



Creative Global Investments

Morning market commentary & weekly charts

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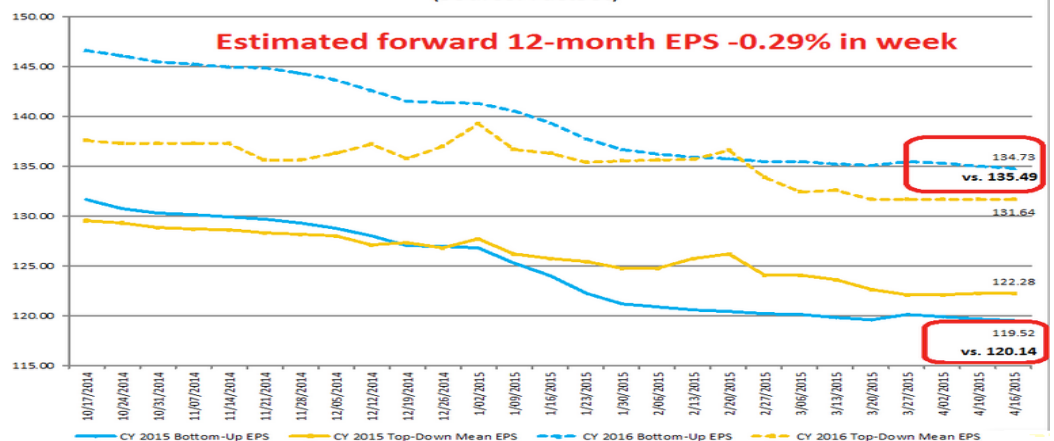
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Objectivity
Integrity
Creativity

Are there still investors who believe that a “strong US\$” is good for the US and for financial markets?

Not for much longer! Let's just look at the negative earnings ramifications of a strong US\$ for the S&P 500.

Change in CY Bottom-Up EPS vs. Top-Down Mean EPS (Trailing 26-Week)
(Source: FactSet)



Friday's decline in equity prices is once again seeing the S&P 500 Index pressuring the lower limit of the rising wedge pattern that has remained prominent for months. The negative technical setup could break at any time, potentially setting the stage for a correction. **“Sell before May & go away”?**



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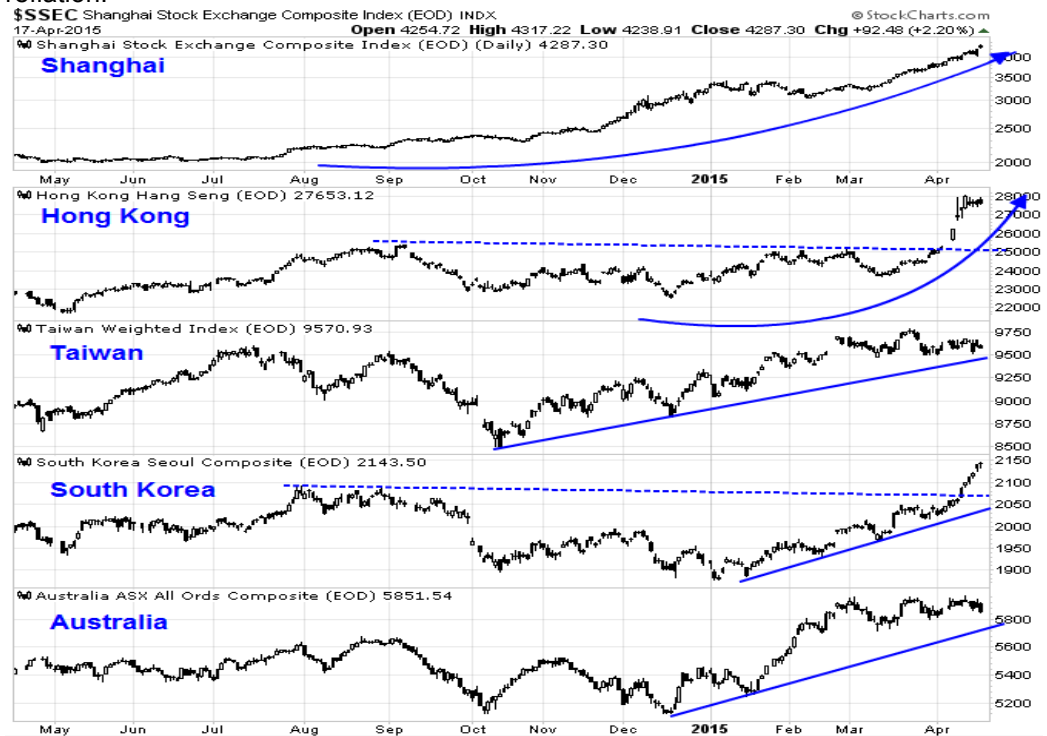
The S&P 500 pushed up to a minor resistance level at 2112, only to see the gains evaporate and ended the week in the red. The \$SPX posted its biggest percentage loss since March 25 on Friday as investors shunned risk amid new trading regulations in China, renewed worries about Greece running out of money, and tepid US corporate earnings. The \$SPX ended lower by 1.14%, closing negative for the week and moving below its 50-day. This is the 16th crossover of the 50-day moving average, whether it be higher or lower, that the benchmark has recorded so far this year; the full year average since 1990 is 17, so we are well on pace to exceed that hurdle as investors remain cautious in equity allocations. Since the turn of the century, only the years 2000, 2007, 2008, and 2011 have seen over 17 instances of gyrations above this significant moving average, periods that we now know marked significant peaks in equity prices.

