Creative Global Investments

Morning markets commentary & charts

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Objectivity

Integrity

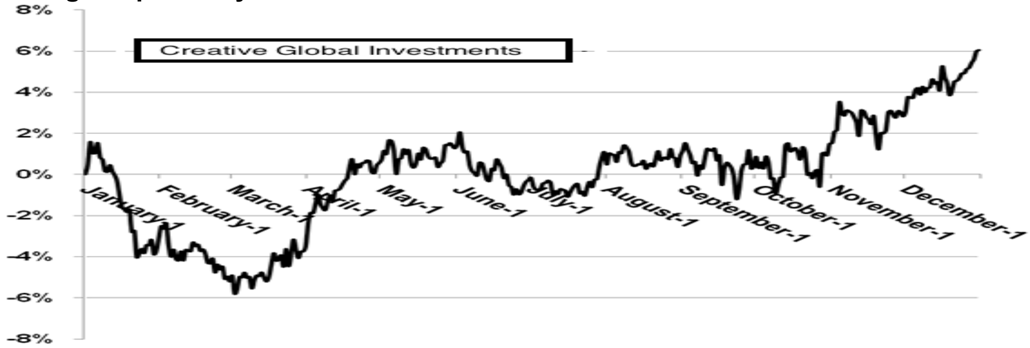
Creativity

Emerging equity markets in period of seasonal strength

Chinese stocks continue their move higher, the $HSI jumped to a 7- year high.

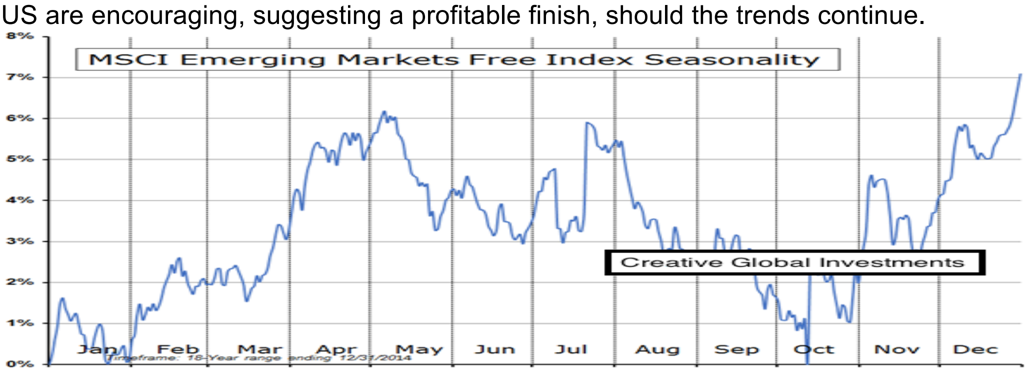
The next chart shows the $SSEC relative to the $SPX, and a similar trend reversal as for the $NIKK;$SPX has materialized here too. We continue to recommend overweighting Chinese equities relative to US equities. Our 2015 price target for the $SSEC is 4,900.

The Shanghai Composite Index has a history of moving higher after the Chinese New Year. Following is a Seasonality Chart for the Shanghai Composite Index during the past 10 years.



