ourselves so large again. There will be room in that picture for others – many others.

Valuing language and the words that give it shape, meaning and impact, I have always been fascinated by that special group who once wrote for the aforementioned "New Yorker" – James Thurber, Dorothy Parker, Robert Benchley, Alexander Woolcott and E.B. White and others. In simpler times (how foolish! Almost any time was simpler, safer, more secure)...let me start again.....my love for the writers that Harold Ross brought to the Golden Age of the New Yorker (and thus to the legendary "Algonquin Table") was to the comedic/satiric group. The events of 9-11 led me back to E.B. White. He was terrific, but given my satiric leaning I only loved or, at least remember three things about White – his marvelous book on writing style, his caption for a legendary New Yorker cartoon in which an obstinate kid, responding to his mom's explanation that what's on his plate is "broccoli, dear" says – "I say it's spinach and I say – the hell with it!", and – of course – his short story

called "The Hour of Letdown" in which a computer built to play chess against a human, stops after the event to have a drink. (I'm not sure why I love that story.)

Nonetheless, the atrocity on September 11th recalled another E.B. White essay. It was (I recall) written over 50 years ago, back when the UN was moving into Manhattan from its early life in "Lake Success" on Long Island.

Much of White's essay, written over a half century ago is filled with meaning and moment this day. It has recently been republished as "Here is New York", if you care to see more. Here are some of the things that bridge generations:

"The subtlest change in New York is something people don't much speak about that is in everyone's mind. The city, for the first time in its long history is destructible. A single flight of planes no bigger than a wedge of geese can quickly end this island fantasy, burn the towers, crumble the bridges, turn the underground passages into lethal chambers, cremate the millions. The intimation of mortality is part of New York now; in the sound of jets overhead, in the black headlines of the latest edition."

"All dwellers in cities must live with the stubborn fact of annihilation; in New York the fact is more concentrated because of the concentration of the city itself, and because, of all targets, New York has a certain clear priority. In the mind of whatever perverted dreamer might loose the lightning, New York must hold a steady, irresistible charm."

"...New York is not a capital city – it is not a national capital or a state capital. But it is by way of becoming the capital of the world..."

"...Once again the city will absorb, almost without showing any sign of it, a congress of visitors. It has already shown itself capable of stashing away the United Nations – a great many of the delegates have been around town during the past couple of years..."

"This race – the race between the destroying planes and the struggling Parliament of Man – it sticks in all our heads." "The city at last perfectly illustrates both the universal dilemma and the general solution, this riddle in steel and stone that is at once the perfect target and the perfect demonstration of nonviolence, of racial brotherhood, this lofty target, scraping the skies and meeting the destroying planes halfway, home of all people and all nations. Capital of everything, housing those deliberations by which the planes were to be stayed and their errand forestalled."

Thank you, Mr. White! (Mr. White earlier in the essay noted that New York and New Yorkers – and all Americans – do good, do what they do, and have traditionally defied logic and their enemies by not only surviving but actually thriving. And all that was true even a half century ago.)

**A More Personal Thought** – Many of us got out that Tuesday walking through streets onto which ash, smoke and business envelopes fell snow-like, blocking both your view and your breathing. Yet when a stranger was met, they were invited to join the convoy and offered a spare wet cloth (carried in pockets) through which to breathe as they walked. When we reached the East River (Brooklyn side of Manhattan), there was a volunteer group of tugboats, fishing boats and mini-ferries that looked like the evacuation of Dunkirk. No charge. No money. Just – "May I help you!" No one got anyone's name. No thank you cards will be sent. But Americans – even New York Americans – who freely give to strangers but argue with neighbors were suddenly one group.

In the days since, as we wander via new strange ways back to Wall Street, we all internalize the survivor's quandary. We are lucky to be alive – but why us.

As I noted on TV – none of us headed back to re-open the markets with relish or avarice. The President, the Governor, the Mayor and all officials asked that the markets re-open to provide a means for the economy to work – to unclog an artery.

Day after day, traders, clerks and the thousands of folks who support them walked to work. No spring in their step. Resolute to do their job, they are civil but somber. As they pass checkpoints, they say "thank you" to the policemen, firemen, and National Guardsmen who may have lost brothers saving us and some of our friends.