Number of 50-day moving average crossovers, on a closing basis

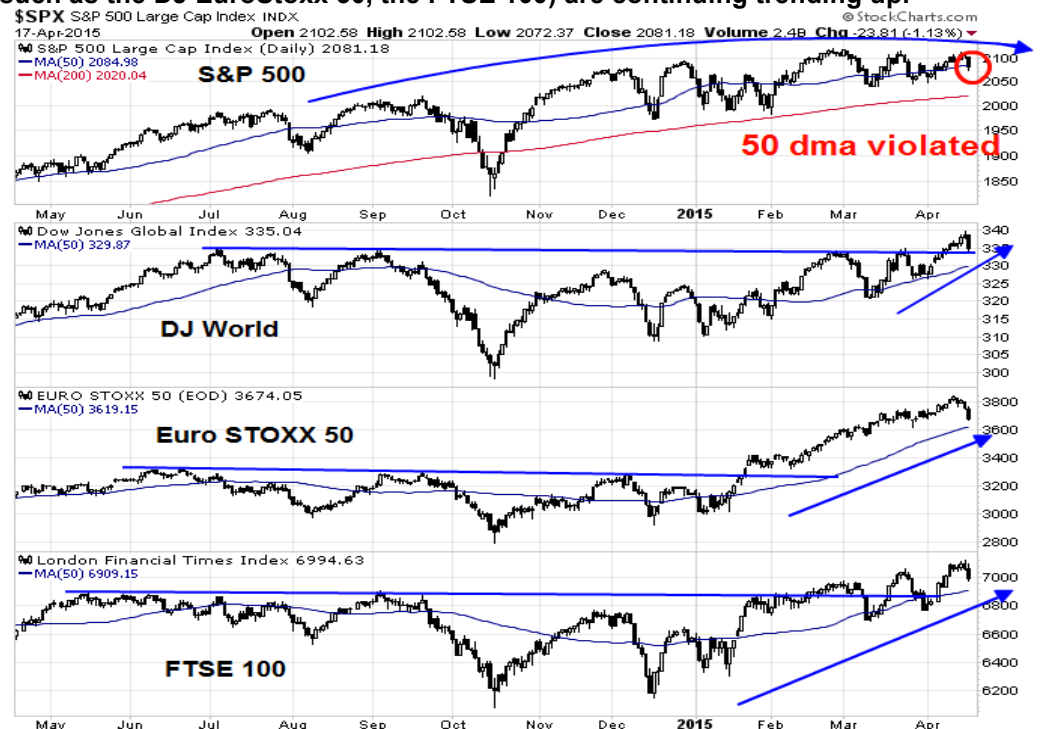
Year	Count
2015 (so far)	16
2014	12
2013	12
2012	17
2011	24
2010	11
2009	16
2008	19
2007	21
2006	16
2005	17
2004	17
2003	16
2002	17
2001	7
2000	26
1999	22
1998	14
1997	19
1996	16
1995	1
1994	27
1993	31
1992	20
1991	30
1990	9
Average:	<u>17.48</u>

Nevertheless, non-US markets are rising, as we anticipated in our 2015 Global Investment Strategy Outlook, and reiterated in late March 2015 in our Q2 2015 Global Strategy Outlook.

In Asia, stock markets are all in up-trends. While the Chinese market (\$SSEC) is a casino and somewhat divorced from China's economic outlook, the bourses of China's major trading partners (as per Hang Seng, the Taiwan Weighted Index, South Korea's KOSPI and Australia's All Ords) are signaling reflation, or at least the expectation of reflation.



Quite similarly, most European markets (like the Dow Jones Global Index, and such as the DJ EuroStoxx 50, the FTSE 100) are continuing trending up.



The panic during Friday's session started with benchmarks in Europe, many of which recorded declines exceeding 2%, breaking below 20-day moving average lines.

“Is the strength in European equities coming to an end?”

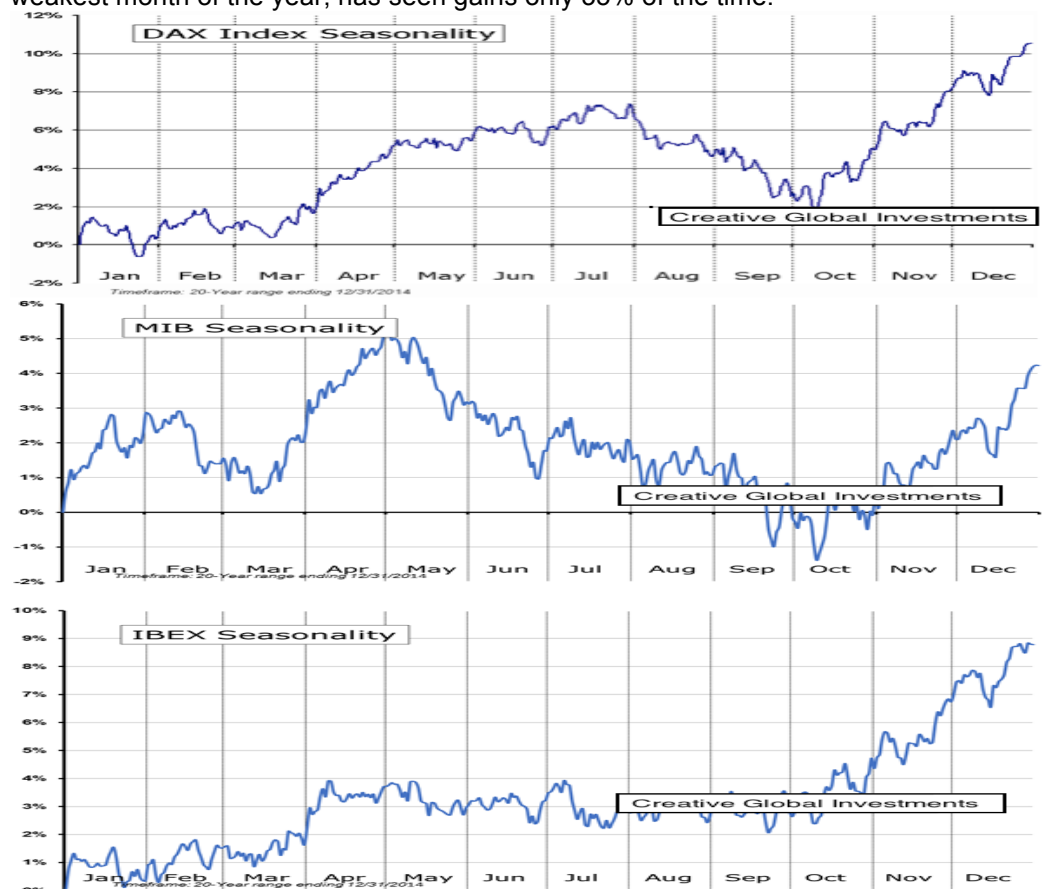
We do not think so. European equities are still cheapest globally on a dividend discount comparison, which is essential in the current low interest rate environment for risk averse investors seeking total returns.

