



Creative Global Investments

Morning market commentary & weekly charts

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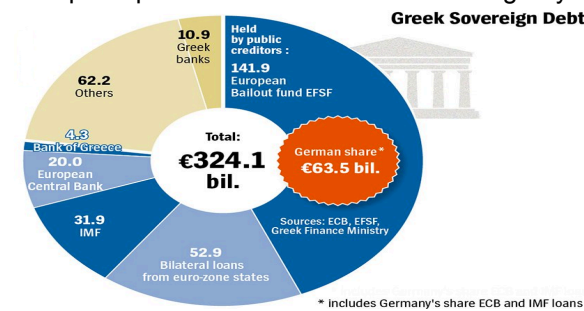
Objectivity

Integrity

Creativity

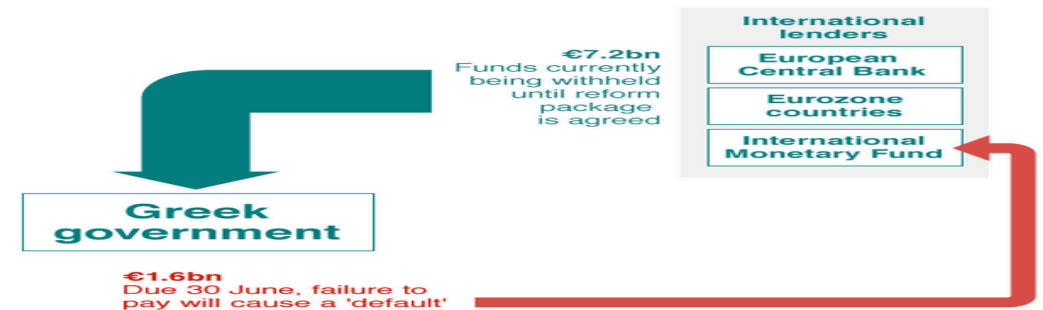
Macro Commentary

One more day, where Europe is being lectured by British and American economists and investment strategists, and "self-proclaimed EURO experts" on how Europe and its politicians should have handled the Greek Debt crisis, and how a "Grexit is inevitable". Well, so far, and it has been 6 years, we have been steadfast on the point that there will not be a Grexit. So, let's just leave it at that, and focus on the imminent points for the European politicians to solve in the coming days until June 30th:



Greek PM Alexis Tsipras said he hoped Greece would "return to growth within the Eurozone". But European ministers have said there is still no basis for making a decision for aid for Greece on Monday. Mr. Tsipras set out new proposals to try to prevent a default on a EUR 1.6BN IMF loan.

Greece's circular repayment situation
Country needs new bailout funds to pay back earlier bailout



Source: Greece Ministry of Finance, IMF

But he has ruled out pension cuts, higher power rates, and an excessive budget surplus.

- Greece will not accept cuts to pension payments or public sector wages, saying two-thirds of pensioners are either below or near the poverty line
- International creditors want pension spending cut by 1% of GDP - it accounts for 16% of Greek GDP. They say they want to target early retirement, not lower-income pensioners
- EU officials say Greece has agreed to budget surplus targets of 1% of GDP this year, followed by 2% in 2016 and 3.5% by 2018; Greece says nothing is agreed until everything is agreed
- Creditors also want a wider VAT base; Greece says it will not allow extra VAT on medicines or electricity bills
- Greece complains creditors focus on increasing taxes instead of cracking down on tax evasion; IMF is concerned Athens is not offering credible reforms

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Currency commentary

Interestingly, whilst Europe is “burning down” (or maybe not) the rest of the world seems to have **lost track of the currency dynamics**, involving the Euro (strengthening from EUR/US\$ low of 1.0489 just 10 weeks ago to currently EUR/US\$ 1.1404 (+8%), and pretty much on target to hit our Q2 2015 EUR/US\$ 1.18 Q2 price target.



And inversely, the US\$ has weakened by over -6% from it's high of \$USD 100.71 in mid March. The \$USD chart shows a clear neckline and a typical head/shoulders setup. We see increasing risks of the US\$ trading range being tested to the downside, and the likelihood of breaking down through support is increasing. **We maintain our .90 Q2 price target, and our Q3 price target of .87 for the \$USD.**

