MORNING BRIEFING
November 29, 2021

The Omicron Panic

Check out the accompanying chart collection.

(1) Austria's lockdown and Germany's record infections unnerved investors recently. (2) Then Omicron news hit the tape on Friday. (3) A new potentially dangerous variant. (4) Travel lockdowns. (5) S&P 500 drops a bit, while oil nears a bear market. (6) Drug makers are prepared to play Whac-A-Mole with variants of Covid. (7) Two or three rate hikes next year? (8) Plenty of excess M2. (9) More Fed officials talking about tapering at faster pace. (10) Movie review: "The Eyes of Tammy Faye" (+ + +).

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Strategy: The Latest (Viral) Panic Attack. The S&P 500 hit a record closing high of 4704.54 on Thursday, November 18. The next day, investors were unnerved by Austria's announcement of a full national Covid-19 lockdown starting Monday, November 22. Chancellor Alexander Schallenberg said that the lockdown will last a maximum of 20 days and that a legal requirement to get vaccinated will take effect on February 1, 2022. He was responding to record case numbers and one of the lowest vaccination levels in Western Europe.

Many other European countries are imposing restrictions as cases rise. Neighboring Germany has seen several days of record infections recently (*Fig. 1*). German Health Minister Jens Spahn warned of "a national emergency that requires a combined national effort." German leaders already have agreed to introduce restrictions for unvaccinated people in areas with high hospital admissions. And the German parliament has backed requirements for people to show Covid passes on buses and trains and in workplaces.

In the US on Friday, news hit the tape before the open about a new variant of the Covid virus and the S&P 500 plunged 2.3% to 4594.62, putting it 2.4% below its record high (*Fig. 2*). Here is more on this development:

(1) *A new variant of concern.* The World Health Organization warned on Friday that a new

coronavirus variant discovered in southern Africa, dubbed “Omicron,” is a “variant of concern,” the most serious category the agency uses for such tracking. Such variants are deemed to be dangerous because they may spread quickly, cause severe disease, or decrease the effectiveness of vaccines and treatments. The Delta variant fits these criteria. It took off this past summer and now accounts for virtually all Covid cases in the US.

(2) *More than 30 mutations.* The concern about Omicron is that researchers in Botswana and South Africa found more than 30 mutations of the spike protein on the surface of the coronavirus. The spike protein is the chief target of antibodies that the immune system produces to fight a Covid-19 infection. With so many mutations, the concern is that Omicron’s spike might be able to evade antibodies produced by either a previous infection or a vaccine.

(3) *Banning flights.* The November 26 *NYT* *reported*: “Countries in Europe as well as the United States and Canada have been among those banning flights arriving from South Africa and several other African nations. But Omicron has already been spotted in Hong Kong and Belgium, and may well be in other countries outside of Africa as well.” Travel lockdowns are a prudent response that could buy governments a little time to make plans for dealing with Omicron if it lives up to the worst predictions. Health leaders could use the delay to put in stronger measures for preventing transmission or boosting vaccinations, for example.

In the US, the latest wave of the (Delta) pandemic has been abating since the late summer, but may be starting to bottom now (*Fig. 3*). The new variant of Covid-19 could be an unwelcome guest during the holiday season, a traditional time for more social gathering and virus spreading.

(4) *Known unknowns.* No one knows yet how dangerous the new variant will be. For now, vaccines are expected to provide some protection against it because they stimulate not only antibodies but immune cells that can attack infected cells. Mutations to the spike protein do not blunt that immune-cell response, according to the *NYT*. And booster shots could potentially broaden the range of antibodies people make, strengthening their ability to fight new variants like Omicron.

(5) *Panic Attack #71.* Joe and I are adding the latest stock market selloff as Panic Attack #71 on our list of *panic attacks* since the beginning of the bull market during March 2009. It may be the start of a garden-variety profit-taking correction in reaction to the renewed global health crisis. The arrival of Omicron is a reminder that the pandemic is far from over and

that it continues to pose a risk to global travel, trade, supply chains, and economic growth.

Indeed, Friday's selloff was even more pronounced in the commodity markets. The nearby futures price of a barrel of Brent crude plunged 13.0% to $68.17. It is down 19.5% from a recent high of $84.65 on October 26. On Friday, the nearby futures price of copper fell 4.0%.

