Creative Global Investments

Morning market commentary & weekly charts

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Objectivity

Integrity

Creativity

Greek Commentary

On Sunday, more than 61% of Greeks voted to reject the terms of the Eurozone bailout. However, a Greek exit from the Eurozone is still by no means a certainty, while a policy response from the ECB is a distinct possibility.

Consequent to this rather unexpected vote outcome, European stocks dropped, German debt gained and peripheral bond yields fell as Greece's vote to reject the terms of its international bailout cast doubt over the country's future in the Eurozone, but losses were capped by the surprise resignation of Greek Finance Minister Yanis Varoufakis, which boosted hopes of a deal.

In debt markets, German government bonds gained as investors looked for somewhere safe to park their cash, but peripheral government bonds sold off only slightly, suggesting that fears over contagion were not elevated. The yield on the 10-year German Bund was down 5 basis points at 0.742%. The yield on Spain's 10-year government bond was 5 basis points higher at 2.279%, while the corresponding Italian bond yield was 6 basis points higher at 2.309%.

Greek stocks markets have been closed since last week and are not due to reopen until Tuesday at the earliest.

The EUR/US$, was down just 0.1% at 1.1100, recouping the heavy losses it suffered in the Asian session, following the announcement by Varoufakis.

Despite the downbeat tone in European financial markets, the selloff was not a bad as expected and market participants said hopes of a deal had been boosted by the resignation of Greek Finance Minister Yanis Varoufakis, who said early on Monday that he was standing down at the request of Prime Minister Alexis Tsipras. His resignation came as a surprise, as he had s aid last week that he would step down in the event of a 'yes' vote. Varoufakis said in a blog post that he had been made aware that certain members of the Eurozone would prefer him to be absent from meetings, "an idea that the prime minister judged to be potentially helpful to him in reaching an agreement". Varoufakis has clashed with Greece's creditors over their demands for tough austerity measures.

Valuations for European equities are even more very favorable since the usual sell-off in May began, both on an absolute and on a relative basis.

Going forward, the response of the ECB will be key in determining the level of contagion to other parts of the Eurozone, while the willingness to compromise by both Greece and its creditors will also be crucial. **We are expecting for the ECB to make a decision whether to continue providing emergency liquidity assistance (ELA) to Greece at a meeting today.**

Consequent to the continued geo-political uncertainty in Europe regarding Greece and implications on the rest of the Eurozone, and the US, we do continue to expect for the US Federal Reserve not to raise the Fed Funds rate in 2015.

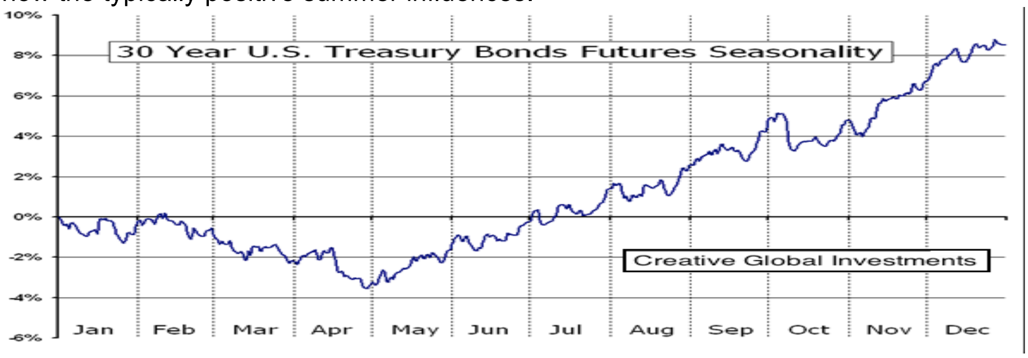
Currency Markets Commentary

The Greek referendum is of great importance, especially for the Greek population. But the Euro is barely touched. On the contrary: the Strategic Bias has even increased slightly over the week. This is not a strong, clear-cut indication for a rising Euro, but either it is one for a potential opposite development.

Despite the crisis in the Eurozone, the European currency closed higher on the session, reversing earlier losses as investors adopted the view that the Euro would be stronger without the struggling Greek economy. **Seasonally, 2H of the year tends to be positive for the Euro; advances have been realized in 12 of the past 20 years.**

Fixed Income Commentary

US 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.