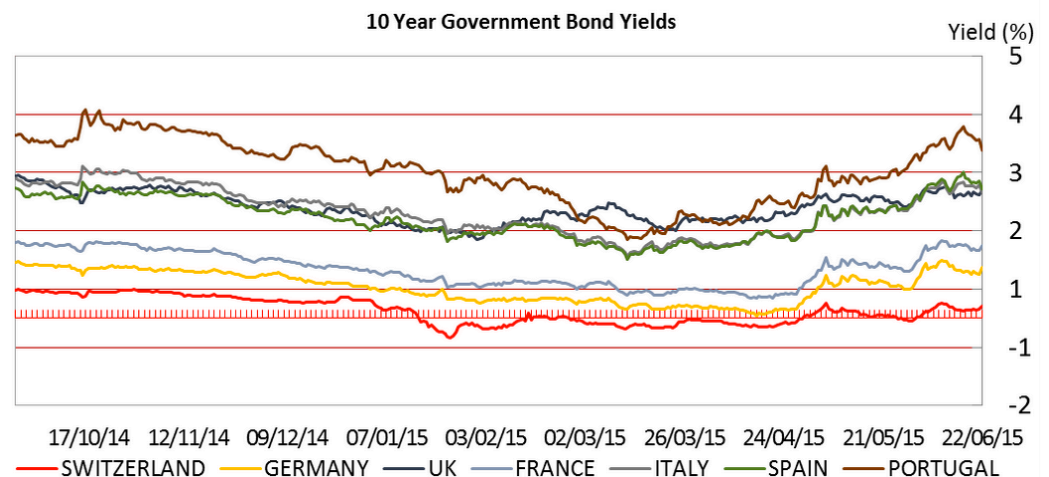


Fixed Income Commentary

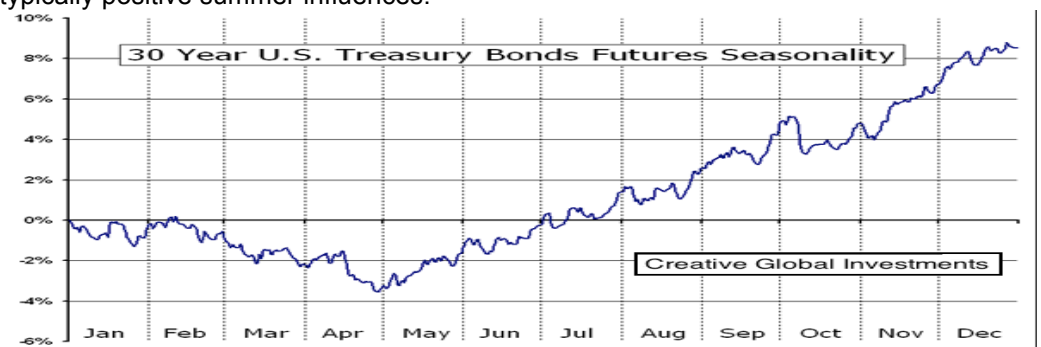
In the case of a satisfying deal between Greece and the EU and all of its creditors, we are anticipating for the European 10-Year bond yields to significantly snap back lower.

European 10-Year government bonds are entering their period of seasonal strength from mid-May until end of August.

After the short-term current correction in US, European and Japanese 10-Y treasuries, which we expect to last for another few days, we are expecting for further yield compression between French, Italian, Portuguese, Spanish 10-Y Government bonds and the German bunds to materialize over the coming 2 - 3 months, and are advising for investors to increase their weightings into Spanish, Italian, Portuguese, Irish 10-Year bonds into the current correction.

