Creative Global Investments

Weekly investment strategy & charts

Wednesday, July 5th, 2017

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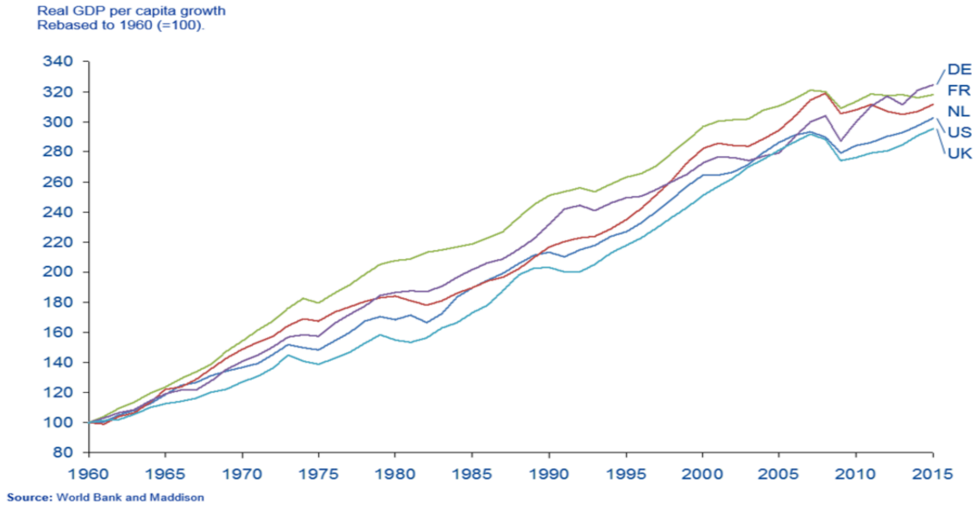
Objectivity

Integrity

Creativity

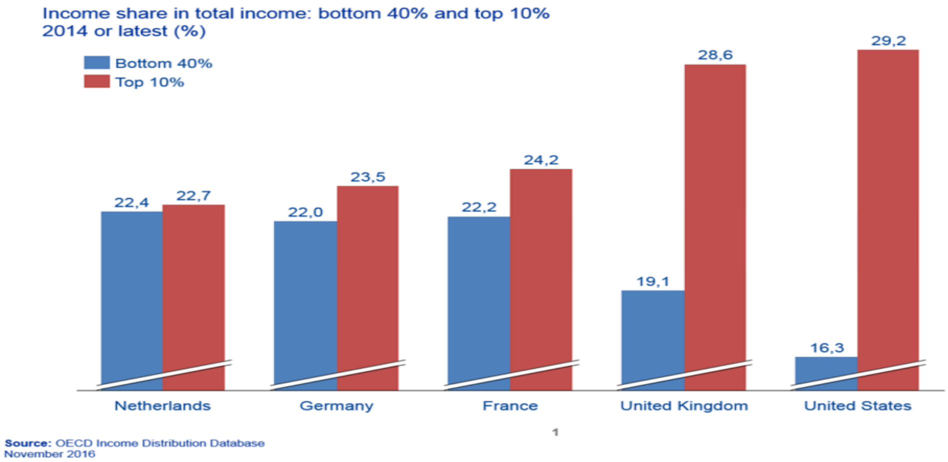
Macro economic & political commentary

***In Europe*, as the next chart shows, the economies of Germany, France and the Netherlands outperformed the UK and the US since the 1960's.**



Additionally, these three countries also do a much better job in distributing wealth. This ensured that large parts of society benefit from this economic growth.

Germany, France and the Netherlands have had a more equal and fair income distribution than the UK and the US

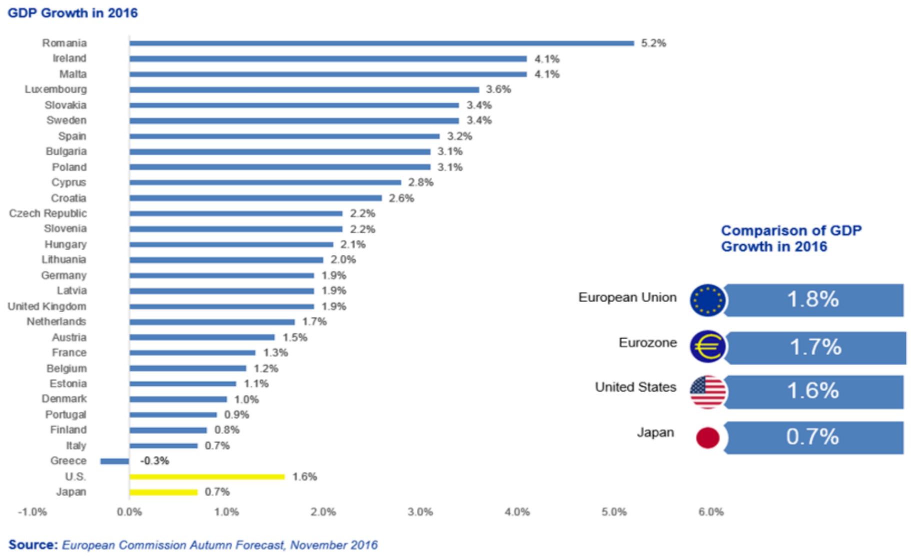


In the US, the poorest 405 of earners bring home just 165 the national income, while the richest 10% earn a full 29%. In the Netherlands, France and Germany the numbers are much smoother. The UK is somewhere in the middle, but the trend is similar to that in the US. From fairer tax schemes to affordable first-class education and social security, the European social model has many strong points to counter concerns of the population. Rising income inequality is by now widely recognized as an important factor behind the surge in populism, or protectionism, or nationalism or whatever you want to call it.

We believe that it is no coincidence that this movement has been more successful in the US and UK than continental Europe, and that there is a direct connection with the numbers shown and the outcome of these elections. This makes us confident about political risk for the remainder of the year, as Europe will continue to hold together.

Europe's success is also reflected in economic data. With the exception of Greece, all European countries have returned to growth after the crisis, as we were forecasting in our 2016 Global Outlook and Investment Strategy, and not surprisingly to us, the EU and the Euro area grew faster than the US last year.

EU & Eurozone outpacing the US & Japan



Europe is emerging as a region that offers a stable investment environment, just as the fate of other economies is harder to predict. The UK is facing complex divorce negotiations with the EU. There are significant economic downsides from Brexit for the UK. The damage to the EU economy is probably limited, and the impact might well be positive. Especially if companies and financial institutions decide to move to the continent.

In the US, whilst most sell-siders are still believing the US economy is moving ahead, we have the obligation to show that that is not the full story. Illinois, already the lowest-rated US state, took a small step on Sunday to ward off a deepening budget crisis and the imminent risk of becoming the first state ever branded with a junk bond rating, wait a minute, how about Puerto Rico?

Illinois on Saturday entered an unprecedented third-straight fiscal year without a budget. The process had been crippled by the partisan impasse between its Republican governor and Democrats who control the legislature, but in a special session that extended to Sunday night, the Illinois House approved a major income-tax increase after several Republicans broke ranks with Gov. Bruce Rauner. The measure next goes to the state Senate and should it pass there, Rauner has already said he'll veto the measure. Although the issue remains under negotiation, likely holding the credit-rating agencies at bay for now, the risk hasn't completely dissipated. And the consequences could severely harm the state, the fifth largest in the nation.

Another weak spot of the US economy, which we have highlighted for 15 months, now is that in Illinois neighbor state, Michigan, the biggest employer, namely the Big Three Automakers are experiencing car sales again softening more than what analysts and economists are projecting. Detroit's car companies reported steep sales declines in June, capping a bumpy 1H of the year for the US auto industry and setting a bleak tone for the summer selling season. Analysts now expect overall auto sales to have fallen more than -2% in June compared with the prior year. The industry's selling pace hit its lowest point since 2014 over the 1H 2017, and traffic at dealerships fell to a five-year low in June. Buyers are stretching more than ever to afford cars and trucks that are growing increasingly more expensive due to a barrage of safety gear and connectivity options. Estimates also show the average auto-loan length reached a high of 69.3 months in June, with the average amount of financing reaching $30,945, up $631 from May.

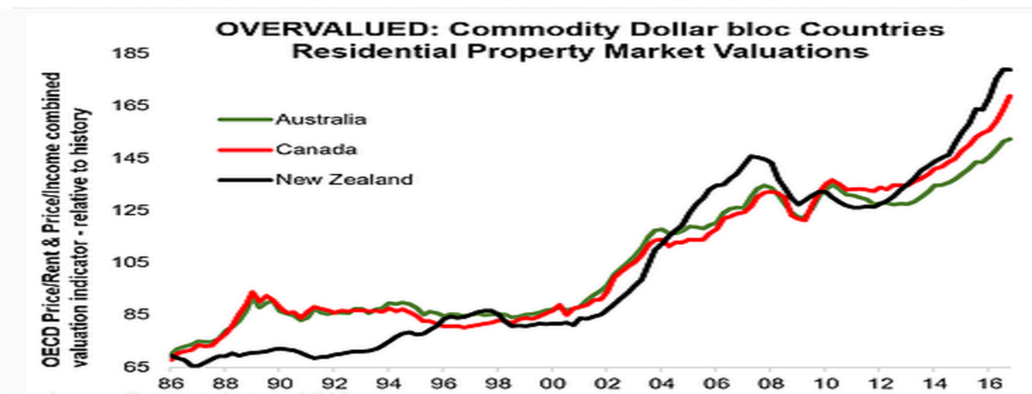
General Motors Co. said US sales fell -5% to 243,155 vehicles, while Ford Motor Co. said sales totaled 227,979 vehicles, down -5.1% from a year earlier, and Fiat Chrysler Automobiles posted a -7% decline to 187,348 vehicles.

