



Creative Global Investments

Morning market commentary & weekly charts

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Objectivity

Integrity

Creativity

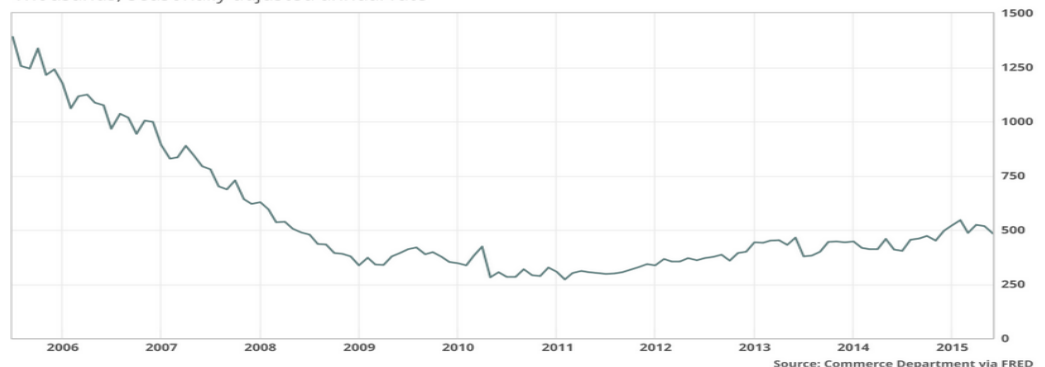
Global Macro still slowing

As we had highlighted in several publications since March 2015, Global GDP Growth is set to slow across a growing number of the world's largest economies, including the US and China. China's worries have spread to oil, which is adding to last week's -5% drop. Global economic growth slowed during June, led by a significant contraction in emerging market output. The global economy is struggling with secular stagnation. Too much fiscal and monetary intervention by governments and their central banks and now with even more of these policies, things will get increasingly worse, not better. For now, we are expecting for Europe to temporarily slow over the next 2 months again, before gaining macro momentum in late September until the end of the year.

With commodity prices lower, finally a few other firms' strategists are seemingly becoming less worried on the inflation front, and seeing now reduced risks of a near-term Fed hike. **Again, we are not expecting for the Federal Reserve to be in a position to raise interest rates in September, as Ms. Yellen and the FOMC must consider the fragility of the Global economy and its slowing impacts on US companies and the economy. Besides, the negative impacts of the recent parabolic strength of the US\$ will only now start to negatively impact corporate earnings and the declining competitiveness of US companies and their products and services for export markets.**

In the US, sales of new single-family homes in the US dropped in June to the slowest pace in seven months. The annual sales pace for new single-family homes in the US fell -6.8% last month to 482,000, with drops in three of four regions. Only the Northeast saw the sales pace rise. The June sales rate of 550,000 compared with an original May estimate of 546,000. The government also revised May's rate to 517,000. The median price of new homes fell to US\$281,800 in June, down -1.8% from a year earlier. Stripping out seasonal adjustments, sales of new homes declined by 6.25%, exceeding the average decline for June of 2.9%. The year-to-date change hovers around 29%, below the 41% average gain through the first half of the year. Sales of completed new homes were the largest drag, dipping into negative territory, in terms of the year-to-date change; over the past 50 years, completed new homes for June have averaged a rise of 0.3%, however, declines have become commonplace for this summer month as sales peak into the middle of the year. New home sales tend to decline through the back half of the year, a trend that seems well underway

Thousands, seasonally adjusted annual rate



Source: Commerce Department via FRED

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Weekly Investment Conclusion

Economic focus is on the FOMC meeting on Wednesday. No change in policy or rate is anticipated. Secondary interest is on the first estimate of Q2 GDP.

Equity Markets seem to be at crossroads, Q2 earnings in Europe are coming in much better than consensus, and for corporate earnings in the US expectations had been ratcheted downwards over the past 5 months, that the actual reports so far are pretty much in line, but guidance shows growing concerns about Q3 prospects. Q2 earnings reports remain a focus. 186 S&P 500 companies have reported to date. 76% reported higher than consensus earnings and 54% reported higher than consensus sales. To date, Q2 earnings are -2.2% less than Q2 last year and sales have dropped -4.0%. Of greater concern 20 S&P companies have lowered guidance and 7 companies have raised guidance. Consensus on a y-o-y basis for Q3 has been changed to a greater decline of -2.4% in earnings and a greater decline in sales of -2.8%. The Dow lost -2.9% for the week as the big, multinational companies saw their revenue slashed due to the strong US\$. While investors had prepared themselves for the currency translation issues, since that was also a problem in Q1, it wasn't until the companies actually reported that the evidence of the strong US\$ hit them in the face. Seasonality of world equity markets tends to show weakness between now and early August, but traditionally records a nice short-term recovery into late August. From a strategic aspect, equity markets globally are at a short-term inflection point.

