# Creative Global Investments

## Morning market commentary & weekly charts

Monday, February 2nd, 2015


**Carlo R. Besenius**
Chief Executive Officer
cbesenius@cg-inv.com
+(352) 2625 8640



**Creative Global Investments LLC**
115 East 57th Street
11th Floor
New York, NY 10022
Tel: 212 939 7256
Mob: 917 301 3734

**Creative Global Investments/Europe**
5, op der Heed
L-1709 Senningerberg
Tel: +(352) 2625 8640
Mob: +(352) 691 106 969


Objectivity

Integrity

Creativity

## US financial markets commentary

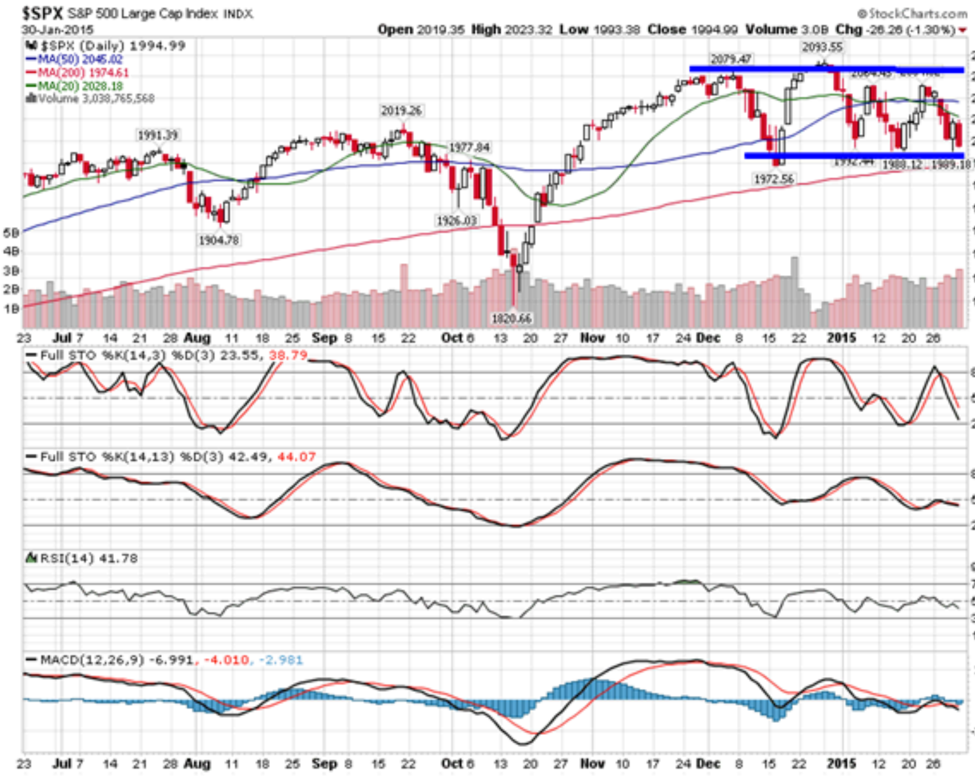
***The "After Super Bowl" affect***
***(Go Patriots!)***

*A factor that does have more of an impact on equity market performance is not the result of the game, but rather the parties that occur during the event. Americans are more likely to call in sick the day after Super Bowl Sunday than any other day of the year as workers recuperate from game day celebrations. It is estimated that 1.5 Mn Americans called in sick to work last year, while another 4.4 Mn were late to their jobs; another 10% of workers planned ahead and booked the day off. The day is one of the least productive days of the year as worker conversations center around the game or the commercials, rather than the task they are being paid to do. As a result of this lost productivity, it could be argued that the performance of the equity market suffers in the session following Super Bowl Sunday. The S&P 500 Index has gained in only 37% of the Monday's following the big game, averaging a loss of 0.11%. The negative tendency following the game will have to compete with the positive tendencies surrounding the first trading day in February, which typically sees fund inflows boost equity prices. Perhaps those fund inflows will come on Tuesday, when traders are more alert.*

In 2014, the S&P 500 gained 13% while the yield on 10-year Treasuries dropped from 3.03% to 2.17%, and Oil collapsed by 50%. And the US$ rallied as other major currencies such as the Euro and the Yen plunged.

North American equity markets entered into a short-term corrective phase on December 29th. The corrective phase is expected to continue until end of the fourth quarter earnings report period (i.e. late January/early February). Thereafter, North American equity markets are expected to resume an intermediate uptrend as they normally do during a US Presidential Pre-election year. In addition, the energy sector has shown technical signs of recovery just as it enters its period of seasonal strength. Weakness is an opportunity to add to positions for the seasonally strong period between February and July during US President Pre-election years.

Stocks ended lower on Friday following a disappointing report on GDP for the fourth quarter. The S&P 500 Index closed down by 1.30%, once again testing short-term support around 1988. Friday's session also concluded the first month of 2015, the result of which has caused investors to be concerned of the potential returns for the year ahead. Investors are now looking toward the January Barometer to anticipate the performance for the remainder of the year. The theory behind the barometer is that the direction of the equity market during the month of January will forecast the movement of the market through the remainder of the year. The January decline of 3.10% on the S&P 500 Index suggests further losses to follow. However, history suggests that using January as an indicator as to how the rest of the year will perform may be flawed. Of the 24 losing Januarys over the past 60 years, only 10 (42%) have seen losses continue through the remaining 11 months. The "predictive power" of the barometer during negative Januarys, such as the one that just past, is clearly not very reliable. Overall, the barometer has shown a success rate of 68% when the positive and negative Januarys are combined due to the 86% success rate of positive Januarys following by positive returns through the remainder of the year. Given that the general propensity for the broad market is for gains over the long-term, the higher frequency of success for positive years is to be expected. Since the new year is only one month old and major benchmarks have yet to break support, it remains too early to speculate on the direction of equity markets through the remaining months of the year.




In January the S&P 500 lost 3.1%, its worst performance in a year, contrary to 10-Y Treasuries, which had their best month in five years, as interest rates plunged to record lows around the world. Yields on government bonds in many countries are negative, a profoundly unhealthy phenomenon.

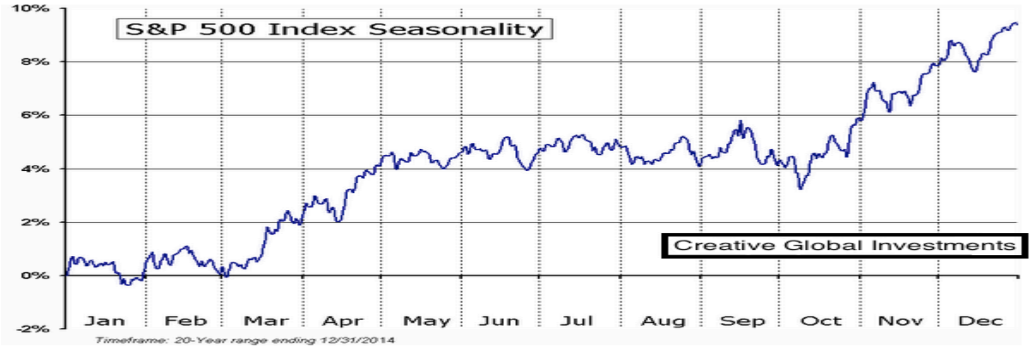
$WTIC dropped for the 7th month in a row, something it did during the 2008/9 financial crisis, even after a manic rally on Friday, January 30. The US$ continued to rally for the 7th month in a row and had its best month since May 2012.

**Stocks are trading at extremely high valuations against a backdrop of slowing economic growth and rising global financial and geopolitical instability.** And bond markets are sending truly alarming signals about the state of the global economy.

- **Market cap to GDP ratio is currently at twice its historical average.**
- **The Shiller Cyclically Adjusted P/E Ratio (CAPE) is at 1.7x its historical average.**
- T**he forward P/E ratio of the S&P 500,** *(based on reported earnings that are artificially inflated by many factors, and mostly due to massive stock buybacks funded with low cost debt),* **is currently 16x versus an historical average of 14x** (and therefore, because earnings are artificially inflated, less overstated than it is).

Looking forward to the month of February, volatility remains the norm as earnings season continues. Over the last 20 years, the S&P 500 Index has averaged a decline of 0.3%, however, positive results have been recorded in 60% of Februarys. Following fourth quarter economic strength, the first two months of the year tend to have few catalysts to influence stocks in any particular direction, causing equity market gyrations during the earnings reporting period. Profit taking following fourth quarter earning results is also a factor behind the volatile trading activity.

Stocks resume their gaining path into the month of March as the economy rebounds following the winter months. Over the last 20 years, consumer and material stocks have been the best performers in the month of February, gaining in 65% of periods and averaging returns around 1%; Financials, Technology, and Utilities have been the weakest sectors in February, each gaining in 55% of periods and averaging a loss of around 1.3%. Currently, the weakest sectors during the month represent almost 40% of the weight of the S&P 500 Index, suggesting that the best performing sectors have to post strong returns in order to lift broad equity benchmarks higher.