Japan's top sellers fared better during the period, with Honda Motor Co. reporting a 1% increase compared with the previous June with 139,793 vehicles sold, aided by gains at its Acura luxury division, while Nissan Motor Co. sold 143,328 vehicles, or 2% more than the prior year, as it ramps up its reliance on trucks. Toyota Motor Corp. notched a 2.1% gain, with 202,376 vehicles sold.

Last week, the US census bureau released the advanced look at international trade for the month of May. The headline print indicated that the deficit narrowed to $65.9 Bn, from $67.1 Bn previous, the result of a -0.4% decline in imports combined with a 0.4% rise in exports. Stripping out the seasonal adjustments, the results contradict the headline results. Exports rose by 3.8% and imports jumped by 7.6%, both above the average May change of +1.9% and +1.6%, respectively. The gain in imports puts the y-t-d change firmly above average, while exports remain stuck below its seasonal norm.

The result is in opposition to President Trump’s desires, which he has indicated his intention to reduce the trade deficit by promoting exports and hindering imports, possibly by way of an import tax. Focusing on the export side, a large jump in auto and consumer exports helped to support May’s export gain, but both are merely recouping the losses recorded in the month of April. Auto exports are back to average levels on the year, while the other categories lag their historical norms. The below average results have been a detriment to manufacturing activity in the US as negative impacts from the high US$ weigh on activity.

One quick note on the US housing market: US$ countries have tremendously overvalued housing markets. (note, the same indicator for America was at 102 in the latest reading) (Also note the indicators show valuations versus history rather than absolute valuation levels - so we are comparing the degree of over/undervaluation, not relative value).



Even though current US asset valuations (particularly equities) are not as extreme as in 1999, today's economic underpinnings are not as robust as they were then. The chart 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 metric comparison from the recent past's biggest equities bubble which started in 1994 and ended as we all know too painfully in 1999, the current valuation metrics are frightening:

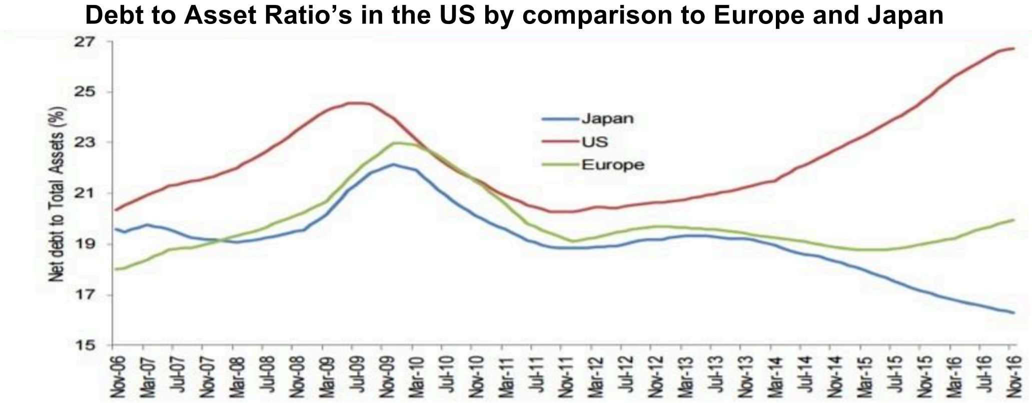
US Economic Valuation Metric	1995 – 2000	2012 – 2017	Change/Diff. (%, $)
US GDP	$9.89 TRN	$18.20 TRN	+$9.32 TRN
US GDP Growth	4.05%	1.90%	-2.15%
US GDP Trend	2.30%	1.80%	-0.50%
US Productivity Growth	1.85%	0.50%	-1.35%
US Federal Debt	$5.36 TRN	$18.2 TRN	+$12.84 TRN
US Federal Debt/GDP	60.50%	106.2%	+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%

Of course, as we all know in hindsight, equity valuations back in 1999 were ridiculously stretched. However, relative to economic factors as the table above shows, those valuations appear to be relatively sanguine compared to todays!

Return on equities for the S&P 500 companies are at an all time low.

Another major economic concern we would like to highlight is the ballooning Debt to Asset ratio's of the US, as the following chart shows:

Debt to Asset Ratio's in the US by comparison to Europe and Japan



The US economy shows increasing signs of slowing, as we have been pointing out for the past 10 weeks, we believe that the recent weak US macro data are the precursors to a recession. The case that a recession is increasingly likely simply by looking at the frequency with which they occur.

The last US recession started in 2007 and ended in 2009.
The one before that started and ended in 2001.
The two prior recessions ran from 1990 to 1991 and from 1981 to 1982.

In all cases, the time between the end of one recession and the start of another was about eight years on average. Between 1945 and 1981, recessions were much more frequent. 8 years have passed since the last recession, and based on data going back to 1980, the US is in the structural time window for a slowdown or a likely recession, sometime between now and 2019. During expansions, economies tend to accumulate inefficiencies. Low interest rates allow businesses to survive despite their inefficiency, and this will continue if a recession does not occur. In the current expansion, we have had extraordinarily low interest rates, so even with relatively low growth rates, pruning is needed.

Recessions are unpleasant and hurt some people disproportionately. However, the US recession will likely hurt other countries more. When combined with other global economic problems, the recession will likely weaken Europe’s recovery and similarly weaken China’s economy, and could put further downward pressure on commodity prices. The 2007-09 recession hurt the Chinese tremendously because their biggest export customers were the United States and Europe. In due course, the Chinese slowdown cut China’s consumption of industrial commodities, including oil, hitting countries like Russia and Saudi Arabia.

The US avoided the worst of this because, while it is the second-largest exporter in the world, exports account for only about 12.6% of its GDP (the US ranks only 161st in the world in terms of exports as a percent of GDP). In part, this lack of dependence on exports helped US GDP grow on its internal engine.

The decline in the US economy will inevitably lead to a drop in US imports, unless the US$ would weaken substantially, which we believe it will.

Countries that were driven by exports are now using diminished export demand to simply maintain their economies in the hopes of generating enough domestic demand to replace lost markets. In most cases, they have achieved a fairly precarious balance at this point that is much more subject to destabilization than in previous cycles. A relatively small drop in global demand can have a substantial impact. Thus, a routine US recession will lead to a small global decline, reversing gains in stabilization made in recent years.

The downturn in export demand will have a ripple effect because exporting countries are also importing countries. As American demand contracts, exporters’ economies will be affected and their need for imports will contract as well. This domino effect is normal. The problem is that the international system’s vulnerability has grown dramatically because many countries have become excessively reliant on exports, and this has been accompanied by a general weakness in their domestic economies. Therefore, the ripple effect, while not a tidal wave, will be more substantial than would have been the case before 2008.

A US recession could put pressure again on oil prices. The price of oil is now subject to market forces rather than any concerted action by oil exporters. Historically, as oil prices fell, industrial production increased. Whilst lower oil prices historically have helped to solve problems for exporters of manufactured goods, they have also created massive problems for oil exporters, and now, the US wants to become one of the biggest exporters.

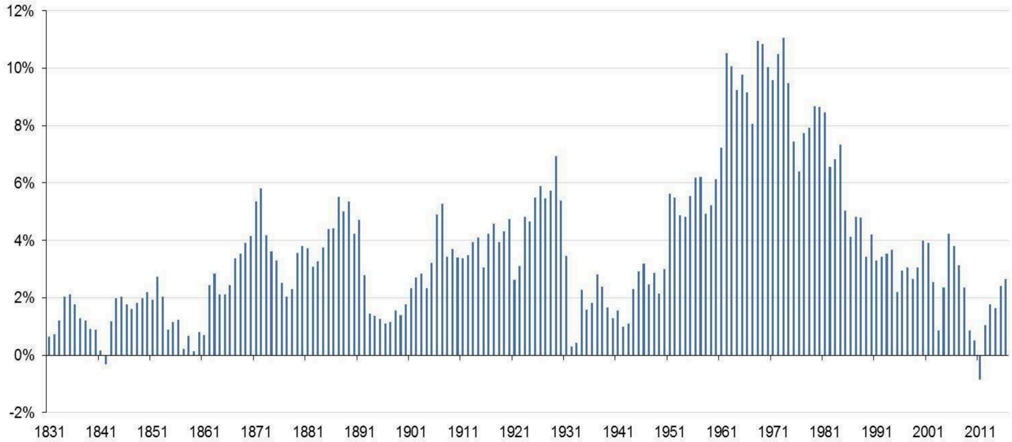
As for Russia and Saudi Arabia, should oil prices be stuck below $50 a barrel, the pressure on these countries' economies will increase. Both will try to manage their regional interests in the face of deepening internal challenges. The credibility of these regimes depends on their ability to maintain a degree of well being appropriate to their historical patterns. Those patterns will be difficult to preserve.

