



Creative Global Investments

Morning market commentary & weekly charts

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Global Macro Commentary

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Objectivity

Integrity

Creativity

In Asia, Chinese industrial production growth held steady in May. Industrial output rose 6% in May from a year earlier, the National Bureau of Statistics, in line with the previous month's growth and analysts' expectations. Retail sales rose 10% y-o-y in May, missing forecasts for a 10.1% increase and following a 10.1% gain the previous month.

In Europe, Russia's central bank cut its main lending rate on Friday for the first time in almost a year, signaling confidence that inflation risks are declining and describing an economic recovery as "imminent". The rate cut comes as Russia's economy, plagued in the past few years by plunging oil prices and Western sanctions over the Ukraine crisis, is showing signs that the worst is behind it. The bank cut the rate by a half-point to 10.5 percent, the first reduction since July 2015, a move predicted by a majority of analysts although some had expected no change. After declining by 3.7 percent last year, the economy now looks set to begin growing again, helped by an unexpectedly strong rebound in global oil prices and a plunge in inflation that is helping to support living standards.

In the US, The University of Michigan's consumer confidence index for the start of June drifted lower from 94.7 to 94.3 (vs. economists expectations of 94.0.)

Other economic data revealed last Thursday that wholesale Trade for April sales increased by 1.0% in April, while inventories increased by 0.6%, exceeding the consensus estimate calling for a 0.1% gain. Stripping out seasonal adjustments, sales were lower by 5.8% in the first month of Q2, while inventories were higher by 0.4%; the average change for each in the fourth month of the year is -3.4% and +0.2%, respectively. Both remain below the average trend, although wholesale sales does show a notable deterioration in April versus the seasonal norm, even falling below the trend set in 2015 amidst falling commodity prices. Focusing on the sales side, both durable and nondurable goods were weak in April, in part due to lackluster sales of automobiles and apparel. One of the few components that was positive in April, showing an above average change, was petroleum and petroleum products as the price of oil and gas rebound from the low set earlier 2016. There are a lot of anomalies in the report, including a rare dip in lumber/construction material sales in the midst of the spring building season, a drop in drug and grocery sales by double the average April decline, and a decline in alcohol sales during a period that sees a ramp up in consumption through to the summer. **On balance, we clearly see insufficient US macro support for the Federal Reserve to raise the Federal funds rate in the upcoming June meeting.**

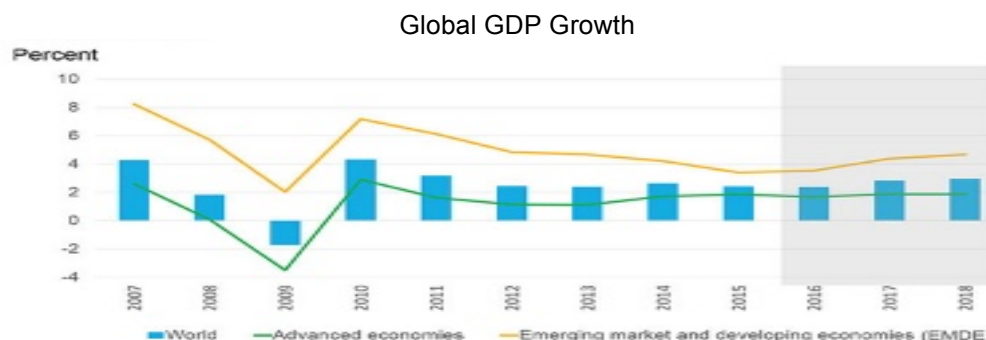
Too much debt, not enough growth, globally

The World Bank's latest projection pegs global growth at 2.4%, down from the 2.9% forecast in January and slower than last year's weak pace. The bank also cut its forecast for growth in 2017 to 2.8% from 3.1%. The global outlook faces increasing macro, political and geo-political and risks of more muted growth ahead.

Commodity exporters such as Brazil, Russia, Nigeria and Angola suffered some of the largest downward revisions. Governments are forced to cut spending due to the price collapse in metals, energy and other commodities. Weakening currencies and higher

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borrowing costs are forcing EM central banks to raise interest rates to curb rampant inflation, and consequently weigh on investment and corporate balance sheets.



Source: World Bank

The World Bank also pared its projections for the world's largest economy, the US. A wounded energy sector, strong US\$ and anemic international demand contributed to a -0.8% cut in GDP expectations to 1.9% for 2016, and likely to be lowered, as the uncertainty in the presidential election is suppressing economic activity. World Bank economists are also concerned the Federal Reserve could tighten faster than markets expect, causing a jump in borrowing costs that could spark financial turmoil around the world. Volatility in capital flows also could flare up again if jittery investors pull out of emerging-market equity, currency and bond markets.

The economists also cited political risks as a threat to future growth. A UK exit from the European Union could severely damp investment as uncertainty weighs on markets.

Japan isn't gaining traction despite the Bank of Japan's charge into negative-rate territory. The World Bank said Japan would grow by 0.5% this year, nearly -1% less than expected in January.

Emerging-market growth could decelerate further. The World Bank kept its forecast for a 6.7% expansion in China but warned of building financial risks that could trigger a deep slide in growth. Governments from Brazil to South Africa to Indonesia also are facing deepening political turbulence, on top of persistent risks from wars in the Middle East and geopolitical tensions in the South China Sea. A major political incident could translate into a very sharp slowdown for the fragile global economy, as central bank policy makers' room to maneuver is shrinking, and politicians are reluctant to use government balance sheets to fund major injections of stimulus.

Options are even fewer among emerging-market exporters. Debt levels are rising, budget deficits are deepening and central banks have to raise rates instead of cutting them to temper rising prices as their currencies weaken. Those countries, such as Angola, Kazakhstan, Malaysia, South Africa and Venezuela, are running average budget deficits of -5% of GDP.

Trade growth as a major indicator of global weakness remains muted at 3.1%, well below pre-crisis trends. "Persistently low growth could intensify protectionist tendencies that would further weaken growth prospects," the bank said. That attitude can be seen in the antitrade rhetoric gathering strength in the US presidential election, but it isn't isolated to North America. Around the world, discriminatory practices that act as a barrier to international trade outpace liberalization efforts by more than 2:1.

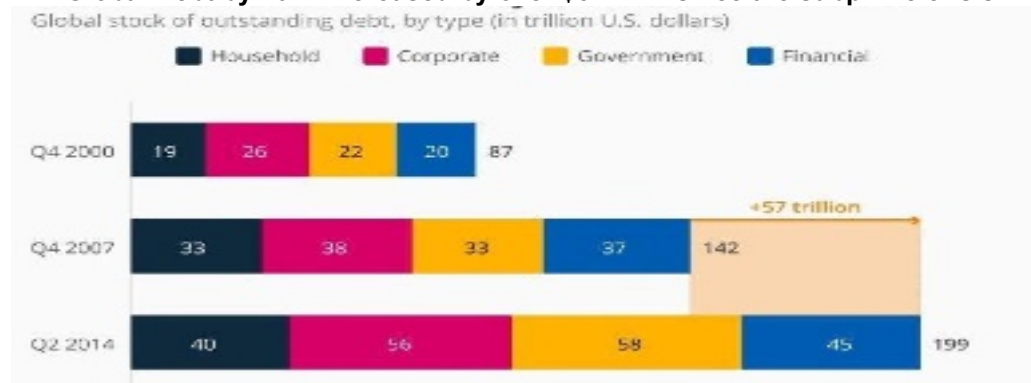
One bright note in the outlook: Emerging-market importers aren't suffering the same downturn as exporters. In countries such as India, Hungary, Thailand and Vietnam, government deficits are actually lower than the bank forecast two years ago and debt levels as a share of economic output are falling.

The biggest problem we see that the world faces in the coming 5 years is not the fact that economic growth will be anemic, but rather that the debt burden is so immense,

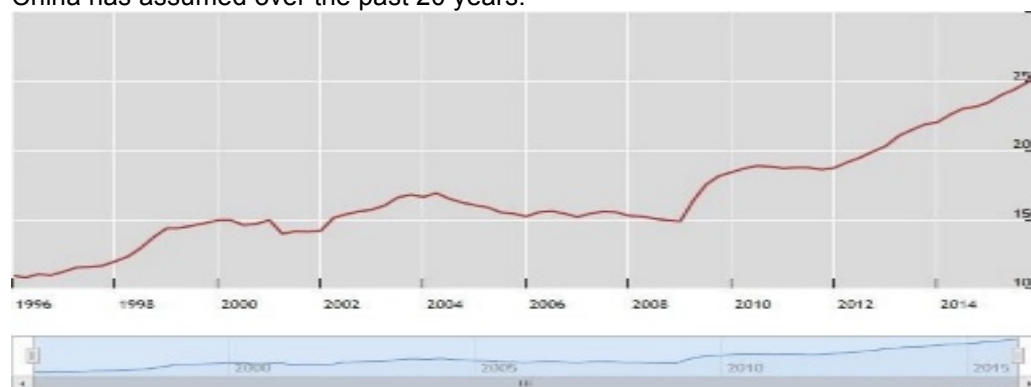
that the slower world GDP growth is incapable to generate enough in earnings and profits to sustain full and adequate re-payments of this gigantic mountain of debt.

One would have thought that the sub-prime debt crisis of 2007 would have put the brakes on “easy lending”, however, as the following graph shows, just the opposite is true, and of course, we all know who is most to blame for this phenomenon, the all so important central bankers of the G-10 countries.

Global Debt by 2014 increased by over \$57 TRN since the subprime crisis



Economists are most concerned about the very high and still rising debt levels that China has assumed over the past 20 years.