**Now let's look at bonds. 10-Year Treasuries are now yielding 1.67%, and as we have been writing since March 2014, we believe the 10-year yield is likely heading below 1.50% and could easily trade in the 1.0% to 1.25% range within 2015. The 30-year Treasury yield is trading at a record low of 2.22% and is likely heading under 2.0%.**

The scary thing is that US interest rates are still much higher than the rest of the world. Both 10-Year and 5-Year German Bunds are negative and some US$ 3.6trn of government bonds around the world are now sporting negative yields.

Investors should make no mistake about it: this is profoundly abnormal, unhealthy, and unsustainable, and a sign that something is seriously wrong with the global economy. And for that reason, it is a big mistake to think that stocks can continue to rise in such an environment.

The next chart plots a "relative strength ratio" of the 30-Year Treasury Bond divided by the S&P 500. During 2008, for example, the surging ratio showed a massive shift out of stocks and into bonds. That trend reversed in spring 2009 when the bond/stock ratio peaked. That marked the beginning of the current bull market in stocks as investors bought stocks and sold bonds. The falling ratio since then has favored stocks over bonds. The jump in the ratio during 2011 was caused by a nearly 20% correction in stocks and a temporary flight to bonds. The ratio has declined in an orderly fashion since then. Until now. To the bottom right, you can see the bond/stock ratio rising to the highest level in 18 months. A rising bond/stock ratio is usually a warning that investors are turning more defensive, and may start selling more stocks.

Next, let's look at global financial stability and/or instability. **The world is currently home to more than US$ 250 trn of debt. The problem is that the global economy can't generate enough income to pay the interest on this debt or pay it back.**

Why is that? Because the money that was borrowed wasn't invested in the types of productive assets that generate income such as new businesses, new technologies, and innovation. Sure, some of the money was invested in those things, but not nearly enough. Instead, most of the money was invested in non-productive assets such as housing and consumption. As a result, the world was left with too much debt and too little ability to handle it. All of this debt is making it increasingly difficult for economies to grow. This is why the recovery from the financial crisis has been one of the most disappointing on record. And after several quarters of reasonably impressive growth, the US is stumbling again. Last week, the US GDP only grew at 2.6% in the fourth quarter of 2014, roughly half the pace over the summer (which was itself overstated by statistical anomalies). For all of 2014, US GDP only grew at an average rate of 2.4%, which is exactly at our forecast for 2014, and well below the 2.8% consensus, nothing to write home about. While consumer spending was strong in the fourth quarter, businesses pulled back, and yet again, inventories rose, rather substantially.

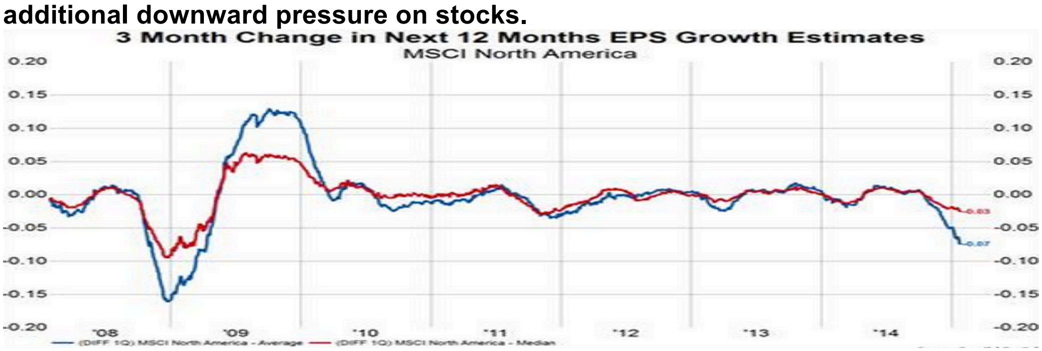
Q1 2015 GDP growth is also looking sluggish to us. The truth is that it is very difficult for heavily indebted economies to grow quickly and the US economy is heavily indebted in both the public and private sector. Add the crushing weight of over-regulation, taxes, and Obamacare and you have a structural problem that can only be addressed through policy changes.

Additionally, geopolitics are causing major headwinds to the US and Europe in particular. Russia has increased its aggression in the Ukraine in the face of seeing its economy crumble as a result of the oil price collapse. This poses a direct threat to Europe that can only be ignored for so long. The Middle East remains in a serious crisis. China continues to advance its interests in the South China Sea and elsewhere. A rare bright spot was President Obama's visit to India last week, but overall global instability is rising and poses a threat to markets.

Against that backdrop, therefore, nobody should be surprised that stocks fared poorly in January. Last week was particularly ugly with the DJIA, losing more than 500 points or 2.9% to close at 17,165.95 while the S&P 500 dropped 57 points or 2.8%. The Nasdaq Composite index shed 123 points, or 2.5%, to 4635.24.

A number of large companies such as Microsoft Corp. Procter and Gamble, Pfizer Inc. all reported earnings that were hurt by the effects of the stronger US$. This is a trend that we see will continue as over 43% of S&P 500 earnings come from outside the US. Energy companies are also reporting lousy results, which should come as no surprise, given the inversely correlated Oil price to the value of the US$. Chevron Corp. reported a 30% drop in earnings and announced it was cutting spending and eliminating its stock buyback program (which has been running at US$ 5bn a year).

**As we had highlighted since our Q4 2014 Global Investment Strategy in September, Wall Street strategists and analysts (notoriously slow to the plate) are now only starting to lower their earnings estimates for the S&P 500 to take into account the effects of lower Oil prices and the stronger US$. This should place additional downward pressure on stocks.**



According to Bloomberg, **investors have lost US$ 393bn in energy stocks and bonds so far, something that wasn't factored into the optimistic reports about the positive effects of lower oil prices on consumers.**

When the world's most important commodity experiences a collapse in price by more than 50% in a period of just six months, it isn't good for anybody; not for consumers (who aren't just consumers but also also investors, businessmen, and active members of a broader economy), nor investors or markets. And the reason is that lower Oil prices are a symptom of something much more serious like a weak global economy that we described for the past 12 months, and hence why we had correctly forecasted for global government bond yields to drop to current levels, and new all-time low levels.

Lower Oil prices, albeit temporary, and likely very close to the bottom now with $WTIC at $49/brl, should be seen as a major warning sign that both the market and the economy are in for tough times.

And that is what January's stock market action is telling us. **Bond and commodities markets have been signaling for months that the global economy is in trouble. Last month, stocks started slowly to price in reality, however, we see increasing technical evidence, besides the macro warnings, that there is more trouble on the horizon in the short-term.**

**One more time: On the back of global macro economic slowing, we do not see a chance for the Federal Reserve to proceed with their long proclaimed FED funds rate rise in 2015, and most likely not even in 1H 2016, as the combination of a stronger US$, inversely affecting commodities prices, causing the deflationary momentum to accelerate, around the world, but also in the US.**

**One potential bright spot making its rounds across financial markets today:**

**US President Barack Obama plans to close a tax loophole that allows US firms to avoid paying taxes on overseas profits,** the White House says. His 2016 budget will impose a one-off 14% tax on US profits stashed overseas, as well as a 19% tax on any future profits as they are earned. The US$ 238bn raised will be used to fund road projects in the US. The proposal is one of the main components of Mr. Obama's latest budget, due to be presented on Monday.

The spending plan, including the proposal on overseas profits, would require approval from the Republican-controlled Congress to be made law, something seen as unlikely.

Data going back to last April's tax due date show that US firms in total have US$ 2.1trn worth of profits stashed abroad. US conglomerate General Electric had the most profit stored overseas at US$ 110bn. Tech giants Microsoft and Apple and drugs companies Pfizer and Merck all featured in the top five. No tax is currently due on foreign profits as long as they are not brought into the United States. As a result some companies put their earnings in low tax jurisdictions and simply leave them there. The White House said its plans for an immediate 14% tax would raise US$ 238bn, which would be used to fund a wider US$ 478bn public works program of road, bridge and public transport upgrades.

## European equity markets commentary

To understand how European equities might get a lift, one must first understand how QE affects interest rates and why that matters to European institutional investors.

**First, In Europe, close to 70% of all institutional money is managed by balanced fund managers, whose mandates are to invest their clients' money's on a DDM basis**.

When the ECB starts monthly purchases of EUR 60bn worth of agency and sovereign (though not Greek) debt, it is essentially buying those "underwater" bonds from smaller banks' balance sheets and replacing it with cash. This action increases bank reserves and puts downward pressure on long-term interest rates.

One can see the effect on interest rates clearly in the capital markets. On the very day Draghi announced the QE program, German 10-year bonds fell from 0.53% to a new low of 0.37%, and Italian and Spanish 10-year bonds also hit record lows of 1.40% and 1.56% respectively, and are now trading at our 2015 target price levels

As a European institutional balanced fund manager in search of yield, none of those bonds seem like very attractive option any longer, not at current levels.  Why get paid less than 2% on money one loans to the Spanish government where the economy is slowly making a turn for the positive?

