



Creative Global Investments

Morning market commentary & weekly charts

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Objectivity
Integrity
Creativity

Hong Kong Hang Seng breaking above ascending triangle pattern, suggesting significant gains ahead. We keep our 2015 price target of 32,000.

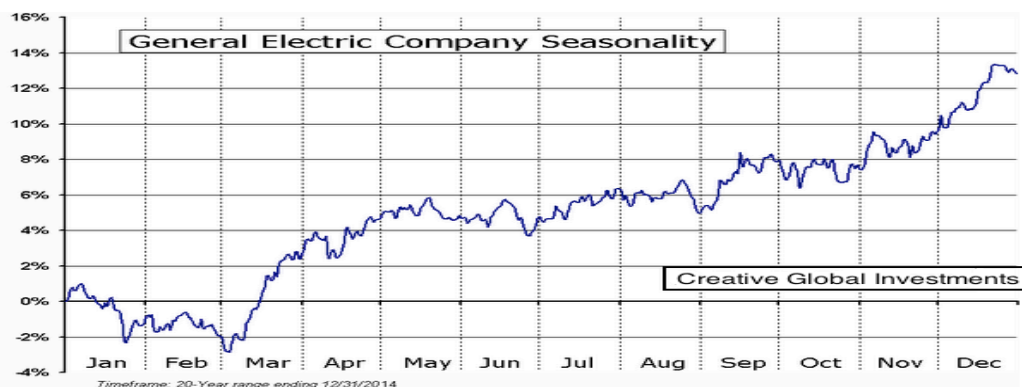


GE announced one of the largest buybacks in history and plans to divest its GE Capital business. Management indicated that it could potentially return more than US\$ 90bn to investors over the next three years, starting with a US\$ 50bn stock buyback. Shares of General Electric closed up 11%. Prior to Friday's announcement, GE stock had resisted a number of times around US\$ 26.60 and a trend of underperformance versus the market was apparent. Resistance has now been overcome and outperformance has become immediately apparent, opening the door for a run towards the pre-recession high of \$32.14. Expanding the range of data, it is clear that the consolidation in the stock over the past year has occurred around long-term trend line resistance that stemmed from the 2000 high, suggesting that the stock is breaking free of the grip of the so-called "lost decade" when stocks charted significant multi-year swings, but eventually realized stagnant returns over the period.

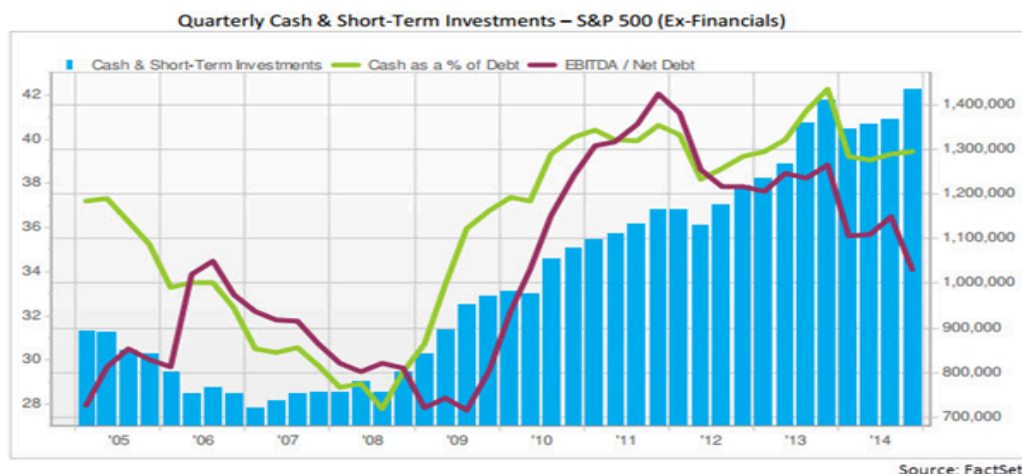


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The breakout occurs during the period of seasonal strength for General Electric, which began at the beginning of March, running through to the middle of May; the broad industrial sector follows a similar trend. The gap higher in shares of this multinational conglomerate is significant, suggesting further strength for the stock, the sector, and potentially the broad market as investors anticipate further corporate actions of significant cash balances among S&P 500 companies.

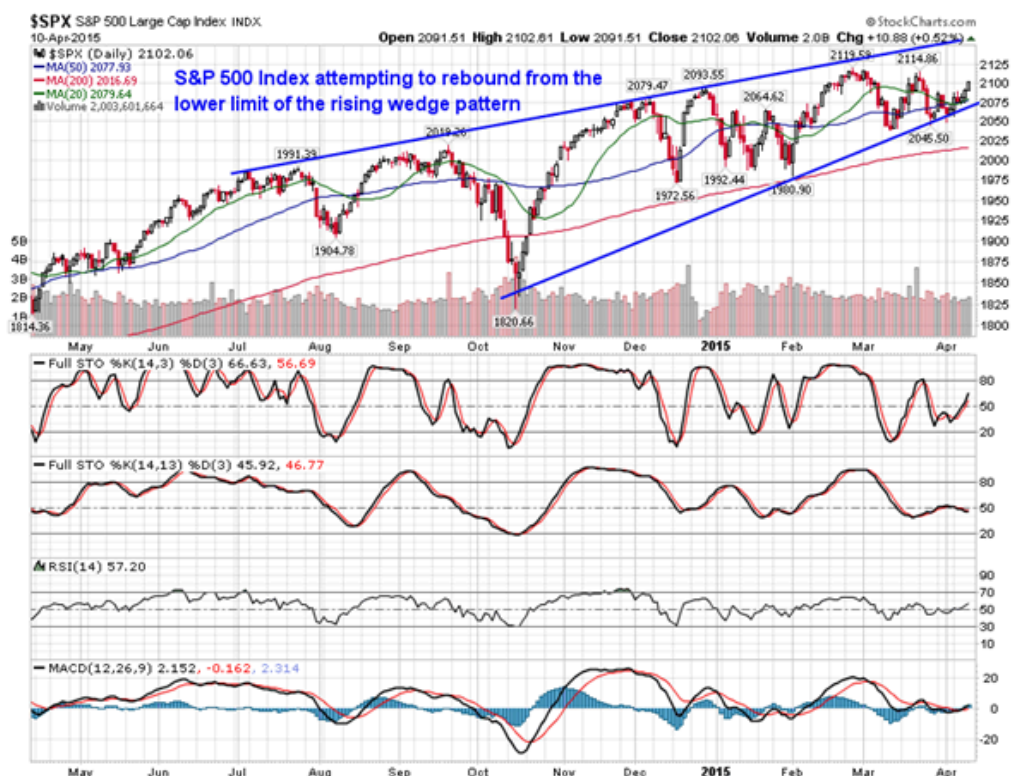


According to FactSet, at the end of last year, S&P 500 ex-financial companies held US\$1.43 trillion in cash and short-term investments, a record high. This cash has the potential to fuel the ongoing strength in the equity market, possibly generating additional breakout returns by stocks in the large -cap index.