Currently, China needs about 2 to 3% of GDP to service its debt, which it seems to be able to still manage despite a very weak global macro environment.

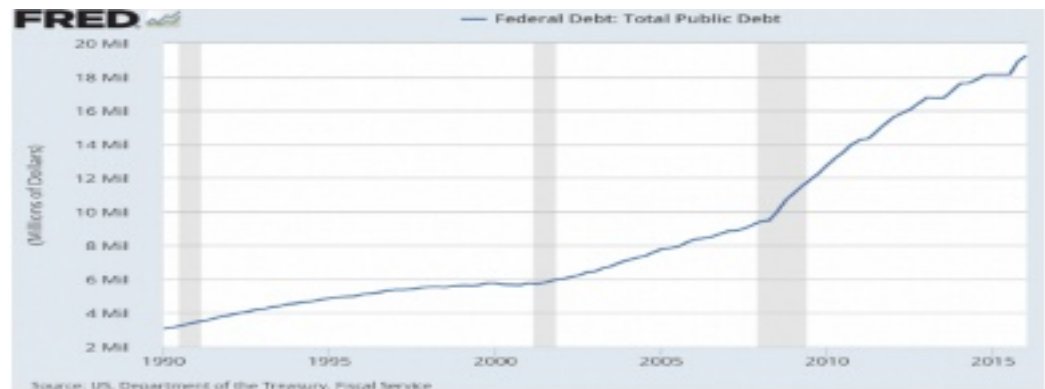
Dimension	Code	Description
Frequency	1/2	Q Quarterly
Borrowers' country	1/47	CN China
Borrowing sector	1/4	C Non financial sector
Lending sector	A	All sectors
Valuation method	M	Market value
Unit type	1/3	770 Percentage of GDP
Adjustment	A	Adjusted for breaks

But it is the US debt that has us most worried, as the \$19 TRN in total debt outstanding is more than the total annual GDP (estimated at \$18.2 TRN through Q1 2016).

Is the fact that the US borrows more than it makes sustainable for the US economy?

The following charts will help put US total debt in context:

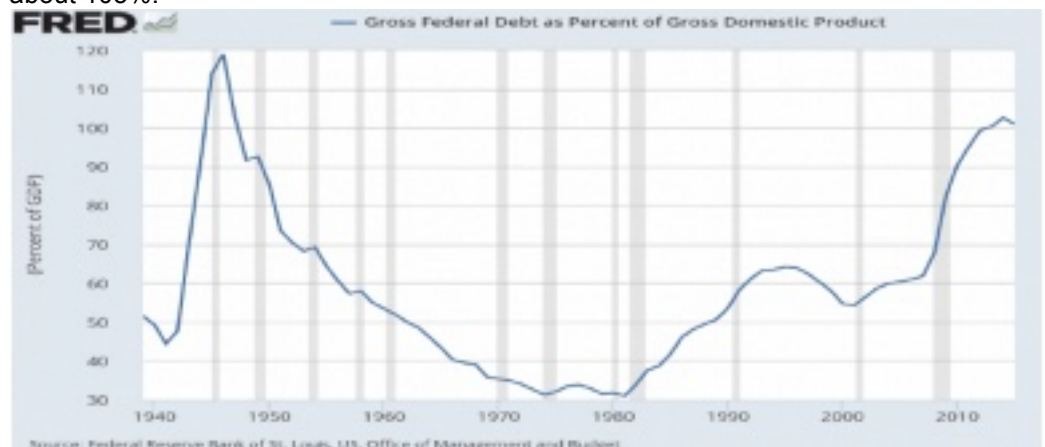
Total public debt versus debt outstanding for the US has been growing at an exponential pace since the 1990's, expanding from some \$3 TRN to \$19 TRN in 25 years.



Source: U.S. Department of the Treasury

This chart, by itself, is concerning; the economy saw big growth in the 1990s and, by measure of today's GDP; the US economy is the largest it has ever been. So, we can't say that debt has been debilitating, but it is still worrisome.

That is, until you think of debt in a different context in this case as a percent of GDP. Doing so does not necessarily debunk the notion that our debt levels are high, but it is worth noting that we have been at these levels before (in the aftermath of debt financing during World War II). Back then; the Debt/GDP ratio nearly touched 120%. Today it's about 105%.



Source: Federal Reserve Bank of St. Louis, U.S. Office of Management and Budget

So, whilst the cost of borrowing for any government with good credit is at an all time low, it does raise the question though, if the US economy can afford rates much higher than where the current levels are. And this is exactly the point why we are in disbelief with the Federal Reserve rhetoric when it comes to "leaning towards raising rates", as the current level of government debt to be serviced is already a stretch, another 25bps or 75bps will just add another US\$ 200BN to US\$400 BN to that already gigantic mountain of debt.



Source: Federal Reserve Bank of St. Louis, U.S. Office of Management and Budget

US Corporate Debt levels likely to become a major investor concern in 2H 2016

Debt levels in the US are making us very worried again; close to the kind of worried we were in 2005. While America's debt levels seemingly have grown swiftly relative to GDP in the last decade, it's also true that the Debt/GDP ratio has been higher in the past. Post World War II era higher debt during this period was not debilitating to growth. In fact, the 1950's were seen as booming times. However, the current high debt levels could cripple the economy now despite rock bottom interest rates.

US nonfinancial corporations held a record \$1.85 TRN in cash (as of the end of 2015), however, let's not overlook the whopping total debt of \$6.6 TRN those corporations hold on their balance sheets. When analyzing the situation in more detail, one discovers that this massive debt load is largely affecting companies not listed in the Top 25.

The top five cash-hoarding companies in the US have favorable Cash/Debt ratios:

Company	Cash and Marketable Securities (in billions)	Debt (in billions)
Apple Inc.	\$215.70	\$63.00
Microsoft Corp	\$112.80	\$44.40
Alphabet Inc.	\$71.90	\$7.60
Cisco Systems Inc.	\$60.40	\$24.60
Oracle Corp.	\$52.30	\$41.00

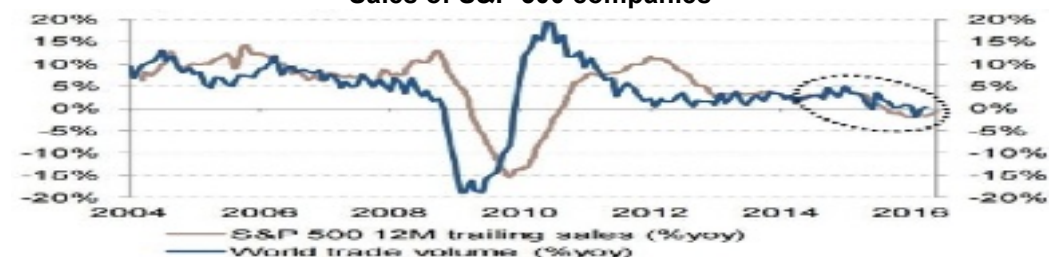
Source: Bloomberg (values as of year-end 2015)

A similar trend plays out for the Top 25 nonfinancial companies by cash holdings, whereby these Top 25 companies have \$939 BN in cash versus \$627 BN in debt. Total non-financial cash holdings for US companies were \$1.85 TRN (as of end of 2015), however \$939 BN of that is on the balance sheets of just 25 companies. This means that all remaining companies have just \$911 BN in cash.

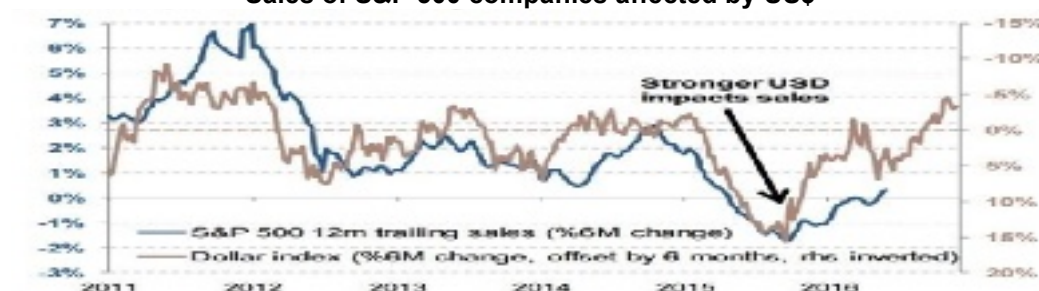
The same applies to debt the top 25 companies have just \$627 BN of the \$6.6 TRN debt, meaning that the remaining companies are saddled with massive debt some \$6 TRN. When stripping away the top 1% of companies from these figures one can see the corporate debt problem: \$6.6 TRN in debt versus \$900 BN in cash.

Many US companies have increased their leverage, due to the "once-in-a-lifetime-low-interest rates", despite stagnant sales at best.

