



Creative Global Investments

Weekly investment strategy & charts

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Macro economic & political commentary

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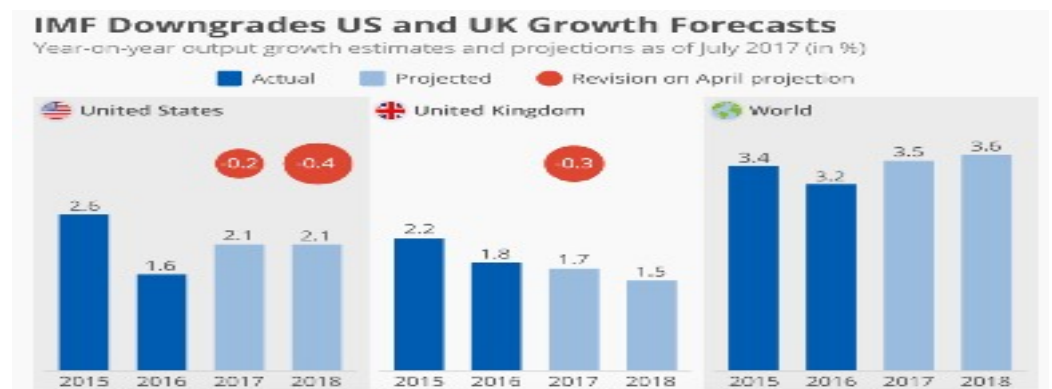
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Objectivity

Integrity

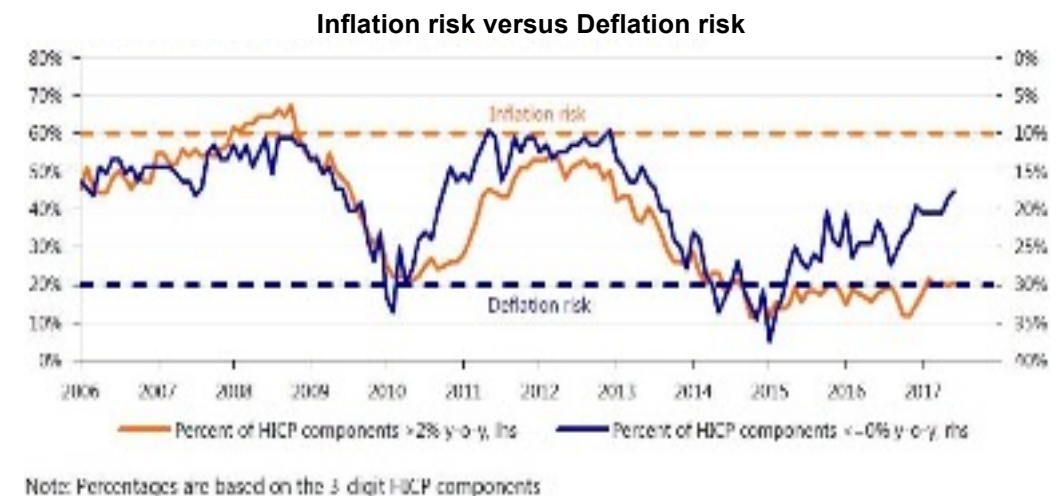
Creativity

In the World Economic Outlook Update released today, the International Monetary Fund (IMF) has downgraded its US and UK growth projections. The report cites "difficult-to-predict US regulatory and fiscal policies" and the continued uncertainty surrounding the Brexit negotiations as key factors. The global economy is nevertheless expected to hold course over the next 2 years. With a downward revision of -0.2% in 2017 and a further -0.4% in 2018, the US is expected to post 2.1% in each period. Commenting further on its projection, the IMF stated that they now assume US fiscal policy to be "less expansionary going forward than previously anticipated".



Countering the pessimism surrounding the US and UK economies, and helping to keep the global projection on track, are strong performances in Eurozone countries such as Germany, France, Italy and Spain, all of which have seen their forecasts revised upwards. Underlining this generally more positive sentiment, the IMF said that "the recovery in global growth that we projected in April is on a firmer footing; there is now no question mark over the world economy's gain in momentum."

In Europe, (like in ROW) inflation is still not a factor for the ECB policy direction.



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Currencies Commentary & charts

The Euro stole the headlines last week and the release lived up to the hype that surrounded it. Monetary policy was left untouched, this was to be expected, and it was the presser that followed that markets were interested in. Draghi of late has been hawkish in addressing the course of action against tapering and so markets wanted to see more of the same. He tried his best to be as neutral as possible but it failed to come across this way. The Euro rose to almost two-year highs against the US\$. The Euro was also higher against the pound and the Yen, with EUR/GBP advancing 1.14% to 0.8942 and EUR/JPY climbing 0.95% to 130.17. Draghi said the central bank saw signs of "unquestionable improvement" in the Eurozone growth and indicated that policymakers would discuss changes to the bank's ultra-loose monetary policy in September. "We were unanimous in setting no precise date for when to discuss changes in the future, we simply said that our discussions should take place in the autumn". Inflation is still just below the ECB's target and it appears this seems to be the key number to any changes happening. At the moment is onwards and upwards for the single currency as its looks to close the week on one of its strongest for quite some time.

Three weeks ago, 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 Q3 end target of 1.18, and our 2017 EUR/USD target of 1.18 – 1.24.



Friday's macro releases from the US failed to give any further sign of the currency making headwind and clawing back any of its recent losses on what has been one of the worst weeks for the greenback. US Jobless Claims dropped to a nine-Week Low Amid Worker Shortage, the lowest since early May, reflecting growing demand for workers in a tight job market. At the same time the Philly Fed Manufacturing Index was posted, the index for current manufacturing activity in the region decreased from a

reading of 27.6 in June to 19.5 this month. The index has been positive for 12 consecutive months, but July's reading is the lowest since November. **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. Intermediate trend remains Negative. \$USD broke out through the lower trendline. The US\$ remains below its 20-day moving average. Short-term momentum indicators are Negative and Oversold.**

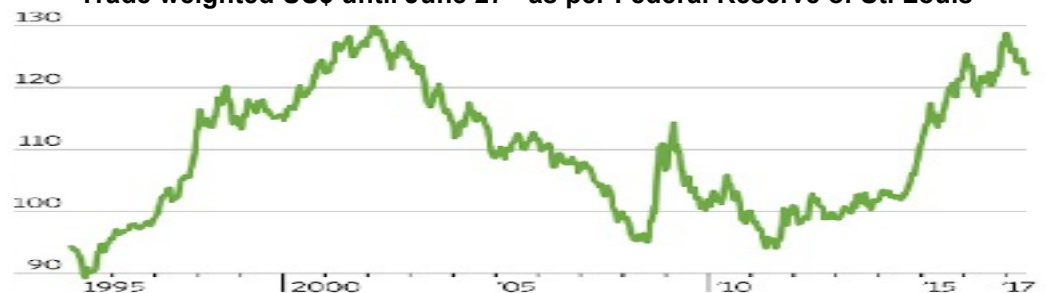


So, where do we see the US\$ over the next 6 – 12 months?

