



Creative Global Investments

Morning market commentary & charts

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Objectivity

Integrity

Creativity

Macro Commentary

Over the past 50 years, the S&P 500 Index has closed higher in April 70% of the time, averaging a gain of 1.5%. Historically, the first trading day in April is one of the strongest days of the year for the S&P 500 Index. During the past 20 periods, the S&P 500 Index gained 0.8% per period. A major reason is money flows entering the equity market coming from pension plans on the first trading day of Q2.

Today, North American equity markets' major event, the reporting of the April employment report came in with an unimpressive 215,000 vs. Consensus for March Non-farm Payrolls was an increase of 200,000 versus a gain of 242,000 in February. Consensus for Private Non-farm Payrolls was an increase of 195,000 versus a gain of 230,000 in February. Actual was an increase of 195,000. Consensus for the March Unemployment Rate was unchanged from February at 4.9%. Actual was an increase to 5.0%. Consensus for March Hourly Earnings was an increase of 0.3%. Actual was an increase of 0.3%.

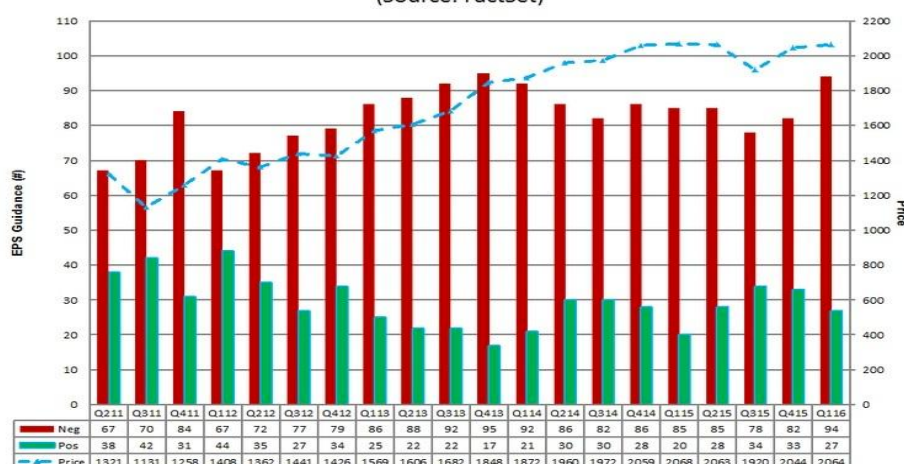
Equities Commentary

We see the exuberance likely to continue boosting US equities and possibly add another 5% to 7% from current levels. Historically, the first trading day in April is one of the strongest days of the year for the S&P 500 Index. During the past 20 periods, the S&P 500 Index gained 0.8% per period. A major reason is money flows entering the equity market coming from pension plans on the first trading day of Q2.

- **Earnings Recession Discounted:** Investors seem to believe they have seen the worst at -10% growth for Q1 and that things will only get better from here.

Negative EPS Guidance Approaches 10 Year Record

S&P 500 Negative & Positive EPS Preannouncements (#): 5-Year
(Source: FactSet)



- **The Fed remains dovish:** The US\$ trended lower throughout Q1 on ideas that the Fed couldn't possibly hike at the March meeting. Since then, the "dot plot" and Yellen make the market believe *the doves will only allow one hike this year.*

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- **Manufacturing Bouncing Back:** Regional surveys from Richmond, Philly, Dallas, and Chicago all point to the national ISM number this morning getting back above 50.
- **Fund Managers Can't Miss Rallies:** Besides the fact that they "have to buy" stocks with the money they are given, they still see too few alternatives to US equity markets, which we believe will change in a few weeks, and herein lies the opportunity to achieve alpha in non-US equities

No matter how overbought and overvalued the market is right now, we see these macro forces could combine to make April another green month for US indexes.

Nevertheless, now that the traditional end-of-quarter window dressing of portfolios for Q1 is behind us, we still believe S&P 1950 comes before new highs in Q2.