Sales of S&P 500 companies

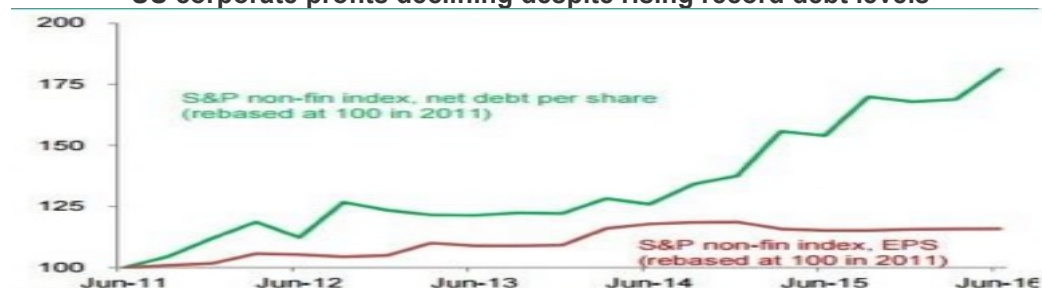


Sales of S&P 500 companies affected by US\$

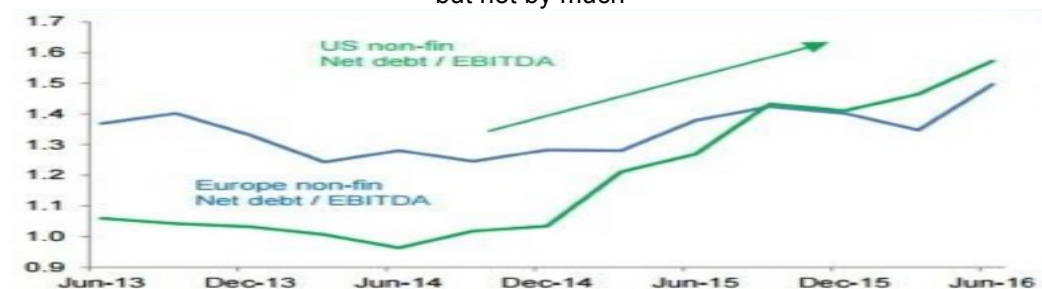


And most S&P 500 corporations have been increasing their debt despite corporate earnings for S&P 500 declining over the past 4 quarters.

US corporate profits declining despite rising record debt levels



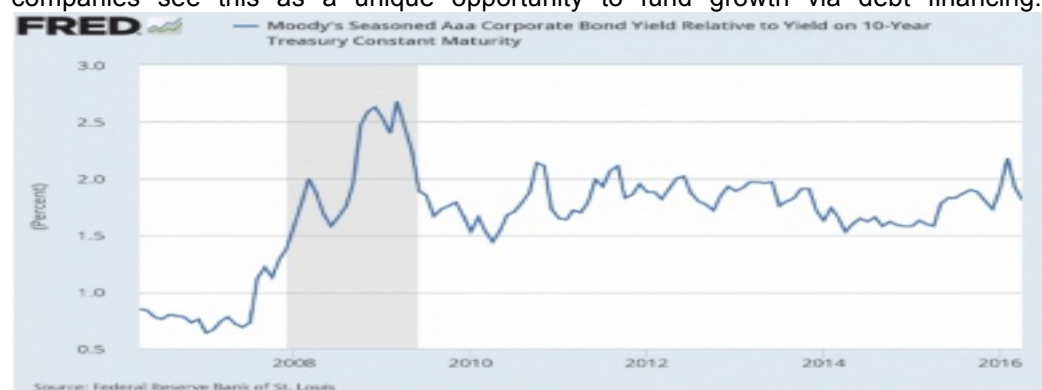
Net Debt/EBITDA ratios for European companies versus US are bit better, but not by much



We see this becoming a major concern for investors and asset allocators in the 2H of 2016.

Surely, leverage will become only a problem if a company cannot service their debt obligations and, as far as investment grade companies are concerned, this is largely not a problem yet. However, the cash burn rate will accelerate in the face of continuously declining earnings and profits.

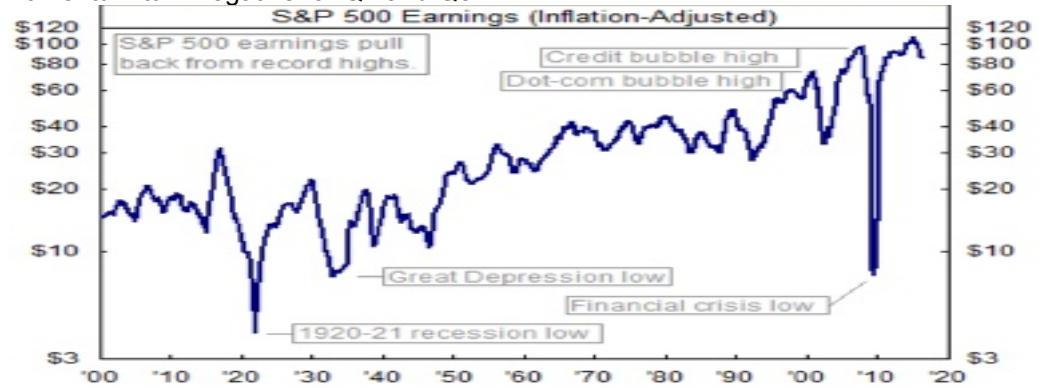
For now the cost of new debt is nearing historic lows on a global basis. Globally, borrowing costs for investment grade companies stands around 3%, significantly below the 4.5% average of the last 20 years. If a corporation's return on equity is higher than the interest rate paid on new debt, then it actually makes sense to borrow. Many companies see this as a unique opportunity to fund growth via debt financing.



Source: Federal Reserve Bank of St. Louis

However, when examining what these borrowing companies are doing with the borrowed capital, in most cases it has been for merger and acquisition activity and share buybacks. Investors should be careful in their company screenings for future corporate earnings and market share, as share buybacks and M&A's are most often aimed to support share prices and company growth, but they're short-term fixes (many of which are often undertaken by CEO's aiming to appease shareholders). It would be much better to see borrowed capital allocated towards research, fixed investment, hiring and growth into new markets, and hence enhance future market share and correlated cyclical growth and earnings

With Q1 earnings largely in the books (97% of S&P 500 firms have reported), the chart below highlights some long-term perspective on the current earnings environment by focusing on 12-month, as reported S&P 500 earnings, and emphasizes the dramatic earnings plunge during the financial crisis as well as the recovery that followed. S&P 500 inflation-adjusted earnings are trending lower and are now -20% off of their record highs. Q1 2016 earnings came in flat relative to Q4 2015; however, we see earnings momentum turn negative for Q2 and Q3.



Currencies Commentary

As the Brexit vote nears, the British Pound all hinges on this 30-year level of support. The weakness in the Pound and Euro as 'Brexit' polls out of the UK start to tilt in favor of leaving the European Union. The \$XBP shed 1.35% on Friday, breaking below its 50-day moving average that for the past month was attempting to trend higher. A short-term head-and-shoulders topping pattern on the chart of the \$XBP points to a downside target of 140, possibly another 2% below present levels and leading to another test of the February and April lows. From there, it all hinges on longer-term support between 136 and 140, a range that has not been broken since 1985. Downside potential on a break could be significant. Seasonally, the \$XBP tends to appreciate relative to the US\$ between June and the end of July, but, clearly, "Brexit" perspectives are most relevant.



The US\$ index traded back to within the gap that was opened following the prior week's disappointing monthly employment report. Despite resistance presented by the open gap, evidence continues to materialize suggesting that the declining trend in the \$USD that spanned the first four months of the year is reversing. A higher low above the early May bottom is becoming apparent and momentum indicators have concluded a trend of lower-lows and lower-highs, reverting to a trend of higher-highs and higher-lows as buying pressures build. A stronger US\$ generally has negative implications for stocks and commodities, threatening the rally in each from the Q1 lows. The Fed surely avoid to hype further strength in the US\$ when it holds its FOMC meeting this week.



Seasonal tendencies for the US\$ in June, July, and August are generally flat prior to an average downturn in September and October.



Fixed Income Commentary

The big story last week was the plunge in global bond yields, many of which fell to record lows and deeper into negative territory, just as we had been forecasting. The chart below compares 10-Year US yields (green) with UK (red), German (blue), and Japanese (orange).



The last three hit record lows this week. That pulled the 10-Year Treasury yield to its lowest close in three years. It's clear from the chart that Treasuries are the best place to be in the global search for yield.

Buying of Treasuries by foreigners (which hit a record high this week) is pushing prices higher and yields lower. Treasury yields are being pulled lower by foreign influences. The Japanese 10-year yield ended the week deeper into negative territory (-0.14%), while the German 10-year yield is only two basis points (0.02%) from turning negative. The British 10-year yield ended at a record low of 1.23%. All are lower than the 1.64% yield offered by Treasuries. The flight to safety into global bonds may have also contributed to profit taking in global stocks at week's end. That was especially evident in Europe, which is concerned about growing fears of a British BREXIT from the European Union. A plunge in the British Pound reflected that growing fear.

The short-term technicals for the 10-year note are negative. We see yield drop to 1.40% by the end of the summer 2016.



Longer term, we still see global investors move into bond markets with the highest yield. The US 10-Year Treasury yield is much higher than Europe and Japan. That makes Treasuries attractive to global investors. As long as foreign yields keep falling, US treasury yields will continue to follow them lower. **We have been on record for 22 months, we see the 10-Year Treasuries yield drop to 1.40% in the coming 6 months, once that the \$TNX will enter its period of seasonal strength starting in May and lasting until October.**



Commodities Commentary

West Texas Intermediate (WTI), the benchmark crude oil futures contract grade in New York, had risen to \$51.23 a barrel – up 14.7% for the month, 95.5% since its low for the year (\$26.21 on February 11), and higher than at any date since July 15 of last year (\$52.41), and has hit our very aggressive 1H 2016 price target of \$52/brl for WTI.

In London, the Dated Brent benchmark stood at \$52.50 at the New York close of oil trade. That amounts to a rise of 15.3% for the month, 88.4% better since Brent's low for the year (\$27.70 on January 20), and at an over ten-month high (\$52.50 on July 30, 2015).

Crude oil prices in New York are down 1.5% for the day. Now, this is nothing more than some short-term profit taking.

After all, we've just seen a 5.4% increase in oil prices over the past three trading sessions – an impressive trend.