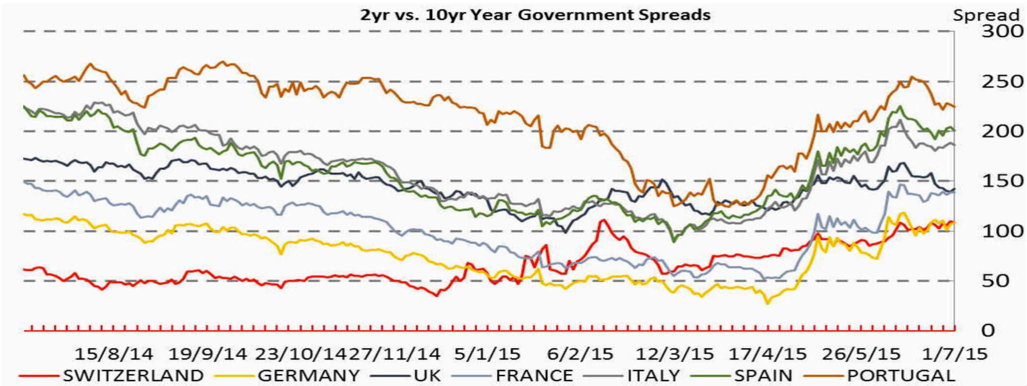


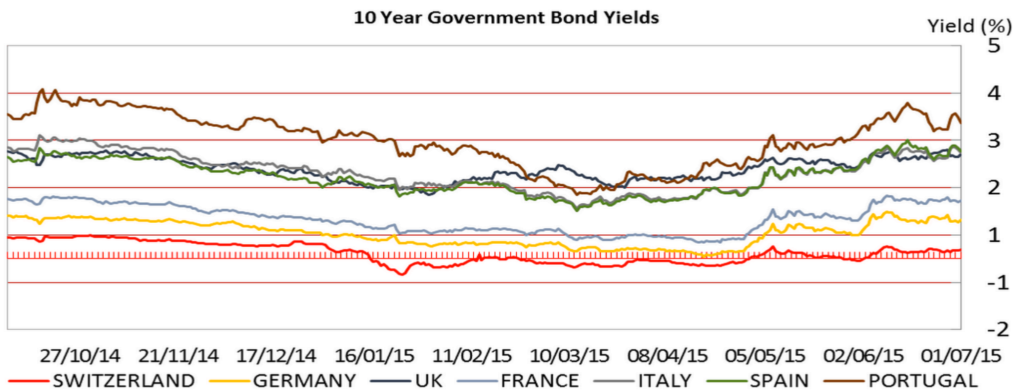
European bonds

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 in their period of seasonal strength from mid-May until end of August.

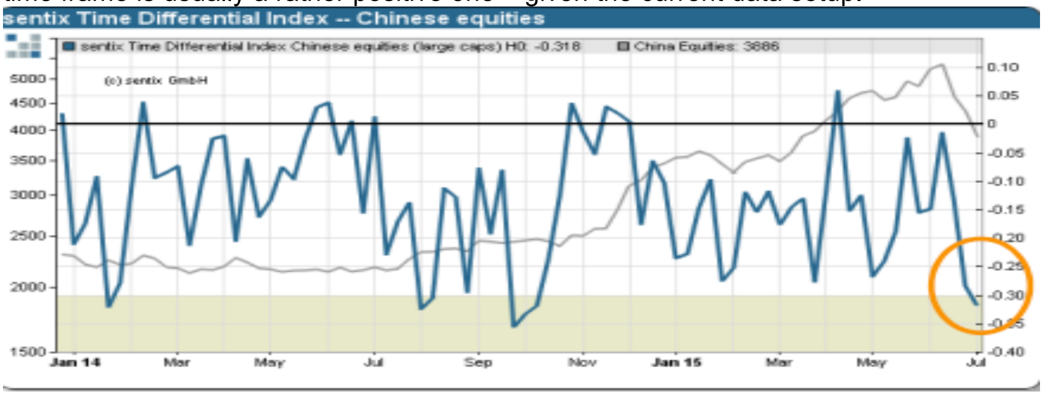
After the short-term current correction in US, European and Japanese 10-Y treasuries, which we expect to last for another few days, we are expecting for further yield compression between French, Italian, Portuguese, Spanish 10-Y Government bonds and the German bunds to materialize over the coming 2 -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