The period of seasonal strength for European equity markets began in mid-October, the benchmarks in the region are up between 20% to 30%, in many cases doubling the average gains that have been generated over the same timeframe during the past 20 years. As with North American indices, seasonal tendencies conclude in the month of May, however, underperformance relative to the S&P 500 Index can become apparent as early as April. Friday's weakness may present reason to take substantial seasonal profits in European equities. Benchmarks in the region have been due for a pullback following the strong run generated year-to-date.





Although a topping pattern has yet to be charted, momentum indicators are rolling over, turning bearish in the process. European benchmarks tend to outperform benchmarks in North America during the period of seasonal strength for equities from October through to May, they also tend to underperform from May to October, suggesting caution over the months ahead may be warranted. Monthly tendencies for gains in May, June, July, and September hover around 50% of the time, while August, by far the weakest month of the year, has seen gains only 35% of the time.



So, can the overvaluation of the US\$ continue?

We think there is likely to be a sharp correction soon. As for a downside target, it is typical for a parabolic advance to collapse into the basing pattern that preceded it, in this case a range of 20 to 23. The US\$ has been chopping around it's recent high for over a month, and we think it is probably topping out after a major advance. While the current EMA structure is still strongly bullish (50EMA above the 200EMA, and 20EMA above the 50EMA), we can see some technical deterioration in our indicators. (We use UUP as a surrogate for the \$USD)

- The price has broken to the right of the parabolic arc that supported the recent advance, giving an initial warning. It is primarily a sideways move and could be interpreted as a consolidation, but some other things undermine that idea.
- the April price high is lower than the March price high, but the recent OBV top is higher than the March top. This is a reverse divergence, which essentially tells us that higher volume was unable to push price higher--kind of an internal blow-off.
- the PMO has topped below the signal line, which we view as bearish



Weekly Investment Conclusion

International events could impact equity markets this week. Greece, Iran and China are the hot spots for uncertainty. Venezuela also needs to be watched closely.

The battle between the equity bulls (anticipation of good news to be released at annual meetings) and the bears (difficult year-over-year earnings and revenues plus negative second quarter guidance by US companies) is being won by the bears. Broadly based US equity indices were unable to break into all-time highs after three attempts during the past two months. Short and intermediate technical indicators for US equity markets and most sectors recorded significant deterioration on Friday. Short and intermediate technical indicators recorded a significant inflection for most equity markets around the world as well as most primary sectors (see below) from intermediate overbought levels. The traditional transition from full investment to low beta investment averaging around May 5th is coming in earlier than usual this year.

Chances are high that the traditional transition from investments in world equity markets during the favorable investment period from October 28th to May 5th (on average) into the period of greater equity market volatility between May 6th and October 27th has started earlier than usual this year. Traders invested in seasonal investments in economic sensitive sectors should respond by taking partial profits now and by taking additional profits on strength.

Favorable seasonal influences by economically sensitive sectors to early May have dissipated. Most economically sensitive sectors have started to underperform the S&P 500 Index.

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.

Historically, US equity markets drop 6 months before rate hikes

Start Date	End Date	% Drop
2/2/1946	2/26/1946	10.2
3/4/1955	3/14/1955	6.8
9/25/1967	3/5/1968	10.1
11/29/1968	5/26/1970	36.1
4/28/1971	11/23/1971	13.9
1/11/1973	10/3/1974	48.2
9/22/1980	9/29/1980	5.3
10/10/1983	7/24/1984	14.4
8/25/1987	12/4/1987	33.5
2/2/1994	4/4/1994	8.9
2/18/1997	4/11/1997	9.6
5/13/1999	5/27/1999	6.3
2/11/2004	8/12/2004	8.2
Median Drop		10.1

However, we are still not assuming that the Fed will raise the FED Fund rate this year, so, consequently we see US equity markets may trade down within the "normal historic period of seasonal weakness" from May to September, which has been between -8% and -10%, before then a later FED move on raising rates may circumstantiate a more pronounced correction for equities in the US, and globally, to the tune of a -10% to -15% correction.

US equity markets commentary & weekly charts

The VIX Index added 1.31 (10.41%) last week.

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

Short-term momentum indicators are mixed.



The S&P 500 Index fell 20.88 points (0.99%) last week.

Intermediate trend remains up. The Index fell below its 20-day moving average on Friday.

Short-term momentum indicators have rolled over from overbought levels.



Percent of S&P 500 stocks trading above their 50-day moving average plunged last week to 44.40% from 65.60%.

The index is trending down.



Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 70.60% from 72.00%.

The index remains intermediate overbought and showing early signs of trending down.



Bullish Percent Index for S&P 500 companies increased last week to 74.00% from 71.60% and remained above its 20-day moving average.

The Index remains intermediate overbought.

