



Creative Global Investments

Morning market commentary & charts

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Objectivity

Integrity

Creativity

Macro Commentary

Stocks in Asia managed to shrug off weak readings on China's manufacturing as investors continued to cheer the People's Bank of China's cut to the reserve requirement ratio and amid stronger oil prices.

Manufacturing activity across much of Asia shrank in February while factory growth waned throughout Europe, dealing a further blow to policymakers who are struggling to stimulate their economies and spur inflation. Chinese producers suffered a seventh straight month of decline in February, a Purchasing Managers' Index (PMI) survey showed just a day after the People's Bank of China resumed a policy easing cycle in a fresh effort to drive growth.

The Caixin Purchasing Managers Index fell to 49.0 in February from 49.4 the month before, missing consensus forecasts for an unchanged reading. Meanwhile, the official manufacturing PMI from China's National Bureau of Statistics also disappointed, falling to 49.0 versus 49.4 the month before and forecasts for the same.

In Europe, the Eurozone jobless rate declined to 10.3% in January from 10.4% in December. The number of people unemployed in the Eurozone fell by 105,000 to 16.65 MN. The Eurozone's jobless rate hit a high of 12.1% during 1H of 2013. In the 28-member European Union the unemployment rate fell to 8.9%. That was down from 9% in December and the lowest rate recorded since May 2009. The lowest unemployment rate in the Eurozone was in Germany at 4.3%, while the highest rates were in Spain, at 20.5%, and Greece, at 24.6%.

Markit's manufacturing PMI for the Eurozone dropped to 51.2 from January's 52.3. A worsening global picture is compounding lackluster domestic demand.

Consumer prices across the region were 0.2% lower last month than a year earlier. The return of deflation is seen as increasing the likelihood that the European Central Bank will announce more stimulus measures at its meeting next week on 10 March. This will probably mean more quantitative easing - buying financial assets with newly created money. Another expected measure is a further cut to its bank deposit rate, which is already in negative territory. This means commercial banks are penalized for depositing their reserves with the central bank in the hope they will lend their cash to the private sector.

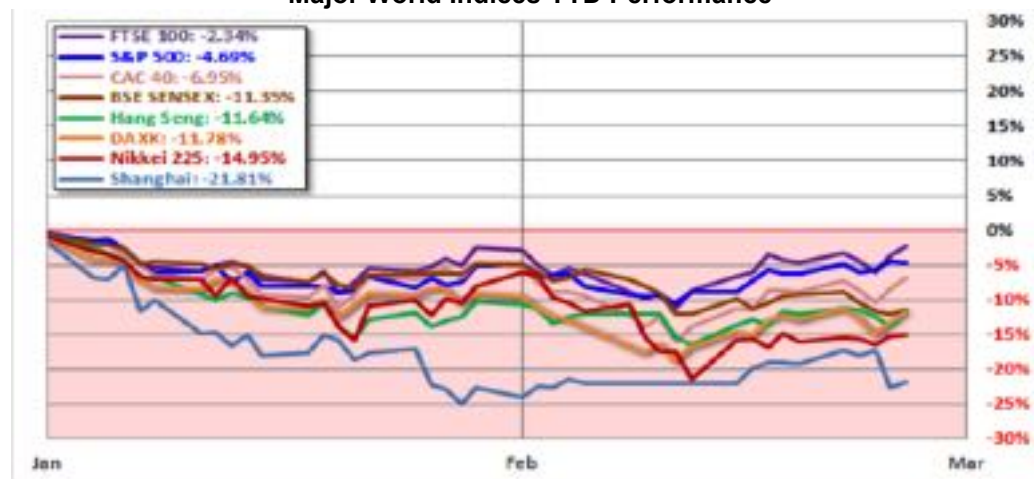
Despite improving employment data, we see the European Central Bank under growing pressure to step up support for the Eurozone's flagging economy after the bloc slipped back into negative inflation in February. The drop in prices marked the third time in a year that inflation has turned negative, fanning fears that the Eurozone is headed for all-out deflation. The news cemented market expectations that the ECB would use its meeting next week to inject fresh cash into the single currency bloc and to cut a key interest rate further into negative territory.

