Creative Global Investments

Morning market commentary & charts

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Objectivity

Integrity

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Macro Commentary

In Asia, the BoJ's Governor Haruhiko Kuroda said on Thursday that inflation had slowed temporarily due to declines in oil prices but that the overall price trend was improving excluding oil. Kuroda, speaking in the upper house budget committee, also said the BOJ was still only about halfway towards meeting its 2 percent price target.

In China's foreign trade will ease after March, though trade conditions are expected to be more severe in 2016 than in 2015, a spokesman at the Commerce Ministry said on Wednesday, "There is increasing growth momentum in foreign trade," Shen Danyang told reporters in Beijing. "We expect declines in trade will gradually ease after March." China's February exports posted their biggest fall since May 2009, while imports also missed forecasts, slumping for the 16th straight month. China's leaders meeting at the annual session of parliament this month did not specify a goal for trade this year after repeatedly missing targets in recent years, reflecting deep uncertainty about global demand. The weak trade performance in January and February on the Lunar New Year holidays, saying the long holiday and festivities disrupted business activity. The ministry spokesman also said China's non-financial foreign direct investment (FDI) rose 1.8 percent in February from a year earlier to $8.44 BN. Previously, the ministry said FDI for January-to-February rose 2.7 percent from a year earlier to $22.52 BN.

In the US, the Federal Reserve left the target range for the benchmark federal funds rate unchanged at 0.25% to 0.5%, as widely expected, and scaled back its forecasts on the path of interest rates. The Fed, which lifted interest rates for the first time in nearly a decade back in December, said rate rises this year would be more gradual than expected, with two on the cards versus the four projected at the end of last year. "Proceeding cautiously will allow us to verify that the labor market is continue to strength given the economic risk from abroad," said chairwoman Janet Yellen."Such caution is appropriate given short - term interest rates are still near zero, which means monetary policy has greater scope to respond to upside than downside changes in the outlook," she said.

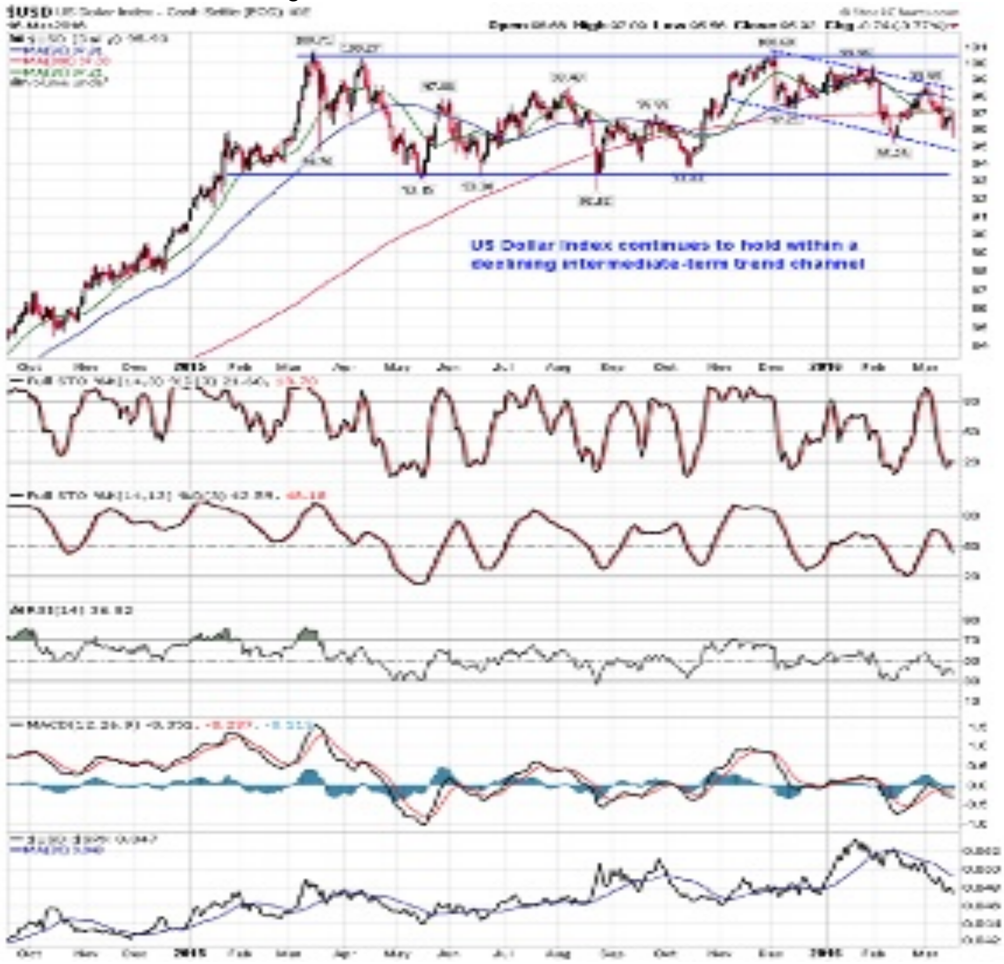
The Fed's decision was in contrast to recent moves from the Bank of Japan and the European Central Bank, both of which took interest rates into negative territory. The US central bank said that although the labor market was improving, it was still looking for inflation to reach its 2% target and reckoned the economy would continue to expand at a moderate pace.

