Creative Global Investments

Market commentary & charts

Wednesday, May 6th, 2015

Carlo R. Besenius
Chief Executive Officer
cbesenius@cg-inv.com
+(352) 2625 8640

Creative Global Investments LLC
115 East 57th Street
11th Floor
New York, NY 10022
Tel: 212 939 7256
Mob: 917 301 3734

Creative Global Investments/Europe
5, op der Heed
L-1709 Senningerberg
Tel: +(352) 2625 8640
Mob: +(352) 691 106 969

Objectivity

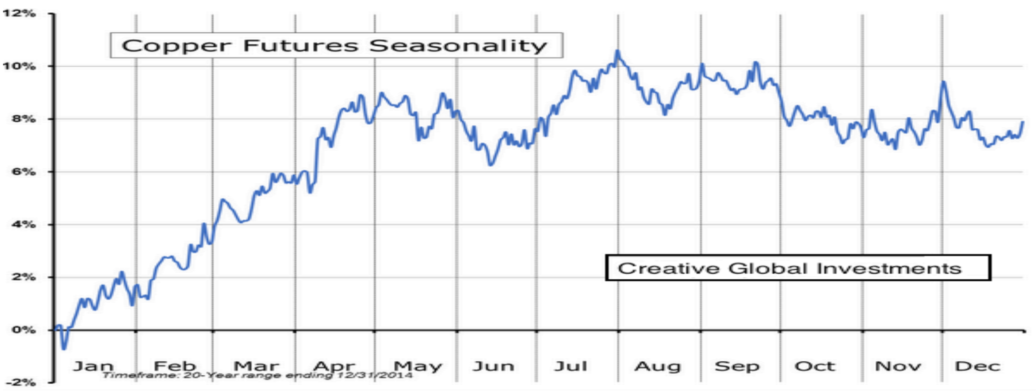
Integrity

Creativity

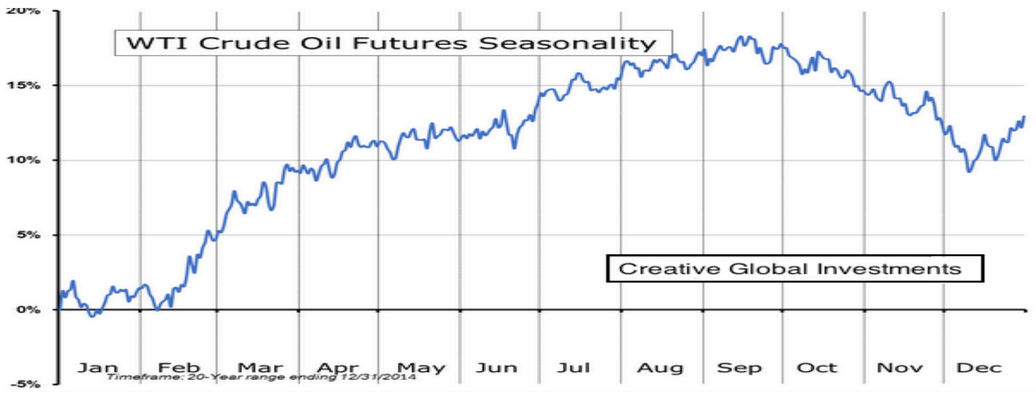
The pressures upon yields follows signs of inflationary pressures as the price of Oil and Copper touch the highest levels in around five months. The 5-Year Breakeven Inflation Rate, an index noted to be followed by members of the FOMC, is hovering around the highest levels since last September. At 1.69%, this is the level of broken neckline support of a head-and-shoulders topping pattern that was fulfilled with a significant downside move last fall. What happens to inflation at the present level of resistance could be critical in the Fed's decision-making process to raise rates sometime this year. Should the trend rollover, maintaining resistance around present levels, the longer-term trend of lower-lows and lower-highs would remain intact, restricting the Fed from taking a hawkish stance in future rate decisions. On the other hand, a breakout above resistance would increase the likelihood of a rate increase happening sooner than later. The sharp V-bottom in the breakeven inflation rate recorded in January of this year gives little confidence that a longer-term bottom is in place, suggesting a re-test of the lows sometime in the future is likely. **Seasonally, inflationary pressures are the strongest in Q1, attributed to the seasonal rise in commodity prices.**

Investors should keep in mind though, that there is increasing macro evidence, as today's disappointing ADP data, whereas the US created 169,000 private-sector jobs in April, after a downwardly revised 175,000 jobs were created in March. Companies with 500 or more employees had the slowest growth, the firm said. The economist consensus is for the US to report 233,000 nonfarm jobs created in April on Friday.