Commodity prices, in general, will continue to face headwinds, particularly from a rising US\$, but, assuming currencies can find some stability around present levels, the seasonal gold trade does present appealing attributes at present levels. Both gold bullion and gold miners charted a parabolic move lower over recent weeks, a technical setup that is typically unsustainable over the longer-term. A rebound to levels around major moving averages, particularly the 20 and 50-day, would be expected over the near-term. Aggressive trading strategies into Gold & Silver and other commodities can benefit from the current uncertainties via heightened volatility due to "summer doldrums" in lower than usual liquidity. Between July and October, as volatility rises in the equity market, the price of gold tends to gain, benefitting producers of the commodity; gold miners seasonally gain between July 27th and October 1st, on average. The miners already appear to be responding, reversing heavy losses intraday on Friday to close positive on the session. The reversal followed an outside reversal session for the Gold ETF (GLD), which opened below Thursday's low and closed above Thursday's high. Outside reversal sessions typically mark a low point for an investment, indicating that selling pressures have been exhausted, leading to abrupt rebounds. Of course, this reversal in the price of the gold miners is occurring on the eve of the average start of the period of seasonal strength for the industry, an appealing trigger to gain an entry into the seasonal trade.



US equity markets commentary & weekly charts

The VIX Index rose 1.72 (14.31%) last week.

Intermediate trend remains down. Short-term momentum indicators are trending up.



The S&P 500 Index dropped 46.95 points (2.21%) last week.

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

Short-term momentum indicators are trending down.



Percent of S&P 500 stocks trading above their 50-day moving average fell last week to 39.00% from 52.20%.

The index is trending now and approaching an intermediate oversold level.



Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 51.00% from 57.60%.

The index is trending down.



Bullish Percent Index for S&P 500 stocks fell last week to 53.00% from 56.20% and remained below its 20-day moving average.

The Index continues to trend down.



The Dow Jones Industrial Average lost 518.05 points (2.86%) last week.

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

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

Short-term momentum indicators are trending down.



Bullish Percent Index for Dow Jones Industrial Average stocks dropped last week to 56.57% from 60.00% and remained below its 20-day moving average.

The Index continues to trend down.



The Dow Jones Transportation Average dropped 221.10 points (2.67%) last week.

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

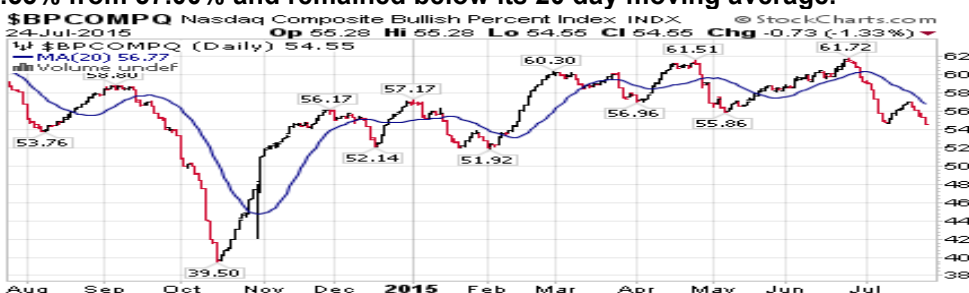
Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators are trending down.



Bullish Percent Index for NASDAQ Composite stocks dropped last week to 54.55% from 57.00% and remained below its 20 day moving average.

The Index continues to trend down.



The NASDAQ Composite Index dropped 121.51 points (2.33%) last week.

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

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

Short-term momentum indicators are trending down.



The Russell 2000 Index plunged 41.10 points (3.24%) last week.

Intermediate trend changed to down from up on Friday on a move below support at 1,225.98.

The Index moved below its 20-day moving average.

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

Short-term momentum indicators are trending down.



The S&P Energy Index fell 21.62 points (4.06%) last week.

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

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

Short-term momentum indicators are trending down.