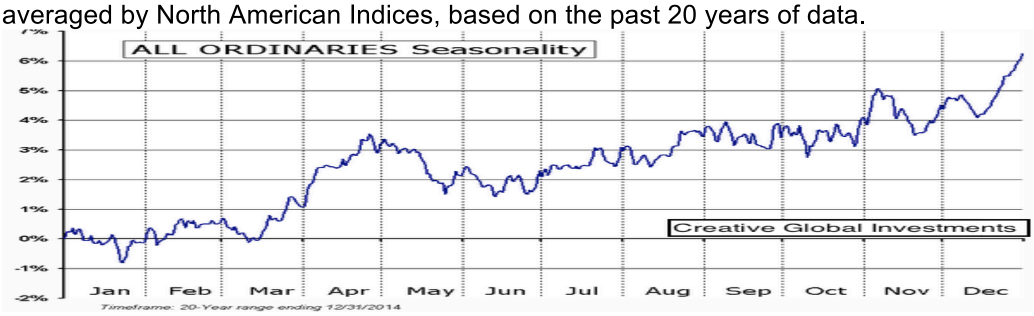


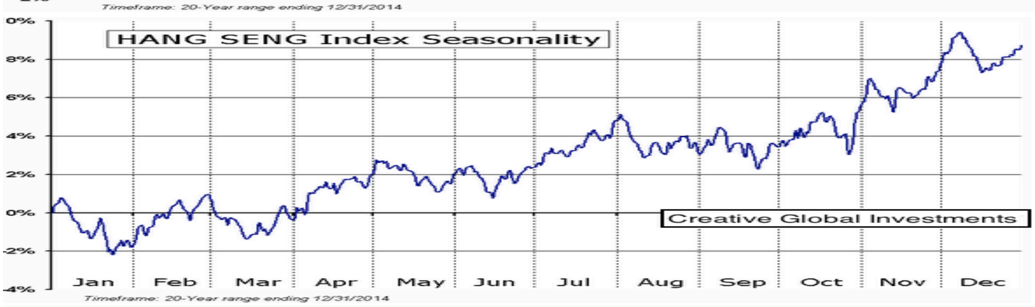
Equities Commentary

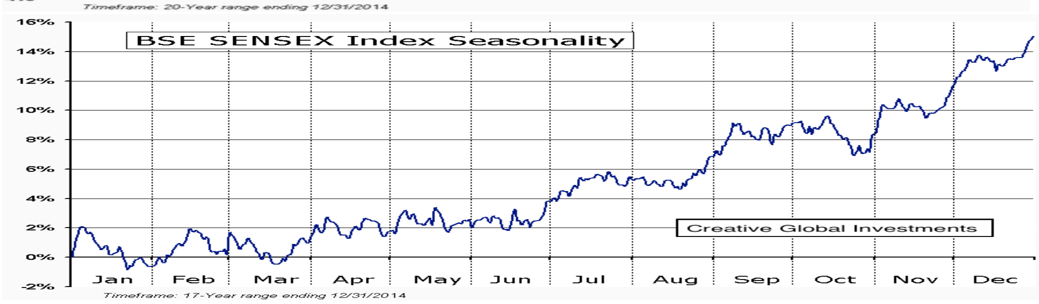
The Chinese equity market has tried to stabilize but not really managed to get there. This could change this week as the Time-Differential Index has plunged into its buying zone. The sentix' statistical analysis shows that although one has to expect a zero performance (bottom-building phase) over the next 2-3 weeks, the period beyond that time frame is usually a rather positive one – given the current data setup.



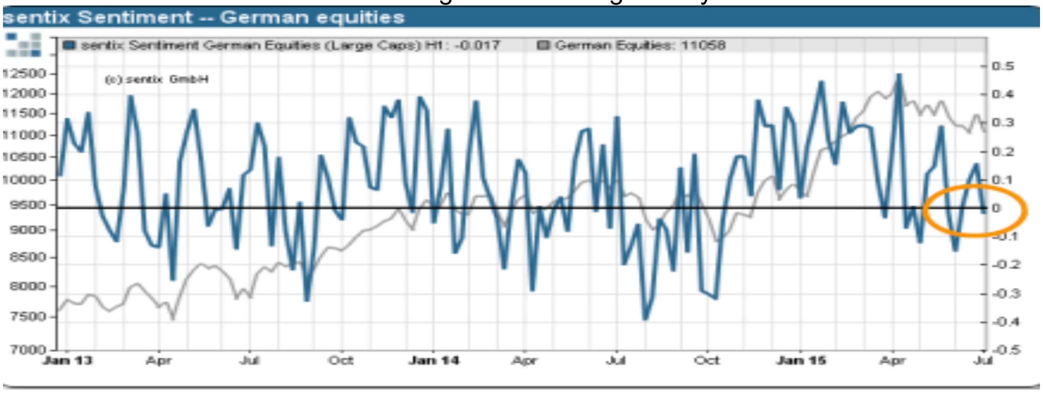
We continue to suggest for Investors to look outside the US for equity opportunities over the intermediate-term. A few equity markets typically enter a period of seasonal strength around this time of year. Each benchmark has a varied technical profile, but support is presently being tested. The Australian 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.







Even ahead of the Greek referendum sentiment remained relatively relaxed and stayed in the neutral zone. Investors are thus cautious over the short term but by no means fearful. This implies that before the weekend no substantial active positions were taken – neither longs nor shorts. But when a larger number of investors is waiting neutrally at the sidelines this should lead to a heightened trading activity at the start of the week.