As our research has shown, the US will suffer significantly in this situation. As we have written before, we see the likelihood increasing of a recession in the next two years during Donald Trump's presidency, and consequently a recession would place Trump in a difficult political position moving toward the 2020 election. The US would not be as exposed as export-dependent nations, but the political repercussions would require Trump to have much stronger domestic policies in place.

The last recession is 8 years ago, and 10 years has been the longest period between recessions. The precursors to a depression, such as irrational exuberance of asset classes, rising interest rates, a negative yield curve, and proclamations that "this time, it's different", have at most been modestly appearing.

As per our Q2 Global Outlook and Investment Strategy, we have been advising our clients to reduce exposure to the US$ ($USD) and US equities ($SPX), and instead increase allocations into US long bonds, namely 10-Year Treasuries ($TNX), and into EU and EM currencies and equities, which form a tactical Asset allocation call has been spot on so far in the current quarter.

Risk Premium of US shares vs. US Government Bonds (30-y rolling returns in %)



Currencies Commentary & charts

Last week, the Euro hit our most aggressive EURUSD 1.14 target for end of Q2. That was against a full year EURUSD consensus of 1.04, with 14 out of 27 Bloomberg ranked currency forecasters calling for the Euro to drop under par against the US$. So far for currency experts and their value added to create alpha.

We continue to see the Euro to stabilize further and continue to rise. Safe heaven currencies like the US$ and like Gold will reverse course and decline. As per our Q3 Global Investment Outlook & Strategy, the EUR/US$ is on track to rise to our Q2 end target of 1.18, and our 2017 EUR/USD target of 1.18 – 1.20. Last week, the $USD continuing a lower trend of lower-highs and lower-lows that has spanned the 1H of 2017. Support for $USD is at 93, less than 3% below current price.

Just as we were forecasting, the US$ Index lost -5.6% in 1H of 2017, and just last week -1%, marking the US$'s largest two-quarter percentage decline since 2011, and hitting both our 1H target prices for the $USD at 96, and EUR/USD at 1.14. Even the Federal Reserve continuing to raise US interest rates, one of the few positives for the US$ this year, is no sure thing. Some Fed officials recently have expressed concern about pushing up rates amid weakening inflation. The latest was Federal Reserve Bank of St. Louis President James Bullard, who now is coming into our thought camp and said last Thursday that he doesn't support raising short-term interest rates again this year.

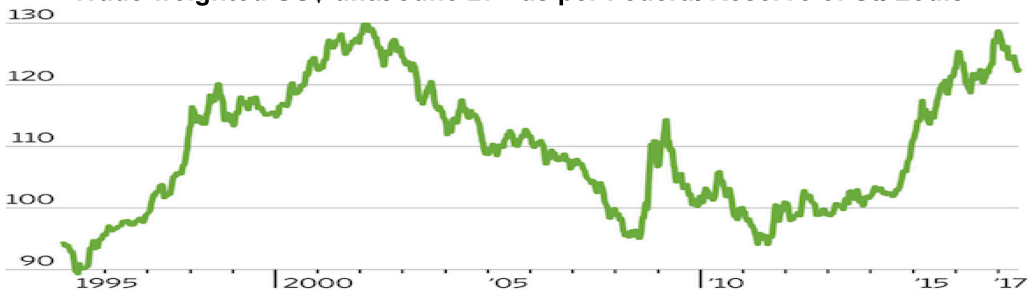
So, with no more rate hikes to come, and with a US economy showing increasing weak spots, where should the US$ be priced? As we argued for 18 months now, the only country which cannot cope with a strong US$ is the United States.

So, where do we see the US$ over the next 6 – 12 months?

- **$USD at 92, with an increasing likelihood of breaking 90**
- **EUR/USD moving back towards 1.20, with an increasing likelihood of hitting 1.24.**

Over the past 23 years, the US$ has experienced two 7-year bull markets, and one 7-year bear market. Is history repeating itself, is the current rolling over the start of another 7-year bear market for the greenback?

Trade weighted US$ until June 27th as per Federal Reserve of St. Louis



Seasonally, the $USD records a loss between July and the middle of October.

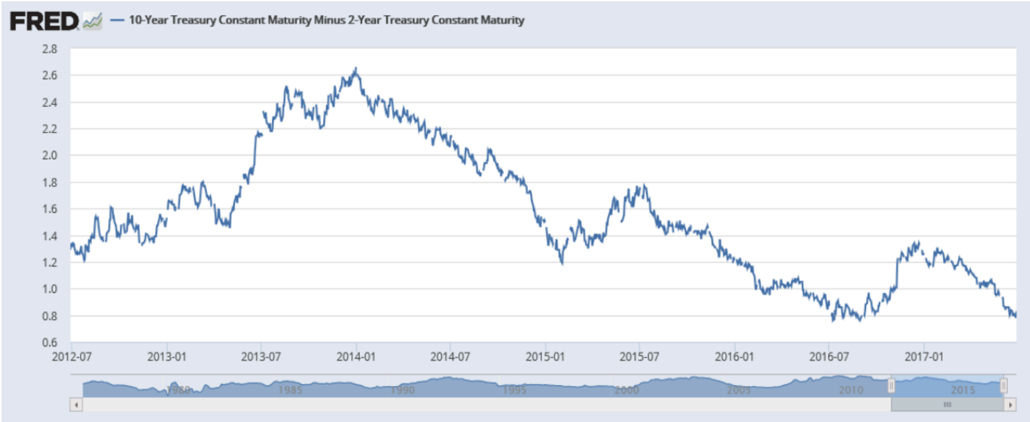
The Canadian Dollar is breaking above long-term resistance.

Fixed Income commentary & charts

The spread, between the 10-Year US Treasuries yield and the 2-Year US Treasuries yield. A widening spread denotes bullishness and economic growth expectations, while a declining spread that goes negative (or inverts) signifies slowing economic growth and, even, the likelihood of a recession.

For clarity, a negative or inverted yield curve indicates that long-term debt instruments have a lower yield than short-term debt instruments, given that these debt instruments are of the same or similar credit quality. Historically, inversions of the yield curve have preceded many US recessions. Thus, the yield curve is considered an important barometer for predicting turning points in the business cycle.

The current (June 27) 10-2 yield curve reading is 0.83x, and falling. This is nowhere near a recessionary reading of 0.00x. However, the trend is distinctly down and it is close to its five-year low from a year ago and compared to the recent high of 1.34x. Here is a five-year chart (June 2012-June 2017):



Here is a look at the 10-2 yield curve going back to January 2000. It shows the negative occurrences and the corresponding recessions that soon followed. The 10-2 yield curve is nowhere near the 0.00 level needed to denote a recession. With US economic growth slowing, the possibilities of a recession in the US seem not out of the question.

Equities commentary & charts

Economic news in Canada and the US this week is expected to focus on the employment reports to be released on Friday. Both reports are expected to be bullish.

Trading activity is expected to remain diminished this week. Equity markets around the world (except China) remain intermediate overbought and vulnerable to a correction. The usual period of summer weakness from Mid-June to Mid-October has arrived. The Dow Jones Industrial Average and S&P 500 Index probably reached an intermediate peak on June 19th. However, volatility measured by the VIX Index remains relatively mute. A spike in volatility above levels reached last week will be the most likely sign that the summer correction has been confirmed. Meanwhile, holding a robust position in cash in your investment portfolio makes sense.

Political events in a wide variety of countries (most notably in the US) could change that quickly. Be careful out there!

Technical action by S&P 500 stocks were strangely mixed last week: 41 stocks broke intermediate resistance and 45 stocks broke support. Strange because breakouts and breakdowns were highly concentrated as investors rotated between sectors. Breakouts were dominated by the Financials. Breakdowns were dominated by Utilities and Technology. Number of stocks in an intermediate uptrend dropped to 289 from 298, number of stocks in a neutral trend slipped to 45 from 47 and number of stocks in a downtrend increased to 166 from 155. The Up/Down ratio slipped last week to (289/166=) 1.74 from 1.92.