With the news from GE helping to add to the gains in the S&P 500, the benchmark is showing signs of rebounding from the lower limit of the rising wedge pattern. The upper limit of the narrowing trading range currently sits around 2160, an ideal place to book some profits, if reached. Keep in mind, the rising wedge pattern typically results in a bearish outcome, suggesting that downside pressures are likely to follow a break below the lower limit of the pattern, presently around 2075. Earnings reports ahead are likely to determine the timing of the pending break.

Reports start to flow in full force this week, potentially keeping investors on their toes. In addition to earnings this week, the income tax deadline in the US is this Wednesday, after which equities have a tendency to strengthen. Over the past 20 years, the S&P 500 Index has gained an average of 2.08% between April 15th (tax deadline day) and April 30th. The frequency of gains is 75%. As the burden of paying income taxes by the deadline is alleviated and income tax returns are received, money tends to flow back into the equity market, driving prices higher.



Weekly Investment Conclusion

International events could have an impact on equity markets this week. The Greek government is close to running out of international currency to pay its debts. Negotiations continue. Discussions about framework of the Iran nuclear agreement continue. Venezuela is close to government breakdown. Terrorist hot spots seem to surface on a regular basis.

Economic news this week is expected to show a slight recovery in the US economy in March from the weather related slowdown in February. Focus is on March Housing Starts to be released on Thursday.

First quarter earnings reports become a focus this week. Thirty-five S&P 500 companies and seven Dow Jones Industrial Average companies are scheduled to report this week. Reports from the financial services sector will be notable. Excluding Bank of America that reported a non-recurring loss in the first quarter last year, earnings by the sector will increase 0.8% on a year-over-year basis. According to Fact Set, year-over-year earnings by S&P 500 companies will fall 4.8%. Quarter-over-quarter earnings in the first quarter will fall 4.6% and revenues will drop 3.0%. Primary reason for the drop is strength in the US\$. Moreover, quarter-over-quarter earnings in the second quarter are expected to drop another 2.3% and revenues are expected to decline 3.5%. 101 S&P 500 companies have announced first quarter guidance to date: 85 companies announced negative guidance while 16 companies announced positive guidance.

The battle between favorable seasonal influences until early May for equity prices and declining earnings news from the US continues. We recommend retaining seasonally attractive economically sensitive EM equities and international equities for now, but be prepared to take profits if technical indicators begin to deteriorate significantly. International equities still appear more attractive than US equities until early May.

A study from 1945 to present on US equity markets showing impact of the first increase in the Fed Fund rate showed that the S&P 500 Index suffered an average drop of 10% sometime during the six month period prior to the first increase in the Fed Fund rate. Assuming that the first increase in the Fed Fund rate this year occurs in September, the

US equity market is within the six month envelope for a 10% correction.

Short-term technical signals (e.g. short term momentum indicators, 20 day moving average) show that most equity markets and sectors are overbought, but have yet to show signs of peaking.

Intermediate technical signals (e.g. Percent of S&P 500 stocks trading above their 50 and 200 day moving averages, Bullish Percent Index) also are overbought, but have yet to show signs of peaking.

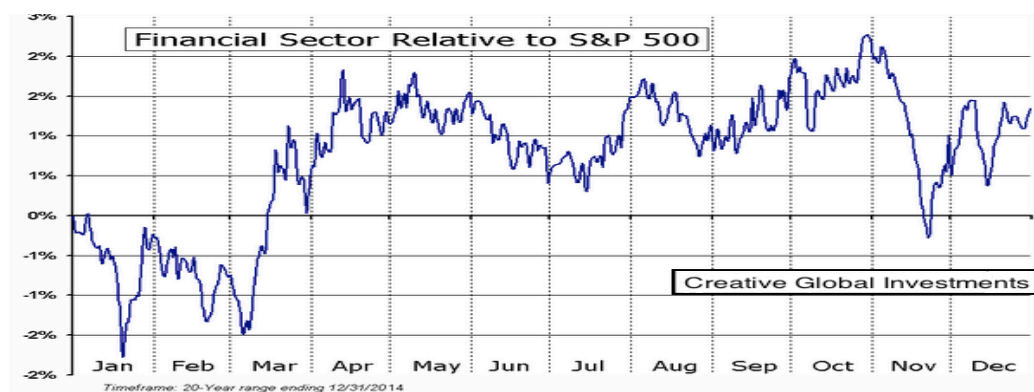
Seasonal influences for equity markets around the world are positive until the beginning of May. Seasonal influences during a US Presidential cycle Pre-election year can remain positive until July. Investors are being forced to take more risk than they should in order to generate a decent return on their money.