As traders quickly concluded that the Fed would be slower to tighten monetary policy if Omicron turned out to be a serious new problem, the 10-year US Treasury bond yield dropped 16bps to 1.48% on Friday and the trade-weighted dollar edged down 0.73% to 96.07.

(6) *From Delta to Omicron.* Friday's sell-off was probably a buying opportunity. Let's remember that the emergence of the Delta variant triggered a selloff, similar in magnitude to what we saw on Friday, of 2.9% in the S&P 500 from July 12 through July 19. The 10-year US Treasury bond yield fell below 1.50% in early June and bottomed at 1.18% in early August. Both stock prices and bond yields headed higher over the rest of the summer through a few days ago, as investors concluded that the available vaccines worked to combat the Delta variant. We should learn in coming weeks whether they're any match for Omicron.

(7) *mRNA to the rescue again*. America's major drug companies announced on Friday that they are prepared to play Whac-A-Mole with the latest Covid variant. Pfizer and BioNTech announced that their joint mRNA vaccine against Covid-19 could be tweaked within 100 days specifically to counter Omicron, while Johnson & Johnson told FOX Business it is already testing its vaccine against the new variant.

Moderna said in a *press release* that it has already been testing a booster in healthy adults that contains twice the dosage currently authorized. The drug maker has also been "studying two multi-valent booster candidates in the clinic that were designed to anticipate mutations such as those that have emerged in the Omicron variant," the company said.

US Economy I: Substantial Further Progress. This is the time of year we gather together to give thanks, gifts, and viruses to our family and friends. We thank you for your interest in our research service and wish you lots of health and happiness.

In addition, we all should be thankful that the labor market is continuing to improve, as evidenced by the drop in initial unemployment claims to 199,000 during the week of

November 20 (*Fig. 4*). That's the first time that claims have been below 200,000 since November 1969.

Before the pandemic, jobless claims were below 300,000 from the week of March 7, 2015 through the week of March 14, 2020. This year, they fell below that level a few weeks after federal supplemental jobless benefits were terminated on Labor Day, September 6. That gave more unemployed workers an incentive to find jobs. Getting a job is relatively easy to do given that the number of job openings has exceeded the number of unemployed workers for the past five months through September, as occurred during the 24 months prior to and including February 2020 (*Fig. 5*).

This suggests that November's payroll employment report will be very strong. It will be released on December 3. The next meeting of the FOMC will take place on December 14 and 15. The committee is likely to vote to speed up the pace of tapering the Fed's purchases of bonds, since by then "substantial further progress" will have been made toward the committee's "maximum employment and price stability goals." Indeed, inflation has well surpassed the Fed's 2.0% target rate so far this year. It first exceeded that target during March, with the PCE deflator rising to 5.0% y/y during October (*Fig. 6*).

Following the release of October's higher-than-expected 6.2% y/y jump in the CPI on November 10, the fixed-income markets adjusted to reflect three, rather than two, 25-basis-point hikes in the federal funds rate next year. Melissa and I still expect just two hikes next year, with the FOMC passing on a third hike and raising the inflation target instead from 2.0% to 3.0%. Following Friday's stock market rout, both the 12-month federal funds rate futures and the 2-year US Treasury note were back in our camp (*Fig. 7*).

US Economy II: Lots of Liquidity. Notwithstanding the new Covid variant of interest, Joe and I still expect that the S&P 500 will continue to rise to new record highs. Our targets for the index are 4800 by the end of this year, 5200 for next year, and 5500 for 2023. The Fed may decide to taper faster, as discussed below, but it would still be adding liquidity, though at a slower pace, to the economy's punch bowl—which already has plenty of liquidity from previous rounds of the Fed's largess. Consider the following:

(1) *Bank deposits.* Since the last week of February 2020 through the November 17 week this year, total deposits at all commercial banks are up $4.4 trillion (*Fig. 8*).

(2) *Personal saving.* Over the past 12 months through September, personal saving totaled $2.4 trillion (*Fig. 9*). Over the past 19 months through October—i.e., since the pandemic

started in March 2020—personal saving totaled $2.9 trillion.

(3) *Excess M2 and monetary velocity.* A simple eyeball extrapolation of the trend in M2 prior to the pandemic suggests that M2 exceeded that trend by about $2.5 trillion during October (*Fig. 10*). We know that GDP's monetary velocity ratio (i.e., nominal GDP divided by M2) is at a record low (*Fig. 11*). So there's plenty of cash available to fund more nominal GDP growth.