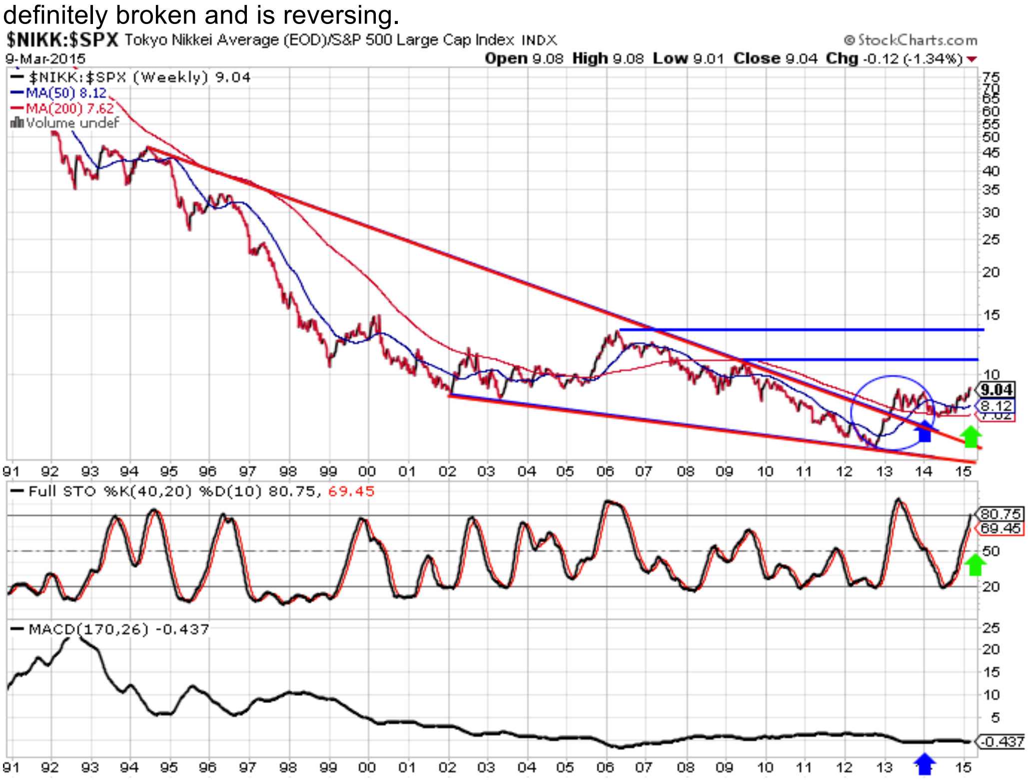
Strength in emerging markets has been particularly impressive as investors find value in the beaten down equities that have underperformed developed markets for a prolonged period of time. The Emerging Markets ETF (EEM) has broken through a number of levels of resistance in the past few sessions, paving the way for a move towards the 2014 high of $45.20. A reverse head-and-shoulders bottoming pattern on the chart of the Emerging Market ETF suggests a move to between $45 and $46 as momentum and relative strength continue to improve.

Emerging equity markets for most follow the same general seasonal trend, gaining between October and May. There is one month left before the average end to the period of seasonal strength, but the bullish setups amongst benchmarks outside of the US are encouraging, suggesting a profitable finish, should the trends continue.



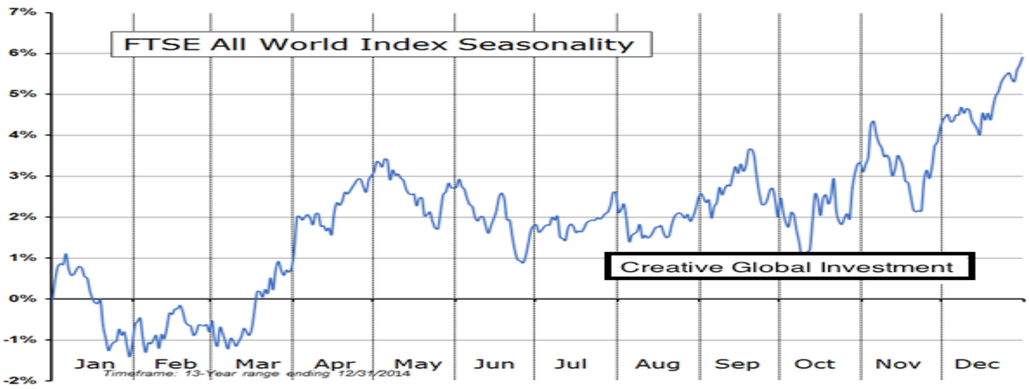
The $NIKK has hit and surpassed our 2014 (fiscal year end Japan on March 31st, 2015) price target of 18,500. We stick with our 2015 price target for the $NIKK of 21,500. However, keeping history in mind, and the fact that the $NIKK has lost an average of -8% to -12% from the beginning of April through the end of August, we are advising to reduce weightings in Japan from now until August, and wait for lower prices to re-enter Japanese equity markets.

