Creative Global Investments

Weekly investment strategy & charts

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Objectivity

Integrity

Creativity

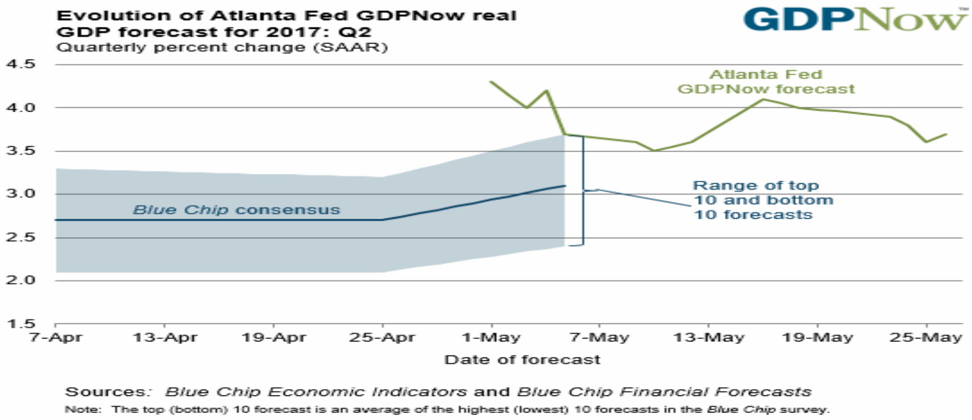
Global Macro and political Commentary

World trade flows grew in Q1, continuing a recovery that began in 2H of last year in an indication that the global economy may be set to enjoy a year of stronger growth. World trade flows grew at the slowest pace since the financial crisis in 2016 as a whole, but there are signs 2017 will mark a rebound. The Netherlands Bureau for Economic Policy Analysis said Wednesday that the volume of world exports and imports of goods rose by 1.5% in March, and was up 1.4% in Q1 compared with the final quarter of 2016. Logistics companies have also noted the revival in trade flows. The International Air Transport Association has reported that demand for airfreight was 11% higher in Q1 than the same period a year earlier, while Danish shipping and oil giant A.P. Moller-Maersk earlier this month said container volumes were up 10% during Q1.

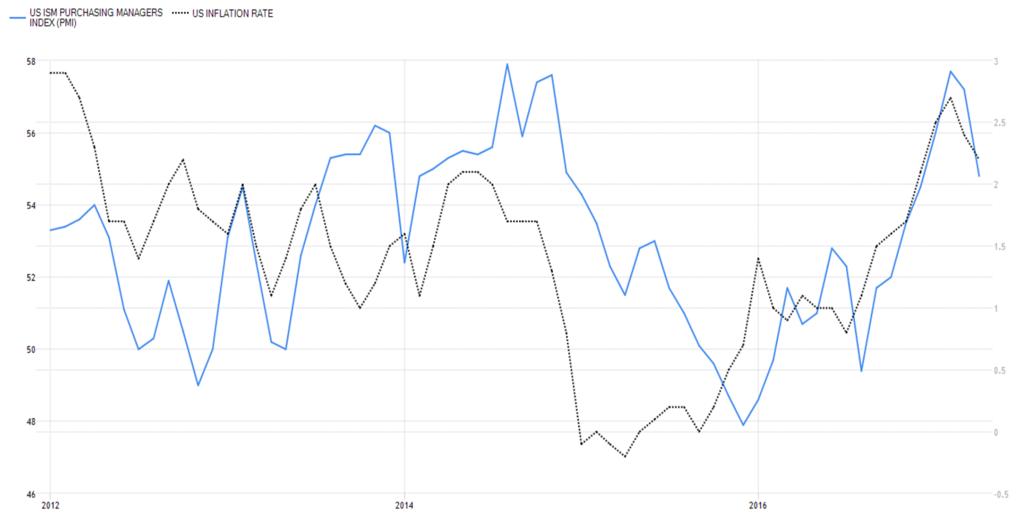
While trade flows are driven by global economic growth, economists have long believed they in turn boost growth, and worried that recent weakness is contributing to the anemic nature of the global expansion. The sluggishness of trade in 2016 and previous years led many economists to wonder whether changes in the structure of the global economy would weaken growth over the medium term. They noted an increase in barriers to trade other than tariffs and a reversal in the creation of what are known as global value chains, or the process by which large companies moved parts of their production and associated jobs overseas. More recently, the WTO has presented research showing trade flows are particularly strong when investment spending is high, linking the post crisis weakness in spending on plant and equipment to the trade slowdown. There are signs that investment spending has picked up in 2017, and the WTO forecasts that trade flows will rise by 2.4% this year, and could increase by as much as 4% in 2018.

In Europe, Credit growth has turned positive and growth and corporate earnings have been following in kind. A significantly weakened but stable Euro continues to provide a nice tailwind to the profitability of Europe's many multi-national businesses. Seen through the lens of the credit market, the European economic cycle has a long way to run and will impact credit markets further, as we see monetary policy to remain accommodative into 2018 as the ECB remains committed to supporting the nascent expansion. Investors expecting the US to continue its prolonged period of outperformance over European credit and equity markets may be in for a surprise. The Eurozone GDP rose by an annualized rate of 2% in Q1 of 2017, more than double the US growth rate over the same period, and we continue to see macro evidence of the US growth rate still under pressure in the current quarter.

In the Americas, the Atlanta Fed's GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in Q2 of 2017 is **3.8%** on May 30, up from 3.7% on May 26. The forecast for Q2 real consumer spending growth increased from 2.9% to 3.3% after this morning's personal income and outlays release from the US Bureau of Economic Analysis.



We believe that a more telling picture on the short term economic momentum in the US is provided by the following chart, showing the rolling over of the ISM and the current inflation rate.

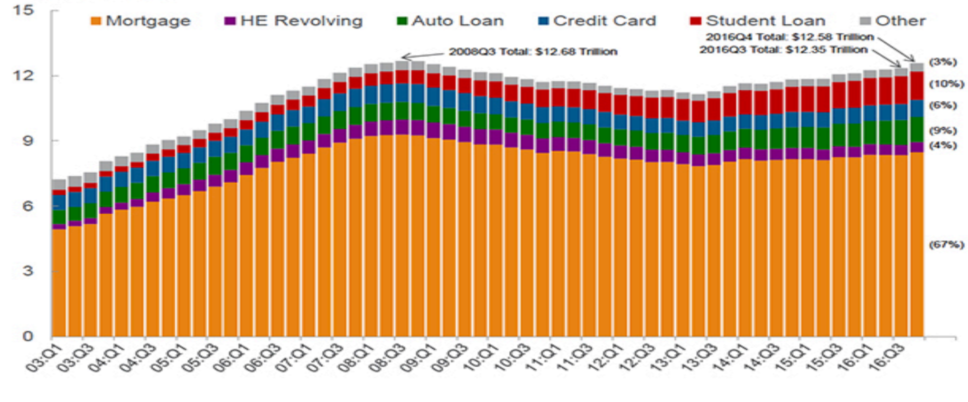


One major problem for the Fed trying to be more aggressive in raising rates in June as being the fact that US household debt levels now have surpassed their 2008 peak, as the NY Fed released a new report last week that showed US collective household debt balances climbed to a whopping $12.73 TRN by the end of March, surpassing the 2008 peak of $12.68 TRN. The Fed also announced that the US consumers had $1TRN in credit-card debt. (Consumers hit that number previously in Q4 of 2016, but had eased on their use of revolving credit during January 2017. The Fed announcement showed revolving consumer credit hit more than $1 TRN once again in February 2017)

Although the debt levels that US consumers are in for are similar to 2008, the household incomes have increased in recent years, and housing and stock prices have improved. Compared with 2008, borrowers may have a bit lower housing-related debt, including their first mortgages, or home equity lines of credit, however now they have taken on much higher auto and student loans. Student loans have made it harder for younger consumers to buy homes; plus, lower housing prices are also tied to higher student loan default rates. The NY FED's report also showed debt delinquencies of 90-days or more have mostly improved since 2008, except for student loans. About 10% of student loan balances are 90-days or more delinquent.

Although Housing-related debt is down nearly $1 TRN since the 2008 peak, auto loan balances are significantly higher by $367 BN, and student loans have grown by a staggering $671 BN, so that on balance, the total consumer debt levels of today have surpassed those of 2006/2007 when the sub-prime crisis did unfold. Credit card debt is still down a bit from peak recession levels, however we expect the amount to surpass the prior peak by the end of 2018.