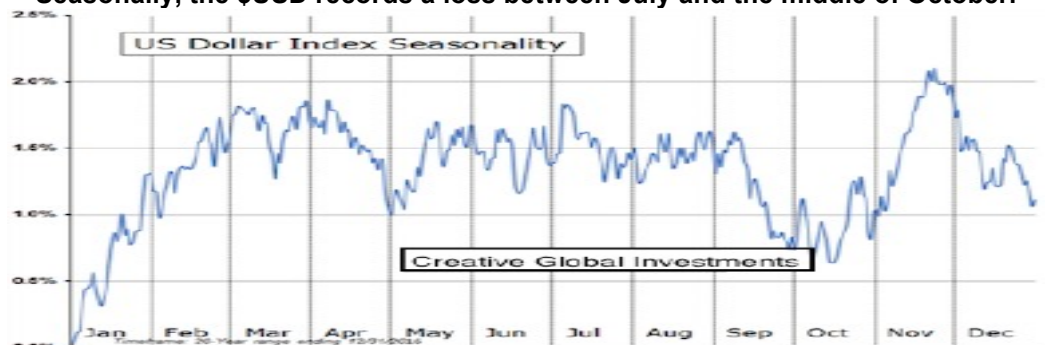
- \$USD at 92, with an increasing likelihood of breaking 90 and fall to 86
- EUR/USD moving back towards 1.20, with an increasing likelihood of hitting 1.24.

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 British Pound dropped from 1.3025 to 1.2940 on the back of the news; this was

short lived as Draghi was speaking at the same time. This caused a sell-off in the USD and GBP jumped back up to 1.2997, where we currently sit. With no data due today, the USD will more than likely remain under heavy selling pressure as we enter the weekend.

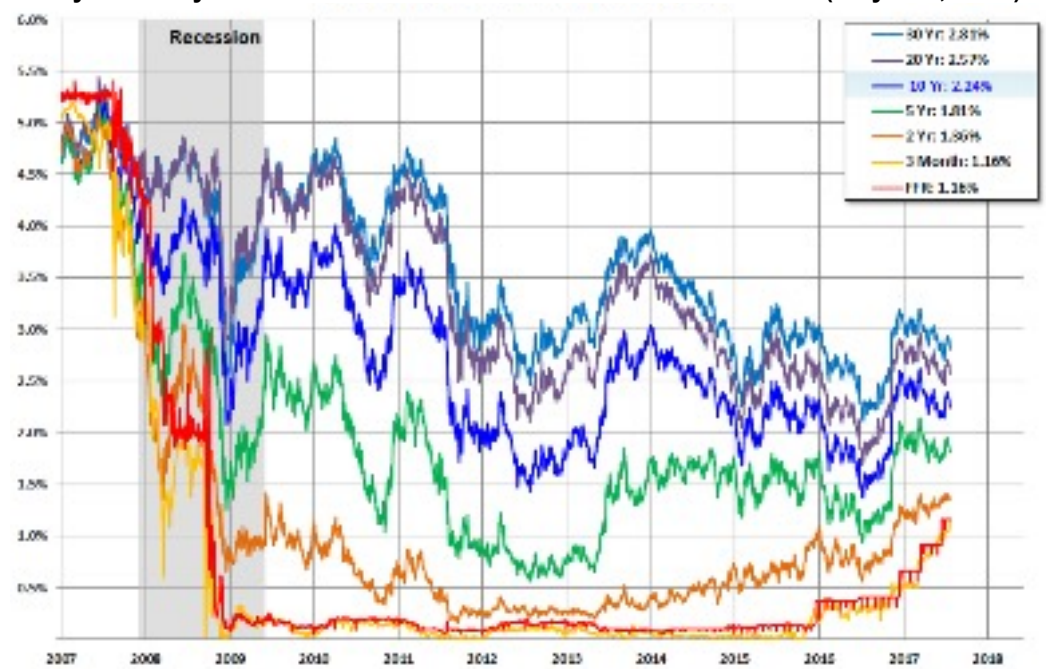
The GBP was still feeling the seller pressure off the back of the inflation figures earlier in the week, even the upbeat retail sales number failed to provide a boost. The Office for National Statistics reported that retail sales rose 0.6% last month, compared to forecasts for an increase of 0.4% after falling 1.1% in May. Retail sales were up 2.9% on a y-o-y basis, ahead of forecasts for growth of 2.5%. Warmer weather and a weaker pound were the reason for the uptick and investors saw this as nothing more than a one-off increase and unlikely to continue on its upward trajectory. Other pressures for the GBP were felt on the release of the latest round of Brexit talks released yesterday. The EU and UK offered few compromises at their first full round of Brexit talks and the GBP fell on worries that British ministers were prepared to walk away without a deal. It's a quiet end to the week on the data front, just the one release for the UK, public sector net borrowing where a drop is the forecast.

Overnight the Aussie has stalled on its rally after the Reserve Bank of Australia Deputy Governor Guy Debelle was speaking at an event in Adelaide. He gave a clear signal on Friday that interest rates in the country were set to remain at record lows for a while yet, wrong-footing hawks and sending the local currency sliding from a 2-year peak. Debelle emphasized that the recent outbreak of hawkishness by policymakers in the western world does not automatically mean that interest rates need to rise in Australia. This sent the GBP/AUD back up from a 4 month low of 1.6275 to 1.6450.

The New Zealand has made further advances against Sterling overnight and within reach of a month high. The advance was on the back of some low-level releases out of New Zealand and a weakening Pound. Credit card spending and visitor arrivals both posted a modest increase so GBP/NZD dropped to a low of 1.7474.

Fixed Income commentary & charts

Daily Treasury Yields since 2007 and Effective Fed Funds Rate (July 21st, 2017)



A snapshot of the 10-year yield offers a more accurate view of the relative change over time. Here is a long look since 1980, starting well before the 1973 Oil Embargo that triggered the era of "stagflation" (economic stagnation with inflation). The trendline connects the interim highs following those stagflationary years and got confirmed 1987

with closing high on the Friday before the notorious Black Monday market crash.

We continue to label this “the most important chart on earth”.



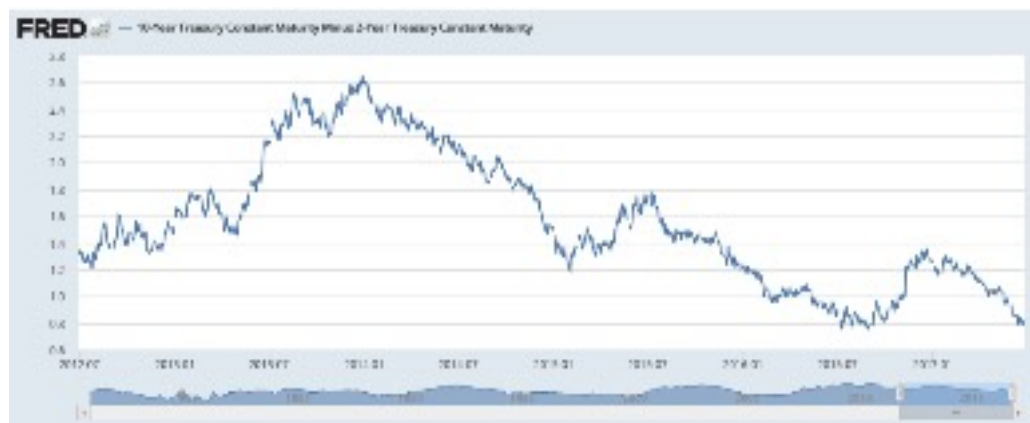
The 30-Year Fixed Rate Mortgage according to the latest Freddie Mac Weekly Primary Mortgage Market Survey puts the 30-year fixed at 3.96%. Here is a long look back, courtesy of a FRED graph, of the 30-year fixed rate mortgage average, which began in April of 1971.