**Instead, European Institutional investors are forced to allocate more towards risk assets, and particularly stocks, and for sure European stocks, as they have double the yields as US equities. Additionally, European stocks will temporarily benefit from the "weak Euro" tailwind, whilst US stocks will be hit more in 2015 by the "temporary strong US$" headwind.** ***("temporary strong US$", as we believe the US$ is close to a peak, and will like in 3 prior periods since the EURO inception reverse its parabolic move, and level at around 1.32 by late 2015, as the inverse relation to Oil and commodities will cause substantial macro and geo-political instability within the US, and eventually, like in 2000 and 2007/2008 end up in a significant supply reduction, which will in turn***

Relative to economic output, no other European country exports as many goods and services as Germany. The country had a current account balance surplus in 2013 equivalent to 7.2% of GDP. The figure for 2014 is very close to the prior years'. We believe that the combination of the weak Euro and declining Oil prices could increase the surplus by at least 0.5 percent for 2015.

The weak Euro will help spur economic growth in crisis countries on the short term, and increase exports, particularly for Italy, Portugal, Spain and France. It will also make it more attractive for non-Europeans to take vacations in the Eurozone. At the same time, it is unlikely that the measures announced last week would restore inflation to the ECB's target rate of 2 percent. Past studies have shown that a weak Euro has had little influence on inflation.

For the time being, the focus remains primarily on advantages the weak Euro has for the economy. The general rule of thumb is that a devaluation of 5 percent will translate to additional GDP growth of 0.3 percentage points in the Eurozone.

On the same day QE was announced and bond yields fell, the German DAX 30 equity index hit an all-time high and the FTSEurofirst 300, an index of top European shares, hit a 7-year high.  As long as QE is around, long-term interest rates are likely to remain low (e.g. how long-term interest rates in the US remained low during the Fed's QE).

**And, as long as interest rates remain low, equities should increasingly be attractive relative to bonds.**

However, we believe that QE is likely to be insufficient as an economic jump-starter in Europe, similarly to how it has been insufficient in Japan over the past 15 years, and similarly how it has also failed in the US since 2010.

The common misperception is that QE programs increase the quantity of money. The ECB, just like the FED did in the past 5 years in the US, is not "injecting" money into the Eurozone economy, but like the FED did, the ECB intends to improve and increase bank balance sheets by purchasing underwater non-performing bonds. Two very different things.

In order to have the EUR 1trn of QE money "injected" into the economy, banks have to actually lend it out. That is the great irony of QE as a policy tool: The programs are designed to put downward pressure on long-term interest rates, which theoretically boosts the demand for loans.

But at the same time, lower long-term interest rates means a flatter yield curve, which makes it less profitable for banks to lend! The additionally toughening regulatory environment that banks face today, with new implementation of Basel III, they have to undergo regular stress tests to see how well capitalized they are, and they have a slew of new restrictions to process with regards to risk-taking. Regulators are telling banks they have to hold more reserves and take less risk while central banks are squeezing margins with lower long-term rates, and after all of that they expect banks to lend?

It doesn't make sense! But that's exactly what's happening. Evidently, small business lending in the US fell each year from 2008-2013 during precisely the time the Fed was using QE to ramp it up. If one does not believe that the FED’s QE program failed, it surely wasn't effective. Banks want steep yield curves and loose regulations in order to take up lending. In Europe, with Basel III and especially now with QE coming, neither of those two conditions exist.

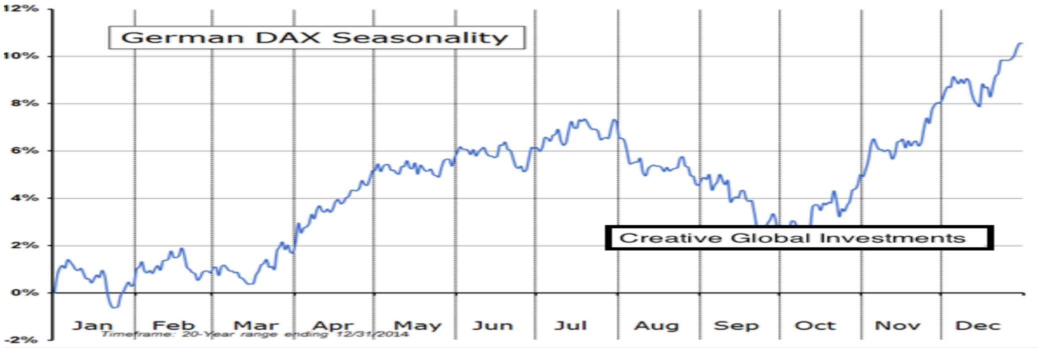
European stocks however should still do well. For better or worse, QE is likely to keep interest rates low which will help keep investors interested in risk assets like equities.

What does this mean for Global Institutional investors?

**European equities offer much more upside on much lower valuations (P/E; CAPE), with double the dividend yields relative to US equities, combined with a “weak Euro-tailwind” wind well throughout 2015”** (European exporting corporations are much more experienced and disciplined currency hedgers as their US counterparts). **And this positive tailwind is also not correctly recognized and factored in by most sell side strategists and analysts, and will make for positive revenue and earnings surprises over the next quarterly results.**

**Hence, why we advise investors to direct more allocations towards European, particularly German, French and Dutch equities for the coming 3 – 4 months, which is coinciding with the peak of the period of seasonal strength for those equity markets.**

**As the following charts show, European equity indices have just begun the second leg of period of their seasonal strength.**


German DAX Seasonality
Creative Global Investments
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Timeframe: 20-Year range ending 12/31/2014


French CAC 40 Seasonality
Creative Global Investments
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Timeframe: 20-Year range ending 12/31/2014


London Financial Times Index Seasonality
Creative Global Investments
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Timeframe: 20-Year range ending 12/31/2014

## Weekly Investment Conclusion

**International uncertainties remain high.** Notable is political interference in Ukraine and the near collapse of the regime in Venezuela.

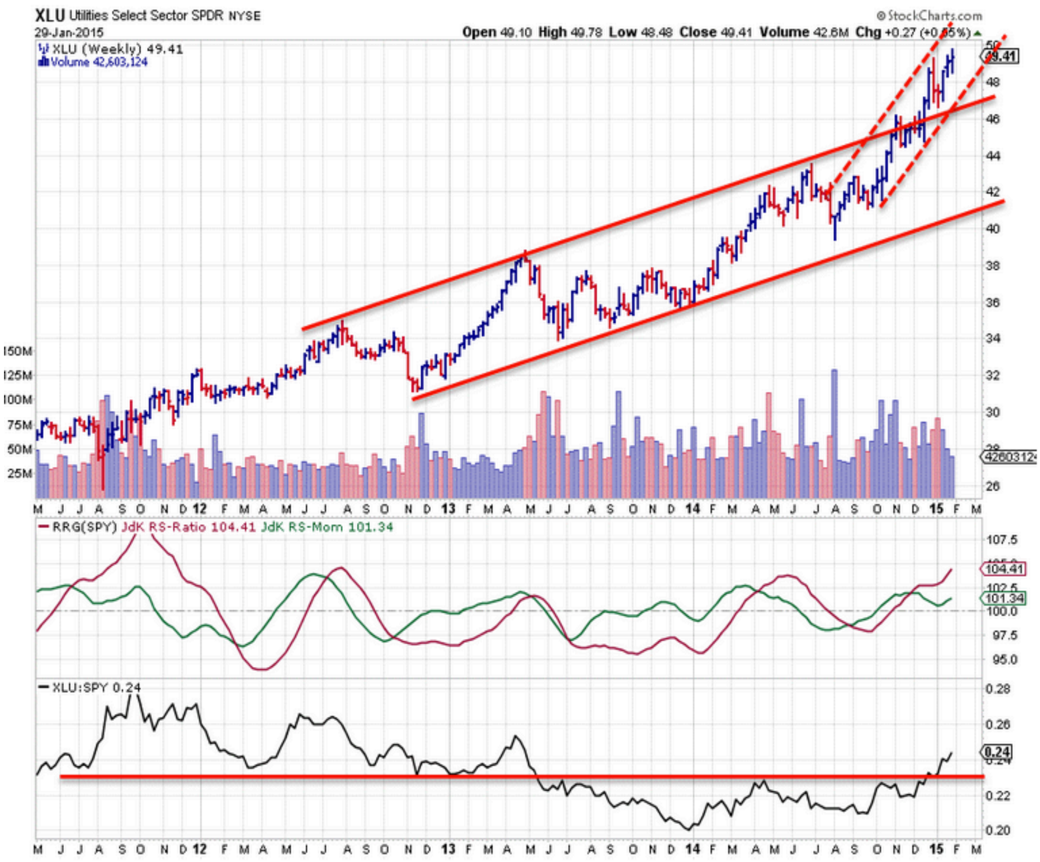
**Economic news this week is expected to show growth, but at a slowing rate.**

**Responses to fourth quarter reports remain negative for the most part**. Earnings generally have been in line with consensus estimates, which have been taken down by 8 points from 133 to about 125, (-6%) but guidance frequently has been increasingly negative. Look for more of the same this week. The US earnings report period already has passed its peak. Focus this week is on the energy sector.