Total US Consumer Debt Balance in US$ Trillions



Source: New York Fed Consumer Credit Panel/Equifax

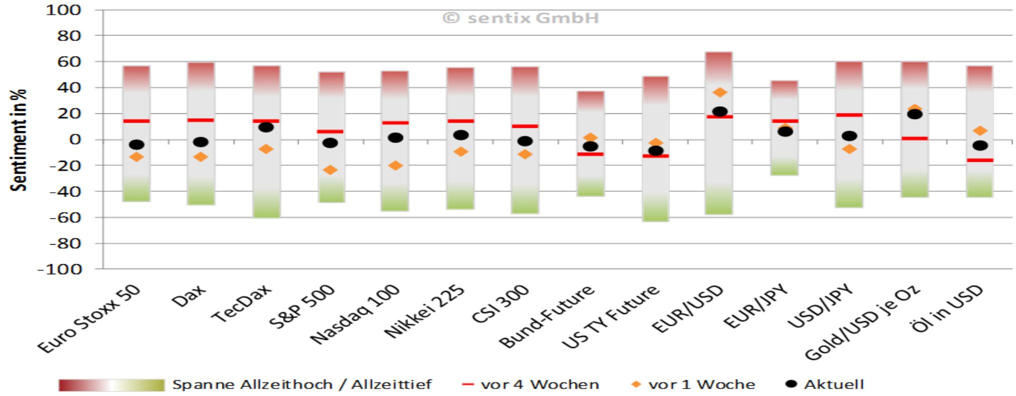
Home mortgages now at 67% of the levels of 2007 still make up the bulk of the US consumers debt total. Americans struggle increasingly with their auto debt, which often has high interest rates. The number of subprime auto loans that have fallen into delinquency hit their highest level since 2010 during December 2016, when close to 6 MN consumers were 90-days-plus-late on their payments. That is similar consumer behavior to what was seen just before the 2007 - 2009 recession. 25% of the adults the Fed surveyed in 2016 purchased or leased a new or pre-owned passenger car or truck in the last year. About 67% of them took out a loan to do so, with 12% of those who used loans had a longer repayment period than the amount of time they even planned to own the vehicle. Older Americans are taking on a greater share of debt than in years past. Those ages 60 and older held 22.5% of total household debt in Q4 of 2016, compared with 15.9% in 2008 and 12.6% in 2003. Although much of that debt is likely due to mortgages, it's also possible they are shouldering more student loan debt than in the past, for their children and grandchildren. 2 MN borrowers between ages of 50 and 64 took on "Parent PLUS" loans, the loans the government offers parents, in 2015, up from about 1 MN in 2005. Another 200,000 borrowers over the age of 65 also have them.

Credit card debt and auto loan debt balances for people ages 60 and older have also risen sharply since 2008, whereas credit card debt for those 59 and younger has fallen. The Fed, when describing that phenomenon, said lending standards have tightened since the recession, and those who are older may also be more creditworthy. Although young Americans may feel a sigh of relief, it's still potentially dangerous, as high levels of debt could mean older Americans don't have enough money saved for retirement. Indeed, the average American couple has barely $5,000 saved for retirement, and only 1/3 of working Americans are saving money in an employer-sponsored or tax-deferred retirement account. Tougher underwriting standards for mortgages have contributed to Americans holding debt holding higher credit scores than in the past. As of 2016, people with high credit scores, above 760, hold 41.3% of Americans' total debt. That's compared with 33.9% in 2008 and 23.7% in 2003. And a smaller share is held by those with lower scores, below 620. Some 13.2% of debt in Q4 of 2016 was held by those with scores below 620, compared with 19% in 2008 and 16.6% in 2003.

We are seeing increasing signs of a very similar credit bubble in the US as in 2006/2007, and investors should consequently diversify risks by re-allocating more assets outside of the US equities and credit markets.

Weekly Investor sentiment indicators

Investors' sentiment towards EM equity markets and commodities continues to become more positive, despite still weak investor sentiment on the medium-term outlook for Chinese equities. Investors' medium-term strategic bias on Crude Oil having become less negative in recent weeks has not changed despite market disappointment at the outcome of last week's OPEC meeting. Optimism on EUR/USD has reached its highest level for over a year, with readings based on the near-term outlook for the Euro versus the US$ now running at the high-end of their historic range. **Although a lot of positive near-term sentiment is baked into EUR/USD at current levels, we can see the EUR/USD to continue to rise towards 1.14 – 1.18 by the end of this summer.**



Global Equities commentary & charts

Best performing equity markets				Worst performing equity markets			
1 week		YTD		1 week		YTD	
Index	Change	Index	Change	Index	Change	Index	Change
Nigeria	3.38%	Argentina	30.88%	Chinext	-2.30%	Chinext	-10.32%
Korea	2.92%	Turkey	24.82%	UAE Dubai	-1.51%	Russia	-6.67%
Luxembourg	2.51%	Austria	22.23%	Abu Dhabi	-1.41%	UAE Dubai	-5.77%
Turkey	2.51%	Greece	20.93%	Hungary	-1.37%	Shenzhen	-3.25%
Argentina	2.44%	Poland	17.69%	Indonesia	-1.30%	Israel	-2.63%
Brazil	2.31%	India	16.59%	Russia	-1.29%	Jordan	-0.64%
NASDAQ	2.08%	Hong Kong	16.56%	Italy	-1.27%	SZ SME	-0.46%
Rus 3000 growth	1.86%	Korea	16.23%	Shenzhen	-1.12%	Egypt	0.00%
India	1.85%	Spain	16.21%	Norway	-0.97%	Shanghai	0.21%
Hong Kong	1.84%	NASDAQ	15.36%	S. Africa	-0.89%	Canada	0.85%

There are increasing technical signs since May 8th that European equity markets have reached a seasonal peak, as the chart of the EUROSTOXX 600 shows.

Geopolitical events continue to influence equity markets. Response to the G7 meeting is expected to be reflected in North American equity markets today. Other events to watch include continuing political instability in North Korea, Brazil and Venezuela and the tightening polls prior to the June 6th election in the United Kingdom. Add the daily "leak" to the media about the Trump Administration.

Economic news in Canada and the US generally are expected to show slightly accelerated growth from Q1. Focus is on the US employment report on Friday.

Technical action by short-term technical indicators (Momentum/Above-Below 20 day moving average) turned positive last week for most equity markets and sectors (exception was commodities and commodity sensitive stocks). Indicators generally have returned to overbought levels, but have yet to show signs of peaking.

Intermediate technical indicators (Percent trading above their 50 day moving average, Bullish Percent Index) generally moved higher last week to more overbought levels. Some continue to trend lower (notably TSX indicators)

Technical action by individual S&P 500 stocks turned positive last week: 68 stocks broke intermediate resistance levels and 25 stocks broke intermediate support. Notable sectors with upside breakouts were Consumer Discretionary, Consumer Staples, Health Care, Industrials and Technology. Notable sector with downside breakdowns was Energy.

Number of S&P 500 stocks in an intermediate uptrend increase last week to 259 from 248, number of stock in a neutral trend slipped to 50 from 52 and number of stocks in a downtrend increased to 191 from 200. The Up/Down ratio increased last week to (259/191=) 1.36 from 1.24. The ratio peaked on March 1st at (350/119=) 2.94.

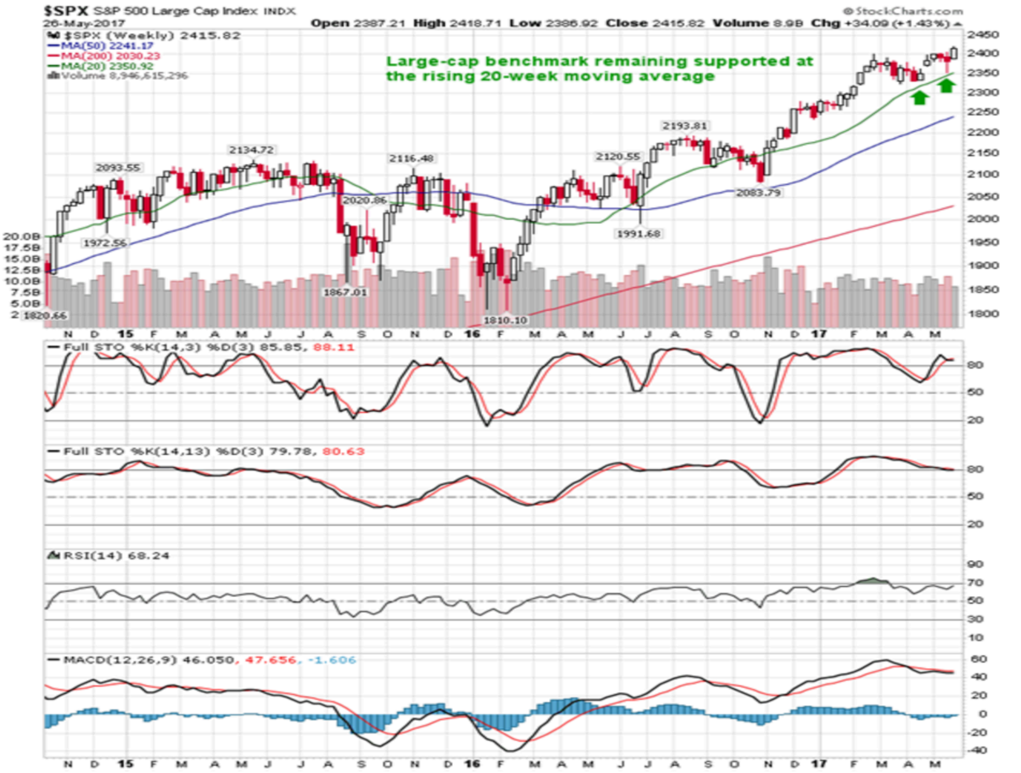
Q1 reports by S&P 500 companies are near an end: 98% of companies have reported to date.

75% of reporting companies exceeded consensus earnings and 64% beat consensus sales. Blended earning on a y-o-y basis increased 13.9% and blended sales increased 7.7%. Another six S&P 500 companies are scheduled to release quarterly results this week.

The outlook for S&P 500 companies remains promising.

- 73 companies have issued negative Q2 guidance and 36 companies have issued positive guidance.
- Consensus EPS and sales estimates were virtually unchanged from last week.
- Q2 EPS on a y-o-y basis are expected to increase 6.8% while sales are expected to increase 4.9%.
- Q3 EPS are expected to increase 7.5% while sales are expected to increase 5.1%.
- Q4 EPS are expected to increase 12.4% while sales are expected to increase 5.2%.
- 2017 EPS are expected to increase 10.0% while sales are expected to increase 5.4%, unchanged from last week.