The long-term technical picture for the $NIKK is still very bullish. We want to reiterate an updated chart (we first published this chart in August 2013, when we saw the $NIKK:$SPX break above its 19-year trend and mark the start to outperform the $SPX) showing that the long-term trend favoring US equities over Japan has been definitely broken and is reversing.



Stocks around the world ended with marginal gains on Wednesday as investors digested the minutes from the latest FOMC meeting and awaited earnings from Alcoa after the closing bell. The S&P 500 Index continues to hover around its 20 and 50-day moving averages as investors refrain from any significant directional bets given the reporting season ahead. In the midst of this near-term hesitation in the US, global equity markets are excelling, outpacing the returns of American benchmarks.

The FTSE All-World Index is back testing resistance at the all-time highs following outperforming returns recorded since the year started. Overhead resistance and underlying trend line support gives the appearance of an ascending triangle pattern, which is typically a bullish setup. The bullish pattern suggests a calculated move higher to 315, or around 10% above present levels, assuming the benchmark overcomes resistance at 286.

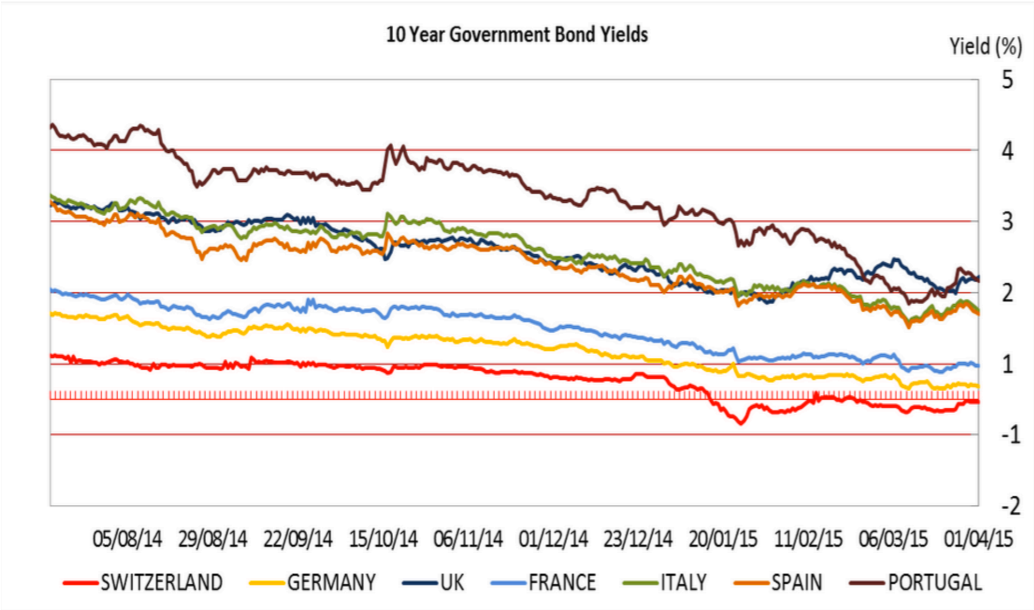


Fixed income markets commentary & charts

Euro Bonds

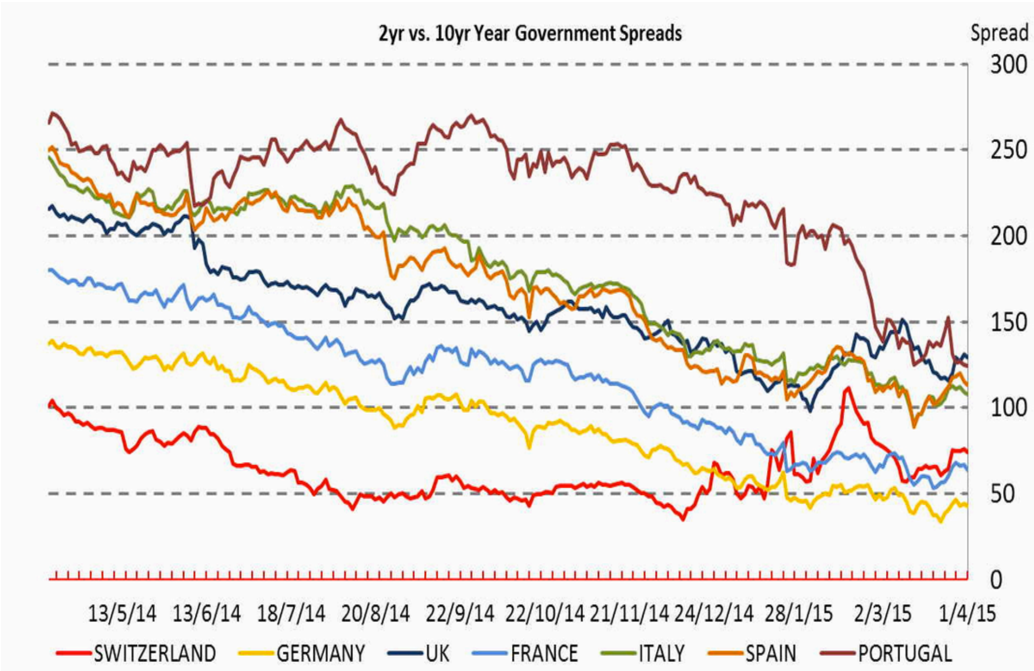
As we were anticipating, the 10-Year government bonds in Europe have continued their yield compression into Q1 2015.

European 10-Year government bonds have started their period of seasonal strength, which normally lasts from April to September.



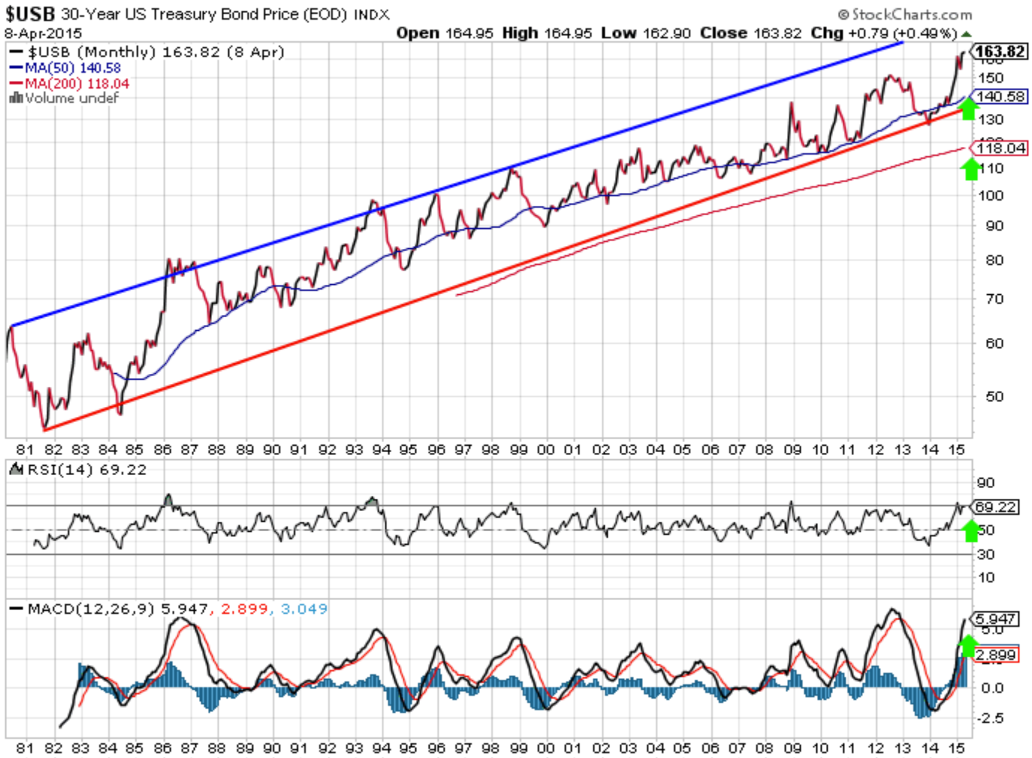
On the short end of the curve, 2-Year Bonds, the yield compression of the peripheral markets (Spain, Italy, Portugal) towards the Bunds has almost reached our targets for 2015.