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Equity Markets Commentary

Global equity markets rebounded moderated over the past week. The UK's FTSE 100 was the top performer, up 2.45%. The Shanghai Composite Index was the biggest loser, down 3.25%. India's SENSEX 30 was the other index with a weekly loss, down 2.34%. Six of eight-index world watch list posted gains, but the average of the eight was only 0.47%, a sharp decline from the 4.51% average of the previous week.

Major World Indices YTD Performance



Major World Indices Performance since September 2009



For some Asian, European and US equity markets and sectors the beginning of March marks the beginning of the period of seasonal strength, and has been a great opportunity for investors to “time” allocations accordingly and to achieve alpha in a short period of time.

However, this is just going to be a short term relief rally, as we see clear signs of US and major foreign equity markets that bear markets are here to stay for quite a while. Nevertheless, we see the potential upside for the major indices as much as 7% to 13% until the end of the month/quarter.

The following is just a reprint of our part of our report from yesterday, which we think is noteworthy for investors to read carefully more than once.

A simple way to define if equities are in a bull or bear market is to evaluate the relationship of the daily 50-EMA and 200-EMA. **When the daily 50-EMA is below the 200-EMA, as it has been since January 13, we see equities to be in a bear market.**



The monthly PMO has been a fairly reliable indicator for identifying market tops and bottoms. PMO direction changes are the first indication that price may be preparing to reverse direction, but clearly this results in a lot of false signals. A less frequent event is when the PMO crosses down through its signal line (10EMA), and this is what we use to confirm the primary indicator. We especially like to see relatively smooth crossovers following overbought tops, such as occurred in 2007 and 2015.

The chart below shows about 85 years of the monthly PMO performance, and for the most part the historical PMO movement confirms the general rule that, when the monthly PMO is below its signal line and falling, a bear market is in progress. For now, we advise for Investors to rely on history and take the lead from the declines from the 2000 and 2007 market tops, and monitor the monthly PMO likely to continue downward and possibly cross down through the zero line before a long-term price bottom forms.



Asian Equity markets commentary

Some Asian equity markets are entering their period of seasonal strength, such as the Nikkei 225 and the Shanghai Composite Index

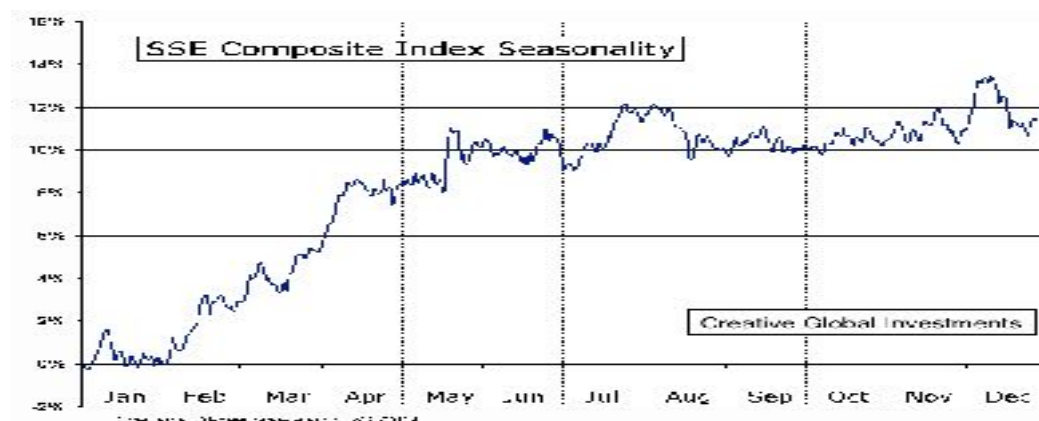


The \$NIKK short-term technical outlook is positive, with MACD and RSI trending higher. The index has broken above its 20-day moving average, and the next resistance is 17,000 or at the 50-day moving average.

We see the \$NIKK likely retest the 18,000 level by the end of this month/quarter/fiscal year.



The Shanghai Composite index also experiences its strongest period in the month of March, due to Chinese fiscal year end phenomenon being March 31st.



The \$SSEC is extremely oversold. The short-term technical outlook for the \$SSEC is neutral. MACD is trending higher, RSI near lows.

