Creative Global Investments

Weekly global equities strategy & charts

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Objectivity

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Geo-political and macro economic commentary

***In Asia,* China appointed Guo Shuqing, head of China's new regulator for the banking and insurance sectors, as the Communist Party chief and deputy governor of the People's Bank of China.** Guo will head one of the world's most powerful central banks, which unlike its peers in some countries is not fully independent. Its decision-making is broadly subject to the political influence of the Communist Party and the government, and he will ensure that the central bank is aligned with the Communist Party's agenda, which is to situate the party at the core of China's economic leadership. The top-level personnel arrangement of Guo and Yi's positions is expected to lead to more effective inter-agency coordination in China's monetary and financial policymaking process, and close regulatory loopholes as authorities work to contain systematic financial risks. Over the years, Guo has developed a reputation for being willing to take tough and aggressive action, and his new appointment at the central bank comes after China earlier this month revealed its biggest government structure overhaul in years. Guo only returned to Beijing last year to helm the banking watchdog, which has since merged with the insurance regulator.

Other highlights of last week in **Asia were the RBA Minutes on Tuesday and the jobs report on Thursday. The RBA noted, "Wages growth had remained low. The wage price index had increased by 0.6% in the December quarter and growth over the year had increased slightly to 2.1%.** By sector, wages growth had been rising in an increasing number of industries over the prior year. In particular, some (but not all) of the industries with a relatively high share of employees on individual agreements had seen wages growth pick up." The reference to a pick-up in individual agreements (rather than those which are firm-wide or union-driven) was a straw for some analysts to clutch at but overall there is no sense of anything other than a very slow pick-up in pay and activity. Back to the RBA: "Forward-looking indicators suggested that spare capacity in the labor market would continue to decline gradually over 2018 and, as a consequence, wages growth was expected to rise gradually." If there's one word, which so far defines Phil Lowe's term as Governor, it surely has to be "gradual".

As for the jobs report, employment in Australia rose 17,500 in February, slightly below consensus expectations for a 20,000 increase but still the 17th consecutive monthly gain. Full-time jobs rose 64.9k whilst part-time fell -47.4k but this split merely reverses the equally volatile movements seen in January and isn't really telling us much about underlying conditions. The Australian working-age population has grown around 27k per month over the past year and a greater percentage of them are available for work. The so-called 'participation rate' has risen from around 64.5% to 65.7% over the past 12 months.

Putting these two factors together, employment needs to grow almost 30k a month to keep the unemployment rate steady. It clearly didn't do this in February so the jobless rate rose to 5.55%, which was rounded up to show a one-tenth increase to 5.6%.

The AUD ended last week at USD0.7735, with AUD/NZD at 1.0635 and GBP/AUD1.8300.

***In Europe,* Francine Lagarde, the IMF's Managing Director proposed creating a "rainy day fund" for the Eurozone to help cushion members of the currency union in future economic downturns.** In spite of a positive global economic outlook, other, forceful headwinds could be threatening, such as the rise of populism and the shortsighted siren call of protectionism.

For the Eurozone to prepare for the next economic downturn, she urged its members to develop a modernized capital markets union, an improved banking union and to move towards greater fiscal integration, starting with a central fiscal capacity. Such a fiscal tool would reassure investors, Lagarde said. Her proposed rainy day fund would see Eurozone countries make contributions each year to build up assets in good times. They could then receive transfers during a downturn. In extreme circumstances, countries could borrow from the fund and repay their loans with future contributions. Transfers from the fund should be conditional on members sticking to EU fiscal rules. She also recommended that countries pay a premium in good times based on the benefits they receive in bad times. These twin steps would aim to avoid permanent transfers. On a capital markets union, she called for enhanced regulation and upgraded oversight arrangements to handle a potential influx of financial services firms to continental Europe after Brexit. "One of the consequences of Brexit is that many financial services will likely move to continental Europe in the months ahead.

However, last week **a much weaker than expected ZEW survey sent the Euro tumbling to a low of 1.2240 on Tuesday** but as the USD fell immediately after the FOMC announcement on Wednesday, EUR/USD rallied sharply, moving to a high on Thursday morning of 1.2380. By that evening it was back on a 1.22 'big figure' before then rallying on Friday to end the week around 1.2360. The ZEW research institute said in its monthly survey on Tuesday that economic sentiment among investors dropped to 5.1, its lowest reading in a year and a half, from 17.8 in the previous month. The consensus forecast in a Reuters poll was for 13.0. ZEW President Achim Wambach said "concerns over an US-led global trade conflict have made the experts more cautious in their prognoses. The stronger Euro is also hampering the business outlook of German exporters", adding that the outlook for the economy as a whole remained "largely positive" despite the risks.

On Wednesday, **the 'flash estimate' of the Eurozone composite PMI fell to 55.3 in March, down from 57.1 in February.** This was the lowest since January of last year and signaled a second successive monthly easing in the rate of expansion. Output growth moderated in both manufacturing and services, the latter seeing business activity grow at the slowest rate for five months while factory output increased at the weakest pace since January 2017.

In the Americas, the Trump administration announced its 1st set of punitive actions aimed at rebalancing the US trade deficit with China, including 25% tariffs on up to USD 60 Bn of Chinese goods imports, a formal complaint against China to the WTO and restrictions on Chinese investment in the US, however, with significant implementation lags to the product categories targeted leading likely to significant changes as industry groups raise objections. The administrations' decision was less aggressive than initially feared. A factsheet released by the US Trade Representative (USTR) on 22 March stated that the 25% tariffs would be applied to items in aerospace, information and communication technology, and machinery. A more comprehensive list of the targeted products is expected in the coming days, after which a 30-day comment period will begin. The delay allows time for negotiations with both Chinese policymakers and domestic industry representatives, which could lead to some of the proposed measures being softened. Indeed, China has called for dialogue to resolve the dispute. In a bid to appease the US, the Asian giant could opt to import more US goods, take steps to improve intellectual property protection or increase market access for U. companies in restricted sectors. Implementing the measures laid out by the White House would have a relatively minor impact on the US economy. Domestic consumers could see higher prices for some products, although the actual impact remains unclear, as the effect would be partially determined by how the dollar reacts to the implementation and by how much firms decide to roll over additional costs onto consumers. US producers not shielded by the tariffs would on average only see a mild increase in costs due to the tariffs' effects on value chains as well as a potentially higher USD. China, however, showed readiness to retaliate by announcing measured tariffs worth USD 3.0 Bn on steel, aluminum and agricultural imports from the US.

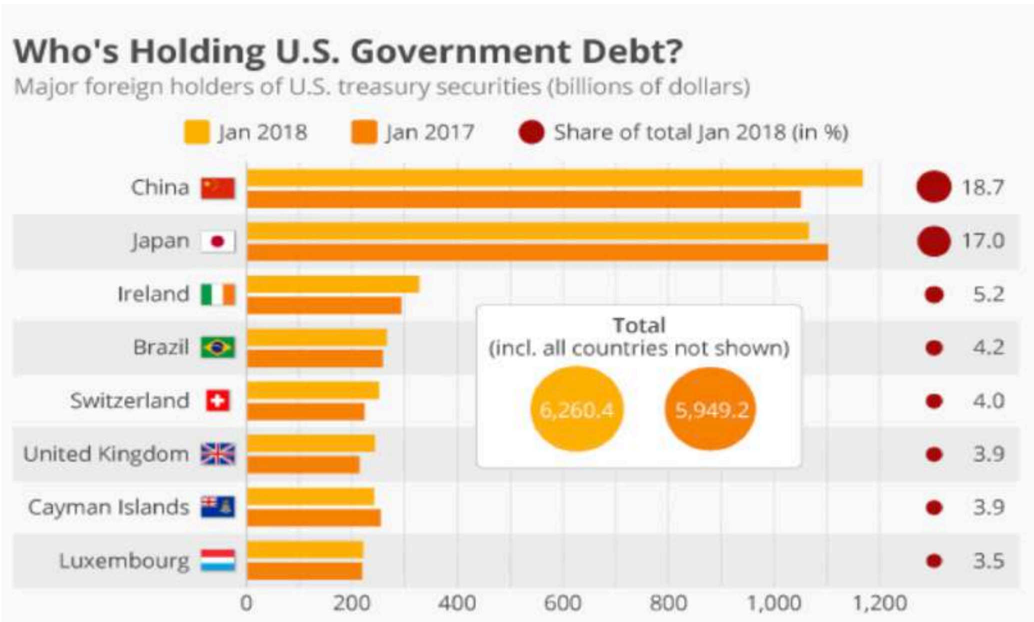
We expect for the near-term impact of the proposed measures to be limited, however longer term, we see the US & China moving closer to a trade war, with negative effects could prove disastrous for both the US and China. However, the US would also suffer from a trade war because domestic companies are notably integrated into global value chains, which often pass through China. On a similar note, many of the US trading partners are dependent on the Chinese market, which should deter the Trump administration from committing to an all-out trade war. The possibility of such a conflict has already had a dampening effect on equity prices across the globe, with a market rout taking hold in the immediate aftermath of the White House announcement. As cooler heads prevail, however, financial markets should make up for the losses. In addition to a less negative than expected announcement of tariffs, the perception that US trade policy may not be as aggressive as previously feared stems from the recent inclusion of EU members, Argentina, Australia, Brazil and Korea in the list of countries exempted from the steel and aluminum tariffs, which nonetheless came into force on 23rd of March. Likewise, the US has recently softened its position in NAFTA talks after dropping the contentious request for 50% content requirement for autos.

