



Creative Global Investments

Weekly global equities strategy & charts

Monday, March 12th, 2018

Global macro & geo-political commentary

Carlo R. Besenius
Chief Executive Officer
cbesenius@cg-inv.com



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

Stjepan Kalinic
Market Strategist (CMT)
skalinic@cg-inv.com



On the other hand,

Creative Global
Investments LLC
115 East 57th Street 11th
Floor New York, NY 10022
Tel: 212 939 7256
Mob: +385 9152 95916

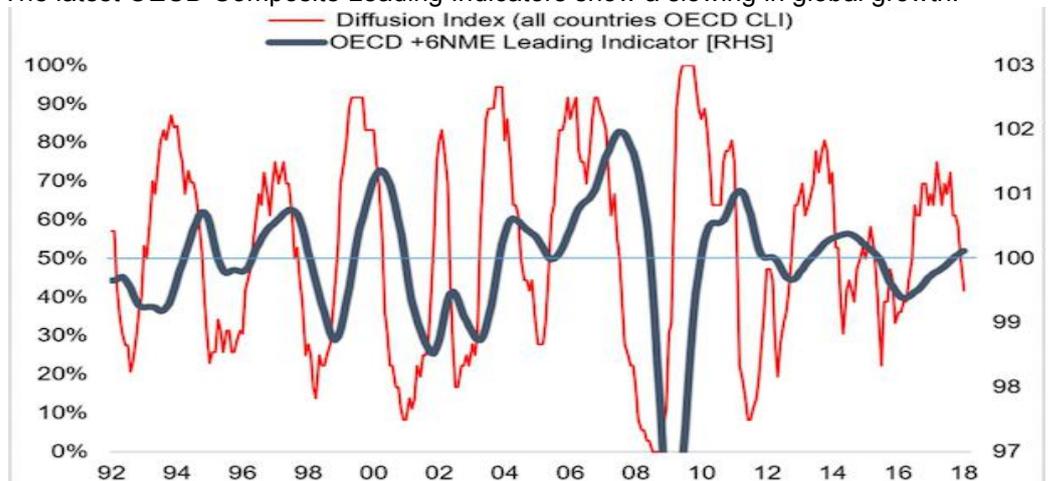
Objectivity

Integrity

Creativity

Financial Markets have been somewhat stalling since mid February. Investors are struggling to connect the political hype with the visible changes in the hard data. As we pointed out in prior reports, leading indicators such as the Baltic Dry Index, and PMI data have shown that Q1 has been softening globally. Is this purely related to seasonal adjustments, or should investors brace themselves for global growth to abate versus expectations?

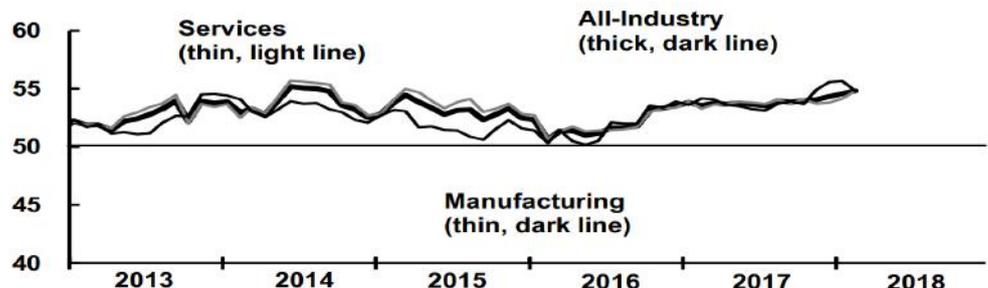
The latest OECD Composite Leading Indicators show a slowing in global growth.



To the contrary, the JP Morgan Global Services PMI showed accelerating growth in the global service sector and hit 54.8 in February with business activity rising at the fastest pace in 3 years and new order inflows with the biggest increase end of 2014. Employment is at the highest rate in 33 months while the only sector with slowed growth being consumer services. The JP Morgan Global Manufacturing Index contributed to the Global All-industry Output Index hitting a 41-month high of 54.8 and showing expansion for 65 successive months. Rate of input price inflation remained steady at its 6-and-a-half year high. With a value of 65.0 in the category of Future Output the index signals growth to a greater extent.

JPMorgan global PMI output

Diffusion Index, sa



IMPORTANT DISCLAIMER: As a company purely focused on research, CGI LLC has no business relationships with the company covered in this report, be it investment banking, consulting or any other type of relationship. In addition, CGI LLC does not seek and does not intend to seek in the future any such businesses, maintains complete independence and has no conflicts of interest related to the companies in its research universe. Neither the analysts responsible for this report nor any related household members are officers, directors, or advisory board members of any covered company. No one at a covered company is on the Board of Directors of CGI LLC or any of its affiliates. In addition, CGI LLC and its employees, including the analyst who wrote this report, hold no equity, debt or other linked derivative investments, the value of which is related in any way, directly or indirectly, to the operating and stock price performance of the company covered in this report. No such investment positions are held in any of the competitors, suppliers or customers of the companies in our coverage universe. This report is provided for information purposes only. It should not be used or considered as an offer of securities and it does not represent a solicitation to either buy or sell any securities or derivatives thereof.

The chart of the Baltic Dry Index (\$BDI) is showing continuing signs of investors to disbelieve in the current global macro-momentum. **The \$BDI has rolled over from its peak in December, and there is increasing danger of the “death cross formation” causing further damage, risking to retest the 1,000 levels.**



As for commodities in general, investors' concerns are rising. Gauging by the following chart of the CRB/Reuters Commodities Index, it seems that investors are pricing in a demand peak, and similarly for price dynamics. The \$CRB struggled to make progress in February. The chart shows that the \$CRB made a lower high and a lower low last month, risking the breakout above 196 we saw in January 2018 to be put in question.



In Asia, Japan's Prime Minister Shinzo Abe announced an upcoming meeting with President Trump in April, ahead of the US President's visit to North Korea end of May to strengthen the economic and military pressure on North Korea. The topic of the recent import tariffs imposed by the US is expected to be addressed as well, as the United States account for about 19.3% of Japan's exports, making it Japan's biggest trade partner. A rise in global demand for technological products has caused an investment increase in autos, semiconductors and precision machinery. The public board of the BOJ released an official monetary policy statement announcing a negative short-term policy interest rate of -0.1% and plans to purchase Japanese government bonds to keep the 10-year JGB yields at around 0%. The BOJ furthermore expects the economy to continue a moderate expansion and will continue its quantitative and qualitative monetary easing to achieve a price stability target of 2%. Japan's economy grew annualized 1.6% October-December and an annualized growth rate of 0.4% was reported, revising the initial prediction of 0.1% in an upwards manner. Private inventory contributed the biggest part to the upward revision due to rising stock of crude oil and natural gas, steel products, electronic parts and devices. Eager to shake the deflationary mindset that the country got used to during 15 years of falling prices

In China, the relationship with the USA recently escalated as President Trump's protectionist import tariffs are targeting the Chinese economy directly. China's Foreign Minister Wang Yi stated that China would respond in a justified and necessary manner but want to avoid a trade war. Mobile phone, computer equipment and apparel makers both in the US and China will be affected severely by the latest trade limiting measures.