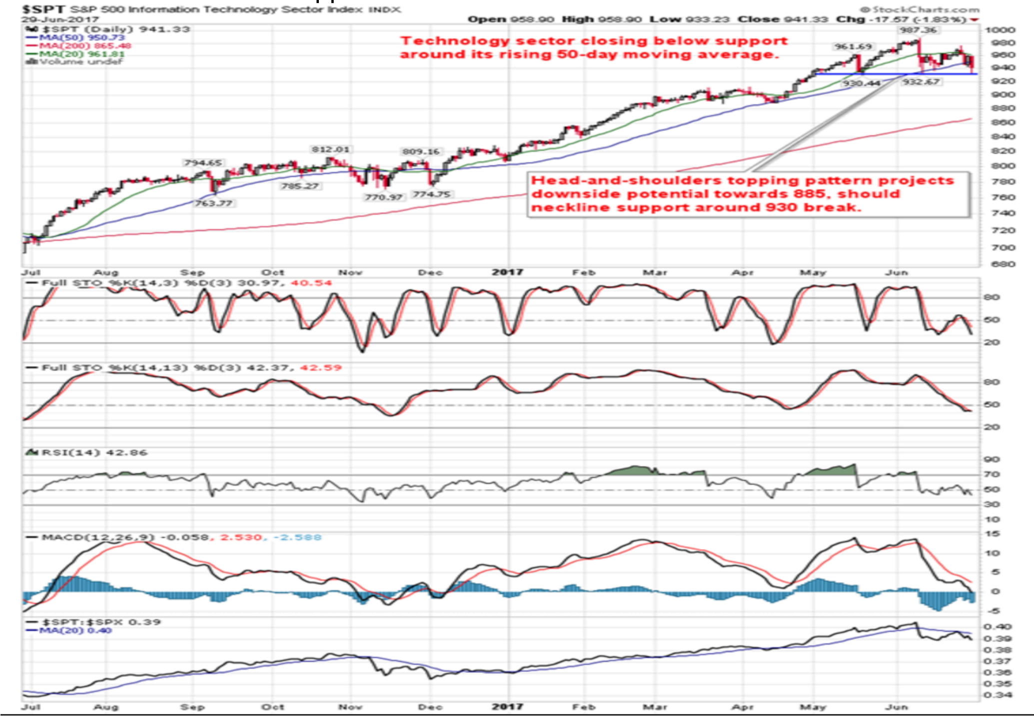
The earnings and sales outlook for S&P 500 stocks remains promising: 23 companies have reported second quarter results to date with 18 reporting higher than consensus earnings. Consensus calls for a year-over-year gain in earnings by 6.6%. Consensus for sales is an increase of 4.9%. 76 companies have issued negative guidance for the second quarter while 38 companies have issued positive guidance. No S&P 500 companies are scheduled to report this week. Beyond Q2, consensus calls for a 7.4% increase in Q3 earnings and a 5.1% increase in sales. Q4earnings are expected to increase 12.4% and sales are expected to increase 5.1% last week. For 2017, earnings are expected to increase 9.8% and sales are expected to increase 5.4%.

Short-term technical indicators (momentum, above/below 20 day moving average) deteriorated for most equity indices and sectors last week (exception: China and the financial sector). Medium term technical indicators (Percent of stocks trading above their 50 day moving average, Bullish Percent Index) generally moved lower last week from overbought levels.

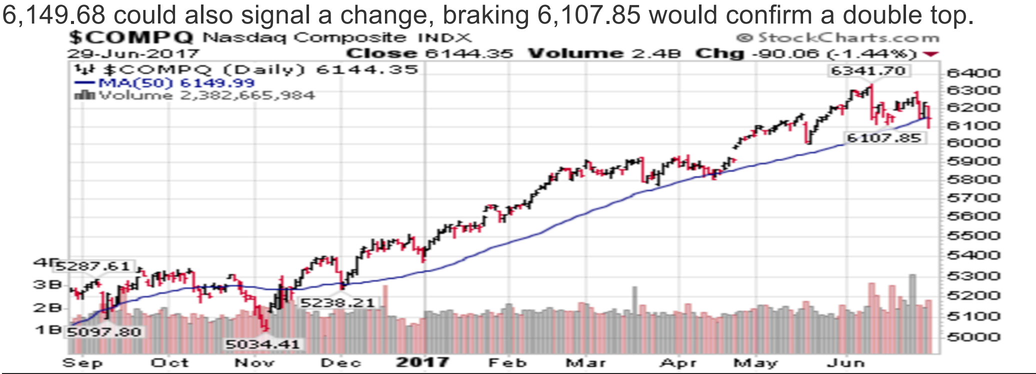
The spike in the volatility index pushed the $VIX to the highest level since mid-May. As per our weekly investment strategy since beginning of June we noted that it was likely that a spike from the low base would be realized in the near future as we enter the peak period for volatility in equity markets. Seasonally the VIX tends to rise from a low in June, climbing through October amidst a lack of favorable catalysts for stocks.

Seasonal influences for Canadian and US equity indices normally are bullish between now and July 17th, the date that frequently is a seasonal peak. This year, technical evidence currently suggests that the S&P 500 Index and Dow Jones Industrial Average probably peaked on June 19th.

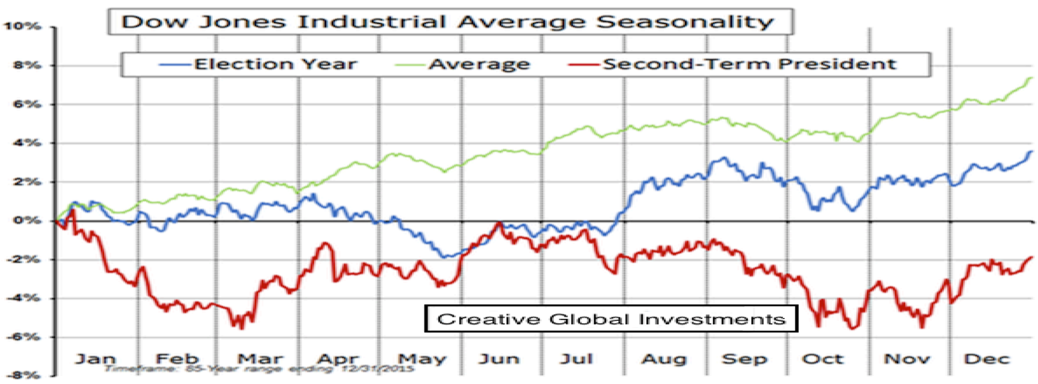
The S&P 500 Technology Sector index y-t-d remains higher by 16.5%, double that of the S&P 500 Index, which has returned 8.08%, however, the $SPT closed also well below support. Resistance on the technology benchmark has become apparent at the 20-day moving average and momentum indicators are trending lower, both presenting caution over the near-term. The $SPX closed below its 50-day moving average for the first time since last November and a short-term head-and-shoulders topping pattern presents downside potential towards 885, or 6% below present levels, assuming the neckline and short-term support at 930 is broken.



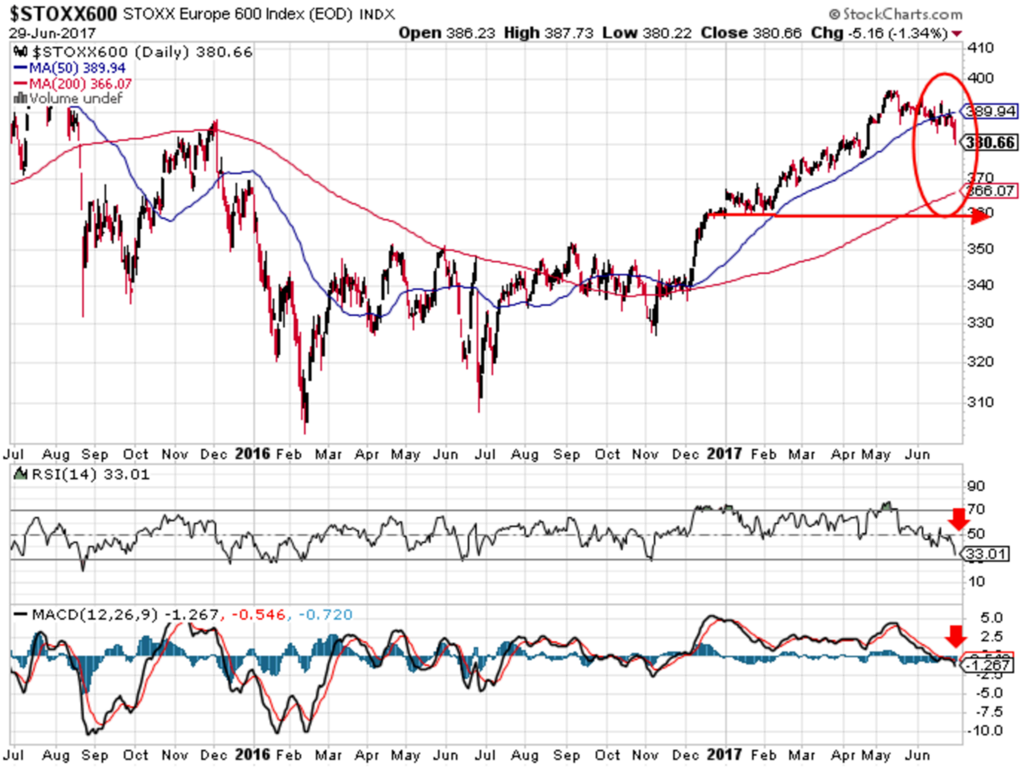
A break by the NASDAQ Composite Index below its 50-day moving average at 6,149.68 could also signal a change, braking 6,107.85 would confirm a double top.



