Creative Global Investments

Morning market commentary & weekly charts

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Objectivity

Integrity

Creativity

Common sense (equity) investing

Global credit analysis has been a much better gauge for financial market analysis for the past 4 decades. Although our firm's balance of experience and expertise is stemming from equity markets and products, we have been applying a more asset class agnostic research mantra, being totally currency and financial asset category agnostic. Over the past 13 years in particular, we have taken more and more lead from the credit side, and it has helped us and our clients to be ahead of the herd, particularly when it comes to global asset allocation recommendations and making clear alpha choices.

So, one more time, let's just agree that the lead taken from global bond investors for the past 37 years has been a pretty good predictor of global macro economic developments, and by looking at the "most important chart in the world" we do not see anything that looks majorly different on the near term horizon.

So, from peak to date, here is how the major equity markets have fared:

-21.0% FTSE 100
-23.2% NIKKEI 225
-24.3% CAC 40
-28.3% DAX 30
-32.5% HANGSENG
-46.7% SHANGHAI
-13.2% S&P 500
-24.1% DOW JONES TRANSPORTATION INDEX
-25.6% RUSSELL 2000
-26.1% KBW BANKS INDEX

Simple facts to keep in mind for long term focused equity investors:

- 62% of US households own equities
- 34% of UK households own equities
- 16% of European households own equities
- 9.5% of Chinese households own equities
- 7.5% of German Households own equities

Who do you think is getting more scared as a Consumer nation and will rethink inherent spending patterns given the stock market declines we have seen so far yet?

Whose consumers are more concerned about their savings & retirement holdings and whose consumers are going to start looking twice before spending money they do not have?

As a long term investors, in which one of those countries and economies would you want to allocate more new funds to?

Seems to be simple long-term asset allocation decision to us.

Global Macro Commentary

Global macro slowdown continues

Last week in Asia, the Indian Ministry of Commerce & Industry said that Indian WPI fell to -0.90%, from -0.73% in the preceding month (vs. analysts' consensus of a rise to -0.15% last month.

Indian Industrial Production rose to a seasonally adjusted -1.3%, from -3.2% in the preceding month (vs. analysts' consensus to rise to -0.1% last month).

The Chinese National Bureau of Statistics said that Trade Balance rose to 63.30B, from 60.09B in the preceding month (vs. economists' consensus to fall to 58.85B last month).

In Japan Q4 GDP price index fell to a seasonally adjusted annual rate of 1.5%, from 1.8%. (vs. economists' consensus for Japan's GDP price index to fall to 1.6% in Q4).

Japan's Q4 GDP fell to a seasonally adjusted -0.4%, from 0.3% (vs. economists' consensus for Japan's GDP to fall -0.3% in Q4).

In Europe, Q4 GDP rose to a seasonally adjusted 0.3%, from 0.3% in the preceding quarter (vs. economists' consensus for GDP to rise 0.3% in Q4).

Eurozone industrial production fell to a seasonally adjusted -1.0%, from -0.5% in the preceding month whose figure was revised up from -0.7% (vs. economists' consensus for Eurozone industrial production to rise 0.3% last month).

Over in the US last week, core retail sales rose to a seasonally adjusted 0.1%, from 0.1% in the preceding month whose figure was revised up from -0.1% (vs. economists' consensus for US core retail sales to rise 0.1% last month). Excluding the more volatile components of gasoline and automobiles, sales were higher by 0.4%, a tenth of a percent better than analyst estimates. Stripping out seasonal adjustments, total retail trade was lower for the month by -23.6%, which is slightly more than the average decline for the first month of the year of -23.4%.

Excluding autos, sales were down by -23.9%, which is less than the average decline for January of -25.7%. Obviously, automobile sales were a significant drag on the overall report, the result of sales being sucked into the last month of 2015 leading to a buying drought in the new year.

Elsewhere, it was very difficult to identify areas of strength with the vast majority of components showing below average results. The only components with an above average change for the month of January were for things that consumers need to buy, such as groceries/food. Furniture, materials, and sporting goods sales, which saw an above average change in December, lagged the January norms.

Almost every component is below the change reported in January of 2015, suggesting a slowdown compared with last year. The only component that was above the change recorded in January 2015 was gasoline sales, which fell by -8.0% versus last year's -12.4% decline. The average decline for gasoline sales in January is 3.4%. This follows a -10.98% decline in the price of gasoline through the first month of 2016 versus a 0.95% decline in gasoline in January of 2015. Something to keep in mind. While strength of the consumer may not be as apparent as what the seasonally adjusted headline print suggests, the economy is still a long way from showing weak performance from the consumer. Analysts may just have to accept the fact that economic performance, whether it pertain to employment or retail sales, is returning to "just" average growth.

The University of Michigan said that consumer sentiment fell to a seasonally adjusted 90.7, from 92.0 in the preceding month (vs. economists' consensus for UoM consumer sentiment to remain unchanged at 92.0 last month).

Currencies Commentary

The #1 problem which we see responsible for causing the financial markets distress since 2015 has been the US$, and the latest abnormal parabolic rise of the US$ and its intended and unintended consequences to the US and global economies.

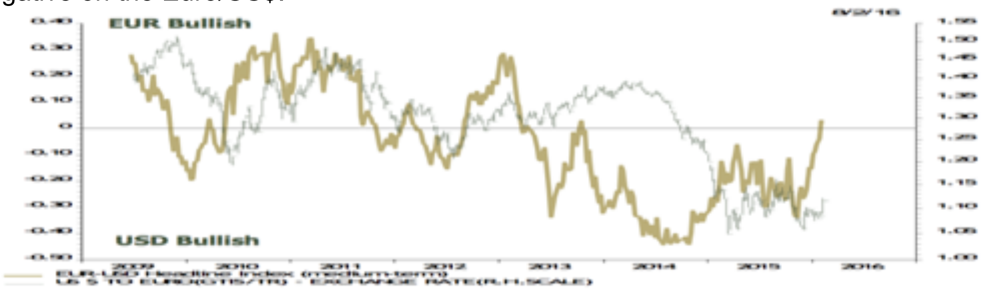
The Yuan traded as much as 1.2% higher than the previous close, the largest such move since 2005. The Yuan strengthened to 6.4988 against the US$ and last traded at 6.5014 against the US$. The PBoC fixed the Yuan almost 1% stronger at 6.5118 than where it closed against the US$ on Feb. 5, making it the strongest daily reference rate since Jan. 4. We still see the Yuan to be devalued by the PBoC over the remainder of 2016, and our target price for the Yuan/US$ is 8.0

Whilst in the past 30 years it made sense for many small nations to fix their currency to the US$, especially if the primary source of revenues comes in the form of US$'s. This pegged strategy used to help stabilize and secure small economies, which may otherwise be unable to withstand volatility. Conversely, large and growing economies, like China, will find it hard over time to maintain a fixed currency policy, which will eventually snowball into an outsized need to buy more and more US$'s to maintain the proper ratio, unless they will undo the direct peg to the US$, which we see in the makings, not only for China, but for all commodities based nations.

Currencies directly pegged to the US$

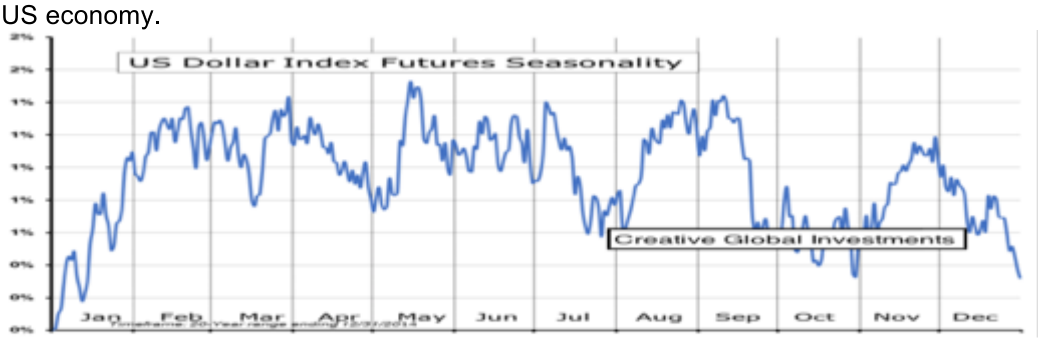
Country	Region	Currency Name	Code	Peg Rate	Rate Since
Bahrain	Middle East	Dollar	BHD	0.376	2001
Cuba	Central America	Convertible Peso	CUC	1.000	2011
Dijibouti	Africa	Franc	DJF	177.721	1973
Eritrea	Africa	Nakfa	ERN	15.000	2005
Hong Kong	Asia	Dollar	HKD	7.75-7.85	1998
Jordan	Middle East	Dinar	JOD	0.709	1995
Lebanon	Middle East	Pound	LBP	1507.5	1997
Oman	Middle East	Rial	OMR	0.3845	1986
Panama	Central America	Balboa	PAB	1.000	1904
Qatar	Middle East	Riyal	QAR	3.64	2001
Saudi Arabia	Middle East	Riyal	SAR	3.75	2003
United Arab Emirates	Middle East	Dirham	AED	3.6725	1997
Venezuela	South America	Bolivar	VEB	6.3	2013

The latest ***sentix*** investors survey shows that investors are increasingly becoming less negative on the Euro/US$.



The short-term technical outlook for the Euro is positive. The $XEU broke above its 15-, 50- and 200-day moving averages and we see it to test the 115 levels.