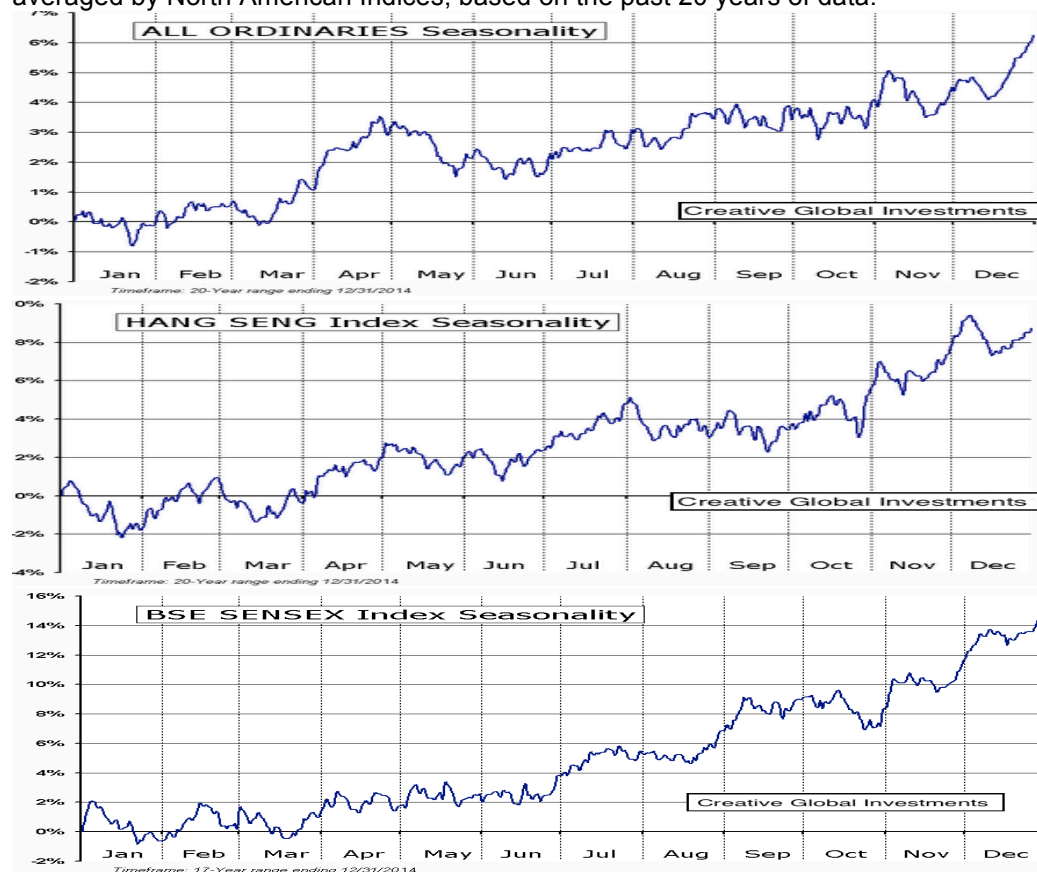


Treasury bonds remain in a period of seasonal strength that runs through to October, however, due to the threat of a looming rate increase, bond prices have yet to show the typically positive summer influences.

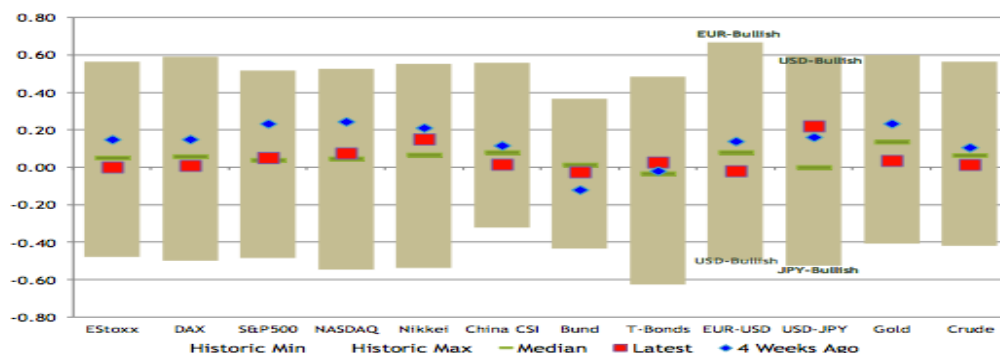


Equities Commentary

We continue to suggest for Investors to look outside the US for equity opportunities over the intermediate-term. A few equity markets typically enter a period of seasonal strength around this time of year. Each benchmark has a varied technical profile, but support is presently being tested. The Australian All Ordinaries Index, Hong Kong Hang Seng Index, and the Bombay Stock Exchange Sensitive Index (SENSEX) each gain between now and the start of October, outperforming the predominantly flat returns averaged by North American Indices, based on the past 20 years of data.



China concerns chime with Commodity caution. The latest sentix survey suggests investors have become more cautious on the outlook for Emerging Equity Markets, in a move that chimes with weakening sentiment towards Commodities as an asset class. Near-term sentiment readings on Chinese equities have been falling since April, with the latest survey seeing pessimism reach levels last seen in October last year, albeit readings are well above historic lows. At the same time, readings based on respondents' medium-term strategic bias on China have fallen to levels last seen over a year ago. Such caution on the near and medium-term outlook for the Chinese equity market may have been lent support by the double-digit declines seen in indices such as the Shanghai Composite last week.



Weekly Investment Conclusion

Evidence that world equity markets and most sectors entered into a corrective phase since mid-May continues to gain momentum. Eventually, the correction will set the stage for a summer rally. For now, it's time to reduce equity exposure. **Greece is not the only international issue that equity markets will face before the end of the month.** The Iran nuclear talks are scheduled to be finalized by the end of the month. Other events to watch include the Eurozone PMI (expected to decline) and the China flash PMI (expected to increase).

The 13.32% drop by the Shanghai Composite Index last week was downright scary. The move shows how quickly equity markets and sectors can move lower when investment sentiment suddenly turns negative.

Economic indicators this week (Existing Home Sales, New Home Sales, GDP revision, Personal Income, Personal Spending) are expected to confirm that the US economy continues to recover from depressed levels in Q1.

This is the season for negative earnings warnings between now and the second quarter reporting season. Earnings and sales by S&P 500 companies during Q2 and Q3 remain a concern. Consensus earnings in Q2 on a y-o-y basis slipped to a decline of -4.7% from -4.6% in the previous week and consensus for Q3 eased to a decline of -0.9% from a decline of -0.8%. Revenue estimates for the next 2 quarters remained the same: -4.4% in the Q2 and -2.5% for Q3. Historically, the S&P 500 Index has moved higher during the first three weeks in July in anticipation of strong Q2 results. It probably won't happen this year. Once again the month of June is proving to be one of the weakest performing months in the year for equity markets. During the past 64 years, June was the second weakest month for the Dow Jones Industrial Average and the fourth weakest month for the S&P 500 Index. During the past 29 years, June was the second weakest month for the TSX Composite Index. European equity markets also are notably weaker in June. Precious and base metal prices (other than copper) also were notably weaker.

Short-term momentum indicators are trending up. Intermediate technical indicators are overbought. The TSX Composite Index and Dow Jones Industrial Average have a history of moving lower in the second half of June.