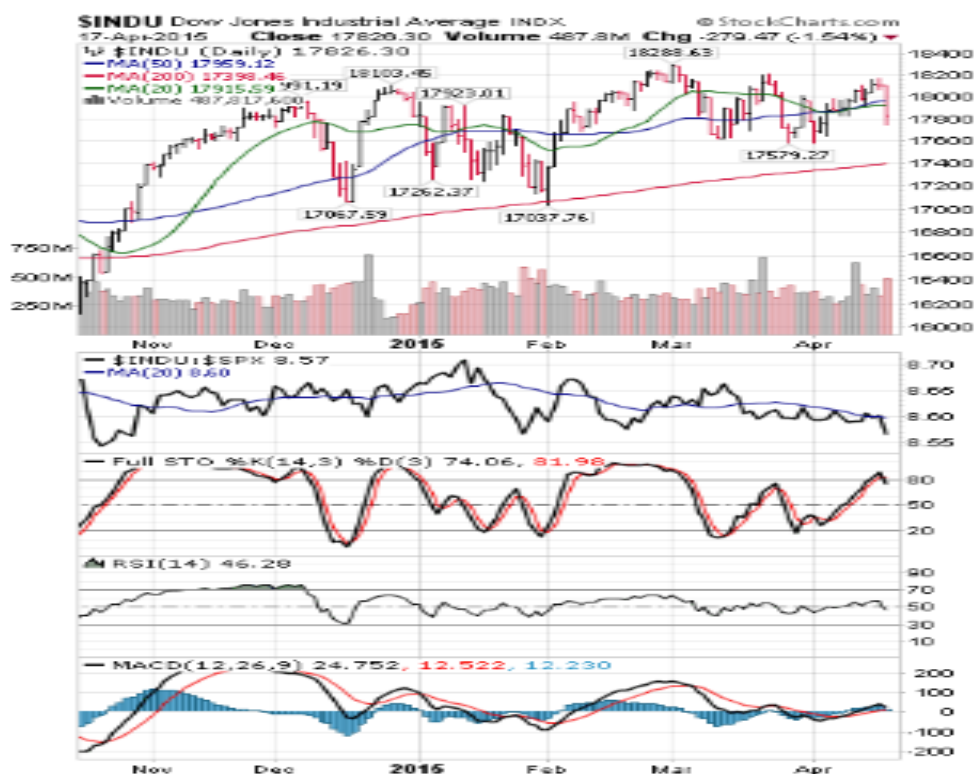


The Dow Jones Industrial Average dropped 231.35 points (1.28%) last week.

Intermediate trend remains down. The Average fell below its 20 day moving average on Friday.

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

Short-term momentum indicators are trending down.



Bullish Percent Index for Dow Jones Industrial Average stocks increased last week to 76.67% from 73.33% and moved back above its 20-day moving average.

The Index remains intermediate overbought.



The Dow Jones Transportation Average dropped 120.33 points (1.37%) 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 mixed.



Bullish Percent Index for NASDAQ Composite stocks increased last week to 60.70% from 59.45% and remained above its 20-day moving average.

The Index remains intermediate overbought.



The NASDAQ Composite Index lost 64.17 points (1.28%) last week.

Intermediate trend remains Neutral. The Index fell below its 20-day moving average on Friday.

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

Short-term momentum indicators are trending down.

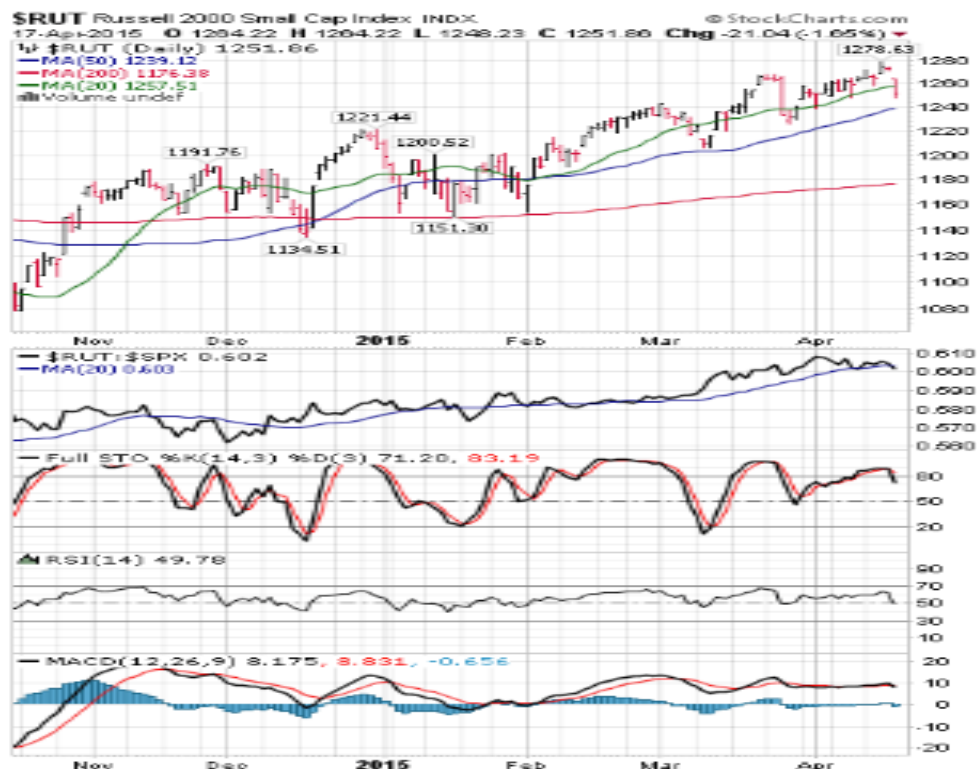


The Russell 2000 Index slipped 12.91 points (1.02%) last week.

Intermediate trend remains up. The Index fell below its 20-day moving average on Friday.

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

Short momentum indicators are trending down.



The S&P Energy Index added 12.45 points (2.13%) last week.

Intermediate uptrend was confirmed on a move above 604.98. 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 4.09 points (1.97%) last week.

Intermediate trend changed to Up from Down on moves above 208.09 and 217.64.

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.



The AMEX Gold Bug Index added 5.53 points (3.23%) last week.

Intermediate trend changed to Up from Down on a move above 175.62.

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

Short-term momentum indicators are trending up.