Seasonally, the US$ index tends to hit a peak at some point in Q1, which may suggest that the strength realized over the past few months may soon level off. As the US$ is again at the pivotal point of resistance, and given the FED admitting to a policy mistake, we are daring to assume that Ms. Yellen and team have the common sense to look immediately and realistically at the long term damages that a strong US$ will do to the US economy.



When in September 2014 we were warning investors that the US$ (by then it had only risen from its weakest level in June of EUR/US$ 1,3999 to EUR/US$ 1.18) we got a lot of resistance, mostly emotional, rather than based on past experience and facts, that a strong US$ was not going to be making a significant dent into US corporate earnings.

Then, in when we were marketing our Q4 2015 Global Strategy Outlook, and we were warning investors of a 5-% to -6% declining US earnings for 2015, mainly due to the still strong US$, we were facing again a lot of disbelief.

Now, for 2016, the US$ has come down from EUR/US$ 1.06 to 1.13, however, it is still significantly higher than the weighted average for 2015, and there will be a continued negative earnings impact for US companies. Additionally, US companies' competitive position for new orders is severely compromised going forward. International companies pretty much all are engaging in currency hedging, versus only about 35% of the S&P 500 companies, and this is an ongoing concern, which we believe investors are again giving insufficient attention to, which can lead to further disappointment. (Let's just look a the last 2 years of incoming orders in commercial aircraft orders for

Boeing versus Airbus). Other examples are Apple's Q4 earnings announcement (if the US$ hadn't strengthened as much as it did, Apple said it would have posted $80.8 BN in Q4 revenue versus the $75.9 BN it actually reported. That meant an increase for the quarter of 2% instead of 8%) Or Google, who the stronger US$ cost $1.3 BN in Q4.

In the absence of strong and rising global demand, the stronger US$ can dent exports as the cost of goods rises for foreign buyers. That's possibly led some businesses to stall inventory build-outs, which combined with falling net exports have subtracted -1.4% from GDP. The US$'s rise is also clearly hitting US manufacturing hard. Durable goods orders for December fell -5.1% and have declined at nearly an -11% pace over the past three months. Easing at the European Central bank as the Fed embarks on tightening may send the US$ still higher, with more attendant drag on net exports and more restraint on inflation. Taken together, a stronger dollar with subdued inflation will put pressure on corporate earnings as demand is impacted and corporations have less pricing power.

Fixed Income Commentary

As we have been writing in prior research since March 2104, the global economy is slowing, and the trend in 10-Year bond yields in the US, the UK, Canada, and Europe is down, and not done yet.

The 10-Year Treasury yield also fell to the lowest level since last April. There's another reason why Treasury yields are falling, and Treasury prices rising. Global investors move into bond markets with the highest yield. The US 10-Year Treasury yield is still much higher than Europe and Japan. That makes US treasuries attractive to global investors. A stronger US$ also makes US 10-Year treasuries more appealing. As long as foreign yields keep falling, Treasury yields will continue to follow them lower.

As we have been on record for 22 months, we see the 10-Year Treasuries yield drop to 1.40% in the coming 6 months.

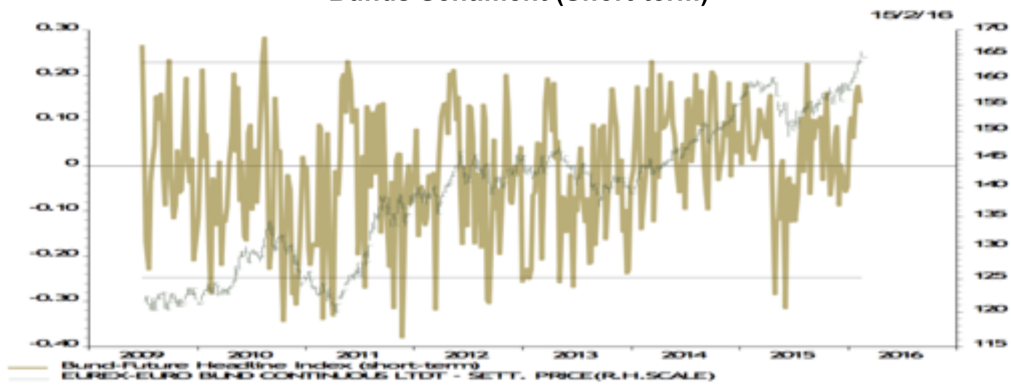
The 30-year treasury bond pulled back from multi-year highs, shedding around a third of the week's gain and ending lower on the session by -1.15%. Looking at the longer-term trend, there may be reason to expect that this fear trade be capped out. Price of the treasury bond is testing the upper limit of the long-term trend channel that has defined trading activity for the past three decades.

While the long-term trend remains firmly positive, each test of the upper limit of the trend channel has resulted in a pullback shortly thereafter; previous peaks in the T-bond price have also coincided with significant lows in equity market benchmarks.

At this point, the equity market could certainly use some of the fuel (assets) that the bond market could provide.

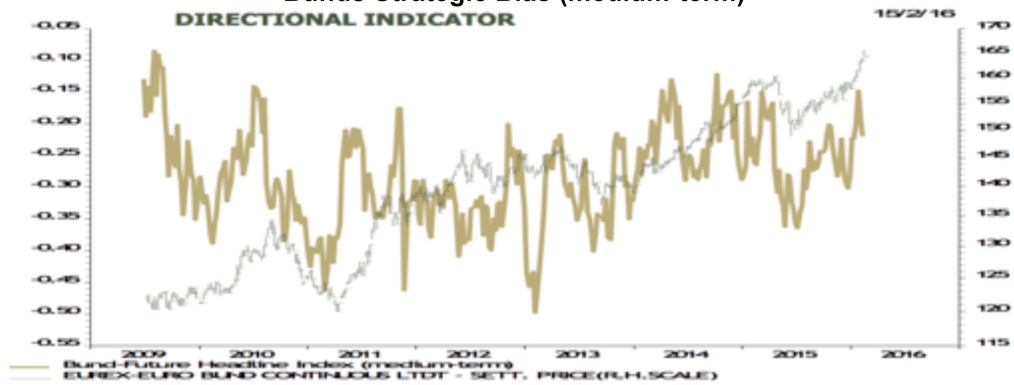
Over in Europe, sentiment on the near- term outlook for Bunds is running at modestly positive levels, albeit readings have ticked a little lower in the past week.

Bunds Sentiment (Short-term)



Investors have become less upbeat on Bunds from a medium- term strategic perspective.

Bunds Strategic Bias (medium-term)



Commodities Commentary

Today's announcement by Russia and Saudi-Arabia agreeing to a production freeze until 2017 is lifting the price of Brent and $WTIC by another 4%. We see this as a first step, and believe that the bottom for Oil prices has been set last week. Consequently, we are recommending for investors to add towards $WTIC and the related Oil companies sector.

The price of WTI crude ended the day higher by around 6%, closing below the psychologically important $30 level; for the week, however, the price of crude shed another 5%, charting the first weekly close below the aforementioned $30 since 2003. The declining trend line resistance is presently hovering around $32.

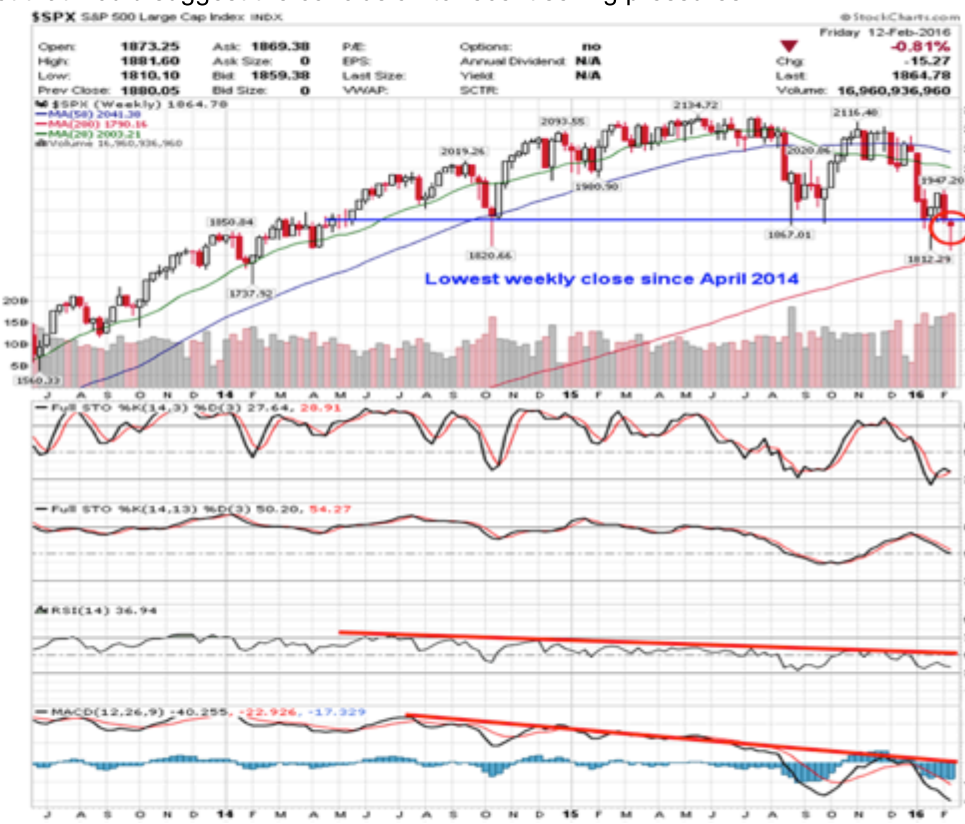
How sustainable are lower Oil prices over the long term? Let's look at a very simple long-cycle and long-term metric to analyze the current commodities/Oil price rout is how many barrels of Oil one gets per price of an ounce of Gold. And that is at an all-time high, and not sustainable!