And this trading activity should result in purchases, as there is a renewed readiness to buy – shown by a clearly rising Strategic Bias for German equities! Investors thus rate the market as attractive over the longer term. The odds that the market will react positively after the referendum – independently of its outcome – are consequently quite good.

Weekly Investment Conclusion

We are not expecting for "Greece's no vote" to have a substantial impact for equities, neither for bonds or foreign exchange.

However, we are seeing increased technical evidence that world equity markets and most sectors entered into a corrective phase since mid-May. Short and intermediate technical indicators for most equity markets and sectors are oversold but continue to trend down.

Earnings reports to be released this week are not an influence on equity markets. Q2 results start to pour in next week. Earnings and sales by S&P 500 companies during Q2 and Q3 remain a concern. Consensus earnings estimates for Q2 on a y-o-y are calling for a decline of -4.5% and consensus earnings estimates for Q3 are calling for a -1.2% drop. Revenue estimates for the next two quarters are a decline of -4.5% in Q2 and a drop of -2.6% in Q3. For Q2 80 companies have issued negative guidance and 27 companies have issued positive guidance. **Historically, the S&P 500 Index has moved higher during the first three weeks in July in anticipation of strong Q2 results, however we are not expecting this to happen this year**

Strongest sectors in July during the past 24 years were:

- **Health Care**
- **Telecom**
- **Information Technology**

Weakest sectors in July during the past 24 years were:

- **Materials**
- **Financials**
- **Consumer Discretionary**

US equity markets commentary & weekly charts

Intermediate trend changed to up. The Index trades above its 20-day moving average.

The Index has a history of moving higher from July to mid-October.

The VIX Index jumped 2.77 (19.76%) last week.

Intermediate trend changed to down from up on a move below support at 2072.14.

The Index remains below its 20-and 50-day moving average.

Short-term momentum indicators are trending down.

The S&P 500 Index dropped 23.71 points (1.18%) last week.

The index remains in an intermediate downtrend. Historically, a recovery from below the 30% level has provided an intermediate buying opportunity. However, more data is required to confirm that the recovery late last week was real.

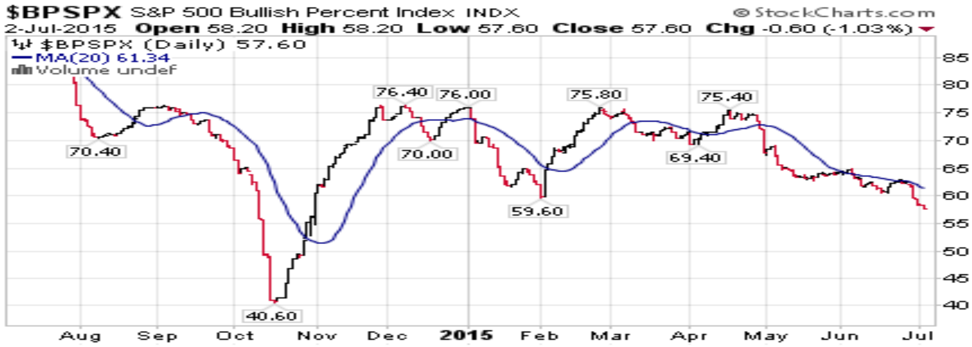
Percent of S&P 500 stocks trading above their 50-day moving average dropped last week to 35.00% from 45.40%.

The index remains intermediate overbought and trending down.

Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 53.60% from 59.60%.

Bullish Percent Index for S&P 500 stocks fell last week to 57.60% from 61.60% and remained below its 20-day moving average.

The Index remains intermediate overbought and trending down.