The Philadelphia Oil Services Index dropped 3.66 points (2.03%) last week.

Intermediate trend changed to down from neutral on a move below 178.37. The Index remains below its 20-day moving average.

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

Short term momentum indicators changed to mixed from down



The AMEX Gold Bug Index dropped another 13.67 points (10.63%) 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 turned to mixed from down on Friday.

The current reversal takes effect at a time when the sector has a history of reaching a seasonal bottom!

Strength relative to Gold is neutral & showing early signs of bottoming.



Latam equity markets commentary & weekly charts

The BOVESPA dropped 3,040 points last week.

Intermediate trend is down. The \$BVSP fell below its 20- and 50-day moving averages.

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

Short-term momentum indicators are mixed.



The Mexican Bolsa lost 1,276 points last week.

Intermediate trend remains up. The \$MXX moved back above its 20- and 50-day moving averages.

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

Short-term momentum indicators are mixed.



Canadian equity markets commentary & weekly charts

Bullish Percent Index dropped last week to 47.58% from 51.21% and remained below its 20-day moving average.

The Index continues to trend down.



The TSX Composite Index dropped 456.60 points (3.12%) last week.

The Index is down 8.6% from its mid-April high. Intermediate trend remains down.

The Index moved below its 20-day moving average.

Strength relative to the S&P 500 Index remains negative. Short-term momentum indicators are trending down.



Percent of TSX stocks trading above their 50-day moving average dropped last week to 18.22% from 33.60%.

The index is intermediate oversold, but has yet to show signs of bottoming.



Percent of TSX stocks trading above their 200-day moving average plunged last week to 27.53% from 38.46%.

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



Asian equity markets commentary & weekly charts

The SENSEX lost 328 points last week.

\$BSE India Bombay Stock Exchange 30 Sensex Index (EOD) INDX

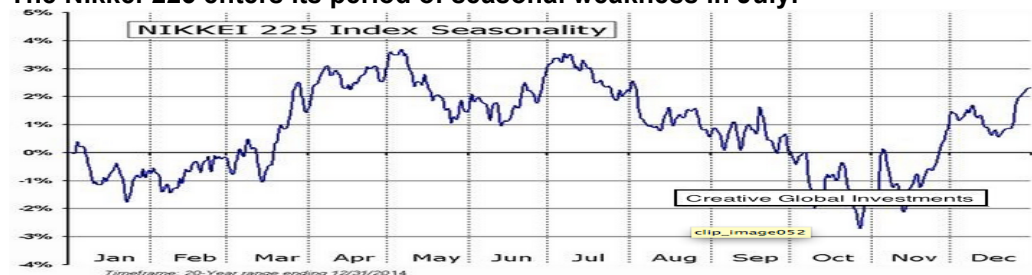


Intermediate trend remains up. The \$BSE moved back above its 20-day moving average.

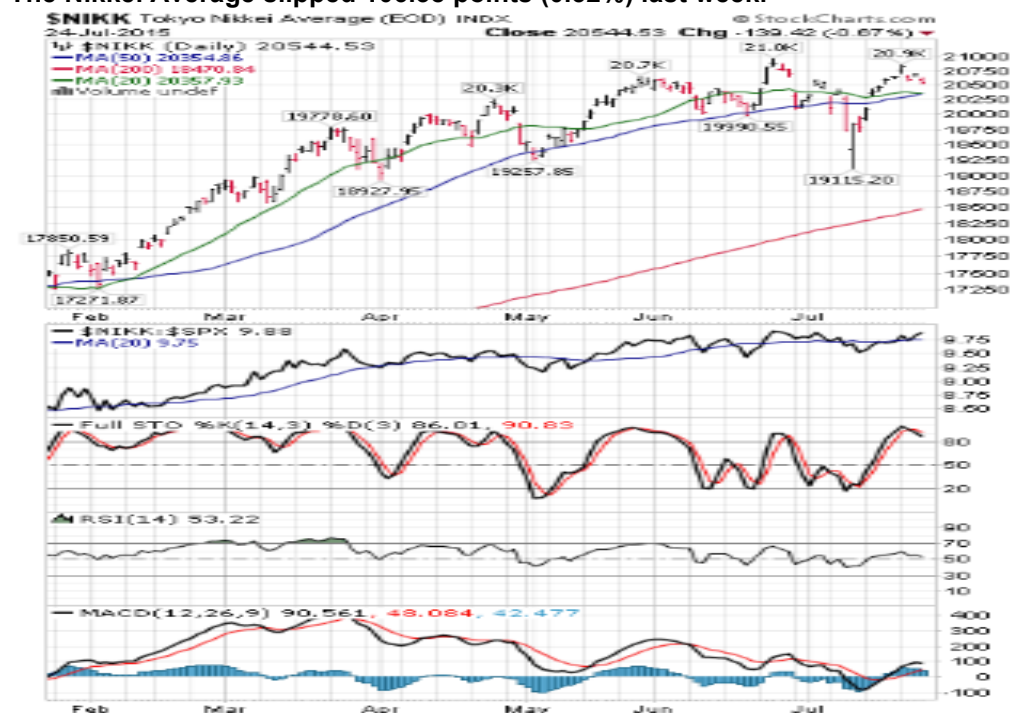
Strength relative to the S&P 500 Index changed to Positive.