Strongest sectors in June during the past 24 years were:

- Health Care
- Telecom
- Information Technology

Weakest sectors in June during the past 24 years were:

- Materials
- Financials
- Consumer Discretionary

US equity markets commentary & weekly charts

The VIX Index added 0.08 (0.73%) last week.

The Index dropped below its 20-day moving average.



The S&P500 Index added 15.62 points (0.75%) last week.

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

Short-term momentum indicators are trending up.



Percent of S&P 500 Index trading above their 50-day moving average increased last week to 52.40% from 41.80%.

The index is moderately overbought.



Percent of S&P 500 stocks trading above their 200-day moving average increased last week to 61.80% from 59.40%.

The index remains intermediate overbought.



Bullish Percent Index for S&P 500 stocks increased last week to 62.20% from 61.80% and remained below its 20-day moving average.

The Index remains intermediate overbought.



The Dow Jones Industrial Average gained 115.44 points (0.64%) last week.

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

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

Short-term momentum indicators are trending up.



Bullish Percent Index for Dow Jones Industrial Average stocks slipped last week to 70.00% from 73.33%, but remained above its 20-day moving average.

The Index remains intermediate overbought.



The Dow Jones Transportation Average slipped 5.29 points (0.06%) last week.

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

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

Short-term momentum indicators are mixed.



Bullish Percent Index for NASDAQ Composite stocks increased last week to 60.85% from 60.41% and remained above its 20-day moving average.

The Index remains intermediate overbought.



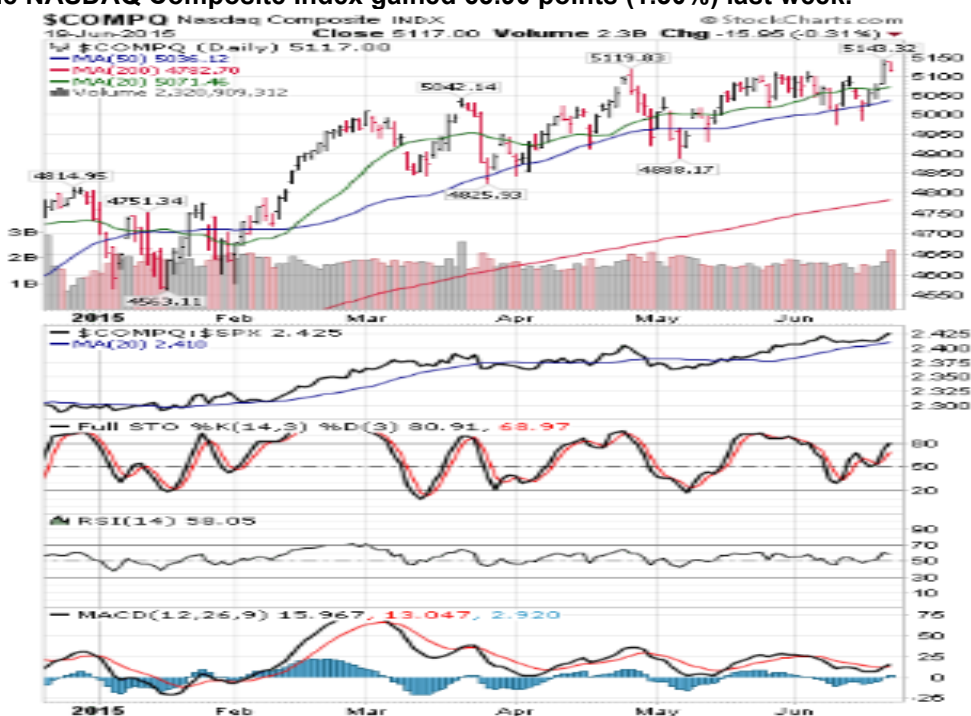
The NASDAQ Composite Index gained 65.90 points (1.30%) last week.

Intermediate uptrend was confirmed on Thursday when the Index broke to an all-time high.

The Index moved above its 20-day moving average.

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

Short-term momentum indicators are trending up.