**Short-term indicators (mainly momentum) for US equity markets and sectors are trending down, but are approaching oversold levels**. **Intermediate technical indicators already are approaching oversold levels, but have yet to show signs of bottoming.**

**Beyond the earnings report period, the outlook for world equity markets is positive**. Historically, the best time during the four-year Presidential cycle to own equities is from the beginning of November in a mid-term election year to July in a pre-election year.

**One sector, which we have highlighted in past research publications and have advised investors to overweigh, and which we see continuing to outperform both in the US and Europe is the Utilities sector.** The sector is in a strong relative up-trend and that this trend is still being pushed higher by strong, and gaining, relative momentum. On the RS chart there is now plenty of room to move higher in coming weeks. On the price chart, XLU broke out of the rising channel back in December. This caused an acceleration of the rally, which is still pretty much ongoing. Recently some resistance seems to have been built up around 49.50 and the sector is pushing to break that level to the upside.



## US equity markets commentary & weekly charts

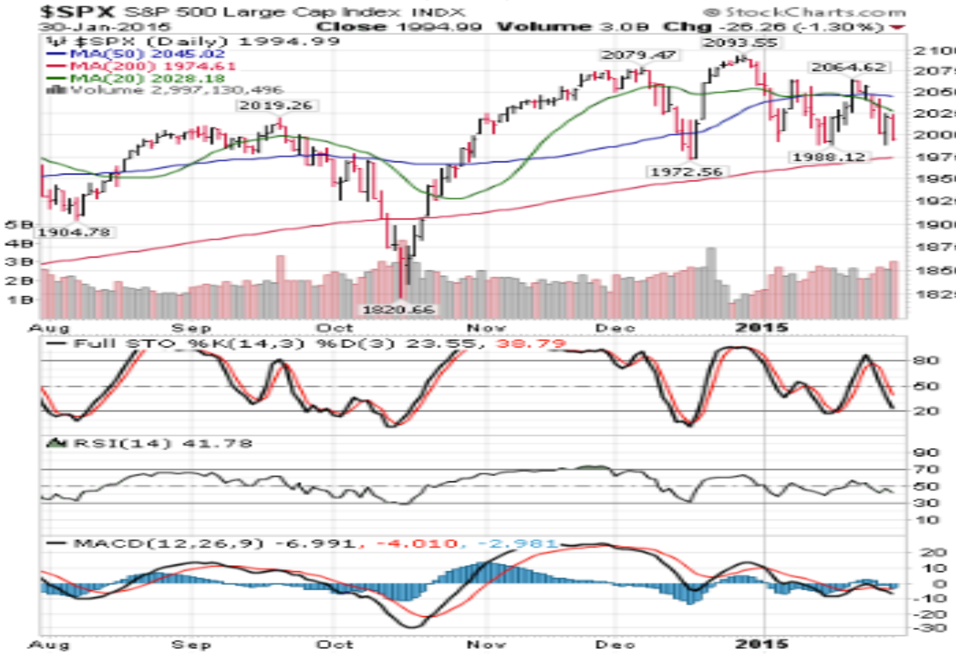
**The VIX Index jumped 4.31 (25.87%) last week.**

**Intermediate trend remains up. The Index moved above its 20 day moving average.**


**The S&P 500 Index fell 56.83 points (2.77%) last week.**

**Intermediate trend remains up. The Index remains below its 20-day moving average.**

**Short-term momentum indicators are trending down. The Index is testing support just below 1990 and must hold above that level to maintain an intermediate uptrend.**




**Percent of S&P 500 stocks trading above their 50 day moving average plunged last week to 35.80% from 54.20%.**

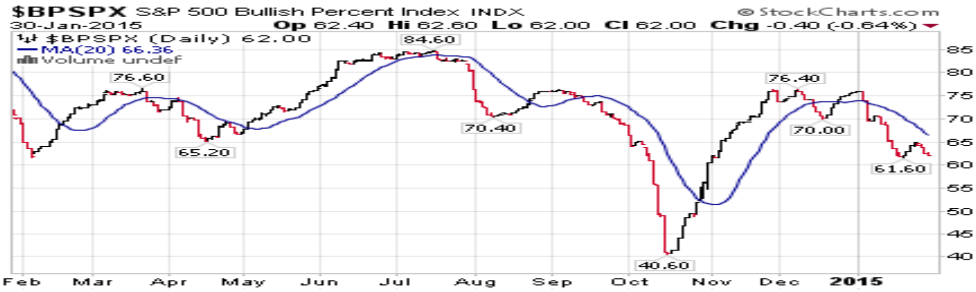
**The index remains in an intermediate downtrend, but has yet to show signs of bottoming.**


**Percent of S&P 500 stocks trading above their 200 day moving average dropped last week to 62.60% from 69.40%.**

**The index remains in an intermediate downtrend, but has yet to show signs of bottoming.**

**Bullish Percent Index for S&P 500 stocks dropped last week to 62.00% from 64.20% and remains below its 20 day moving average.**

**The index remains intermediate overbought and in an intermediate downtrend.**

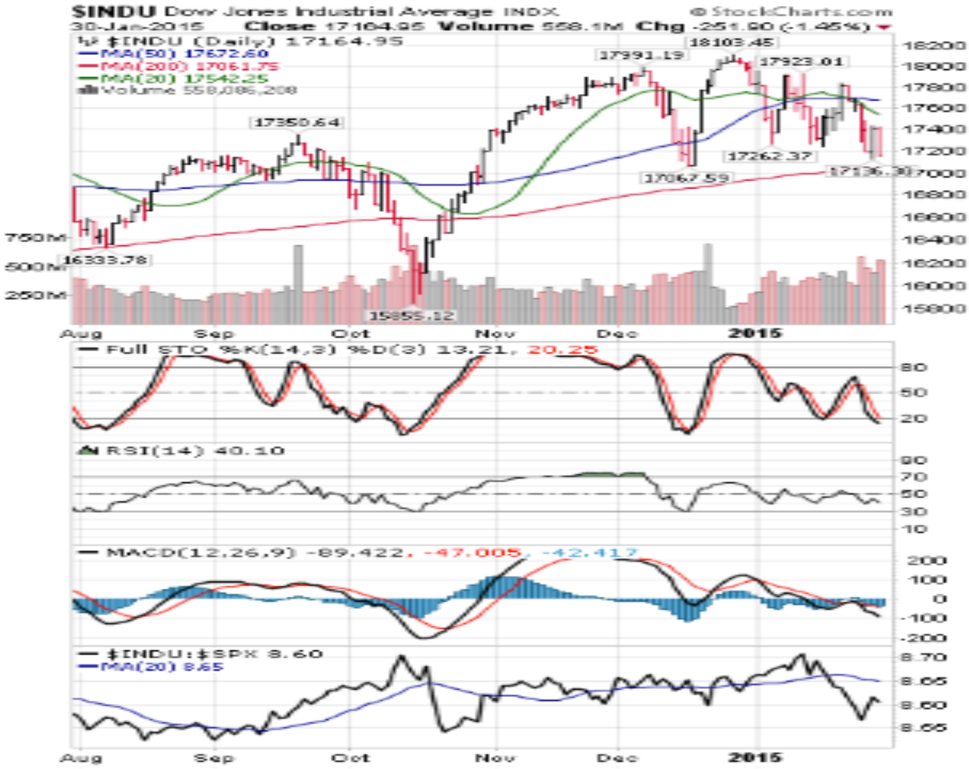



**The Dow Jones Industrial Average dropped 507.65 points (2.83%) last week.**

**Intermediate trend remains up. The Average remains below its 20-day moving average.**

**Strength relative to the S&P 500 Index remains negative.**

**Short-term momentum indicators are trending down.**




**Bullish Percent Index for Dow Jones Industrial Average stocks dropped last week to 56.67% from 66.67% and remained below its 20 day moving average.**

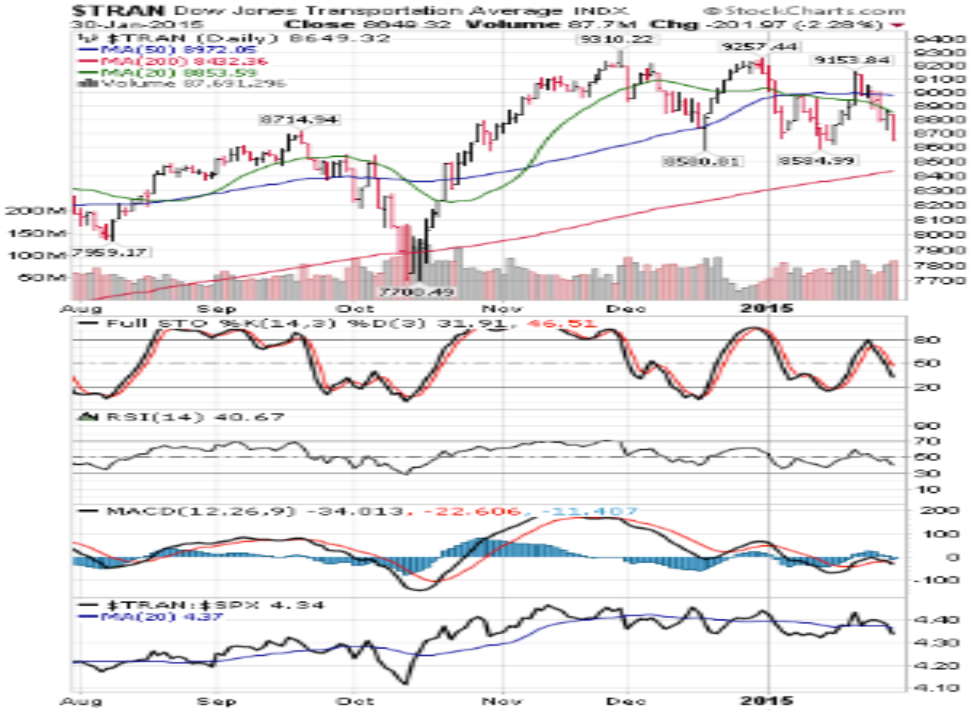
**The Index remains intermediate overbought and trending down.**