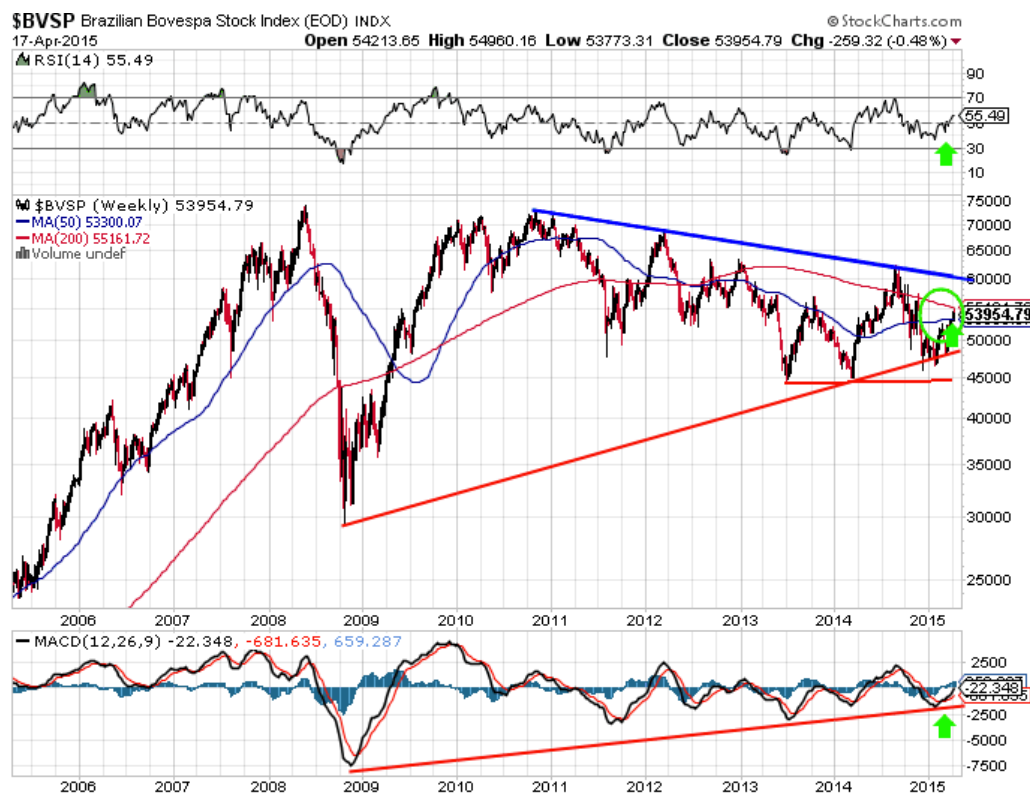
LatAm equity markets commentary & weekly charts

The BOVESPA added 458 points last week.

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

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

Short-term momentum indicators are moving higher.

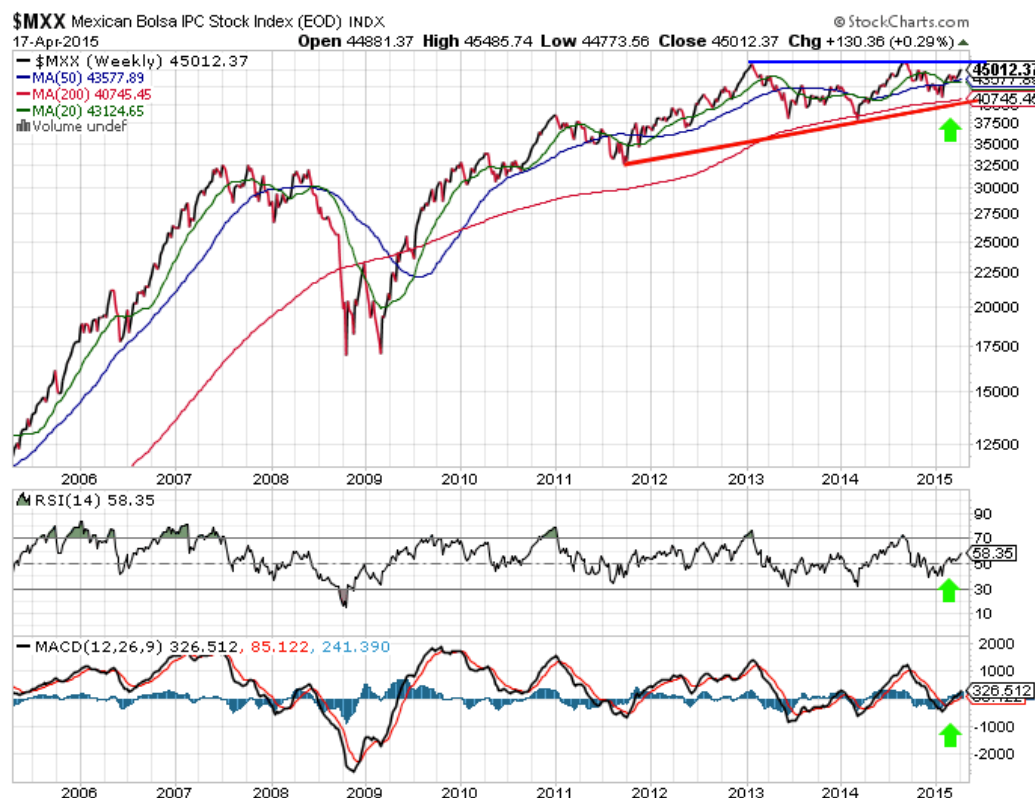


The Mexican Bolsa gained 456 points last week.

Intermediate trend remains up. The Index moved above its 20-, and 50-day moving averages.

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

Short-term momentum indicators are moving higher.



Canadian equity markets commentary & weekly charts

Bullish Percent Index for TSX Composite stocks increased last week to 66.53% from 57.37% and remained above its 20-day moving average.

The Index remains intermediate overbought, but continues to trend higher.



The TSX Composite Index slipped 27.88 points (0.18%) last week.

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

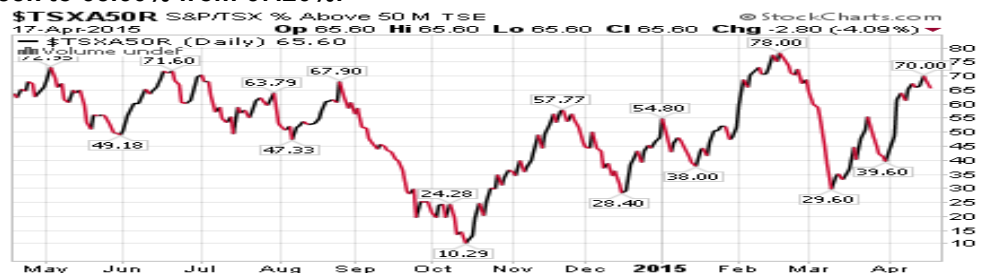
Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators have just stated to roll over from overbought levels.



Percent of TSX stocks trading above their 50 day moving average slipped last week to 65.60% from 67.20%.

The index remains intermediate overbought and showing early signs of peaking.



Percent of TSX stocks trading above their 200 day moving average increased last week to 50.40% from 49.20%.

The index continues to trend higher.