The US consumer price index showed a 1.0% increase in February from a year ago, beating forecasts for a 0.9% increase, down from January's 1.4% y-o-y gain. On the month, CPI fell 0.2% in February as expected, compared to 0% m-o-m in January. At the 'core' level, stripping out food and energy prices, CPI rose by 0.3% month-on-month (consensus: 0.2%) and by 2.3% versus a year ago (consensus: 2.2%). This followed January's rise in the core personal consumption expenditure (PCE) measure of inflation to 1.7%, close to the Fed's 2% target. However, in its new projections core PCE inflation at end-2016 has remained unchanged at 1.6%, baffling economists.

Over in Europe, Investors today will pay close attention to the Bank of England's rate announcement at 1200 GMT. We are expecting the BoE to leave interest rates and the asset purchase program unchanged at 0.5% and GBP 375 BN.

Currency Markets Commentary

As we were predicting, the FED's Chairwoman Ms. Yellen softened the tone on further rate increases. Consequent, as expected, the US$ weakened, and will have further to go. The $USD continues to trade within a declining trend channel, the lower limit of which is hovering around 94.50. Longer-term, we are expecting for the $USD to decline back into the 90 to 85 range.



Commodities Commentary

As the US$ dropped substantially following report, commodity prices did rise in the process. A bullish report from the Energy Information Administration also helped to support oil prices on Wednesday as the typical seasonal trends continue to materialize.

The EIA indicated that oil inventories rose by a less than expected 1.3 MN barrels last week, keeping the days of supply unchanged at 33 Days of supply of the energy commodity typically peak around the start of April, followed shortly thereafter by a peak in the level of the commodity in storage. US oil production was down again in the latest week, maintaining a declining trend as the rig count continues to fall.

On the gasoline side, inventories continue their decline, falling by 700,000 barrels last week, pushing the days of supply lower by a third of a day to 26.6, inline with the seasonal average. Refiners remain busy with net production up 14.2% y-t-d.

The average for this time of year is a decline of -5.4%, attributed to the refiner maintenance season. The above average rate of production pinched crack spreads during Wednesday's session, albeit still holding very close to the highs charted over the past 10 years.

Refiners, and the broader energy sector, remain in a period of seasonal strength through April and into May.

The price of energy and metal commodities surged back to the highs of the year, fuelling buying demand in the commodity sensitive equities, which continue to benefit from positive seasonal tendencies.