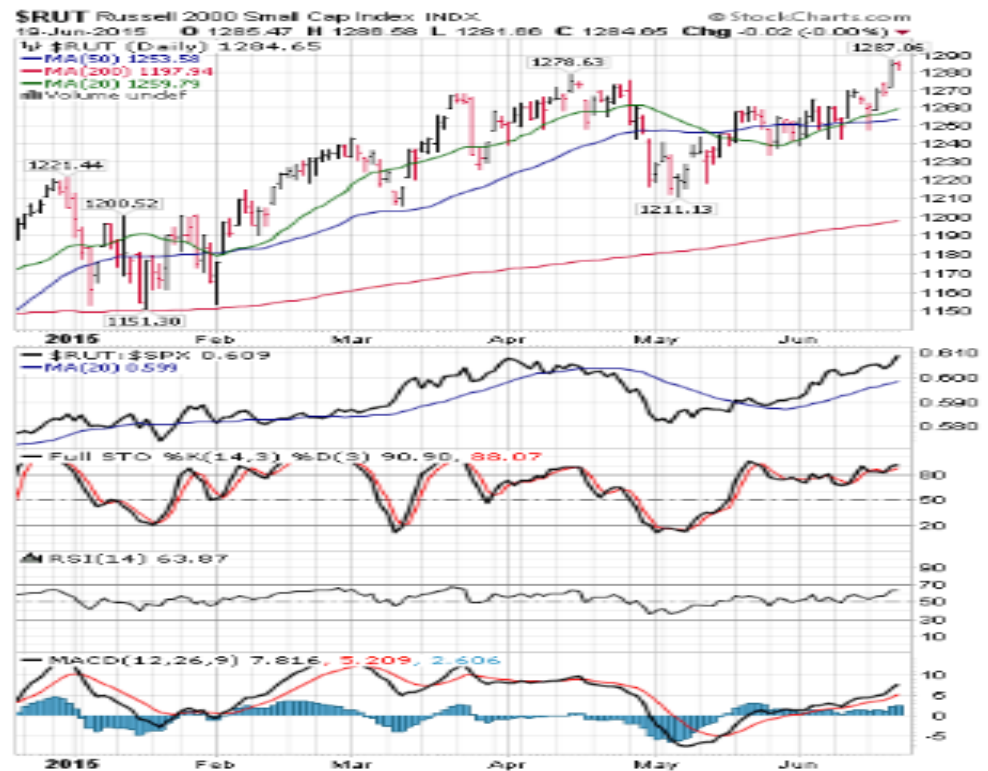
The Russell 2000 Index gained 19.63 points (1.55%) last week.

Intermediate trend changed to up from neutral to up on a move above 1,278.65 to an all-time high.

The Index remains above its 20-day moving average.

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

Short-term momentum indicators are trending up.



The S&P Energy Index dropped another 2.60 points (0.46%) last week.

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

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

Short-term momentum indicators are mixed.



The Philadelphia Oil Services Index dropped 6.40 points (3.05%) last week.

Intermediate trend changed to neutral from up on a move below 204.57. The Index remains below its 20-day moving average.

Strength relative to the S&P 500 Index changed to negative from neutral.

Short-term momentum indicators are trending down.



The AMEX Gold Bug Index added 0.44 (0.28%) last week.

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

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

Short-term momentum indicators are trending up.

Strength relative to Gold remains negative.



Latam equity markets commentary & weekly charts

The BOVESPA gained 859 points last week.

Intermediate trend remains up. The \$BVSP fell below its 20-day moving average.

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

Short-term momentum indicators are trending down.



The Mexican Bolsa gained 426 points last week.

Intermediate trend remains up. The \$MXX fell below its 20-day moving average.

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

Short-term momentum indicators are trending down.



Canadian equity markets commentary & weekly charts

Bullish Percent Index for TSX Composite stocks fell last week to 63.71% from 66.53% and remained below its 20-day moving average.

The Index remains intermediate overbought and trending down.



The TSX Composite Index dropped another 88.03 points (0.60%) last week.

Since mid-April the Index has dropped 5.6%. Intermediate trend remains down.

The Index remains below its 20-day moving average.

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

Short-term momentum indicators are trending down.



Percent of TSX stocks trading above their 50-day moving average dropped last week to 28.63% from 30.24%.

The index is trending down and is oversold, but has yet to show signs of bottoming.



Percent of TSX stocks trading above their 200 day moving average fell to 40.73% from 42.74%.

The index continues to trend down.



Asian equity markets commentary & weekly charts

The SENSEX gained 726 points last week.

Intermediate trend remains up. The \$BSE fell below its 20-day moving average.

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

Short-term momentum indicators are mixed.



The Nikkei Average lost 232.84 points (1.14%) last week.

Intermediate trend remains up. The Average fell below its 20-day moving average.

Strength relative to the S&P 500 Index changed to negative from neutral.

Short-term momentum indicators are trending down.