Seasonal Influences by North American equity markets tends to be mixed in the month of June. Long term returns since 1950 indicate an average return per period by the TSX Composite and S&P 500 Index near 0%. On average during the past 20 years, the TSX Composite Index has reached a seasonal peak on or about June 9th and a second peak in mid-July. Momentum spikes frequently occur in the June /mid-October period. Spike by the VIX Index two weeks ago proved to be a false alarm. However, short term overbought conditions and unsettling political conditions continue to suggest watchful waiting. If an upside surprise occurs in North American equity indices, it likely will happen late in June/early July coinciding with the seasonal Independence Day trade.



Sectors with the best track records in the month of June during the past 20 years include

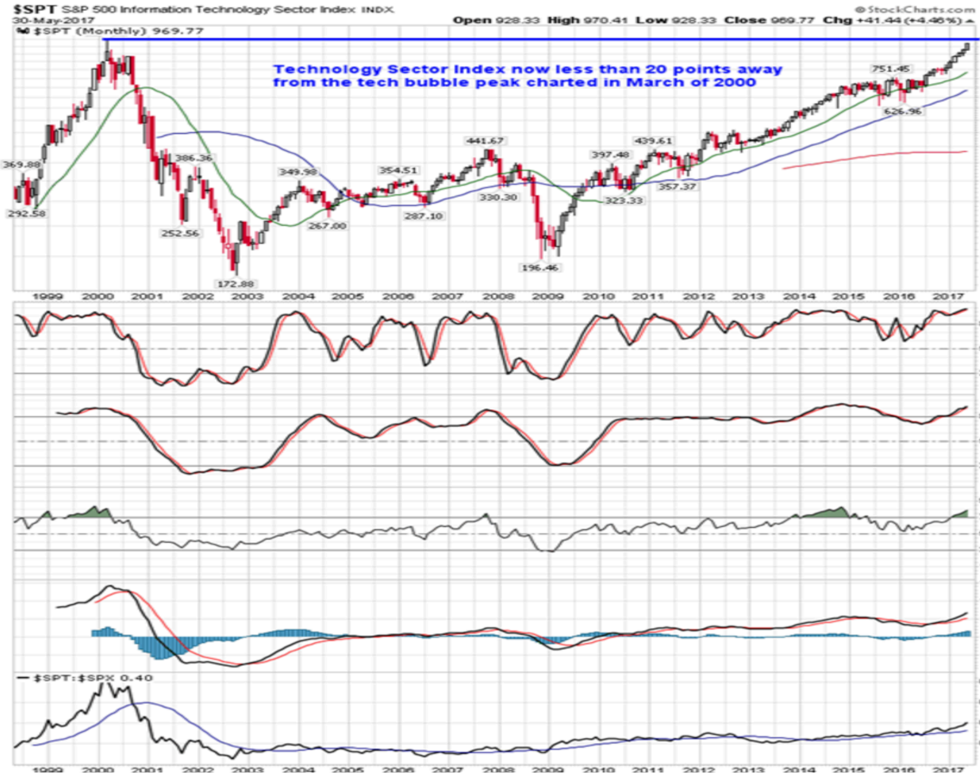
- Health Care
- Health Care Equipment
- Health Care Providers
- Technology (particularly Software and Services)
- Aerospace

Sectors with the weakest track records include

- Materials (particularly Chemicals),
- Home builders
- Banks

The S&P 500 Technology Sector Index is higher by 20%y-t-d, realizing the best return over the course of 100 sessions since April of 2012. The $SPT is now a mere 20 points away from matching the all-time high charted in March of 2000, what we now know as the tech bubble peak. Important targets, such as the tech bubble peak, tend to act as magnets on the way up, drawing prices higher until the target is fulfilled. However, once the target is reached, buying momentum will often fade. Once the $SPT recouped the losses attributed to the bursting of the tech bubble by mid 2007, the index didn't break firmly above the level of resistance for another six years. This is, of course, an extreme example, but it does show that these points of significance tend to fuel reaction amongst investors as the supply of sellers that were previously underwater on their investments overwhelm the number of buyers looking to play a breakout.

Seasonally, the technology sector tends to gain, on average, between now and mid-July.



US stock markets are overvalued by a number of valuation metrics, particularly given the weakening macro backdrop, and an increasing recognition, that the entire “Trumponomics” were nothing but hot air. With political risks rising of a full fledged investigation of the Trump campaign staff likely being in direct contact and conflict with Russian political interference in the US Presidential election process, this cannot be good for any US$ denominated assets, let alone for equities.

The entire “Trump Bump” is now unfolding into a “Trump Dump” as we have predicted over the past 6 months.
Even though current US asset valuation measures (particularly equities) are not as extreme as in 1999, today’s economic underpinnings are not as robust as they were then. The table below allows for a different perspective and quantification, as comparison of valuations and economic activity, to show that today’s P/E ratio might be more overvalued than those observed in 1999.” A simple direct comparison from the recent past’s biggest equities bubble which started in 1994 and ended as we know painfully in 1999, the current valuation metrics are frightening:

US Economic Valuation Metric	1995 – 2000	2012 – 2017	Change/Diff. (%, $)
US GDP	$9.89 TRN	$18.20 TRN	+$9.32 TRN
US GDP Growth	4.05%	1.90%	-2.15%
US GDP Trend	2.30%	1.80%	-0.50%
US Productivity Growth	1.85%	0.50%	-1.35%
US Federal Debt	$5.36 TRN	$18.2 TRN	+$12.84 TRN
US Federal Debt/GDP	60.50%	106.2%	+45.7%
US Federal Reserve Balance Sheet	$0.45 TRN	$4.65 TRN	+$4.20 TRN
US Personal & Corporate Debt	$15.5 TRN	$41.5 TRN	+$25.5 TRN
US Government Deficit (% of GDP)	-0.35%	-3.3%	+2.95%
US Personal & Corporate. Debt/GDP	156.10%	223.50%	+67.4%
US Trade Deficit	$210 BN	$505 BN	+$295 BN
US Fed Funds Rate	5.40%	0.25%	-5.15%
US 10-Y Treasury Yield	6.10%	2.15%	-3.95%
S&P 500 3 Y EPS Growth Rate	7.53%	3.85%	-3.68%
S&P 500 5 Y EPS Growth Rate	9.50%	0.50%	-9.00%
S&P 500 10 Y EPS Growth Rate	7.75%	1.00%	-6.75%
US Equities Market Cap/GDP	151%	134%	17%

Fixed income commentary & charts

For the past 5 weeks, investors are again leaning towards a more deflationary scenario by bidding up the price of bonds against commodities. **Intermediate trend changed from Neutral to Negative. $TNX closed below the important level of 23. $TNX closed below the 20-day moving average. Short-term momentum indicators are rolling over. Again, we are expecting for the $TNX to drop towards 1.70% by the end of summer 2017.**

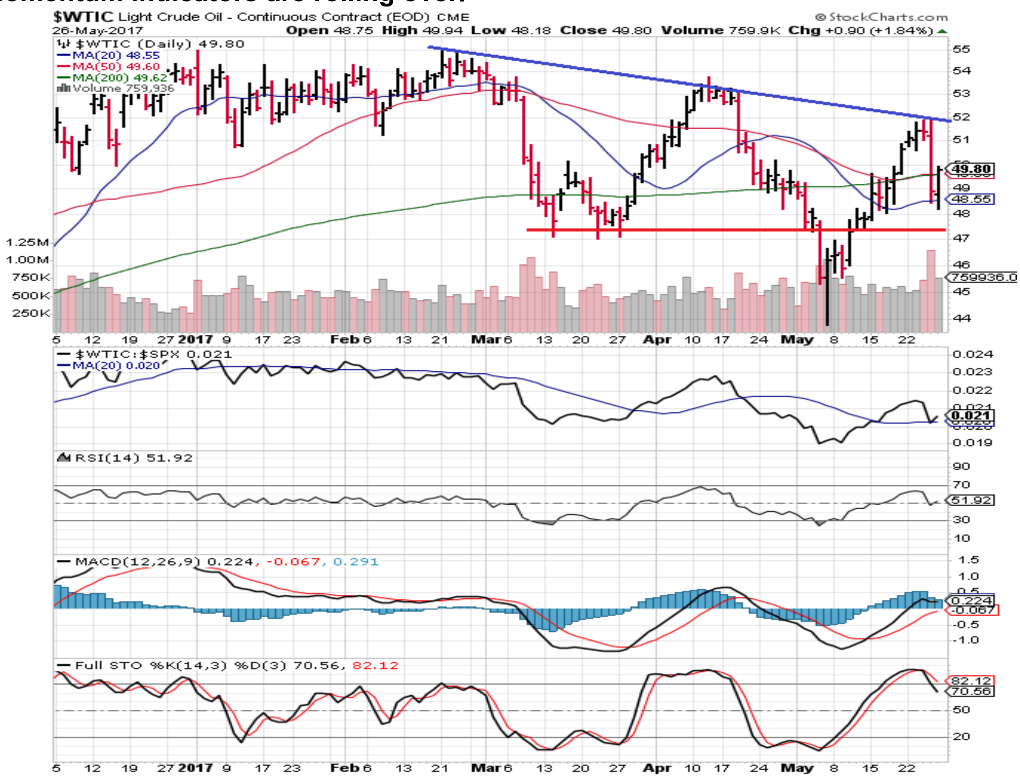
Currencies commentary & charts

The downside trend for the US$ is accelerating, given the "bear cross" of the 50-day moving average below the 200-day moving average**, and the declining trend which we were forecasting for the year remains intact.** The $USD dropped versus all G10 currencies last week, amid further "investors' sobering up" with regards to "the empty Trump policies", and continued weakening US macro data. **The US$ remains below its 20-day moving average. Intermediate trend remains Negative. $USD broke through the lower trendline. Short-term momentum indicators are Negative and Oversold. We see the $USD on-trend to reach our Q2 price target of 95 within the next 4 – 8 weeks.**

Commodities charts & commentary

Although seasonally, commodities are one of the weakest asset class performers in financial markets between May and October, falling victim to reduced manufacturing demand over the summer months, we believe that the positive macro economic momentum of the world around the US will likely help the commodity market sustain its recent upward move and momentum. **Intermediate trend changed back to Negative. Strength relative to the S&P 500 Index changed back to Neutral. $CRB is failed to close above the trendline and retraced back down. The $CRB closed above its 20-day moving average. Short-term momentum indicators are Negative.**

Oil has suffered a "short-term credibility crunch", post OPEC meeting and outcome on extended production cuts. $WTIC intermediate trend changed back to Neutral. Strength relative to the S&P 500 Index is Positive. $WTIC rebounded from the upper trendline and might test the 47 support again. Short-term momentum indicators are rolling over.