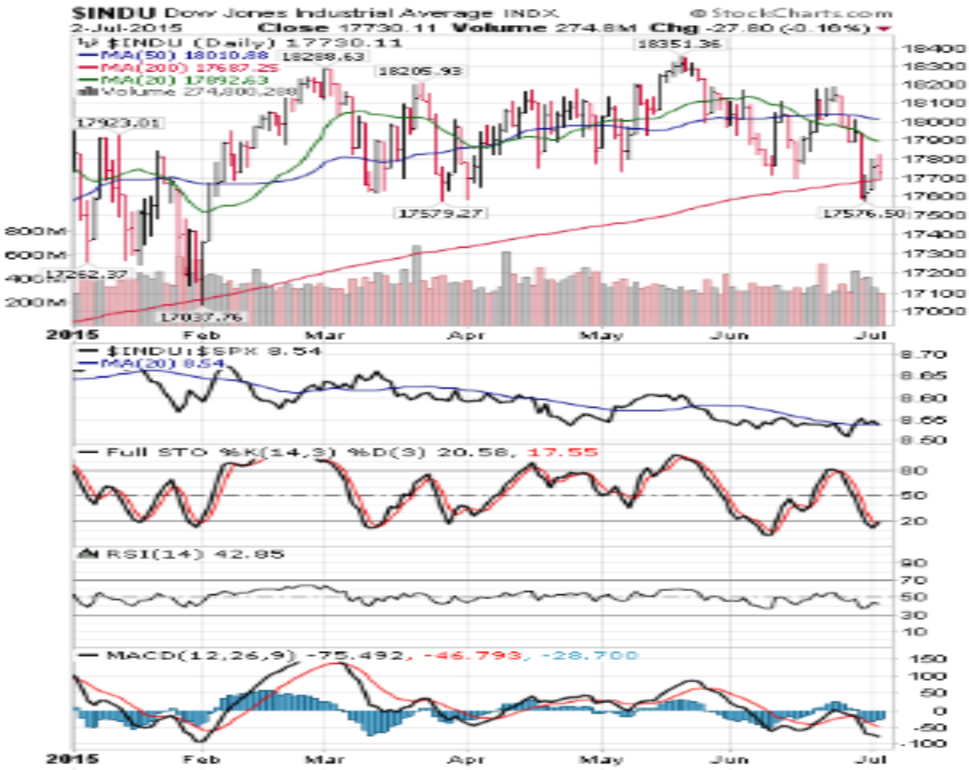


The Dow Jones Industrial Average fell 216.57 points (1.21%) last week.

Intermediate trend changed to down from up on a move below 17,698.42. The Average remains below its 20-day moving average.

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

Short-term momentum indicators continue to trend down.



Bullish Percent Index for Dow Jones Industrial Average stocks dropped last week to 63.33% from 70.00% and fell below its 20-day moving average.

The Index remains intermediate overbought and trending down.

The Dow Jones Transportation Average fell 119.97 points (1.46%) last week.

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

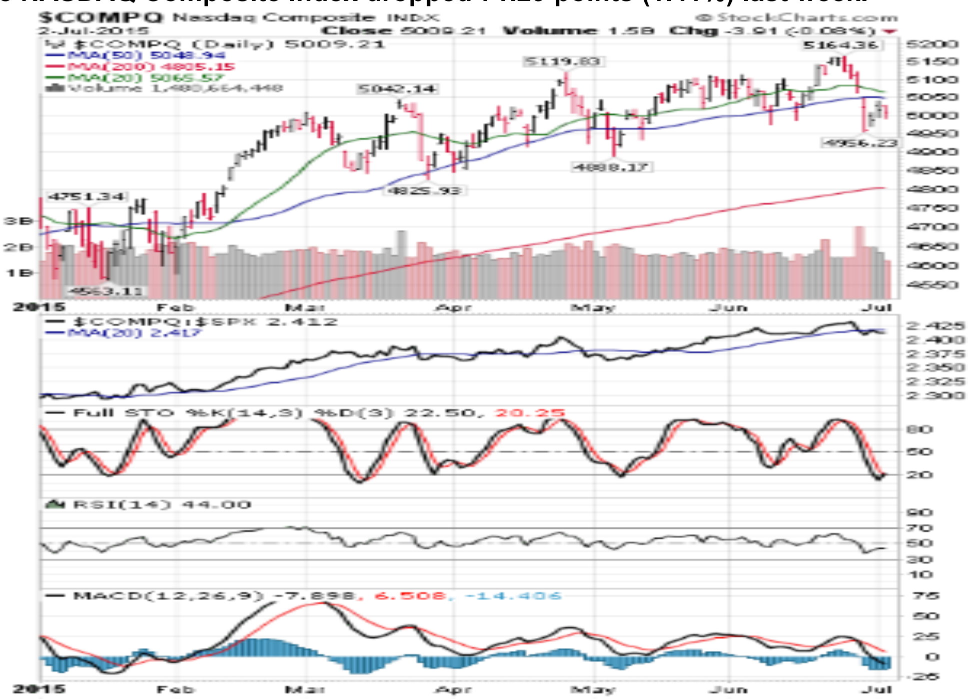
Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators continued to trend down.

Bullish Percent Index for NASDAQ Composite stocks dropped last week to 58.36% from 60.85% and fell below its 20-day moving average.

The Index remains intermediate overbought and has started to trend lower

The NASDAQ Composite Index dropped 71.29 points (1.41%) last week.



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

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

Short-term momentum indicators continue to trend down.

The Russell 2000 Index dropped 25.77 points (2.02%) last week.

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

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

Short-term momentum indicators continue to trend down.

The S&P Energy Index dropped 11.04 points (1.98%) 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 trending down.

The Philadelphia Oil Services Index dropped 8.04 points (3.98%) last week.

Intermediate trend remains neutral. 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.