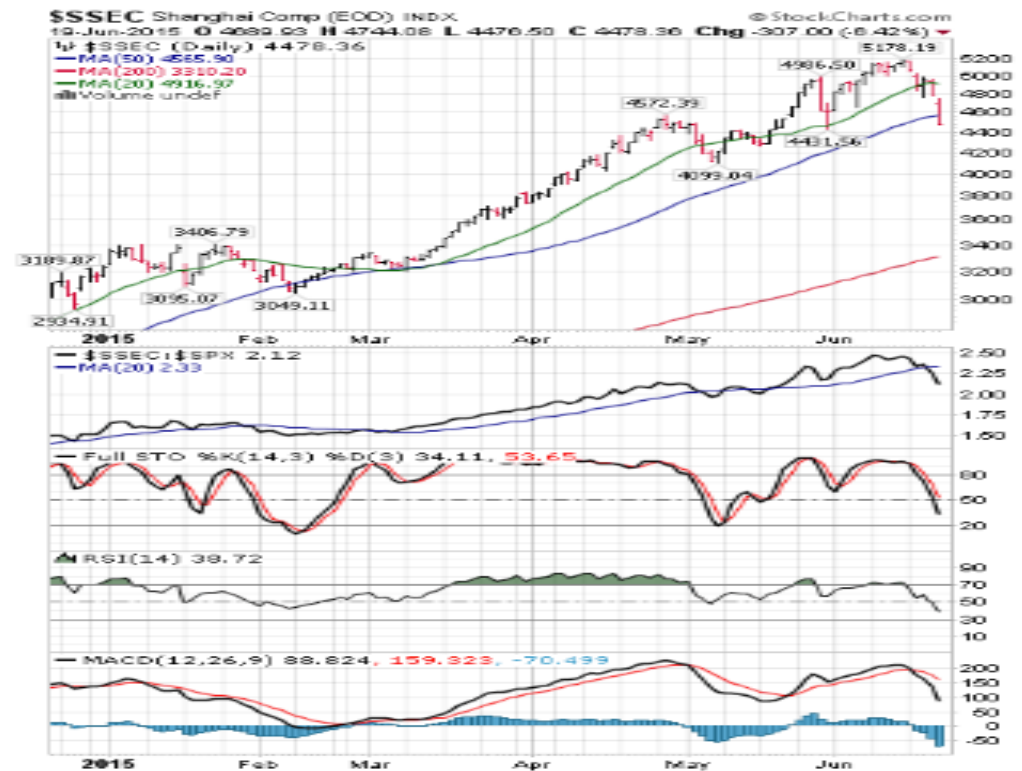


The Shanghai Composite Index plunged 687.99 points (13.32%) last week.

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

Strength relative to the S&P 500 Index changed to negative from positive.

Short-term momentum indicators are trending down.



iShares Emerging Markets fell \$0.18 (0.45%) last week.

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

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

Short-term momentum indicators are trending up.



The Australia All Ords Composite Index added 39.40 points (0.71%) last week.

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

Strength relative to the S&P 500 Index changed to neutral from negative.

Short-term momentum indicators are trending up.



European Equity markets commentary & weekly charts

The DAX 30 gained 75 points last week.

Intermediate trend remains up. The \$DAX dropped below its 20-day moving average.

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

Short-term momentum indicators are trending downwards.



The CAC 40 lost 134 points last week.

Intermediate trend remains up. The \$CAC dropped below its 20-day moving average.

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

Short-term momentum indicators are trending downwards.

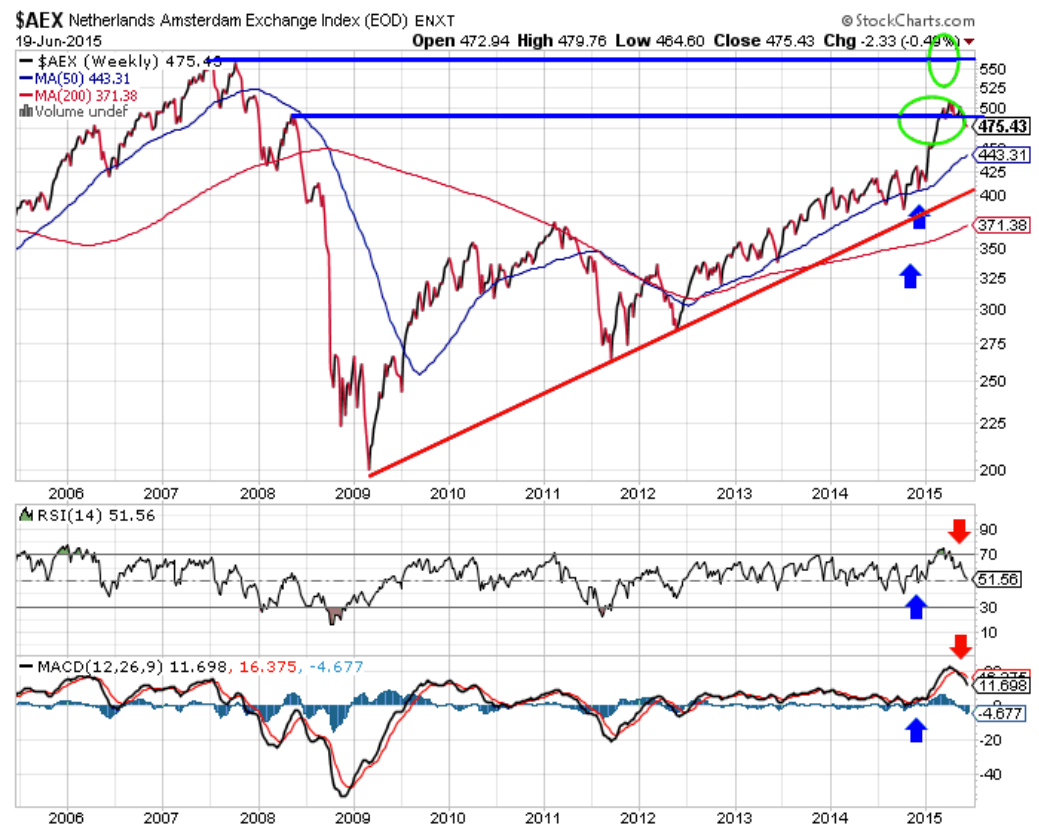


The AEX gained 2 points last week.

Intermediate trend remains up. The \$AEX broke below its 20-day moving average.