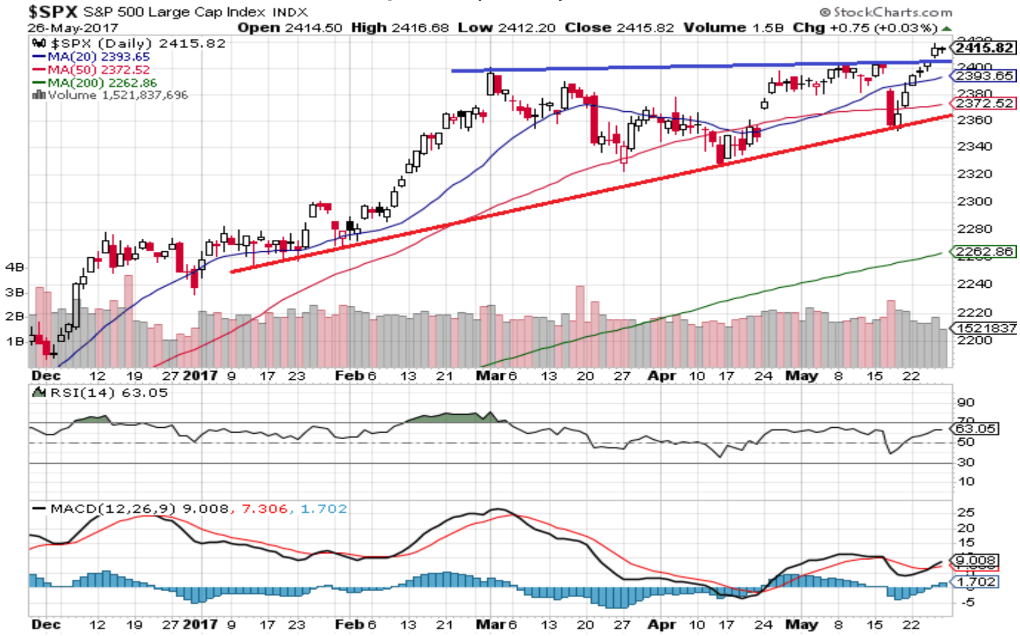


US equity markets weekly charts

The VIX Index lost 2.23 (18.52%) last week.

Intermediate trend changed from Neutral to Negative. The Index is below the 20-day moving average. Price retraced all the way back towards the trendline.

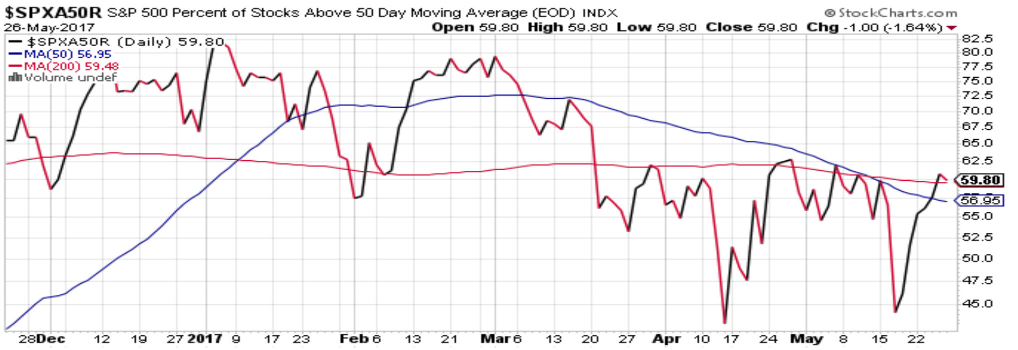
The S&P 500 Index added 34.09 points (1.43%) last week.



Intermediate trend changed from Neutral to Positive. The Index closed above its 20-day moving average. $SPX broke through the resistance and made a new high.

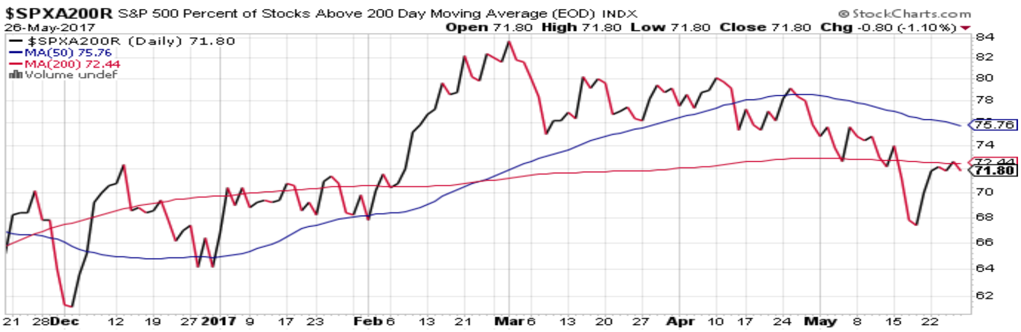
Short-term momentum indicators are Positive.

Percent of S&P 500 stocks trading above their 50-day moving average rose last week to 59.80 from 51.60.



The Index moved above the 200-day moving average.

Percent of S&P 500 stocks trading above their 200-day moving average rose last week to 71.80 from 70.00.



The Index remains below the 200-day moving average.

Bullish Percent Index for S&P 500 stocks dropped last week to 67.80 from 68.40 and remained above its 50-day moving average.

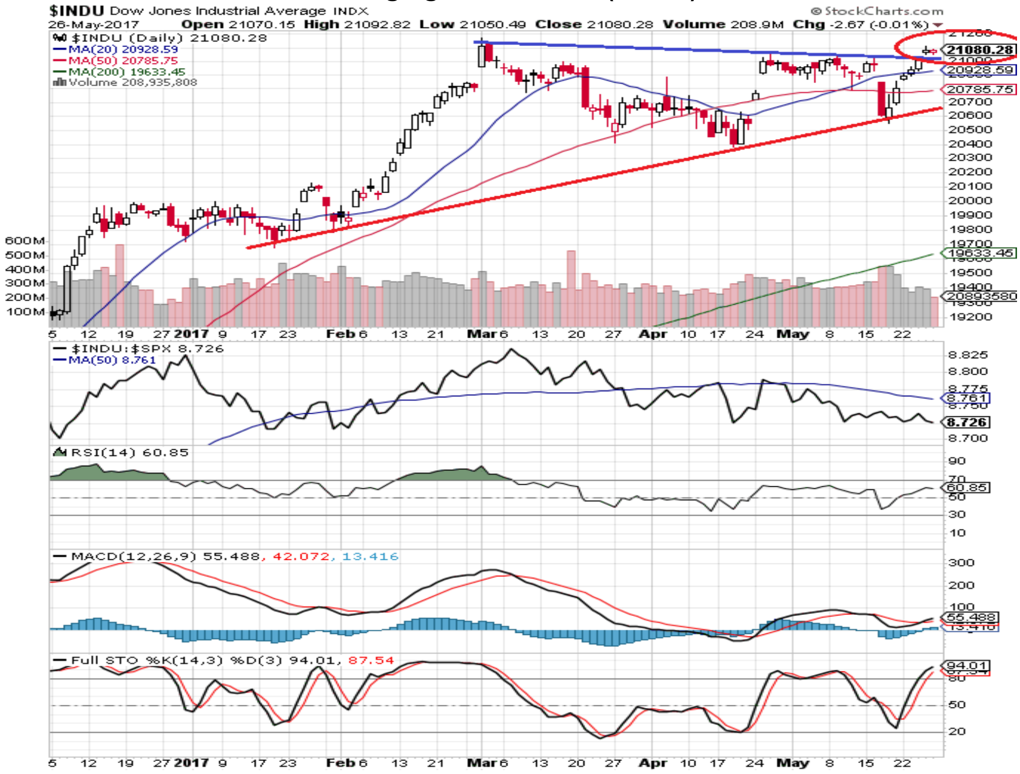
The Index is establishing a downtrend channel.

The Dow Jones Industrial Average gained 275.44 (1.32%) last week.

$INDU broke out through the upper trendline.