Equities Commentary

Since 2000 stock markets in the US have seen two massive bear markets each being followed by a strong recovery rally. It is interesting to note that both of these bear market rallies are somewhat similar in form (i.e. strong first-year rally followed by a more moderate rally in succeeding years). As for the current state of the market, the S&P 500 continues to trade within the confines of its six-year uptrend but is currently testing support. The US earnings recession is the biggest driver of the stock market correction right now. In fact, back-to-back quarters of negative earnings "growth" were what caused us to take a big bearish stance last October, looking for a big "valuation re-set." But the Q4 seasonal appetite for stocks ignored these facts right through the holidays.

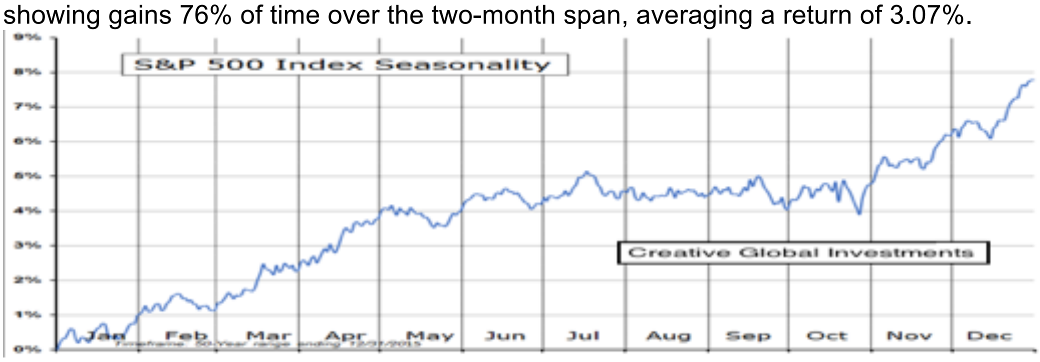
Then the bear began the New Year with a vengeance, even before earnings season started and we found out Q4 is working on a net decline in y-o-y growth of minus -6.5%. Granted, a large part of falling earnings is related to the declines in oil and the energy sector. But, QE-driven buybacks and other financial engineering cannot stem the tide and the spillover effects are showing up as Q1 earnings estimates drop fast to -7.5% "growth." And now the forward outlook for Q2 has dropped into negative territory. As we have been writing repeatedly, earnings estimates for the next year are in jeopardy of being cut significantly, as Wall Street economists, strategists and analysts are notoriously behind the curve when it comes to assessing currency related negative impacts and we think the S & P will not be reasonable value again until S&P 1700, particularly relative to US 10-Year treasury bond yields.

The $SPX still ended lower for the week shedding 0.81%, charting the lowest weekly close since April of 2014, and ended the week below resistance at 1880, which marks the neckline of short and long-term head-and-shoulders patterns. The difference between the daily and weekly performance across a number of charts, including stocks and oil, may become critical to intermediate and long-term investors. A lot of investors place significant emphasis on weekly closing values and with prices having broken and closed below some important levels suggests that we are not at an all-clear point as of yet that would suggest the conclusion to recent selling pressures.



So from a weekly standpoint, nothing is suggested to have changed. However, from a daily perspective, things are starting to look interesting. As mentioned, a timely announcement at the lows of Thursday's session, both for stocks and oil, prevented a significant break below the intraday lows charted in January around 1812. As has been highlighted over the past week, investors are watching this level closely to gauge signs of buying demand. Now whether fabricated based on the "planted" news report or something more, the bounce from Thursday's low just further solidifies the 1812 zone as a level of support. In addition, drilling down further to the hourly chart, a short-term positive momentum divergence is suggesting selling pressures are waning, which could allow for the rebound attempt that many investors have been hoping for. Altogether, with support at 1812 and resistance at 1880, a break in either direction is likely to see follow through. Next level of horizontal resistance on the S&P 500 Index above 1880 is close to the February high around 1950.

The seasonal outlook for the $SPX is favorable from mid February to the end of April. While the last half of February doesn't exactly have a favorable track record for the S&P 500 Index with 56% of periods recording a loss over the past 25 years, averaging a decline of -0.83%, the month of March is quickly approaching. March and April are two of the strongest consecutive months for equity benchmarks with the S&P 500 Index showing gains 76% of time over the two-month span, averaging a return of 3.07%.



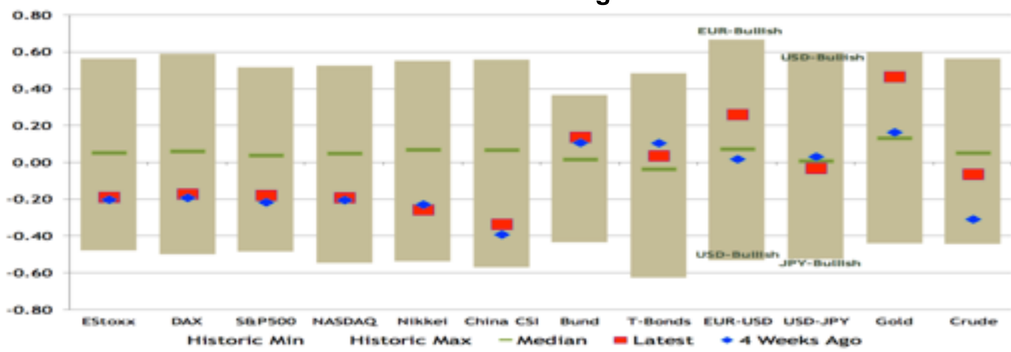
S&P Energy Sector Index bouncing from the lower limit of a long-term declining trend channel.

Weekly Investment Conclusion

Economic news this week is expected to be mixed. A focus is on January Industrial Production to be released on Wednesday. A strong recovery could set the stage for another boost in North American equity markets.

The latest ***sentix*** investor survey shows investors becoming little less downbeat on equities from a medium-term perspective and a little less upbeat on bonds. At the same time, in terms of their sector preferences, survey participants have also become less negative on cyclical sectors such as Basic Resources, Autos and Chemicals versus the market in the past month.

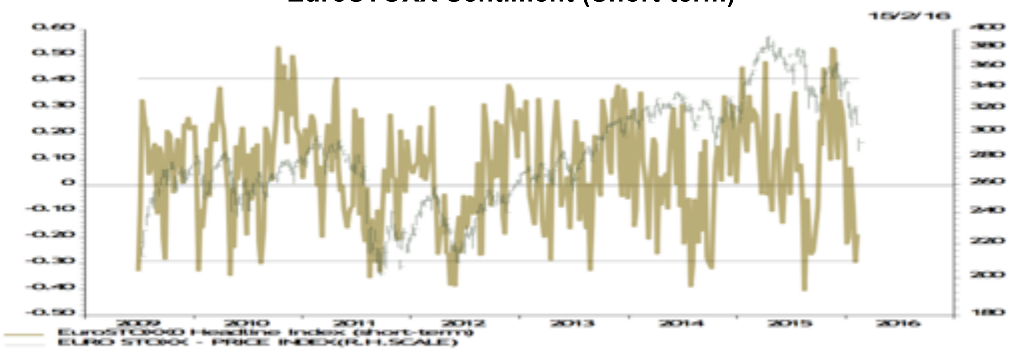
Short-term Sentiment in a Longer-term Context



The recent US$ weakness implicitly generates an increasingly positive medium-term strategic bias on Gold and other commodities. Last week revealed more technical evidence confirming an intermediate bottom for most equity indices, commodities and sectors on January 21st.

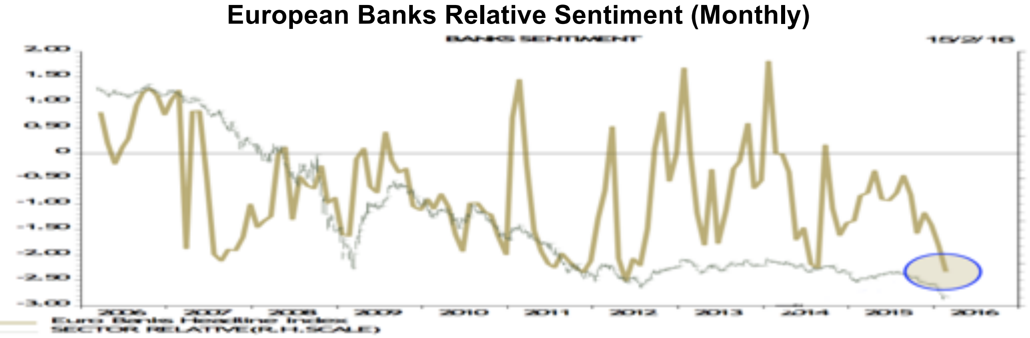
Investors' sentiment towards European equities is very negative, as the most recent *sentix* survey shows, and hence why we believe it is time now to buy European equities aggressively.

EuroSTOXX Sentiment (Short-term)



However, there is little sign of a change of heart on the Financials, with survey readings on Banks now close to historic lows. The good news is that such deep-rooted pessimism on Banks has not, as yet, curbed the recent revival in investors' views on the medium-term outlook for equity markets.