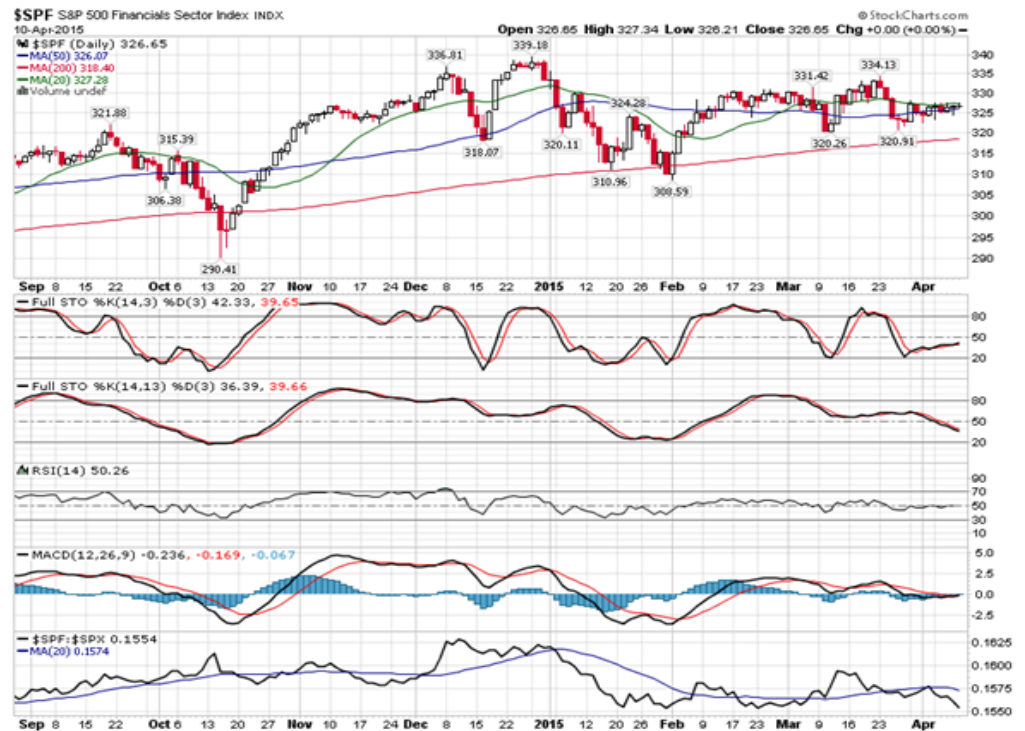
The problem is that at this point in the cycle, when stocks are extremely expensive and bonds offer literally no value at all, investors should be consider more than just the return of their money. It has been more than 800 days since a true market correction (i.e. a sell-off of 10% or more).

Industrials, consumer discretionary, and materials have a history of underperformance between now and early May.

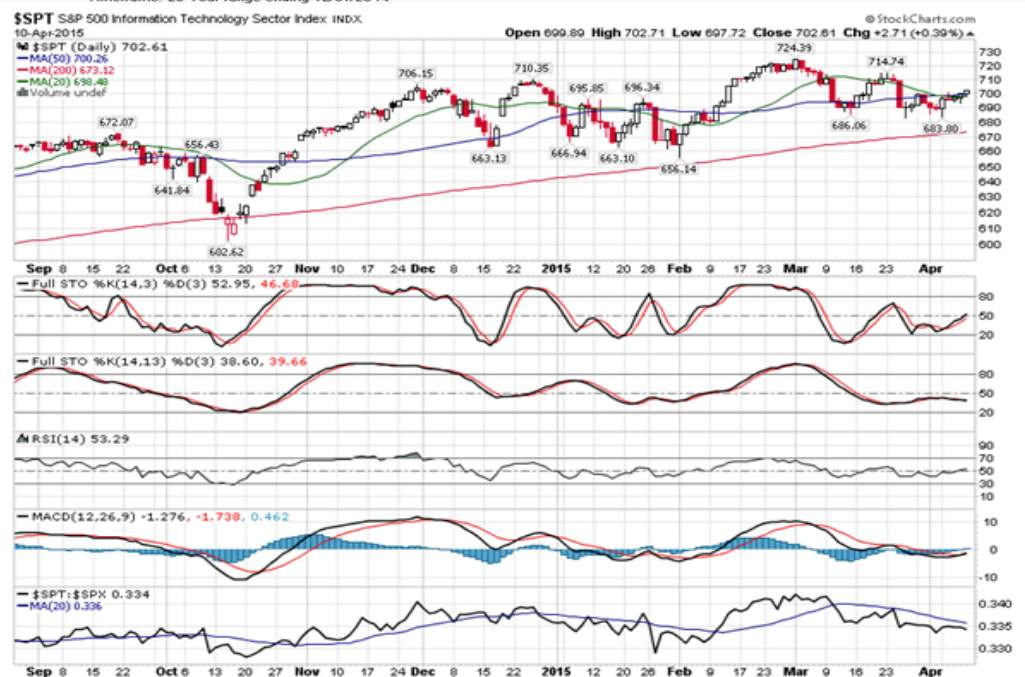
Two important shifts occur in the seasonal sector rotation strategy in the US.

The first is the end of the period of strength for financials and the second is the beginning of seasonal strength for technology. Financials typically gain between January and mid-April, benefitting from strength related to first quarter guidance. Although the trade in the financial sector has been profitable, the relative performance versus the S&P 500 Index has failed to live up to seasonal norms. Performance of the S&P 500 Financial sector since January has been on par with the broad market. Around the time that some of the first earnings reports for financial companies are released, the sector enters a period of underperformance that runs through to mid-July. JP Morgan, Wells Fargo, Bank of America, Citigroup, and Goldman Sachs are just some of the financial companies reporting this week, providing the catalyst to influence the sector, one way or the other.





The second is that technology historically has been gaining between mid-April and mid-July and has outperformed between now and mid-May. We are expecting for the technology sector to outperform over the months ahead.



US equity markets commentary & weekly charts

The VIX Index fell another 2.01 (13.78%) last week.

Intermediate trend remains down. The Index remains below its 20-day moving average.

Short-term momentum indicators are trending down.



The S&P 500 Index gained 35.10 points (1.70%) last week.

Intermediate trend remains up. The Index remains above its 20-moving average.

Short-term momentum indicators are trending up.



Percent of S&P 500 stocks trading above their 50-day moving average increased last week to 65.50% from 56.40%.

The index is intermediate overbought, but continues to trend higher.



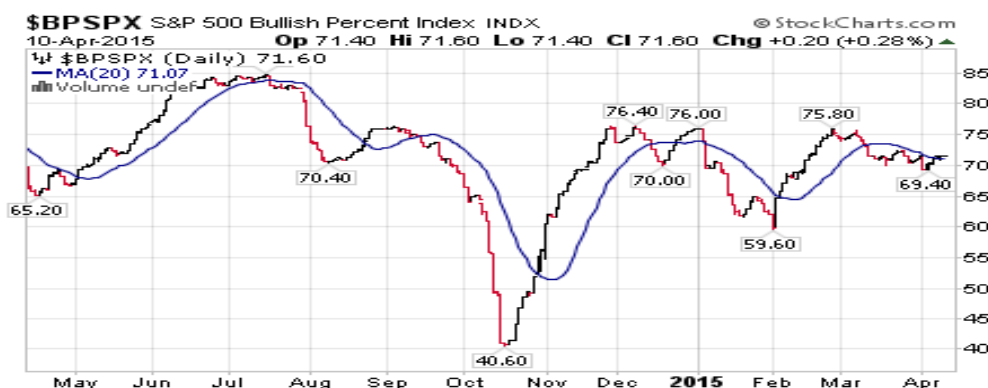
Percent of S&P 500 stocks trading above their 200-day moving average increased last week to 72.00% from 68.80%.