The AMEX Gold Bug Index dropped another 3.35 points (2.20%) 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 mixed.

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

The Index remains intermediate overbought and trending down.

Bullish Percent Index for TSX Composite stocks dropped last week to 59.68% from 64.11% and remained below its 20-day moving average.

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.

The TSX Composite Index dropped 125.70 points (0.85%) last week.

The index continues to trend downward, but is intermediate oversold. Historically, a recovery from below 25% has provided an intermediate buying opportunity. However, data is not sufficient to make that call at present.

Percent of TSX stocks trading above their 50-day moving average dropped last week to 27.16% from 31.45%.

The index remains in an intermediate downtrend.

Percent of TSX stocks trading above their 200-day moving average dropped last week to 40.74% from 45.97%.

Asian equity markets commentary & weekly charts

The SENSEX gained 565 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 dropped 166.36 points (0.32%) last week.

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

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

Short-term momentum indicators are mixed.

The Shanghai Composite Index dropped 505.95 points (12.07%) last week.

Intermediate trend changed to neutral from up on a move below 4,099.04. 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.

iShares Emerging Markets dropped $1.15b (2.88%) last week.

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

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

Short-term momentum indicators are trending up.

The Australia All Ords Composite Index slipped 8.10points (0.15%) last week.

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

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

Short-term momentum indicators are trending up.

European Equity markets commentary & weekly charts

The DAX 30 lost 203 points last week.

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

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

Short-term momentum indicators are trending downwards.

The CAC 40 lost 108 points last week.

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

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

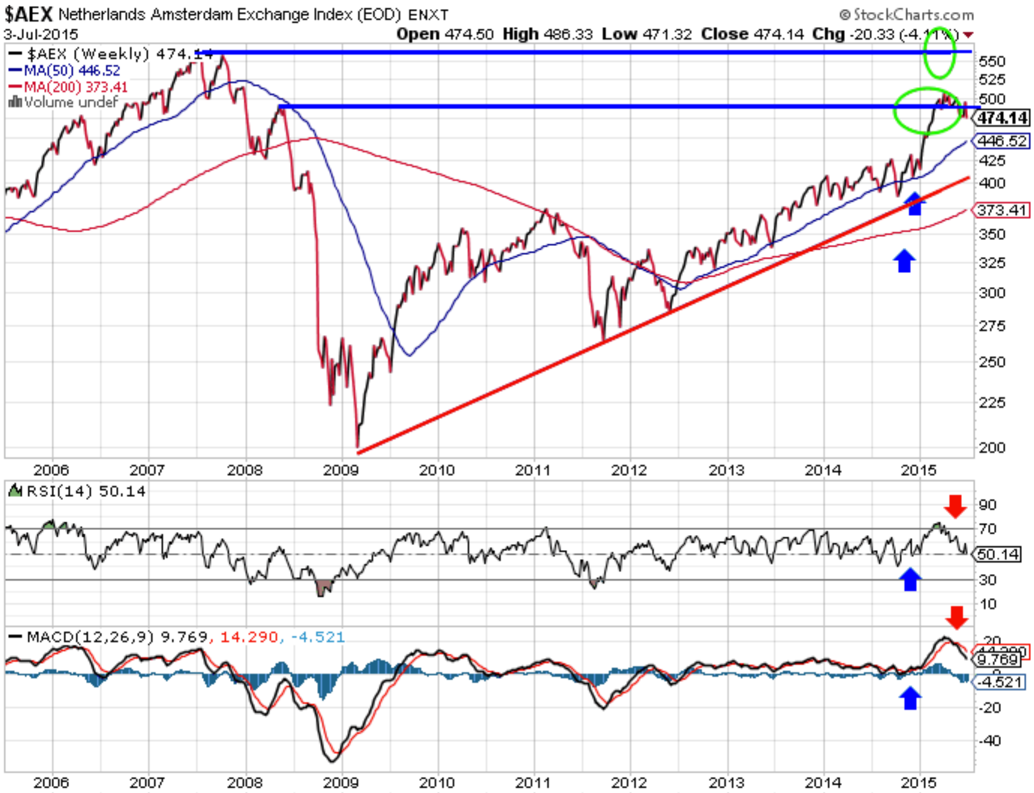
Short-term momentum indicators are trending downwards.

The AEX lost 5 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 trending downwards.



The IBEX 35 lost 206 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 lost 93 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 units dropped $1.63 (3.58%) last week.

Intermediate trend changed to down from up on a move below $44.10. Units fell below their 20-day moving average.

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

Short-term momentum indicators are trending down.