US equity markets have a history of moving lower from mid-June to mid-October in Presidential cycle years after a two term President has been replaced (as indicated this year). See red line in the chart below.



Notably weaker were European equity indices and related ETFs. Short term technical indicators for commodities and commodity stocks turned higher thanks to US$ weakness. Euro Stoxx 600 Index briefly moved below 386.46 completing a double top pattern, and short-term indicators (MACD and RSI) turned negative. Next support is the 200-day MVA at 366, there after the range of support between 340 and 360 should give comfort.



We continue recommending for investors to reduce equity positions in G-10 markets into the last rally before the summer, as we are forecasting for a -12% to -15% decline in European and US stocks to materialize.

US equities commentary & weekly charts

The VIX Index gained 1.35 (13.33%) last week.

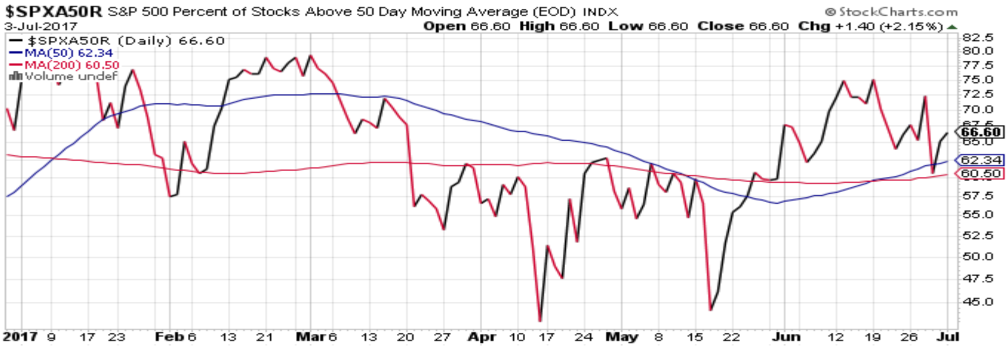
Intermediate trend changed from Negative to Neutral. The Index is above the 20-day moving average. Price spiked up from the lower trendline.

The S&P 500 Index lost 10.06 points (0.41%) last week.

Intermediate trend remains Neutral. The Index closed below its 20-day moving average. $SPX rebounded from the 50 MVA.

Short-term momentum indicators are Negative.

Percent of S&P 500 stocks trading above their 50-day moving average rose last week to 66.60 from 65.20.



The Index remains above the 200-day moving average.

Percent of S&P 500 stocks trading above their 200-day moving average stood put last week at 75.00.

The Index remains above the 200-day moving average.

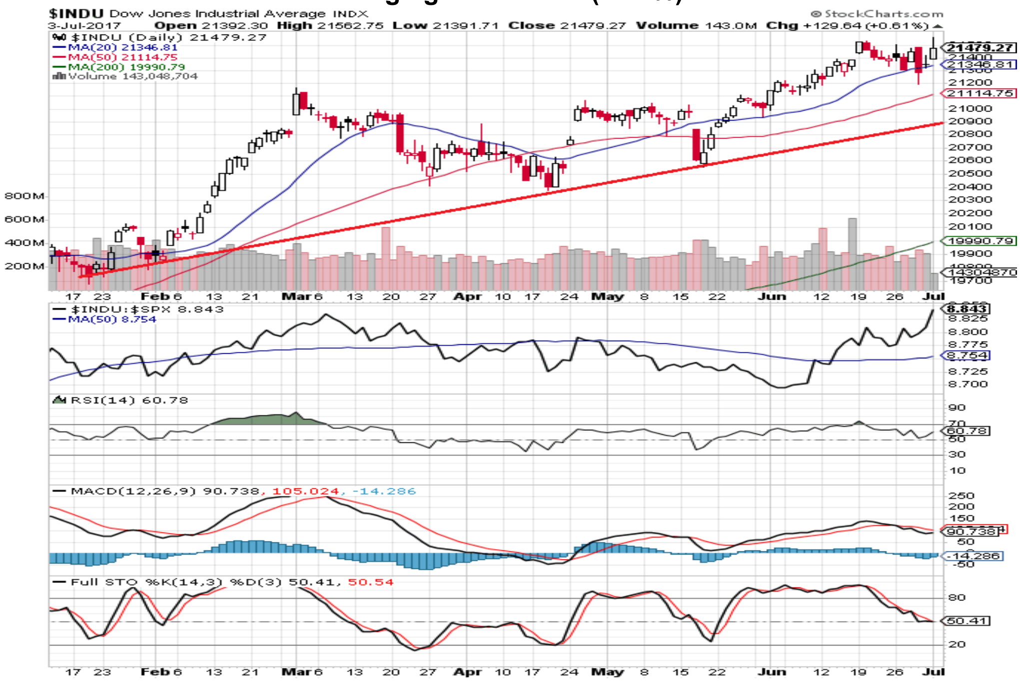
Bullish Percent Index for S&P 500 stocks rose last week to 73.40 from 72.40 and remained above its 50-day moving average.

The Index remains above the 50-day moving average.

The Dow Jones Industrial Average gained 69.72 (0.33%) last week.

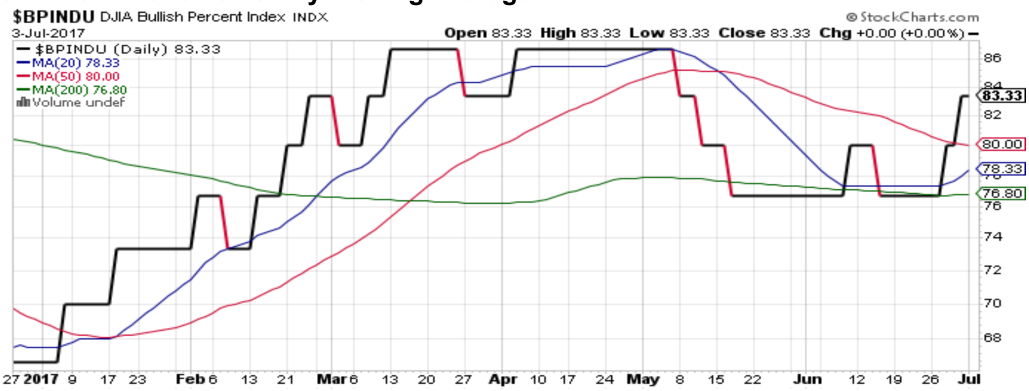
$INDU is showing some exhaustion. Strength related to the S&P 500 remained above the 50MA.

The Average remained above its 20-day moving average. Short-term momentum indicators are Negative.



Bullish Percent Index for Dow Jones Industrial Average stood put at 83.33 and remained above its 20-day moving average.

The Index remained above the 200-day moving average.



The Dow Jones Transportation Average gained 197.60 (2.09%) last week.

Dow Jones Transportation Index created a new high. Strength relative to the S&P 500 is Positive. The $TRAN closed above its 20- day moving average.

Short-term momentum indicators are Positive.

Bullish Percent Index dropped last week to 61.59 from 61.55 and remained above its 20-day moving average.

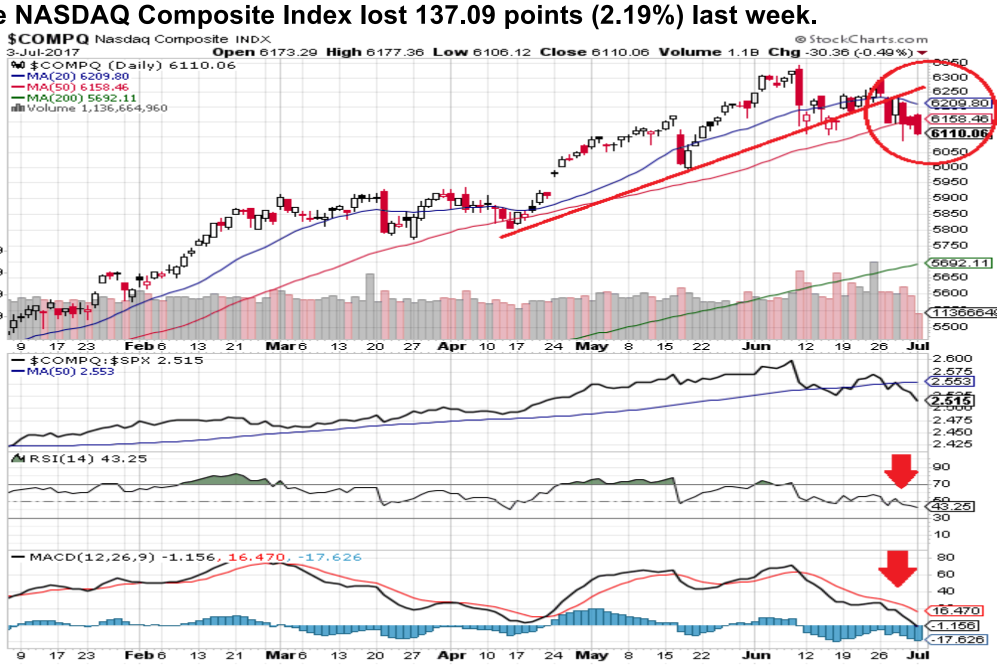
The Index rebounded from the 200 day moving average.