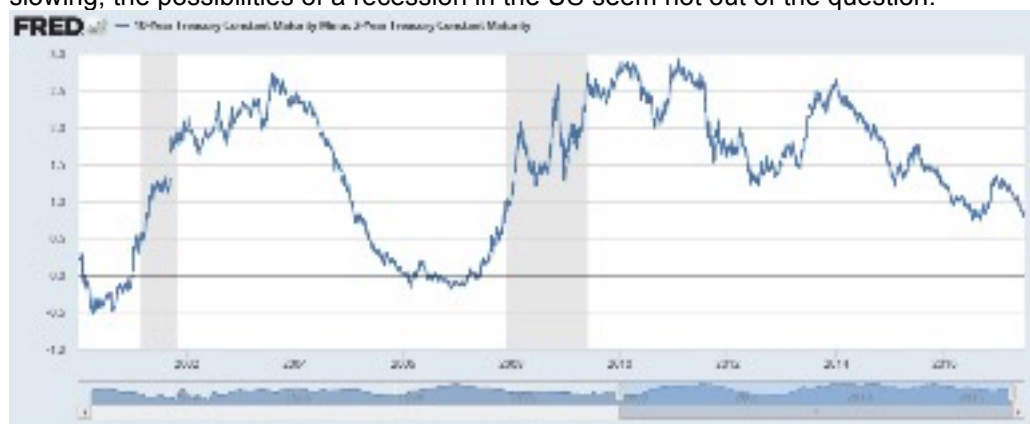
The spread, between the 10-Year US Treasuries yield and the 2-Year US Treasuries yield. A widening spread denotes bullishness and economic growth expectations, while a declining spread that goes negative (or inverts) signifies slowing economic growth and, even, the likelihood of a recession.

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 5-year low from a year ago and compared to the recent high of 1.34x. Here is a 5-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

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. The spike in volatility above levels reached last week will be the most likely sign that the summer correction has been confirmed. Meanwhile, we continue to recommend holding a robust position in cash in your investment portfolios.

Best performing equity markets

1 week	
Index	Change
Mongolia	8.56%
Nigeria	2.28%
Turkey	1.59%
Korea	1.47%
Philippines	1.32%
Hong Kong	1.20%
NASDAQ	1.19%
S. Africa	1.04%
UAE Dubai	1.02%
London	1.01%

YTD	
Index	Change
Turkey	36.73%
Greece	31.44%
Argentina	27.08%
Nigeria	26.59%
Hong Kong	21.41%
Korea	20.90%
Austria	20.41%
India	20.35%
Poland	19.76%
NASDAQ	18.66%

Worst performing equity markets

1 week	
Index	Change
Sweden	-3.97%
Chinaext	-3.17%
Frankfurt	-3.10%
Ireland	-2.73%
Finland	-2.49%
Porto	-2.25%
Spain	-2.05%
Vietnam	-2.02%
Russia	-1.76%
Argentina	-1.74%

YTD	
Index	Change
Chinaext	-13.86%
Russia	-10.80%
Israel	-2.25%
Canada	-0.68%
Jordan	-0.19%
Egypt	0.00%
Australia	0.91%
Luxembourg	1.01%
UAE Dubai	1.21%
Shenzhen	1.71%

Economic focus this week is on the FOMC meeting on Tuesday and Wednesday. News from the conference at 2:00 PM EDT on Wednesday is expected to show no change in the Fed Fund rate. Watch closely for guidance on timing of the next increase in the Fed Fund rate.

Early signs of a seasonal peak in European and North American equity markets have arrived. The DAX 30 and the CAC 40 reached their seasonal peaks on May 13th, similarly for the Euro Stoxx 600 Index, which 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, but risks towards 300 are rising.



European indices recorded sizeable drawdowns amidst the continued rise in the European currency. The DAX, CAC, and IBEX saw losses in excess of one percent with each turning lower from resistance at now declining 50-day moving averages. The summer swoon tends to be much more pronounced amongst these European benchmarks. Both the German DAX and the French CAC have averaged returns that have lagged the S&P 500 Index between now and the end of September. This trend is seemingly already underway. Weakness amongst global benchmarks can often have a feedback effect, whereby declines spill from one market to another.





The S&P 500 Index, Dow Jones Transportation Average and TSX Composite Index on average during the past 20 years have reached their seasonal peak on July 17th followed by at least a shallow correction lasting until mid-October. Last week, the TSX Index was virtually unchanged, the S&P 500 Index gained 0.54% (but weakened on Thursday and Friday), the Dow Jones Industrial Average lost 0.27% and the Dow Jones Transportation Average plunged 2.79%. Many S&P 500 stocks came under profit taking pressure last week shortly after reporting strong Q2 earnings. Another 191 S&P 500 companies are scheduled to release Q2 results this week.

However, volatility associated with the summer correction is not there yet. With the VIX Index at a multi-year low on Friday, full force of the summer correction has yet to arrive. Political events (most notably in the US) could change the timing quickly. Possibilities this summer include a show down with North Korea, failure by the US Congress to pass meaningful legislation on health care and tax reform, disruptive news from the investigation on Russia's interference in the US election, an unexpected increase in the Fed Fund Rate and disruptive trade negotiations leading to threat of a trade war.

Equity benchmarks in the US and Canada closed mildly lower on Friday as investors continue to react to earnings that have generally been better than expected. 73% of S&P 500 companies that have reported thus far have beaten EPS estimates, while 77% have beaten revenue estimates. However, despite the generally strong results, investors have been less likely to buy around these all-time high levels, instead leaning more towards the sell button. Stocks that have beaten EPS estimates are only up 0.59% on average [following earnings], while misses have fallen 4.7% and inlines have fallen 2.8%." This has fuelled a bit of a risk-off shift in the most recent week with the utilities, health care, consumer staples sectors outperforming the market return

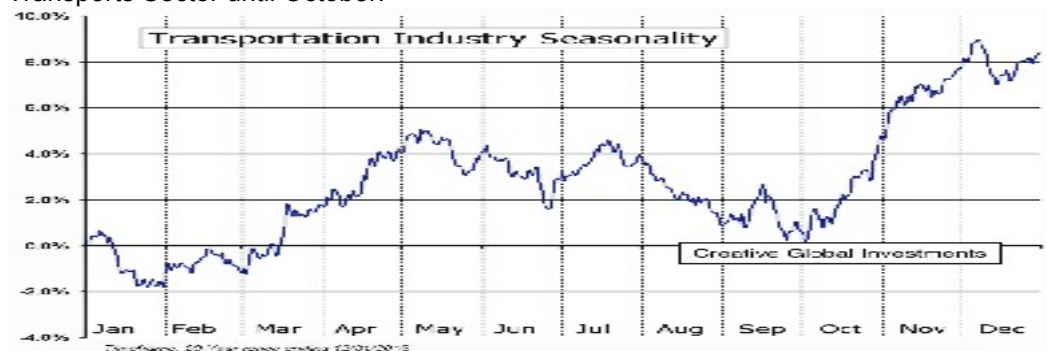
The S&P 500 Index added 0.54% by Friday's close, remaining overbought according to weekly momentum indicators. Rising trendline resistance on the large-cap benchmark is directly overhead, while variable support remains apparent at the rising 20-week moving average. Seasonally, the benchmark has entered into its weakest period of the year, spanning from the middle of July through to early October



Technical action by S&P 500 stocks was bullish last week. Sectors showing strongest positive technical action included Consumer Discretionary, Energy and Health Care. Sector showing weakest technical action was Industrials. Number of S&P 500 stocks breaking intermediate resistance totaled 73 while number of stocks breaking support totaled 17. Number of S&P 500 stocks in an intermediate uptrend increased to 301 from 22, number of stocks in a neutral trend slipped to 50 from 52 and number of stocks in an intermediate downtrend dropped to 149. The Up/Down ratio increased last week to (301/149=) 2.02 from 1.70.