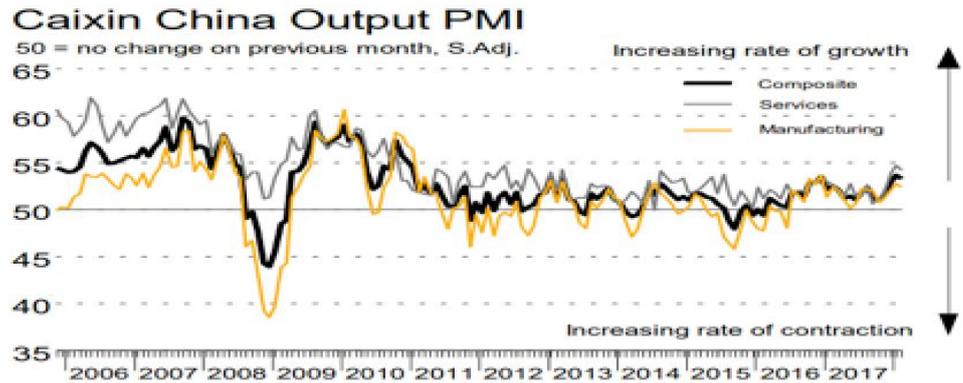
Several days into the first official press conference of the 13th National People's Congress, China's government covered fiscal and tax reforms, foreign policy and financial development. Zhou Xiaochuan, People's Bank of China's governor reported a stage of stabilizing leverage ratio and announced a gradual reduction respectively. With a decrease in debt-to-GDP ratio from 36.7% (2016) to 36.2% (2017), China remains far below the international alert line of 60%. Not giving a growth target for M2, Zhou is targeting more precise measures for assessing the monetary policy, such as inflation level and employment rate (3.9%). Inflation rate, currently at a 4-year high of 2.9% after a 6-year low of 1.5% in January, is mostly influenced by the politically sensitive food prices (4.4% inflation rate). Zhou expects liquidity conditions not necessarily becoming tight as the country is improving the utilization efficiency of broad money supply. President Xi Jinping, trying to challenge the US supremacy in the Indo-Pacific region expects lawmakers to approve an increased military budget during the conference and the government decided to eliminate presidential term limits potentially setting up the President for a life-long leadership.

Xiao Yaqing, head of the State-owned Assets Supervision and Administration Commission reported a 22.6% increase in business profit and a 10.9% rise in revenues for China's centrally administered state-owned enterprises.

Major targets for 2018 in regards to the development of the nation include GDP growth of around 6.5%, CPI increase of 3%, an urban unemployment rate of 5.5%, 11 MN new urban jobs and a drop of 3% in energy consumption per unit of GDP. Taking an average GDP growth of 7.1% over the last 5 years into account, China is not aiming for the stars but wants to continue its steady development. Furthermore, Chinese lawmakers are planning a new basic law to promote and protect foreign investment, said Zhang Yesui, Vice-Foreign Minister and spokesperson for the first session of the press conference.

Unexpectedly, China reported a trade surplus of USD 33.74 BN for February with exports skyrocketing by 44.5% y-o-y to USD 171.6 BN and imports marginally increasing by 6.3% to USD 137.9 BN.

The Caixin China Composite PMI signals a strong increase in overall business activities in China ending February at 53.3 after a seven-year record high of 53.7 in January. The rate of input price inflation was reported as sharp but subsiding.

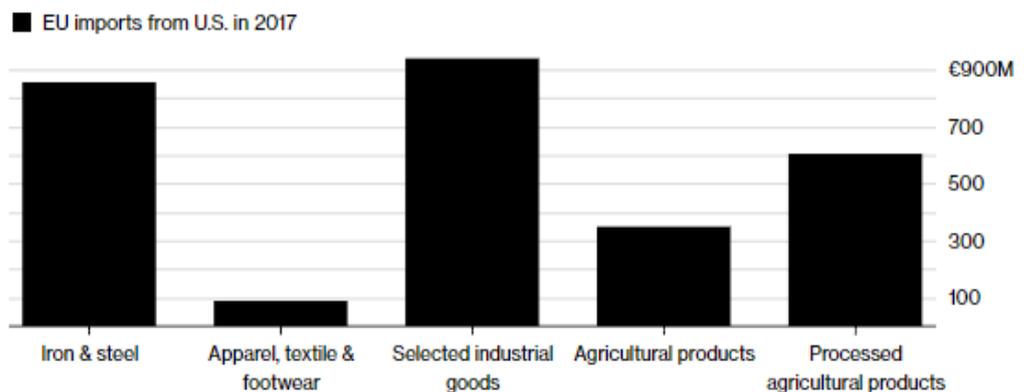


For investors the big question remains if and how China will retaliate against the impending tariffs imposed by President Trump. The markets might enter a phase of volatility with electronic suppliers being the major targets in this possible trade war.

According to the Nikkei ASEAN Manufacturing PMI, which rose from 50.2 to 50.7, the ASEAN region experiences a faster rise in output, new orders and employment whereas export sales decline marginally and input cost inflation remains at a ten-month high. With Vietnam as the highest ranked in the PMI at 53.5 and Singapore at the bottom of the list (46.8) the outlook for factory jobs remain mixed due to continued signs of spare capacity.

In Europe, the ECB decided to let the interest rate on its main refinancing operations (0.00%), the interest rate on the marginal lending facility (0.25%) and the interest rate on the deposit facility remain unchanged and expects the rates to stay at their present levels for an extended period of time. Net asset purchases (currently EUR 30 BN per month) are intended to run until end of September.

The European Union is trying to stop President Trump's impending tariffs on foreign steel and aluminum, expecting a global trade war that will result in all nations suffering. The EU announced to respond with tariffs on jeans, motorcycles, peanut butter, orange juice, bourbon whiskey and t-shirts. Such retaliatory measure would isolate the US further and would harm their economy quite significantly. Plans to file a WTO case are being discussed, confident that the US would be put in their place in case of an official hearing.