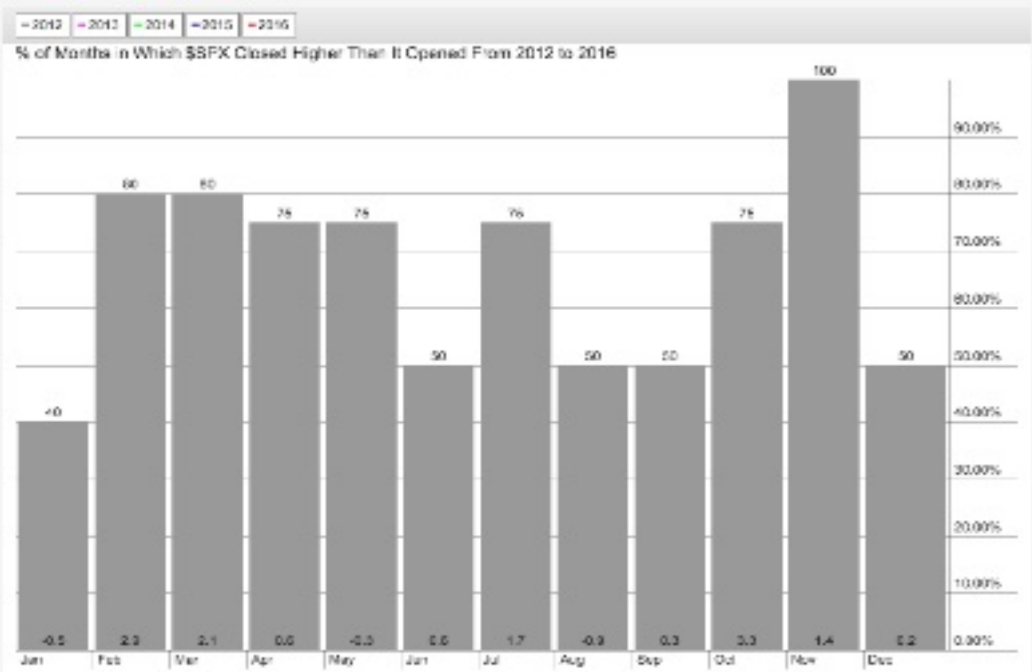

$GASO:$WTIC
Crack spreads fell slightly following the report, albeit still holding around the highs of the past decade


Gold trading back to the highs of the year, continuing to hold above a declining wedge pattern

US Equities Commentary

The strength in a number of cyclical sectors helped to propel the S&P 500 Index beyond its 200-day moving average, a level that the market had consolidated around prior to the event. Next level to watch is the 50-week moving average, now at 2032. Despite this being our target in this rebound rally, the short-term trend has yet to show signs of topping and sector rotation towards cyclical assets remains healthy.

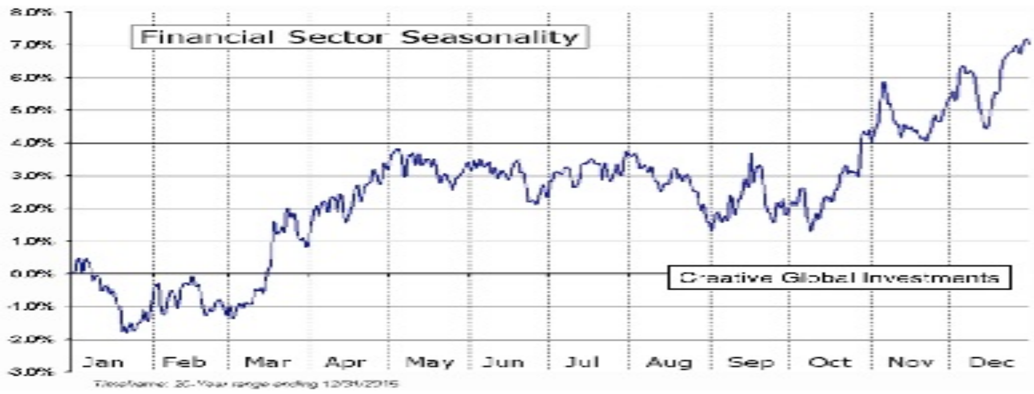
The seasonal patterns for the S&P 500 over the last twenty years as shown in the chart below are very positive for the month of March and April. The bars show the percent of months that the S&P 500 closed positive and the numbers at the bottom show the average change. In the months of April, November and December the S&P 500 was up 74% of the time. The S&P 500 is up just over 4% so far this year in March and we believe the April bullish pattern with an average gain of +2.1% will be repeated this year.