Short-term momentum indicators are back to positive.

The Nikkei-225 enters its period of seasonal weakness in July.



The Nikkei Average slipped 106.38 points (0.52%) last week.



Intermediate trend remains down. The Average 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.

The Shanghai Composite Index gained 113.56 points (2.87%) last week.

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

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

Short-term momentum indicators are trending up.



i-shares Emerging Markets dropped \$1.02 (2.26%) last week.

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

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

Short-term momentum indicators are trending down.



The Australia All Ords Composite Index slipped 95.70 points (1.69%) last week.

Intermediate trend changed to Neutral from Down on a move above 5,690.20. The Index remains above its 20-day moving average.

Strength relative to the S&P 500 Index improved to Positive from Neutral. Short-term momentum indicators are trending down.



European Equity markets commentary & weekly charts

The DAX 30 lost 289 points last week.

Intermediate trend remains up. The \$DAX rallied back above its 20-day moving average.

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

Short-term momentum indicators are trending upwards.



The CAC 40 lost 79 points last week.

Intermediate trend remains up. The \$CAC rallied back above its 20-day moving average.

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

Short-term momentum indicators are trending upwards.

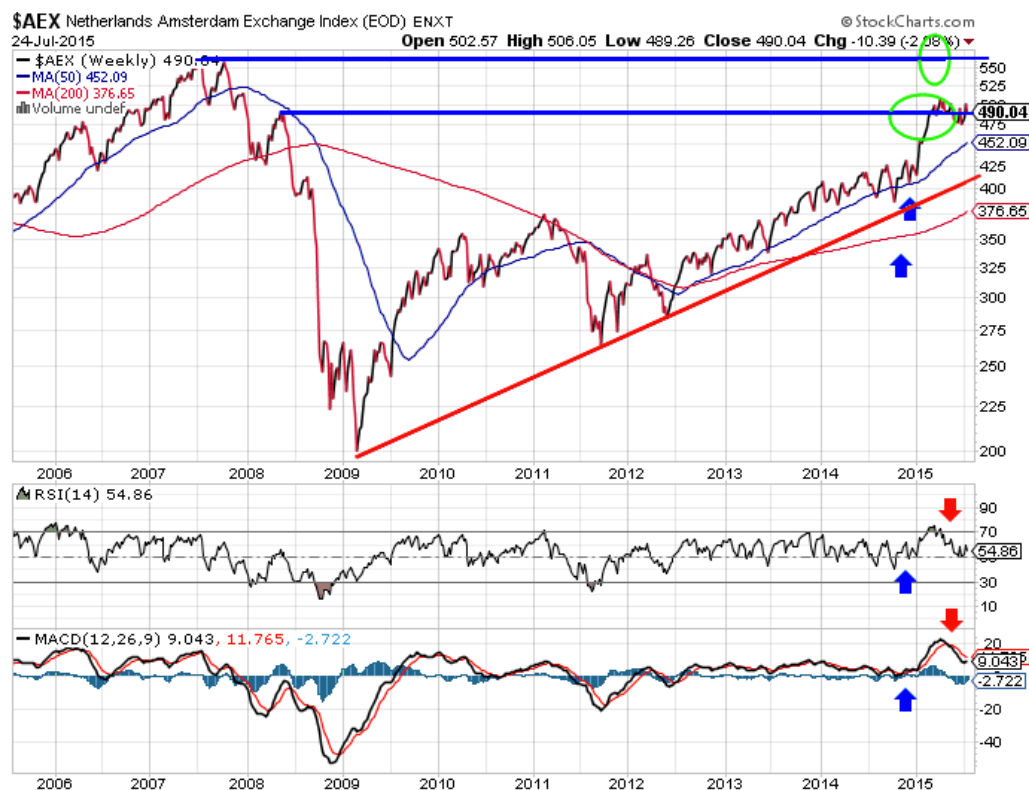


The AEX lost 8.5 points last week.