The index remains intermediate overbought, but is trending higher.



Bullish Percent Index for the S&P 500 Index increased last week to 71.60% from 70.20% and moved above its 20-day moving average.

The Index remains intermediate overbought.



The Dow Jones Industrial Average gained 294.41 points (1.66%) last week.

Intermediate trend remains down. The Average moved above its 20-day moving average.

Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators are trending up.



Bullish Percent Index for Dow Jones Industrial Average stocks was unchanged last week and closed at its 20-day moving average.

The Index remains intermediate overbought.



The Dow Jones Transportation Average gained 162.52 points (1.89%) last week.

Intermediate trend remains down. The Average remains below its 20-day moving average.

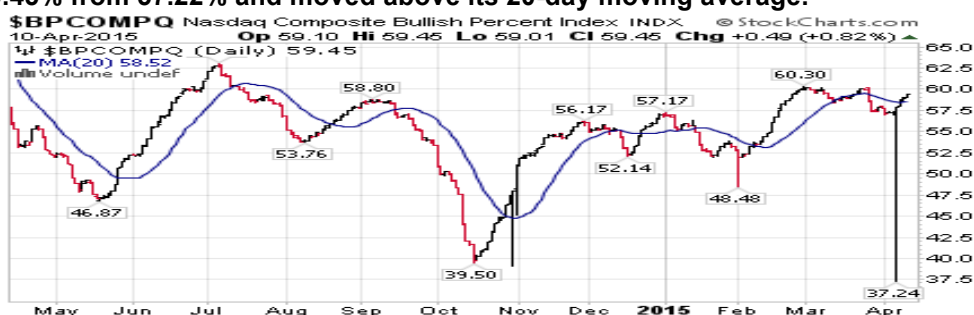
Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators are trending up.



Bullish Percent Index for NASDAQ Composite stocks increased last week to 59.45% from 57.22% and moved above its 20-day moving average.

The Index remains intermediate overbought.

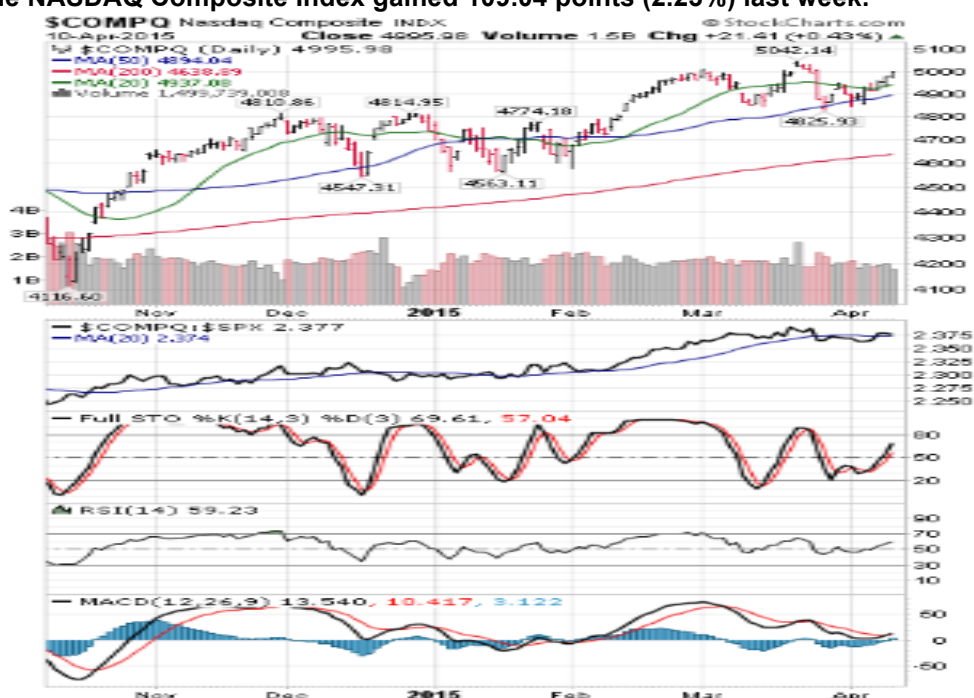


The NASDAQ Composite Index gained 109.04 points (2.23%) last week.

Intermediate trend remains Neutral. The Index moved above its 20-day moving average.

Strength relative to the S&P 500 Index remains neutral.

Short-term momentum indicators are trending up.