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

Short-term momentum indicators are pointing downwards.



The IBEX 35 gained 31 points last week.

Intermediate trend remains up. The \$IBEX fell below its 20-day moving average.

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

Short-term momentum indicators are negative.



The FTSE 100 gained 81 points last week.

Intermediate trend remains up. The \$FTSE remains above its 20-day moving average.

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

Short-term momentum indicators are trending downwards.



iShares Europe 350 shares fell \$0.13 (0.28%) last week.

Intermediate trend remains up. Units remain below their 20-day moving average.

Strength relative to the S&P 500 Index changed to negative from neutral.

Short-term momentum indicators are mixed.



Fixed Income Commentary & weekly charts

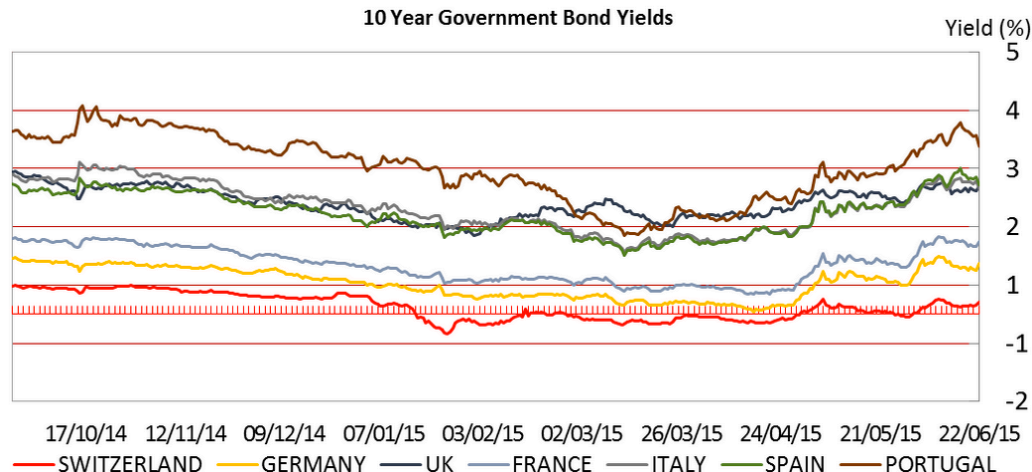
International Bonds

European 10-Year government bonds are entering their period of seasonal strength from mid-May until end of August.

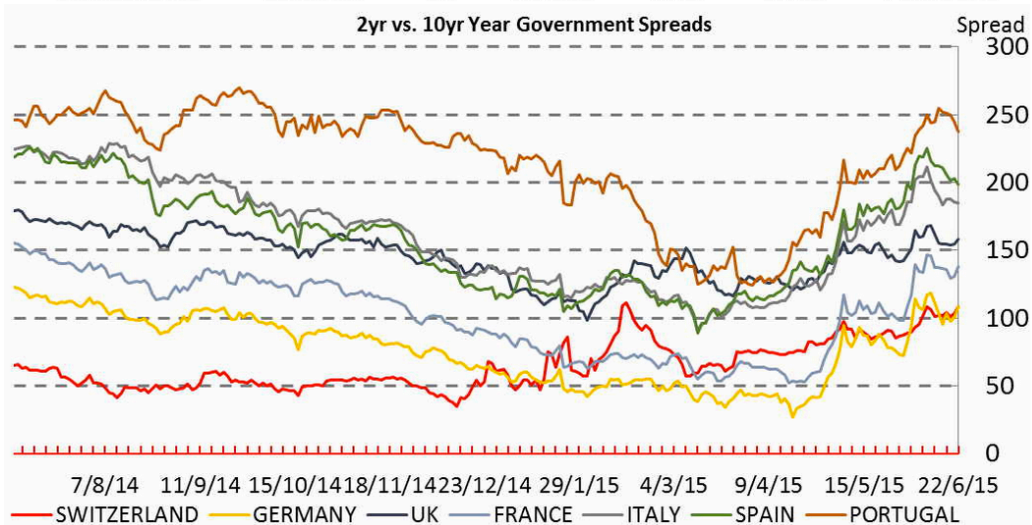
Country	Latest yield	Spread vs bund	Spread vs T-bonds
Australia	2.89%	+2.13	+0.62
Austria	1.00%	+0.24	-1.27
Belgium	1.20%	+0.45	-1.06
Canada	1.72%	+0.96	-0.55
Denmark	0.97%	+0.22	-1.29
Finland	0.99%	+0.24	-1.27
France	1.16%	+0.41	-1.10
Germany	0.75%	—	-1.51
Greece	12.59%	+11.84	+10.33
Ireland	1.65%	+0.90	-0.61
Italy	2.29%	+1.54	+0.03
Japan	0.43%	-0.33	-1.84
Netherlands	1.01%	+0.26	-1.25
New Zealand	3.67%	+2.92	+1.41
Portugal	3.06%	+2.31	+0.80
Spain	2.26%	+1.51	<0.01
Sweden	0.96%	+0.21	-1.30
Switzerland	0.13%	-0.62	-2.13
UK	2.00%	+1.25	-0.26

After the short-term current correction in US, European and Japanese 10-Y treasuries, which we expect to last for another few days, we are expecting for further yield compression between French, Italian, Portuguese, Spanish 10-Y Government bonds and the German bunds to materialize over the coming 2 - 3 months, and are advising for investors to increase their weightings into Spanish, Italian, Portuguese, Irish 10-Year bonds into the current correction

10 Year Government Bond Yields



2yr vs. 10yr Year Government Spreads



US Bonds

The yield on 10 year Treasuries dropped 11.8 basis points (4.95%) last week.