The White House's views on trade policy remain a key source of concern for the US economic outlook. Escalatory measures could inflict lasting harm on the US economy, as well as expose consumers to rising prices and lead to additional volatility in currency and equity markets. Nonetheless, recent moves suggest that trade tensions may not be quite as high as initially thought, while upcoming negotiations could see Chinese and US authorities coming to an understanding and avoiding the slippery slope of protectionism. For now, we maintain our US GDP growth of 2.4% in 2018, and 2.1% in 2019.

We want to point to a chart that Donald Trump should take a good look at, before making more statements about trade tariffs and import taxes.

China

As the DoT data shows, China is the single biggest owner of U.S. treasury securities, having even increased its leverage in a year-over-year comparison.



Equities commentary & charts

"Sell in May & Go Away" early this year?

In 2018, the March-to-May season was expected to be helped by strong gains in corporate sales and earnings triggered by changes in US tax laws. However, trade war fears overwhelmed encouraging fundamentals. Normally, the March to May period is bolstered by encouraging comments offered by CEOs at annual meeting (frequently coinciding with release of Q1 reports) combined by seasonally strong economic news related to the spring buying season (e.g. autos, homes spring clothing).

However, world equity market tumbled last week on trade war fears. Foreign stocks fell along with the US, which is not unusual since global stocks become tightly correlated on the way down. Selling in Chinese stocks was especially heavy this week, which also weighed heavily on emerging markets and Chinese stocks traded in the states. In Europe, the STOXX 50 Index fell to the lowest level in 15 months. **Technical pressures were most prominent in late trading on Friday. Although global equity markets already have reached intermediate oversold levels, they have yet to show signs of bottoming.**

The MSCI World (Ex-US) Index in early February was at 2160.90, since then it has dropped -8.6% and closed just above the 50-day MVA level on Friday, as shown on the following weekly chart. A drop and hold below that level could send world markets into a tailspin.

Momentum indicators are hinting of further weakness ahead, investors should get ready for wild swings in this index, particularly this coming week, and beyond.

Longer Term Performance table of the major global equity indices:

Index	Daily	1 Week	1 Month	YTD	1 Year	3 Years
Dow 30	-1.77%	-4.38%	-7.39%	-4.80%	14.51%	32.86%
S&P 500	-2.10%	-4.60%	-5.69%	-3.19%	10.53%	25.58%
Nasdaq	-2.43%	-4.79%	-4.61%	1.29%	19.73%	42.96%
SmallCap 2000	-2.19%	-3.85%	-1.72%	-1.66%	11.25%	21.78%
S&P 500 VIX	-7.88%	20.45%	23.24%	107.52%	83.28%	52.02%
S&P/TSX	-1.14%	-2.35%	-2.85%	-6.08%	-1.82%	2.78%
Bovespa	-0.46%	0.55%	-2.94%	10.44%	31.21%	68.44%
S&P/BMV IPC	-1.78%	-2.03%	-3.03%	-5.75%	-5.67%	6.60%
DAX	0.48%	-2.24%	-4.38%	-7.54%	-0.44%	0.63%
FTSE 100	0.24%	-1.48%	-4.72%	-9.74%	-4.86%	1.22%
CAC 40	0.26%	-2.19%	-4.40%	-3.84%	1.82%	1.48%
Euro Stoxx 50	0.15%	-2.54%	-4.33%	-5.58%	-3.74%	-10.07%
AEX	0.21%	-1.69%	-2.84%	-4.05%	2.59%	7.58%
IBEX 35	0.13%	-2.68%	-5.00%	-6.36%	-8.72%	-17.70%
FTSE MIB	-0.38%	-1.89%	-2.29%	1.61%	10.34%	-3.39%
SMI	0.84%	-1.93%	-3.91%	-7.90%	0.54%	-4.87%
PSI 20	0.16%	-0.84%	-2.14%	-0.69%	13.36%	-10.99%
BEL 20	0.12%	-2.38%	-4.56%	-3.79%	2.34%	3.08%
ATX	0.21%	-1.18%	-0.35%	-0.09%	22.08%	38.63%
OMXS30	0.01%	-2.20%	-4.71%	-4.03%	-3.88%	-8.97%
OMXC20	0.59%	-1.05%	-3.93%	-4.55%	8.30%	3.38%
MOEX	-0.52%	-0.35%	-2.91%	7.77%	12.94%	44.68%
RTSI	-0.21%	1.41%	-3.97%	9.04%	12.93%	46.98%
WIG20	-0.52%	-0.14%	-7.27%	-8.76%	1.98%	-5.38%
Budapest SE	0.46%	-1.53%	-3.51%	-5.75%	16.43%	85.89%
BIST 100	0.61%	1.62%	-1.27%	1.72%	30.80%	45.03%
TA 35	1.21%	-2.82%	-4.37%	-4.29%	3.58%	-9.36%
Tadawul All Share	0.14%	1.86%	5.20%	8.69%	14.62%	-11.79%
Nikkei 225	0.72%	-3.33%	-7.25%	-8.78%	9.38%	7.68%
S&P/ASX 200	-0.52%	-2.83%	-4.40%	-4.53%	0.76%	-2.19%
DJ New Zealand	-0.94%	-0.63%	0.06%	-0.16%	16.28%	30.35%
Shanghai	-0.60%	-4.44%	-4.81%	-5.24%	-4.08%	-15.10%
SZSE Component	1.19%	-4.55%	-2.25%	-4.31%	-0.17%	-17.94%
China A50	-1.84%	-5.54%	-6.14%	-3.60%	22.03%	8.92%
DJ Shanghai	-0.36%	-4.55%	-4.09%	-5.01%	-0.76%	-12.46%
Hang Seng	0.79%	-3.06%	-2.30%	2.10%	26.27%	24.76%
Taiwan Weighted	0.15%	-1.87%	0.23%	1.85%	9.75%	14.06%
SET	0.34%	0.03%	-1.64%	2.66%	14.63%	20.40%
KOSPI	0.84%	-1.53%	-0.78%	-1.23%	13.05%	20.66%
IDX Composite	-0.17%	-1.42%	-6.04%	-2.45%	11.89%	14.88%
Nifty 50	1.34%	0.37%	-4.00%	-3.79%	12.01%	21.47%
BSE Sensex	1.46%	0.45%	-3.71%	-2.89%	13.12%	20.44%

Globally, quarter-end "window-dressing" for equities this week will also likely come into play, when portfolio managers liquidate losing positions prior to release of their Q1 report.