The price of Copper is nearing trend line and horizontal resistance around $3.00.




$COPPER Copper - Spot Price (EOD) CME
5-May-2015
Open 2.91 High 2.96 Low 2.90 Close 2.93 Volume 48.1K Chg +0.02 (+0.65%)
$COPPER (Daily) 2.93
MA(50) 2.73
MA(200) 2.89
MA(20) 2.77
Volume 48,127
Copper testing trendline and
horizontal support


WTI Crude Oil Futures Seasonality
Creative Global Investments
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Timeframe: 20-Year range ending 12/31/2014


$WTIC Light Crude Oil - Spot Price (EOD) CME
5-May-2015
Open 58.95 High 61.10 Low 58.63 Close 60.67 Volume 355.2K Chg +1.65 (+2.80%)
$WTIC (Daily) 60.67
MA(50) 51.70
MA(200) 69.29
MA(20) 56.27
Volume 355,173

Temporary European 10-Year government bonds correction to fade quickly

Ten-year yields in Germany have tripled in just the last 6 sessions as price gains for the year are erased. **Seasonally, treasury prices tend to rise starting from the beginning of May, however, technical support has yet to be revealed suggesting the trade may start later than average.**

Yields in France, Spain and Italy are also showing signs of reversing the negative trend that has dominated the past couple of years.

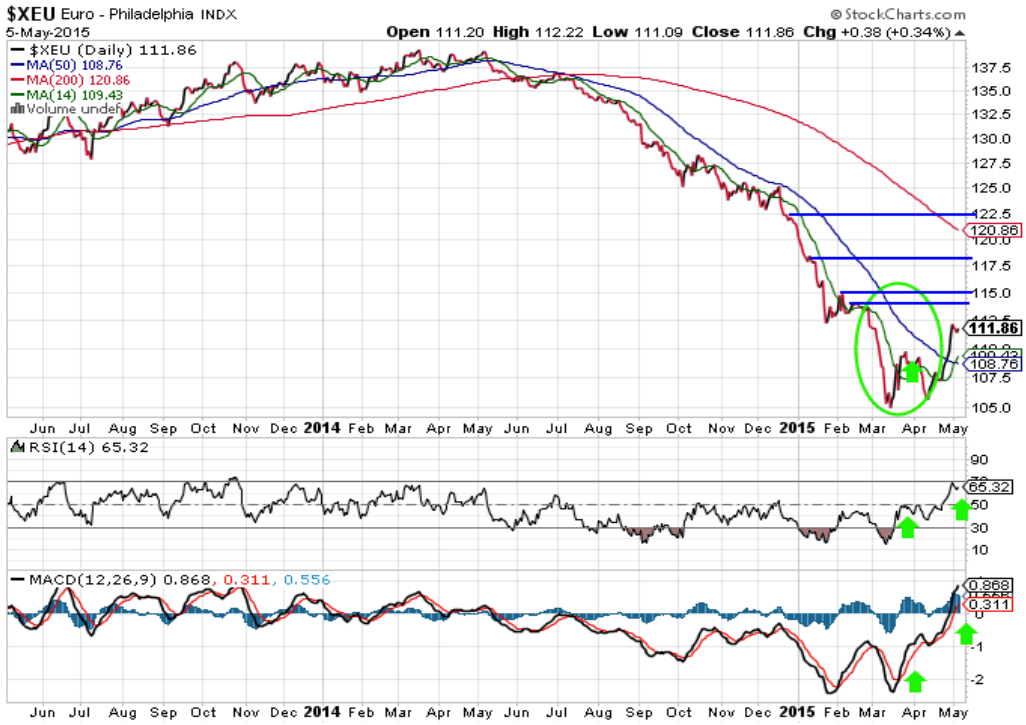
Current short term 10-year US government bonds correction in the US to fade quickly too

In the US, the yield on the 10-year treasury note is testing its 200-day moving average for the first time since last September, while the 30-year yield broke above its longer-term moving average for the first time since the start of 2014. **Seasonally, treasury prices tend to rise starting from the beginning of May, however, technical support has yet to be revealed suggesting the trade may start later than average.**