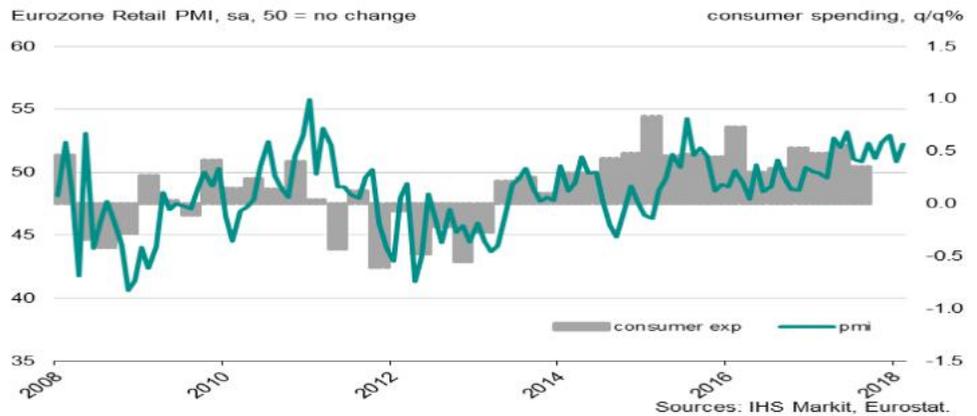


Source: European Commission

The Eurozone Composite PMI data revealed a robust output growth in the Euro area despite the index hitting a 4-month low in February at 57.1 while the Eurozone Services Business Activity Index was reported at 56.2. Although the top 5 countries Germany, France, Spain, Ireland and Italy are all facing the lowest values for 3-8 months, new business expanded solidly and backlogs of work rose subsequently. The apparent speed bump is not expected to hinder the strongest quarterly expansion for 12 years indicated by the PMI data.

The Eurozone Retail PMI rose to 52.3 from 50.8 in January with a solid and quickened growth rate. Like-for-like sales are on an 11-month high and solidify the positive outlook for the European retail sector, which is also shown in the highest measure of business confidence over the last year. Gross margins remain squeezed and indicate that the conditions for business are still challenging.

IHS Markit Eurozone Retail PMI



Eurozone Manufacturing PMI reported at 58.6 saw a broad expansion across all nations and sub-sectors in February. The strongest growth came from the investment goods sector, followed by intermediate goods and consumer products. Manufacturing production showed a further increase but seems to slow down which could be an early sign for a further easing in the coming months. Job growth was evident in all nations with the Netherlands, Germany and Austria leading the pack.

Although the index fell for the second month in a row, factories are still having the best growth for 18 years but signs for a slow down also become evident in new export order inflows that hit an 11-month low caused by the appreciation of the Euro.

IHS Markit Eurozone Manufacturing PMI



In Germany, the Statistisches Bundesamt reported an 8,6% increase in exports (107,1 EUR BN) and a 6.7% rise in imports (EUR 89.7 BN) resulting in a trade surplus of EUR 17,4 BN). Industrial production was 0.1% lower compared to December and labor cost rose by 2.1% compared to the previous year surpassing the EU average for 6 years in a row.

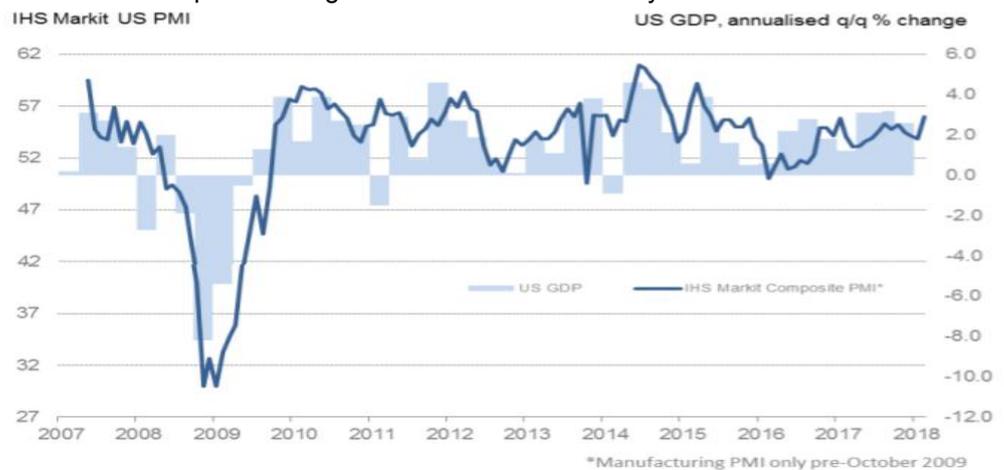
In the UK, the BOE reported consumer inflation to rise to the highest level in more than three years and miss the target of 2%. The depreciation of the pound as one of the major factors for the rise in inflation is fuelling the price growth. The trade deficit increased by 0.6 BN GBP to GBP -3.074 BN primarily caused by a rise in the imports of goods (2.6%) such as aircrafts and cars from non-EU countries and refined oil from EU countries. The imports of goods and services totaled to GBP 56.72 BN in January whereas exports rose slightly lower (1.6%) to a total of GBP 53.65 BN.

In the Americas, US President Trump announced to attend an unprecedented meeting with North Korea's leader Kim Jong Un to presumably discuss the handling of nuclear warheads. The announcement was made shortly after the United States promised sanctions over North Korea for the murder of Kim Jong Un's half-brother Kim Jong Nam.

The US employment rate was reported as 4.1% for the month of February by the Secretary of Labor Alexander Acosta, remaining at a 17-year low. The strongest non-farm job growth (313,000 new jobs) since President Truman's election was primarily supported by the goods-producing industries such as manufacturing (31,000), mining (9,000) and construction (61,000) but also retail trade (50,000), financial activities (28,000) and professional and business services (50,000). Average hourly earnings for all non-farm private employees rose by 4 cents to \$26.75.

PMI data for the US show the strongest rise in private sector output since November 2015 with the Flash US Composite Output index at a 27-month high of 55.9, the Flash US Services Business Activity Index at a 6-month high of 55.9, the Flash US Manufacturing PMI at a 40-month high of 55.9 and the Flash US Manufacturing Output Index at a 2-month low of 56.1.

Sharp increases in both manufacturing production and service sector activity as well as strong new business growth were some of the highlights of the recent report. Trust and confidence regarding the business activity over the next 12 months reached their strongest value since May 2015. Meanwhile, intensified cost pressures contributed to the fastest rate of prices charged inflation for almost 3.5 years.



Sources: IHS Markit, U.S. Bureau of Economic Analysis.

Business activity growth was supported by a continued rebound in new order volumes and the fastest job creation since August 2017 did not prevent a further rise in backlogs of work across the entire service sector. An increase in incoming new business supported the headline PMI while manufacturing production remained unchanged. Overall, enthusiasm and optimism dominate the business landscape and further increase across all relevant measures are expected. In spite of the recent developments in an impending trade war and the plans to exclude certain countries from the trade tariffs, President Trump seems to attempt to repeat measures that already failed under President George W. Bush when the WTO ruled against the US and issued retaliatory sanctions.