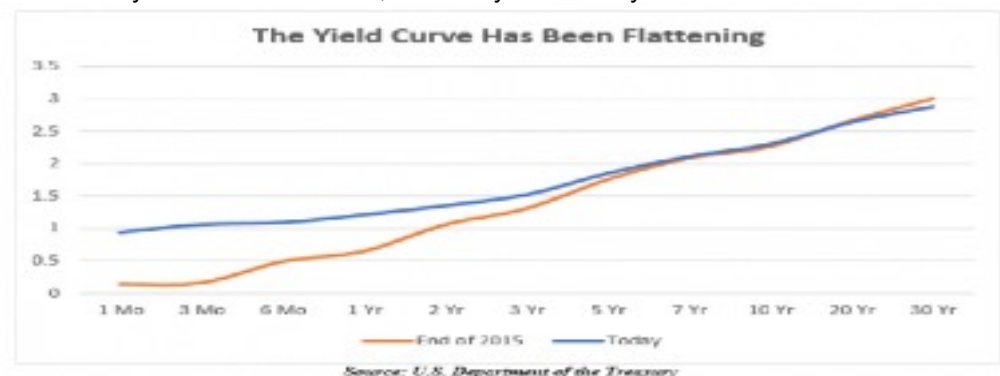
The earnings and sales outlook for S&P 500 stocks remain promising (albeit at a slightly lower level than previous): 19% of companies have reported to date. 73% reported higher than consensus earnings and 77% reported higher than consensus revenues. Consensus for blended Q2 y-o-y earnings for all companies increased to 7.2% from 6.8%. Consensus for blended Q2 revenues increased to 5.0% rate from 4.8%. This week another 191 S&P 500 companies are scheduled to report (including 13 Dow Jones Industrial companies). Beyond Q2, consensus shows a 6.4% increase in Q3 earnings (down from 7.2% last week) and a 5.0% increase in revenues. Consensus for Q4 shows an 11.7% increase in earnings (down from 12.2%) and a 5.0% increase in revenues. For 2017, earnings are expected to increase 9.3% (down from 9.6%) and revenues are expected to increase 5.4% (up from 5.3%).

Responses to Q2 reports were less than encouraging again last week. High profile companies (e.g. IBM, Microsoft, Travelers, General Electric) reported higher than consensus Q2 profits, but traders took profits on news. On one hand, consensus estimates are notorious for under-estimating actual earnings. On the other hand, consensus estimates for DJIA companies are significantly lower than consensus estimates for S&P 500 companies (3.0% increase for Dow companies versus a 7.2% increase for S&P 500 companies). The discrepancy implies that a small number of S&P 500 companies (think FANG companies) will report oversized sales and earnings gains while other companies will report less than consensus results. Rotation within sectors could be significant during the next few weeks, with seasonal negatives for the Transports Sector until October.

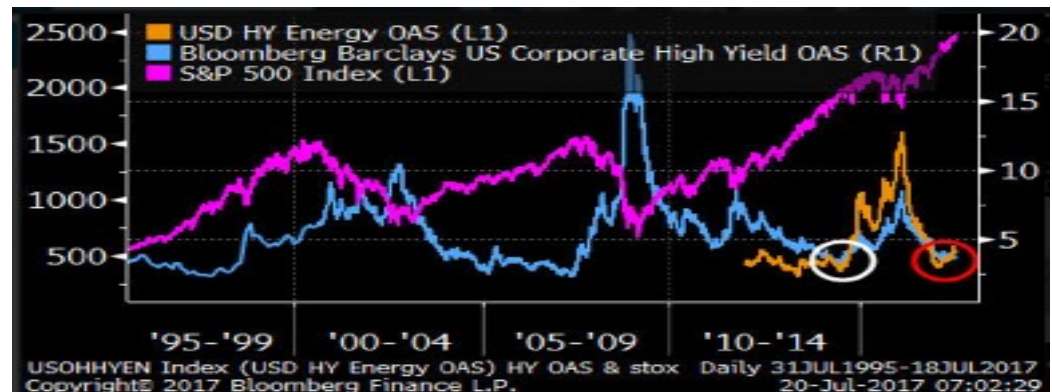


Currently, we see increasing risks for equities in the US:

1. **The yield curve has been flattening over the last few years**, which is a warning sign that a slowdown may be ahead. On average, the yield curve inverts 16 months prior to an economic recession and 13 months before major stock-market corrections. As the chart below shows the blue line (today's yield curve) is notably flatter than the orange line (yield curve at the end of 2015). In the last two cycles, stocks advanced while the yield-curve flattened, but they eventually turned south once it inverted.



The next chart shows high yield spreads becoming of concern to equity investors.



Economic conditions in the US, which include modest but consistent growth, close to full employment, near double digit earnings growth, and steady inflation should allow the Fed's tightening cycle to continue, meaning we can reasonably expect another rate increase this year. That puts upward pressure on the short end of the curve, while global demand for US Treasuries is likely to remain strong putting downward pressure on the long end of the curve. If the short end rises faster than the long end, the yield curve will flatten further and could eventually invert. That would be a significant warning sign and is something investors should monitor closely.

2. The pace of monetary policy tightening. Every recession in the last 50 years has been preceded by a decline in money supply growth (to zero or below), so as the Fed tightens investors should be eyeing how economic conditions, and in particular, corporate earnings, are affected as a result. The Fed has indicated that balance sheet reductions should begin in September. While the rate of balance sheet reductions could be very slow, taking 5+ years to reduce the Fed's balance sheet to \$2.5 TRN, it is still tightening across the board.

3. Credit delinquency rates are on the rise, and it's been fairly broad-based. Auto loans were the delinquency du jour this week, making headlines as analysts took note that subprime auto bonds were exponentially rising. Subprime auto bonds are nothing new, but the sheer increase in circulation is enough to liken it to the subprime mortgage crisis of 2008. A look inside the numbers makes this point clear: in 2009, \$2.5 BN of new subprime auto bonds were sold. In 2016, that number rose to \$26 BN. But, it's not only auto loans that are turning sour. Delinquencies are rising across a variety of sectors, including consumer loans, commercial and industrial loans (many being energy-related), and agriculture. Were not at flashing red warning levels just yet, but it's important to note that rising delinquencies in these areas have historically preceded recessions.

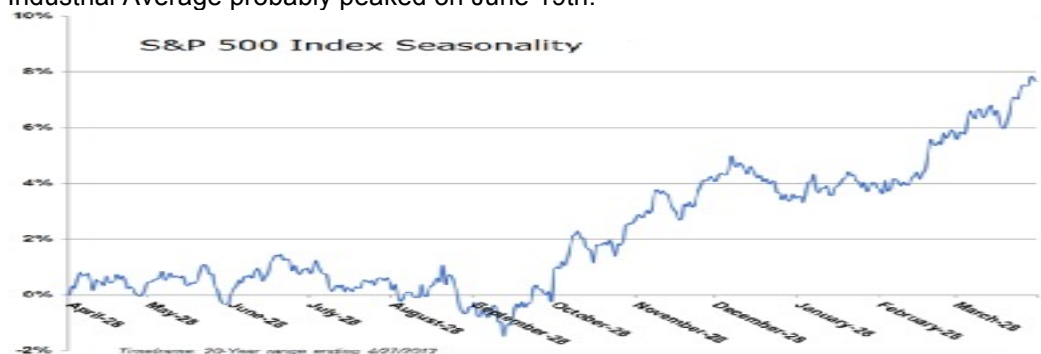
4. In Q2, US and global stocks continued their steady upward march in a low volatility environment. For most investors, the combination of low volatility and relatively strong positive returns is a blessing, and reason to cheer. But to investment managers like us, the combination of low volatility and strong returns amidst a flattening yield curve and rising valuations tends to become a concern. When markets are calm for too long, complacency has a tendency to settle in, and risks can start to build in pockets of the economy that few people notice. Ignored or unnoticed risks are the very kind that can bubble up and lead to major dislocations, and it can happen fast. The past few bear markets provide evidence of how this can take shape.