The NASDAQ Composite Index lost 137.09 points (2.19%) last week.

$COMPQ broke out through the trendline. Strength relative to the S&P 500 Index is Negative.

The Index remained below the 20-day moving average.

Short-term momentum indicators are Negative.



The Russell 2000 Index added 10.04 points (0.71%) last week.

$RUT keeps on rebounding from the middle of the channel indicating a possible upper breakout. Strength relative to the S&P 500 Index remains Positive.

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

The S&P Energy Index gained 13.80 points (2.91%) last week.

Intermediate trend changed from Neutral to Positive. $SPEN broke through the upper trendline. Strength relative to the S&P 500 Index changed from Neutral to Positive.

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

The Philadelphia Oil Services Index added 6.81 (5.31%) last week.

$OSX managed to retake the trendline. Strength relative to the S&P 500 remains Negative.

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

The AMEX Gold Bug Index lost 11.05 points (5.73%) last week.

$HUI was stopped on the support.
Strength relative to the S&P 500 Index remains Negative.

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

Latam equity markets weekly charts

The BOVESPA gained 1091 points last week.

$BVSP rallied and closed above the 50-day moving average.

Short-term momentum indicators are Positive.

The Mexican Bolsa added 943points last week.

Intermediate trend remained Positive. $MXX broke out through the upper trendline.

Short-term momentum indicators remain Positive.

Canadian equity markets weekly charts

Bullish Percent Index for TSX Composite dropped last week to 64.26 from 65.46 and remained below its 20-day moving average.

The Index remains below the 20-day moving average.

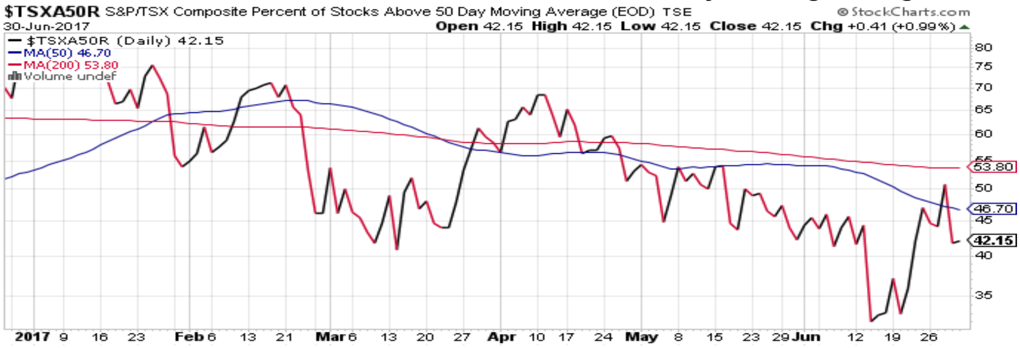
The TSX Composite Index lost 137.37 points (0.90%) last week.

Intermediate trend remains Negative. The Index was stopped by the lower trendline for moment`s notice.

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

Percent of TSX stocks trading above their 50-day moving average dropped last week to 42.15 from 44.36% and remained below the 50-day moving average.

The index remains below the 50-day moving average.



Percent of TSX stocks trading above the 200-day rose last week to 54.13% from 50.19%

The index remains below the 50-day moving average.

Asian equity markets weekly charts

The BSE gained 83.41 points (0.27%) last week.

$BSE rebounded from the lower trendline / 50-day moving average.

Short-term momentum indicators are Mixed.

The Nikkei Average dropped 97.55 points (0.48%) last week.

Intermediate trend remains Neutral. Strength relative to the S&P 500 Index is Positive.
$NIKK formed an ascending triangle and is closing on the apex.

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

The Shanghai Composite Index gained 10.47 points (0.33%) last week.

Intermediate trend remains Positive. $SSEC remains bullish but is getting more compressed.

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

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 Neutral.

Emerging Markets iShares lost $0.27 (0.64%) last week.

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

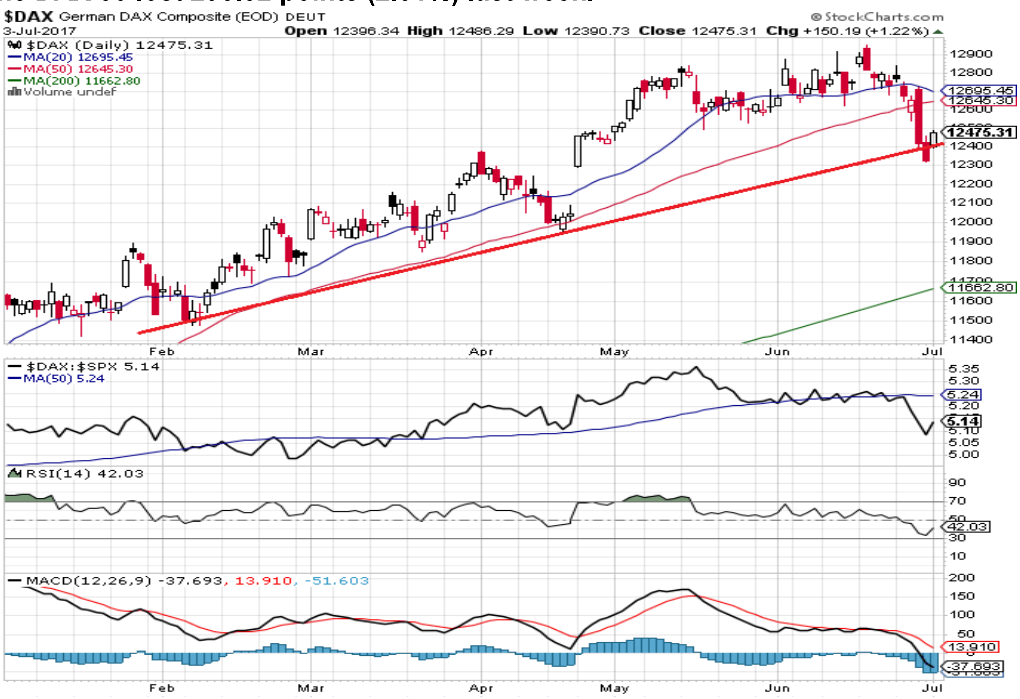
The $AORD remains below 20-day moving average.
Short-term momentum indicators are Negative.

The Australia All Ordinaries Index dropped 30.90 points (0.54%) last week.

European equity markets weekly charts

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

The DAX 30 lost 295.52 points (2.31%) last week.



The CAC 40 lost 100.03 points (1.89%) last week.

Intermediate trend remains Negative. $CAC remains in the well-established bearish channel.

Short-term momentum indicators are Negative.

The AEX 25 dropped 7.50 points (1.44%) last week.

Intermediate trend remains Negative. Index remains below the 20-day moving average.

Short-term momentum indicators are Mixed.

The IBEX 35 lost 92.40 (0.86%) last week.

$IBEX is looking very compressed. Strength relative to the S&P 500 remains Negative.

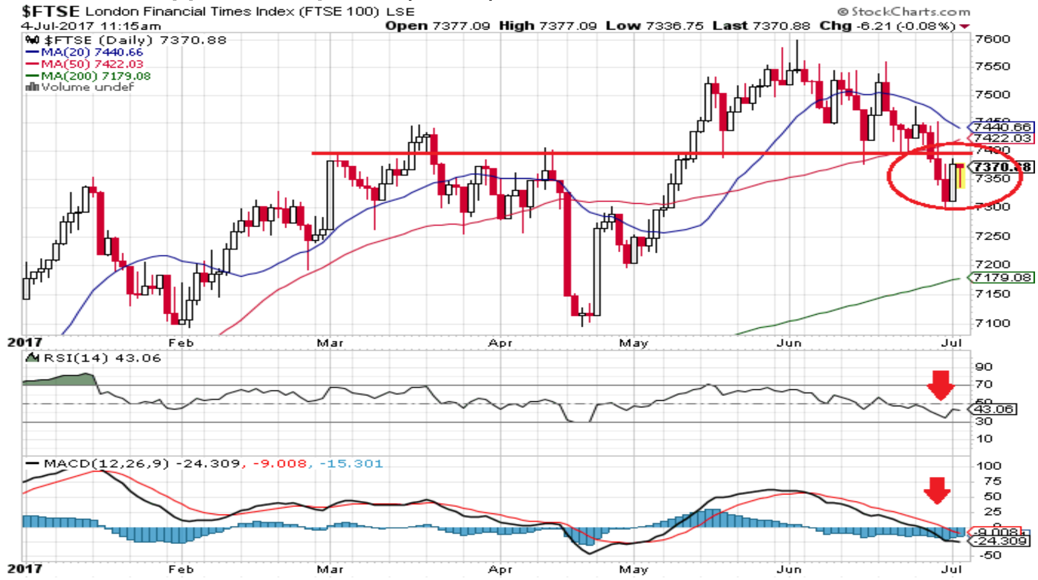
The Index moved below the 20-day moving average.