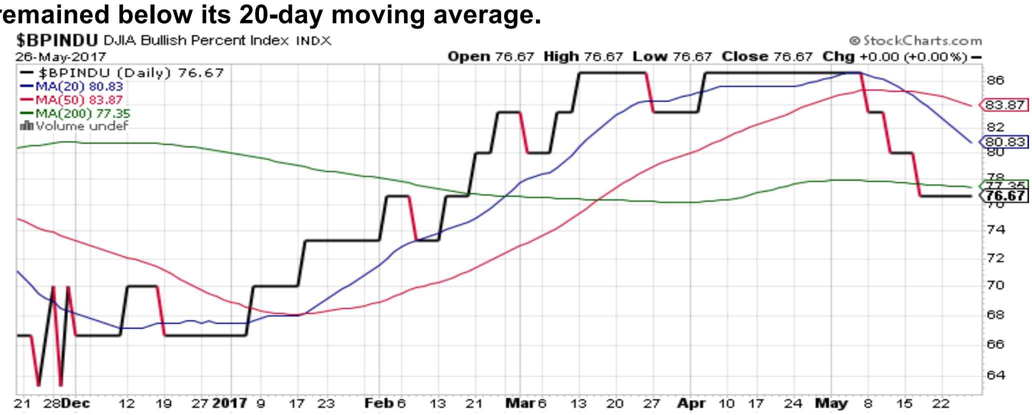
Strength related to the S&P 500 remained below the 50MA.

The Average moved above its 20-day moving average. Short-term momentum indicators are Positive.



Bullish Percent Index for Dow Jones Industrial Average stood put at 76.67 and remained below its 20-day moving average.

The Index remained below the 200-day moving average.



Dow Jones Transportation Index moved above the moving averages.

Strength relative to the S&P 500 is Neutral. The $TRAN closed above its 20-day moving average.

Short-term momentum indicators are Positive.

The Dow Jones Transportation Average gained 297.01 (3.35%) last week.

The Index is ranging post the breakout and remains below the 20 day moving average.

Bullish Percent Index rose last week to 59.77 from 59.50 and remained below its 20-day moving average.

$COMPQ continues the bullish momentum. Strength relative to the S&P 500 Index remains Positive.

The Index moved above the 20-day moving average.

Short-term momentum indicators are Positive.

The NASDAQ Composite Index gained 126.49 points (2.08%) last week.

$RUT is temporarily stuck between the moving averages. Strength relative to the S&P 500 Index remains Negative.

The Index remained below the 20-day moving average. Short-term momentum indicators are Neutral.

The Russell 2000 Index added 14.91 points (1.09%) last week.

Intermediate trend remains Negative. $SPEN failed to break the support. Strength relative to the S&P 500 Index changed from Neutral to Negative.

The Index is below the 20-day moving average. Short-term momentum indicators are Negative.

The S&P Energy Index lost 10.66 points (2.14%) last week.

$OSX retraced back towards the lower trendline. Strength relative to the S&P 500 remains Negative.

The Index closed below its 20-day moving average. Short-term momentum indicators are rolling over.

The Philadelphia Oil Services Index dropped 10.34 (6.78%) last week.

$HUI continues ranging around the 50-day moving average.
Strength relative to the S&P 500 Index remains Neutral.

The Index remains above its 20-day moving average. Short-term momentum indicators are Neutral

The AMEX Gold Bug Index lost 2.40 points (1.22%) last week.

Latam equity markets weekly charts

The BOVESPA gained 1446 points last week.

$BVSP retraced above the important support of 63 000.

Short-term momentum indicators are Mixed.

The Mexican Bolsa added 620 points last week.

Intermediate trend changed from Neutral to Positive. $MXX retraced back inside the channel.

Short-term momentum indicators changed to Positive.

Canadian equity markets weekly charts

Bullish Percent Index for TSX Composite stood put at 70.80 and remained below its 20-day moving average.

The Index remains below the 50-day moving average.

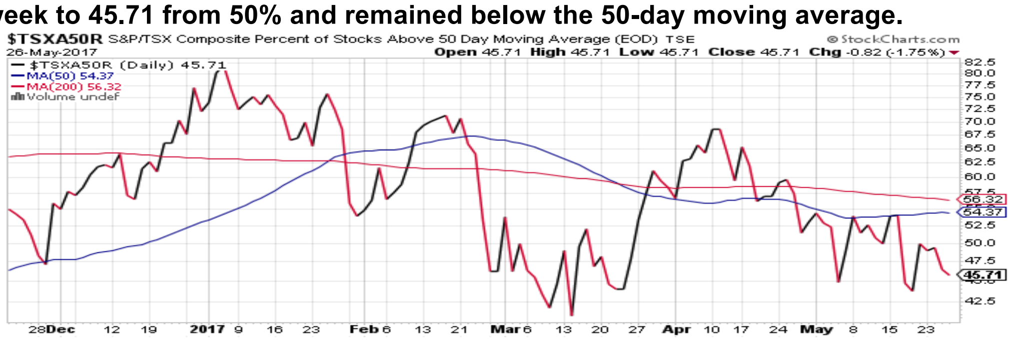
The TSX Composite Index lost 41.53 points (0.27%) last week.

Intermediate trend changed from Neutral to Negative. The Index retraced but was stopped by moving averages.

The Index remains below the 20-day moving average. Short-term momentum indicators are Neutral.

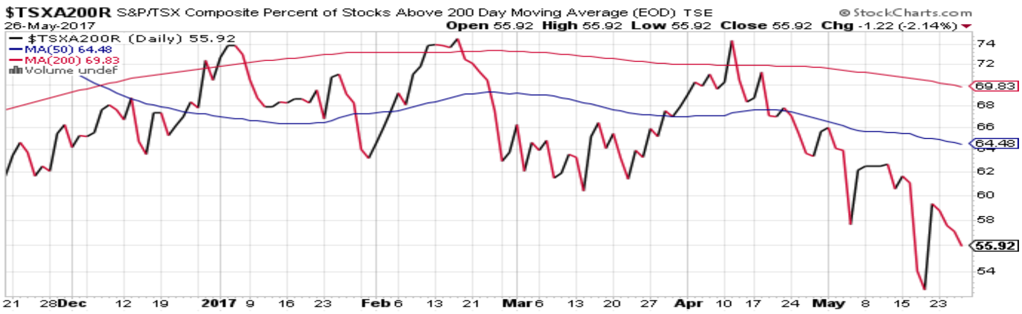
Percent of TSX stocks trading above their 50-day moving average dropped last week to 45.71 from 50% and remained below the 50-day moving average.

The index remains below the 50-day moving average.



Percent of TSX stocks trading above their 200 day dropped last week to 55.92% from 59.35%

The index remains below the 50-day moving average.



Asian equity markets weekly charts

The BSE gained 563.29 points (1.85%) last week.

$BSE broke out upwards as was anticipated and made a new yearly high.

Short-term momentum indicators are Positive.

The Nikkei Average added 96.08 points (0.49%) last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index is Neutral

$NIKK retraced back above the old resistance.

The $NIKK remains above its 20-day moving average. Short-term momentum is rolling over.

The Shanghai Composite Index gained 19.43 points (0.63%) last week.

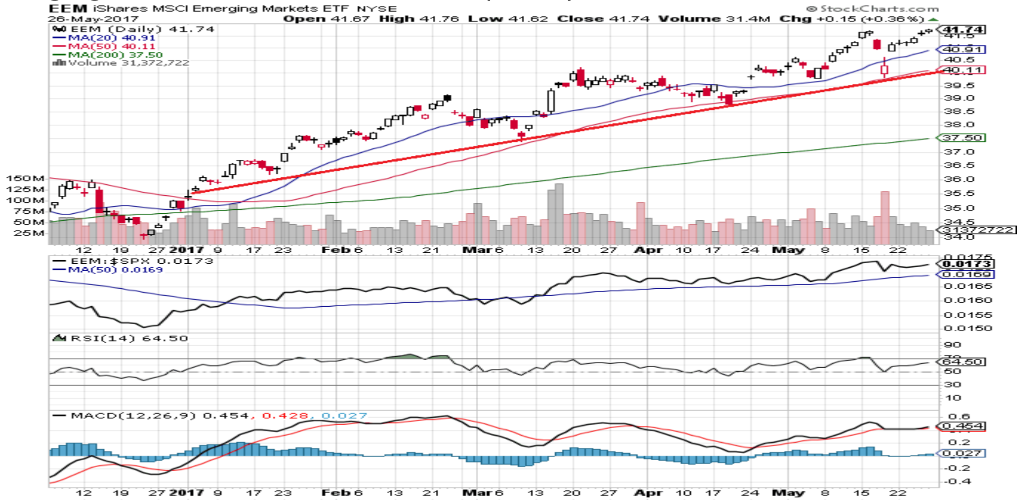
Intermediate trend changed from Negative to Neutral. $SSEC strongly rebounded from support.

The $SSEC remains below the 20-day moving average. Short-term momentum indicators are Positive.

Emerging Markets iShares added $0.59 (1.43%) last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index remains Positive.

Units remain above the 20-day moving average. Short-term momentum indicators are Positive.



The Australia All Ordinaries Index gained 23.20 points (0.40%) last week.

Intermediate trend remains Negative. Strength relative to the S&P 500 Index remains Negative. $AORD is about to test the support again.

The $AORD remains below 20-day moving average.
Short-term momentum indicators are Mixed.