If the market continues to trade in a very low volatility setting, and optimism continues to build on future economic growth and potential stock market gains, it would concern us even more. Now is a time to be extra vigilant, and to make sure your portfolio has adequate diversification and risk-controls should the market take a turn. The last time we saw momentum slowing like this on the weekly chart was in 2015. Shortly thereafter, the S&P 500 dropped from 2135 to 1870 in two months! Perhaps it's a coincidence, but note that the highs were established in July 2015 and the ensuing weakness occurred in August and September - two notoriously bearish summer months that we're now approaching.

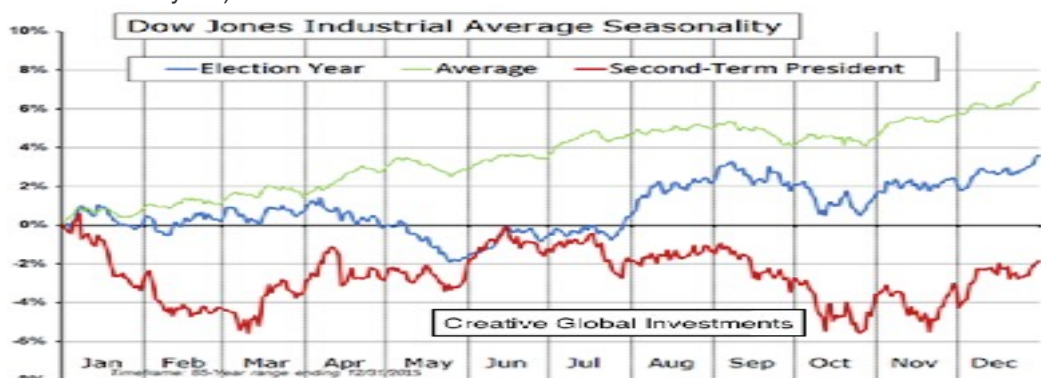
The VIX Index remains relatively mute implying that the seasonal peak this year could be delayed slightly. Investors should be aware of the conclusion of this summer rally period, which also coincides with the start of the most volatile time of year for stocks, which can see significant swings in either direction. The VIX tends to rise between now and the beginning of October, often benefitting volatility hedges, such as Gold. On Friday the VIX closed at 9.51, the lowest level in more than 20 years and suggestive of investor complacency. From the 9.31 closing low charted on December 22, 1993, the VIX more than doubled in the three months that followed while stocks traded predominantly sideways over the subsequent year.



Note the downgrade in seasonal ratings indicated below for a wide variety of equity indices and sectors effective July 17th. The S&P 500 Index and TSX Composite Index on average during the past 20 years have reached a seasonal peak on July 17th. This year, technical evidence currently suggests that the S&P 500 Index and Dow Jones Industrial Average probably peaked on June 19th.



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.



As we have been highlighting since May 13th, US equity valuations are extremely high, and not sustainable at these levels for the long term in our opinion. **Listed and charted below are a few equities' valuation measures, which are at all time highs, and which should be of concern for serious investors:**

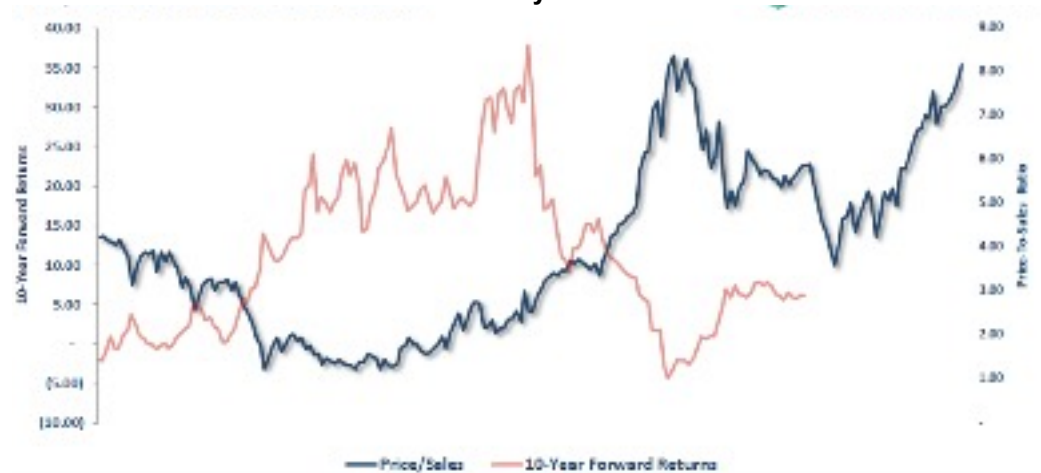
- Market Cap to GDP
- Price to sales
- Tobin's Q
- Earnings yield
- Number of hours for average American to buy 1 share of SPX

Market Cap (Wilshire 5000) relative to GDP



Price to sales valuation is a good long-term indicator of overvaluation, and current price-to-sales is pushing the highest level in history.

Price to sales vs. 10-year forward returns



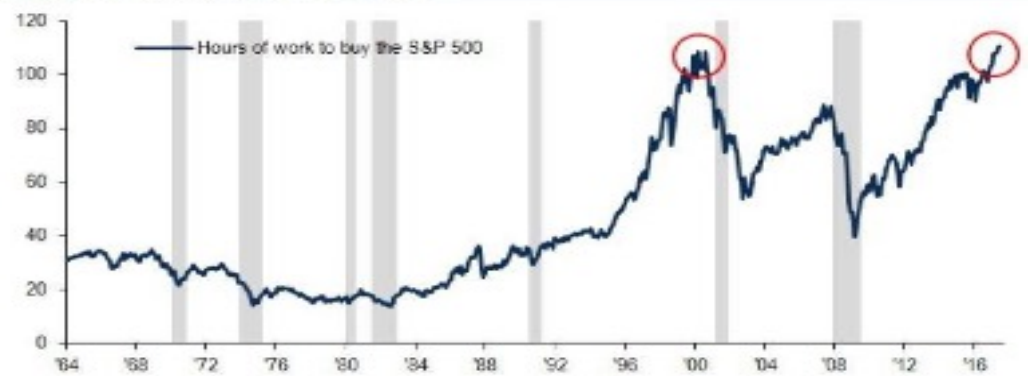
Tobin's Q Ratio vs. 10-Year forward returns