Looking at a short-term chart of the Dow Jones Industrial Average, the technical outlook is also still bullish. We believe that the long-term trend line resistance of 17,500 will be tested, however, the RSI and MACD are showing slowing upside momentum, and the 17,500 resistances may prove to be the next top for the benchmark.

The sector to watch may be the financials, which led the market lower in January and has outperformed the market since bottoming in February. The sector sat out of Wednesday's rally as investors express concern over net interest margins amidst a flattening yield curve.

Financials remain in a period of seasonal strength through to mid-April.



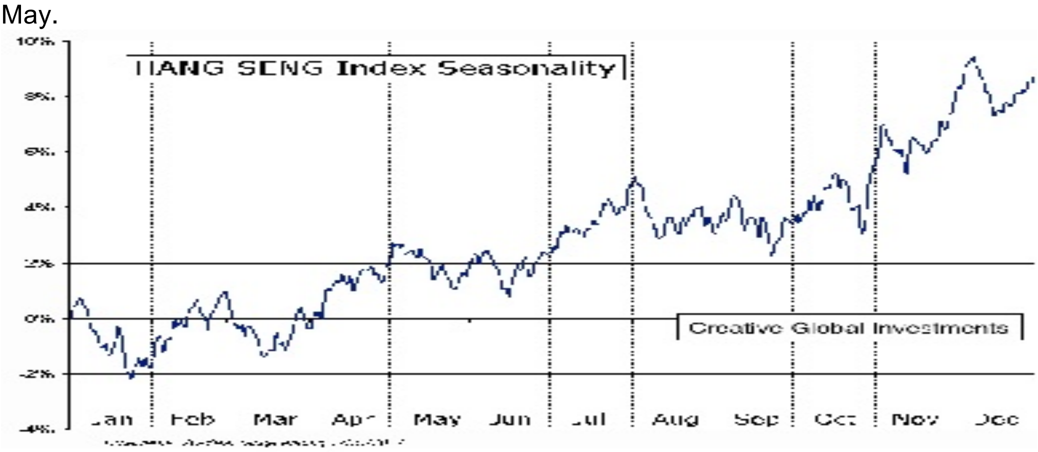
Asian Equity markets commentary

Some Asian equity markets are in the midst of 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 18,825 or at the 200-day moving average.

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

The Hang Seng Index is also in the midst of its period of seasonal strength until early May.

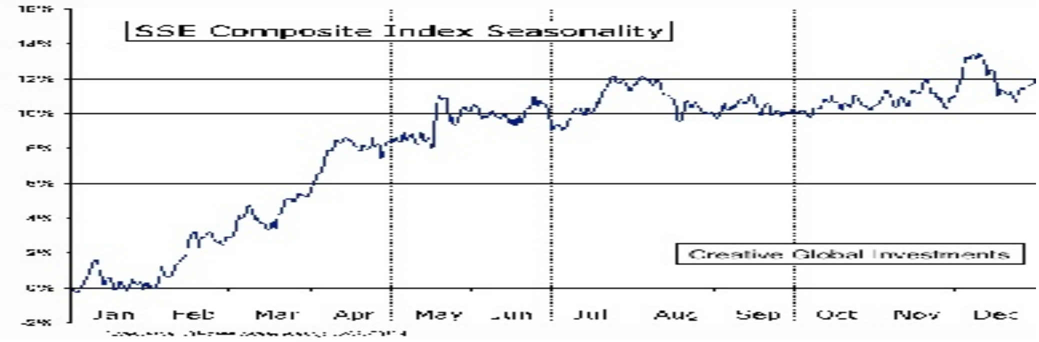


The $HSI short-term technical outlook is positive, with MACD and RSI trending higher.