Less widely followed is the ratio of the market capitalization of the S&P 500 to M2. This measure of the S&P 500's monetary velocity was 1.8 during October, slightly below its peak before the bear market of the Great Financial Crisis but still well below its peak before the tech bubble's bear market at the start of the millennium (*Fig. 12*). There's plenty of liquidity available to drive stock prices higher.

The Fed: Taper Trot. As inflation has been heating up, more Fed officials have been hot to trot when it comes to speeding up the tapering of the Fed's bond purchases. Consider the following:

(1) *FOMC minutes.* In the months leading up to the FOMC's decision to start tapering, made at its November 2-3 meeting of the Committee, Melissa and I suggested that the Committee should move faster to do so. We figured that with inflation heating up, the Fed might need to raise interest rates sooner than officials were expecting. That's the conclusion they finally reached as well according to the *minutes* of their November 2-3 gathering:

"Some participants suggested that reducing the pace of net asset purchases by more than $15 billion each month could be warranted so that the Committee would be in a better position to make adjustments to the target range for the federal funds rate, particularly in light of inflation pressures. Various participants noted that the Committee should be prepared to adjust the pace of asset purchases and raise the target range for the federal funds rate sooner than participants currently anticipated if inflation continued to run higher than levels consistent with the Committee's objectives."

(2) *Hawkish dove.* Last Wednesday, San Francisco Fed President Mary Daly, considered a dove, was the latest Fed official to say that the central bank could speed up the end of its $120 billion monthly bond-buying program.

(3) *End may be getting nearer.* Fed Governor Christopher Waller and Fed Vice Chairman Richard Clarida both mentioned accelerating the taper process recently. On November 19,

Waller said that the Fed should end its purchases by April instead of June.

As noted above, we expect just two 25bps rate hikes next year, with the FOMC passing on a third hike and raising the inflation target instead from 2.0% to 3.0%.

Movie. “The Eyes of Tammy Faye” (+ + +) (*link*) is a biopic about the rise and fall of Jim and Tammy Faye Bakker, whose praise-the-Lord quirkiness are brilliantly portrayed by Jessica Chastain and Andrew Garfield. They rose from humble faith-based Christian beginnings to create the world’s largest religious broadcasting network and theme park. The televangelist couple was revered for their message of love, acceptance, and prosperity. Their empire came crashing down when it was toppled by financial and personal scandals. Jim Bakker was indicted, convicted, and imprisoned on numerous counts of fraud and conspiracy in 1989. Tammy divorced Jim and remarried in 1992. Chastain deserves an Oscar for her remarkable performance.

Calendars

US: Mon: Pending Home Sales 1.0%; Dallas Fed Manufacturing Index; Yellen, Powell, Williams, Clarida, Bowman. **Tues:** Consumer Confidence 110.9; S&P/CS HPI 20-City Composite 1.1%m/m/19.3%y/y; Chicago PMI 68.2; API Weekly Crude Oil Inventories; Powell. (Bloomberg estimates)

Global: Mon: Eurozone Business & Consumer Survey 117.5; Germany CPI -0.4%m/m/5.0%y/y; Spain CPI 4.0% y/y; Canada Current Account $4.6b; Japan Unemployment Rate 2.8%; Japan Industrial Production 1.8%; China M-PMI 49.6; Wuermeling, Balz, Macklem. **Tues:** Eurozone CPI 4.4%y/y; Germany Unemployment Change & Unemployment Rate -25k/5.3%; France GDP 3.0%; France Consumer Spending 0.3%; Italy GDP 2.6%; Italy CPI 0.4%m/m/3.2%y/y; Canada GDP 0.1%m/m/3.0%q/q; China Caixin M-PMI 50.5; Japan Housing Starts 5.2%; Australia GDP -2.7%q/q/3.0%y/y. (Bloomberg estimates)