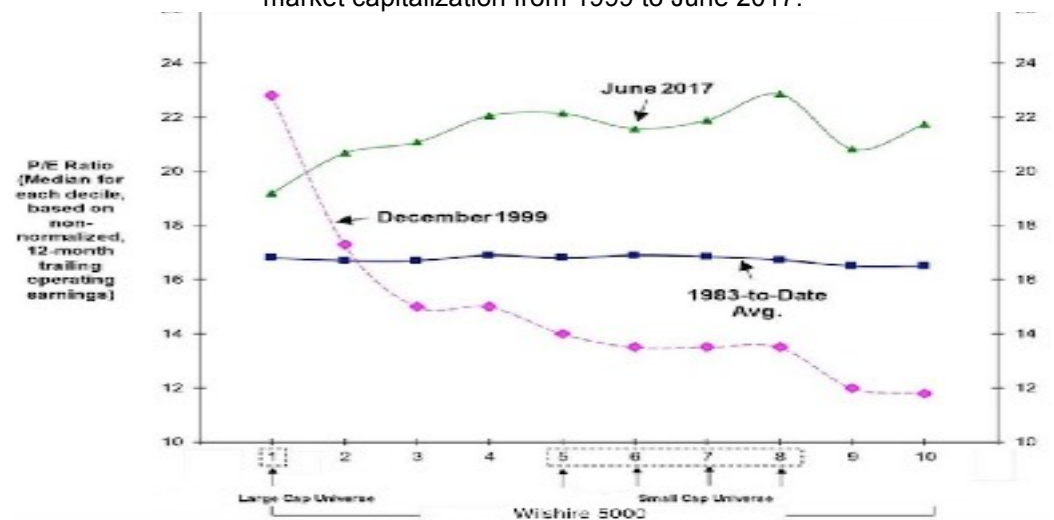
Equities Earnings Yield vs. 10-Year forward returns



And lastly, from a retail investors' perspective, an important valuation metric for stocks is the number of hours of work for the average American to buy the S&P 500, which currently has hit Dot-com bubble highs:



The following chart gives a P/E ratio comparison for US stocks (Wilshire 5000) by market capitalization from 1999 to June 2017.



US equity markets weekly charts

The VIX Index dropped 0.15 (1.58%) last week.

Intermediate trend changed from Neutral to Negative. The Index is below the 20-day moving average. Index closed below the lower trendline.



The S&P 500 Index added 13.27 points (0.54%) last week.

Intermediate trend is Positive. The Index closed above its 20-day moving average. \$SPX is on the yearly high.

Short-term momentum indicators are Positive.



Percent of S&P 500 stocks trading above their 50-day moving average rose last week to 71.80 from 66.20.

The Index remains above the 200-day moving average.



Percent of S&P 500 stocks trading above their 200-day moving average rose last week to 75.40 from 74.00

The Index remains above the 200-day moving average.



Bullish Percent Index for S&P 500 stocks rose last week to 74.60 from 73.20 and remained above its 50-day moving average.

The Index remains above the 50-day moving average.



The Dow Jones Industrial Average dropped 57.67 (0.27%) last week.

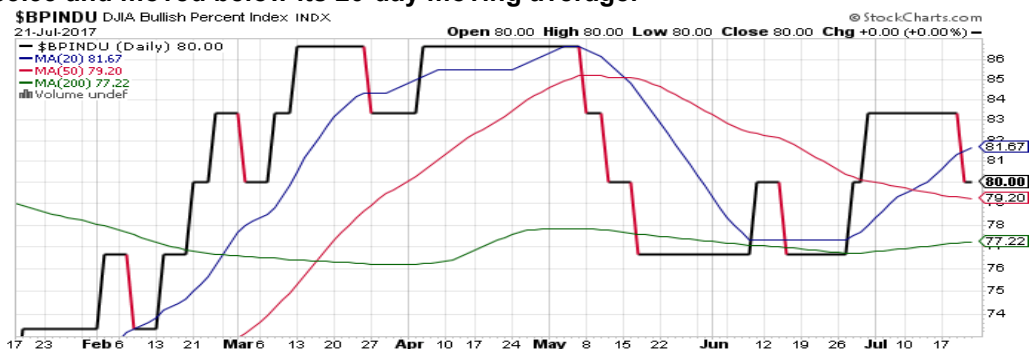
\$INDU is still being held by the 20MVA. Strength related to the S&P 500 moved below the 50MA.

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



Bullish Percent Index for Dow Jones Industrial Average dropped to 80.00 from 83.33 and moved below its 20-day moving average.

The Index moved below the 20-day moving average.



The Dow Jones Transportation Average lost 271.49 (2.79%) last week.

Dow Jones Transportation Index broke down towards the trendline. Strength relative to the S&P 500 is Negative. The \$TRAN closed below its 20-day moving average.

Short-term momentum indicators are Negative.



Bullish Percent Index rose last week to 63.91 from 62.45 and remained above its 20-day moving average.

The Index continues the bullish movement.



The NASDAQ Composite Index added 75.29 points (1.29%) last week.

\$COMPQ created a new high. Strength relative to the S&P 500 Index is Positive.

The Index remained above the 20-day moving average.

Short-term momentum indicators are Positive.



The Russell 2000 Index added 7.02 points (0.49%) last week.

\$RUT is breaking out upwards. Strength relative to the S&P 500 Index remains Positive.

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



The S&P Energy Index lost 2.33 points (0.48%) last week.

Intermediate trend changed from Neutral to Negative. \$SPEN was rejected by the upper trendline. Strength relative to the S&P 500 Index remains Neutral.

The Index is above the 20-day moving average. Short-term momentum indicators are Mixed



The Philadelphia Oil Services Index gained 0.38 (0.28%) last week.

\$OSX is struggling to break the 50SMA. Strength relative to the S&P 500 remains Negative.

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



The AMEX Gold Bug Index added 5.88 points (3.16%) last week.

\$HUI is moving towards the upper trendline.

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

The Index moved above its 20-day moving average. Short-term momentum indicators are Positive.



Latam equity markets weekly charts

The BOVESPA dropped 752 points last week.

\$BVSP formed a flag on the upward breakout pole.

The Index is above the 20-day moving average.

Short-term momentum indicators are rolling over.



The Mexican Bolsa added 402 points last week.

Intermediate trend remained Positive. \$MXX continues the bullish momentum.

Short-term momentum indicators remain Positive and Overbought.



Canadian equity markets weekly charts

Bullish Percent Index for TSX Composite dropped last week to 61.45 from 62.65 and remained below its 20-day moving average.

The Index remains below the 20-day moving average.



The TSX Composite Index added 8.32 points (0.05%) last week.

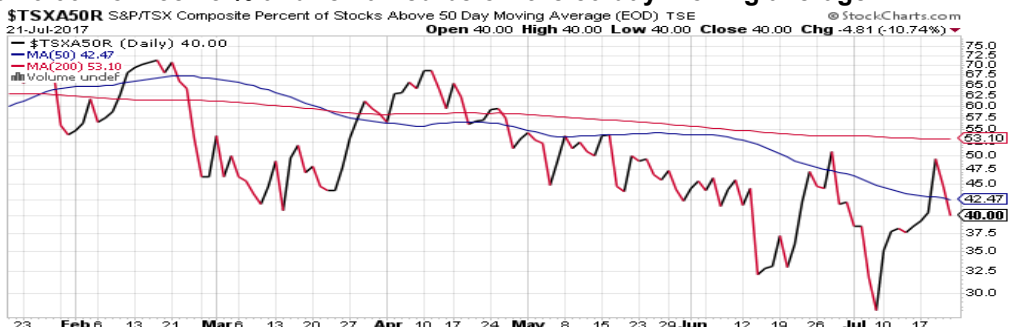
Intermediate trend remains Negative. The Index was stopped by the upper trendline once again.