So impressive, in fact, that some are now predicting a quick spike to prices above \$60 per barrel. Amusingly enough, these are some of the same people who were calling for the sky to fall for oil markets not too long ago (I explained **last month** why they are not to be trusted).

We may not be getting \$60 oil next week, but the weakness in oil that started in mid-2014 has clearly ended. We maintain our most aggressive \$68/brl price target for year-end 2016.

We can see five reasons why today's oil dip won't last, and why prices will rise, albeit in fits and starts

The main reasons why we see Oil prices continue to rise over the coming 3 – 6 months are:

1. Falling US\$

After it's parabolic rise since June 2014, we see the US\$ as having reversed course, and we see it to decline towards the .88 from currently .94 by end 2016

2. Nigeria disruptions

The declining security situation in Nigeria's oil-rich Niger Delta. There, an indigenous insurrection has cut oil production, taken control or destroyed oil infrastructure, made moves that signal a tenuous alliance with terrorist organizations elsewhere within and without the country, and cut oil exports significantly.

3. Libya disruptions

Libya's civil war continues to wreak havoc with the country's oil exports, as transport and port facilities become pawns in an ongoing power struggle. Another cause for concern in Libya is the emergence of ISIS

4. US declining production

Our research shows the pricing threshold for new US increase in production of about \$65/brl, but only for half-cycle projects (those for which infrastructure and well completions are already in place

5. Canadian declining production due to wildfire disruptions

The fires have extended from the oil sands of Alberta east into the oil regions of Saskatchewan, and conditions remain very volatile with fires still raging and a limited ability to control the spread. Over the past 10 days, further cuts in oil sands production have been announced.

Not only for oil, but for commodities in general, we see the current counter trend likely accelerate into 2H 2016.



Particularly with Oil, as the following chart shows \$WTI being in the midst of its period of strength from mid-February until September.

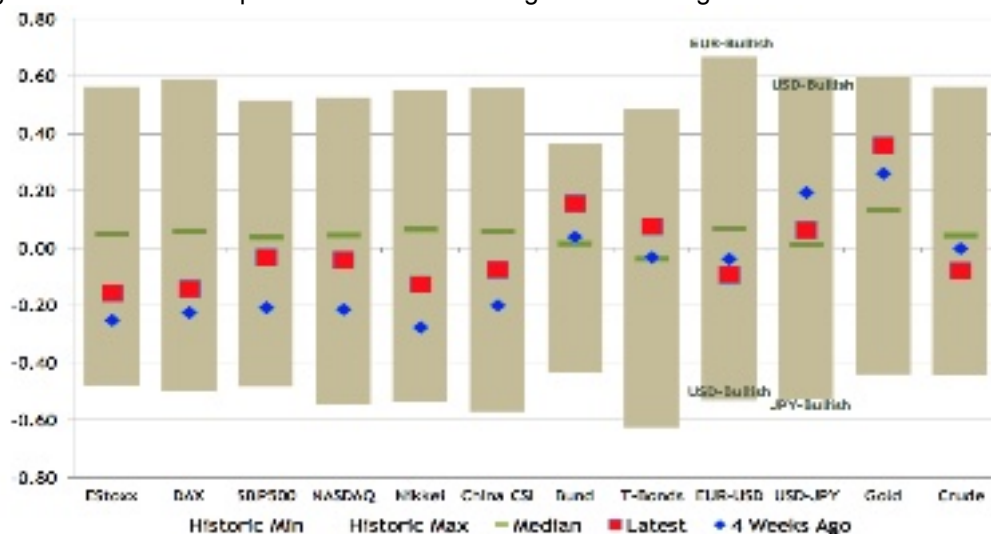


Weekly Investment Conclusion

The latest sentix survey provides a view of investors' current convictions on European sectors versus the market.

Pessimism remains the dominant theme on Financials, with sentiment readings on Insurance hitting a two-year low and Banks firmly entrenched at the low-end of their historic sentiment range versus the market.

However, at the same time, investors have become markedly less downbeat on commodity plays such as Basic Resources and Energy in a relative context, with survey readings pulling further back from 2016 lows. This latter development is interesting given the recent sharp reversal seen in strategic bias readings on Oil.



source: sentix

Economic focus this week is on the FOMC meeting on Wednesday. Consensus is that the Fed will maintain the Fed Fund rate at 0.25%-0.50%, but will give supporting evidence for another 0.25% increase at report from its next meeting on July 27th. Traders also will watch the May PPI and CPI reports for hints of acceleration in inflation.

We do not see a real chance for the Federal Reserve to raise rates, not from a macro-support aspect, and surely not from a political aspect, as the political picture in the US is muddy surrounding the presidential race, but also given the fact that June 23rd presents a big challenge for UK referendum voters and for Europe in general.

Equities globally, but also in the US remain in a bear market and we believe recent gains are going to reverse sooner rather than later. World equity markets and most economic sensitive sectors reached an important inflection point on Friday.

"Brexit" is becoming a significant issue for equity markets. A poll released on Friday implied a higher chance that the United Kingdom will vote to leave the European Common Market in its June 23rd referendum. European equity markets quickly responded with iShares for several European country breaking support levels.

Similarly for US equity markets, where short and intermediate downside risk exceeds upside potential between now and US Presidential Election Day (November 8th). Last year the 10 largest S&P 500 companies were up +11% (on a cap weighted basis), while the other 490 stocks in the index produced a cap-weighted loss of -3%. That doesn't mean all 490 were negative far from it.

But, what it does indicate is that it was a year of extremely narrow breadth, and the opportunity to own winners was as difficult as it gets. That is unless you went big with Netflix, Amazon, Google, and Facebook in your portfolio.

Performance outcomes like these often taunt investors, who wonder why they didn't have more exposure to these big winners in their portfolio. But, it's also a stark reminder of two of the most common mistakes in investing: chasing heat (buying high) and over-concentrating a portfolio (increasing risk). Both can put your assets in peril, so avoid these common investing pitfalls. The only reason stocks rallied last week was that the Federal Reserve once again refused to take an opportunity, when market conditions were relatively stable, to raise interest rates. That leaves only investors to worry about when it might actually decide to do its job.

Anticipation of Q2 results is unlikely to help North American equity prices during the next month. Consensus for S&P 500 companies calls for a drop of -4.9% in earnings and a decline of -0.8% in sales y-o-y. Beyond Q2 results, prospects for S&P 500 companies turn more positive. Q3 earnings on a y-o-y basis are expected to increase 1.4% and sales are expected to improve 2.2%. Q4 earnings on a y-o-y basis are expected to increase 7.6% and sales are expected to increase 5.0%.

Technical action by individual S&P 500 stocks turned significantly bearish late last week. DJIA stocks breaking support included Goldman Sachs, Home Depot and Walt Disney. Short-term momentum indicators for most world equity indices and economic sensitive sectors turned lower on Friday from overbought levels. Medium term technical indicators (e.g. Equity index barometers) for major equity indices showed signs of rolling over from intermediate overbought levels.

Average optimal day during the past 20 years for the S&P 500 Index to reach a seasonal peak is June 10th and average optimal day for the TSX Composite Index to reach a seasonal peak is June 4th. Given the short and intermediate level of both equity markets, chances are high that the optimal day this year was reached last week.

The S&P 500 Index in the month of June since 1966 shows an average gain per period from June 1st to June 17th of 0.56% with positive returns recorded 62.0% of the time. Performance from June 17th to end of the month recorded a loss of 0.50% with negative returns realized 56.0% of the time.

The Dow Jones Industrial Average during a Presidential election year after a second term President has a history of reaching a seasonal peak in mid-June.



Global equities have reached their peak of annual seasonal strength in late April/mid May, we are advising investors to aggressively sell Chinese, Japanese, US and EU equities immediately, as many macro-economic, geo-political and political risks will likely rise over the next 2 – 4 months into the summer.

US equity markets weekly charts

The VIX Index jumped 3.67 (27.47%) last week with most of the gains on Friday.

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



The S&P 500 Index slipped 3.06 points (0.15%) last week.

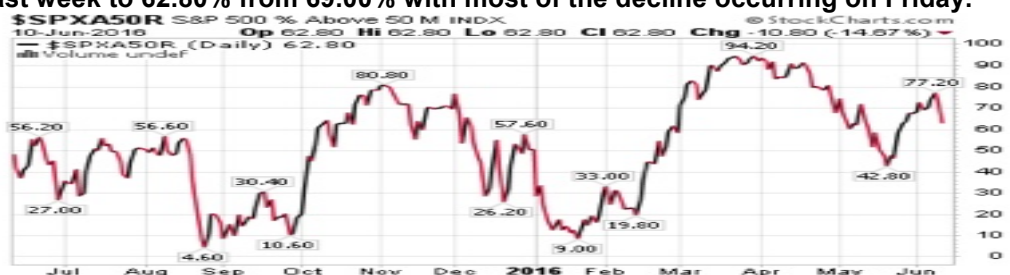
Intermediate trend remains up. The Index remains above its 20-day moving average.

Short-term momentum indicators changed on Friday to down from up.



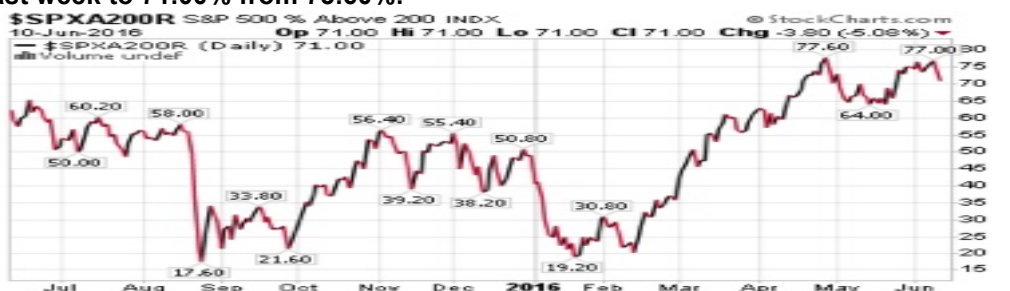
Percent of S&P 500 stocks trading above their 50-day moving average dropped last week to 62.80% from 69.00% with most of the decline occurring on Friday.