Short-term momentum indicators are Negative.

The FTSE dropped 56.67 points (0.76%) last week.

Intermediate trend remains Negative. FTSE pulled back towards the previous support. Price remains below the 20-days moving average.

Short-term momentum indicators are Negative.



Europe iShares added $0.53 (1.04%) last week.

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

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

Fixed income markets weekly charts

International Bonds

As per our 2017 Q3 Global Investment Strategy Outlook for 10-Y government bonds, US 10-Year government bonds have not fully reached our 2017 price targets yet, and we see yields to continue to move lower below 2.15% and 1.70% range.

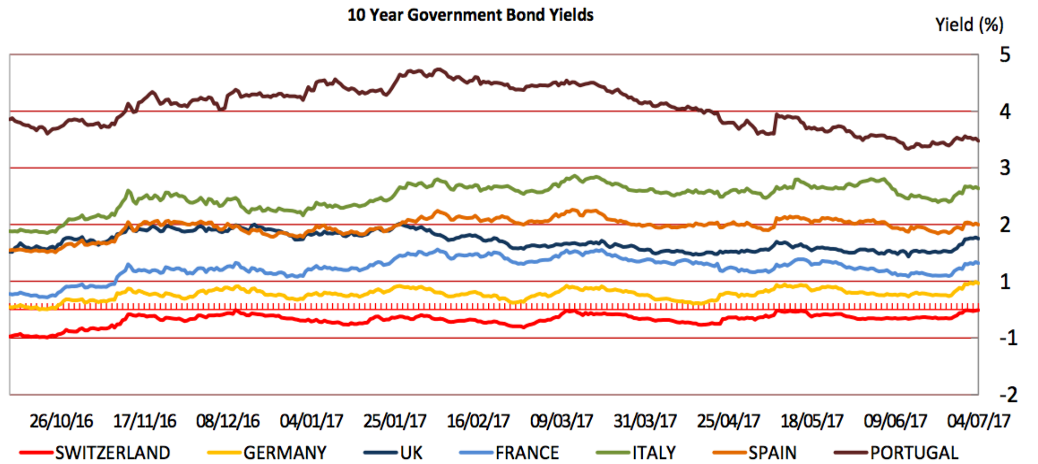
We continue recommending taking profits in German 10-Y Bunds.

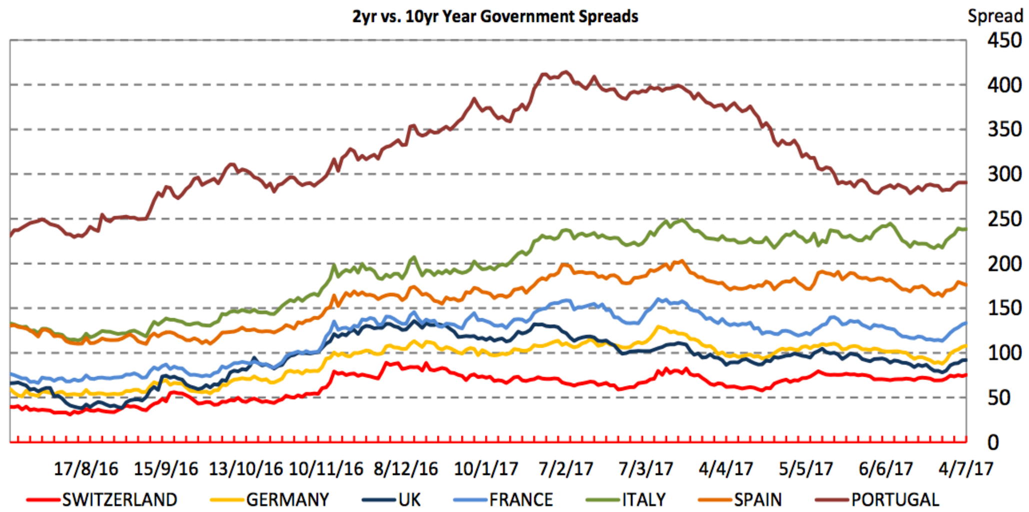
We can see yields in France and the Benelux move down by another -20bps to -40 bps over the next 3 months, and similarly to decline by -30bps to -50bps in Spain, Italy, Portugal and Greece.

Ten year government bond spreads

Country	Latest yield	Spread vs bund	Spread vs T-notes
Australia	2.59%	+2.11	+0.25
Austria	0.71%	+0.24	-1.63
Belgium	0.82%	+0.34	-1.53
Canada	--	--	--
Denmark	0.67%	+0.19	-1.67
Finland	0.52%	+0.04	-1.83
France	0.82%	+0.34	-1.52
Germany	0.48%	--	-1.86
Greece	5.35%	+4.87	+3.00
Ireland	0.91%	+0.44	-1.43
Italy	2.12%	+1.64	-0.22
Japan	0.09%	-0.39	-2.26
Netherlands	0.67%	+0.19	-1.68
New Zealand	2.98%	+2.50	+0.64
Portugal	2.97%	+2.49	+0.63
Spain	1.54%	+1.06	-0.80
Sweden	0.61%	+0.13	-1.73
Switzerland	-0.02%	-0.50	-2.36
UK	1.25%	+0.77	-1.09
US	2.33%	+1.85	--

Data delayed at least 15 minutes, as of Jul 05 2017 07:21 BST.





US Bonds

Yield on 10 year Treasuries added 2.09 basis points (9.78%) last week.

Intermediate trend is Positive. $TNX rallied above the moving averages. $TNX remained above the 20-day moving average.

Short-term momentum indicators are Positive.

The long term Treasury ETF dropped 3.54 points (2.76%) last week.

Intermediate trend remains Neutral. TLT is moving towards the lower trendline.
TLT moved below the 20-day moving average.

Short-term momentum indicators are Negative.

Currency markets weekly charts

The Euro gained 1.77 points (1.58%) last week.

Intermediate trend is Positive. $XEU momentarily paused the bullish momentum.

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

Short-term momentum indicators are rolling over.

The US$ lost 1.15 points (1.18%) last week.

Intermediate trend remains Negative.
$USD looks to be pulling back towards the old support.
The US$ remains below its 20-day moving average.

Short-term momentum indicators are rolling over.

The Japanese Yen dropped 1.23 points (1.38%) last week.

Intermediate trend remains Negative. XJY is on the lower trendline.
$XJY remains below the 20-day moving average.

Short-term momentum indicators are Negative.

The Canadian Dollar added 1.42 points (1.88%) last week.

Intermediate trend remains Positive. $CDW retook the yearly high.

Short-term momentum indicators are Positive and Overbought.

Commodity markets weekly charts

The CRB Index gained 7.59 points (4.50%) last week.

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Positive. $CRB rallies toward the upper trendline.

The $CRB closed above its 20-day moving average.

Short-term momentum indicators are Positive.

Copper added $0.07 per lb. (2.57%) last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index remains Positive. Copper seems to have found some resistance at 2.7.

Copper closed above the 20-day moving average.

Short-term momentum indicators are Positive.

Lumber lost $3.20 (0.89%) last week.

Intermediate trend remains Neutral. Strength relative to the S&P 500 Index is Negative. Lumber is rebounding from the lower trendline for now.

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

Intermediate trend remains Positive
Units broke out of the rectangle bottom.

Price is above the 20-day MA. Short-term momentum indicators are Positive.

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

Intermediate trend remains Neutral. Strength relative to the S&P 500 Index is Neutral. MOO rebounded from the 50-day moving average.

Units closed above the 20-day moving average.

Short-term momentum indicators are Positive.

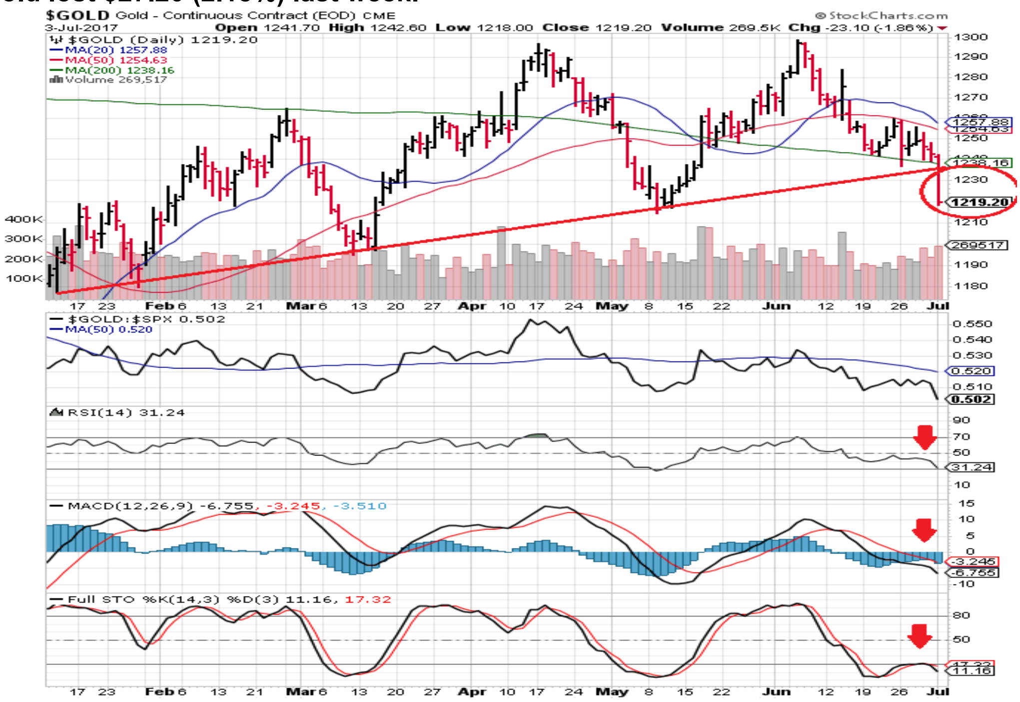
The Agriculture ETF added $0.24 (0.44%) last week.