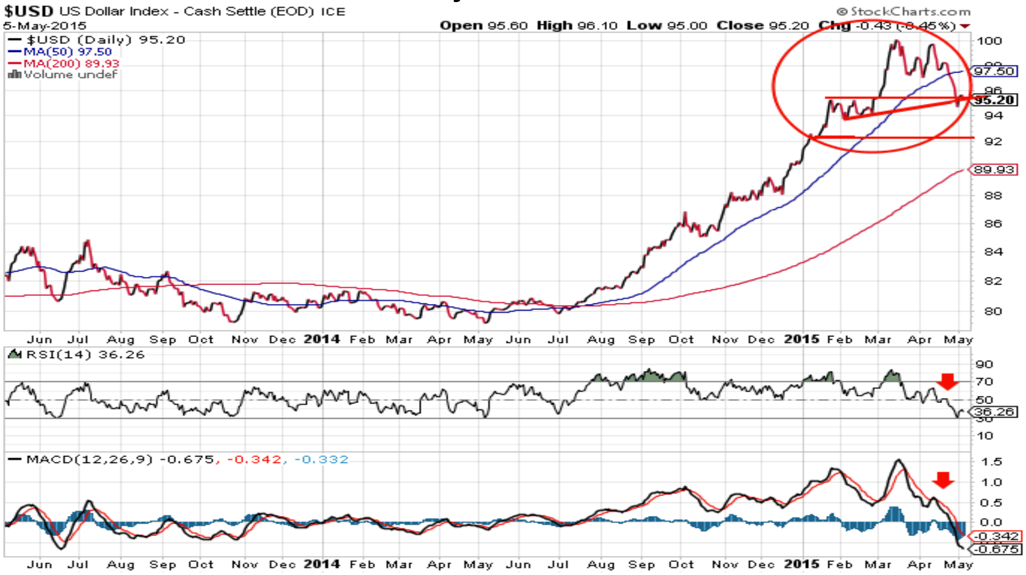
Price of the 20+ Year Treasury Bond Fund (TLT) moved below its 200-day moving average intraday before rebounding into the close. The relative strength index (RSI) at 29.73 for TLT is presently the lowest in almost two years, suggesting a short-term low may be near as price becomes oversold.

The short term correction for the US$ and the Euro still intact and to progress from current levels

The Euro rally has broken through its Cycle Bottom resistance at 111.43. The $XEU rally has broken through a formidable resistance with time left to move higher**. The rally may last another couple of weeks and may attempt to reach Long-term resistance at 121.22.**

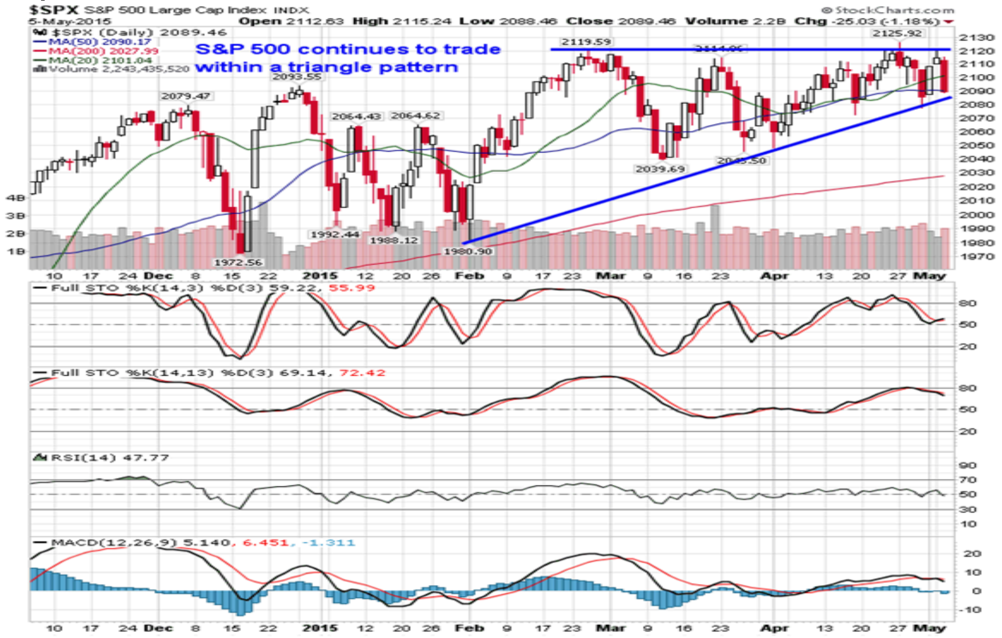


Inversely, the $USD weakness is still gathering momentum. We see risks for the $USD to move towards 90 in the very short term.