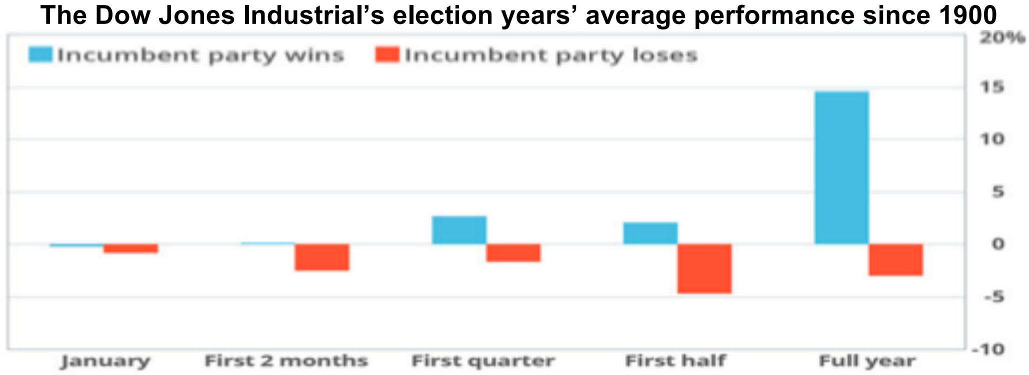
European Banks Relative Sentiment (Monthly)



In the US, headwinds are growing, which is expected late in a business cycle, but at the end of the day the overarching question is are we headed for a recession? And, by our estimates the answer is clearly yes and, you only rarely see a bear markets for equities are normally followed shortly by a recession We estimate GDP growth for 2016 to come in at 1.4%, and global growth should be around 2.5% to 2.7%, hence why we do not expect big gains out of equities in 2016, however, we also don't see a case for abandoning a long-term equity strategy.

Nevertheless, US equity markets are seemingly bracing for a change of government, as historically the stock market's performance in those years in which the incumbent political party retains the White House with how it does when the incumbent party loses. As you can see from the chart below a strong stock market is correlated with the incumbent party winning. A declining stock market is associated with a change of ruling parties.

The Dow Jones Industrial's election years' average performance since 1900



Of course, as statisticians constantly remind us, correlation is not causation. Furthermore, it's important to emphasize that the results plotted in the above chart are only barely statistically significant, so they should be interpreted as being more suggestive than conclusive. (The absence of strong statistical significance is in large part due to the small sample: There have been just 18 US presidential elections since 1900 in which the incumbent party won, and 11 in which there was a change.)

One silver lining for the Democrats is that the stock market has wasted little time in producing such awful election-year performance with the S&P 500 down almost -10% in just six weeks and the Nasdaq down -15%.

Contrast this year with 2008, for example: Though the stock market in that year wasn't a stellar performer over 1H, it wasn't until September and October that the bottom dropped out. That was just a few short weeks before the November election in which, needless to say, the incumbent party lost.

Surely, the incumbent party will announce significant new stimulus programs in the coming weeks. Additionally, we do see the Federal Reserve to not only reverse its interest-rate decision from last December but also announce a new program of quantitative easing.

It was just such stimulus that stopped the 2011 bear market in its tracks. That major decline began on April 29 of that year, and by mid-September the S&P 500 was already down some 17%. On Sept. 21, the Fed announced its so-called Operation Twist program, in which it would lengthen the average maturity of its Treasury portfolio away from shorter-term securities to longer-term bonds. The 2011 bear market ended just eight trading sessions later, on Oct. 4.

Q4 reports by S&P 500 companies are winding down. 56 S&P 500 companies and one Dow Jones Industrial Average company are scheduled to release quarterly results this week. According to FactSet 76% of S&P 500 companies have reported quarterly results to date: 69% reported higher than consensus earnings and 49% reported higher than consensus sales. On a blended basis Q4 earnings on a y-o-y basis declined -3.7% and sales dropped -3.5%.

S&P 500 estimates for 2016 continue to decline: 68 companies have issued negative Q1 guidance and 17 companies have issued positive guidance. Y-o-y earnings are expected to fall -6.0% in the Q1, but improve to a fall of -0.7% in Q2, 5.3% in Q3 and 10.4% in the fourth quarter. **We believe that consensus estimates for 2016 are way too high, and that when reality will catch up, investors will be set up for a big disappointment.**

Technical action by S&P 500 stocks was decidedly bearish last week: 102 stocks broke intermediate support levels. Only 12 broke resistance. However, virtually all of the breakouts occurred on Friday implying a change in sentiment on the charts. Look for the change in sentiment to continue this week. **Energy, Materials and Industrials began to show strength relative to the S&P 500 Index, an encouraging technical sign for this time of year.**

Favorable seasonal influences for Industrials, Materials and Energy have appeared. These sectors currently are outperforming the market at the beginning of their spring period of seasonal strength. **Seasonal influences on North American equity markets are mixed to the end of February followed by a strong gain through to May.**

We continue advising to add towards economically sensitive equity markets for the past 3 weeks (e.g. Japan, China, German, Australian, Canadian), and towards commodities (e.g. energy, oil services, mines & metals) and sectors, and believe now is a good time to line up equities to be purchased when favored seasonal trades primarily in economically sensitive sectors:

- **Automotive stocks**
- **Industrials**
- **Consumer Discretionary**
- **Financials**
- **Materials**
- **Energy**
- **Technology**

We stand firmly to our point that the December FED rate hike was a policy mistake proven by the increasing volatility and deterioration in asset prices in the world since. Hence why we do not expect the FED to continue in 2016 with further tightening, on the contrary, as we do expect the US economy to show a negative GDP print in either the current quarter, possibly also in Q2, we are anticipating for the FED to resume its QE program later in 2016.

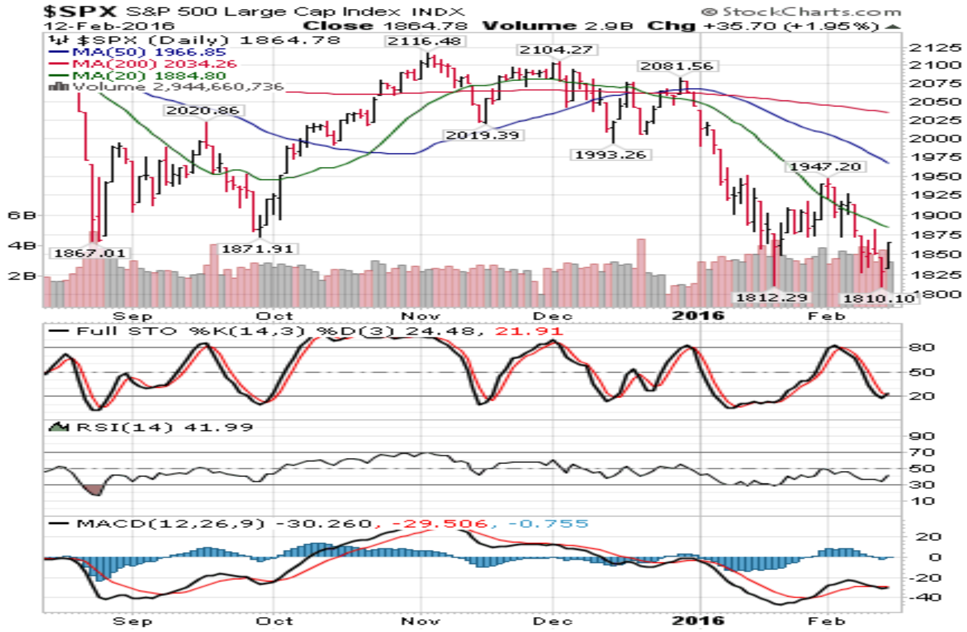
US equity markets weekly charts

The VIX dropped 3.00 (8.55%) last week after reaching a Thursday high of 30.90.

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

The VIX Index reached an intermediate high at 32.09% on January 21st.

The S&P 500 Index fell 15.24 points (0.81%) last week despite Friday's 1.95% gain.



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

Short-term momentum indicators are trending down, but are oversold and showing early signs of bottoming.

For now, the $SPX is forming a double bottom pattern.

Percent of S&P 500 stocks trading above their 50-day moving average increased last week to 27.20% from 25.60%.

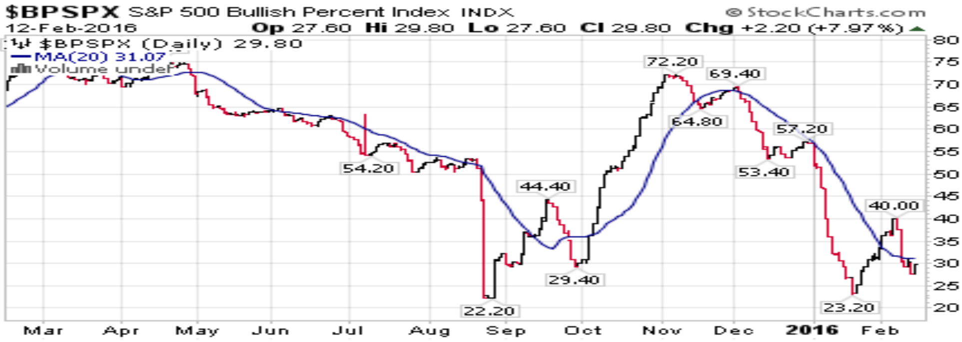
The index bottomed on January 21st at 9.00% and remains in an intermediate uptrend.

Percent of S&P 500 stocks trading above their 200-day moving average increased last week to 25.00% from 24.80%.

The index bottomed on January 21st and remains in an intermediate uptrend.

An intermediate low was set on January 21st at 23.20%.

Bullish Percent Index for S&P 500 stocks fell last week to 29.80% from 37.60% and slipped below its 20-day moving average.