Strategy Indicators

Global Stock Markets Performance (*link*): The US MSCI index fell 2.3% last week for its biggest decline in eight weeks. It finished the week at a four-week low and is now 2.5% below its record high on November 16. The US MSCI ranked 14th of the 49 global stock markets that we follow in a week when just three of the 49 countries rose in US dollar terms. The AC World ex-US index posted its biggest drop since late February, tumbling 3.7% for the week to 6.7% below its June 15 record high, as all regions fell for a second straight week. EM Latin America was the best-performing region last week, albeit with a decline of 2.4%, ahead of EM Asia (-3.4%). EM Eastern Europe was the biggest underperformer with a decline of 7.0%, followed by EMU (-5.2), EMEA (-4.9), BRIC (-3.9), and EAFE (-3.8). Chile was the best-performing country last week, with a gain of 4.2%, followed by Jordan (1.0), Portugal (0.4), and the Philippines (0.0). Argentina was the worst performer, with a decline of 15.7%, followed by Turkey (-8.4), South Africa (-8.3), Russia (-7.7), and Sweden (-7.2). The United States is now the top-performing region ytd with a gain of 21.4%, ahead of EMEA (18.6), and easily beating EM Eastern Europe (10.4), EMU (6.4), EAFE (5.1), and the AC World ex-US (2.8). The following regions are lagging the AC World ex-US: EM Latin America (-16.8), BRIC (-11.1), and EM Asia (-6.7). The top-performing countries ytd: the Czech Republic (29.4), Austria (26.6), the Netherlands (22.9), India (21.6), and the United States (21.4). The biggest laggards of 2021 so far: Turkey (-29.2), Pakistan (-28.6), Peru (-25.7), Brazil (-24.2), and Colombia (-22.6).

S&P 1500/500/400/600 Performance (*link*): All three of these indexes fell sharply last week. LargeCap's 2.2% drop was its biggest in eight weeks, but the declines for MidCap (-3.2%) and SmallCap (-3.3) were their biggest since mid-July. LargeCap is just 2.3% below its record high on November 18, and MidCap ended the week 4.5% below its November 16 record. SmallCap is the biggest laggard, trading 6.1% below its record on November 9. Just two of the 33 sectors were higher for the week, compared to five sectors rising a week earlier. LargeCap Energy was the best performer of the week with a gain of 1.7%, ahead of MidCap Energy (0.5), LargeCap Consumer Staples (-0.2), and LargeCap Financials (-0.6). MidCap Tech was the worst performer, with a decline of 5.2%, followed by SmallCap Communication Services (-4.9), SmallCap Health Care (-4.7), and MidCap Health Care (-4.2). SmallCap remains the leader in the 2021 derby with a gain of 23.0% ytd, ahead of LargeCap (22.3) and MidCap (20.5). Thirty-two of the 33 sectors are higher ytd, paced by these best sector performers: SmallCap Energy (64.9), MidCap Energy (62.3), LargeCap Energy (46.3), SmallCap Consumer Discretionary (39.7), and LargeCap Financials (31.3). The biggest laggards so far in 2021: MidCap Communication Services (-3.7), SmallCap Health Care (4.6), MidCap Consumer Staples (5.3), LargeCap Utilities (5.7), and MidCap Health Care (6.5).

S&P 500 Sectors and Industries Performance (*link*): Just one of the 11 S&P 500 sectors rose last week, and six outperformed the composite index's 2.2% decline. That compares to a 0.3% gain for the S&P 500 a week earlier, when three sectors rose and the same three outperformed the index. Energy was the best performer, with a gain of 1.7%, ahead of Consumer Staples (-0.2%), Financials (-0.6), Health Care (-0.9), Real Estate (-0.9), and Utilities (-1.0). The worst performers this week: Consumer Discretionary (-3.6), Communication Services (-3.3), Tech (-3.2), Industrials (-2.4), and Materials (-2.3). With respect to 2021's performance, the S&P 500 has risen 22.3% so far, with all 11 sectors higher ytd and five beating the broader index. Energy remains in the top spot as the leading sector with a gain of 46.3% ytd, followed by Financials (31.3), Real Estate (30.9), Tech (26.9), and Consumer Discretionary (23.8). This year's laggards to date, albeit with gains: Utilities (5.7), Consumer Staples (7.5), Health Care (15.9), Industrials (16.2), Materials (18.8), and Communication Services (19.9).