**The Dow Jones Transportation Average plunged 332.62 points (3.70%) last week.**

**Intermediate trend remains up. The Average fell below its 20-day moving average.**

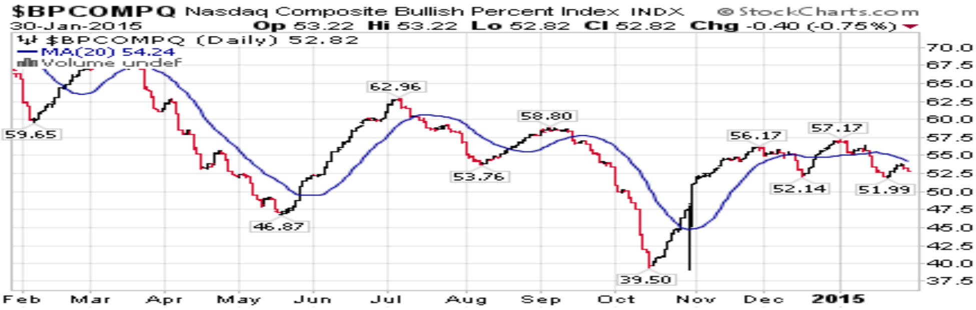
**Strength relative to the S&P 500 Index changed to negative from neutral.**

**Short-term momentum indicators are trending down.**




**Bullish Percent Index for NASDAQ Composite stocks increased last week to 52.82% from 52.79%, but remained below its 20 day moving average.**

**Intermediate trend remains down.**

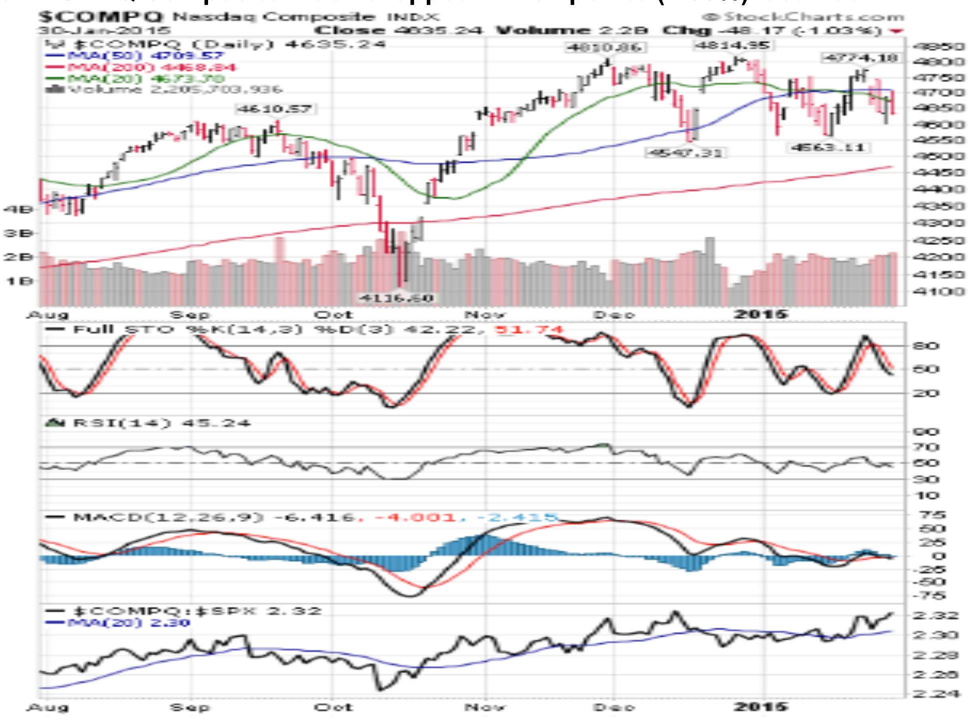



**The NASDAQ Composite Index dropped 122.64 points (2.58%) last week.**

**Intermediate trend remains up. The Index fell below its 20-day moving average.**

**Strength relative to the S&P 500 Index changed to positive.**

**Short-term momentum indicators are trending down.**

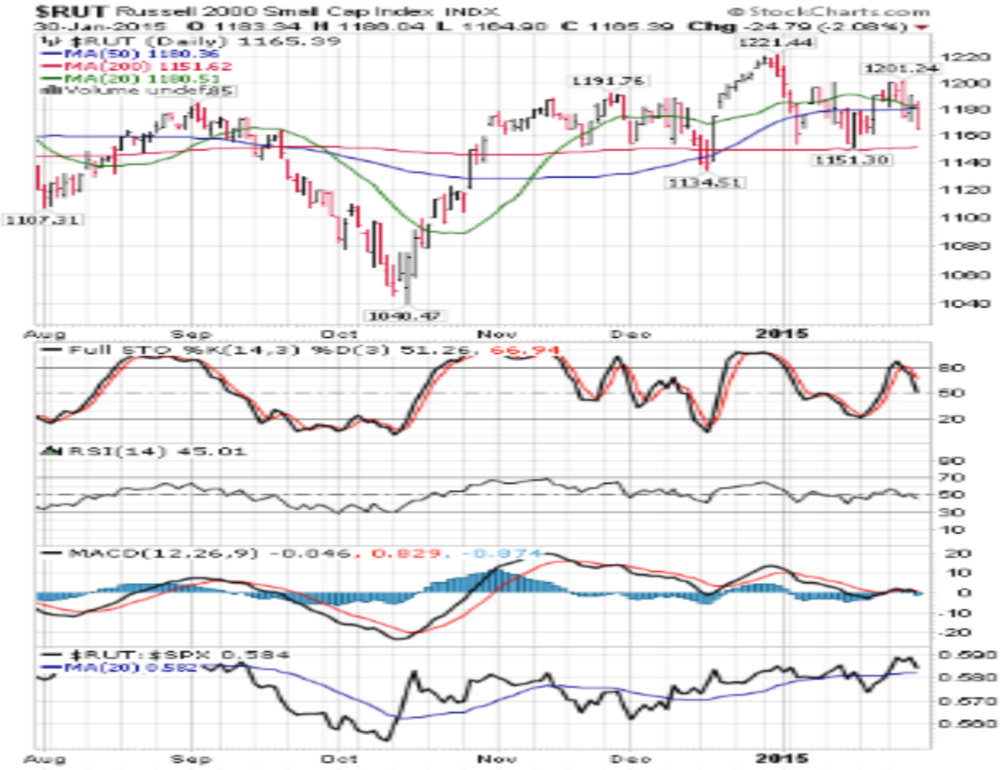


**The Russell 2000 Index dropped 23.54 points (1.98%) last week.**

**Intermediate trend remains up. The Index fell below its 20-day moving average.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending down.**




**The S&P Energy Index dropped 10.33 points (1.82%) last week.**

**Intermediate trend remains down. The Index remains below its 20-day moving average.**

**Strength relative to the S&P 500 Index remains neutral.**

**Short-term momentum indicators are trending down.**

**The Philadelphia Oil Services Index dropped 6.22 points (3.22%) last week.**

**Intermediate trend remains down. The Index remains below its 20-day moving average.**

**Strength relative to the S&P 500 Index remains negative.**

**Short-term momentum indicators are trending down.**


**The AMEX Gold Bug Index added 5.45 points (2.78%) last week.**

**Intermediate trend remains up. The Index remains above its 20-day moving average.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending down.**