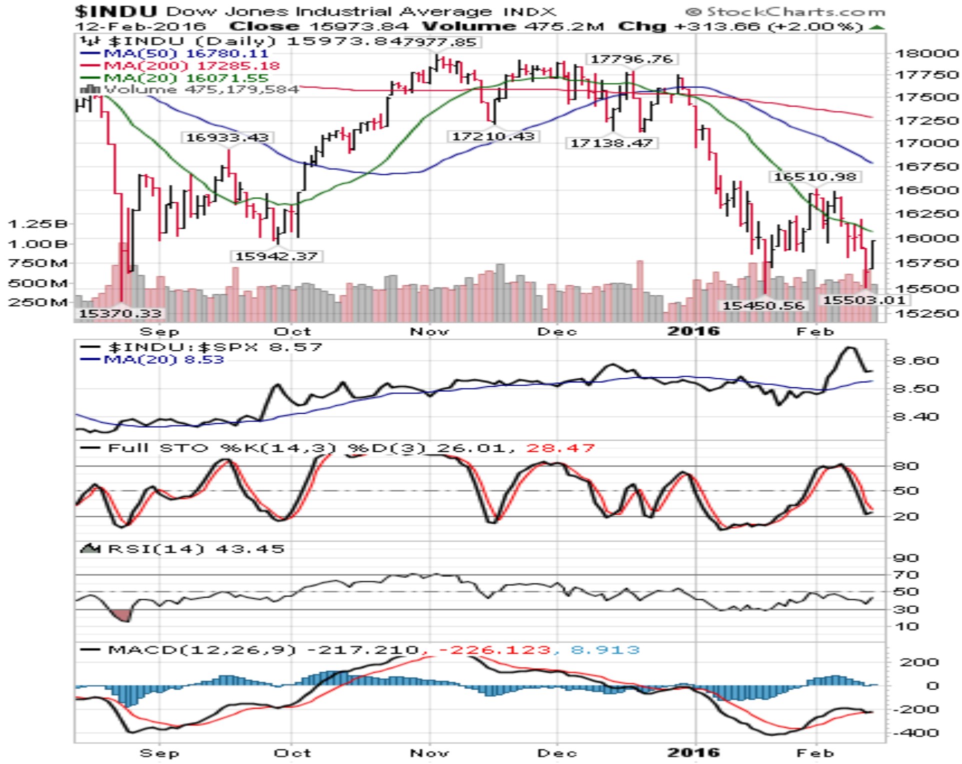


The Dow Jones Industrial Average dropped 230.99 points last week (1.43%) last week despite a gain of 2.00%0 on Friday.

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

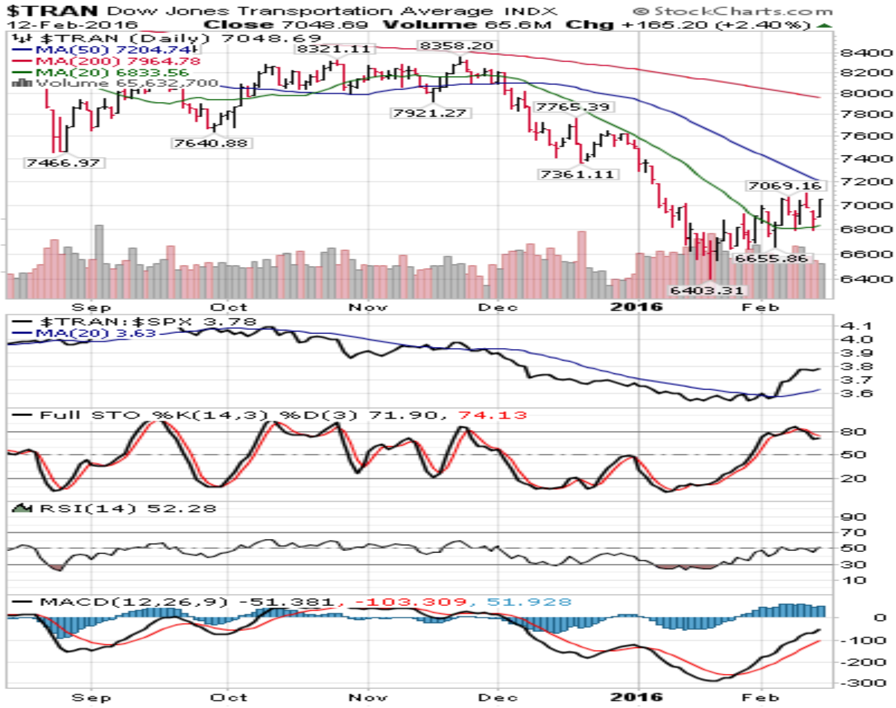
The Index moved below its 20-day moving average last week.

Short-term momentum indicators are trending down, but are oversold and showing early signs of bottoming.



Bullish Percent Index for Dow Jones Industrial Average stocks dropped last week to 50.00% from 60.00% and slipped back to its 20-day moving average.

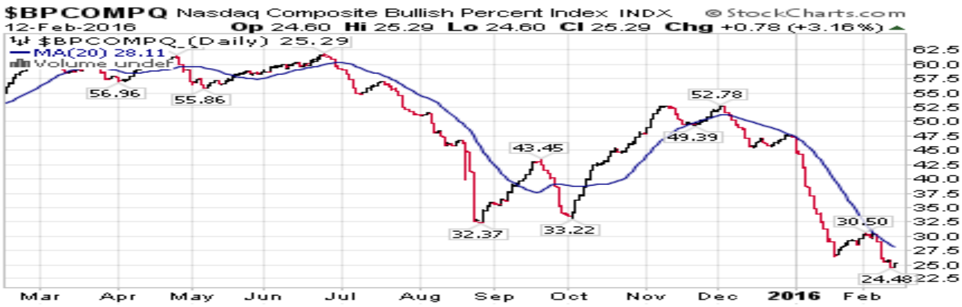
The Dow Jones Transportation Average added 105.99 points (1.53%) last week.



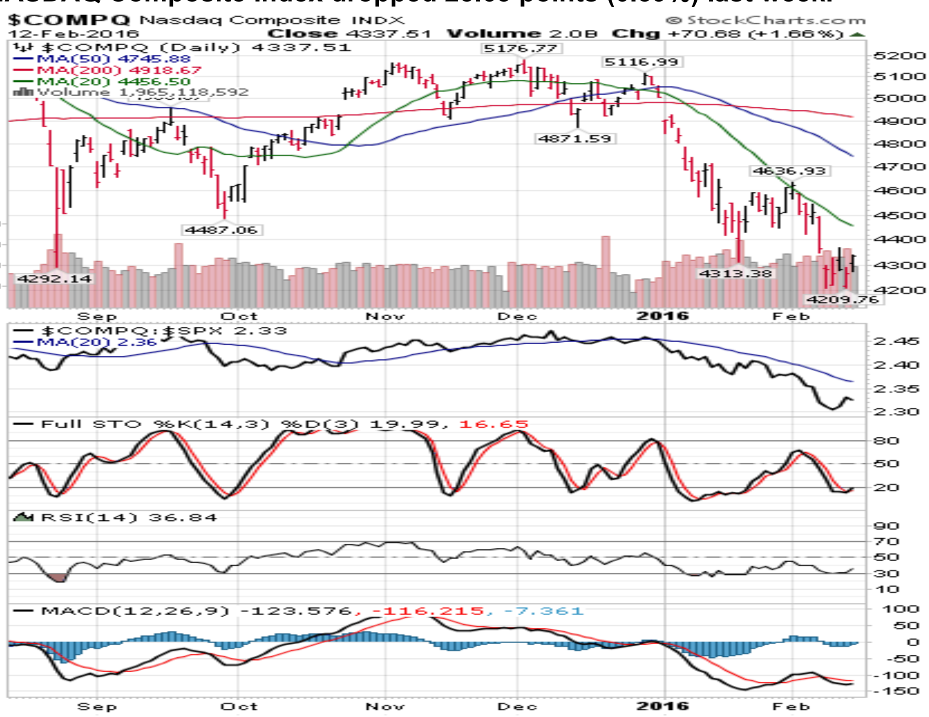
Intermediate trend remains down. Strength relative to the S&P 500 Index remains positive.

The Average remains above its 20-day moving average. Short-term momentum indicators are trending up.

Bullish Percent Index for NASDAQ Composite stocks dropped last week to 25.29% from 28.95% and remained below its 20-day moving average.



The NASDAQ Composite Index dropped 25.63 points (0.59%) last week.



Intermediate trend remains down. Strength relative to the S&P 500 Index remains negative. The Index remains below its 20-day moving average.