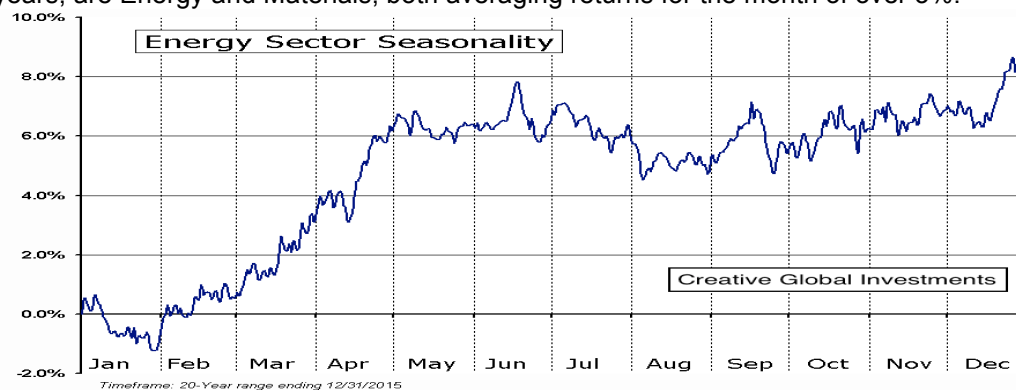


Several sectors eclipsing their Q4 highs, with Industrials, Materials, and Energy the standouts as the US\$ weakens further. The S&P 500 Index shed two-tenths of one percent, maintaining support at the gap that was opened in Wednesday's session. For the month, the large-cap benchmark is higher by 6.60%, the best March return since 2009. The average gain for this third month of the year is 1.1%, based on data from the past 50 years.

Gains were led by the energy and technology sectors, which according to the S&P 500 sector benchmarks returned just over 9% each; laggard was the health care sector, which returned a mere 2.59%, remaining under pressure as a result of the strain in the biotech industry.

The energy sector remains in a period of seasonal strength, which began in January, through to May, while Technology enters its next seasonal up-leg in April, leading up to the developer conferences through the spring months

Typically, the best sectors in the month of April, based on performance over the past 20 years, are Energy and Materials, both averaging returns for the month of over 3%.



Monthly Averages over past 20 years:												
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
%Return	-0.7%	1.3%	2.7%	3.2%	0.3%	0.0%	-0.5%	-1.1%	0.2%	1.1%	0.5%	1.2%
Gain Frequency	35%	60%	70%	70%	65%	50%	55%	45%	55%	65%	60%	55%
MaxReturn	13.9%	18.3%	14.6%	14.5%	10.2%	5.8%	8.0%	7.2%	13.7%	17.0%	8.1%	13.8%
	2006	2005	1999	1999	2009	2005	2010	2000	1998	2011	2006	2003
MinReturn	-10.9%	-12.5%	-3.7%	-5.3%	-11.8%	-6.8%	-14.0%	-11.6%	-12.6%	-18.0%	-8.8%	-10.0%
	2008	2009	2005	2005	2010	2001	2008	1998	2011	2008	2014	2015



Monthly Averages over past 20 years:												
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
%Return	-1.1%	1.3%	2.0%	3.1%	-0.1%	-1.7%	0.3%	-1.5%	-2.1%	2.1%	2.4%	1.8%
Gain Frequency	35%	65%	65%	75%	55%	30%	40%	40%	50%	70%	75%	55%
MaxReturn	11.1%	7.8%	14.9%	24.0%	5.9%	5.0%	13.3%	3.5%	7.6%	17.6%	11.7%	14.5%
	2012	2015	2009	1999	1997	1999	2009	2014	2007	2011	2002	2000
MinReturn	-11.8%	-9.8%	-5.0%	-7.0%	-9.7%	-9.1%	-11.3%	-13.3%	-17.2%	-22.2%	-11.2%	-4.4%
	2000	2000	2015	2005	2010	2000	2002	1998	2008	2008	2008	2002

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