Intermediate trend remains up. The \$AEX is back above its 20-day moving average.

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

Short-term momentum indicators are mixed.

**The IBEX 35 lost 233 points last week.**

Intermediate trend remains up. The \$IBEX rallied back above its 20-day moving average.

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

Short-term momentum indicators are positive.



The FTSE 100 lost 229 points last week.

Intermediate trend changed to down. The \$FTSE broke below its 20-day and 50-day moving averages.

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

Short-term momentum indicators are mixed.



iShares Europe 350 dropped \$1.02(2.26%) last week.

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

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

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.

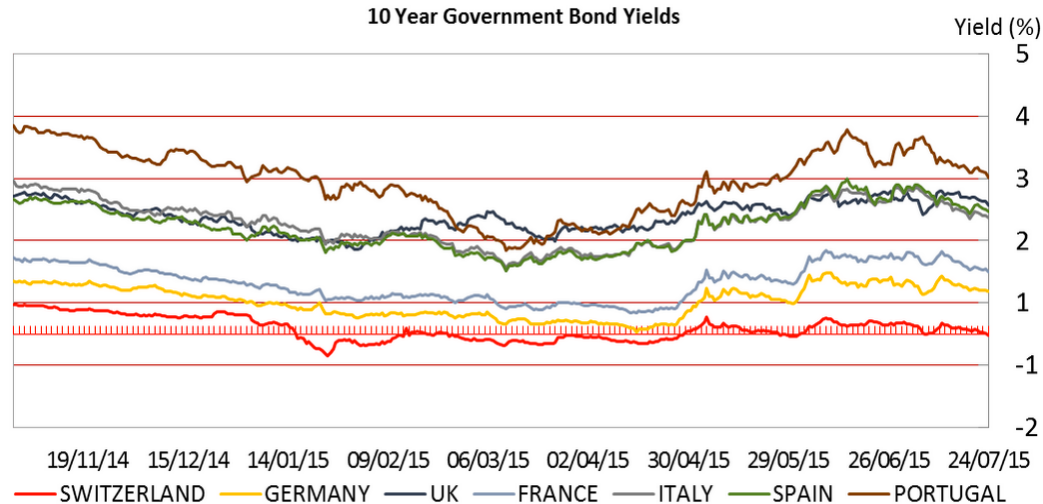
Country ^	Latest yield	Spread vs bund	Spread vs T-bonds
Australia	2.75%	+2.07	+0.50
Austria	0.94%	+0.26	-1.31
Belgium	0.99%	+0.30	-1.27
Canada	1.48%	+0.79	-0.78
Denmark	0.86%	+0.17	-1.40
Finland	0.81%	+0.13	-1.44
France	0.97%	+0.28	-1.29
Germany	0.68%	—	-1.57
Greece	11.44%	+10.75	+9.18
Ireland	1.26%	+0.58	-0.99
Italy	1.89%	+1.20	-0.37
Japan	0.41%	-0.27	-1.84
Netherlands	0.84%	+0.16	-1.41
New Zealand	3.31%	+2.62	+1.05
Portugal	2.52%	+1.84	+0.27
Spain	1.92%	+1.24	-0.33
Sweden	0.70%	+0.02	-1.56
Switzerland	-0.07 %	-0.76	-2.33
UK	1.91%	+1.23	-0.34

We believe that US, European 10-Y treasuries are too cheap and are offering great investment value at current prices.