European 2-Year government bonds have started their period of seasonal strength, which normally lasts from April to September.



US Bonds

The price of the 30-Year Treasury Bond is back up against trend line resistance after rebounding from the centerline of a long-term rising trend channel earlier this month. The upper limit of this long-term trading range has consistently led to a short to intermediate-term pullback in the price of this fixed income asset, subsequently resulting in gains for equities as investors rotate from one asset class to the other; short-term declines in bond prices should be expected. Bond prices have largely bucked the negative tendencies that are typical for the month of March as a result of dovish comments from the Fed, however, should the spring rebound in economic data produce results that entice the FOMC to act, seasonal weakness in the treasury market through to the end of April may still be realized.



30-Year Treasury Bond prices tend to stabilize in the month of April, before entering their historical period of seasonal strength in May lasting throughout December.

We believe that the next chart reveals yet for another leg down to come for the yield of the 10-year treasuries.

The 33-year long declining trend channel for the 10-year treasuries yield is still perfectly intact, and we keep our 2015 price target for the yield of the 10-year Treasury of 1.35%.

The following chart shows US bonds are still more favorable than equities.

US equity markets commentary & charts

For US stocks, from a seasonal perspective, April has typically been one of the best months of the year for the equity market. Over the past 20 years, the S&P 500 Index has ended higher 75% of the time during the fourth month of the year, gaining an average of 2.2%. Energy, Industrials, Financials, and Technology have each averaged returns of at least 3% for the month, while Consumer Staples and Health Care have posted returns that have lagged the broad market average.

April marks the last month of the year for the best six month period for equity markets around the globe; equity market performance tends to become much more random during the summer months.

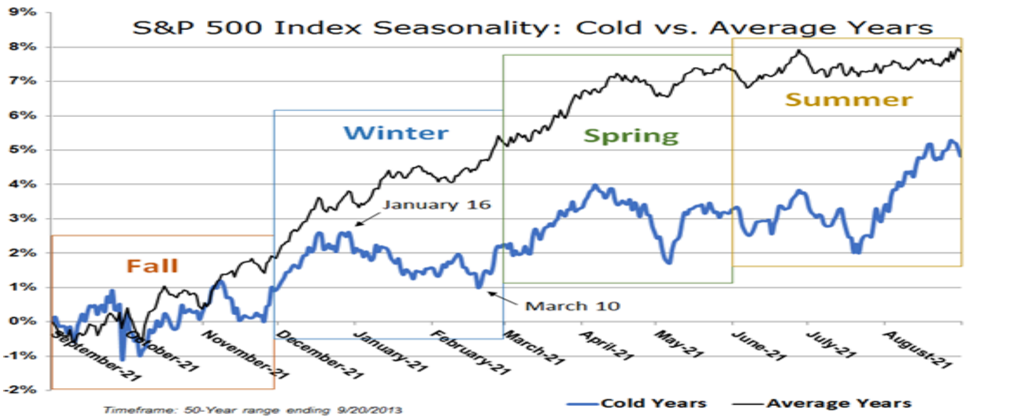
S&P 500 Index Average Monthly Returns:

Monthly Averages over past 20 years:

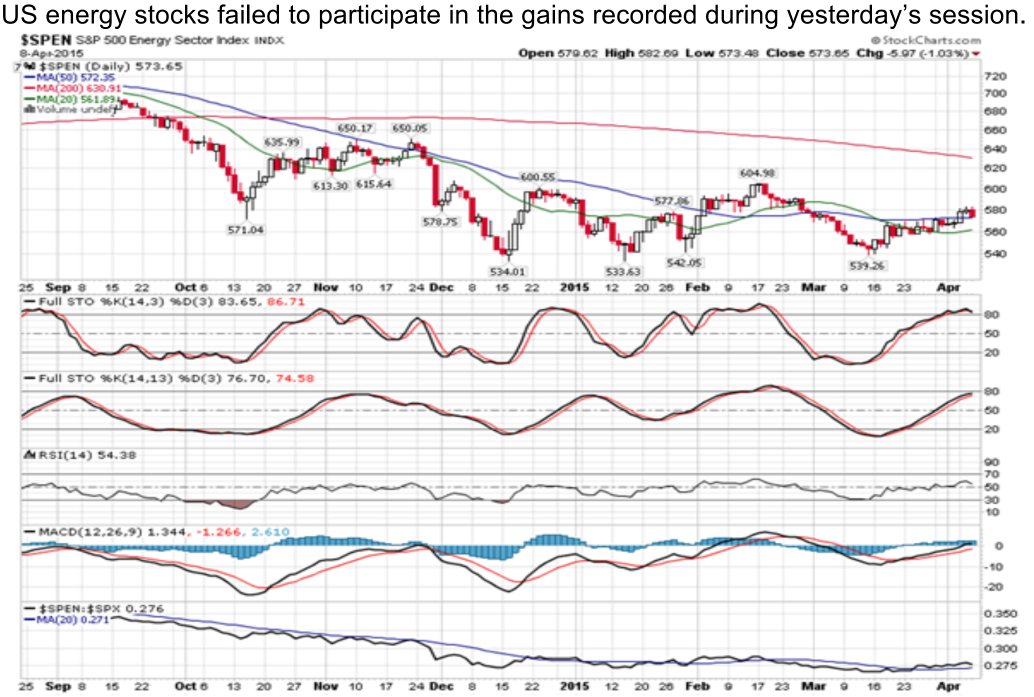
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	0.2%	-0.3%	1.9%	2.2%	0.5%	0.0%	0.4%	-0.8%	0.0%	1.8%	1.9%	1.5%
Gain Frequency	60%	60%	75%	75%	60%	65%	45%	55%	60%	65%	75%	75%
Max Return	6.0%	6.9%	9.6%	9.4%	5.8%	5.4%	7.6%	5.9%	8.5%	10.6%	7.4%	6.4%
	1997	1998	2000	2009	1997	1999	1997	2000	2010	2011	2001	2010
Min Return	-8.4%	-11.1%	-6.3%	-6.2%	-8.2%	-8.8%	-7.5%	-15.3%	-11.3%	-15.7%	-8.2%	-6.1%
	2009	2009	2001	2002	2010	2008	2002	1998	2002	2008	2000	2002

Economic data released in April will receive extra scrutiny this year following the cold and snowy winter weather that has restrained economic growth for months; the spring rebound, which is now receiving media attention, starts to become apparent in data released throughout the month of April.

Economic reports have largely missed expectations throughout the first quarter of the year, so investors will be looking for clues as to whether the economic strength remains intact, justifying higher equity prices, or whether estimates need to be revised lower, potentially spooking investors out of equity allocations.

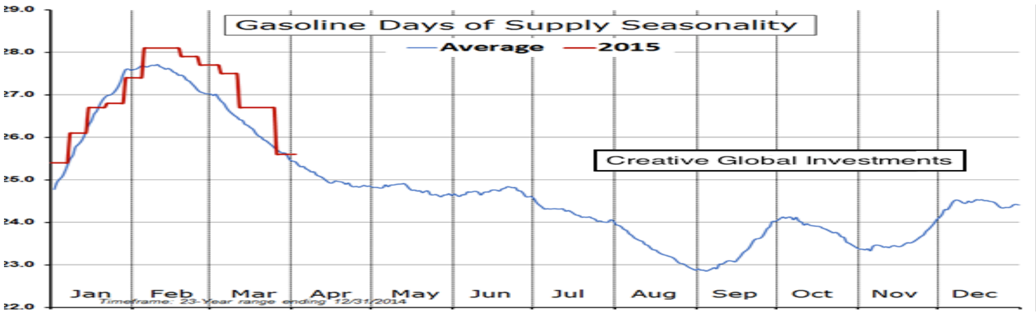


US energy stocks failed to participate in the gains recorded during yesterday's session.