Percent remains overbought and trending down.



Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 71.00% from 73.60%.

The Index remains overbought. Percent remains intermediate and trending down.



\$BPSPX S&P 500 Bullish Percent Index INDX © StockCharts.com
 10-Jun-2016 Op 73.20 Hi 73.20 Lo 71.80 Cl 71.80 Chg -1.40 (-1.91%)
 \$BPSPX (Daily) 71.80
 MA(20) 69.85
 Volume undef

Date	Open	High	Low	Close	Change
Jun-15	54.20	54.20	52.60	52.60	
Jul-15	22.20	22.20	22.20	22.20	
Aug-15	44.40	44.40	29.40	29.40	
Sep-15	44.40	44.40	29.40	29.40	
Oct-15	64.80	64.80	53.40	53.40	
Nov-15	72.20	72.20	69.40	69.40	
Dec-15	69.40	69.40	57.20	57.20	
Jan-16	22.20	22.20	22.20	22.20	
Feb-16	27.60	27.60	27.60	27.60	
Mar-16	79.40	79.40	79.40	79.40	
Apr-16	79.40	79.40	79.40	79.40	
May-16	73.40	73.40	66.20	66.20	
Jun-16	71.80	71.80	71.80	71.80	-1.40

The Average remained above its 20-day moving average. Short-term momentum indicators have started to turn down.

\$BPI\$ (Bullish Percent Index)
 10-Jun-2016
 Op 90.00 Hi 90.00 Lo 95.67 Cl 95.67 Chg -3.33 (-3.70%)
 \$BPI\$ (Daily) 96.67
 MA(20) 88.50
 Volume undef

Date	Index	Volume
Jul-15	75.33	100
Aug-15	26.67	10
Sep-15	56.67	50
Oct-15	59.33	30
Nov-15	90.00	100
Dec-15	90.00	100
Jan-16	90.00	100
Feb-16	43.33	10
Mar-16	50.00	20
Apr-16	86.67	80
May-16	96.67	100
Jun-16	96.67	100

CGI 15

Bullish Percent Index for NASDAQ Composite Index increased last week to 55.51% from 53.95% and remained above its 20-day moving average.

The Index remains intermediate overbought.



The NASDAQ Composite Index dropped 47.97 points (0.98%) last week.

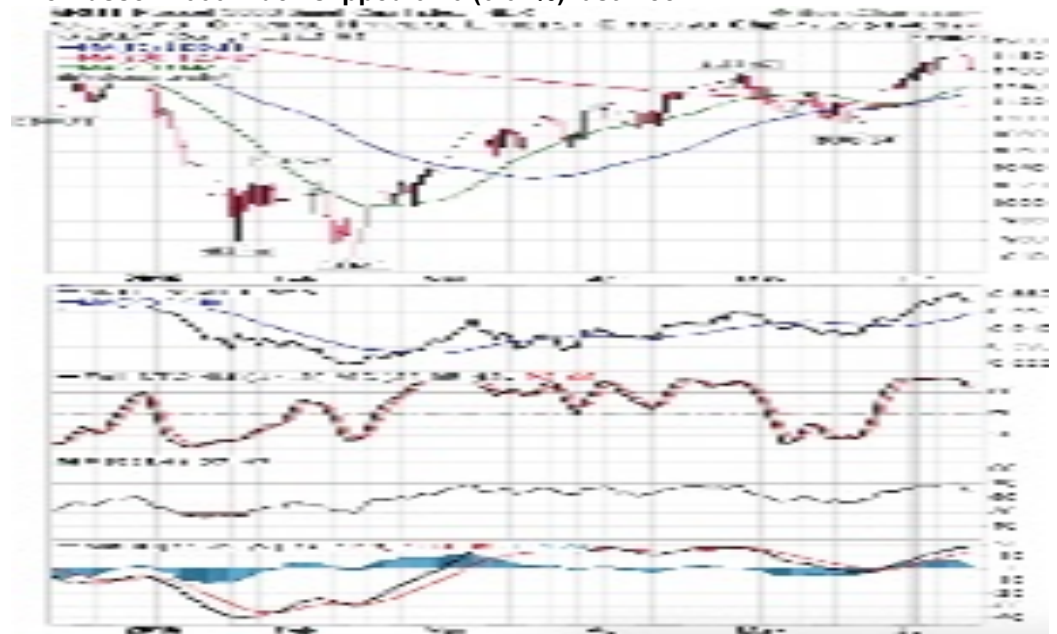
Intermediate trend remains up. Strength relative to the S&P 500 Index changed to neutral from positive. The Index remains above its 20-day moving average. Short-term momentum indicators turned down on Friday.



The Russell 2000 Index slipped 0.20 (0.02%) last week.

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

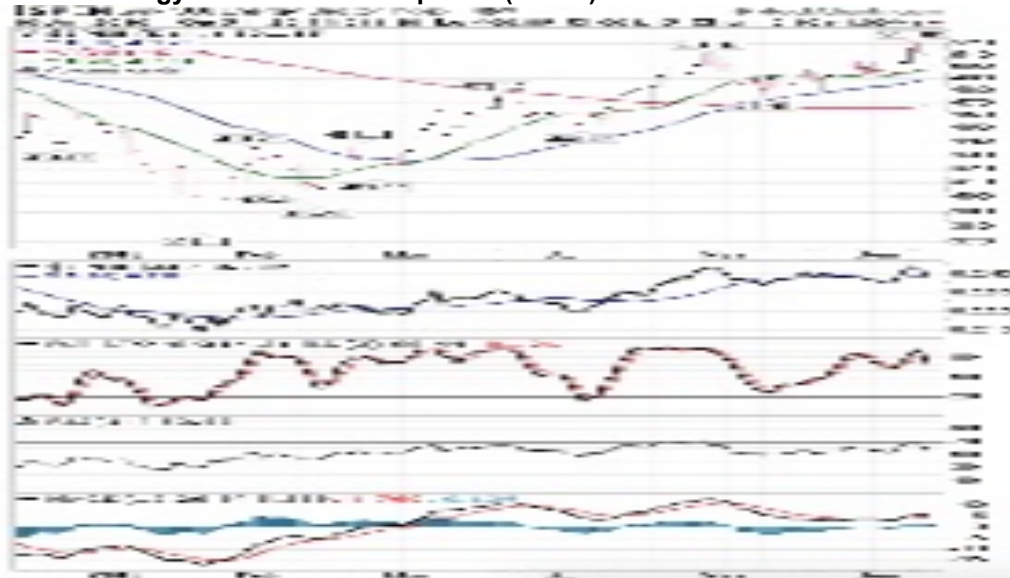
The Index remains above its 20-day moving average. Short term momentum indicators turned down on Friday



The S&P Energy Index added 6.84 points (1.38%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index changed to positive from neutral.

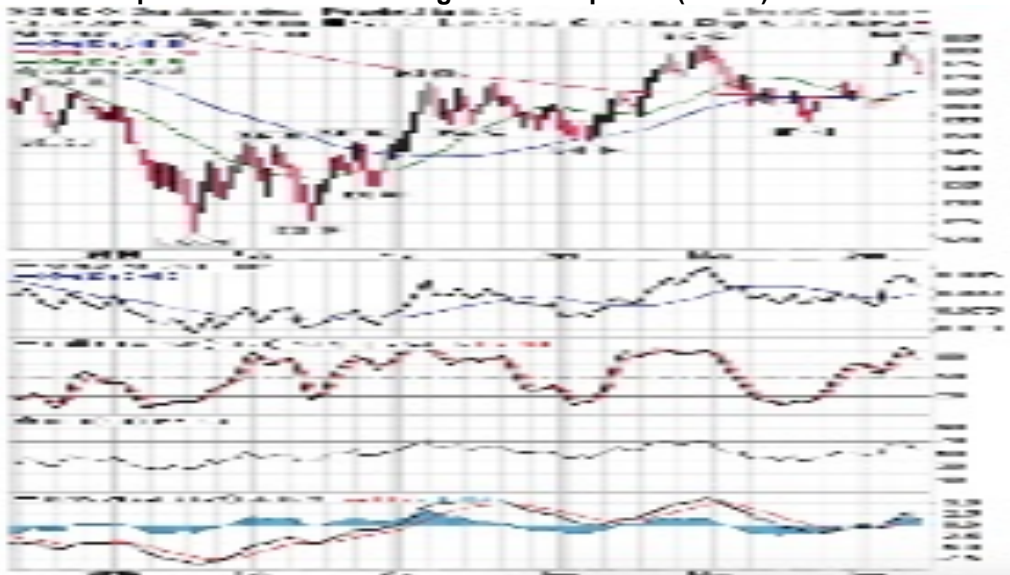
The Index remains above its 20-day moving average. Short-term momentum indicators turned down on Friday.



The Philadelphia Oil Services Index gained 9.94 points (6.13%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index changed to positive from negative.