# Latam Equity markets commentary & weekly charts

**The BOVESPA lost 848 points last week.**

**Intermediate trend remains up. The $BVSP broke below the 20-, 50- and 200-day moving averages.**

**Strength relative to the S&P 500 Index remains negative.**

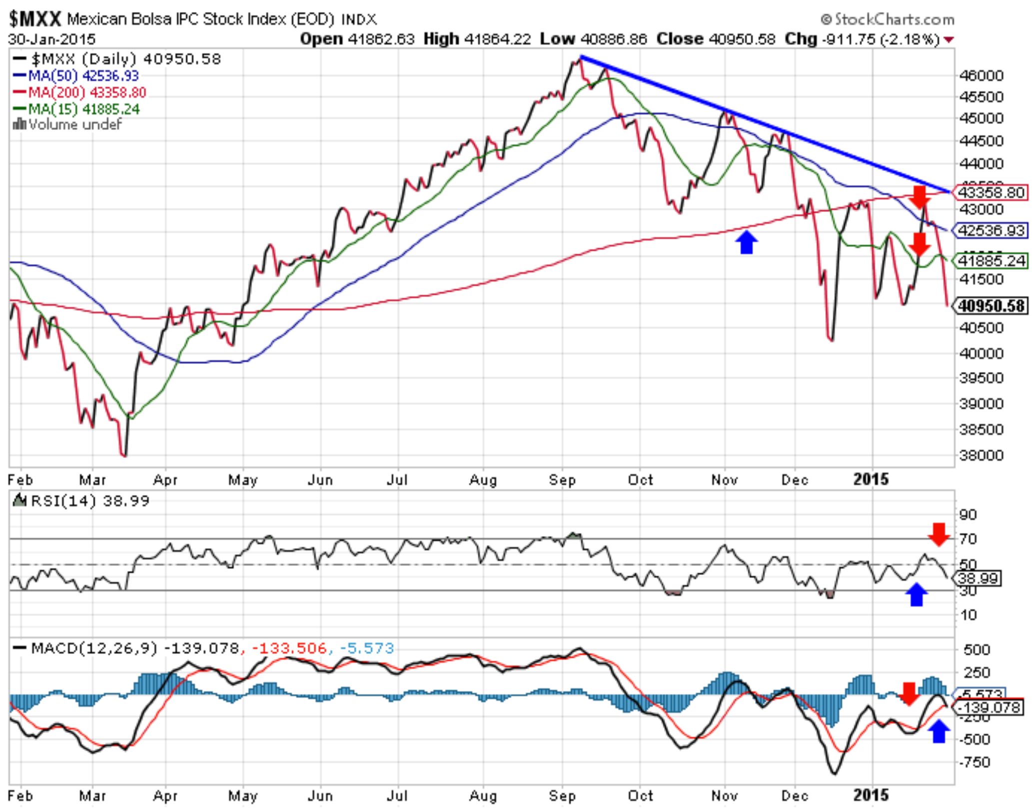
**Short-term momentum indicators are trending up.**


**The Mexican Bolsa lost 1,756 points last week.**

**Intermediate trend remains up. The $MXX broke below the 20-, 50- and 200-day moving averages.**

**Strength relative to the S&P 500 Index remains negative.**

**Short-term momentum indicators are trending down.**



## Canadian equity markets commentary & weekly charts

**Bullish Percent Index for TSX Composite stocks was unchanged last week, but remained above its 20-day moving average.**


**The Index continues to recover from an oversold level.**

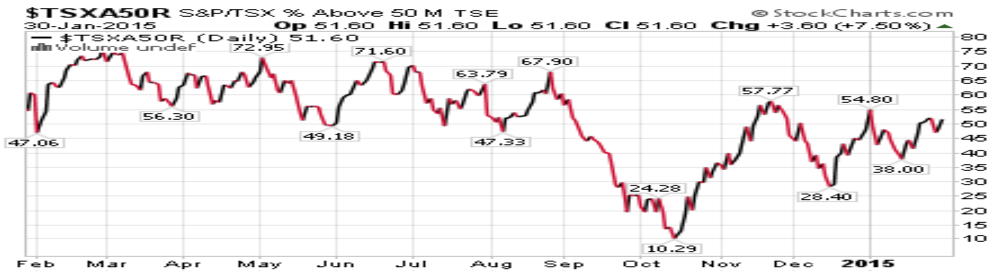
**The TSX Composite Index dropped 105.87 points (0.72%) last week.**


**Intermediate trend remains up. The Index remains above its 20 day moving average.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending up, but are overbought and showing early signs of rolling over.**

**Percent of TSX stocks trading above their 50 day moving average increased last week to 51.60% from 50.80%.**




**The index continues in an intermediate uptrend.**

**Percent of TSX stocks trading above their 200 day moving average slipped last week to 42.80% from 43.60%.**


**The index remains in an intermediate uptrend.**

## Asian equity markets commentary & weekly charts

**The SENSEX added 11 points last week.**

**Intermediate trend remains up. The $BSE remains above the 20-, 50-and 200-day moving averages.**

**Strength relative to the S&P 500 Index remains positive.**

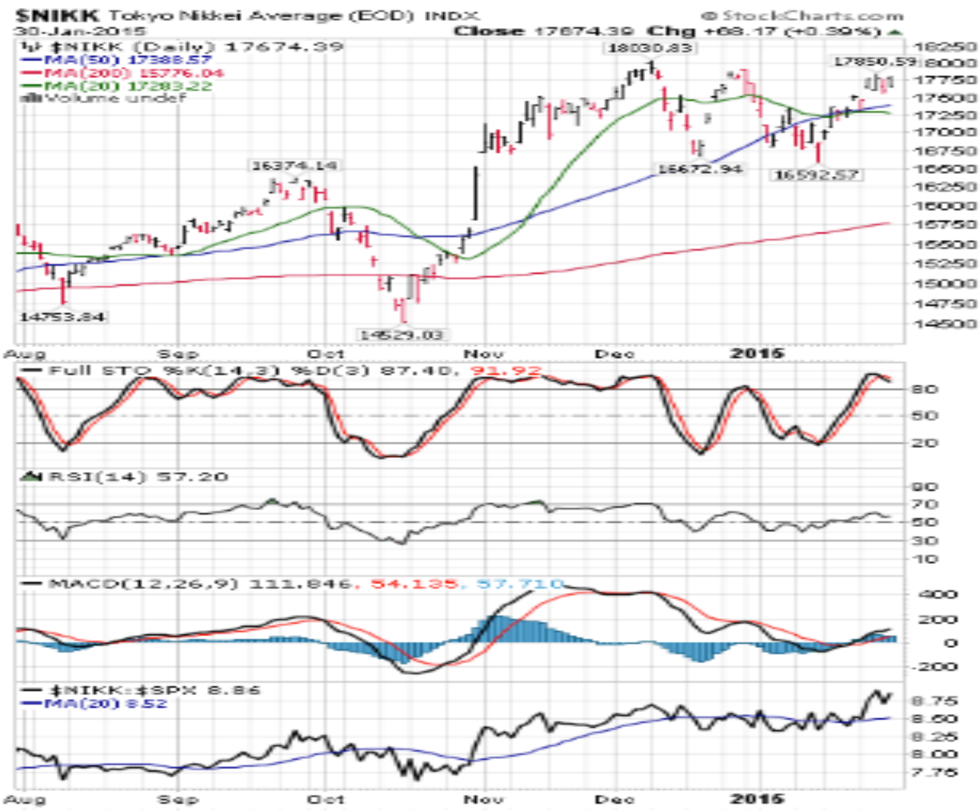
**Short-term momentum indicators are mixed up.**