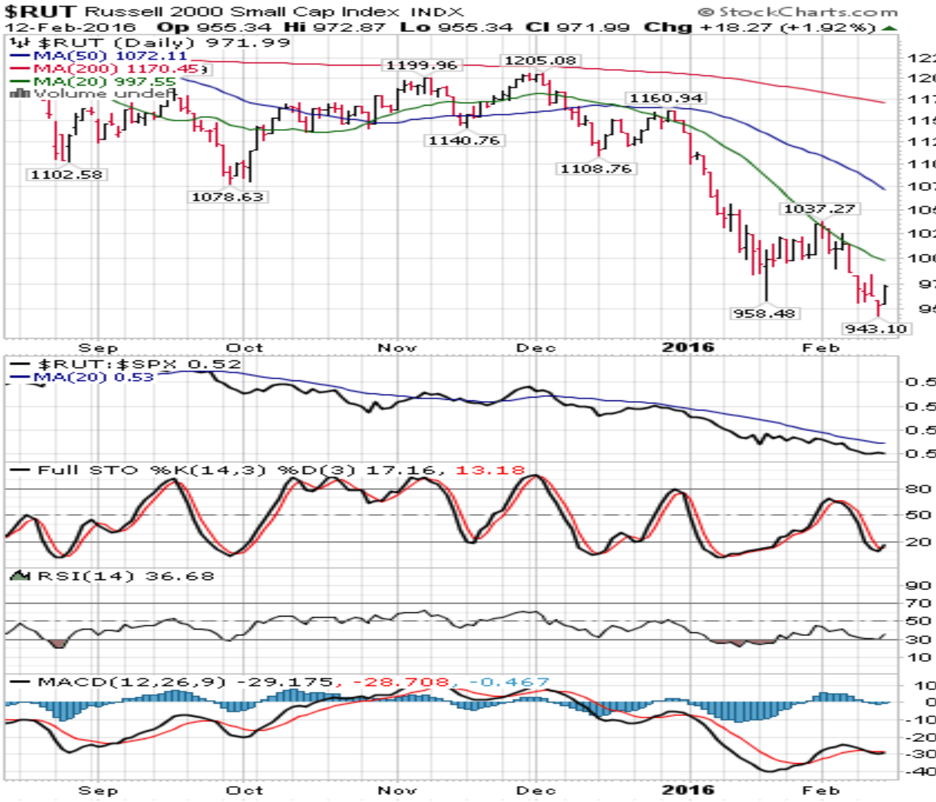
Short-term momentum indicators are trending down, but are oversold and showing early signs of bottoming.

The Russell 2000 Index lost another 13.63 points (1.38%) last week.

Intermediate downtrend was extended on a move below 958.48. Strength relative to the S&P 500 Index remains negative.

The Index remains below its 20- day moving average.

Short-term momentum indicators are trending down, but are oversold and showing early signs of bottoming.



The S&P Energy Index dropped 3.41 points (0.81%) last week.

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

The Index recovered back above its 20-day moving average on Friday.

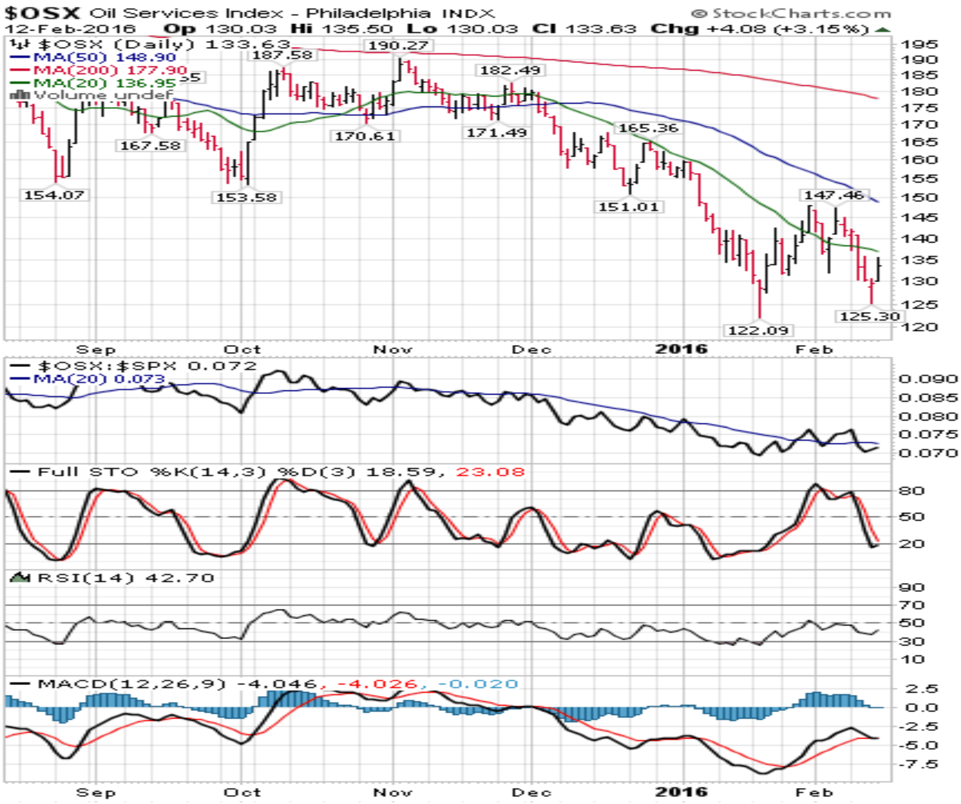
Short-term momentum indicators are trending down.

The Philadelphia Oil Services Index dropped 8.17 points (5.76%) last week despite a gain of 3.15% on Friday.

Intermediate trend remains down. Strength relative to the S&P 500 Index changed last week to Neutral from Positive.

The Index fell below its 20-day moving average last week.

Short-term momentum indicators are trending down, but are oversold and showing early signs of bottoming.

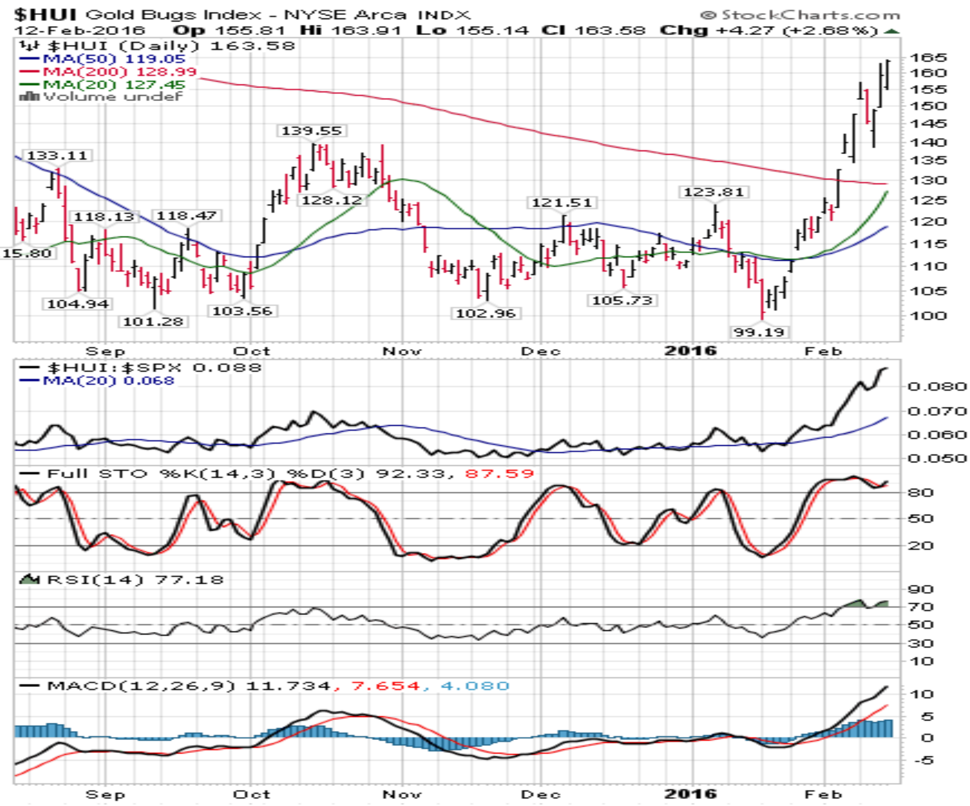


The AMEX Gold Bug Index jumped another 15.74 points (10.65%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index remains Positive.

The Index remains above its 20-day moving average.

Short-term momentum indicators are trending up and are overbought, but have yet to show signs of peaking.



Latam Equity markets commentary & weekly charts

The BOVESPA dropped 711 points last week.

Intermediate trend remains down.

Short-term momentum indicators are moving higher and are tremendously oversold, and are showing signs of bottoming.

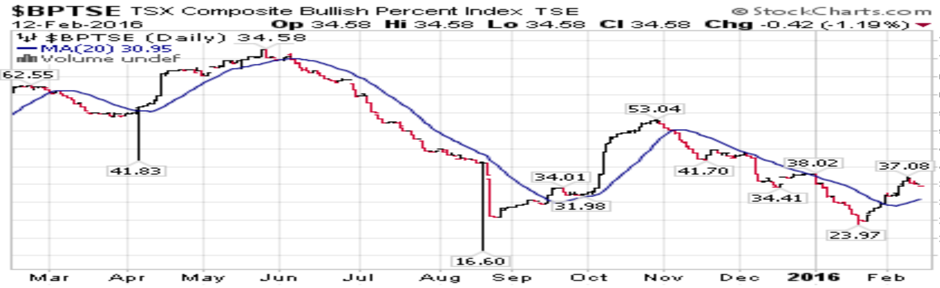
The Mexican Bolsa gained 207 points last week.

Intermediate trend changed positive.

Short-term momentum indicators are oversold, and reversed to positive and are showing signs of bottoming.

Canadian equity markets commentary & weekly charts

Bullish Percent Index for the TSX Comp. fell last week to 34.58% from 35.83%.



The Index remains above its 20-day moving average. An intermediate low was set on January 21st at 23.97%.

The TSX Comp. Index fell 382.75 points (3.00%) last week despite a gain of 2.43% on Friday.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains positive. The Index recovered back above its 20-day moving average on Friday.

Short-term momentum indicators are trending down, but are oversold and showing early signs of bottoming.