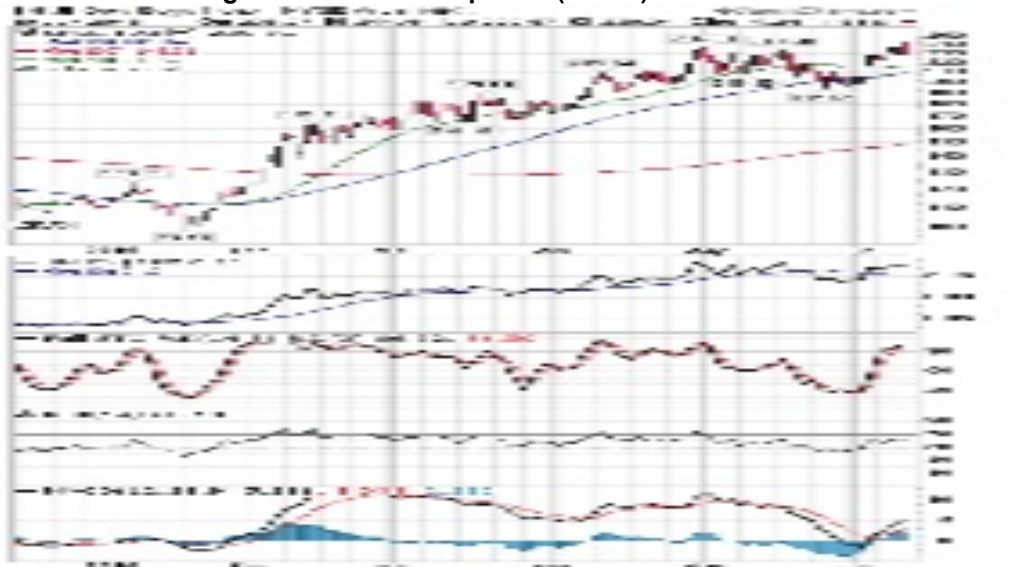
The Index moved above its 20-day moving average. Short-term momentum indicators turned down on Friday.



The AMEX Gold Bug Index added 4.30 points (1.90%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index remained neutral.

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



Latam Equity markets weekly charts

The BOVESPA dropped 2,145 points last week.

Intermediate trend changed upwards.

Short-term momentum indicators are rolling over, the \$BVSP has risk towards the 200-day MVA around 46,666.



The Mexican Bolsa dropped 493 points last week.

Intermediate trend remains positive.

Short-term momentum indicators are overbought, the \$MXM has risks to correct towards the 200-day MVA around 43,720.



Canadian equity markets weekly charts

Bullish Percent Index for TSX Composite stocks was unchanged last week and remained above its 20-day moving average.

The Index remains intermediate overbought.



The TSX Composite Index dropped 189.24 points (1.33%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index changed on Friday to neutral from positive. The Index dropped below its 20-day moving average on Friday. Short-term momentum indicators are trending down.



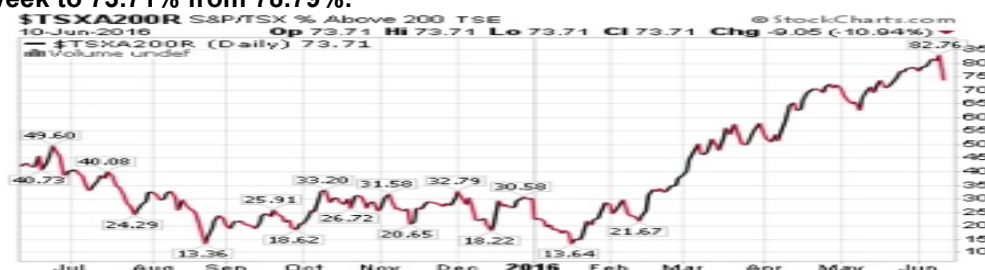
Percent of TSX stocks trading above their 50 day moving average plunged last week to 73.71% from 84.42%.

Percent remains intermediate overbought and trending down.



Percent of TSX stocks trading above their 200 day moving average dropped last week to 73.71% from 78.79%.

Percent remains intermediate overbought and is trending down.



Asian equity markets weekly charts

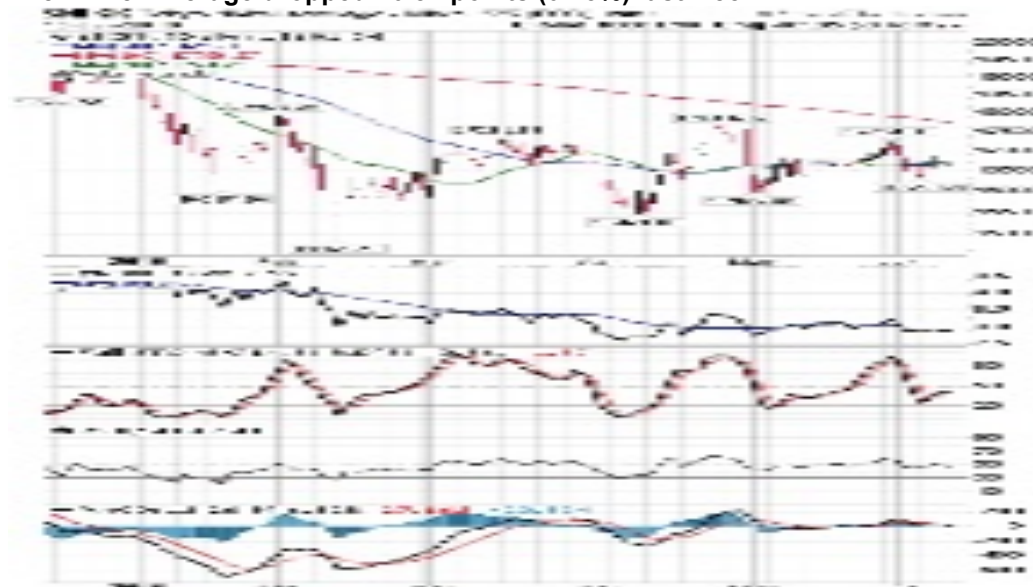
The SENSEX dropped 177 points last week.



Intermediate trend changed to positive.

Short-term momentum indicators remain positive. Our 3 – 6 months price target for the \$BSE is 28,500.

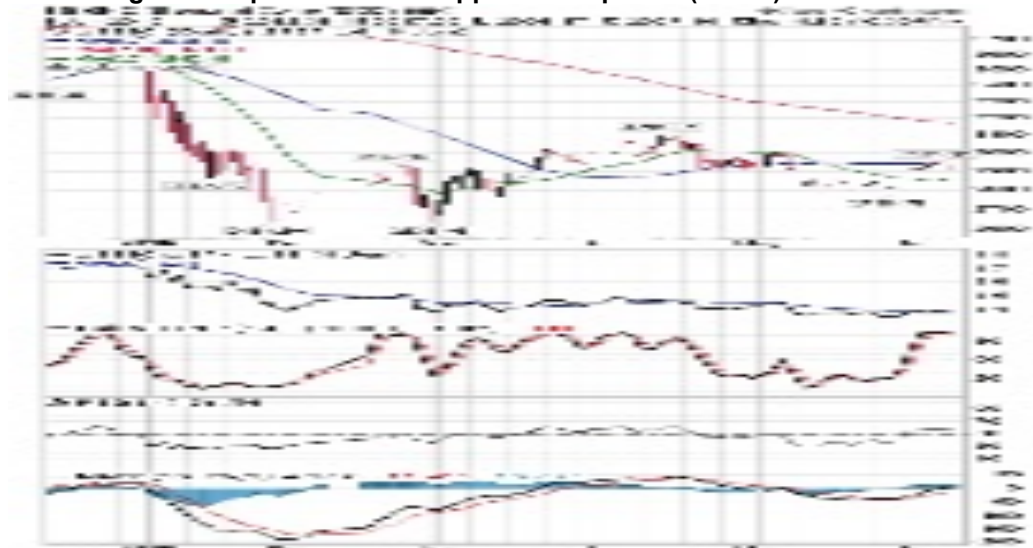
The Nikkei Average dropped 40.87 points (0.25%) last week.



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

The Average remained below its 20-day moving average. Short-term momentum indicators are trending down.

The Shanghai Composite Index dropped 11.52 points (0.39%) last week.



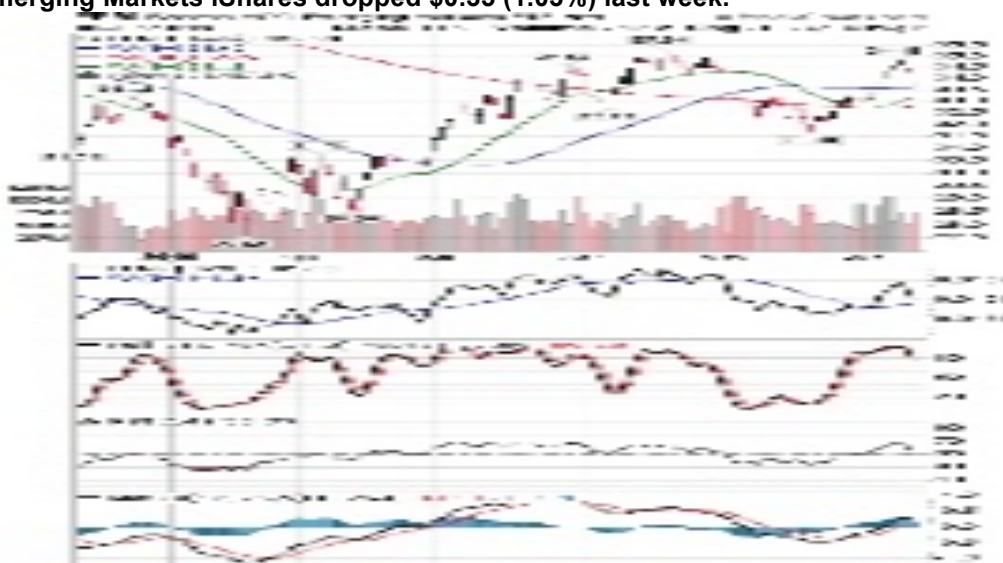
Intermediate trend remains up. Strength relative to the S&P 500 Index remains neutral.