**The Nikkei Average gained 162.64 points (0.93%) last week.**

**Intermediate trend remains up. The Average remains above its 20-day moving average.**

**Strength relative to the S&P 500 Index changed to positive from neutral.**

**Short-term momentum indicators are trending up, but are overbought and showing early signs of rolling over.**

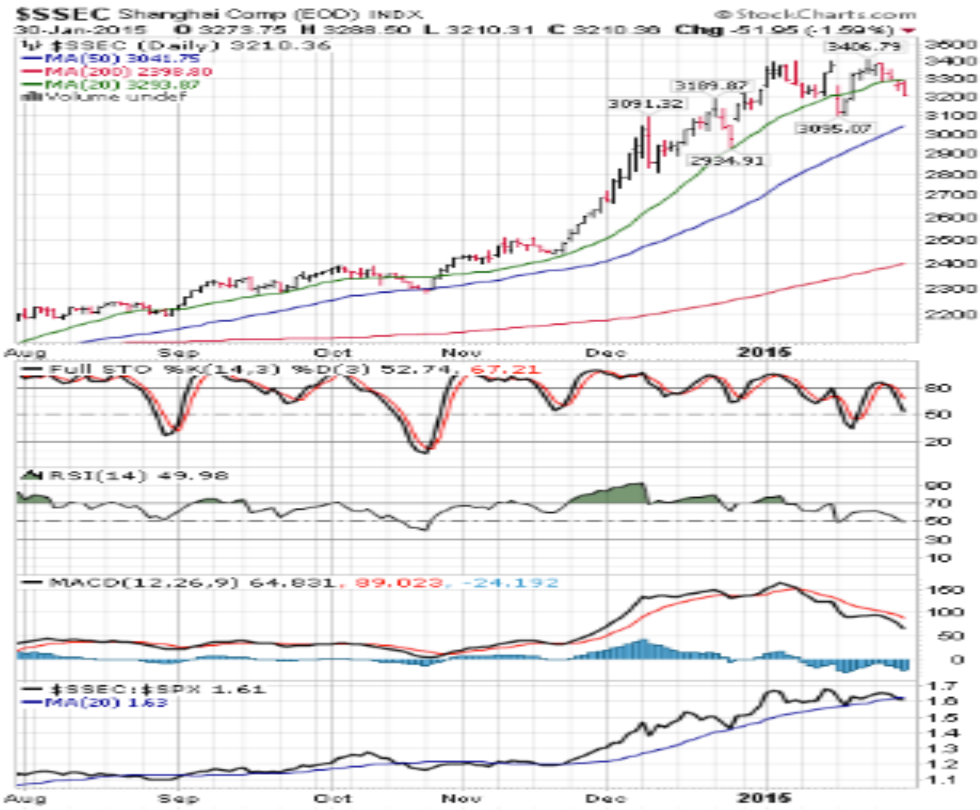


**The Shanghai Composite Index dropped 141.40 points (4.22%) last week.**

**Intermediate trend remains up. The Index fell below its 20-day moving average.**

**Strength relative to the S&P 500 Index remains neutral.**

**Short-term momentum indicators are trending down.**




**iShares Emerging Markets dropped $1.74 (4.27%) last week.**

**Intermediate trend remains up. Units fell below their 20-day moving average.**

**Strength relative to the S&P 500 Index changed to neutral from positive.**

**Short-term momentum indicators are trending down.**

**The Australia All Ords Composite Index gained 83.38 points (1.52%) last week.**

**Intermediate trend remains up. The Index remains above its 20-day moving average.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending up.**

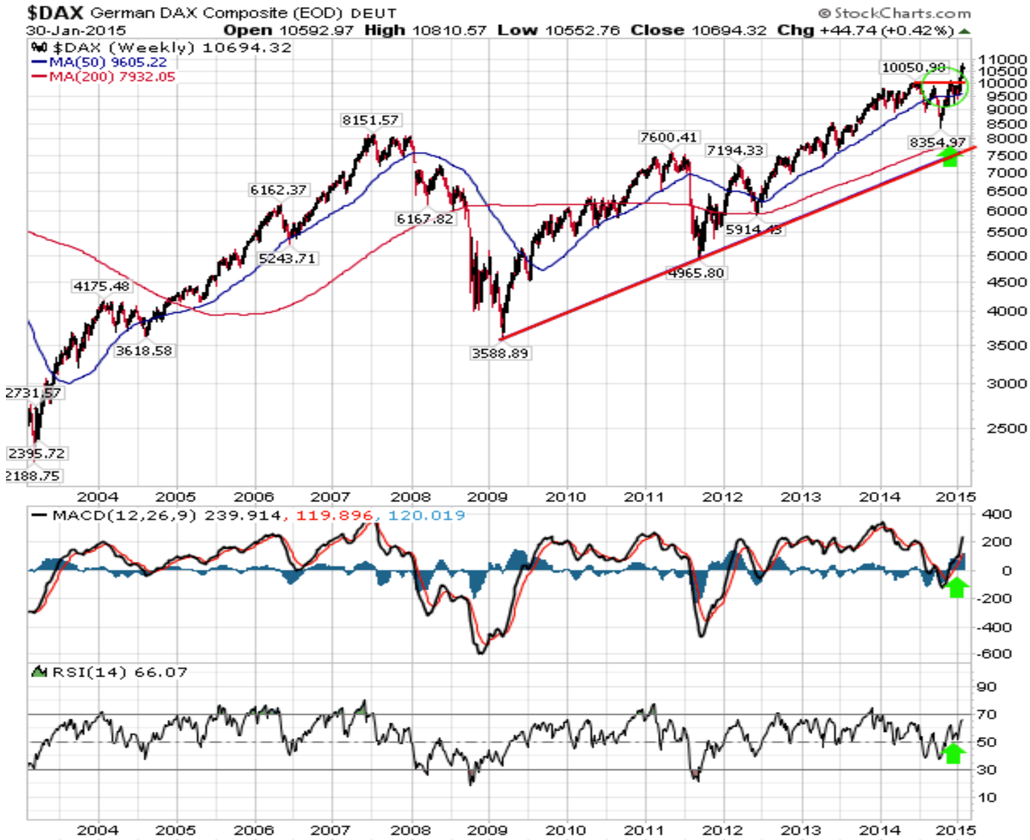
## European Equity markets commentary & weekly charts

**The DAX 30 added 16 points last week.**

**Intermediate trend remains up. The $DAX broke above the 20-, 50- and 200-day moving averages.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending up.**




**The CAC 40 lost 12 points last week.**

**Intermediate trend remains up. The $CAC broke above the 20-, 50- and 200-day moving averages.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending up.**

**The AEX lost 3.6 points last week.**

**Intermediate trend remains up. The $AEX remains above the 20-, 50-, and 200-day moving averages.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending up.**


**The IBEX 35 lost 274 points last week.**

**Intermediate trend remains mixed. $IBEX is back above the 20-, 50- and 200-day moving averages.**

**Strength relative to the S&P 500 Index remains neutral.**

**Short-term momentum indicators are trending up.**

The FTSE 100 lost 65 points last week.

Intermediate trend remains mixed. The $FTSE is back above the 20-, 50- and 200-day moving averages.

Strength relative to the S&P 500 Index remains neutral.

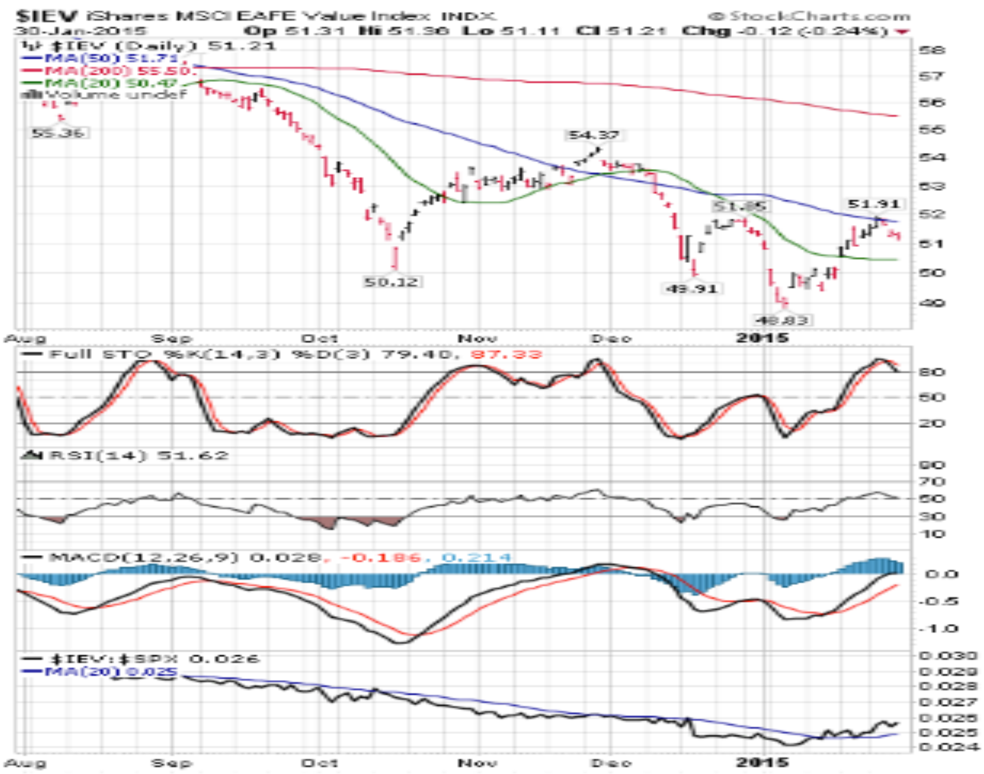
Short-term momentum indicators are trending up.


iShares Europe 350 units slipped $0.12 (0.28%) last week.

Intermediate trend remains down. Units remain above their 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up, but are overbought and showing early signs of rolling over.



# Fixed Income markets commentary & weekly charts

## EURO Bonds

European major 10-Year government bonds have reached our 2015 price targets.

We are recommending to take profits in German, French, Spanish, Italian 10-Year government bonds, and for investors to wait for a corrective phase, in which we see yields move back up by 30bps to 50bps before getting back into those bonds.

| | | | | |
|---|---|---|---|---|
| *Germany (0.5% 15 Feb 2025)* | 0.31 | - | 0.34 | -0.03 |
| France (1.75% 25 Nov 2024) | 0.54 | + 23 | 0.57 | -0.03 |
| Belgium (2.6% 22 Jun 2024) | 0.49 | + 18 | 0.52 | -0.03 |
| Italy (2.5% 1 Dec 2024) | 1.59 | + 128 | 1.61 | -0.02 |
| Spain (2.75% 31 Oct 2024) | 1.45 | + 114 | 1.46 | -0.01 |
| Denmark (1.75% 15 Nov 2025) | 0.39 | + 8 | 0.39 | 0.00 |
| Finland (2% 15 Apr 2024) | 0.34 | + 3 | 0.39 | -0.04 |
| Netherlands (2% 15 Jul 2024) | 0.36 | + 5 | 0.40 | -0.04 |
| Austria (1.65% 21 Oct 2024) | 0.39 | + 8 | 0.43 | -0.04 |
| Czech Republic (5.7% 25 May 2024) | 0.23 | - 8 | 0.23 | 0.00 |
| Ireland (3.4% 18 Mar 2024) | 0.96 | + 65 | 1.01 | -0.05 |
| Slovenia (4.625% 09 Sep 2024) | 1.48 | + 117 | 1.48 | 0.00 |
| Hungary (5.5% 24 Jun 2025) | 2.89 | + 258 | 2.82 | 0.07 |
| Portugal (5.65% 15 Feb 2024) | 2.46 | + 215 | 2.44 | 0.02 |

*Time snapshot: 02/02/2015 - 1:04 PM CET*

## US Bonds

The yield on 10 year Treasuries dropped 14.2 basis points (7.82%) last week.