European equity markets weekly charts

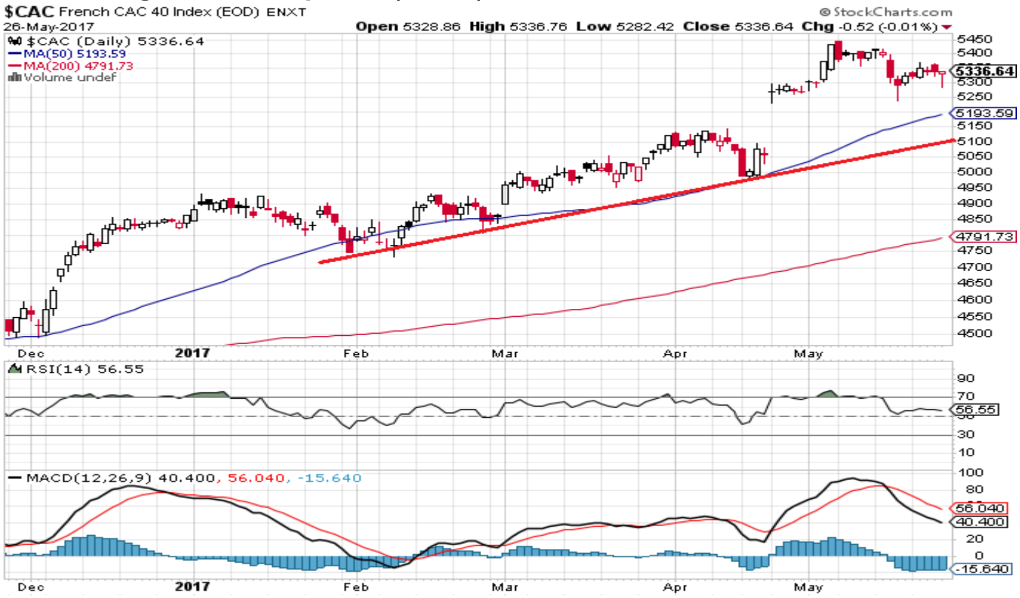
The DAX 30 lost 36.51 points (0.29%) last week.

Intermediate trend changed from Positive to Neutral. $DAX closed below the 20-day moving average.
Strength relative to the S&P 500 Index is Neutral.
Short-term momentum indicators are Negative.

Intermediate trend remains Neutral. $CAC remains above the support for moments notice.

Short-term momentum indicators are Negative.

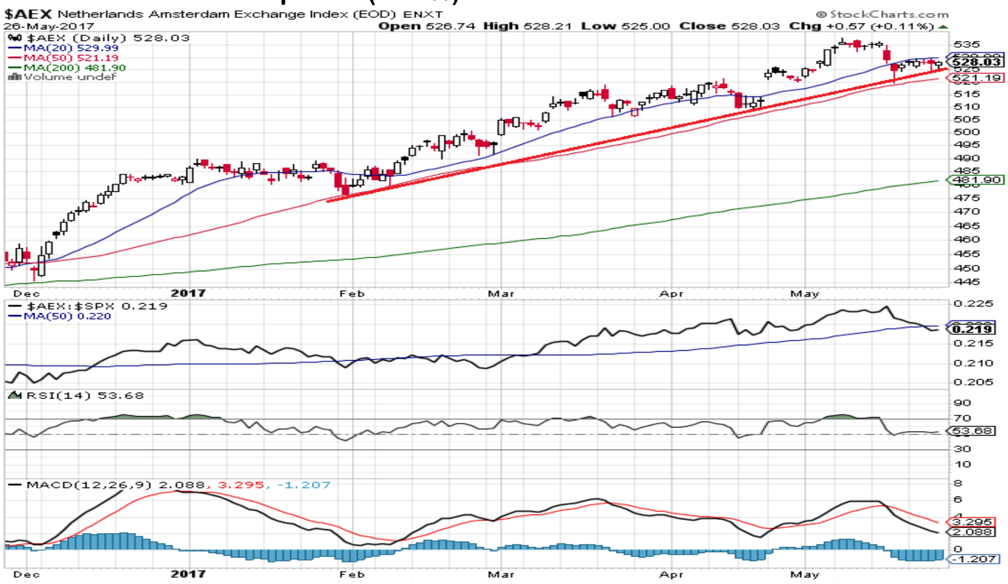
The CAC 40 gained 12.24 points (0.23%) last week.



Intermediate trend changed from Positive to Neutral. Index moved below the 20-day moving average.

Short-term momentum indicators are Mixed.

The AEX 25 added 1.11 points (0.21%) last week.

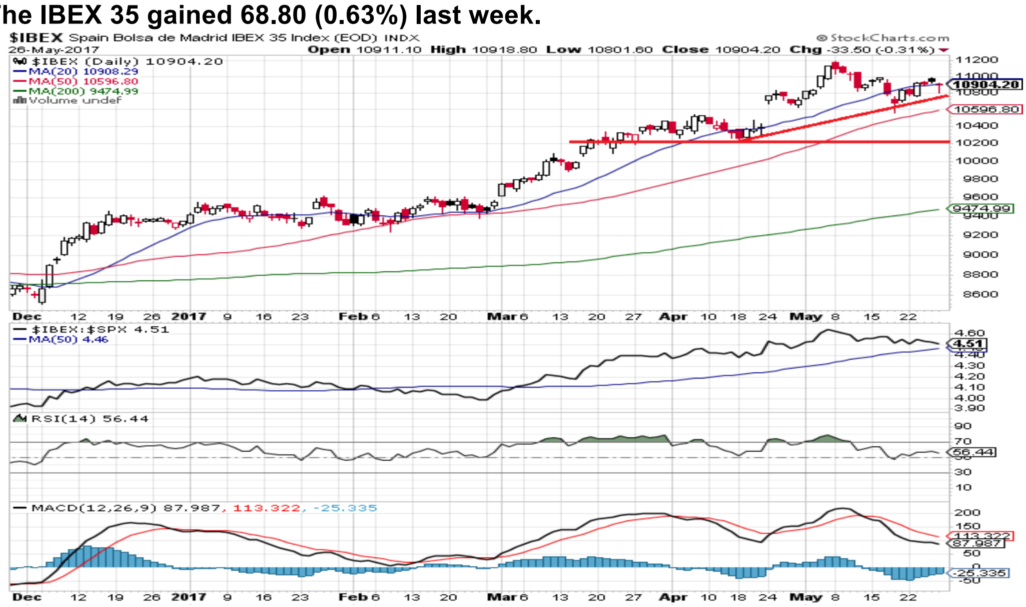


$IBEX is tied up with the 20 day moving average. Strength relative to the S&P 500 remains Positive.

The Index moved at the 20-day moving average.

Short-term momentum indicators are Mixed.

The IBEX 35 gained 68.80 (0.63%) last week.

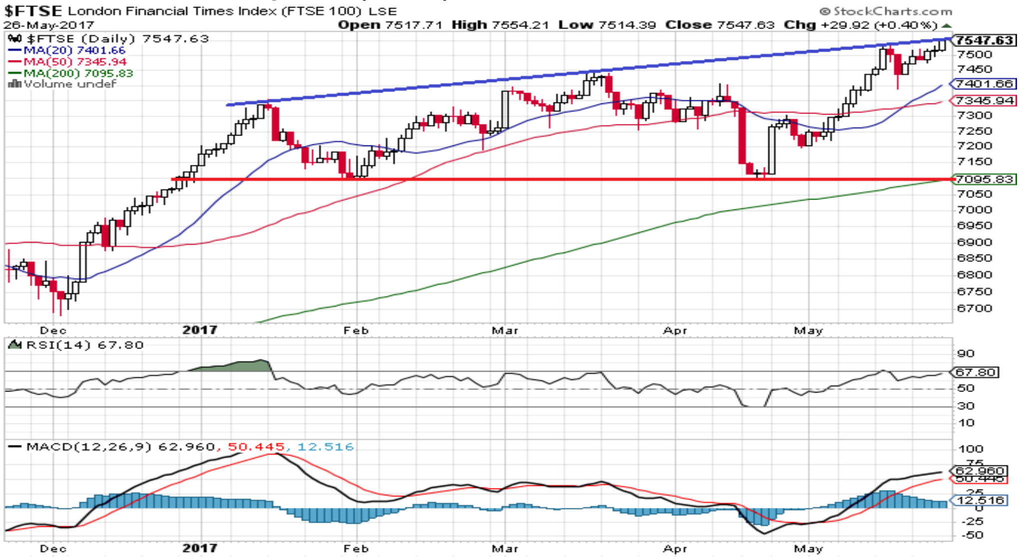


Intermediate trend remains Positive. FTSE is threatening to break the upper trendline.

Price remains above the 20-days moving average.

Short-term momentum indicators are Positive.

The FTSE added 76.92 points (1.03%) last week.



Intermediate trend changed from Positive to Neutral. Strength relative to the S&P 500 remains Positive.

Units closed above the 20-day moving average. Short-term momentum indicators are rolling over.

Europe iShares dropped $0.17 (0.32%) last week.

Fixed income markets weekly charts

International Bonds

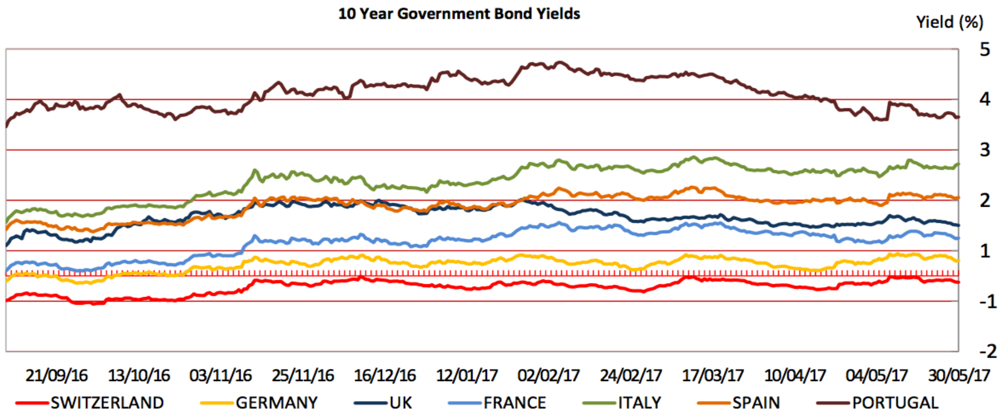
As per our 2017 Q2 Global Investment Strategy Outlook for 10-Y government bonds, US 10-Year government bonds have not fully reached our 2017 price targets of 1,70% yet, and we see yields to continue to move lower towards 2.15% at first, before making the next move down to below 2% levels into early summer.