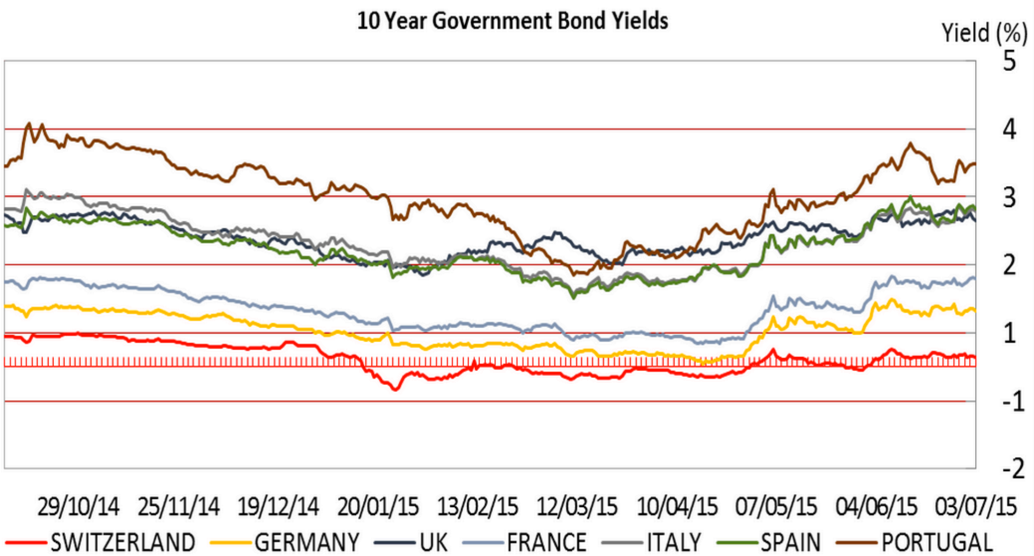
Fixed Income Commentary & weekly charts

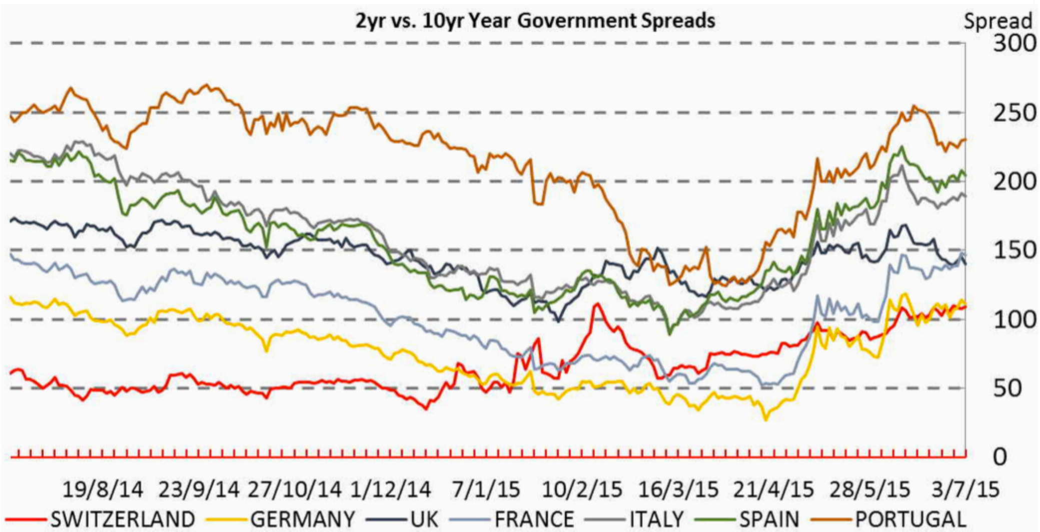
International Bonds

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

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

Country	Latest yield	Spread vs bund	Spread vs T-bonds
Australia	2.95%	+2.21	+0.64
Austria	1.20%	+0.47	-1.10
Belgium	1.24%	+0.50	-1.07
Canada	1.70%	+0.97	-0.60
Denmark	0.99%	+0.26	-1.31
Finland	1.02%	+0.28	-1.29
France	1.21%	+0.47	-1.10
Germany	0.74%	—	-1.57
Greece	14.79%	+14.05	+12.48
Ireland	1.60%	+0.86	-0.71
Italy	2.32%	+1.58	+0.01
Japan	0.47%	-0.27	-1.84
Netherlands	1.06%	+0.32	-1.25
New Zealand	3.56%	+2.83	+1.26
Portugal	3.03%	+2.30	+0.73
Spain	2.30%	+1.56	>-0.01
Sweden	0.86%	+0.13	-1.44
Switzerland	0.06%	-0.67	-2.24
UK	1.97%	+1.24	-0.33





US Bonds

The yield on 10 year Treasuries dropped 8.3 basis points (3.35%) last week.

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

Short-term momentum indicators are mixed.