US equities to correct further

Looking at equities indices in the US, the S&P 500 Index is instantly back to the lower limit of the triangle pattern that it has traded within since the start of February. Upcoming employment reports could be the catalyst to fuel a break, whether positive or negative, brining an end to this period of consolidation and injecting more volatility into price activity. The past days, there were many reasons for the market to run away from new highs: weak earnings season, weak economic data, high valuations and excessively bullish sentiment. However, there was only one reason for the market to keep rallying and breakout: price was strong and continued to make higher lows on every dip all year. And now that reason failed, because technically, the double top of closing highs at 2117 (March 2 & April 24) has been further solidified. With Tuesday's high-volume sell-off in Technology and a close just under the 50-day at 2090 for the S&P 500, the chances of targeting stronger support at 2040 are rising. **Overall, we see a 6% "correction" to even stronger support in the S&P 1990-2010 zone looks more likely. We think this is a well-needed situation because there has been a misalignment between overly bullish sentiment and the glass half empty version, where large investors can take their time getting visibility on the growth prospects of Q2 and Q3.**



Since the start of the seasonally strong period for stocks on October 28th, the S&P 500 Index is higher by 7.79% (as of the close on May 4th), just below the 20-year average for the six-month trend of 8.84%. The period ahead, from May 6th through to October 27th, although positive more times than negative, is characterized as a period of increasing volatility with a lack of positive catalysts to drive prices higher.

The average unfavorable period return over the past 20 years was –0.25%; the average changes slightly to –2.04% when unfavorable periods following below average favorable periods are isolated. Declines between May and October are definitely not a certainty, but it often is prudent to be conservative in equity allocations by reducing beta and correlation versus the market during this period of random performance.

Favorable From	To	Return	Unfavorable From	To	Return
10/27/14	5/04/15	7.79%			
10/27/13	5/05/14	7.10%	5/05/14	10/27/14	4.08%
10/27/12	5/05/13	14.34%	5/05/13	10/27/13	9.00%
10/27/11	5/05/12	6.58%	**5/05/12**	**10/27/12**	**3.13%**
10/27/10	5/05/11	12.91%	**5/05/11**	**10/27/11**	**-3.78%**
10/27/09	5/05/10	9.64%	5/05/10	10/27/10	1.42%
10/27/08	5/05/09	6.46%	5/05/09	10/27/09	17.66%
10/27/07	5/05/08	-8.32%	**5/05/08**	**10/27/08**	**-39.69%**
10/27/06	5/05/07	9.31%	5/05/07	10/27/07	1.97%
10/27/05	5/05/06	12.46%	5/05/06	10/27/06	3.89%
10/27/04	5/05/05	4.20%	5/05/05	10/27/05	0.53%
10/27/03	5/05/04	8.77%	5/05/04	10/27/04	0.35%
10/27/02	5/05/03	3.22%	5/05/03	10/27/03	11.29%
10/27/01	5/05/02	-2.82%	**5/05/02**	**10/27/02**	**-16.38%**
10/27/00	5/05/01	-8.19%	**5/05/01**	**10/27/01**	**-12.79%**
10/27/99	5/05/00	10.48%	**5/05/00**	**10/27/00**	**-3.70%**
10/27/98	5/05/99	26.47%	**5/05/99**	**10/27/99**	**-3.76%**
10/27/97	5/05/98	27.20%	**5/05/98**	**10/27/98**	**-4.50%**
10/27/96	5/05/97	18.46%	5/05/97	10/27/97	5.62%
10/27/95	5/05/96	10.68%	5/05/96	10/27/96	9.24%
			5/05/95	10/27/95	11.46%
	Average:	8.84%			-0.25%

Carlo R Besenius, CEO & Head of Global Strategy
cbesenius@cg-inv.com
office: +(352) 26 25 86 40
mobile: +(352) 691 106 969
Luxembourg/Europe

Sabine CJ Blümel, Head of Global Automotive Research
sblumel@cg-inv.com
office: +44 (7785) 301588
London, UK

Feliks Lukas, Director of Industrial Consulting
flukas@cg-inv.com
office: 212-939-7256
Boston, MA, USA

Gary Schieneman, Managing Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA

Steve Gluckstein, Global Strategist
sgluckstein@cg-inv.com
office: 212 939 7256
mobile: 732 768 8843
New York, NY, USA

Marc Peters, Head of Global Industrial Strategy
mpeters@cg-inv.com
office: +(352) 26 25 86 40
mobile: +352 621 36 44 50
Luxembourg/Europe

Allison M Cimon, Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

Jennifer Crisman, COO
jcrisman@cg-inv.com
office: +(352) 26 25 86 40
Luxembourg/Europe