Short and medium term technical outlook for major global equity indices:

Index	Hourly	Daily	Weekly	Monthly
Dow 30	Strong Sell	Strong Sell	Neutral	Strong Buy
S&P 500	Strong Sell	Strong Sell	Neutral	Strong Buy
Nasdaq	Strong Sell	Strong Sell	Buy	Strong Buy
SmallCap 2000	Strong Sell	Strong Sell	Neutral	Strong Buy
S&P 500 VIX	Neutral	Strong Buy	Strong Buy	Strong Buy
S&P/TSX	Strong Sell	Strong Sell	Strong Sell	Neutral
Bovespa	Strong Sell	Neutral	Strong Buy	Strong Buy
S&P/BMV IPC	Strong Sell	Strong Sell	Strong Sell	Sell
DAX	Sell	Strong Sell	Strong Sell	Neutral
FTSE 100	Neutral	Strong Sell	Strong Sell	Neutral
CAC 40	Strong Sell	Strong Sell	Strong Sell	Strong Buy
Euro Stoxx 50	Strong Sell	Strong Sell	Strong Sell	Neutral
AEX	Strong Sell	Strong Sell	Strong Sell	Strong Buy
IBEX 35	Strong Sell	Strong Sell	Strong Sell	Strong Sell
FTSE MIB	Strong Sell	Strong Sell	Neutral	Strong Buy
SMI	Neutral	Strong Sell	Strong Sell	Neutral
PSI 20	Neutral	Strong Sell	Neutral	Neutral
BEL 20	Sell	Strong Sell	Strong Sell	Strong Buy
ATX	Neutral	Strong Sell	Neutral	Strong Buy
OMXS30	Neutral	Strong Sell	Strong Sell	Neutral
OMXC20	Buy	Strong Sell	Strong Sell	Buy
MOEX	Strong Sell	Sell	Strong Buy	Strong Buy
RTSI	Neutral	Sell	Strong Buy	Strong Buy
WIG20	Strong Sell	Strong Sell	Strong Sell	Sell
Budapest SE	Sell	Strong Sell	Strong Sell	Buy
BIST 100	Strong Buy	Strong Buy	Strong Buy	Strong Buy
TA 35	Neutral	Strong Sell	Strong Sell	Buy
Tadawul All Share	Strong Buy	Strong Buy	Strong Buy	Strong Buy
Nikkei 225	Sell	Strong Sell	Strong Sell	Strong Buy
S&P/ASX 200	Strong Sell	Strong Sell	Strong Sell	Strong Buy
DJ New Zealand	Strong Sell	Neutral	Strong Buy	Strong Buy
Shanghai	Strong Sell	Strong Sell	Strong Sell	Sell
SZSE Component	Neutral	Strong Sell	Strong Sell	Neutral
China A50	Strong Sell	Strong Sell	Neutral	Strong Buy
DJ Shanghai	Strong Sell	Strong Sell	Strong Sell	Neutral
Hang Seng	Neutral	Strong Sell	Buy	Strong Buy
Taiwan Weighted	Strong Sell	Sell	Strong Buy	Strong Buy
SET	Buy	Neutral	Strong Buy	Strong Buy
KOSPI	Sell	Strong Sell	Sell	Strong Buy
IDX Composite	Sell	Strong Sell	Neutral	Strong Buy
Nifty 50	Strong Buy	Strong Sell	Sell	Strong Buy

One of the reasons we see why international markets keep having more current troubles to recover is the fact that the respective currencies (EURO, JPY, Yuan, GBP, BRL, AUD) 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.

Despite general equity market weakness, selected outperforming sectors continue to show promise: **the CRB Index continues to move higher thanks partially to weakness in the USD. Energy and precious metal prices and related equity prices recorded positive technical action late last week. Historically, commodities and commodity equity prices move higher to at least early May!**

Gold finished at an eight week high as it added 2.8% for the week on trader worries over a potential trade war. Such a war has the potential to increase inflation significantly and is seen as a bullish sign for gold. We see momentum data for coming week to also likely be positive for gold, as there is little chance the uncertainties regarding tariffs will dissipate, and additionally the USD has come under pressure once again.

Crude scored its biggest weekly gain in eight months, with the WTI contract gaining 5.6%, while Brent tacked on 6.4%. The gains came as traders saw the potential for OPEC to extend production cuts into 2019. There has also been increasing geopolitical tensions in the Middle East, and Venezuelan production looks as if it could continue falling for some time. Fundamentals look quite pleasing for crude right now, and the only potential problem could be if traders begin to worry about a drop in demand if a trade war were to break out fully.

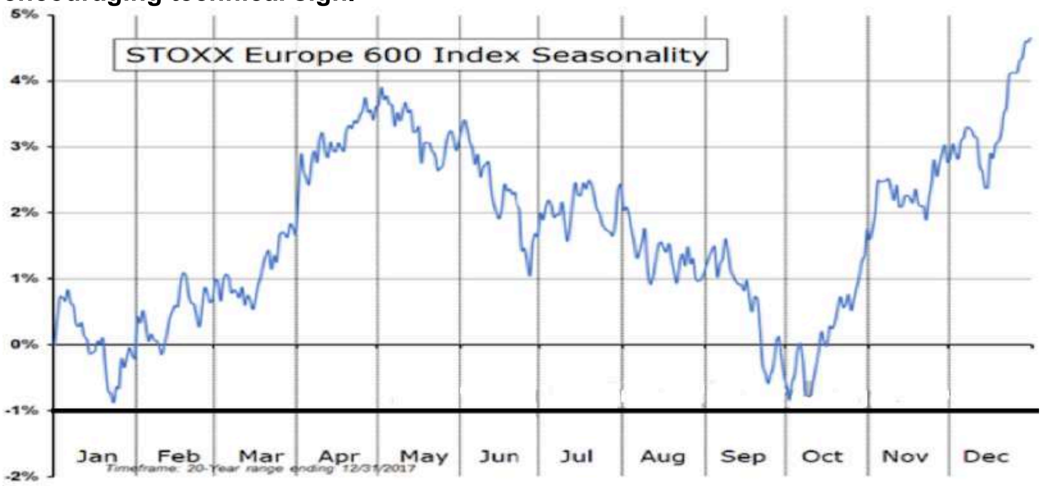
In Asia, equity markets struggled throughout the week as trade war fears lingered, and were finally realized on the final trading day of the week. News that President Trump had signed off on tariffs for USD 60Bn of Chinese imports sparked panic across Asia on Friday, sending markets across the entire region sharply lower. What had been modest weekly losses turned into serious pullbacks, with Japan's N-225 leading the way lower as it was off by -5.9% on a weekly basis, mostly due to the JPY hitting a 16-month high against the USD. China's Shanghai Composite fell -3.5% on a weekly basis and the Hang Seng in Hong Kong saw a similar weekly loss of -3.8%. Australia's S&P/ASX 200 fell the least by just -2.2% for the week, while South Korea's Kospi ended the week with a -3.1% loss.

Heading into the new week it's very likely that trade war fears will persist, and we see sentiment data show that this will likely pressure markets all across Asia again, as a trade war between China and the US will impact supply chains all across the region. Japan is likely to continue to be hardest hit, as the uncertainties will send more money into the safe haven Yen. China had already responded to the US tariffs with their own tariffs on USD 3Bn in US goods on Friday, and more retaliation over the weekend would add fuel to the fire, potentially causing the start of a bear market in Asia.

In Europe, equity markets fell for most of the week, losing ground in 4:5 sessions, and falling for the last three sessions of the week. Thursday and Friday were equally bad, with investors retreating from equities in response to the brewing trade war between the US and China. The European Stoxx Europe 600 finished the week with a -3.2% loss, Germany's DAX 30 had the worst performance of the region, losing -4.1% for the week, whilst France's CAC 40 wasn't far behind dropping -3.9%, and the UK's FTSE 100 fell -3.4% for the week, ending at a 15-month low as fears over increasing protectionism have drained risk appetite, and investors were also on hold waiting to see if EU leaders will approve the UK's Brexit transition deal.

The upcoming week could continue to see rocky trade in Europe as we don't expect an easy end to the trade war that's escalating between the US and China. In addition, both the Euro and the Pound have continued to firm against the USD, which is bearish for equities, especially for the UK's FTSE, which has roughly 70% of its listed companies making revenue outside the UK. One bright spot for European investors is the lack of critical economic data being reported in the coming week. British investors will have to confront GDP data on Thursday however, which could either strengthen or weaken expectations for a May interest rate hike from the Bank of England.

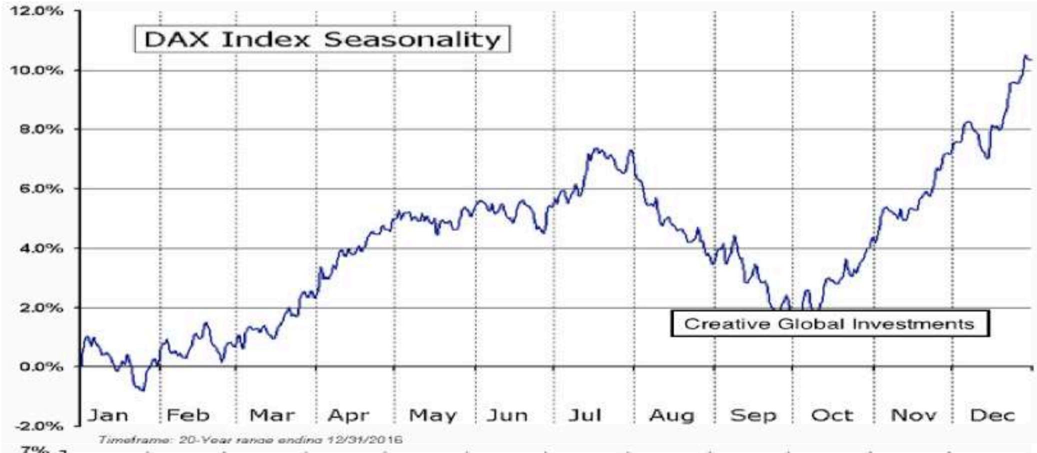
Seasonally, European stocks tend to rise through to the start of May. We see any current weakness in European equities to provide investors with a buying opportunity for a seasonal trade in these sectors into spring. Energy and oil service stocks continue showing technical signs of outperformance last week, an encouraging technical sign.