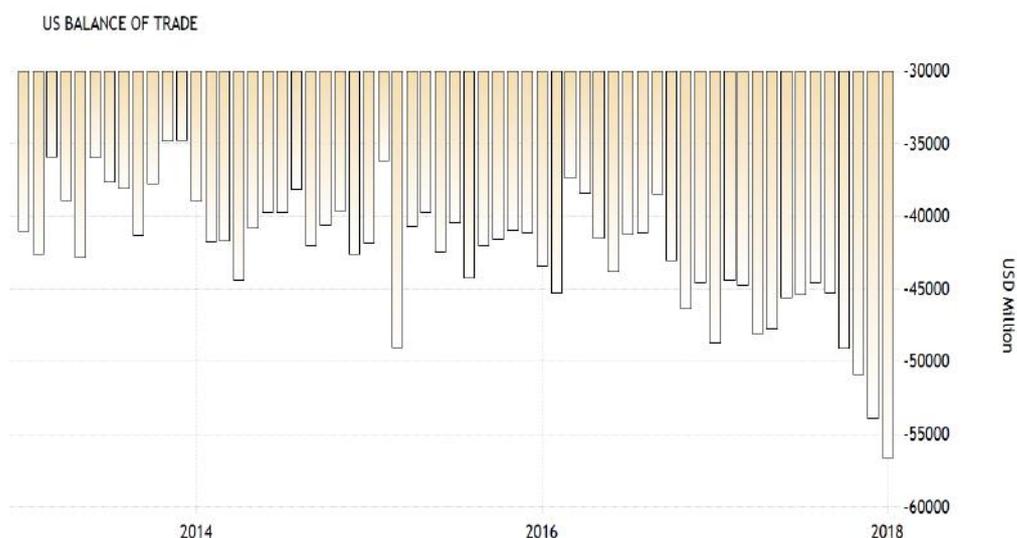
Another major macro event of last week was the US trade deficit for January widened by more than what economists consensus forecasts were. The US trade gap in goods and services for January expanded 5.0% from the prior month to a seasonally adjusted \$56.60 BN. It was the fifth straight month of a rising deficit, reaching its highest level in more than nine years. The overall trade deficit in January was the largest since October 2008. Excluding services, the trade gap for goods alone was the largest since July 2008.

The wider deficit in January was driven by moves in two categories, oil and airplanes, that should moderate going forward. Data on international trade can be volatile from month to month, and the figures weren't adjusted for inflation. Still, the broader trend also shows a widening trade deficit. Compared with a year earlier, the trade gap in January widened 16.2% as imports climbed 7.4% and exports rose a more modest 5.1%.

Imports were unchanged from December, with a rise in petroleum imports offset by declines in other categories. Exports fell 1.3% in January, including reduced shipments of capital goods and industrial supplies.

The monthly trade deficit in goods with China widened to its highest level since September 2015, and the US goods deficit with Canada hit its highest level since the end of 2014. The politically sensitive trade deficit with China surged 16.7% to USD 36.0 BN (vs. USD 30.8 BN in December), the biggest since September 2015. The deficit with Canada was USD 3.6 BN (vs. 2.2 BN in January), the largest in 3 years. Meanwhile, the trade deficit narrowed with the EU (USD 13.6 BN vs. USD 15.8 BN) and Mexico (USD 4.1 BN vs. USD 5.4 BN) while that with Japan was almost unchanged at USD 5.7 BN.

On a non-seasonally adjusted basis, imports rose from Mexico (3.4%), Canada (3.2%) and China (2.9%), but fell from the EU (-9.1%) and Japan (-5.5%). Exports dropped to China (-28.1%), Japan (-12.2%), the EU (-6.1%) and Canada (-2.6%), but rose to Mexico (10.6%).



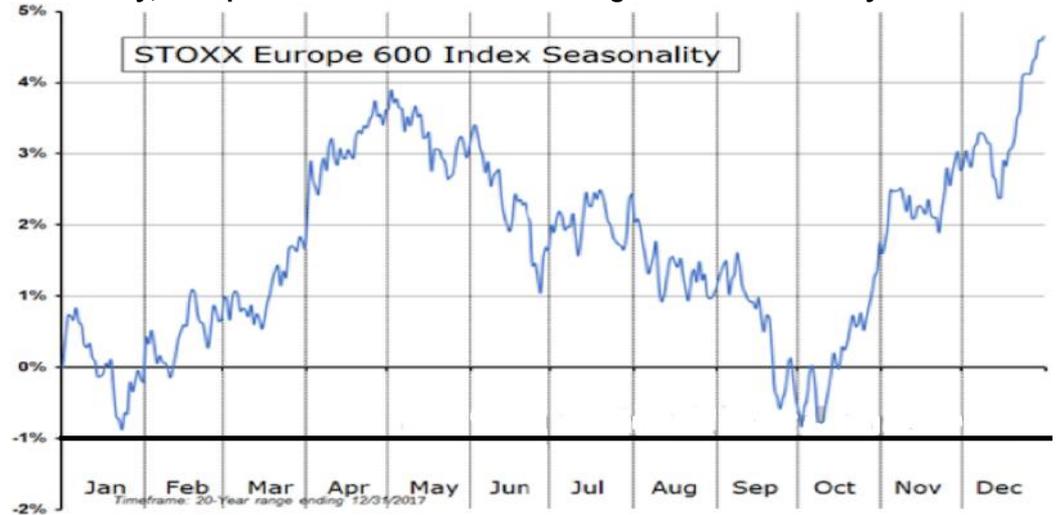
Equities commentary & charts

World equity markets and economic sensitive sectors entered on schedule their second strongest period of seasonal strength in the year from the beginning of March to the first week in May. (Strongest period is from mid-October to the first week in January).

One of the reasons we see why international markets keep having more current troubles to recover is the fact that the respective currencies (EURO, Yen, Yuan, GBP, BRL, AUD, CAD) all have gained significantly over the past 18 months against the USD, and hence, earnings for 2018 and 2019 are going to be somewhat mitigated by the currency affect.