Ten year government bond spreads

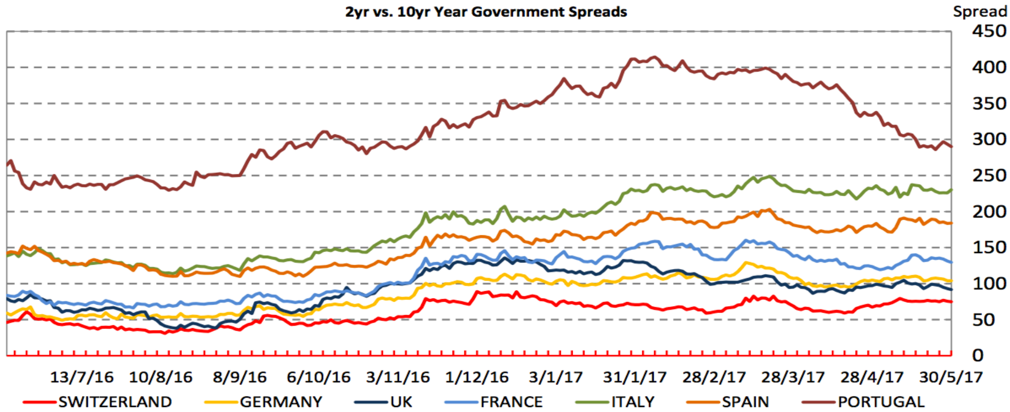
Country	Latest yield	Spread vs bund	Spread vs T-notes
Australia	2.42%	+2.11	+0.16
Austria	0.60%	+0.28	-1.67
Belgium	0.68%	+0.37	-1.58
Canada	--	--	--
Denmark	0.58%	+0.27	-1.68
Finland	0.38%	+0.06	-1.89
France	0.76%	+0.44	-1.50
Germany	0.32%	--	-1.95
Greece	5.96%	+5.65	+3.70
Ireland	0.77%	+0.45	-1.50
Italy	2.17%	+1.86	-0.09
Japan	0.04%	-0.28	-2.22
Netherlands	0.53%	+0.21	-1.73
New Zealand	2.87%	+2.55	+0.60
Portugal	3.16%	+2.84	+0.89
Spain	1.54%	+1.22	-0.73
Sweden	0.50%	+0.18	-1.76
Switzerland	-0.13%	-0.45	-2.40
UK	1.02%	+0.70	-1.25
US	2.25%	+1.94	--

Data delayed at least 15 minutes, as of May 29 2017 16:26 BST.

We continue recommending taking profits in German 10-Y Bunds.



We can see yields in France and the Benelux compress by another --20bps to -40bps over the next 3 months, and similarly to decline by -30bps to -50bps in Spain, Italy, Portugal and Greece.



US Bonds

Yield on 10 year Treasuries added 0.05 basis points (0.22%) last week.

Intermediate trend remains Negative. $TNX failed to close above the intermediate support of 22.75 $TNX remained below the 20-day moving average.

Short-term momentum indicators are Negative.

The long term Treasury ETF dropped 0.23 points (0.19%) last week.

Intermediate trend remains Positive. TLT is sitting on the upper trendline.
TLT remains above the 20-day moving average.

Short-term momentum indicators are Positive.

Currency markets weekly charts

The Euro lost 0.23 points (0.21%) last week.

Intermediate trend is Positive. $XEU seems to be forming a flag.

The $XEU remains above the 20-day moving average.

Short-term momentum indicators are rolling over.

The US$ added 0.33 points (0.34%) last week.

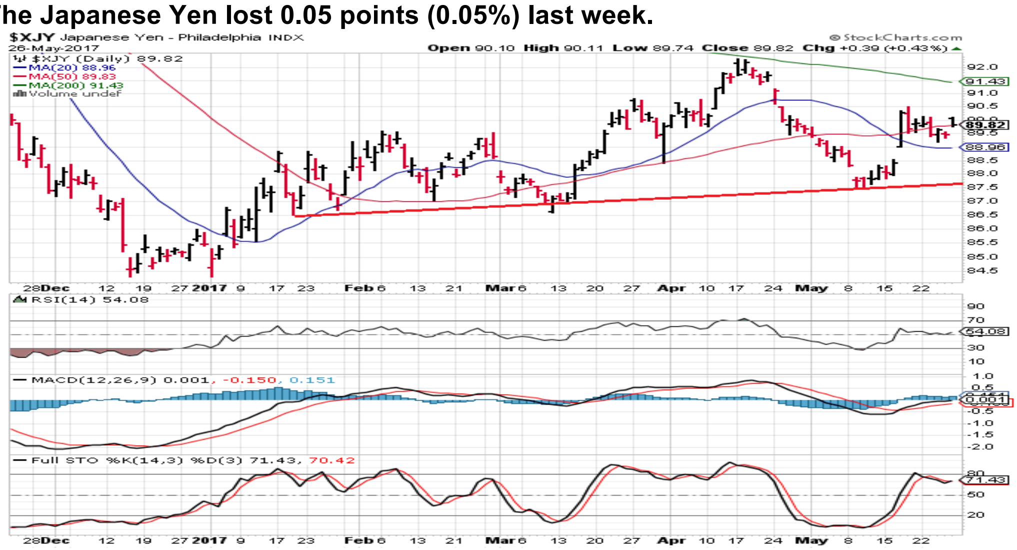
Intermediate trend remains Negative.

$USD did not pull back to the old trendline.

The US$ remains below its 20-day moving average.

Short-term momentum indicators are Mixed.

The Japanese Yen lost 0.05 points (0.05%) last week.



Intermediate trend remains Neutral. XJY is ranging around the 50 day moving average. $XJY remains above the 20-day moving average.

Short-term momentum indicators are Mixed.

The Canadian Dollar added 0.36 points (0.48%) last week.

Intermediate trend changed Neutral to Positive. $CDW gained is very compressed between the trendlines.

Short-term momentum indicators are Positive.

Commodity markets weekly charts

The CRB Index lost 3.07 points (1.66%) last week.

Intermediate trend changed back to Negative. Strength relative to the S&P 500 Index changed back to Neutral. $CRB is failed to close above the trendline and retraced back down.
The $CRB closed above its 20-day moving average.

Short-term momentum indicators are Negative.

Copper dropped $0.02 per lb. (0.60%) last week.

Intermediate trend changed from Neutral to Negative. Strength relative to the S&P 500 Index changed to Neutral. Copper rebounded from the upper trendline back inside the channel.

Copper closed above the 20-day moving average.

Short-term momentum indicators are Mixed.

Intermediate trend remains Negative. Strength relative to the S&P 500 Index is Negative. Lumber broke the important support of 360.

Lumber remains below the 20-day MA. Short-term momentum indicators are Negative.

Lumber lost $8.80 (0.33%) last week.

Intermediate trend remains Neutral.
Units seem to be following the lower trendline.

Price is at the 20-day MA. Short-term momentum indicators are Mixed.

The Grain ETN dropped 0.20 points (0.71%) the last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index is Positive. MOO broke out of the rectangle channel upwards.

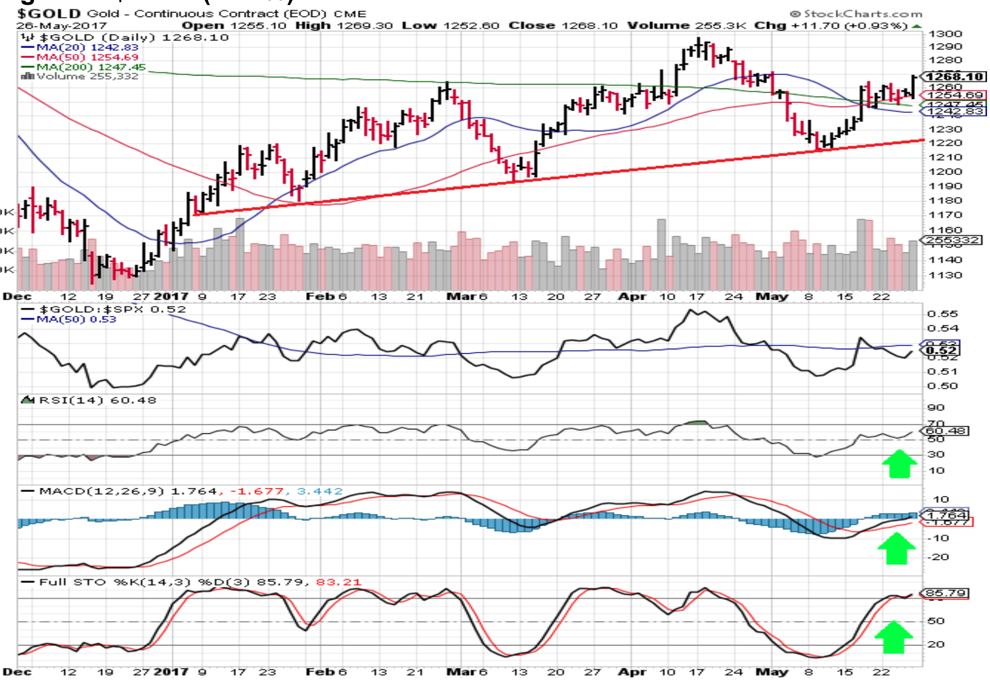
Units closed above the 20-day moving average.