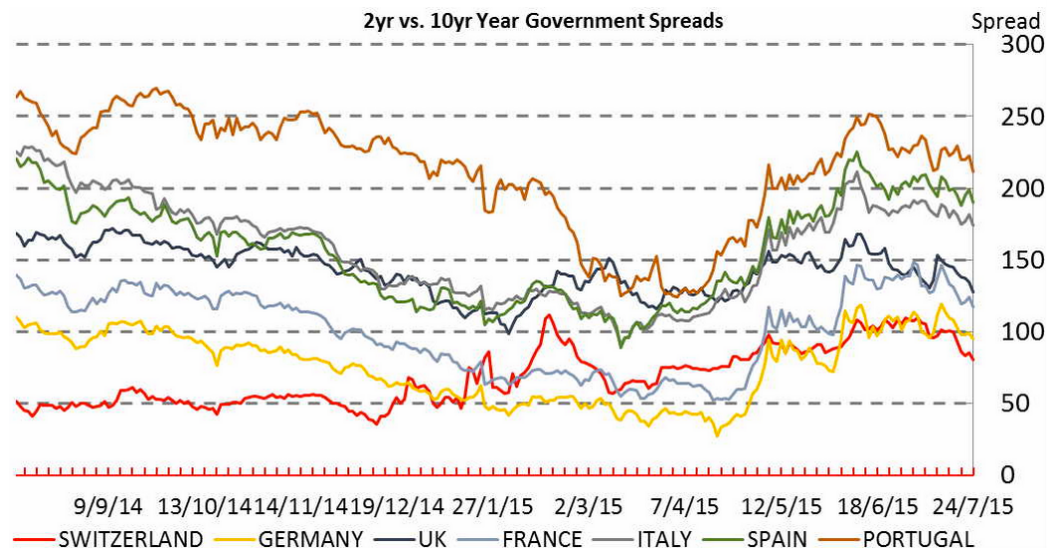
As stated in the intro part of this weeks report, we continue to see weakening global macro developments, and consequently we do not see a chance for the Federal Reserve to raise the FED's funding rates until 2016, if so at all.

Hence, why 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 months, and are advising for investors to increase their weightings into Spanish, Italian, Portuguese, Irish 10-Year bonds.

10 Year Government Bond Yields



2yr vs. 10yr Year Government Spreads



US Bonds

The yield on 10-year Treasuries fell 7.8 basis points (3.32%) last week.

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

Short-term momentum indicators are trending down.



The long term Treasury ETF added \$2.67 (2.25%) last week.

Intermediate trend turned from down to up on a move above \$120.57.

Units remain above their 20-day moving average.

Short-term momentum indicators are trending up.



Currencies commentary & weekly charts

The Euro gained 1.35 (1.25%) last week.

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

Short-term momentum indicators are trending up.



The US\$ dropped 0.38 (0.39%) last week.

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

Short-term momentum indicators are overbought and have rolled over.



The Japanese Yen added 0.17 (0.21%) last week.

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

Short-term momentum indicators are mixed.



The Canadian Dollar lost another US 0.34 cents (0.44%) last week.

Intermediate trend remains down. The C\$ remains below its 20-day moving average.

Short-term momentum indicators are trending down, but are deeply oversold and showing early signs of bottoming.



Commodities commentary & weekly charts

The CRB Index plunged 9.50 points (4.43%) last week.

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

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

Short-term momentum indicators are trending down.



Copper dropped \$0.12 per lb. (4.80%) last week.

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

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

Short-term momentum indicators are trending down.



Lumber dropped another \$11.50 (4.13%) last week.

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

Strength relative to S&P 500 Index remains negative.



The Grain ETN lost another \$2.45 (6.56%) last week.

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

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

Short-term momentum indicators are trending down.



The Agriculture ETF dropped \$1.69 (3.05%) last week.

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

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

Short-term momentum indicators are trending down.



Gold & precious metals commentary & weekly charts

Gold dropped \$46.40 per ounce (4.10%) last week.

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

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

Short-term momentum indicators are trending down.



Silver fell \$0.34 per ounce (2.29%) last week.

Intermediate trend remains down. 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 has turned positive.



Platinum dropped \$20.60 per ounce (2.06%) last week.

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

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

Strength relative to the S&P 500 Index and Gold improved to mixed.



Palladium added \$3.60 per ounce (0.58%) last week.

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

Strength relative to S&P and Gold remains negative. Momentum: mixed.



Oil, gas & energy commentary & weekly charts

Crude Oil lost another \$2.75 per barrel (5.40%) last week.

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

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

Short-term momentum indicators are trending down.



Natural Gas fell \$0.09 per MBtu (3.14%) last week.

Intermediate trend remains up. \$NATGAS 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.



Gasoline fell \$0.15 per gallon (7.77%) last week.

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

Strength relative to the S&P 500 Index remains negative. Short-term momentum indicators are trending down.



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