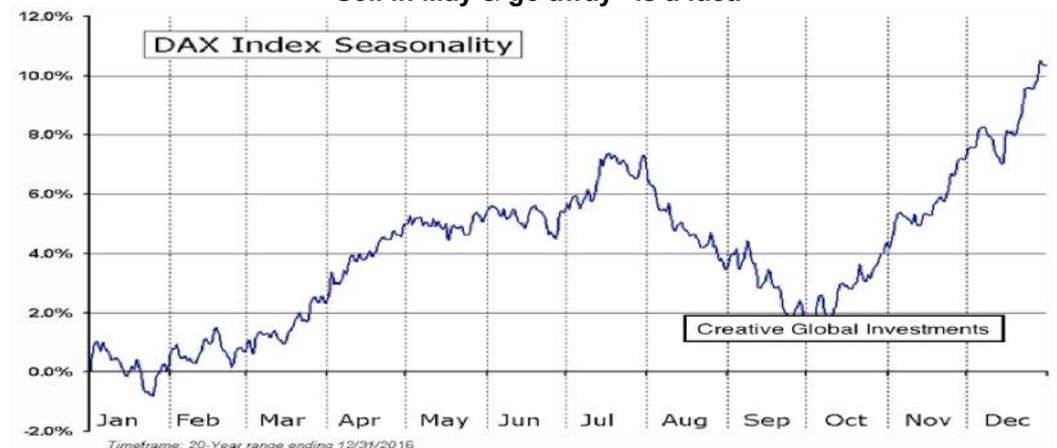
The March to May period is supported by encouraging CEO comments at annual meeting (coinciding with release of Q1 reports) combined by seasonally strong economic news related to the spring buying season (e.g. autos, homes spring clothing). **This year the March to May season for US stocks will be helped by strong gains in corporate sales and earnings triggered by changes in US tax laws.**

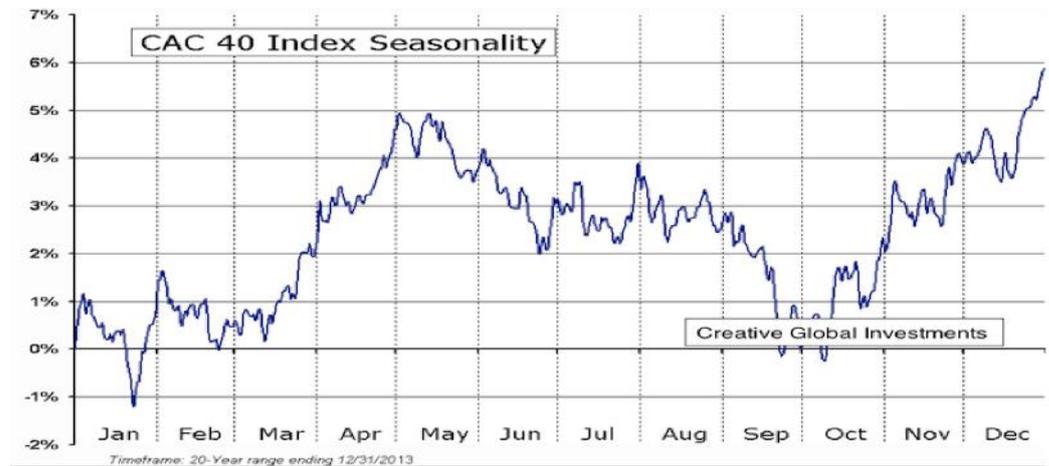
Seasonally, European stocks tend to rise through to the start of May.



However, we expect to see the USD weakness to resume due to the “Trump trade tariffs” and that could hurt European equities further. If bond yields keep rising however, we could see more declines for European equities, despite weakness from the Euro and Pound. Longer term, the seasonal affects for EU equities remain positive until early May. Again, this is due to the fact that most companies in Europe are paying out their prior year’s dividends after their announcements of full year results starting in February and lasting for some until the end of May. (The original causes of “Sell in May & Go Away”). European high dividend-yield stocks have historically outperformed over the period of November to May, as fund managers are looking at the upcoming annual dividend payout season to own the high yielding stocks. Once post pay-out of the annual dividends, balanced fund managers tend to sell those stocks and “park” their clients money in either government bonds, currencies, or alternatives until October.

Hence, why there is such a seasonal performance disparity in those sectors:
 “Sell in May & go away” is a fact.





We see any current weakness in European equities to provide investors with a buying opportunity for a seasonal trade in these sectors into spring. Energy and oil service stocks began showing technical signs of outperformance late last week, an encouraging technical sign prior to entering their period of seasonal strength.

In the US, short term political uncertainties remain, including struggling NAFTA negotiations, rising trade war fears following proposed tariffs on aluminum and steel and increased scrutiny by special council on Russia's influence on the Presidential election. **US economic news this week will focus on the CPI, PPI and Retail Sales**

Q4 earnings reports by S&P 500 companies have passed their peak with 99% reported to date, with 73% reporting higher than consensus earnings and 77% reported higher than consensus revenues. The remaining five companies are scheduled to report this week.

Technical action by individual S&P 500 stocks turned bullish last week. Number of stocks breaking resistance totaled 53 while number of stocks breaking support totaled 10. Breakouts were concentrated in the Technology and Financials sectors. The Up/Down ratio increased last week to (220/202=) 1.09 from 0.86.

Medium term technical indicators in the US (Percent of stocks trading above their 50 day moving average, Bullish Percent Index) moved higher last week to Neutral levels.

Short term technical indicators for US equity markets and most sectors (20 day moving averages, short term momentum) moved sharply higher last week.

The outlook for S&P 500 earnings and sales remains positive:

- Q4 adjusted earnings (excluding one-time write downs related to the tax bill) increased 14.8% on an 8.2% increase in sales.
- Estimates for 2018 were virtually unchanged last week.
- Q1 2018 earnings are expected to increase 17.0% on a 7.2% increase in sales.
- Q2 2018 earnings are expected to increase 18.9% on a 7.5% increase in sales.
- Q3 earnings are expected to increase 20.7% on a 6.2% increase in sales.
- Q4 2018 earnings are expected to increase 16.8% on a 5.4% increase in revenues.
- FY 2018 earnings are expected to increase 18.4% (up from 18.3% last week) on a 6.6% increase in sales.

Earnings and revenue prospects beyond Q4 report season remain very good for US based companies with international exposure. Y-o-y consensus for S&P 500 earnings is expected to increase 18.4% in 2018. Earnings will benefit significantly from weakness in the USD on a y-o-y basis when revenues and earnings from international operations are translated into USD's, as a typical US based company with 50% of its earnings and revenues coming from international operations will see earnings and revenues increase by 6.8% from foreign currency translation alone following the current

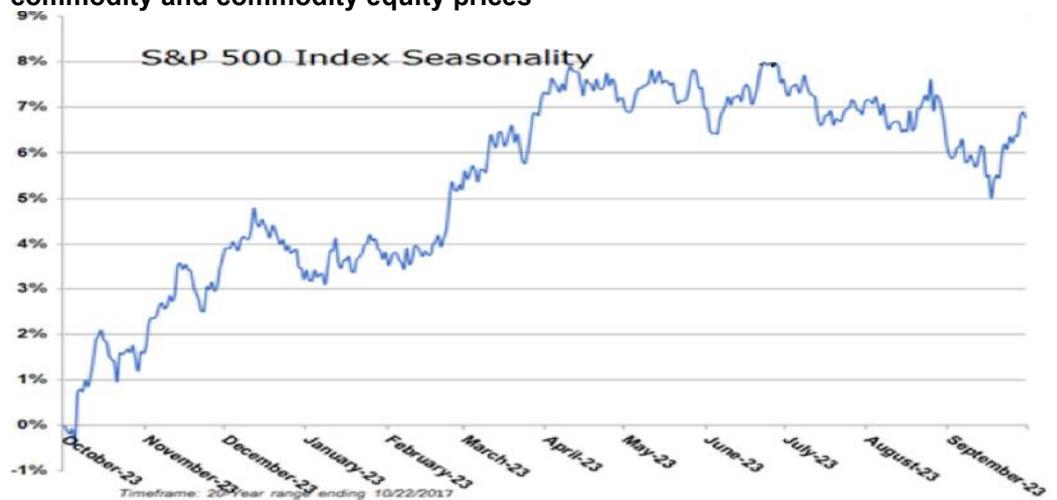
-13.5% fall in the USD from its high at 103.82 in January 2017. The USD averaged 100 in Q4 of 2016 and 101 in Q1 of 2017.