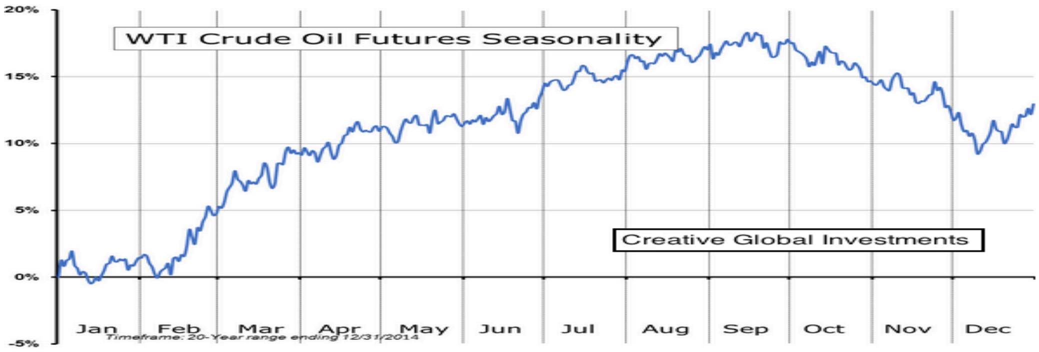


The S&P 500 Energy Sector Index dropped by over 1%, falling back to its 50-day moving average, which has been showing signs of flattening over recent weeks. The move follows another significant build in oil inventories, as reported by the Energy Information Administration. Crude oil inventories grew by a whopping 10.9 million barrels last week, pushing the days of supply to 30.8.

Seasonally, oil inventories typically peak around this time of year, however, the commodity has yet to show signs of topping. While the days of supply of oil remain well above the seasonal average, gasoline days of supply remain inline with the seasonal norm, despite the slight build in inventories in the past week.



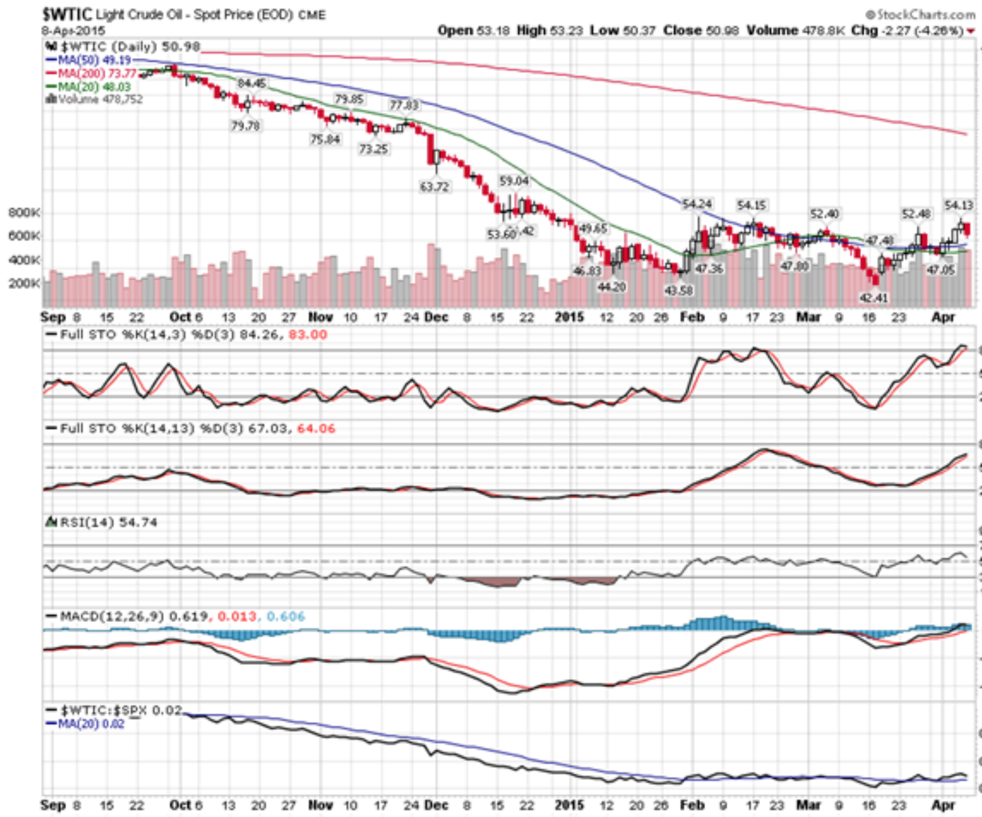
The price of oil remains in a period of seasonal strength through the summer.