The index has broken below its 20-day moving average, however, we believe the \$SSEC will rally from current levels and end the year (Chinese fiscal year end March 31st) significantly higher.

We believe there can be enough momentum created for the \$SSEC to retest the psychologically important resistance level of 3,000, and possibly rally towards the 50-day moving average resistance level of 3,088 by the end of this month/quarter/fiscal year.





The \$HSI short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20-day moving average, and the next resistance is 20,024 or at the 50-day moving average.

We see the \$HSI likely retest the 22,000 level by the end of this month/quarter/fiscal year.



European Equities Commentary

Seasonal influences of European equity markets turn higher at this time of year. Their strength relative to the S&P 500 Index is starting to turn positive. The European Central Bank is expected to add monetary stimulus at its next meeting in mid-March.

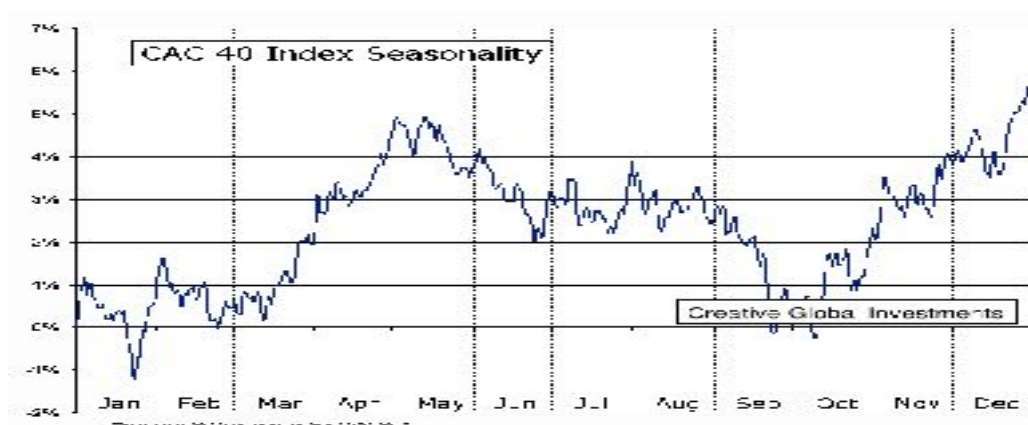


The \$DAX short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20-day moving average, and the next resistance is 9,748 or at the 50-day moving average.

Given the fact that most DAX constituents are entering their dividend payout month(s) and considering how oversold the DAX is currently, we believe it would be right for investors looking for total return to overweigh the \$DAX, as we see enough technical momentum for the \$DAX likely to retest the 10,000 level by the end of this month/quarter.



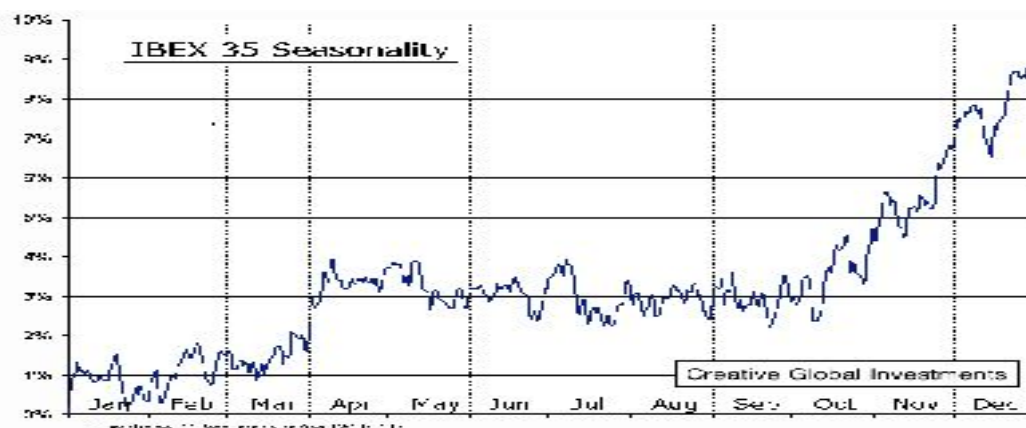


The \$CAC short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20-day moving average, and the next resistance is 4,363 or at the 50-day moving average.