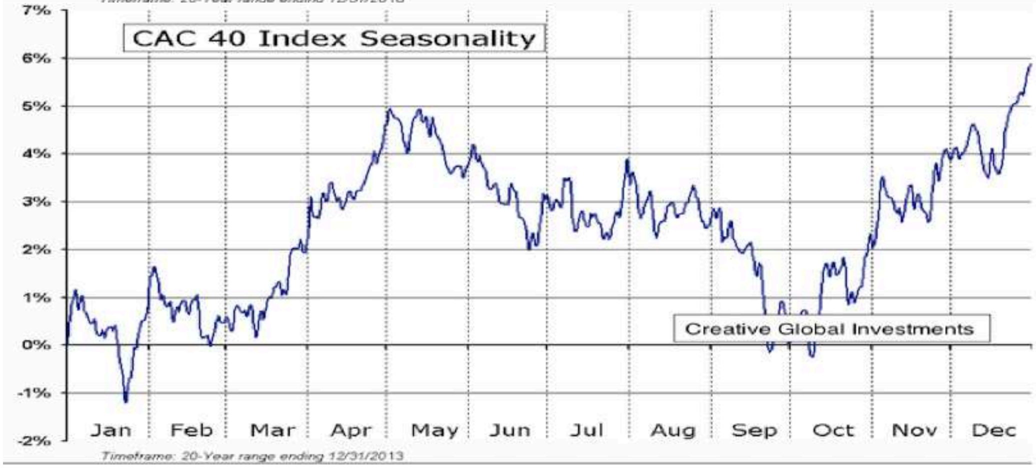


However, we expect to see the USD weakness to resume due to the "Trump trade tariffs" and that could hurt European equities further. If bond yields keep rising however, we could see more declines for European equities, despite weakness from the Euro and Pound. Longer term, the seasonal affects for EU 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.

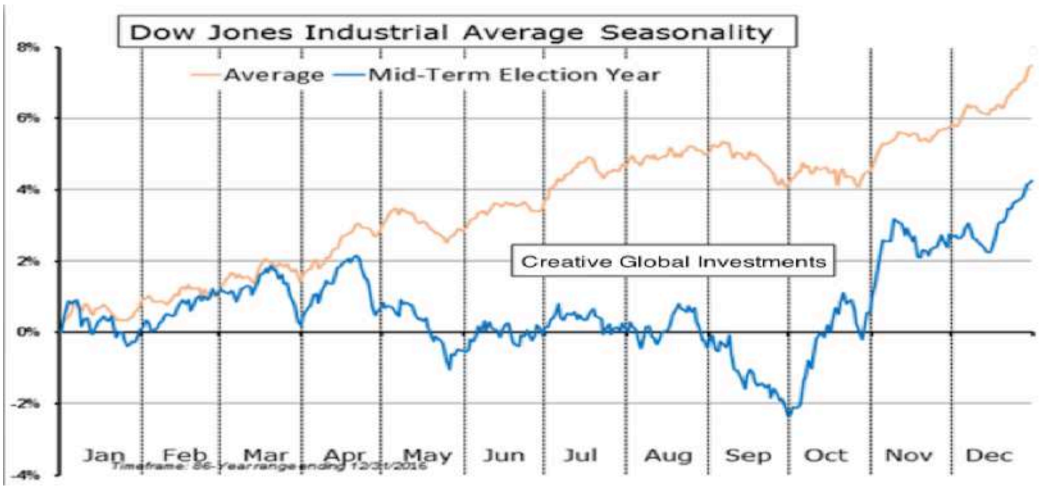




In the US, equity markets put in the worst performance of all major global markets in the past week, with the SPX 500 falling into negative territory for the year as it lost -6.0% on a weekly basis, and the DJIA dropped -5.7% as it saw broad based weakness as well, and the Nasdaq had the worst performance, falling -6.5% as the scandal at Facebook, where user data may have been improperly provided to a data analysis company working for President Trump during the 2016 election campaign, has sent large ripples throughout the entire tech sector. Wall Street has not been pleased with the US trade war being started by President Trump; nor have they seen any positive features to the continual changes in the Trump administration. Markets don't like uncertainty, and if there's one thing that characterizes the Trump presidency in 2018 it's uncertainty.

The coming week we see continued worries over a brewing trade war with China. So far China has only responded with tariffs on some USD 3 Bn of US goods, while the US has imposed tariffs on USD 60 Bn worth of Chinese goods. This leaves plenty of room for China to retaliate. This is the real wildcard that is likely to keep investors on edge in the coming week, as heavy tariffs from China on US goods would be a heavy blow to economic growth in the US. Hopefully the weekend will have given investors time to put the Facebook scandal aside, and allow some recovery in the tech sector, which was battered harshly in the past week. **A test of lows set on February 9th by major North American equity indices appears imminent.** Those lows are 2,532.69 for the S&P 500 Index, 23,369.29 for the Dow Jones Industrial Average and 14,785.78 for the TSX Composite Index

Prospects beyond the end of April become increasingly murky. Negative political influences on North American equity markets during a US mid-term election year are strongest between May and October.



Technical action by individual S&P 500 stocks turned bearish last week. Number of stocks breaking resistance totaled 10 while number of stocks breaking support totaled 108. Half of the breakdowns occurred in the last two hours of trading on Friday. The Up/Down ratio plunged last week to (197/245=) 0.80 from 1.29

Medium term technical indicators in the US (Percent of stocks trading above their 50 day moving average, Bullish Percent Index) dropped last week to Oversold from Neutral levels, but have yet to show signs of bottoming.

Short term technical indicators for US equity markets, commodities and most sectors (20 day moving averages, short term momentum) generally moved lower last week. **A notable exception was the energy and gold sectors.**

Seasonal influences did not work well last week. Seasonal influences on a wide variety of US and Canadian equity indices and economic sensitive sectors tend to show strength starting near the beginning of March and continuing to early May.

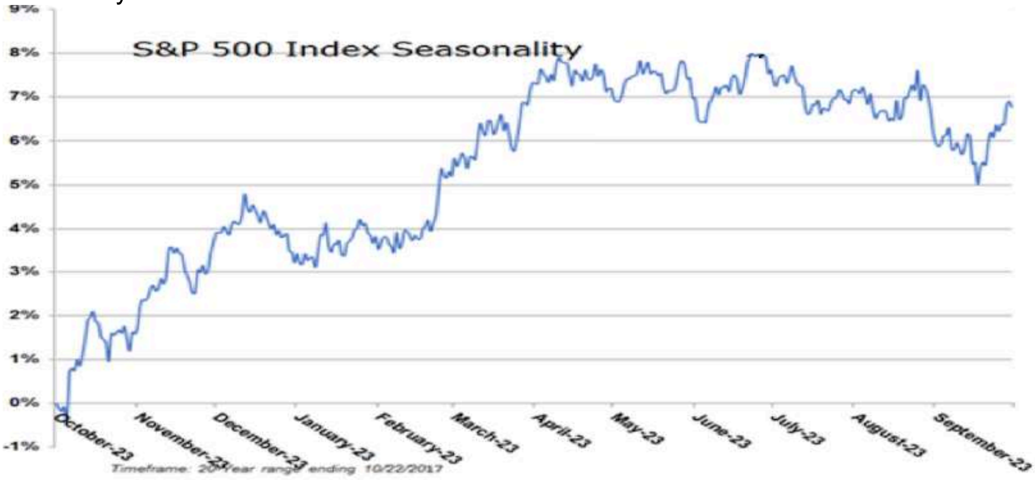
The outlook for S&P 500 earnings and sales remains positive:

- 2018 estimates were slightly higher last week.
- 2018 Q1 earnings are expected to increase 17.2% on a 7.2% increase in sales. 13 companies have reported to date (including 11 companies that reported higher than consensus earnings) and 6 more companies are scheduled to report this week.
- 2018 Q2 earnings are expected to increase 19.1% on a 7.6% increase in sales.
- 2018 Q3 earnings are expected to increase 20.8% on a 6.3% increase in sales.
- 2018 Q4 earnings are expected to increase 17.0% on a 5.5% increase in revenues.
- 2018 FY earnings are expected to increase 18.4% on a 6.6% increase in sales.