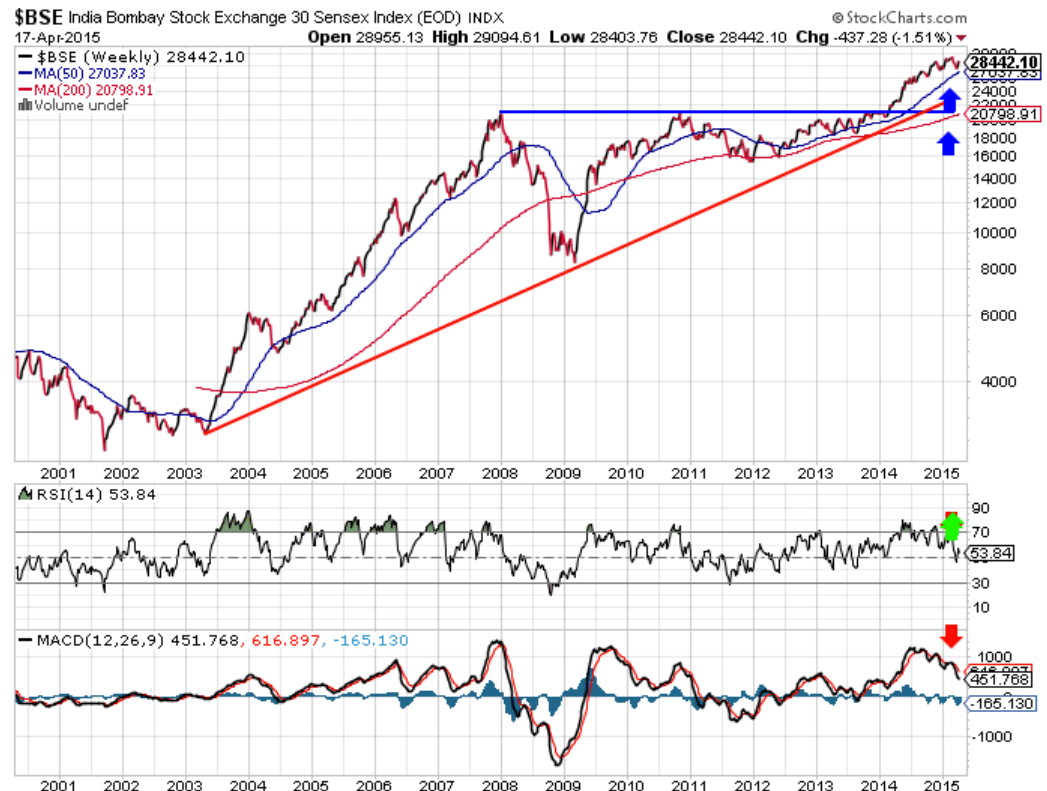
Asian equity markets commentary & weekly charts

The SENSEX lost 598 points last week.

Intermediate trend remains up. The Index remains above its 20- and 50-day moving averages.

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

Short-term momentum indicators are mixed.



The Nikkei Average dropped 254.75 points (1.28%) last week.

Intermediate trend remains up. The Average 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.



The Shanghai Composite Index gained another 252.99 points (6.27%) 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 slipped \$0.18 (0.42%) 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 down



The Australia All Ords Composite Index slipped 83.90 points (1.41%) last week.

Intermediate trend remains up. The Index fell below its 20-day moving average on Friday.

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

Short-term momentum indicators are trending down.



European Equity markets commentary & weekly charts

The DAX 30 lost 362 points last week.

Intermediate trend remains up. The Index remains above its 20-, 50-, and 200-day moving averages.

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

Short-term momentum indicators are mixed.

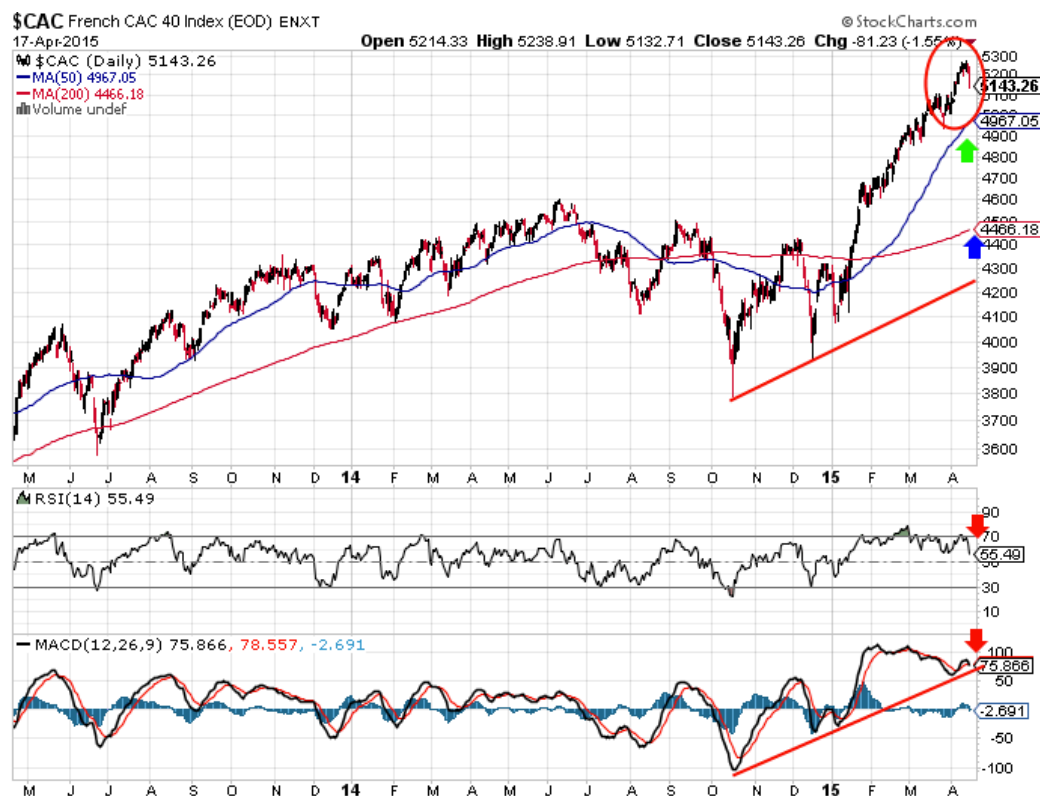


The CAC 40 lost 37 points last week.

Intermediate trend remains up. The Index remains above its 20-, 50-, and 200-day moving averages.

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

Short-term momentum indicators have turned down.



The AEX lost 11 points last week.