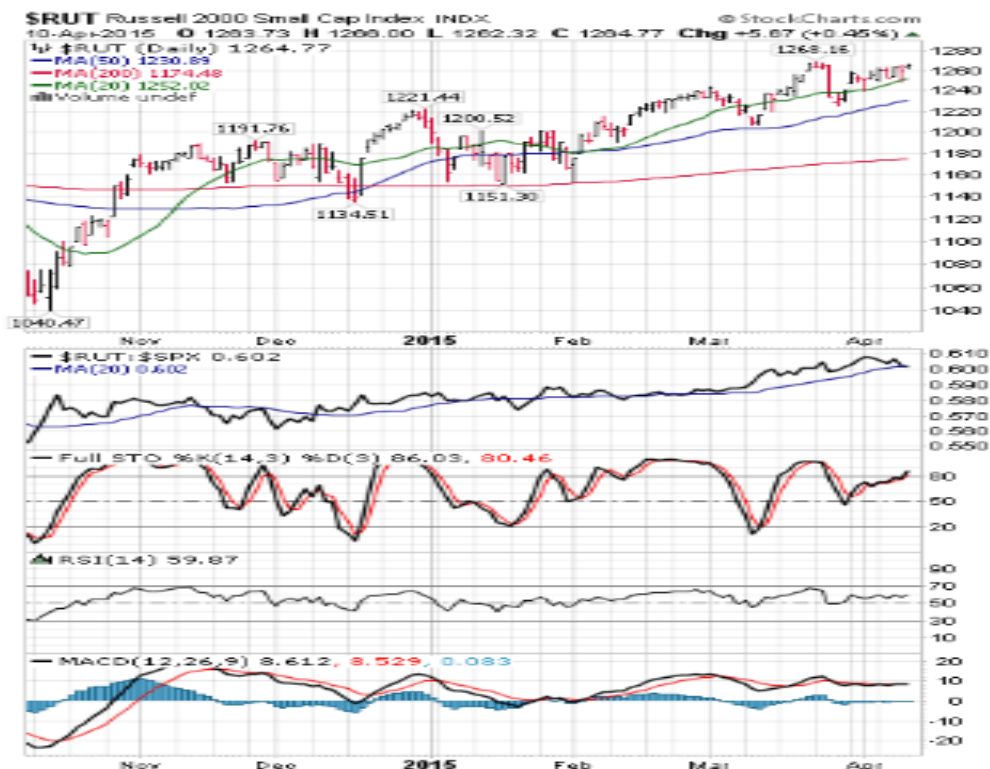


The Russell 2000 Index added 109.04 points (2.23%) last week.

Intermediate trend remains up. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index changed to Neutral from Positive.

Short-term momentum indicators are mixed.



The S&P Energy Index gained 17.57 points (3.09%) last week.

Intermediate trend remains up. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



The Philadelphia Oil Services Index gained 13.07 points (6.71%) last week.

Intermediate trend remains down. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



The AMEX Gold Bug Index added 4.15 points (2.48%) last week.

Intermediate trend remains down. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index remains Neutral.

Short-term momentum indicators are mixed.



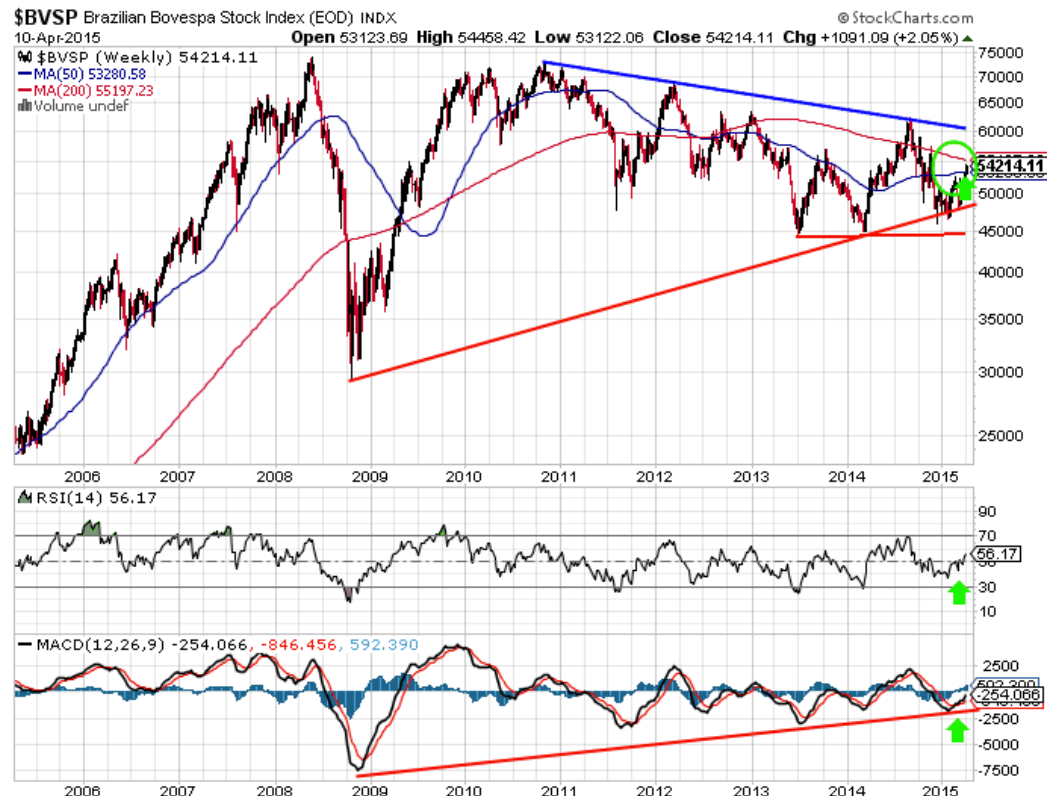
LatAM equity markets commentary & weekly charts

The BOVESPA gained 489 points last week.

Intermediate trend remains up. The \$BVSP moved above the 20- and 50-day moving averages.

Strength relative to the S&P 500 Index is positive.

Short-term momentum indicators are trending up.



The Mexican Bolsa lost 38 points last week.

Intermediate trend remains up. The \$MXX remains above the 20- and 50-day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



Canadian equity markets commentary & weekly charts

Bullish Percent Index for TSX Composite stocks increased last week to 57.37% from 54.98% and moved above its 20-day moving average.

The Index remains intermediate overbought.



The TSX Composite Index gained 361.81 points (2.41%) last week.

Intermediate trend changed to up from down on a move above 15,349.43.

The Index remains above its 20 day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



Percent of TSX stocks trading above their 50-day moving average increase last week to 67.20% from 48.80%.

The index is intermediate overbought, but continues to trend higher.



Percent of TSX stocks trading above their 200-day moving average increased last week to 49.20% from 44.40%.

The index is trending higher.



Asian equity markets commentary & weekly charts

The SENSEX gained 358 points last week.

Intermediate trend remains up. The \$BSE remain above the 20- and 50- day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are mixed



The Nikkei Average gained 594.84 points (3.08%) last week.

Intermediate uptrend was confirmed on a move above 19,778.60. The \$NIKK remains above its 20-day moving average.

Strength relative to the S&P 500 Index changed to Positive from Neutral.

Short-term momentum indicators are trending up.