Earnings and revenue prospects for 2018 remain very positive for US based companies with international exposure. S&P 500 y-o-y consensus earnings are expected to increase 18.4% in 2018. Y-o-y earnings will benefit significantly from weakness in the USD when revenues and earnings from international operations are translated into USD's, as US based companies with 50% of their earnings and revenues coming from international operations will see earnings and revenues increase by 7.1% from foreign currency translation alone following the current 14.3% 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 2018. 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 stick with our low-price-target of 80 for 2018 for the USD.

On Friday, the S&P 500 Index lost 2.10%, led by financials, as investors de-risk ahead of the weekend. The 200-day moving average is being tested for the 2nd time this year. The SPX closed the week lower -6%, breaking below its 20-week moving average that had been supporting the market since election day. The 50-week moving average around 2555 is now only 30 points below. Momentum indicators on this weekly look continue to point lower, continuing to unwind from the overbought highs charted in January. With quarter-end approaching, followed soon thereafter by earnings season, chances are high that a low to this downturn will be realized by mid-week. Whether it proves to be the ultimate low is very much up for debate. Traders continue to react to the headline risks, even as economic fundamentals remain fairly solid, often resulting in short-term fluctuations in equity values, but it would be difficult to see a more sustainable downturn until economic fundamentals are proven to have soured.

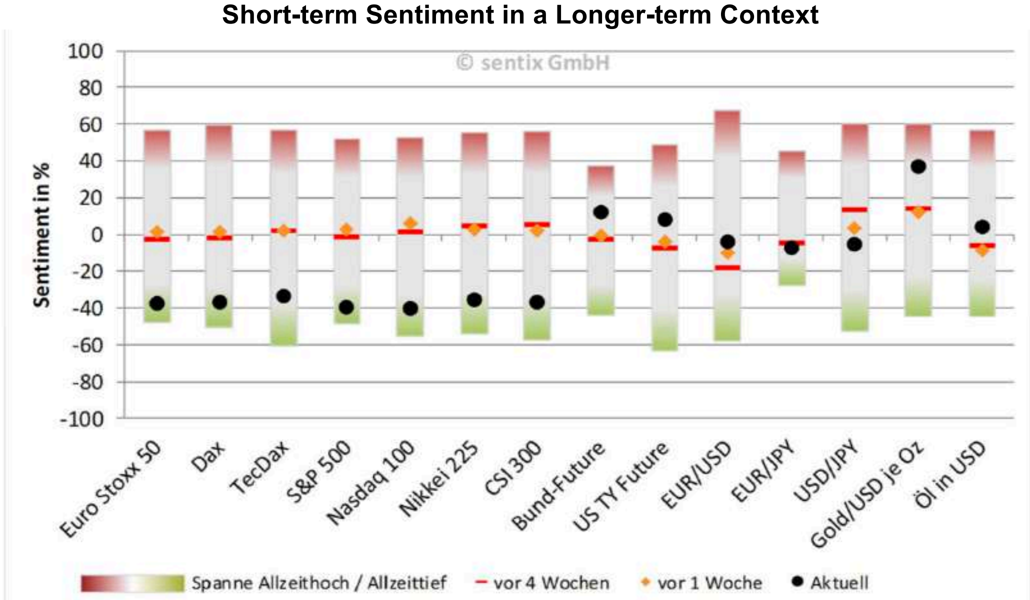
Seasonally, April is a strong month for equity benchmarks. The difference this time around is that a bounce in the daily candlestick from this long-term moving average level has yet to be realized.



Investors Sentiment Indicators

As per the latest ***sentix*** survey, global equities investors are afraid, and indicators measure new annual lows in sentiment across diverse global markets. The US stock markets in particular, stand out as having negative mood impulses, with the sentiment barometer dropping towards a value of -40 percentage points. In the past, these extremes were associated with very good buying opportunities. The situation in the sentiment is strongly reminiscent of August 2017, but at that time the Strategic bias increased in parallel.

Short-term Sentiment in a Longer-term Context



source: sentix

Strategic bias Euro area equities are showing an upturn. The increase of 4 percentage points in the headline index (not shown) becomes even more significant if you take a closer look at the sub-indices. The private sector hasn't signaled a turn yet. However, there is a stronger reaction among investment professionals, whose bias is increasing more markedly and signals an increased propensity to buy back shares in this investor camp. This is a clear pro- argument for Euro shares!

On the strategic level, however, the negative signs for equities and increasingly positive signals for bonds continue to dominate, and for commodities too.

- **Investors like Oil and gold.**
- **Investors are showing improvement in strategic bias towards bonds**
- **Investors remain deeply downbeat on the medium-term outlook, as gauged by their strategic bias on indices such as EM and the EuroSTOXX. Monthly survey questions on investors' views on sectors also point to underlying caution, with pessimism on defensive sectors such as Telecoms, Utilities, Food & Beverages**

Signals from the sentix data universe / statistical highlights*

	DAX	TecDAX	ESX50	S&P 500	Nasdaq	Nikkei	CSI 300	Bunds	T-Bonds	EUR-USD	EUR-JPY*	USD-JPY	Gold	Rohöl
Sentiment	X	X	X	X	X	X	X	X	X		X			
Strategic Bias				X	X	X	X							
Neutrality Index	X		X	X	X	X	X							
Overconfidence Index														

* highlights markets for which the sentix indicators display extreme values

Asian equity markets weekly charts

$BSE broke through the 200-day MVA. Price remains below the 50-day MVA.

Short-term momentum indicators are Negative.

The BSE lost 579.46 points (1.75%) last week.

Intermediate trend changed from Neutral to Negative. Strength relative to the S&P 500 Index is Negative. $NIKK broke through the 200-day MVA.

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

The Nikkei Average dropped 1058.65 points (4.88%) last week.

The Shanghai Composite Index lost 117.12 points (3.58%) last week.

Intermediate trend changed from Neutral to Negative. $SSEC gapped below the 200-day MVA.
Strength relative to the S&P 500 Index is Neutral.

The $SSEC remains below the 20-day MVA. Short-term momentum indicators are Negative.

The Hang Seng dropped 1192.68 points (3.79%) last week.

Intermediate trend remains Neutral. $HSI bounced from the lower trendline.

The $SSEC moved below the 20-day MVA. Short-term momentum indicators are rolling over.

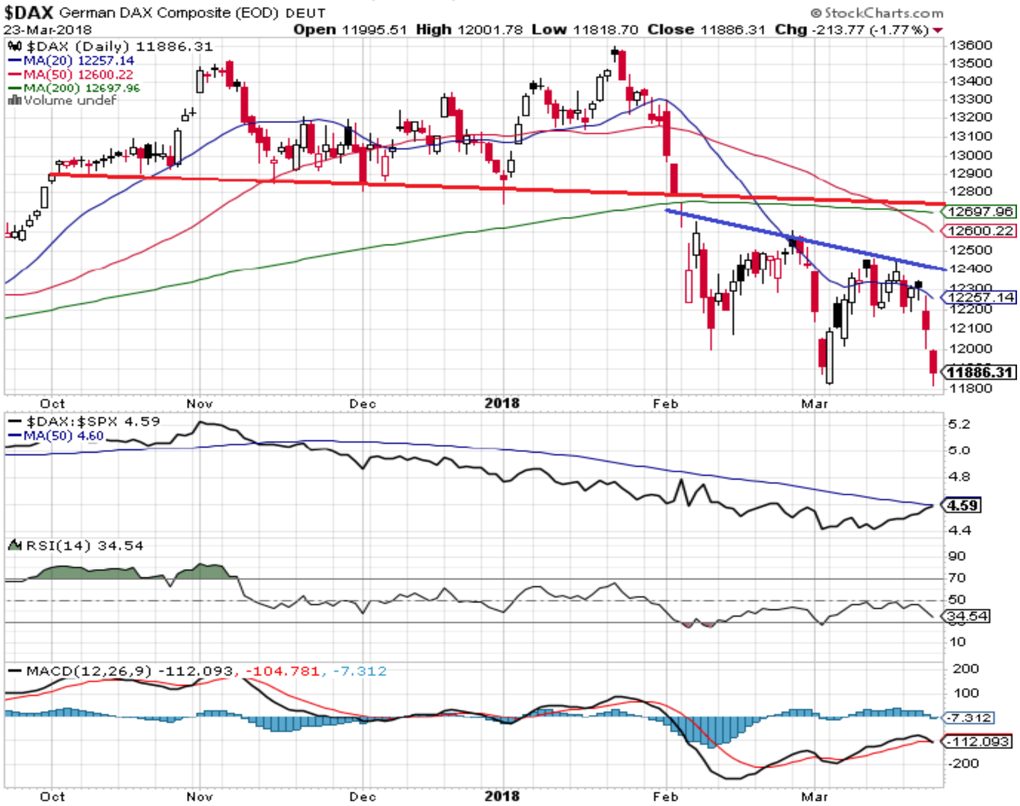
European equity markets weekly charts

Intermediate trend changed back to Negative.