Intermediate trend remains up. The Index remains above its 20-, 50-, and 200-day moving averages.

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

Short-term momentum indicators are mixed.

**The IBEX 35 lost 491 points last week.**

Intermediate trend remains up. The Index remains above its 20-, 50-, and 200-day moving averages.

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

Short-term momentum indicators are mixed.

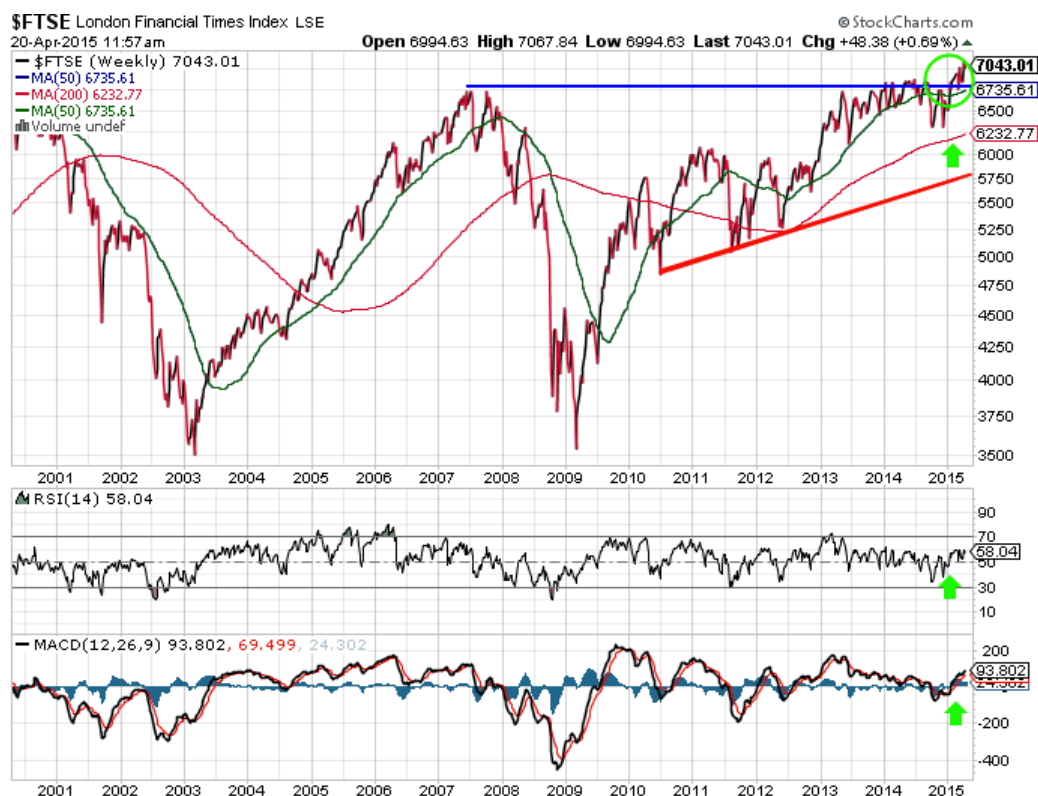


The FTSE 100 lost 27 points last week.

Intermediate trend remains up. The Index remains above its 20-, 50-, and 200-day moving averages.

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

Short-term momentum indicators are moving higher.



Europe 350 iShares dropped \$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.

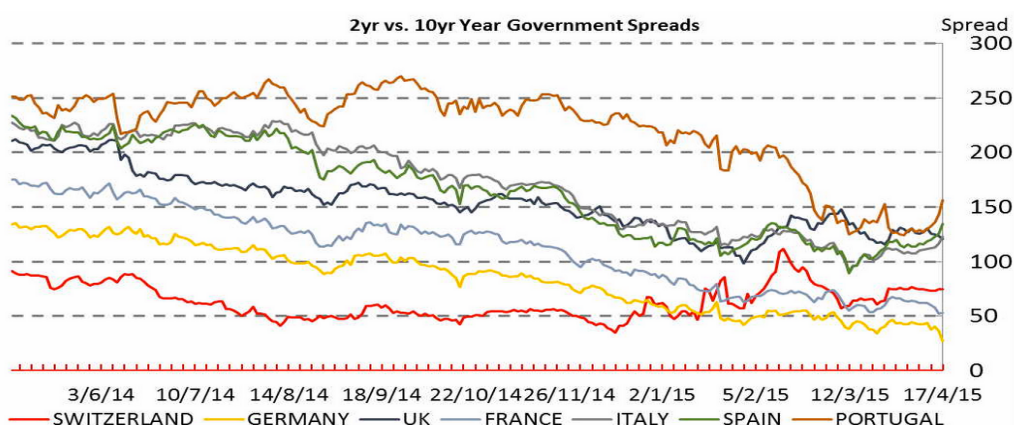
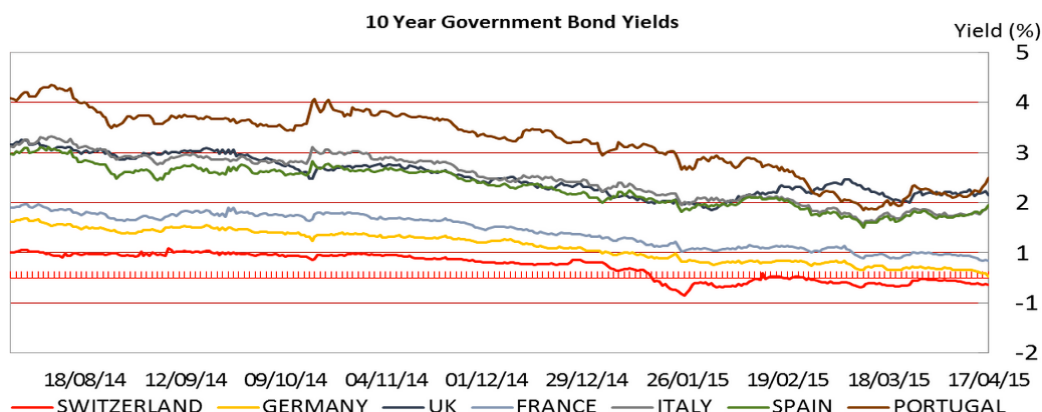
Short-term momentum indicators have turned down.