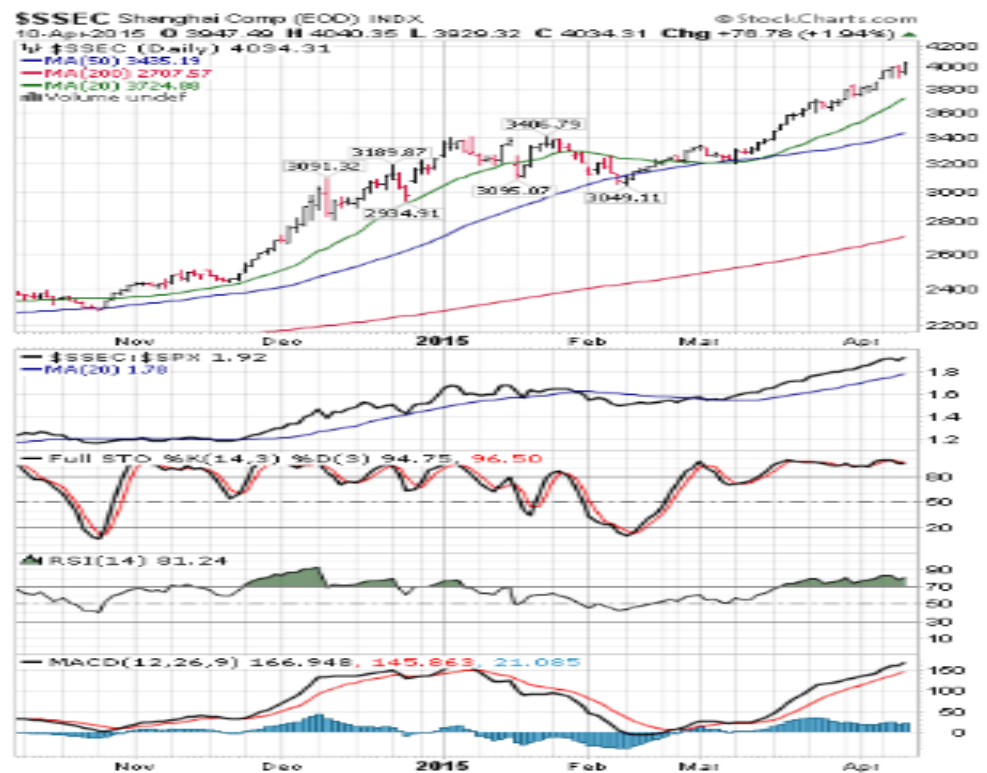


The Shanghai Composite Index gained another 208.53 points (5.45%) last week.

Intermediate trend remains up. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



iShares Emerging Markets jumped another \$1.64 (3.98%) last week.

Intermediate trend remains up. Units remain above their 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



The Australia All Ords Composite Index added 65.70 points (1.12%) last week.

Intermediate trend remains up. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are mixed.



European Equity markets commentary & weekly charts

The DAX 30 gained 226 points last week.

Intermediate trend remains up. The \$DAX remains above the 20- and 50-day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.

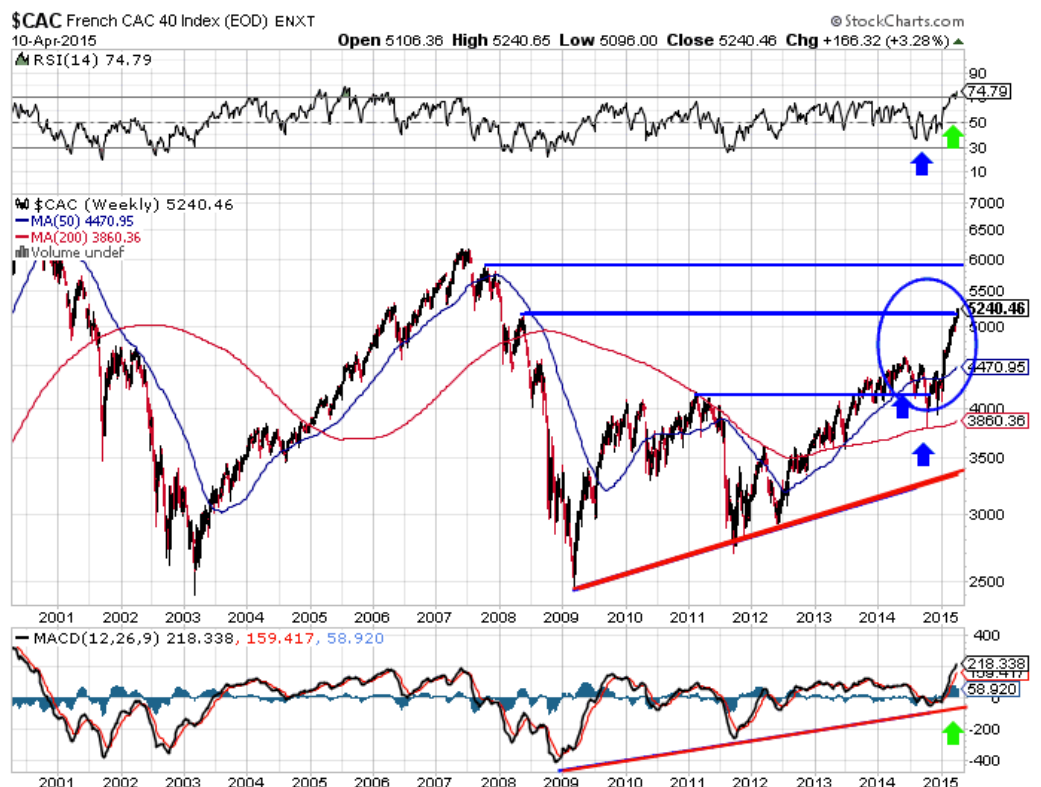


The CAC 40 gained 112 points last week.

Intermediate trend remains up. The \$CAC remains above the 20- and 50-day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



The AEX gained 10.3 points last week.

Intermediate trend remains up. The \$AEX remains above the 20- and 50-day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



The IBEX 35 gained 71 points last week.

Intermediate trend remains up. The \$IBEX remains above the 20- and 50-day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



The FTSE 100 gained 128 points last week.

Intermediate trend remains up. The \$FTSE moved above the 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



Europe 350 iShares gained \$0.55 (1.22%) last week.