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

Emerging Markets iShares dropped \$0.35 (1.03%) last week.

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

Units remain above their 20-day moving average. Short-term momentum indicators turned down on Friday.



The Australia All Ordinaries Composite Index slipped 0.90 (0.02%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index remained negative.

The Index remained below its 20-day moving average. Short-term momentum indicators are trending down.



European Equity markets weekly charts

The DAX 30 dropped 254 points last week.

Intermediate trend is mixed. Strength relative to the S&P 500 Index remains positive. The Average moved above its 20-and 50-day moving averages.

Short-term momentum indicators are negative.



The CAC 40 dropped 88 points last week.

Intermediate trend remains mixed. The Average moved above its 50-day moving average.

Short-term momentum indicators are trending down.



The AEX 25 lost 14 points last week.

Intermediate trend changed to mixed. Strength relative to the S&P 500 Index remains positive. The Average moved above its 20-and 50-day moving average.

Short-term momentum indicators are trending down.



The IBEX 35 lost 369 points last week.

Intermediate trend changed to positive. Strength relative to the S&P 500 Index remains positive. The Average broke above its 20-day moving average.

Short-term momentum indicators are trending down.

**The FTSE dropped 208 points last week.**

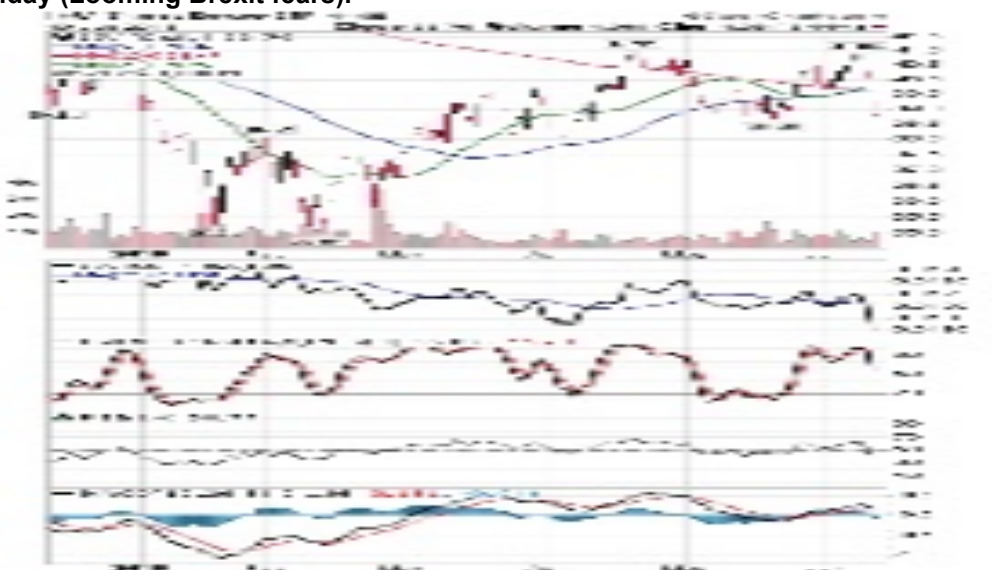
Intermediate trend remains negative. The Average broke below its 20-and 50-day moving averages.

Short-term momentum indicators are rolling over.



Europe iShares plunged \$1.47 (3.65%) last week with all of the drop occurring on Friday (Looming Brexit fears).

Intermediate trend remains up. Strength relative to the S&P 500 Index changed to negative from neutral on Friday. Units fell below their 20-day moving average on Friday. Short-term momentum indicators turned down on Friday.



Fixed Income markets commentary & weekly charts

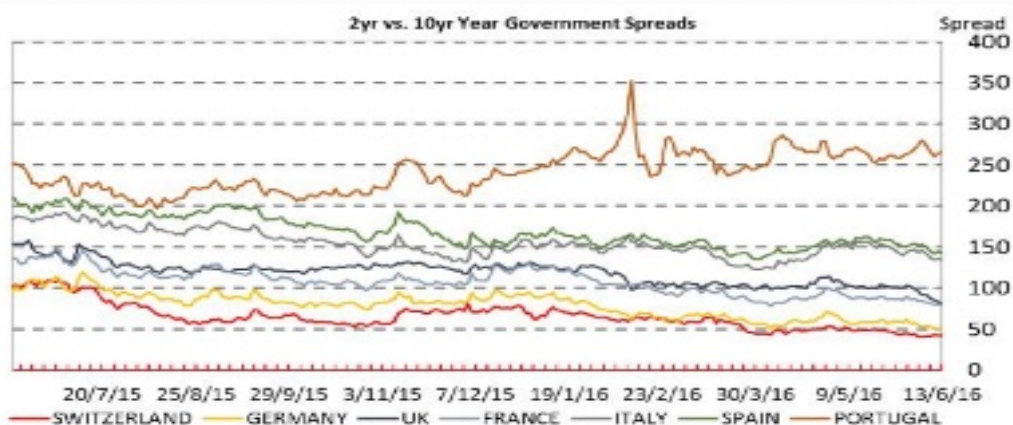
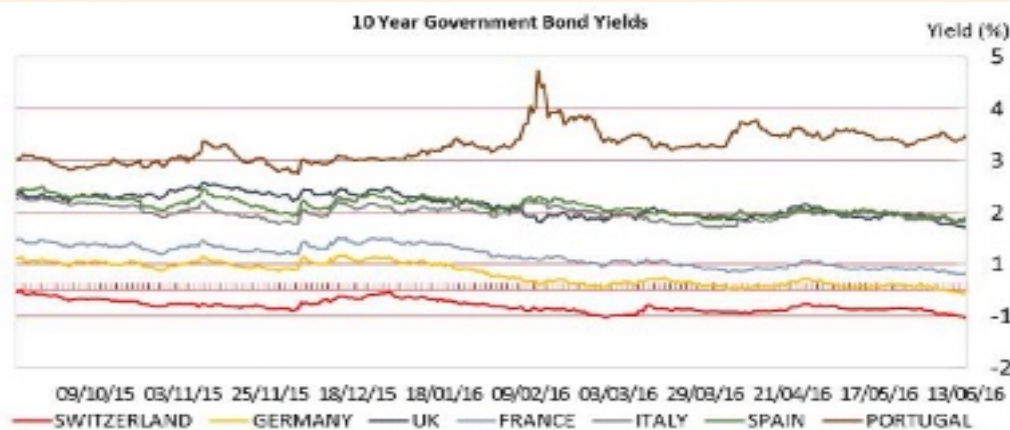
International Bonds

As per our 2016 Global Investment Strategy Outlook for 10-Y government bonds, European 10-Year government bonds have not fully reached our 2016 price targets yet.

We are recommending continuing to invest in French, Spanish, Italian 10-Year government bonds currently. However, we are recommending taking profits in German 10-Y Bunds.

We can see yields in France and the Benelux move down by another -10bps to -20 bps over the next 3 months, and similarly to decline by -30bps to -40bps in Spain, Italy, Portugal and Greece.

Country	10Y Yield	Price (11:00)	Yield daily Δ
USA	1.37%	-0.08	-0.008
Canada	1.21%	-0.02	-0.002
UK	1.40%	1.25	0.017
France	1.12%	-0.11	-0.002
Germany	1.21%	-0.08	-0.004
Italy	1.21%	-0.08	-0.004
Spain	1.40%	1.08	0.013
Greece	1.22%	-	-0.002
Portugal	1.40%	-0.07	-0.007
Japan	1.21%	-0.08	-0.004
China	1.21%	-0.08	-0.004
India	1.21%	-0.08	-0.004
South Africa	1.21%	-0.08	-0.004
Brazil	1.21%	-0.08	-0.004
Argentina	1.21%	-0.08	-0.004
Chile	1.21%	-0.08	-0.004
Colombia	1.21%	-0.08	-0.004
Costa Rica	1.21%	-0.08	-0.004
Czech	1.21%	-0.08	-0.004
Dominican	1.21%	-0.08	-0.004
Ecuador	1.21%	-0.08	-0.004
El Salvador	1.21%	-0.08	-0.004
Honduras	1.21%	-0.08	-0.004
Kenya	1.21%	-0.08	-0.004
Malawi	1.21%	-0.08	-0.004
Mexico	1.21%	-0.08	-0.004
Nicaragua	1.21%	-0.08	-0.004
Peru	1.21%	-0.08	-0.004
Romania	1.21%	-0.08	-0.004
Slovak	1.21%	-0.08	-0.004
Slovenia	1.21%	-0.08	-0.004
Turkey	1.21%	-0.08	-0.004
Uganda	1.21%	-0.08	-0.004
Ukraine	1.21%	-0.08	-0.004
Uruguay	1.21%	-0.08	-0.004
Venezuela	1.21%	-0.08	-0.004
Zambia	1.21%	-0.08	-0.004
Zimbabwe	1.21%	-0.08	-0.004



Major European 10 year benchmark bonds: average price and yield (11:00 UK Time)						
Issuer	ISIN	Coupon	Maturity	11:00 Price	11:00 Yield	Yield daily Δ
SWITZERLAND (GOVT)	CH0184249990	1.5	2025-07-24	119.050	-0.535	-0.025
GERMANY(FED REP)	DE0001102382	1	2025-08-15	109.660	-0.051	0.002
UK(GOVT OF)	GB00BTHH2R79	2	2025-09-07	106.927	1.205	-0.014
FRANCE(GOVT OF)	FR0012938116	1	2025-11-25	106.338	0.318	0.011
ITALY(REP OF)	IT0005127086	2	2025-12-01	105.780	1.347	0.041
SPAIN(KINGDOM OF)	ES0000012709	2.15	2025-10-31	106.546	1.400	0.048
PORTUGAL(REP OF)	PTOTEKOE0011	2.875	2025-10-15	99.140	2.981	0.068
Issuer	ISIN	Coupon	Maturity	11:00 Price	Price daily Δ	
GREECE(REP OF)	GR0128013704	3	2026-02-24	72.575	-1.190	

US Bonds

Yield on 10 year Treasuries dropped 6.5 basis points (3.81%) last week to an all-time closing low.