Given the fact that most CAC constituents are entering their dividend payout month(s) and considering how oversold the CAC is currently, we believe it would be right for investors looking for total return to overweigh the \$CAC, as we see enough technical momentum for the \$CAC likely to retest the 4,450 level by the end of this month/quarter.



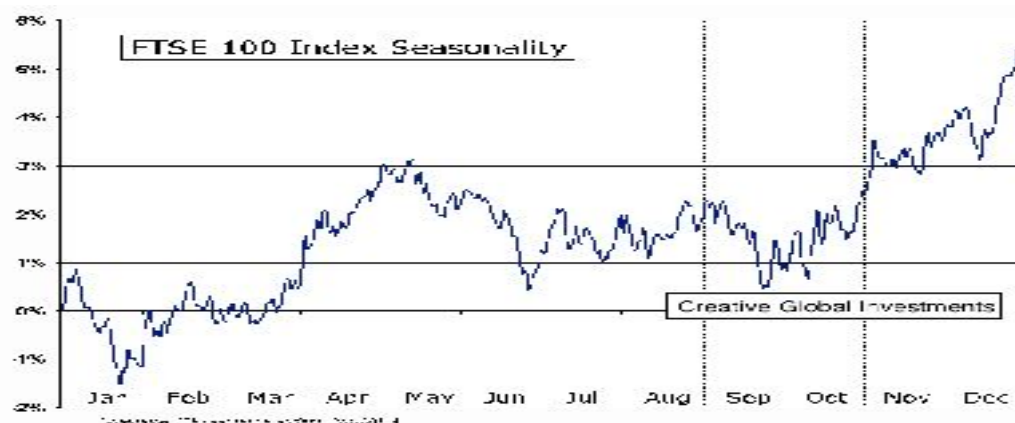


The \$IBEX short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20-day moving average, and the next resistance is 8,706 or at the 50-day moving average.

Given how oversold the \$IBEX currently is, we believe it would be right for investors looking for total return to overweigh the \$IBEX, as we see enough technical momentum for the \$IBEX likely to retest the 9,300 level by the end of this month/quarter.





“Brexit” or not?

That is the question!

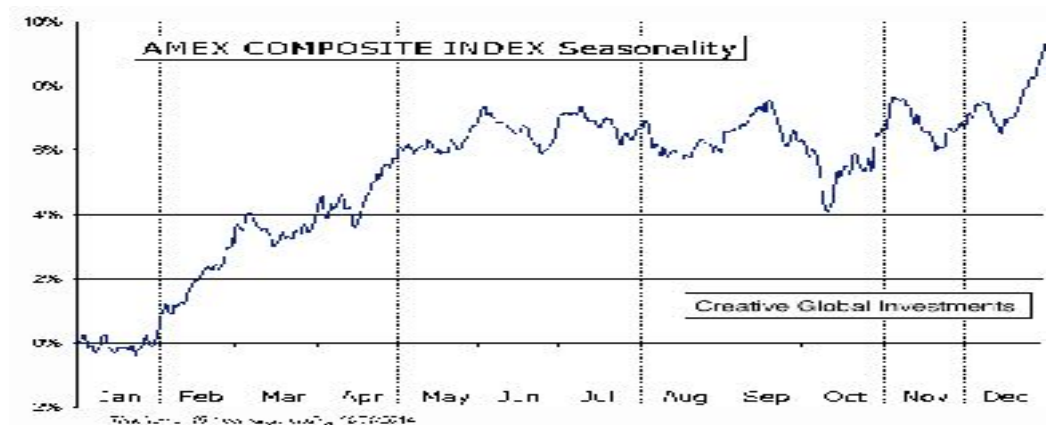
The \$FTSE short term technical outlook is positive, with MACD and RSI trending higher, but close to reaching overbought levels.

The index has broken above its 20-day and 50-day moving averages, and the next resistance is 6,314 or at the 200-day moving average.

We see enough technical momentum for the \$FTSE likely to retest the 6,400 level by the end of this month/quarter.