Ironically, the only smiles you see in Wall Street are on the photocopied photos of the missing that family and friends have taped to walls, mailboxes and lampposts. It may take a long time for smiles to naturally return to Wall Street. It may take a long while to find those criminals who took our smiles and our friends. But, we will have patience.

**Back To Today, September 11, 2015** – Thursday's market may have had a few more personalities than Sybil. The zaniness began well before the opening.

Overnight, Dow futures had jumped nearly 100 points. Around 5:30 a.m., stocks began to reverse and the selling intensified over the next three hours. As the market prepared to open, the Dow futures were down 50 points or so.

Some pointed to the appearance of hedge fund manager, David Tepper, on CNBC's Squawkbox. Mr. Tepper said the current market was not conducive to aggressive risk taking and said he was not a bull in this environment.

While Mr. Tepper may well have been a factor, the futures were weakening before his appearances, influenced, I think by spreading weakness in Europe.

In the first 45 minutes of trading, the market opened unchanged, had a brief mini-rally, an instant reversal, resulting in a brief visit to negative territory. Clearly, the market was looking for something to guide it. It settled on oil, or, at least the WTI version.

Stocks rallied in response to a steady firming in oil. Then came the inventory data at 11:00. It was bearish so stocks sold off but crude didn't budge. Crude focused on EIA projections of a sharp drop in production next year. Crude actually began to rally a bit further, forcing stocks to pay attention yet again although the stock boys were clearly reluctant to follow that lead. Stocks moved grudgingly higher in fits and starts to the day's highs shortly before 2:00.

At 2:00, the market on close indications began to appear. They were to the sell side and began to grow larger with each change. That seemed to weigh on stocks and prices moved steadily lower. The selling accelerated in the final 40 minutes when it became apparent that the imbalance could possibly be as large as a billion dollars. Only some last minute pair-offs kept them from going negative at the close. Quite a day indeed!

**September Weakness And Rosh Hashanah** – Sunday at sundown marks the start of Rosh Hashanah. Over 50 years ago, as I was starting out in Wall Street. I was lucky enough to be hired by a small, bright, aggressive firm where I learned unique things from some wonderful people. I thought they hired me because I was sharp, inquisitive and hard working. Some of the older salesmen, instead, used to joke that I was the "Shabbes Goy" - the only non-Jewish employee who could then man the phones on religious holidays. It was a joke (I think) but it gave an altar boy from Jersey City a chance to learn a little Yiddish and a touch of cultural traditions.

The way I learned it, you sell on Rosh Hashanah and buy back on Yom Kippur. The thesis, I was told, was that you wished to be free (as much as possible) of the distraction of worldly goods during a period of reflection and self-appraisal.

Later as I studied market cycles and economic cycles, I was struck that the oft-repeated September/October weakness (crop cycle/money float) often corresponded to the Rosh Hashanah tradition. Is it cultural coincidence or cultural overlap? Who knows! (And we've never had a Rosh Hashanah and a QE3.)

One last note on Rosh Hashanah. My late, lamented Irish mom, tended to see everything in a Celtic perspective - even Jewish New Years. She would say - "You better get up to the deli fast 'cause the Jewish people will be leaving early for 'Rose of Shannon'." Anyway, if it is your holiday, "Leshona Toyva Tikoseyvu!" Happy 5776!

**Overnight And Overseas** – Shanghai closed flat after yet another late session rescue rally. Tokyo fell a bit while Korea got dinged when their central bank failed to cut rates as hoped. Europe is generally softer with some officials talking of bubbles. The dollar is firm against the Euro and the yen. That's weighing on the base metals, while the grains are stronger. Crude is lower on a Goldman report and U.S. futures are softer.

**Consensus** – Futures look softer. If we head lower, the bulls need to defend Thursday's lows (S&P 1937). If broken, next checkpoint looks like 1908/1911. Tough to focus on market in a day of somber memories. Kiss someone you love!

**Trivia Corner**

Answer - This took a real Sister Herman Joseph to figure out. You had to set a matrix with the numbers 1 through 13 across the top and the student down the left. Then you put an "x" in every number that fits the statement of each student. Thus A's comment that it was a single digit would put an x under every number from 1 through 10. By this process we see the only number with one x would be "12" the winning turtle. (Sister was not happy at all.)

Today's Question - I can complete that - What 3 letter word can be placed behind each of these letters to make a new 4 letter word - "B, C, F, G, H, M, T, P, W". (It must be the same 3-letter word throughout.)

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