S&P 500 Technical Indicators (*link*): The S&P 500 tumbled 2.2% last week, and weakened relative to its 50-day moving average (50-dma) and 200-day moving average (200-dma). The index closed above its 50-dma for a seventh week after two weeks below, and was above its 200-dma for a 74th straight week. The S&P 500's 50-dma moved higher for a seventh week after falling for two weeks for the first time since last October. The index fell to a six-week low of 1.4% above its rising 50-dma from 4.2% a week earlier and is down from a 27-week high of 4.9% in early November. That's still up from an 11-month low of 2.0% below in early October. The index had been mostly trading above its 50-dma since late April 2020; in June 2020, it was 11.7% above, which was the highest since its record high of 14.0% in May 2009. That compares to 27.7% below on March 23, 2020—its lowest reading since it was 29.7% below on Black Monday, October 19, 1987. The price index was above its 200-dma for a 74th week last week, but dropped to a six-week low of 6.8% above its rising 200-dma from 9.7% a week earlier and a nine-week high of 10.8% in early November. That's still up from an 11-month low of 5.0% at the beginning of October. That compares to 17.0% above in early December, which was the highest since November 2009 and up from the 26.6% below registered on March 23—the lowest reading since March 2009. At its worst levels of the Great Financial Crisis, the S&P 500 index was 25.5% below its 50-dma on October 10, 2008 and 39.6% below its 200-dma on November 11, 2008.

S&P 500 Sectors Technical Indicators (*link*): Seven of the 11 S&P 500 sectors traded above their 50-dmas, down from nine a week earlier; that compares to all 11 above in the prior two weeks before that. Communication Services and Industrials dropped below in the latest week and joined Energy and Financials in that club. That compares to just two sectors above in early October. Nine sectors now have a rising 50-dma, up from eight a week earlier, as Utilities turned higher for the first time in nine weeks. Communication Services and Health Care are the only two sectors with a falling 50-dma. Looking at the more stable longer-term 200-dmas, all sectors were above for a sixth week, up from nine at the beginning of October when Materials and Utilities dropped out of the club for one week. All 11 sectors have had rising 200-dmas for 37 straight weeks. For perspective, back in April 2020, just one sector (Health Care) was trading above its 200-dma. Notably, Energy's 200-dma finally turned higher in mid-December after mostly falling since October 2018.

US Economic Indicators

Personal Income & Consumption (*link*): Both personal income and spending posted larger-than-expected gains in October—with the latter at a new record high. Personal income advanced 0.5% last month, after contracting in September (-1.0%), as wages & salaries continued to hit new record highs, increasing for the 18th month since bottoming last April, up 0.8%m/m and 21.7% over the period. Personal consumption expenditures in October posted its seventh increase this year, climbing 1.3% m/m and 13.2% ytd, while real spending has increased 8.7% so far this year, also to a new record high—with real goods and services consumption up 11.1% and 6.8%, respectively, year to date. The rebound in consumer spending this year has lowered personal saving from a recent peak of $5.8 trillion this March to $1.3 trillion by October—the lowest level since the start of last year. The personal saving rate has dropped from 26.6% to 7.3% over the period, to its lowest percentage since December 2019.

Personal Consumption Deflator (*link*): October's PCED advanced at a six-month-high rate of 0.6%, with core prices rising 0.4%—double September's gain. The yearly headline rate was up 5.0% y/y, the highest since November 1990; it was at 1.2% a year ago. The core rate accelerated to 4.1% y/y in October—triple the 1.4% rate a year ago and the highest since January 1991. Looking at the three-month percent change, annualized, the core rate picked up to 4.0% (saar), after slowing from its recent peak of 6.7% in June to 3.5% in September, as prices for durable goods increased 9.9% (saar) after slowing from 19.7% in June to 5.8% by September, and nondurable goods ex energy accelerated for the seventh month, from 1.1% in March to 4.6% (saar) in October. Prices for services ex energy have slowed steadily on a three-month-percent-change basis, easing from 4.9% in May to 3.1% (saar) in October. Looking at the three-month percent changes in PCED prices through October, annualized, airfares (-38.2%), car & truck rentals (-33.6), lodging away from home (-9.8), and clothing & footwear (-3.3) all have fallen, while the used car rate is up 19.3% (saar) after falling 4.6% during the three months through September—down from the peak of 116.2% during June. The following prices have heated up over the three-month period: household furniture & bedding (15.8), motor vehicle parts (14.1), sports & recreational vehicles (14.4), food & nonalcoholic beverages purchased for off-premises consumption (10.5), professional & other services (9.4), tenant rent (4.8), owner-occupied rent (4.5), and prescription drugs (4.0).