Percent of TSX stocks trading above their 50-day moving average dropped last week to 32.08% from 45.00%.

The index reached an intermediate bottom at 7.85% on January 21st

Percent of TSX stocks trading above their 200 day moving average dropped last week to 23.33% from 29.58%.

The index reached an intermediate bottom at 13.64% on January 21st

Asian equity markets commentary & weekly charts

The SENSEX dropped 638 points last week.

Intermediate trend changed to positive.

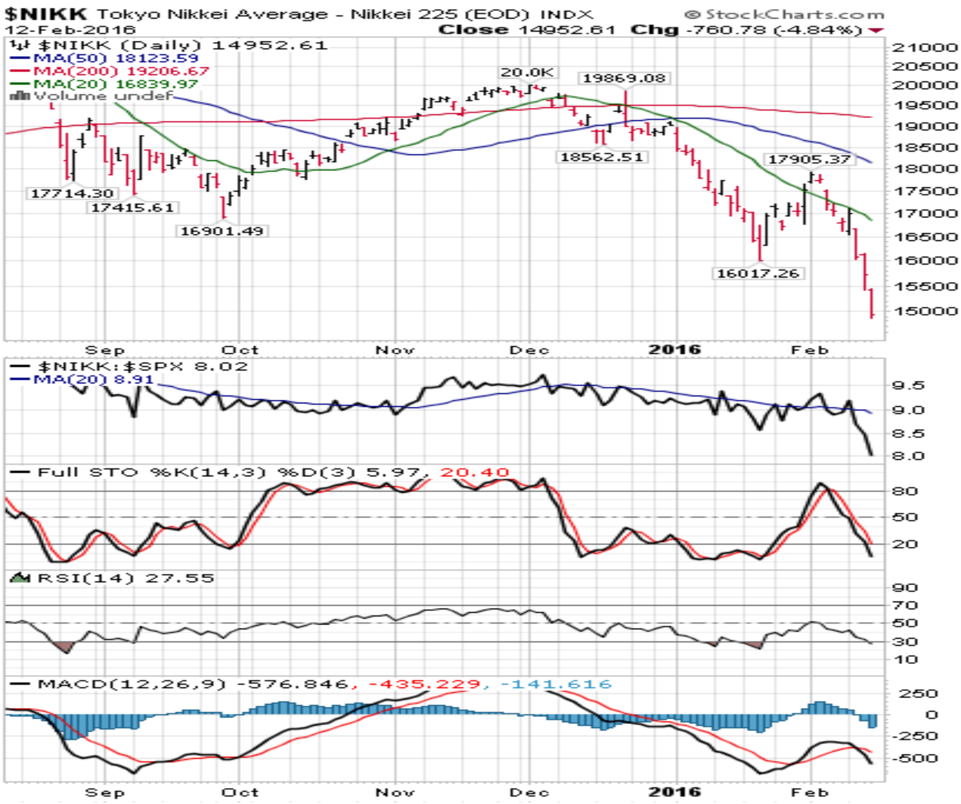
Short-term momentum indicators continue to be oversold and are yet to show signs of bottoming.

The Nikkei Average plunged 1,866.98 points (11.10%) last week.

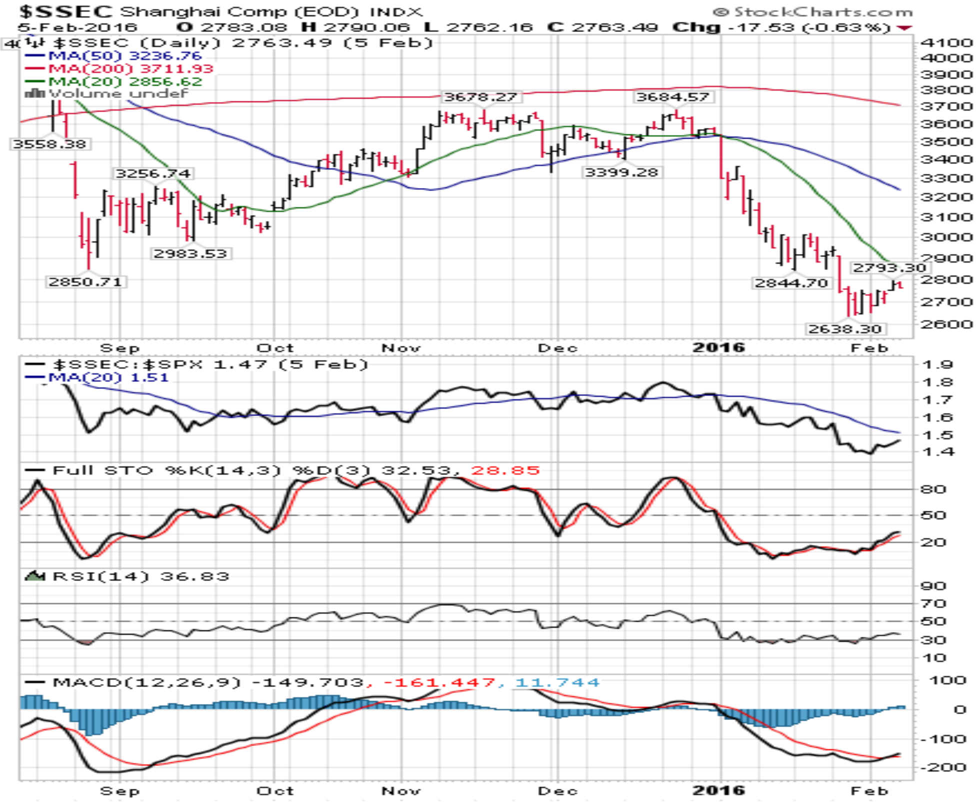
Intermediate downtrend was extended on a move below 16,017.26. Strength relative to the S&P 500 Index changed to negative from neutral.

The Average remains below its 20- day moving average.

Short-term momentum indicators are trending down and are oversold.



The Shanghai Composite Index was closed due to the Chinese New Year holiday.



Emerging Markets iShares dropped $0.69 (2.30%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index changed last week remained positive.

Units dropped below their 20-day moving average.

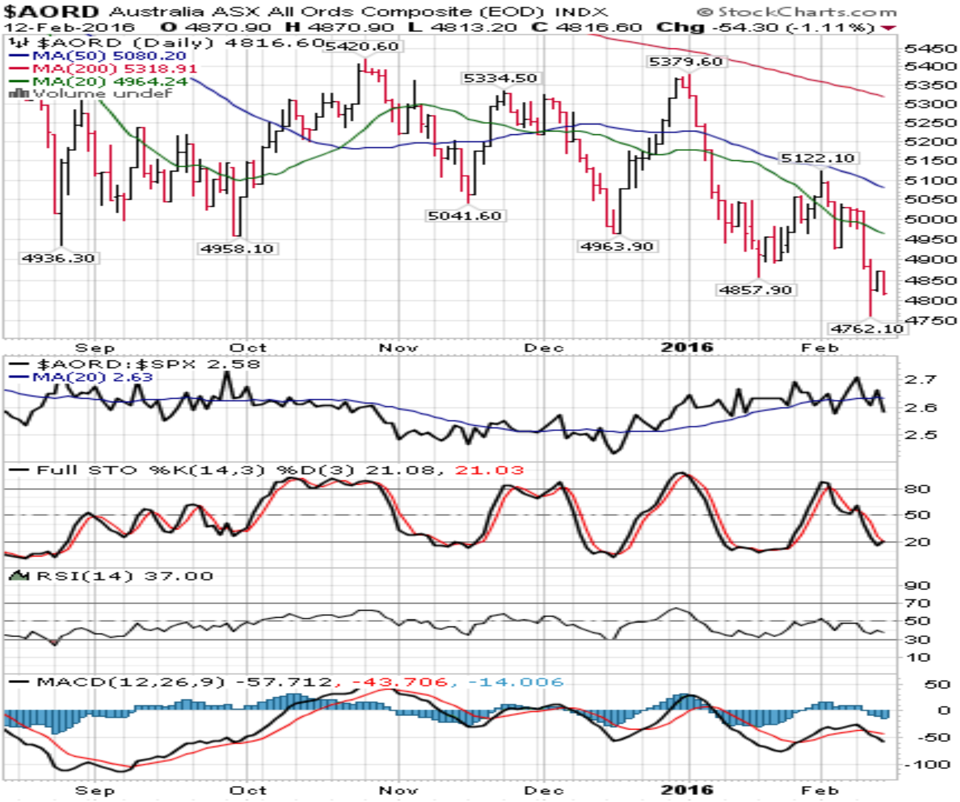
Short-term momentum indicators are trending down.

The Australia All Ordinaries Comp Index dropped 209.00 points (4.16%) last week.

Intermediate downtrend was extended on a move below 4,857.90. Strength relative to the S&P 500 Index changed to Neutral from Positive.

The Index fell below its 20-day moving average last week.

Short-term momentum indicators are trending down.



European Equity markets commentary & weekly charts

The DAX 30 lost 31points last week.

Intermediate trend remains neutral. Strength relative to the S&P 500 Index remains positive. The Average moved above its 20-day moving average.

Short-term momentum indicators are oversold, but are showing signs of bottoming.

The CAC 40 lost 69 points last week.

Intermediate trend remains neutral. The Average moved above its 20-day moving average.

Short-term momentum indicators are trending up and are oversold, and are showing signs of bottoming.

The AEX 25 gained 7 points last week.

Intermediate trend remains neutral. Strength relative to the S&P 500 Index remains positive. The Average moved above its 20-day moving average.