$DAX moved below the 20-day MVA.
Strength relative to the S&P 500 Index is Neutral.

Short-term momentum indicators are Negative.

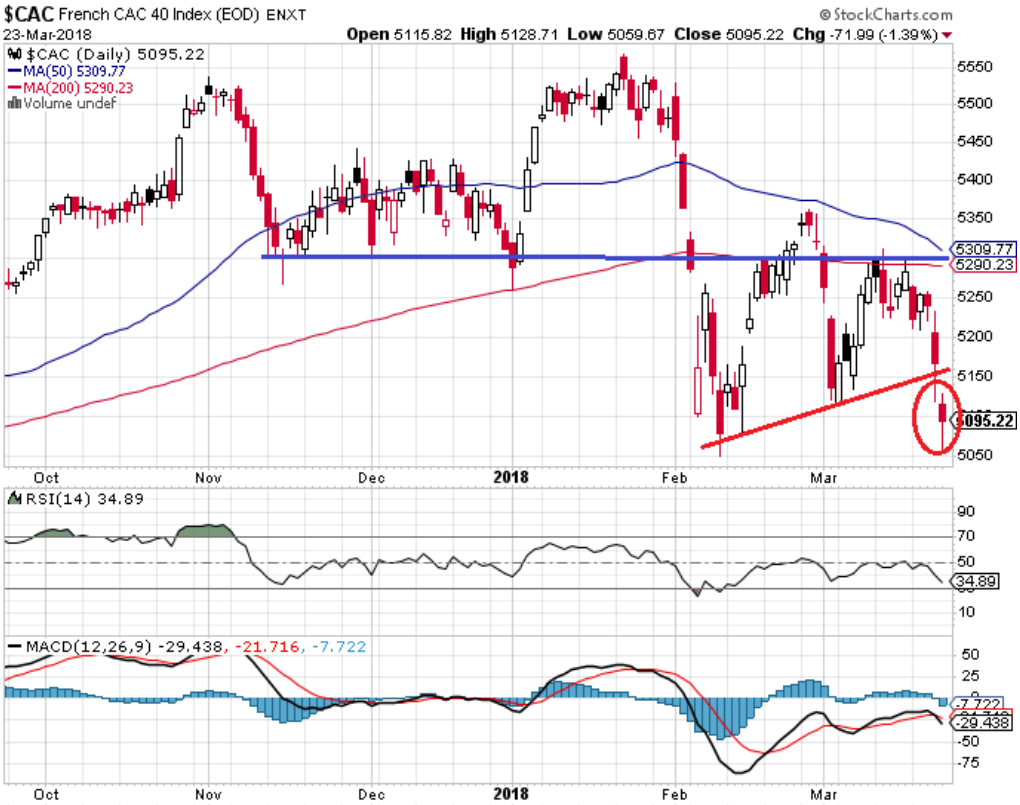
The DAX 30 lost 503.27 points (4.06%) last week.



Intermediate trend remains. Negative. $CAC broke the lower trendline.

Short-term momentum indicators are Negative.

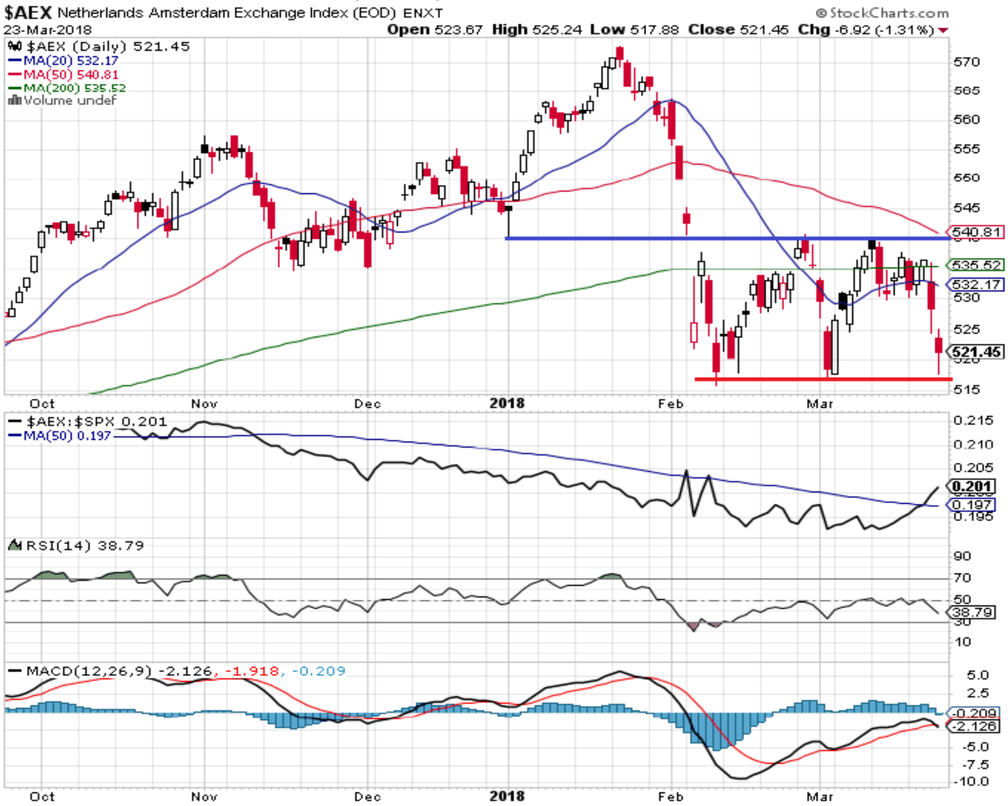
The CAC 40 dropped 187.53 points (3.55%) last week.



Intermediate trend remains Neutral. $AEX remains within the channel.
Strength relative to the S&P 500 Index is Positive.

Short-term momentum indicators are rolling over.

The AEX 25 lost 15.47 points (2.88%) last week.



Intermediate trend changed back to Negative. Strength relative to the S&P 500 changed from Negative to Neutral. Index broke the lower trendline.

The Index moved below the 20-day MVA.

Short-term momentum indicators are rolling over.

The IBEX 35 dropped 367.90 points (3.77%) last week.

The FTSE lost 243 points (3.39%) last week.

Intermediate trend is Negative. FTSE broke through the support and the 7000 level.

Short-term momentum indicators are Negative.

The RTSI added 7.11 points (0.57%) last week.

Intermediate trend remains Negative. RTS rebounded from the lower trendline once again but closed below the 50-day MVA.

Short-term momentum indicators are Neutral.

The SMI lost 313.45 (3.53%) last week.

Intermediate trend remains Negative. SMI remains inside a bearish channel. Price remains below the 50-day MVA.

Short-term momentum indicators are Negative.

US equity markets weekly charts

The VIX Index added 9.07 (57.41%) last week.

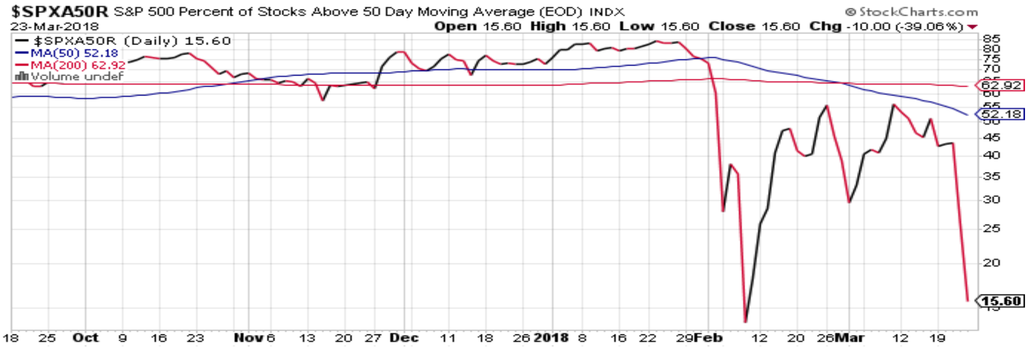
Intermediate trend changed from Neutral to Positive. The Index moved above the 20-day MVA. VIX rebounded from the lower trendline once again.