Intermediate trend remains down. Yield remains below its 20-day moving average.

Short-term momentum indicators are trending down, but are oversold.


The long term Treasury ETF added $3.51 (2.60%) last week.

Intermediate trend remains up. Price remains above its 20 day moving average.

## Currencies commentary & weekly charts

**The Euro gained 0.76 (0.68%) last week.**

**Intermediate trend remains down. The Euro remains below its 20-day moving average.**

**Short-term momentum indicators are oversold and showing early signs of bottoming.**


**The US$ Index dropped 0.28 (0.29%) last week.**

**Intermediate trend remains up. The Index remains above its 20-day moving average.**

**Short-term momentum indicators are overbought and showing early signs of rolling over from an intermediate peak.**

**The Japanese Yen added 0.26 (0.31%) last week.**

**Intermediate trend remains down. The Yen remains above its 20-day moving average.**

**Short-term momentum indicators are mixed.**


**The Canadian Dollar fell another US 1.86 cents (2.31%) last week.**

**Intermediate trend remains down. The C$ remains below its 20-day moving average.**

**Short-term momentum indicators are deeply oversold, but have yet to show signs of bottoming.**

## Commodities commentary & weekly charts

**The $CRB Index added 2.23 points (1.03%) last week.**

**Intermediate trend remains down. The Index remains below its 20-day moving average.**

**Strength relative to the S&P 500 Index changed to neutral from down.**


**Copper slipped $0.01 per lb. (0.40%) last week.**

**Intermediate trend remains down. Copper remains below its 20-day moving average.**

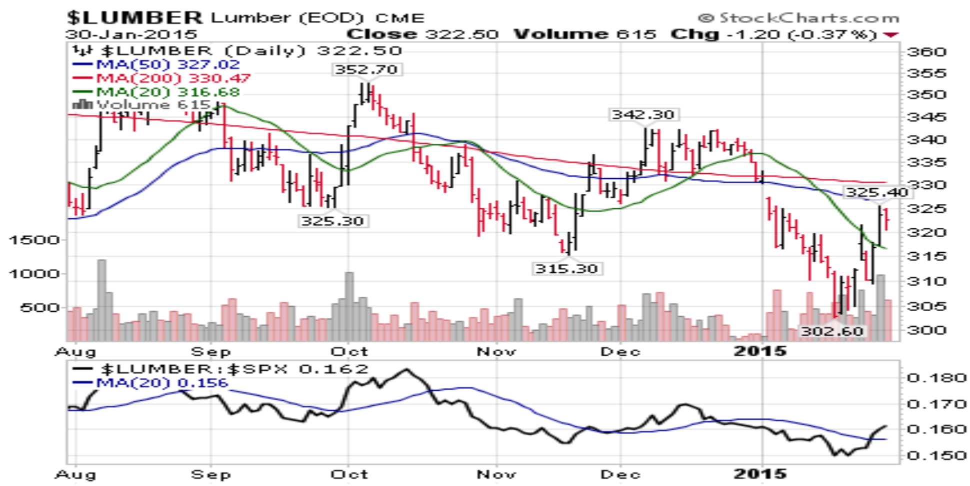
**Strength relative to the S&P 500 Index remains negative.**

**Short-term momentum indicators are trending down, but are oversold.**


**Lumber added $11.00 (3.53%) last week.**

**Intermediate trend remains down. Lumber moved above its 20-day moving average.**

**Strength relative to the S&P 500 Index changed to positive from negative.**



**The Grain ETN fell $1.26 (3.47%) last week.**

**Trend remains neutral. Units remain below their 20-day MA.**

**Relative strength remains negative.**

**The Agriculture ETF dropped $0.45 (0.84%) last week.**

**Intermediate trend remains up. Units remain above their 20-day moving average.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending down.**

## Gold & precious metals commentary & weekly charts

**Gold dropped $13.40 per ounce (1.04%) last week.**

**Intermediate trend remains up. Gold remains above its 20-day moving average.**

**Strength relative to the S&P 500 Index remains positive.**

**Short-term momentum indicators are trending down.**


**Silver dropped $1.09 per ounce (5.96%) last week.**

**Intermediate trend remains up. Silver is trading at its 20-day moving average.**

**Strength relative to the S&P 500 Index changed to neutral from positive.**

**Short-term momentum indicators are trending down.**

**Strength relative to Gold changed to neutral from positive.**

**Platinum dropped $28.00 per ounce (2.21%) last week.**

**Intermediate trend remains up. $PLAT fell below its 20 day MA.**

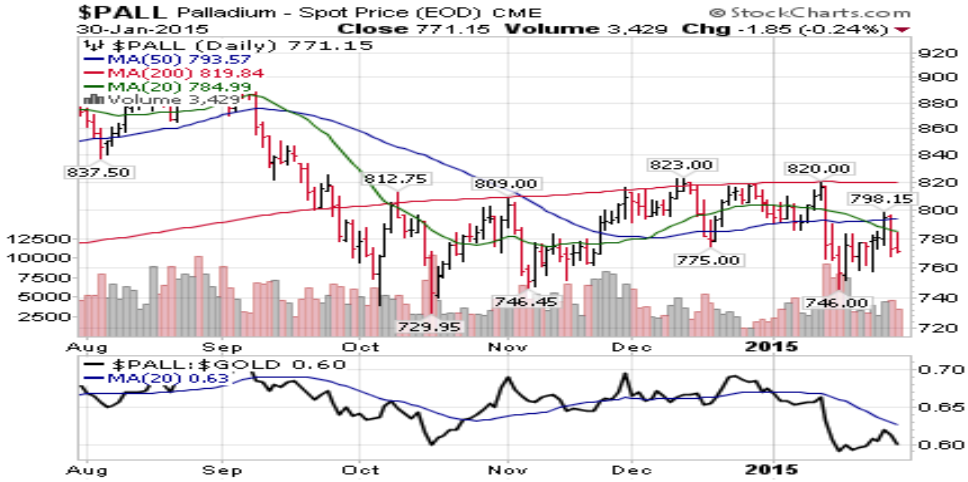
**Strength relative to the S&P 500 remains neutral. Strength relative to Gold is neutral.**


**Palladium slipped $2.95 per ounce (0.38%) last week.**

**Intermediate trend remains down. $PALL remains below its 20 day moving average.**

**Strength relative to the S&P 500 Index is neutral.**

**Momentum indicators are trending up**



## Oil, gas & energy commentary & weekly charts

**Crude Oil gained $2.65 per barrel (5.81%) last week.**

**Intermediate trend remains down. Crude moved above its 20-day moving average on Friday.**

**Strength relative to the S&P 500 Index changed to neutral from negative.**

**Short-term momentum indicators are trending up.**


**Natural Gas dropped $0.30 (10.03%) last week.**

**Intermediate trend remains down. $NATGAS remains below its 20-day moving average.**

**Strength relative to the S&P 500 Index changed to negative from neutral.**

**Short-term momentum indicators are trending down.**

**Gasoline added $0.11 per gallon (8.03%) last week.**

**Intermediate trend changed to up from down on Friday on a move above $1.41.**

**$GASO moved above its 20-day moving average.**

**Strength relative to the S&P 500 Index turned positive. Short-term momentum indicators are trending up. $GASO has entered its period of seasonal strength.**


**Carlo R Besenius**, CEO & Head of Global Strategy
cbesenius@cg-inv.com
office: +(352) 26 25 86 40
mobile: +(352) 691 106 969
Luxembourg/Europe

**Steve Gluckstein**, Global Strategist
sgluckstein@cg-inv.com
office: 212 939 7256
mobile: 732 768 8843
New York, NY, USA

**Sabine CJ Blümel**, Head of Global Automotive Research
sblumel@cg-inv.com
office: +44 (7785) 301588
London, UK

**Marc Peters**, Head of Global Industrial Strategy
mpeters@cg-inv.com
office: +(352) 26 25 86 40
mobile: +352 621 36 44 50
Luxembourg/Europe

**Trish Twining**, Managing Director of Sales
ttwining@cg-inv.com
office: 7817710117
Boston, MA, USA

**Allison M Cimon**, Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

**Gary Schieneman**, Managing Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA

**Jennifer Crisman,** COO
jcrisman@cg-inv.com
office: +(352) 26 25 86 40
Luxembourg/Europe