Yield dropped below its 20-day moving average.

Short-term momentum indicators are trending down.



The long term Treasury ETF added \$1.11 (0.94%) last week.

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

Short-term momentum indicators are trending up.



Currencies commentary & weekly charts

The Euro gained 0.87 (0.77%) last week.

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

Short-term momentum indicators are trending up.



The US\$ Index dropped 0.67 (0.71%) last week.

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

Short-term momentum indicators are trending down.



The Japanese Yen gained 0.46 (0.57%) last week.

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

Short-term momentum indicators are trending up.



The Canadian Dollar gained US0.27 cents (0.33%) last week.

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

Short-term momentum indicators are trending up.



The CRB Index fell 3.17 points (1.41%) last week.

Short-term momentum indicators are trending down.



Copper fell another \$0.11 per lb. (4.10%) last week.

Short-term momentum indicators are trending down.



Lumber added another \$2.50 (0.84%) last week.

Short-term momentum indicators trending up.



The Grain ETN added \$0.11 (0.33%) last week.

Intermediate trend remains down. Units remain below their 20-day MA.

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



The Agriculture ETF slipped \$0.06 (0.11%) last week.

Intermediate trend remains up. Units remain below their 20-day moving average.

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

Short-term momentum indicators are mixed.



Gold & precious metals commentary & weekly charts

Gold gained \$22.70 per ounce (1.93%) last week.

Intermediate trend remains neutral. Gold moved above its 20-day moving average.

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

Short-term momentum indicators are trending up.



Silver added \$0.29 per ounce (1.83%) last week.

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

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

Short-term momentum indicators are trending up. Strength relative to Gold remains negative.



Platinum dropped another \$10.00 per ounce.

Trend remains down.
\$PLAT remains below
its 20-day MA.

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



Palladium dropped another \$30.75 per ounce (4.17%) last week.

Intermediate trend
changed to down on a
move below \$723.00.
\$PALL remains below
its 20-day moving
average.

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



Oil, gas & energy commentary & weekly charts

Crude Oil added \$0.01 per barrel (0.02%) last week.

Intermediate trend remains down. Crude remains above its 20-day moving average.

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

Short-term momentum indicators are mixed.



Natural Gas added \$0.07 per MBtu (2.55%) last week.

Intermediate trend remains up. \$NATGAS moved above its 20-day moving average.

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

Short-term momentum indicators are mixed.

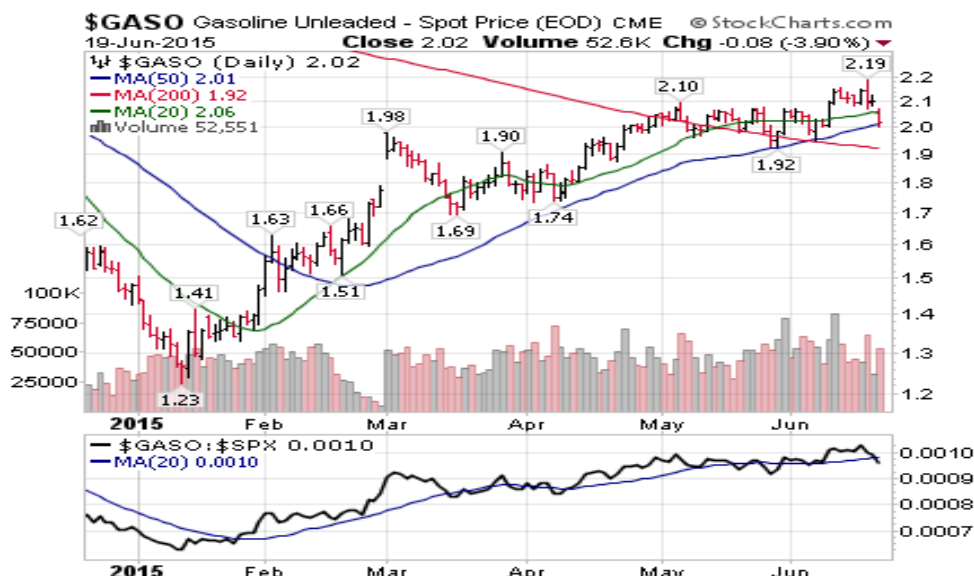


Gasoline dropped \$0.10 per gallon (4.72%) last week.

Intermediate trend remains up. \$GASO fell below its 20-day moving average.

Strength relative to the S&P 500 Index changed to neutral from positive.

Short-term momentum indicators are trending down.



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