The price of both commodities typically trend higher at this time of year, but, needless to say, the price action of crude oil has been sluggish since the year began.

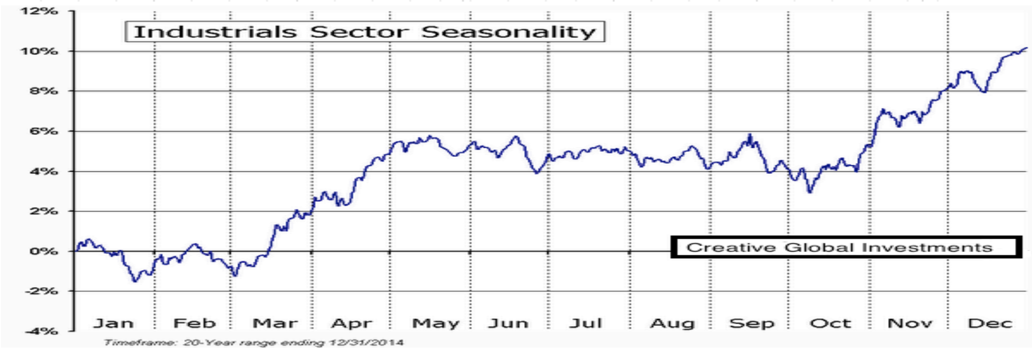
The price of crude oil continues to bump up against resistance between $52 and $54 while momentum indicators trend higher.

Without the breakout above resistance, it is difficult to get excited about the seasonal prospects for the commodity this year, even though the potential remains enticing.



Industrial stocks are starting to show early signs improving momentum at the start of their peak period of seasonal strength.

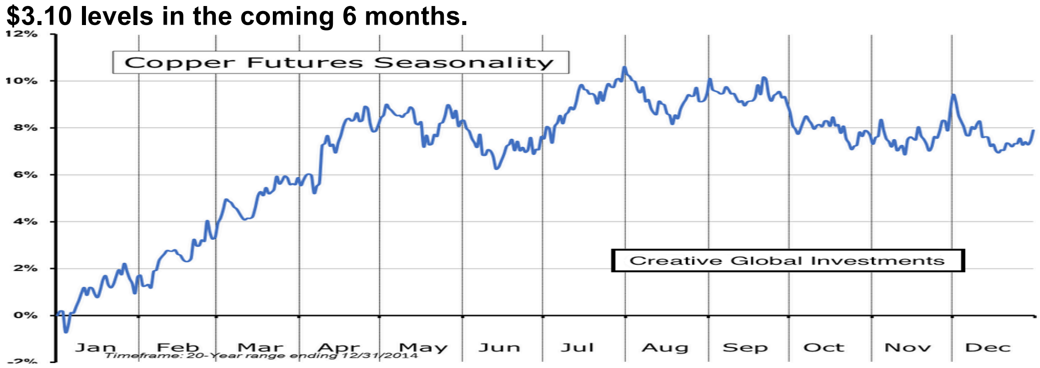
Industrial stocks typically trade higher between now and May.



Commodities commentary & charts

Strength in the Shanghai Composite Index is having a positive impact on copper prices despite strength in the US$ Index.

$COPPER has entered its period of seasonal strength, which last usually until September, hence why we see chances for $COPPER to move back towards the $3.10 levels in the coming 6 months.



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