US Equities Commentary

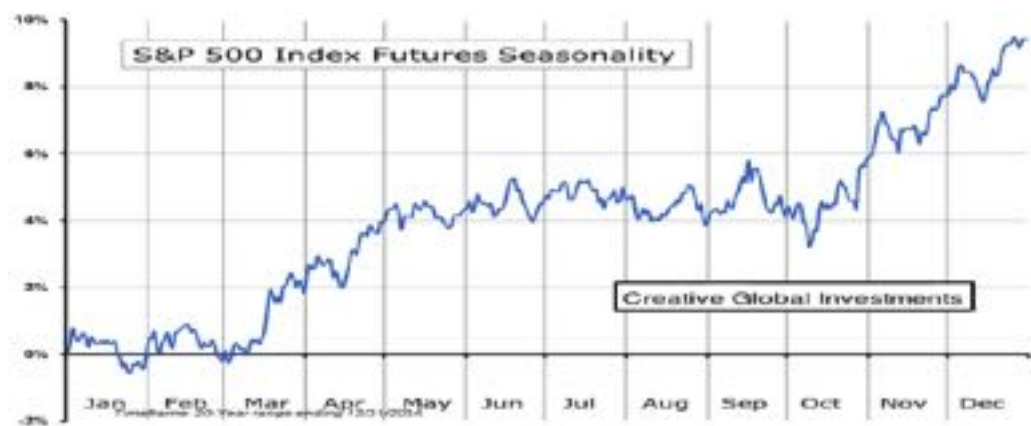


The \$XAX short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20- and 50-day moving averages, and the next resistance is 2,241 or at the 200-day moving average.

We believe it would be right for investors looking for total return to overweight the \$XAX, as we see enough technical momentum for the \$XAX likely to retest the 2,200 level by the end of this month/quarter.





The \$SPX short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20- and 50-day moving averages, and the next resistance is 2,025 or at the 200-day moving average.

We see enough technical momentum for the \$SPX likely to retest the 2,075 level by the end of this month/quarter.





The \$GSPAU short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20- and 50-day moving averages, and the next resistance is 125 or at the 200-day moving average.

We see enough technical momentum for the \$GSPAU likely to retest the 127 level by the end of this month/quarter.





The \$DJUSAR short-term technical outlook is positive, with MACD trending higher.

The index has broken above its 20- and 50- and 200-day moving averages, and the next resistance is 255.

We see enough technical momentum for the \$DJUSAR likely to retest the 265 level by the end of this month/quarter.





The \$BKX short-term technical outlook is positive, with MACD and RSI trending higher.

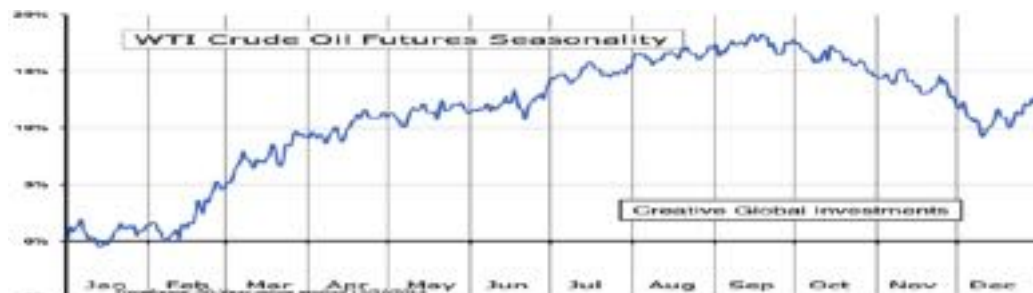
The index has broken above its 20-day moving averages, and the next resistance is at 65 or at the 50-day moving average.

We see enough technical momentum for the \$BKX likely to retest the 72 or 200-day moving average level by the end of this month/quarter.



Oil Commentary

WTI crude oil is becoming interesting from a technical and seasonal perspective and investors should be adding aggressively towards the commodity.



Crude Oil at \$33.39 when strength relative to the S&P 500 Index turned positive.

Technical buying is triggered on a move above \$34.82 when a base building pattern is completed.

\$WTIC has broken above both the 20-and 50-day moving averages and the next resistance level is \$38. We believe with the short term technical outlook positive as it is, and OPEC talks in progress, as a tailwind, there is a good chance for \$WTIC to move towards \$43 by the end of this month/quarter.



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