The USD peaked in November 2016 and has consolidated since January of this year. We do not think that this proves to be the final trough for the USD since its 14-month bear market started. All long-term technical and fundamental indicators continue to point south, so we keep our bearish stance and we stick with our low price target of 80 for 2018 for the USD.



Seasonal influences are working well this spring. Seasonal influences on a wide variety of US equity indices and economic sensitive sectors tend to show renewed strength starting near the beginning of March. **Now is the time to watch closely for sectors and markets that show positive strength relative to the S&P 500 Index. They are top candidates for purchase for the March-May seasonal trade. Selected commodity sensitive sectors already have surfaced on the radar screen.**

Commodities and commodity equity prices historically to move higher to at least early May. Strength is related to weakness in the USD and rising demand for commodities, most notably from China. Commodities are in a period of seasonal strength to at least the end of April. Expected weakness in the USD and additional weakness in the Canadian \$ relative to the USD is bullish for commodity and commodity equity prices



Latest Investors Sentiment

The latest *sentix* survey indicates that investors have become modestly optimistic on the near-term prospects for equities, though at the same time they remain deeply downbeat on the medium-term outlook, as gauged by their strategic bias on indices such as the EuroSTOXX.

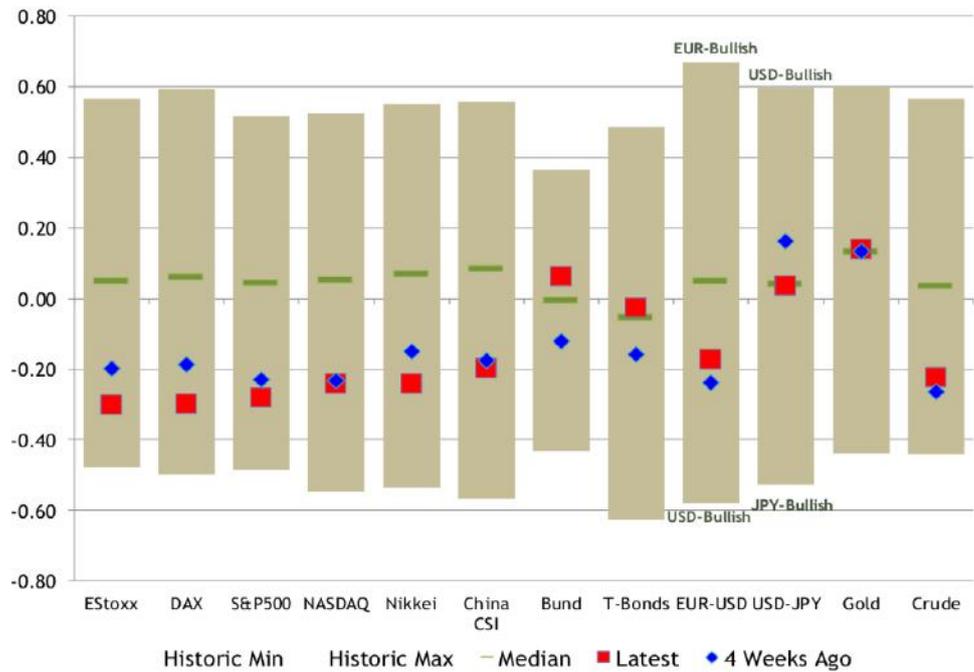
Monthly survey questions on investors' views on European sectors also point to underlying caution, with pessimism on defensive sectors such as

- Telecoms
- Utilities
- Food & Beverages

receding in recent months,

and with sentiment weakening on several cyclical sectors, with Autos now the least liked European sector in a relative context after a big sentiment reversal in the past month.

Short-term Sentiment in a Longer-term Context



source: *sentix*

Asian equity markets weekly charts

The BSE lost 738.80 points (2.17%) last week.

\$BSE broke the lower trendline. Price remains below the 20-day MVA.

Short-term momentum indicators are Negative.



The Nikkei Average added 287.56 points (1.36%) last week.

Intermediate trend remains Neutral. Strength relative to the S&P 500 Index is Negative. \$NIKK rebounded from the 200-day MVA.

The \$NIKK remains below its 20-day MVA. Short-term momentum indicators are Neutral.



The Shanghai Composite Index added 52.64 points (1.62%) last week.

Intermediate trend remains Neutral. \$SSEC is ranging around the 200-day MVA. Strength relative to the S&P 500 Index is Negative.

The \$SSEC moved above the 20-day MVA. Short-term momentum indicators are Positive.



The Hang Seng gained 412.76 points (1.35%) last week.

Intermediate trend remains Neutral. \$HSI caught between the moving averages

The \$SSEC moved above the 20-day MVA. Short-term momentum indicators are Mixed.



European equity markets weekly charts

The DAX 30 added 432.97 points (3.63%) last week.

Intermediate trend remains Negative.
 \$DAX moved above the 20-day MVA.
 Strength relative to the S&P 500 Index is Negative.
 Short-term momentum indicators are Positive.



The CAC 40 gained 137.82 points (2.68%) last week.

Intermediate trend remains Negative.
 \$CAC is pulling back but rejected from resistance.
 Short-term momentum indicators are Mixed.



The AEX 25 added 18.42 points (3.55%) last week.

Intermediate trend changed back to Neutral. \$AEX recaptured the 200-day MVA.

Short-term momentum indicators are Positive.



The IBEX 35 gained 155 points (1.63%) last week.

Intermediate trend remains Negative. Strength relative to the S&P 500 remains Negative. Index is pulling back.

The Index remains below the 20-day MVA.

Short-term momentum indicators are Neutral.



The FTSE gained 155 points (4.78%) last week.

Intermediate trend is Neutral. FTSE is possibly forming a double bottom. Price moved above the 20-day MVA.

Short-term momentum indicators are rolling over.



The RTSI gained 20.52 points (1.63%) last week.

Intermediate trend remains Neutral. RTS retraced above the old support.

Short-term momentum indicators are Mixed.



The SMI added 303.34 (3.52%) last week.