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



Percent of TSX stocks trading above their 50-day moving average rose last week to 40.00 from 38.43 % and remained below the 50-day moving average.

The index remains below the 50-day moving average.



Percent of TSX stocks trading above their 200 day dropped last week to 48.33% from 50.00%

The index remains below the 50-day moving average.



Asian equity markets weekly charts

The BSE gained 8.14 points (0.03%) last week.

\$BSE is showing some exhaustion at the yearly high.

Short-term momentum indicators are rolling over.



The Nikkei Average dropped 19.11 points (0.09%) last week.

Intermediate trend changed back to Neutral. Strength relative to the S&P 500 Index is Negative. \$NIKK looks out very compressed, a breakout is imminent.

The \$NIKK is at its 20-day moving average. Short-term momentum is Neutral.



The Shanghai Composite Index gained 15.56 points (0.48%) last week.

Intermediate trend remains Positive. \$SSEC remains close on the upper border of the channel.

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



Emerging Markets iShares added \$0.21 (0.48%) last week.

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

Units remain above the 20-day moving average. Short-term momentum indicators are Positive and slightly Overbought.



The Australia All Ordinaries Index dropped 37.50 points (0.65%) last week.

Intermediate trend is Neutral. Strength relative to the S&P 500 Index remains Negative. \$AORD is coming to an apex of the coil.

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



European equity markets weekly charts

The DAX 30 lost 391.66 points (3.10%) last week.

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



The CAC 40 dropped 117.65 points (2.25%) last week.

Intermediate trend remains Negative. \$CAC remains on the lower border of the channel.

Short-term momentum indicators are Negative.



The AEX 25 gained 1.15 points (0.22%) last week.

Intermediate trend changed from Negative to Neutral. Index remains above the 20-day moving average.

Short-term momentum indicators are rolling over.



The IBEX 35 dropped 228.50 (2.14%) last week.

\$IBEX is failing to break the 10400 support. Strength relative to the S&P 500 remains Negative.

The Index remains below the 20-day moving average.

Short-term momentum indicators are Negative.



The FTSE gained 74.52 points (1.01%) last week.

Intermediate trend is Neutral. FTSE is trapped in a coil and closing on the apex. Price remains above the 20-days moving average.

Short-term momentum indicators are Positive.



Europe iShares added \$0.11 (0.21) last week.

Intermediate trend changed from Neutral to Positive. Strength relative to the S&P 500 remains Negative.

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



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 Q3 2017 price targets yet, and we see yields to continue to move lower towards 1.70% to 2.10%.

Ten year government bond spreads			
Country	Latest yield	Spread vs bund	Spread vs T-notes
Australia	2.69%	+218	-3.43
Austria	0.66%	+0.75	-1.59
Belgium	0.80%	+0.28	-5.66
Canada	—	—	—
Denmark	0.64%	+0.13	1.61
Finland	0.49%	-0.02	-1.76
France	0.76%	+0.25	-1.69
Germany	0.51%	—	-1.7%
Greece	5.26%	+4.75	+3.01
Ireland	0.80%	+0.29	-5.66
Italy	2.07%	+1.56	0.18
Japan	0.07%	-3.44	-2.79
Netherlands	0.53%	+0.02	-1.62
New Zealand	2.94%	+2.43	+0.68
Portugal	2.93%	+2.41	+0.67
Spain	1.47%	-0.96	-2.79
Sweden	0.62%	+0.11	-1.64
Switzerland	-0.01%	-0.52	-2.27
UK	1.18%	-0.67	-1.07
US	2.24%	+1.73	—

We continue recommending taking profits in German 10-Y Bunds at current 0.50% yield levels.

Due to steady macro and fiscal improvements, 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 by the end of the summer.

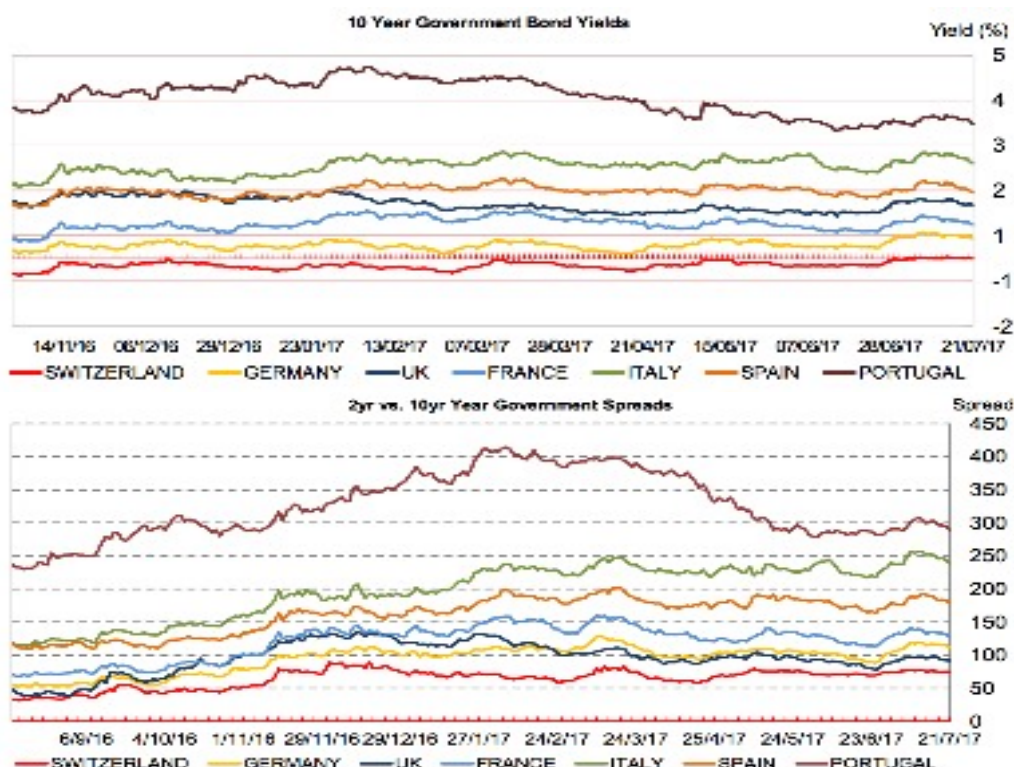
US Bonds

Intermediate trend is Negative. \$TNX retraced back to the old trendline. \$TNX moved below the 20-day moving average.

Short-term momentum indicators are Negative.

Intermediate trend changed from Neutral to Positive. TLT rebounded back above the moving averages. TLT moved above the 20-day moving average.

Short-term momentum indicators are Positive.



Yield on 10 year Treasuries lost 0.87 basis points (3.75%) last week.



The long term Treasury ETF added 2.36 points (1.91%) last week.



Currency markets weekly charts

The Euro gained 1.94 points (1.69%) last week.

Intermediate trend is Positive. \$XEU made a new high.

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

Short-term momentum indicators are Positive and Overbought.



The US\$ dropped 1.25 points (1.32%) last week.

Intermediate trend remains Negative. \$USD broke out through the lower trendline. The US\$ remains below its 20-day moving average.

Short-term momentum indicators are Negative and Oversold.



The Japanese Yen added 1.10 points (1.24%) last week.

Intermediate trend changed from Neutral to Positive. \$XJY moved above the 20-day moving average.

Short-term momentum indicators are Positive.



The Canadian Dollar added 0.66 points (0.84%) last week.