The index has broken above its 20-day moving average, and the next resistance is 22,512 or at the 200-day moving average.

We see the $HSI likely retest the 22,000 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 3,250 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 $DAX 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 10,428 or at the 200-day moving average.

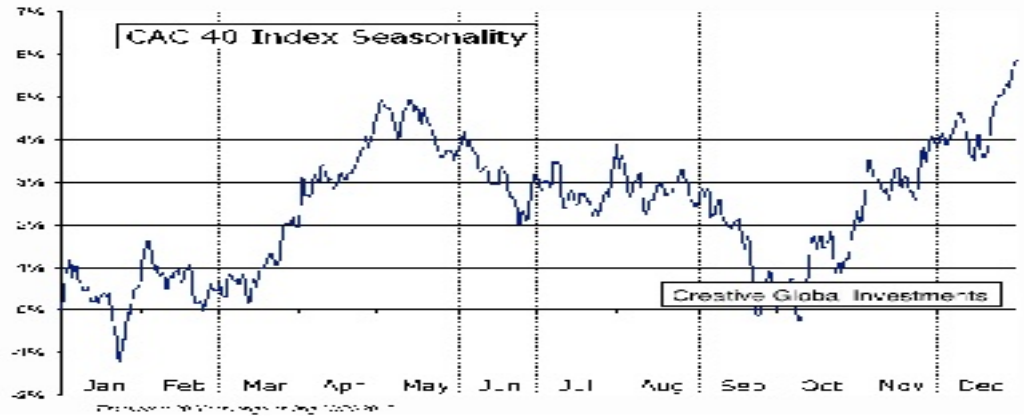
Given the fact that most DAX constituents are entering their dividend payout month(s) and considering how oversold the DAX is currently, we believe it would be right for investors looking for total return to overweigh the $DAX, as we see enough technical momentum for the $DAX likely to retest the 10,000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

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

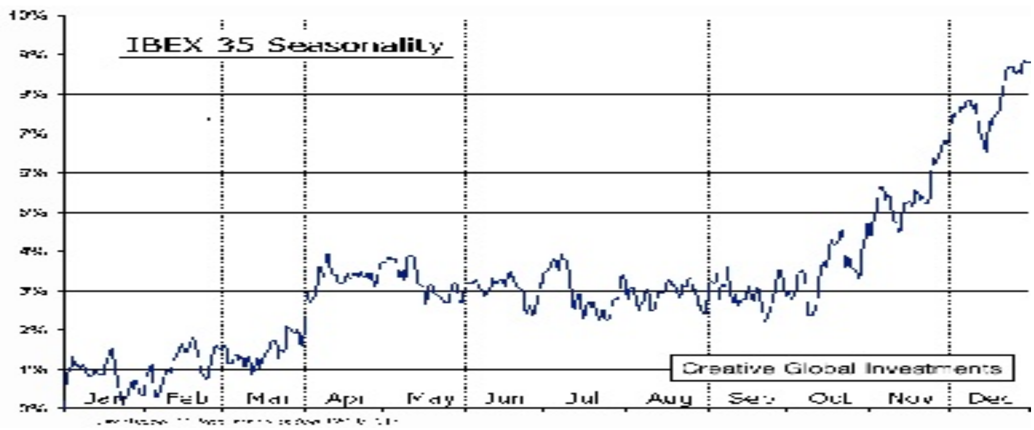
The index has broken above its 20-day moving average, and the next resistance is 4,651 or at the 200-day moving average.

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 4,651 level by the end of this month/quarter.

The CAC has a similar seasonal pattern as the DAX and its period of strength lasts until mid-May.



Same for the IBEX's period f seasonality, which lasts until May.



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 9,917 at the 200-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 10,250 level by the end of this month/quarter

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