Intermediate trend is Neutral. SMI is pulling back after a lower low. Price remains below the 50-day MVA.

Short-term momentum indicators are Positive.



US equity markets weekly charts

The VIX Index lost 4.95 (25.27%) last week.

Intermediate trend changed from Neutral to Negative. The Index remains below the 20-day MVA. VIX looks to retest the old resistance.



Intermediate trend changed from Neutral to Positive. The Index closed above its 20-day MVA. \$SPX is retesting the 2800 level.

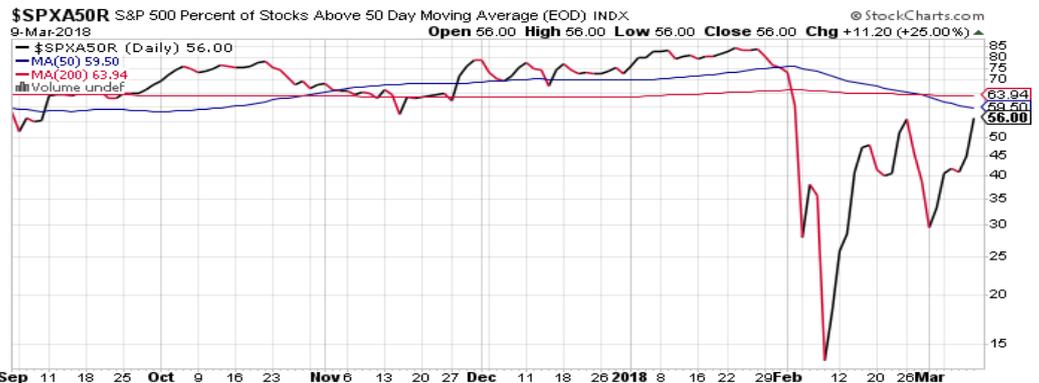
Short-term momentum indicators are Positive.

The S&P 500 Index added 95.32 points (3.54%) last week.



Percent of S&P 500 stocks trading above their 50-day moving average rose last week to 56.00 from 33.20.

The Index remains below the 50-day MVA.



Percent of S&P 500 stocks trading above their 200-day moving average rose last week to 70.20 from 63.40.

The Index remains below the 200-day MVA.



Bullish Percent Index for S&P 500 stocks rose last week to 59.40 from 55.60 and remained below the 50-day moving average.

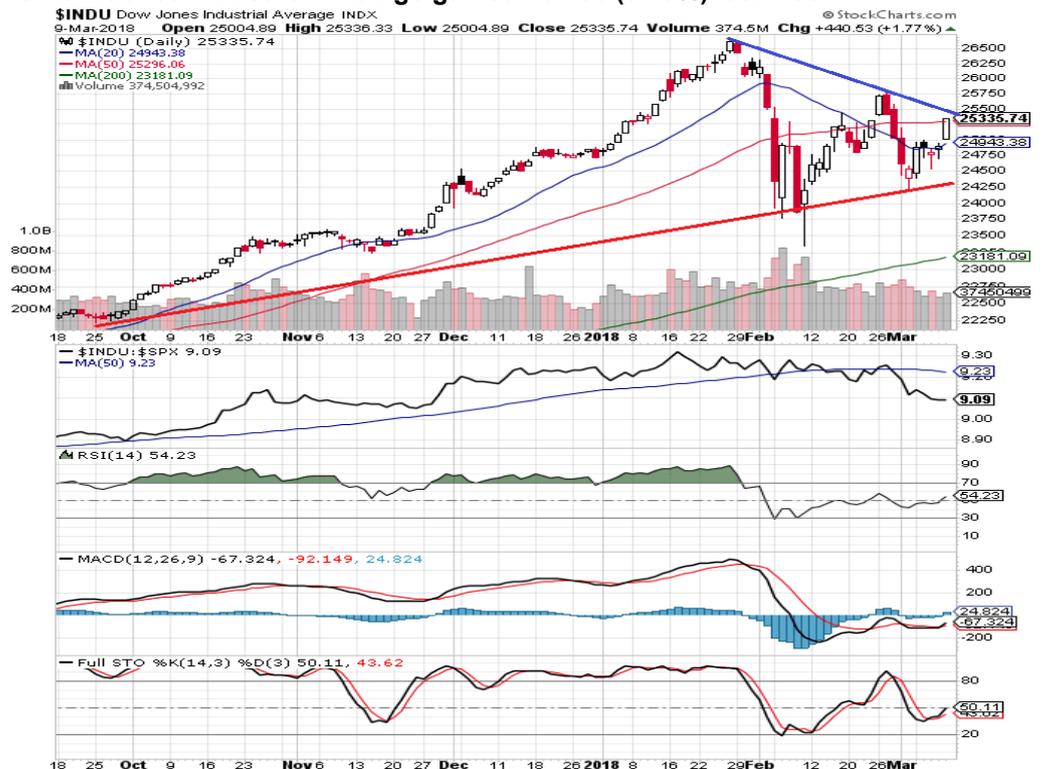
The Index remains below the 200-day MVA.



The Dow Jones Industrial Average gained 797.68 (3.25%) last week.

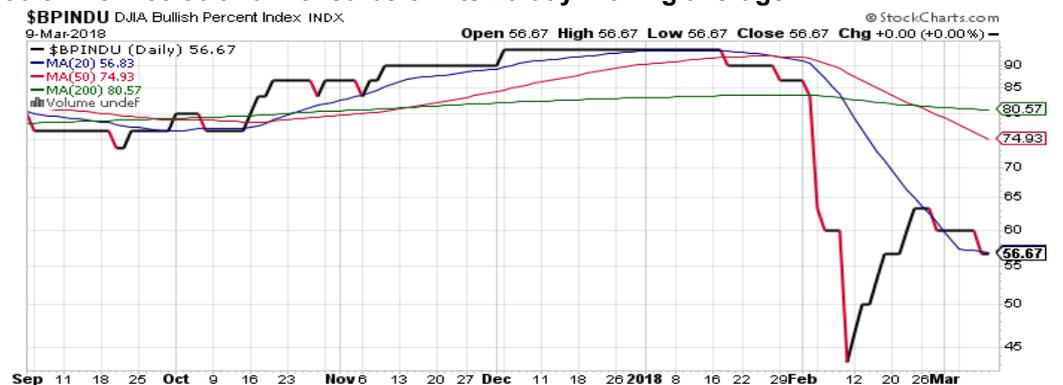
\$INDU rebounded towards the upper trendline. Strength related to the S&P 500 is below the 50MVA.

The INDU moved above its 20-day MVA. Short-term momentum indicators are Positive.



Bullish Percent Index for Dow Jones Industrial Average dropped last week to 56.67 from 60.00 and moved below its 20-day moving average.

The Index remains below the 50-day MVA.



The Dow Jones Transportation Average gained 406.93 (3.94%) last week.