Intermediate trend remains Positive. \$CDW created yet another high.

Short-term momentum indicators are Positive and Overbought.



Commodity markets weekly charts

The CRB Index added 0.38 points (0.21%) last week.

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Neutral. \$CRB could potentially move to the upper trendline. The \$CRB closed above its 20-day moving average.

Short-term momentum indicators are rolling over.



Copper gained \$0.03 per lb. (1.17%) last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index changed to Neutral. Copper is moving towards the upper border of the channel.

Copper closed above the 20-day moving average.

Short-term momentum indicators are Positive.



Lumber added \$9.40 (2.49%) last week.

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Positive. Lumber is ranging post the gap breakout.

Lumber remains above the 20-day MA. Short-term momentum indicators are Mixed.

**The Grain ETN gained 0.07 points (0.24%) the last week.**

Intermediate trend is Neutral. JYG retraced back to the moving average.

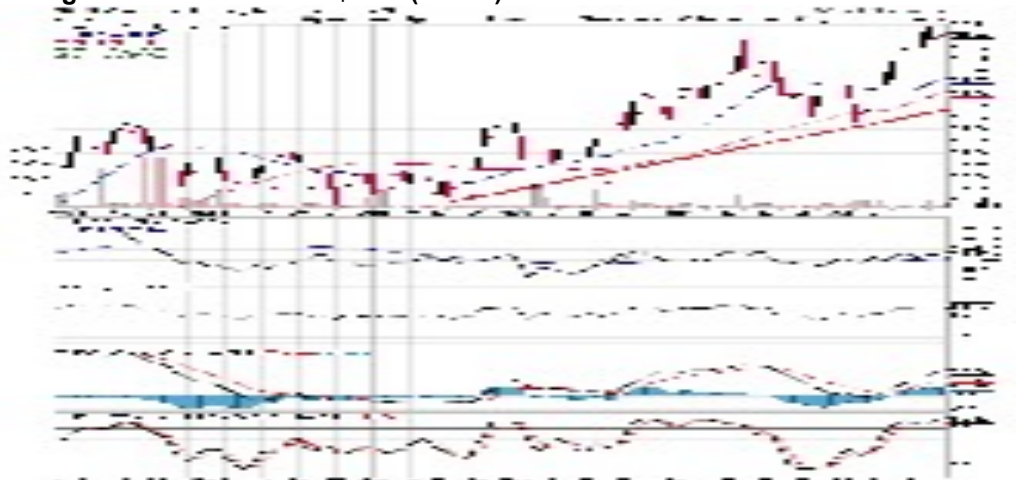
Price is above the 20-day MA. Short-term momentum indicators are Positive.

**The Agriculture ETF added \$0.30 (0.53%) last week.**

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Positive. MOO made a new high.

Units closed above the 20-day moving average.

Short-term momentum indicators are Positive.



Gold & precious metals markets weekly charts

Gold gained \$27.40 (2.23%) last week.

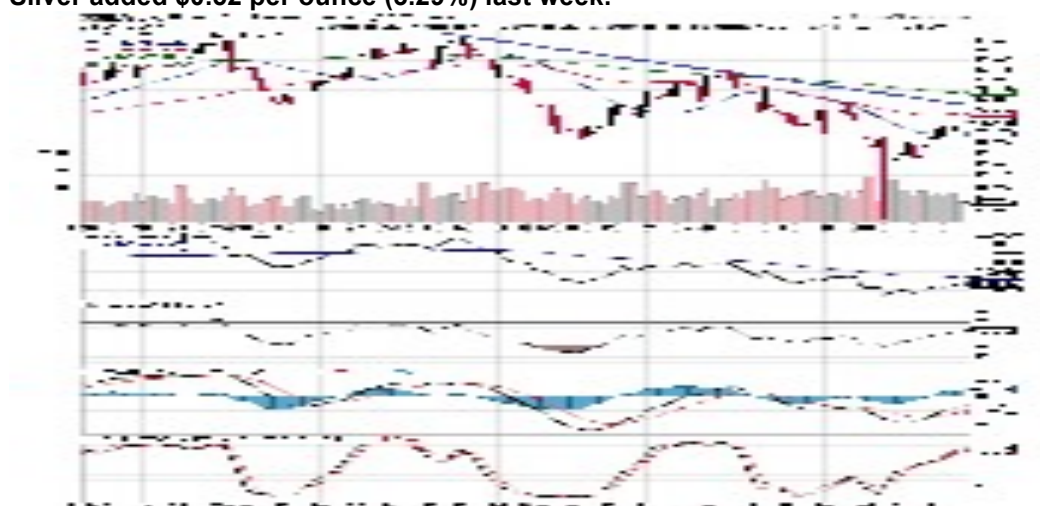
Gold rebounded from the low 1200 levels. Gold is above the 20-day moving average. Short-term momentum indicators are Positive.



Silver added \$0.52 per ounce (3.29%) last week.

Silver is rebounding towards the upper trendline.

Silver moved above the 20-day moving average. Short-term momentum indicators are Positive.



Platinum gained \$13.90 per ounce (1.51%) last week.

Intermediate trend changed from Negative to Neutral. Strength relative to the S&P 500 Index changed from Neutral to Positive. \$PLAT rebounded from the support and move to the upper trendline.

\$PLAT trades above its 20-day Moving Average. Momentum indicators are Positive.

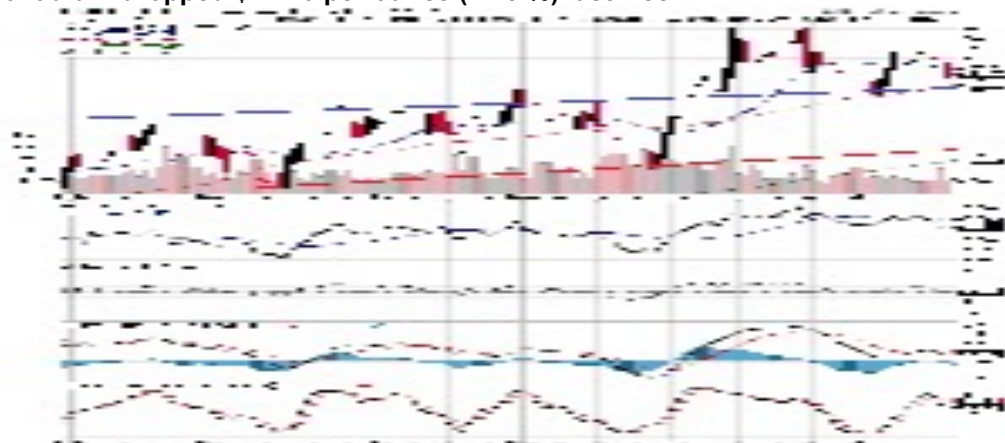


Palladium dropped \$12.40 per ounce (1.45 %) last week.

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

\$PALL moved below its 20-day moving average.

Short-term momentum indicators are rolling over.



Oil, gas & energy markets weekly charts

Crude oil lost \$0.77 per barrel (1.65%) last week.

Intermediate trend is Neutral. Strength relative to the S&P 500 Index is Neutral. \$WTIC will most likely test the 45 support. Short-term momentum indicators are rolling over.



Gasoline stood put at \$1.53 per gallon last week.

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

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



Natural Gas lost \$0.02 (0.64%) per MBtu last week.

Intermediate trend remains Negative. Strength relative to the S&P 500 Index is Negative. \$NATGAS is moving back towards the lower trendline.

Short-term momentum indicators are rolling over.



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