Short-term momentum indicators are oversold, but are showing signs of bottoming.

The IBEX 35 gained 35 points last week.

Intermediate trend remains neutral. Strength relative to the S&P 500 Index remains positive. The Average broke above its 20-day moving average.

Short-term momentum indicators are trending up and are oversold, but are showing signs of bottoming.

The FTSE gained 163 points last week.

Intermediate trend is neutral. The Average broke above its 20-day moving average.

Short-term momentum indicators are trending down and are oversold, but are showing signs of bottoming.

Europe iShares dropped $0.84 (2.33%) last week.

Intermediate downtrend was extended on a move below $35.31. Strength relative to the S&P 500 Index remained Neutral.

Units remain below their 20-day moving average.

Short-term momentum indicators are trending down, but are oversold and showing early signs of bottoming.

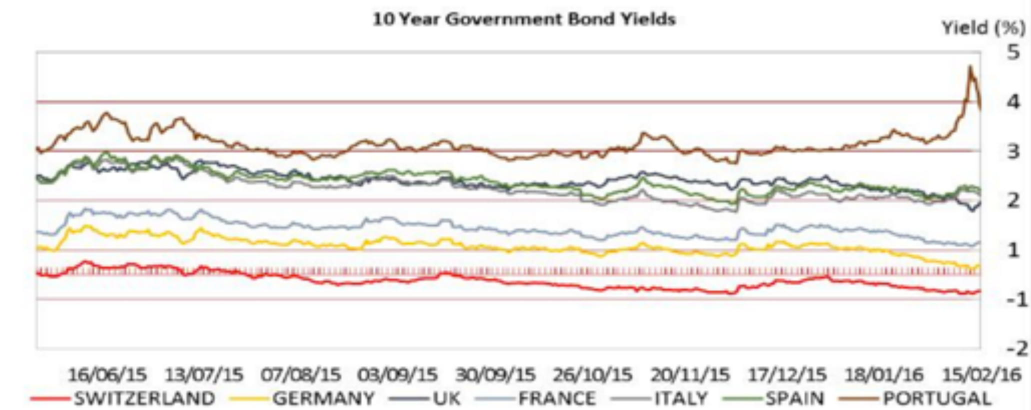
Fixed Income markets commentary & weekly charts

EURO Bonds

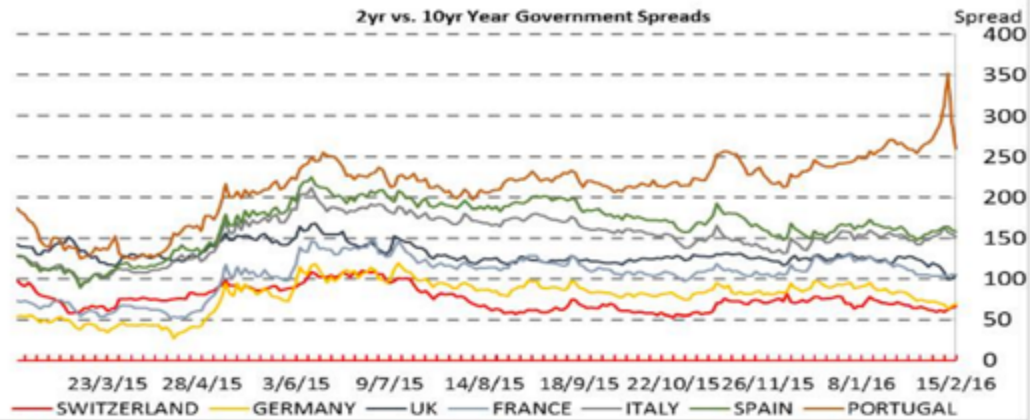
As per our 2016 Global Investment Strategy Outlook for 10-Y government bonds, European 10-Year government bonds have not fully reached our 2016 price targets yet.

Country	Latest yield	Spread vs bund	Spread vs T-bonds
Australia	2.52%	+2.27	+0.77
Austria	0.57%	+0.32	-1.18
Belgium	0.61%	+0.36	-1.13
Canada	1.14%	+0.89	-0.60
Denmark	0.59%	+0.34	-1.16
Finland	0.58%	+0.33	-1.17
France	0.62%	+0.37	-1.13
Germany	0.25%	--	-1.49
Greece	11.32%	+11.07	+9.57
Ireland	0.89%	+0.64	-0.86
Italy	1.59%	+1.34	-0.15
Japan	0.09%	-0.16	-1.66
Netherlands	0.39%	+0.14	-1.35
New Zealand	3.06%	+2.81	+1.31
Portugal	3.33%	+3.08	+1.58
Spain	1.70%	+1.45	-0.05
Sweden	0.78%	+0.53	-0.97
Switzerland	-0.29 %	-0.54	-2.03
UK	1.45%	+1.20	-0.30
US	1.75%	+1.49	--

We are recommending continuing to invest in French, Spanish, Italian 10-Year government bonds currently, However, we are recommending taking profits in German 10-Y Bunds.



We can see yields in France and the Benelux move down by another -20bps to -40 bps over the next 3 months, and similarly to decline by -30bps to -50bps in Spain, Italy, Portugal and Greece.



Major European 10 year benchmark bonds: average price and yield (11:00 UK Time)						
Issuer	ISIN	Coupon	Maturity	11:00 Price	11:00 Yield	Yield daily Δ
SWITZERLAND (GOVT)	CH0184249990	1.5	2025-07-24	117.700	-0.342	0.001
GERMANY(FED REP)	DE0001102382	1	2025-08-15	107.520	0.199	0.012
UK(GOVT OF)	GB00BTHH2R79	2	2025-09-07	104.764	1.464	0.069
FRANCE(GOVT OF)	FR0012938116	1	2025-11-25	103.415	0.638	-0.009
ITALY(REP OF)	IT0005127086	2	2025-12-01	103.810	1.578	-0.066
SPAIN(KINGDOM OF)	ES00000127G9	2.15	2025-10-31	104.104	1.687	-0.060
PORTUGAL(REP OF)	PTOTEKOE0011	2.875	2025-10-15	96.313	3.326	-0.328
Issuer	ISIN	Coupon	Maturity	11:00 Price		Price daily Δ
GREECE(REP OF)	GR0128013704	3	2026-02-24	55.517		1.396

US Bonds

Yield on 10 year Treasuries dropped another 10 basis points (5.41%) last week.

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

Short-term momentum indicators are trending down and are oversold, but show early signs of bottoming.

The long term Treasury ETF gained $2.78 (2.16%) last week.

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

Currencies commentary & weekly charts

The Euro gained another 0.91 (0.82%) last week.

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

Short-term momentum indicators are trending up and are overbought, but have yet to show signs of peaking.

The US$ Index dropped another 1.03 (1.06%) last week.

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

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

The Japanese Yen gained another 2.82 (3.30%) last week.

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

Short-term momentum indicators are trending up and are overbought, but have yet to show signs of peaking.

The Canadian Dollar added another US 0.29 cents (0.40%) last week.

Intermediate trend remains down. The C4 remains above its 20-day moving average.

Short-term momentum indicators have rolled over from overbought levels.

Commodities commentary & weekly charts

The CRB Index dropped 1.57 points (0.97%) last week.

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

The Index remains below its 20-day moving average.

Short-term momentum indicators changed on Friday to Mixed.

Copper dropped $0.07 per lb. (3.33%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains Positive.

Copper slipped below its 20-day moving average last week.

Short-term momentum indicators are trending down.

Lumber dropped $4.80 (1.90%) last week.

Intermediate trend remains Neutral. Relative strength remains Positive.

Lumber remains below its 20-day MA. Short term momentum: Down.

The Grain ETN dropped $0.33 (1.00%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains Positive.

Units remain below their 20-day moving average.

Short-term momentum indicators are trending down.

The Agriculture ETF dropped $1.27 (2.89%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains Positive.

Units fell below their 20-day moving average last week.

Short-term momentum indicators are trending down.

Gold & precious metals commentary & weekly charts

Gold jumped $80.80 per ounce (6.98%) last week.

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

Gold remains above its 20-day moving average.

Short-term momentum indicators are trending up and are overbought, but have yet to show signs of peaking.

Silver jumped $1.01 per ounce (6.83%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index remains positive. Silver remains above its 20-day moving average.

Short-term momentum indicators are trending up and are overbought, but have yet to show signs of peaking.

Strength relative to Gold remains Neutral.

Platinum gained $53.80 per ounce (5.95%) last week.

Intermediate trend remains Neutral. Relative strength remains positive.

$PLAT trades above its 20-day MA. Momentum is in an Uptrend.

Palladium added $24.80 per ounce (4.97%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains Positive. $PALL remains above its 20-day moving average.

Short-term momentum indicators are trending up.

Oil, gas & energy commentary & weekly charts

$WTIC dropped $1.87 per barrel (6.05%) last week despite Friday's gain of 6.30%.

Intermediate trend remains down. Strength relative to the S&P 500 Index has changed to Positive

Crude remained below its 20-day moving average. Short-term momentum indicators are trending down, but are oversold and showing signs of bottoming.

Natural Gas dropped $0.09 per MBtu (6.05%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains negative.

$NATGAS remains below its 20-day moving average.

Short-term momentum indicators are trending down.

Gasoline added $0.04 per gallon (4.04%) last week including a 7.40% gain on Friday.

Intermediate trend remains down. Strength relative to the S&P 500 Index changed on Friday to Neutral from Negative.

$GASO closed on Friday at its 20-day moving average.

Short-term momentum indicators changed on Friday to Up from Down.

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