The S&P 500 Index lost 163.75 points (5.95%) last week.

Intermediate trend is Negative. The Index moved below the 20-day MVA. $SPX broke the trendline and is testing an important support.

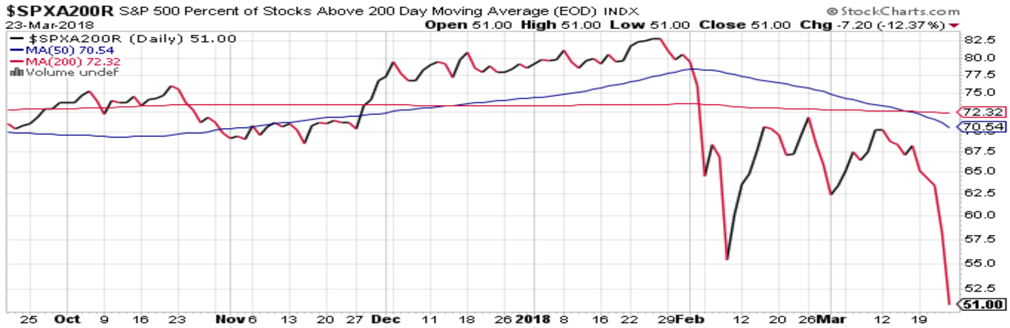
Short-term momentum indicators are Negative.

Percent of S&P 500 stocks trading above their 50-day moving average dropped last week to 15.60 from 51.20.



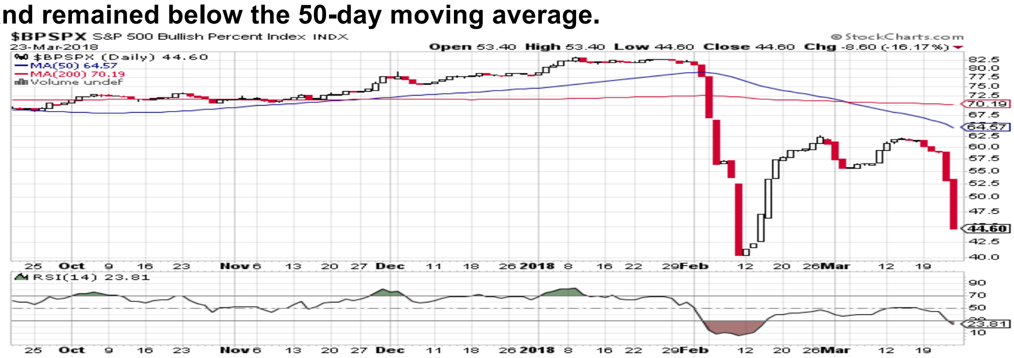
The Index remains below the 50-day MVA.

Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 51.00 from 68.20.



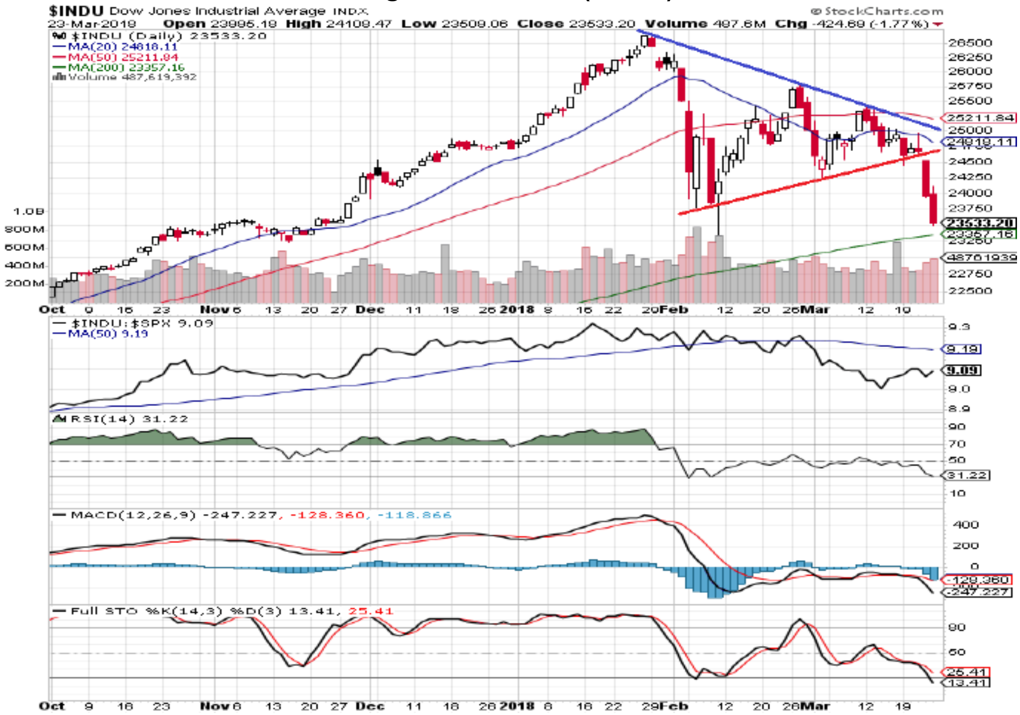
The Index remains below the 50-day MVA.

Bullish Percent Index for S&P 500 stocks dropped last week to 44.60 from 61.60 and remained below the 50-day moving average.



The Index remains below the 200-day MVA.

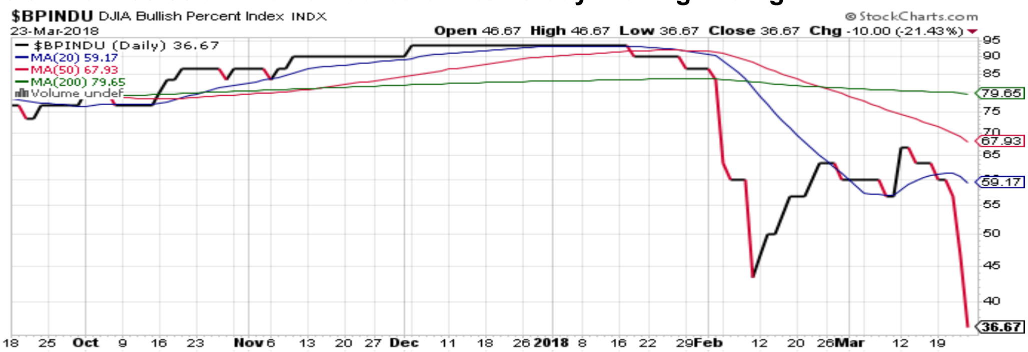
The Dow Jones Industrial Average lost 1413.31 (5.67%) last week.



$INDU broke the coil in a bearish move. Strength related to the S&P 500 is below the 50MVA.

The INDU remains below its 20-day MVA. Short-term momentum indicators are Negative.

Bullish Percent Index for Dow Jones Industrial Average dropped last week to 36.67 from 63.33 and remained below its 20-day moving average.



The Index remains below the 50-day MVA.

The Dow Jones Transportation Average lost 520.50 (4.87%) last week.

Dow Jones Transportation Index retraced on the support. Strength relative to the S&P 500 is Negative. The $TRAN moved below its 20- day MVA.

Short-term momentum indicators are Negative.

Bullish Percent Index dropped last week to 58.82 from 62.83 and moved below its 20-day moving average.