Yield remains below its 20-day moving average. Short-term momentum indicators are trending down.



The long term Treasury ETF gained \$1.55 (1.16%) last week.

Trend remains up. Units remained above their 20-day moving average.



Currencies weekly charts

The Euro dropped 1.08 (0.95%) last week with most of the losses on Friday.

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

Short-term momentum indicators changed on Friday to down from up.



The US\$ Index added 0.61 (0.65%) last week with all the gains on Friday.

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

Trend for short-term momentum indicators changed to up from down on Friday.



The Canadian Dollar added US 1.10 cents (1.42%) last week.

Intermediate trend remains up. The Canuck Buck remained above its 20-day moving average.

Short-term momentum indicators are trending up.



The Japanese Yen slipped 0.34 (0.36%) last week.

Intermediate trend remains up. The Yen remains above its 20-day moving average. Short-term momentum indicators are trending up.



Commodities commentary & weekly charts

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

The Index remains above its 20-day moving average. Short-term momentum indicators turned down on Friday.

The CRB Index added 14.22 points (2.24%) last week.



Copper dropped \$0.08 per lb (3.93%) last week.

Intermediate downtrend was extended on a move below \$2.038. Strength relative to the S&P 500 Index changed to negative from neutral.

Copper moved below its 20-day moving average. Short-term momentum indicators are trending down.



Lumber added 4.30 (1.42%) last week.

Trend remains up. Relative strength remains negative.

Remains below its 20-day moving average. Momentum indicators trending up.



The Grain ETN added \$0.67 (1.88%) last week.

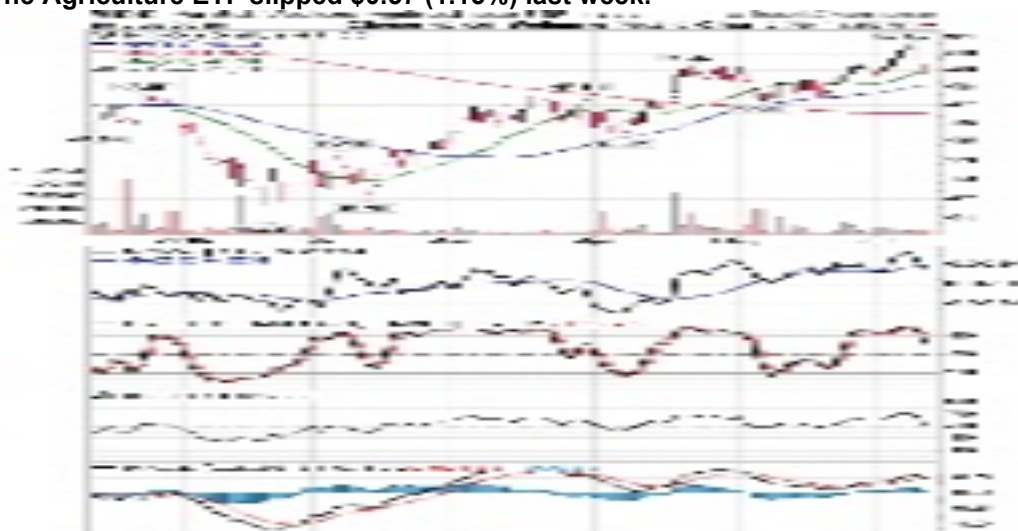
Intermediate trend remains up. Strength relative to the S&P 500 Index remains positive. Units remain above their 20-day moving average. Short-term momentum indicators continue to trend up.



The Agriculture ETF slipped \$0.57 (1.15%) last week.

Intermediate trend remains up. Strength relative to the S&P500 Index remains positive.

Units remain above their 20-day moving average. Short-term momentum indicators turned down on Friday.



Gold & Precious Metals weekly charts

Gold added \$33.00 per ounce (2.66%) last week.

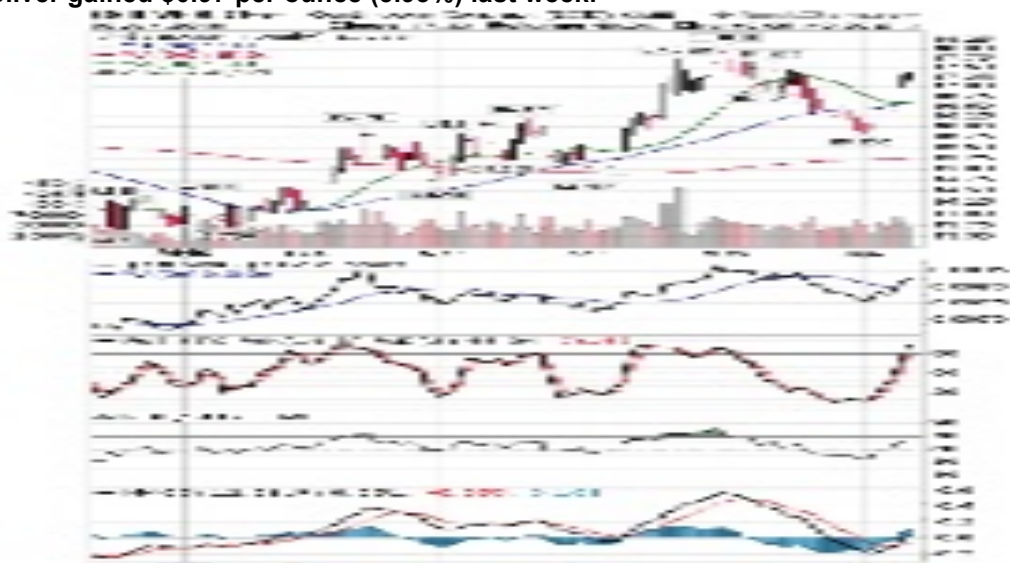
Intermediate trend remains neutral. Strength relative to the S&P 500 Index changed to neutral from negative. Gold moved above its 20-day moving average. Short-term momentum indicators are trending up.



Silver gained \$0.97 per ounce (5.93%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index changed to positive from negative.

Silver moved above its 20-day moving average. Short-term momentum indicators are trending up.



Platinum added \$12.30 per ounce (1.25%) last week.

Trend remains neutral.
Relative strength remains negative.
\$PLAT remains below its 20-day MA.
Momentum trending up.



Palladium slipped \$3.40 per ounce (0.62%) last week.

Intermediate trend remains neutral.
Strength relative to the S&P 500 Index remained negative.
\$PALL dropped below its 20-day MA on Friday.
Short-term momentum indicators are trending up



Oil, gas & energy weekly charts

Crude oil added \$0.45 per barrel (0.93%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 remains positive.

\$WTIC fell below its 20-day moving average on Friday.

Short-term momentum indicators started to trend down on Friday.



Gasoline dropped \$0.05 per gallon (3.11%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index changed to negative from neutral.

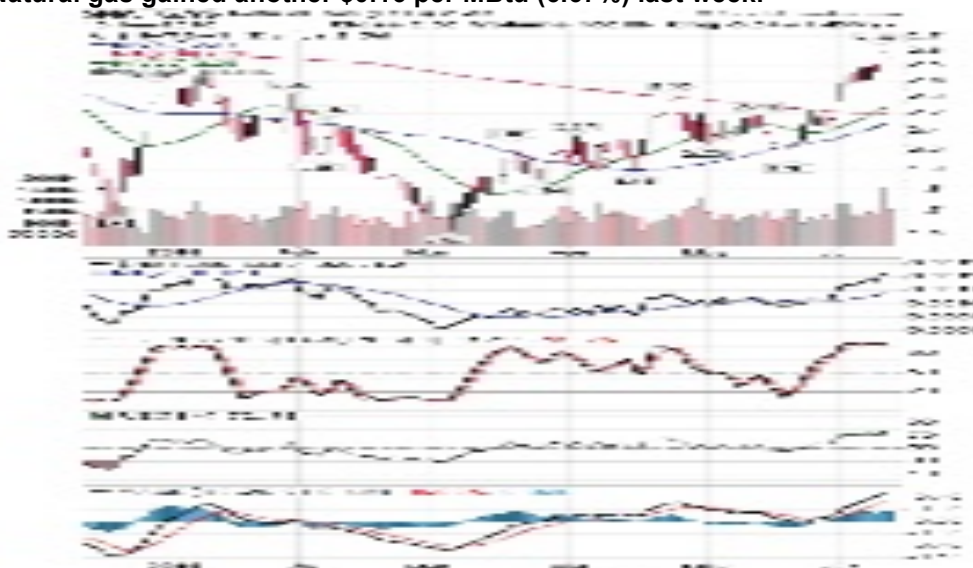
\$GASO dropped below its 20-day moving average. Short-term momentum indicators are trending down.



Natural gas gained another \$0.16 per MBtu (6.67%) last week.

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

\$NATGAS remains above its 20-day moving average. Short-term momentum indicators are trending up.



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