Consumer Sentiment Index (*link*): The Consumer Sentiment Index (CSI) sank in November to its lowest level in a decade “due to a combination of escalating inflation combined with the absence of federal policies that would effectively redress the inflationary damage to household budgets,” noted Richard Curtin (the survey director). The CSI slumped for the fourth time in five months by 4.3 points in November and 18.1 points over the period to 67.4. The present situation component dropped to 73.6 in November from its recent peak of 97.2 in April, while the expectations component dropped to 63.5 from its recent peak of 83.5 in June—both to their lowest levels in years, since August 2011 and October 2013, respectively. The expected inflation rate soared to 4.9% in November—the highest since July 2008. According to the report, one in four consumers cited inflationary erosions in their living standards, with complaints about falling living standards doubling over the past six months and quintupling over the past year.

Durable Goods Orders (*link*): Both core capital goods orders and shipments continued to set new record highs yet again in October. Nondefense capital goods orders ex aircraft (a proxy for future business investment) has increased every month but one since bottoming last April, climbing 0.6% in October and 31.3% over the 18-month period. Core capital goods shipments (used in calculating GDP) has also climbed every month but one since last April’s bottom, increasing 0.3% in October and 28.0% over the period. Orders for total durable goods dipped for the second month, by a total of 0.9%, after rebounding 5.9% during the four months through August, as declines in aircraft orders pushed total durable goods orders lower again last month, while motor vehicle orders contributed positively for the first time in three months. Excluding transportation, durable goods orders has increased in 17 of the past 18 months, up 0.5% in October and 34.1% since bottoming last April, to a new record high. Orders for primary metals, fabricated metals, electrical equipment, appliances & components, and communications equipment all increased in October, with machinery orders inching lower after reaching a record high in September.

New Home Sales (*link*): New home sales (counted at the signing of a contract) climbed for the third time in four months during October, though there was a big downward revision to September sales. Sales edged up 0.4% in October to 745,000 units (saar) after a downwardly revised 7.1% (from 14.0%) increase in September to 742,000 units (from

800,000 units). Sales rose 9.1% during the four months through October after plunging 31.2% during the five months through June. Sales are 25.0% below the cyclical high of 993,000 units at the start of this year. Regionally, sales were strong in the Midwest and South, with sales in the former up 26.6% over the past two months and in the latter up 15.1% over the past four months. Sales in the Northeast and West remain depressed. While the supply of new homes is rising, it's not enough to meet demand, which pushed the median price of a new home up to a new record high of $407,700 in October. November's Housing Market Index (HMI) shows builders' confidence improved for the third month by 8 points (to 83 from 75 in August), putting it 7 points below last November's record high of 90. Two of the three components moved higher during November—present sales (to 89 from 86) and traffic of prospective homebuyers (68 from 65)—while the future sales measure was unchanged at 84. They were at record highs of 96, 77, and 89 last November.

Global Economic Indicators

Germany Ifo Business Climate Index (*link*): Supply bottlenecks and the fourth wave of the coronavirus are challenging German companies, notes Clemens Fuest, Ifo president. Ifo's business climate index fell for the fifth month, by 1.2 points in November and 5.4 points over the period, to 96.5. The decline was nearly entirely in expectations, with this measure sinking 9.6 points the past five months to a 10-month low of 94.2; it was at 103.8 in June, which was the highest since the end of 2010. In the meantime, the present situation component dipped 2.6 points during the three months ending November to 99.0, after rising steadily from 89.6 in January to 101.6 in August—which was the highest since May 2019. The manufacturing index moved lower for the fifth month, from 29.1 to 16.5 over the period, with the expectations component sinking from 24.0 in March to 4.0 in November—which was a move up from October's 16-month low of 3.3 due to favorable developments in the auto industry. Meanwhile, pandemic concerns sent the service sector's business climate index south—dipping for the second month to 11.5, after increasing from 17.9 to 19.2 in September—as the expectations component sank from 12.1 in September to -0.2 in November. The construction index stalled at 12.0 in November after heading straight up from -5.2 in January to 12.8 by October; November's pause reflected a dip in the expectations measure to -6.0, after surging from -27.6 in January to -3.7 by October.

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