Short-term momentum indicators are Positive.

The Agriculture ETF added $0.55 (1.01%) last week.

Gold & precious metals markets weekly charts

Gold gained $14.50 (1.16%) last week.

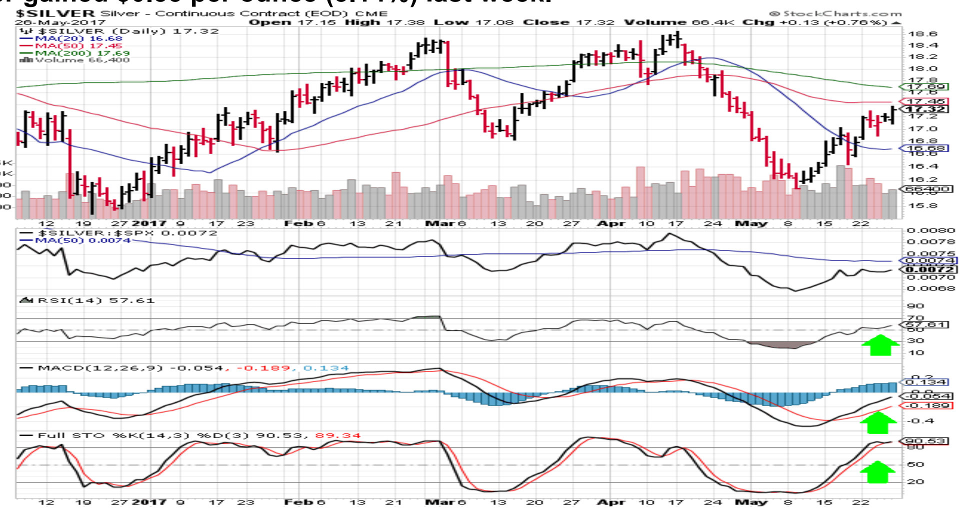


Gold closed moved upwards above the moving average congestion area.

Gold is above the 20-day moving average.

Short-term momentum indicators are Positive.

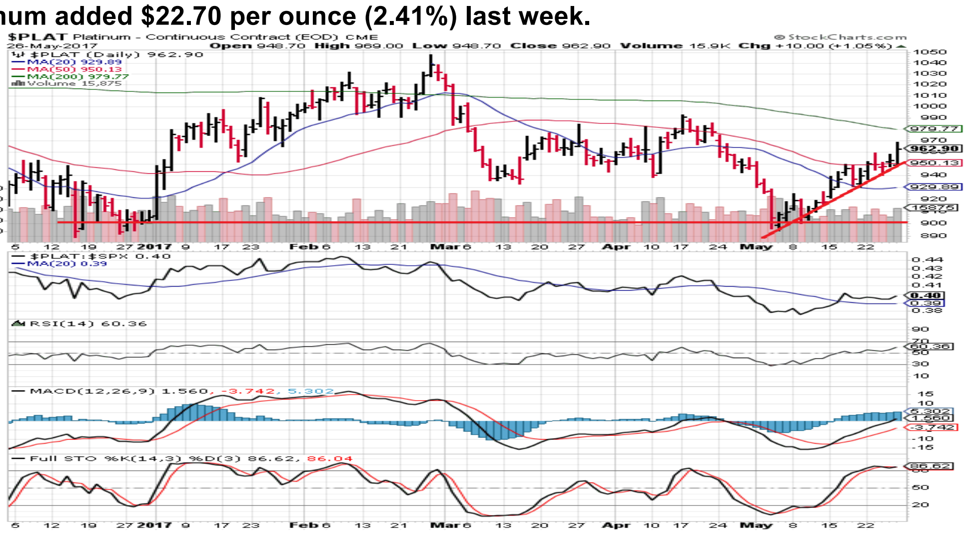
Silver gained $0.53 per ounce (3.14%) last week.



Silver is climbing towards the important level of 17.5 and towards the 50/200 moving averages.

Silver moved above the 20-day moving average. Short-term momentum indicators are Positive.

Platinum added $22.70 per ounce (2.41%) last week.



Intermediate trend changed from Neutral to Positive. Strength relative to the S&P 500 Index remained is Positive. $PLAT is moving towards the 200-day moving average.

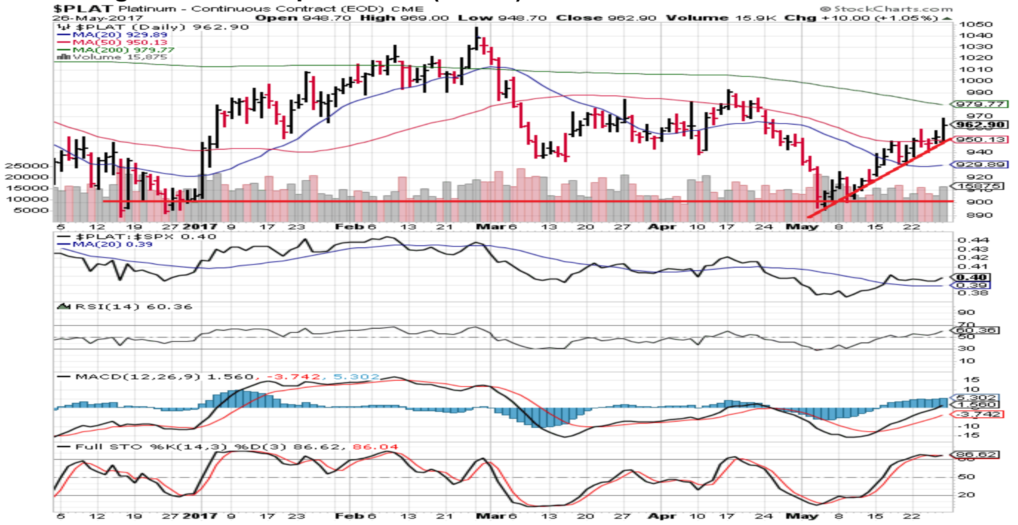
$PLAT trades above its 20-day Moving Average. Momentum indicators are Positive.

Palladium gained $26.00 per ounce (3.42%) last week.

Intermediate trend changed back to Positive. Strength relative to the S&P 500 Index changed to Positive.

$PALL moved above its 20-day moving average.

Short-term momentum indicators are Positive.

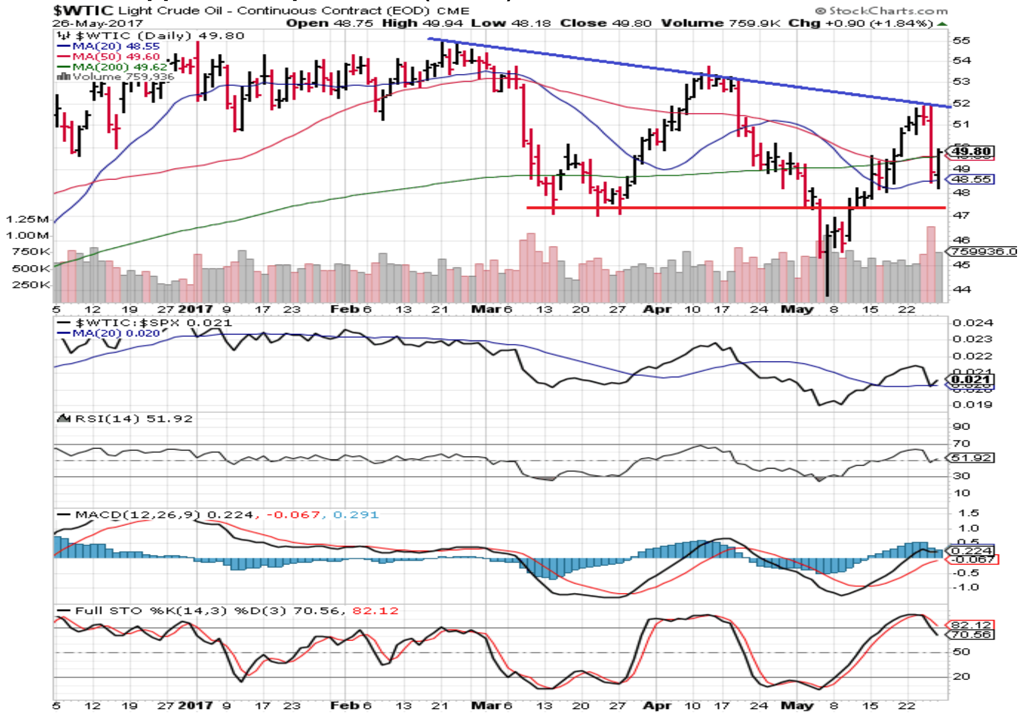


Oil, gas & energy markets weekly charts

Crude oil dropped $0.87 per barrel (1.72%) last week.

Intermediate trend changed back to Neutral. Strength relative to the S&P 500 Index is Positive. $WTIC rebounded from the upper trendline and might test the 47 support again.

Short-term momentum indicators are rolling over.



Gasoline lost $0.02 per gallon (1.32%) last week.

Intermediate trend changed back to Neutral. Strength relative to the S&P 500 Index is Positive.

$GASO closed above the 20-day moving average. Short-term momentum indicators are rolling over.

Natural Gas added $0.05 (1.66%) per MBtu last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index remains Neutral. $NATGAS rebounded from the upper trendline and remained inside a channel.

Short-term momentum indicators are Flat.

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