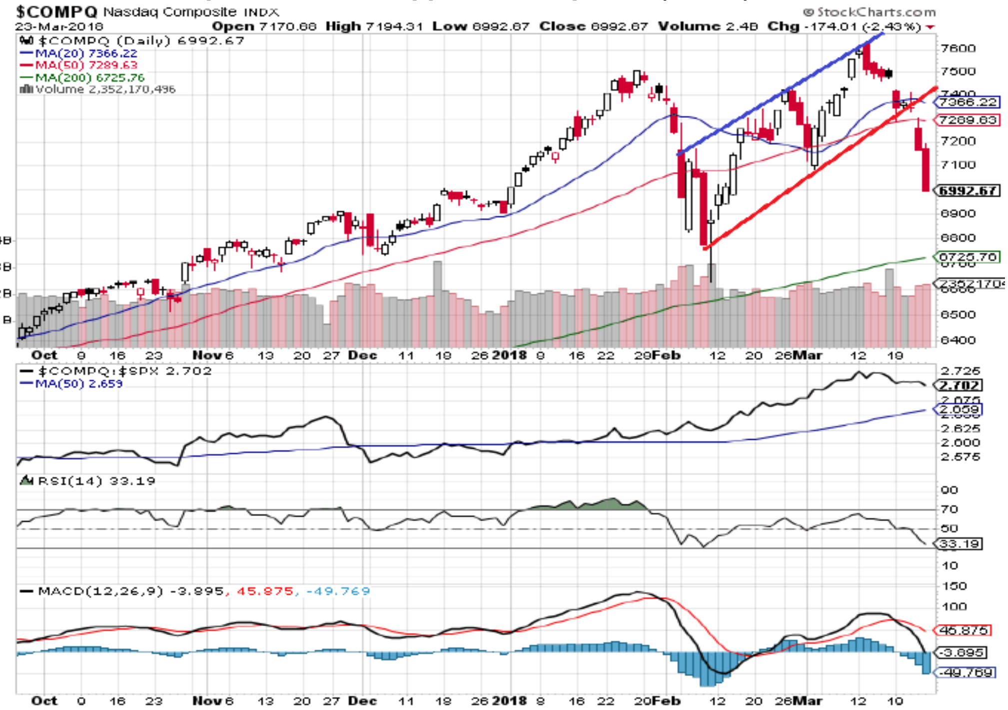
The Index moved below the 200-day MVA.

The NASDAQ Composite Index dropped 489.32 points (6.54%) last week.

Intermediate trend is Negative. $COMPQ broke through the lower trendline. Strength relative to the S&P 500 Index remains Positive.

The Index moved below the 20-day MVA.

Short-term momentum indicators are Negative.



The Russell 2000 Index lost 75.97 points (4.79%) last week.

$RUT is going to retest the 1500 support. Strength relative to the S&P 500 Index is Positive.

The Index moved below the 20-day MVA. Short-term momentum indicators are Negative.

The S&P Energy Index dropped 4.62 points (0.93%) last week.

Intermediate trend remains Neutral. $SPEN remains in a tight range. Strength relative to the S&P 500 Index is Positive.

The Index moved below the 20-day MVA. Short-term momentum indicators are Mixed.

The Philadelphia Oil Services Index lost 0.65 points (0.47%) last week.

Intermediate trend is Neutral.
$OSX is ranging around the 200-day MVA. Strength relative to the S&P 500 is Neutral.

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

The AMEX Gold Bug Index added 5.70 points (3.33%) last week.

$HUI rebounded from the lower trendline.
Strength relative to the S&P 500 Index changed to Positive.

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

Americas equity markets weekly charts

The BOVESPA lost 509 points (0.60%) last week.

$BVSP remains close to the support and the 50-day MVA.

BVSP remains above the 50-day MVA.

Short-term momentum indicators are Negative.

The Mexican Bolsa dropped 961 points (2.03%) last week.

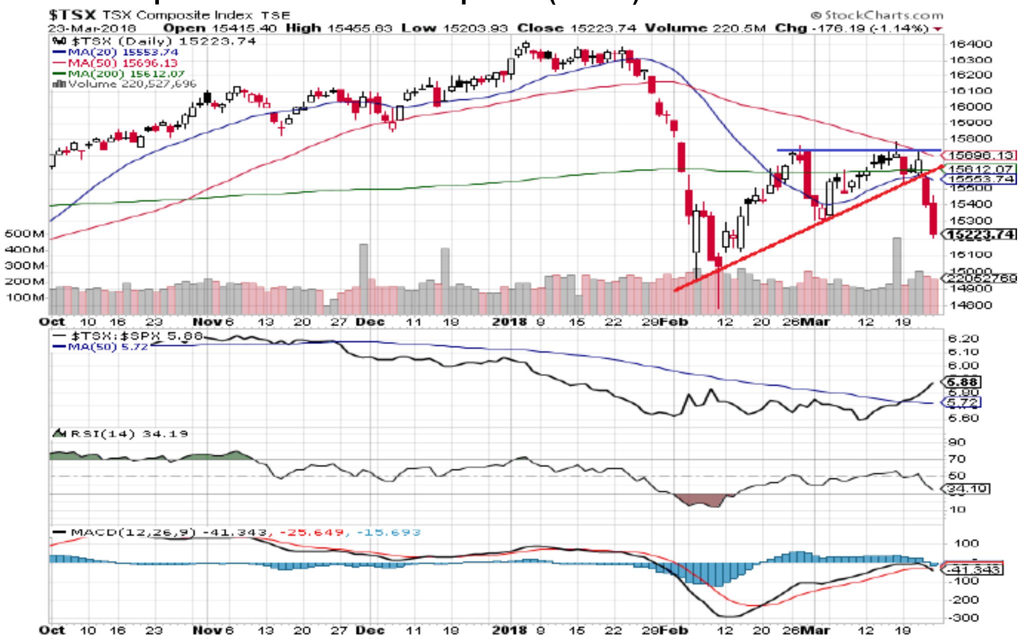
Intermediate trend remains Negative. $MXX broke through the important support. $MXX remains below the 50-day MVA.

Short-term momentum indicators are Negative.

Bullish Percent Index for TSX Composite dropped last week to 56.00 from 58.80 and moved below its 20-day moving average.

The Index remains below the 50-day MVA.

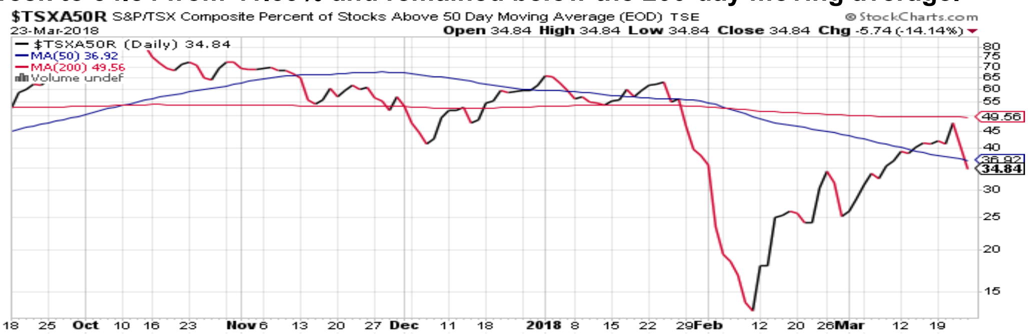
The TSX Composite Index lost 487.59 points (3.10%) last week.



Intermediate trend flipped to Negative. The Index broke through the lower trendline.

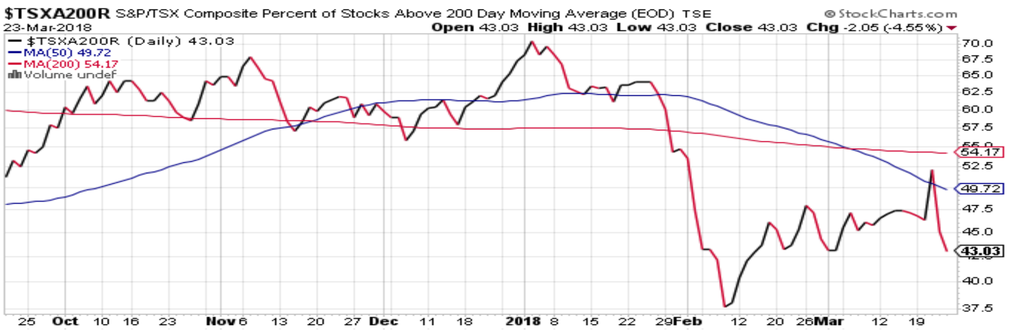
The Index moved below the 20-day MVA. Short-term momentum indicators are Negative.

Percent of TSX stocks trading above their 50-day moving average dropped last week to 34.84 from 41.39% and remained below the 200-day moving average.



The index moved below the 50-day MVA.

Percent of TSX stocks trading above their 200-day dropped last week to 43.03% from 47.13%



The index remains below the 200-day MVA.

EM equity markets weekly charts

Emerging Markets iShares lost $2.32 (4.71%) last week.

Intermediate trend changed from Neutral to Negative. Strength relative to the S&P 500 Index is Positive
EEM will retest the support around 46.

Units moved below the 20-day MVA. Short-term momentum indicators are Negative.

The Australia All Ordinaries Index dropped 125.90 points (2.08%) last week.

Intermediate trend changed from Neutral to Negative. Strength relative to the S&P 500 Index is Positive. $AORD broke through in a bearish move.

The $AORD remains below the 20-day MVA. Short-term momentum indicators are Negative.

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