Intermediate trend remains up. Units remain above their 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

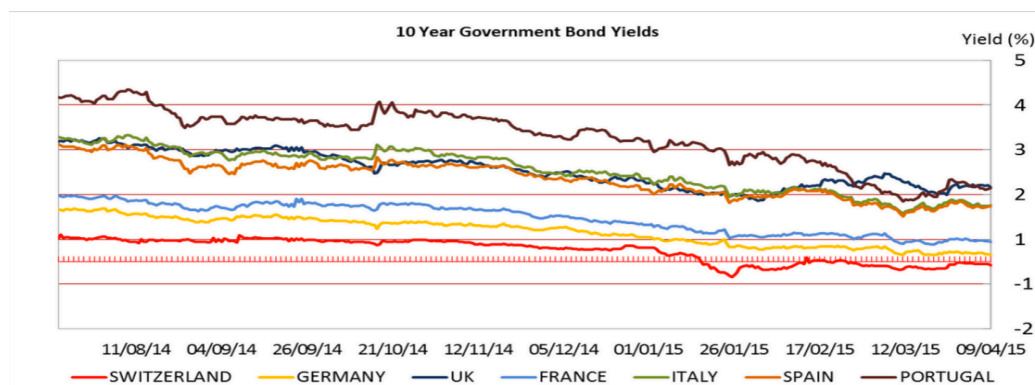
Short-term momentum indicators are trending up.



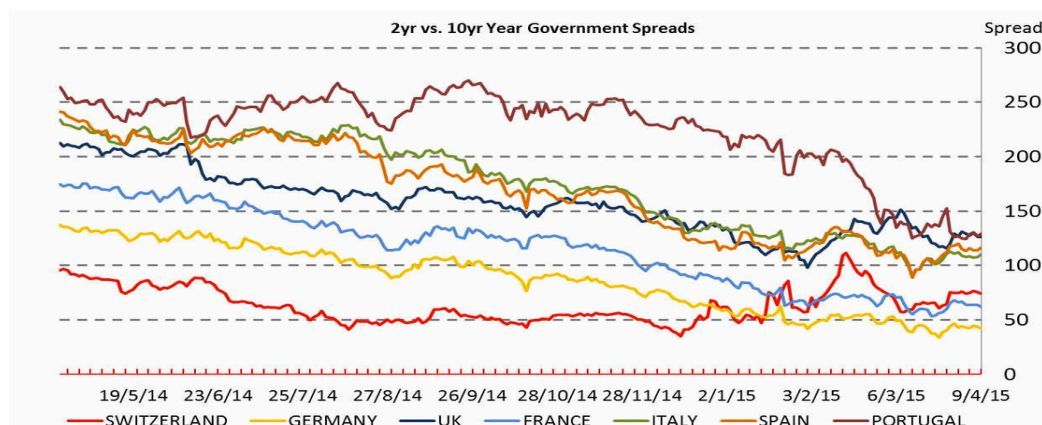
Fixed Income markets commentary & weekly charts

EURO Bonds

The yield compression of Spanish, Italian, Portuguese, French 10-Y bonds relative to the Bunds continues, and we see even acceleration in the coming months, as bonds are entering their period of seasonal strength.



Same for the short-end of the yield curve, where yields for the 2-Year bonds will continue to compress.



US Bonds

Intermediate trend remains down. Yield remains below its 20-day moving average.

Short-term momentum indicators are trending up.

The yield on 10 year Treasuries increase 4.7 basis points (2.47%) last week.



Price of the long term Treasury ETF fell \$1.11 (0.85%) last week.

Intermediate trend remains Neutral. Units moved below their 20-day moving average.

Short-term momentum indicators are trending down.



Currencies commentary & weekly charts

The Euro dropped 2.83 (2.60%) last week.

Intermediate trend remains down. The Euro fell below its 20-day moving average.

Short-term momentum indicators are trending down.



The US\$ Index gained 1.87 (1.91%) last week.

Intermediate trend remains up. The Index moved above its 20-day moving average.

Short-term momentum indicators are trending up.



The Japanese Yen slipped 0.35 (0.42%) last week.

Intermediate trend remains down. The Yen fell below its 20-day moving average.

Short-term momentum indicators are trending down.



The Canadian Dollar slipped US0.13 cents (0.16%) last week.

Intermediate trend remains down. The C\$ remains above its 20-day moving average.

Short-term momentum indicators are mixed.



Commodities commentary & weekly charts

The CRB Index added 1.03 points (0.48%) last week.

Intermediate trend remains down. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index changed to Neutral from Positive.

Short-term momentum indicators are mixed.



Copper was unchanged last week. Intermediate trend is up.

Copper remains above its 20-day moving average.

Strength relative to the S&P 500 Index changed to Neutral from Positive.

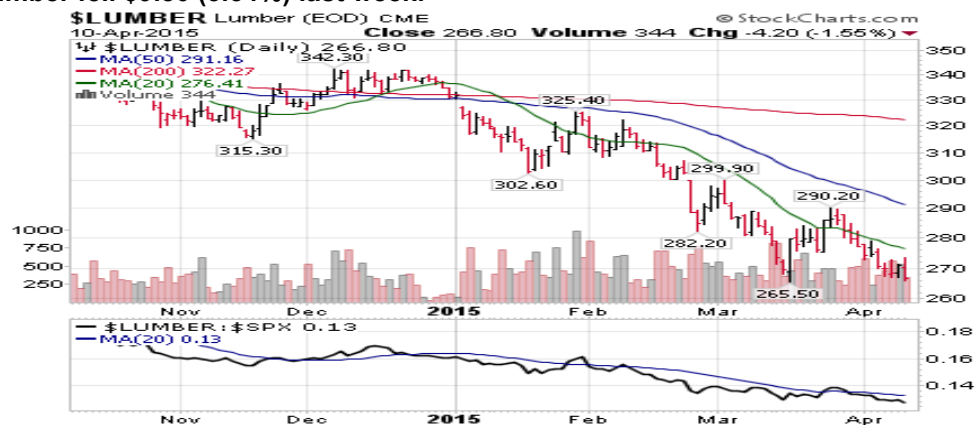
Short-term momentum indicators are trending down.



Lumber fell \$9.80 (3.54%) last week.

Trend remains down. Lumber remains below its 20-day MA.

Strength relative to the S&P 500 turned negative.



The Grain ETN fell \$1.06 (2.93%) last week.

Trend remains down.
Units fell below its 20-day MA.

Strength relative to the S&P 500 Index changed to Negative from Neutral.

Short-term momentum indicators are trending down.



The Agriculture ETF added \$0.95 (1.75%) last week.

Intermediate trend remains up. Units remain above their 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up.



Gold & precious metals commentary & weekly charts

Gold added \$3.70 per ounce (0.31%) last week.

Intermediate trend remains neutral. Gold remains above its 20-day moving average.

Strength relative to the S&P 500 Index remains Neutral.

Short-term momentum indicators are mixed.



Silver dropped \$0.32 per ounce (1.92%) last week.