Gold & precious metals markets weekly charts

Gold broke through the major lower trendline. Gold is below the 20-day moving average.

Short-term momentum indicators are Negative.

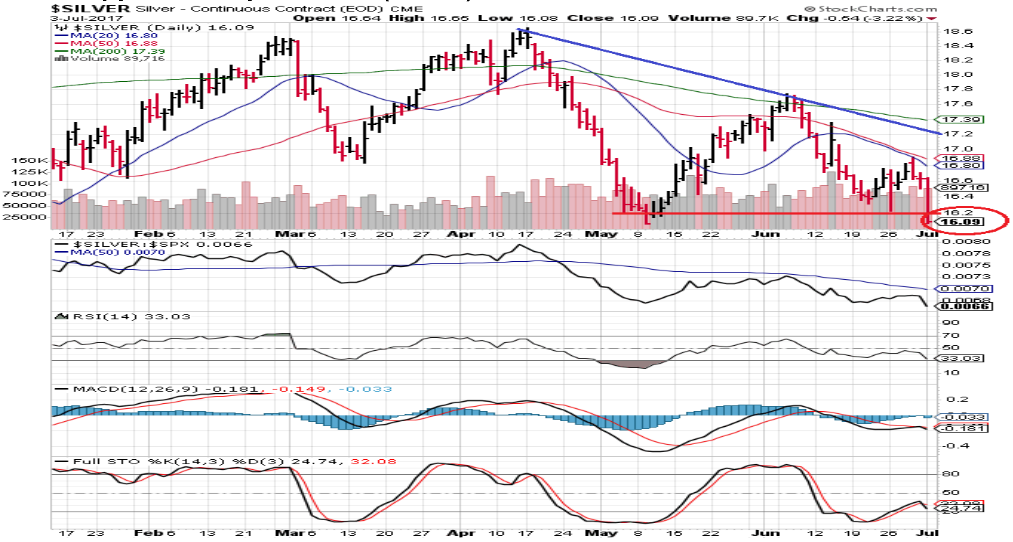
Gold lost $27.20 (2.18%) last week.



Silver dropped $0.48 per ounce (2.90%) last week.

Silver broke through the support.

Silver remains below the 20-day moving average.
Short-term momentum indicators are Negative.



Platinum lost $10.50 per ounce (1.15%) last week.

Intermediate trend changed from Neutral to Negative. Strength relative to the S&P 500 Index remained is Negative. $PLAT is moving towards the yearly low.

$PLAT trades below its 20-day Moving Average. Momentum indicators are Negative.

Palladium dropped $21.55 per ounce (2.49 %) last week.

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

$PALL moved below its 20-day moving average.

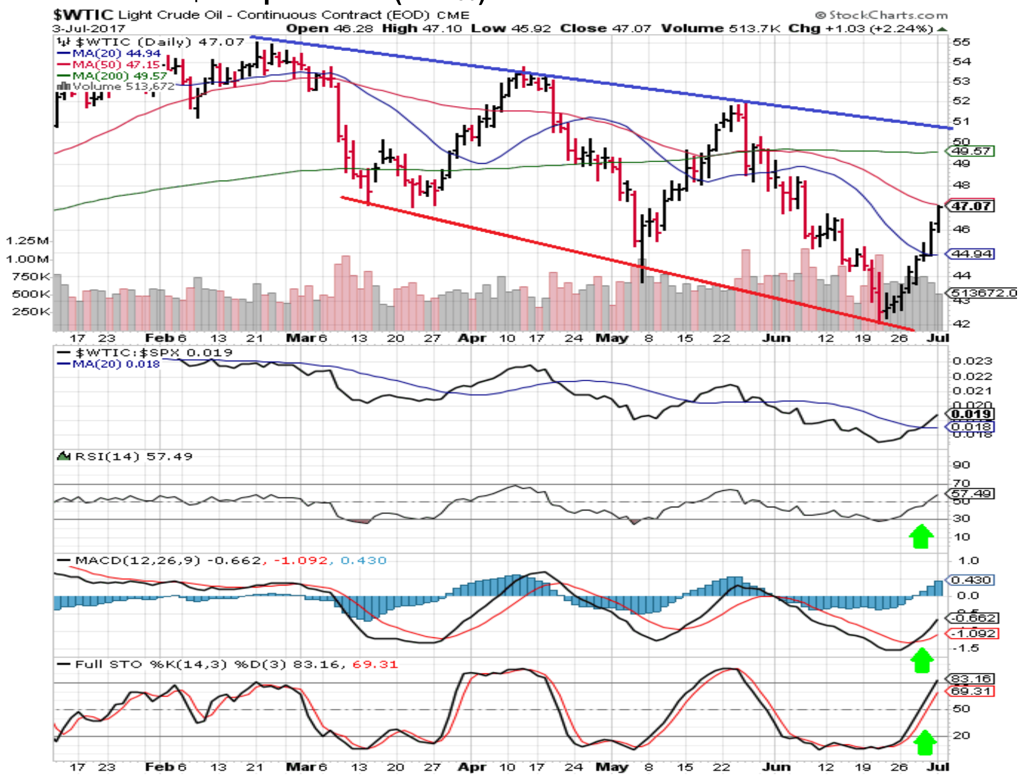
Short-term momentum indicators are Negative.

Oil, gas & energy markets weekly charts

Crude oil added $3.69 per barrel (8.51%) last week.

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Positive. $WTIC rebounded from the lower trendline and recaptured the old support.

Short-term momentum indicators are Positive.



Gasoline gained $0.11 per gallon (7.47%) last week.

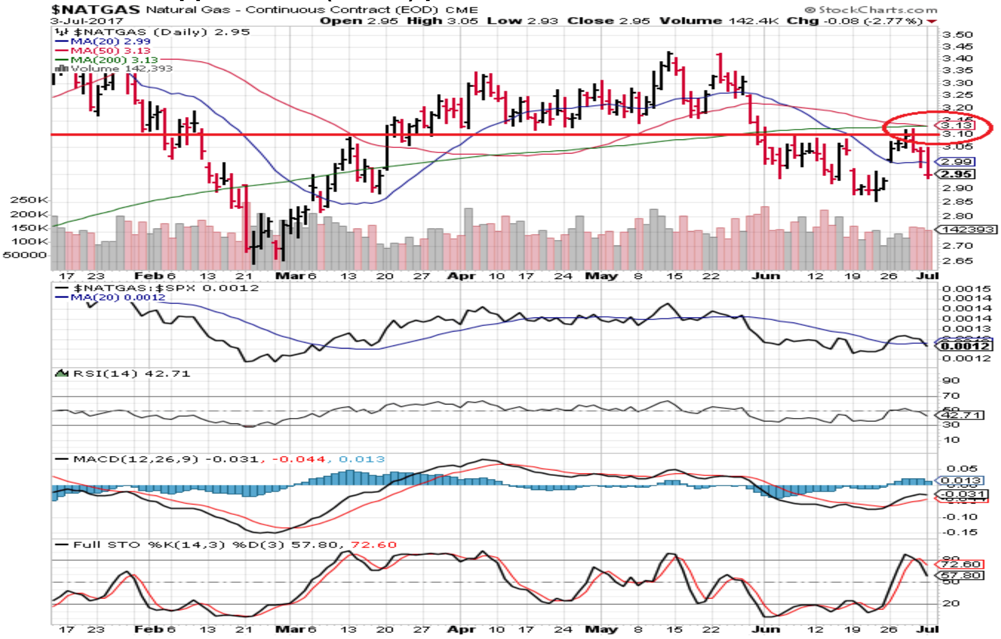
Intermediate trend changed back to Positive. Strength relative to the S&P 500 Index is Positive.

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

Natural Gas dropped $0.10 (3.21%) per MBtu last week.

Intermediate trend remains Negative. Strength relative to the S&P 500 Index remains Neutral. $NATGAS rebounded from the 200MVA and rejected the pullback.

Short-term momentum indicators are rolling over.



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