The long term Treasury ETF gained $0.77 (0.67%) last week.

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

Short-term momentum indicators are mixed.

Currencies commentary & weekly charts

The Euro dropped 0.85 (0.74%) last week.

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

Short-term momentum indicators are trending down.

The US$ Index added 0.64 (0.67%) last week.

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

Short-term momentum indicators are trending up.

The Japanese Yen added 0.53 (0.66%) 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 dropped US 1.46 cents (1.80%) last week.

Trend changed to negative from neutral on a move below 79.59.

The C$ moved below its 20-day moving average.

Short-term momentum indicators are trending down.

Commodities commentary & weekly charts

The CRB Index slipped 0.33 points (0.15%) last week.

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

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

Short-term momentum indicators are mixed.

Copper was unchanged last week.

Intermediate trend remains neutral. Copper remains below its 20-day moving average.

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

Short-term momentum indicators are trending up.

Lumber slipped 45.30 (1.82%) last week.

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

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

Short-term indicators are trending down.

The grain ETN jumped $2.43 (6.70%) last week.

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

The Agriculture ETF added $0.03 (0.05%) last week.

Intermediate trend remains up. Units moved above their 20-day moving average.

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

Short-term momentum indicators are trending up.

Gold & precious metals commentary & weekly charts

Gold dropped $8.50 per ounce (0.72%) last week.

Intermediate trend changed to down from neutral on a move below $1162.10. Gold remains below its 20-day moving average.

Strength relative to Gold changed to neutral from negative.

Short-term momentum indicators remain down.

Silver slipped $0.09 per ounce (0.57%) last week.

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

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

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

Platinum added $3.80 per ounce (0.35%) last week.

Trend remains down. $PLAT remains below its 20-day moving average.

Strength relative to S&P 500 and Gold turned positive.

Palladium gained $14.35 per ounce (2.11%) last week.

Trend remains down. $PALL 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: Neutral.

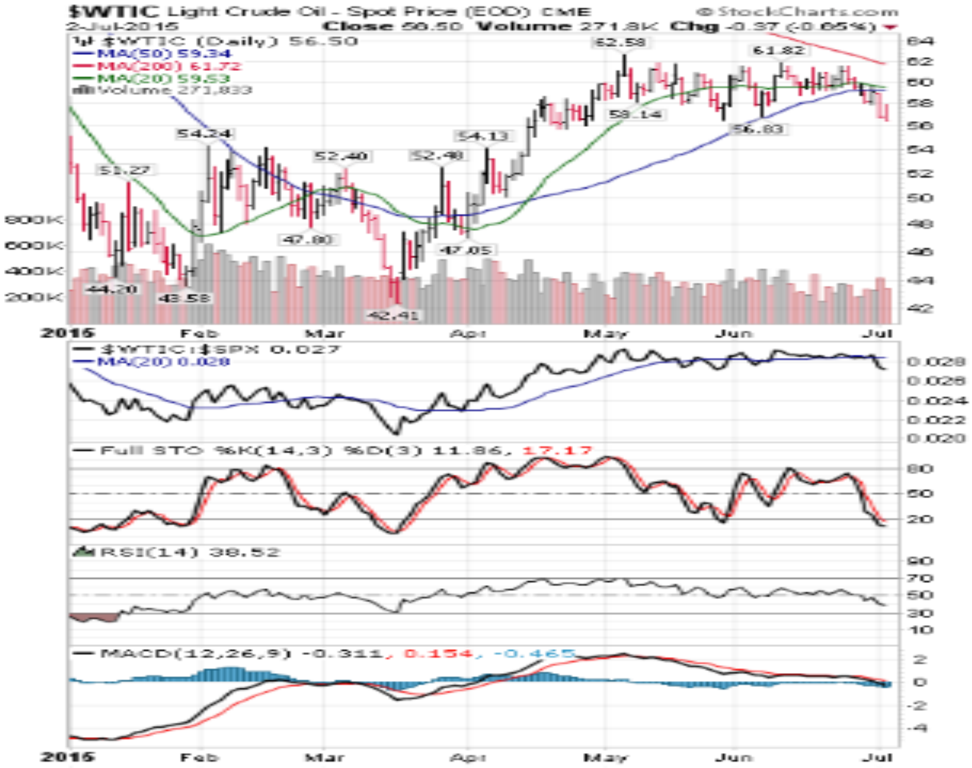
Oil, gas & energy commentary & weekly charts

Crude oil dropped $3.15 per barrel (5.28%) last week.

Intermediate trend remains down. Crude 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.



Natural Gas added $0.06 per MBtu (2.17%) last week.

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

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

Short-term momentum indicators are mixed.

Gasoline added $0.01 per gallon (0.50%) last week.

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

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

Short-term momentum indicators are mixed.

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