Fixed Income markets commentary & weekly charts

EURO Bonds

We see the convergence between the 10-Y government bonds of the peripheral markets will accelerate, and for investors the better opportunities exist in buying Italian, Spanish, Portuguese 10-Y treasuries, and to sell the Bunds at current levels



US Bonds

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

Short-term momentum indicators are trending down.

The yield on 10 year Treasuries dropped 10.1 basis points.



Price of the long term Treasury ETF gained \$1.83 (1.41%) last week.

Intermediate trend remains Neutral. Price remains above its 20-day moving average.

Short-term momentum indicators are trending up.



Currencies commentary & weekly charts

The Euro added 2.11 (1.99%) last week.

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

Short-term momentum indicators are trending up.



The US\$ fell 2.13 (2.14%) last week.

Intermediate trend is up. The Index moved below its 20-day moving average.

Short-term momentum indicators are trending down.



The Japanese Yen added 0.90 (1.08%) last week.

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

Short-term momentum indicators are trending up.



The Canadian Dollar gained US 2.34 cents (2.95%) last week.

Intermediate trend changed to Neutral from Negative on a move above 80.96.

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

Short-term momentum indicators are trending up.



Commodities commentary & weekly charts

Commodity prices (measured by the \$CRB) appear to have stabilized, which is another indication that global deflationary fears (particularly in China) may be overblown.



The CRB Index added 6.82 points (3.14%) last week due to US\$ weakness.

Intermediate trend remains down. The Index moved 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.



Copper gained \$0.04 per lb. (1.47%) last week.

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

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

Short-term momentum indicators are trending up.



Lumber dropped another \$18.80 (7.05%) last week.

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

Relative strength
remains negative.



The Grain ETN dropped \$0.43 (1.22%) last week.

Trend remains down.
Units remain below
their 20-day moving
average.

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

Short-term momentum
indicators are mixed.



The Agriculture ETF dropped \$0.69 (1.25%) 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 have turned
down.



Gold & precious metals commentary & weekly charts

Gold slipped \$1.50 per ounce (0.12%) 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 slipped \$0.15 per ounce (0.99%) last week.

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

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

Short-term momentum indicators are mixed.

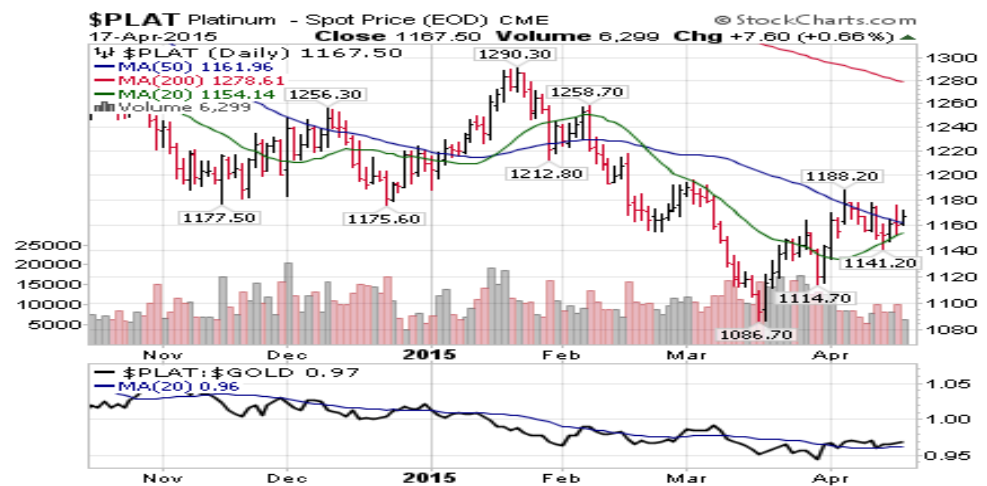
Strength relative to Gold remains Negative.



Platinum slipped \$3.10 per ounce (0.26%) last week.

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

Relative strength remains positive.

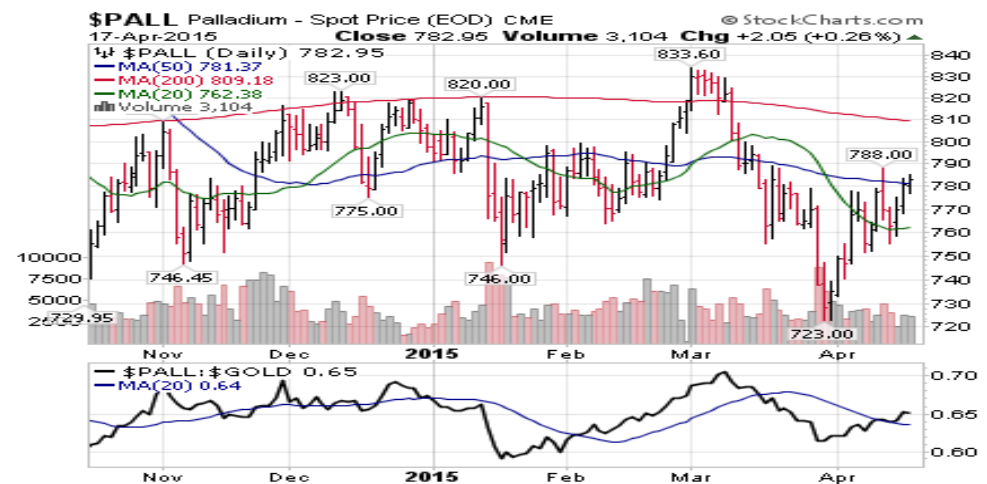


Palladium added \$6.90 (0.89%) last week.

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

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

Relative to Gold: Positive



Oil, gas & energy commentary & weekly charts

Crude Oil gained \$4.10 per barrel (7.94%) last week.

Intermediate trend changed to Up from Down on a move above \$54.24. \$WTIC remains above its 20-day moving average.

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

Short-term momentum indicators are trending up.



Natural Gas added \$0.12 per MBtu (4.78%) last week.

Intermediate trend remains down. \$NATGAS returned to below its 20-day moving average on Friday.

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

Short-term momentum indicators are trending up.



Gasoline gained \$0.12 per gallon (6.63%) last week.

Intermediate trend remains up. \$GASO 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.



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