Dow Jones Transportation Index is testing the 50-day MVA. It could retest the 11050 level.

Strength relative to the S&P 500 is Negative. The \$STRAN moved above its 20-day MVA.

Short-term momentum indicators are Positive.

Bullish Percent Index rose last week to 61.09 from 57.16 and moved above its 20-day moving average.



The Index remains below the 200-day MVA.

The NASDAQ Composite Index added 302.94 points (4.17%) last week.



Intermediate trend changed from Neutral to Positive.

\$COMPQ rallied to a new yearly high. Strength relative to the S&P 500 Index remains Positive.

The Index remains above the 20-day MVA.

Short-term momentum indicators are Positive.

The Russell 2000 Index gained 63.97 points (4.17%) last week.



\$RUT has retraced almost to the yearly high. Strength relative to the S&P 500 Index is Positive.

The Index remained above the 20-day MVA. Short-term momentum indicators are Positive.

The S&P Energy Index gained 10.32 points (2.10%) last week.



Intermediate trend remains Neutral. **\$SPEN** is forming a descending triangle. Strength relative to the S&P 500 Index remains Negative.

The Index moved above the 20-day MVA. Short-term momentum indicators are Positive.

The Philadelphia Oil Services Index added 4.32 points (3.20%) last week.

\$OSX recaptured the 200-day MVA. Strength relative to the S&P 500 is Negative.

The Index moved above its 20-day MVA. Short-term momentum indicators are Positive.



The AMEX Gold Bug Index dropped 0.08 points (0.04%) last week.

\$HUI seems to want to retest the lower trendline again. Strength relative to the S&P 500 Index remains Negative.

The Index remains below 20-day MVA. Short-term momentum indicators are Neutral.



Americas equity markets weekly charts

The BOVESPA gained 610.08 points (0.71%) last week.



\$BVSP rebounded from the support once again.

BVSP remains above the 20-day MVA.

Short-term momentum indicators are Mixed.

The Mexican Bolsa added 1008 points (2.12%) last week.



Intermediate trend remains Negative. **\$MXX** failed to break the neckline for moment notice. **\$MXX** remains below the 50-day MVA.

Short-term momentum indicators are Positive.

Bullish Percent Index for TSX Composite rose last week to 58.40 from 57.60 and remained below its 20-day moving average.

The Index remains below the 50-day MVA.



The TSX Composite Index gained 193.22 points (1.26%) last week.

Intermediate trend remains Neutral. The Index is struggling to return above the 200-day MVA.

The Index moved above the 20-day MVA. Short-term momentum indicators are Positive.



Percent of TSX stocks trading above their 50-day moving average rose last week to 36.73 from 28.46 % and remained below the 200-day moving average.

The index remains below the 50-day MVA.



Percent of TSX stocks trading above their 200-day rose last week to 45.71% from 43.09%

The index remains below the 200-day MVA.



EM equity markets weekly charts

Emerging Markets iShares added \$1.62 (3.37%) last week.

Intermediate trend changed from Neutral to Positive. Strength relative to the S&P 500 Index is Neutral. EEM recaptured the 50-day MVA.

Units moved above the 20-day MVA. Short-term momentum indicators are Positive.



The Australia All Ordinaries Index gained 40.70 points (0.68%) last week.

Intermediate trend remains Neutral. Strength relative to the S&P 500 Index is Negative. \$AORD remains close to the 20-day MVA.

The \$AORD moved above the 20-day MVA. Short-term momentum indicators are Negative.



Disclosures

This research report has been prepared by Creative Global Investments LLC. ("CGI"). The author(s) of the research report is/are detailed on the front page.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

CGI Recommendation Principles:

BUY Recommendation: The security is expected to generate a **total return of over 20% during the next 3 - 12 months** time horizon.

SELL Recommendation: The security is expected to generate a **total return below -10% during the next 3 - 12 months** time horizon

Regulation

CGI is a member of EuroIRP (European Association of Independent Research Providers) in the UK and is subject to the rules and business guidelines of the relevant regulators in all other jurisdictions where it conducts business. CGI's research reports are prepared in accordance with the recommendations of the EuroIRP Association.

Conflicts of interest

CGI has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in CGI's research policies. Employees within CGI's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the

Compliance Department.

CGI's Research Departments are organized independently from and do not report to other business areas within CGI. Research analysts are remunerated in part based on the overall profitability of CGI, which may include investment banking advisory revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions. Financial models and/or methodology used in this research report, calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

Important Legal Information/Risk warning

Major risks connected with recommendations or opinions in this research report, including as sensitivity analysis of relevant assumptions, are stated throughout the text. All investments involve risks, including the possible loss of principal.

Investments in foreign securities involve special risks including currency fluctuations, economic instability and political developments.

Investments in emerging markets, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with emerging markets are magnified in frontier markets.

Commodities', Stocks', bonds' and foreign exchange prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions.

Expected updates

Each working day/Date of first publication/See the front page of this research report for the date of first publication.

General disclaimer

This research report has been prepared by CGI and is provided for informational purposes only. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that CGI considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and CGI, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgment as of the date hereof. These opinions are subject to change and CGI does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided herein. This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without CGI's prior written consent.

This research report is not intended for, and may not be redistributed to, retail customers in the UK or the US.

CGI is not subject to US rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of CGI who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-US jurisdiction.

CGI is not subject to US rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of CGI who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-US jurisdiction. Any US investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting CGI directly and should be aware that investing in non-US financial instruments may entail certain risks. Financial instruments of non-US issuers may not be registered with the US Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the US Securities and Exchange Commission.

Report completed: 03/12/2018 06:54 EST
Report first disseminated: 03/12/2018 07:15 EST

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

Stjepan Kalinic, Global Strategist/Technician
skalinic@cg-inv.com
office: 212 939 7256
mobile: +(385) 9152 95916
Kastel Sucurac, Croatia

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

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

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

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

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

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

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

IMPORTANT DISCLAIMER: As a company purely focused on research, CGI LLC has no business relationships with the company covered in this report, be it investment banking, consulting or any other type of relationship. In addition, CGI LLC does not seek and does not intend to seek in the future any such businesses, maintains complete independence and has no conflicts of interest related to the companies in its research universe. Neither the analysts responsible for this report nor any related household members are officers, directors, or advisory board members of any covered company. No one at a covered company is on the Board of Directors of CGI LLC or any of its affiliates. In addition, CGI LLC and its employees, including the analyst who wrote this report, hold no equity, debt or other linked derivative investments, the value of which is related in any way, directly or indirectly, to the operating and stock price performance of the company covered in this report. No such investment positions are held in any of the competitors, suppliers or customers of the companies in our coverage universe. This report is provided for information purposes only. It should not be used or considered as an offer of securities and it does not represent a solicitation to either buy or sell any securities or derivatives thereof.