Intermediate trend remains Neutral. Silver moved below its 20-day moving average.

Strength relative to the S&P 500 Index changed to Negative from Positive.

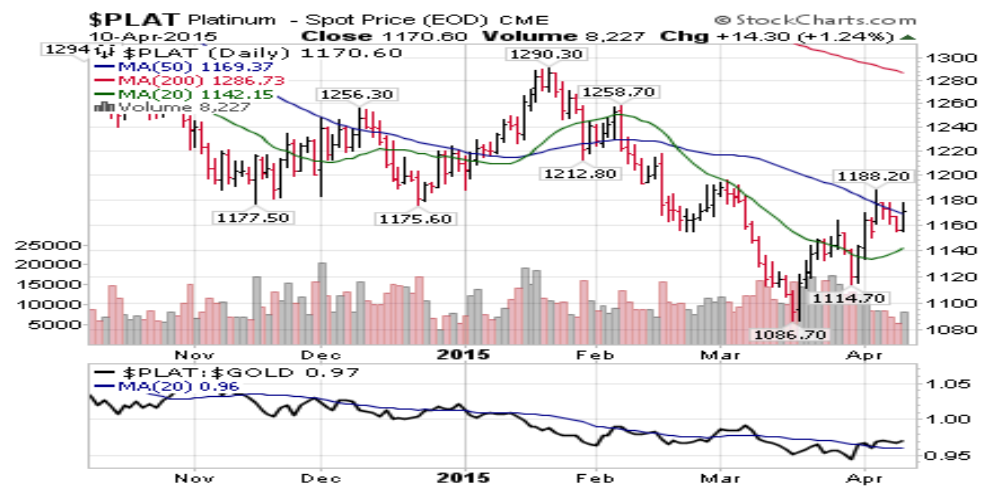
Short-term momentum indicators are trending down.



Platinum added \$16.10 per ounce (1.39%) last week.

Intermediate trend remains down. \$PLAT remains above its 20-day MA.

Relative strength remains positive.

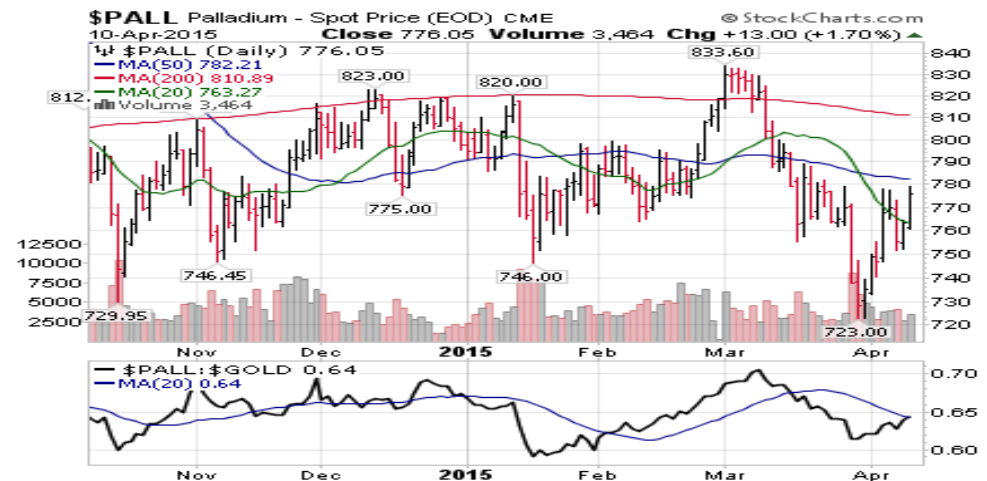


Palladium gained \$29.75 per ounce (3.99%) last week.

Intermediate trend remains down. \$PALL moved above its 20 day moving average.

Strength relative to the S&P 500 Index changed to Neutral from Negative.

Momentum indicators: trending up.



Oil, gas & energy commentary & weekly charts

Crude Oil added \$2.50 per barrel (5.09%) last week.

Intermediate trend remains down. Crude remains above its 20-day moving average.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are mixed.



Natural Gas fell another \$0.20 per MBtu (7.38%) last week.

Intermediate trend remains down. \$NATGAS remains below its 20-day moving average.

Strength relative to the S&P 500 Index changed to Negative from Neutral.

Short-term momentum indicators are trending down.

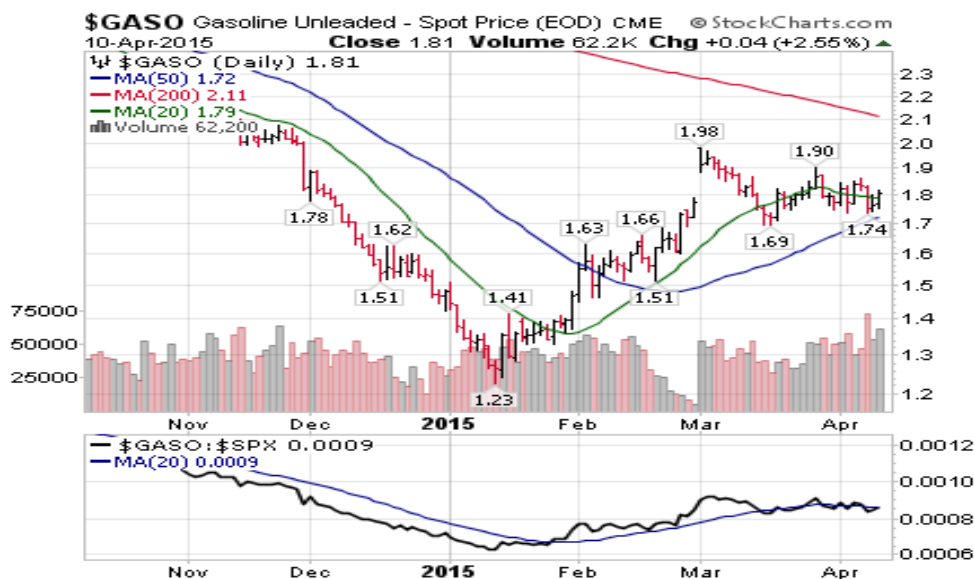


Gasoline added \$0.05 per gallon (2.84%) last week.

Intermediate trend remains up. \$GASO moved above its 20-day moving average.

Strength relative to the S&P 500 Index remains Neutral.

Short-term momentum indicators are trending down.



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