



Creative Global Investments

Market commentary & charts

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Fixed Income Commentary

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Objectivity

Integrity

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Short-term, the yield on the 10-year treasury note broke support at 1.7% to test the lows of the year, and the 7-10 year treasury ETF traded higher by approximately the same margin, also remaining near all-time highs. Both bond and equity markets continue to bet in the same direction as investors test the limits of the Fed and valuations.

As we said before over the past 4 weeks, something has to give. And as of yesterday, it is the 10-Year treasuries that have started to break out, and the yield breaking support at 1,70% will likely go down towards our 2016 target of 1,40%. All short term technical indicators for the \$TNX are in declining trends, RSI, MACD, 20-, 50- and 200-day moving averages.



The long-term chart of the 10-Year US Treasuries ("the most important chart on the planet") shows that the 35-year long trend channel is undoubtedly intact, with the long-term technical signals all pointing lower.

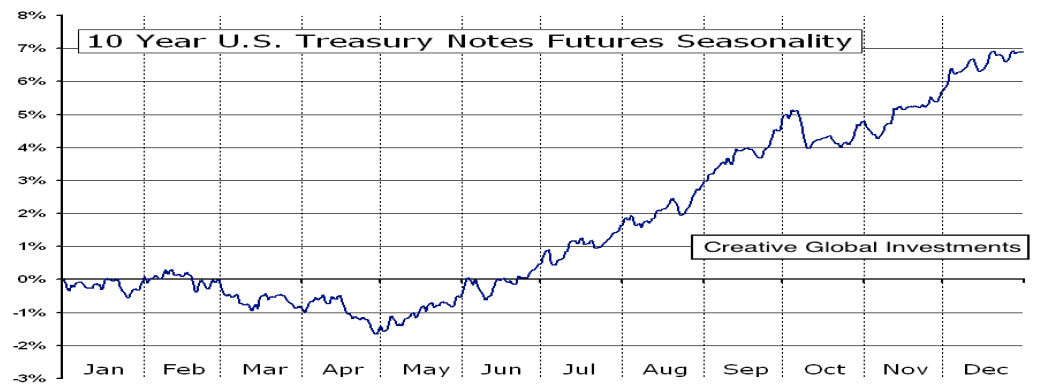
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As noted in a previous report, a bullish ascending triangle continuation pattern apparent on the chart of the intermediate treasury bond ETF projects upside potential to \$114, which implies further downside potential in yields.



Seasonally, bonds tend to outperform stocks between May and October, but recent activity in each asset class is suggesting that bonds have a better chance to outperform from here until the end of the summer 2016.



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