Creative Global Investments

Morning market commentary & weekly charts

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Objectivity

Integrity

Creativity

Baltic Dry Index Observations

The $BDI is in tremendously oversold territory, however, there are no clear signs of a recovery, and particularly not if the long-term trend line does not hold as support at $723. Does the $BDI reflect a deeper concern based on rising, and uncontrolled geo-political problems, impacting global macro-related demand and trade?

International events continue to impact equity markets. Conflicts in Ukraine/Russia and Israel/Palestine remain a focus. Additionally, Libya became renewed an issue.

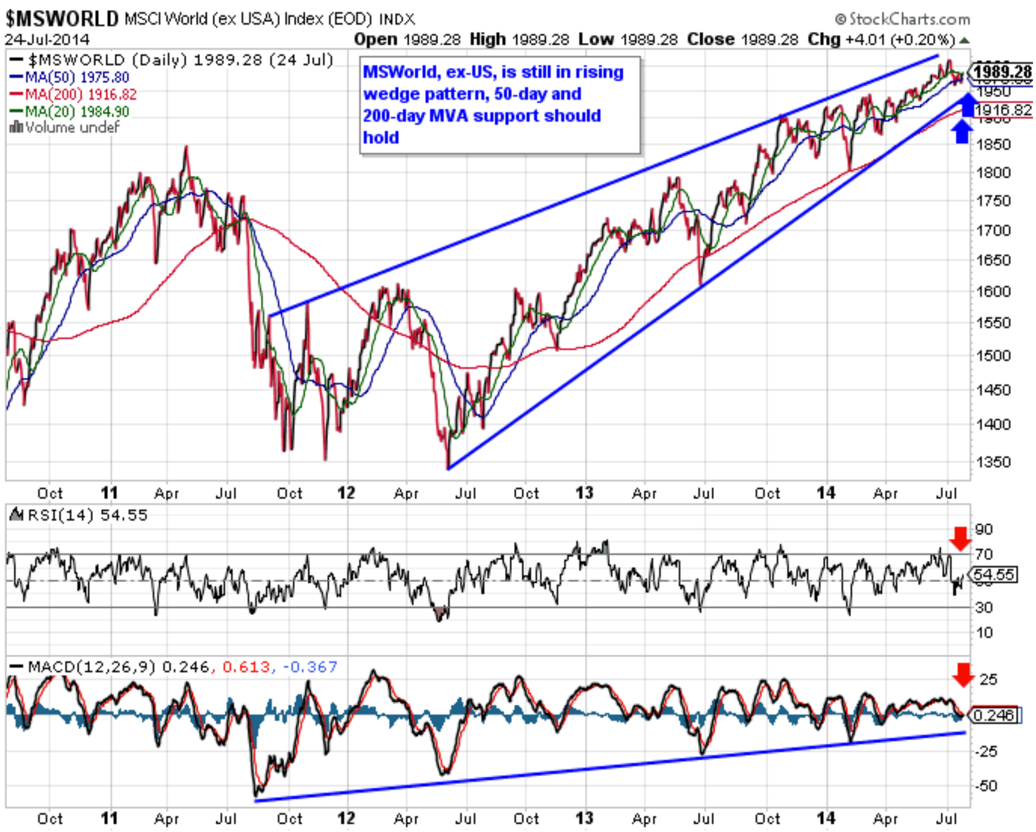
Economic focus this week will be in the US on the FOMC meeting on Wednesday and the Employment report on Friday. The committee is expected to taper asset purchases by another $10 bn. The July employment report is expected to be less robust than the report in June. Other reports are expected to confirm that the US economy is growing at a slow but steady rate.

Second quarter reports will continue to flood in. As of Friday, 230 S&P 500 companies have reported to date: 69% have beat earnings consensus, 11% met consensus and 20% missed consensus. On the revenue side, 68% beat consensus. However, the sectors that were expected to report the best gains (technology and financials) already have reported. Responses to reports have been extraordinary: Share prices have spiked higher when revenues and earnings significantly exceeded consensus. Share prices fell sharply when revenues and earnings were in line or less than consensus.

Liquidity in North American equity markets is expected to remain below average as the holiday season reaches a peak. Canada has a civic holiday on Monday August 4th. **Short and intermediate technical indicators for most equity indices and sectors have rolled over from overbought levels**. Most US equity markets effectively reached a peak on or before July 3rd. It has been tough making money in a relatively flat market during the past eight weeks. To put into perspective, the Dow Industrials closed on Friday at virtually the same close set on June 6th. Note the significant technical deterioration that occurred by the Dow Jones Industrial Average on Friday.

Seasonal influences on economic sensitive sectors turn negative between mid-July and October, particularly during US mid-term election years. Defensive strategies are recommended. Exceptions exist (e.g. precious metals and precious metals equities).

As we have been highlighting since late May, non-US equity markets are experiencing better momentum, and have entered their period of seasonal strength. We see increasing evidence that EAFE and MSCI World index are gathering momentum to continue to outperform US equities.



Global macro commentary & events

Upcoming Macro Events:

- **June Pending Home Sales** to be released at 10:00 AM EDT on Monday are expected to be unchanged versus a gain of 6.1% in May.
- **May Case/Shiller 20 City Home Price Index** to be released at 9:00 AM EDT on Tuesday is expected to drop to a gain of 9.9% on a year over year basis versus a gain of 10.8% in April.
- **July Consumer Confidence** to be released at 10:00 AM EDT on Tuesday is expected to increase to 85.5 from 85.2 in June
- **July ADP Employment report** to be released at 8:15 AM EDT on Wednesday is expected to drop to 225,000 from 281,000 in June.
- **Preliminary Second Quarter Real GDP** to be announced at 8:30 AM EDT on Wednesday is expected to grow at a 2.9% rate versus a 2.9% decline in the first quarter.
- **FOMC Decision on monetary policy** is expected to be announced at 2:00 AM EDT on Wednesday.
- **Weekly Initial Jobless Claims to be released at 8:30 AM EDT on Thursday** is expected to increase to increase to 300,000 from 284,000 last week.
- **Canada's GDP in May** to be released at 8:30 AM EDT on Thursday is expected to increase 0.3% versus a gain of 0.1% in April.
- **July Chicago PMI** to be released at 9:45 AM EDT on Thursday is expected to increase to 63.1 from 62.6 in June.
- **July Non-farm Payrolls** to be released at 8:30 AM EDT on Friday are expected to fall to 225,000 from 288,000 in June. **Private Non-farm Payrolls** are expected to drop to 223,000 from 262,000 in June. **The Unemployment Rate** is expected to remain unchanged at 6.1%. **Hourly Earnings** are expected to increase 0.2% versus a gain of 0.2% in June.
- **June Personal Income** to be released at 8:30 AM EDT on Friday is expected to increase 0.4% versus a gain of 0.2% in May. **June Personal Spending** is expected to increase 0.4% versus a gain of 0.4% in May.
- **July Michigan Sentiment** to be released at 9:55 AM EDT on Friday is expected to increase to 81.4 from 81.3 in June.
- **July ISM** to be released at 10:00 AM EDT on Friday is expected to increase to 56.0 from 55.3 in June.
- **June Construction Spending** to be released at 10:00 AM EDT on Friday is expected to increase 0.4% versus a gain of 0.1% in May.

Review of past macro-economic data:

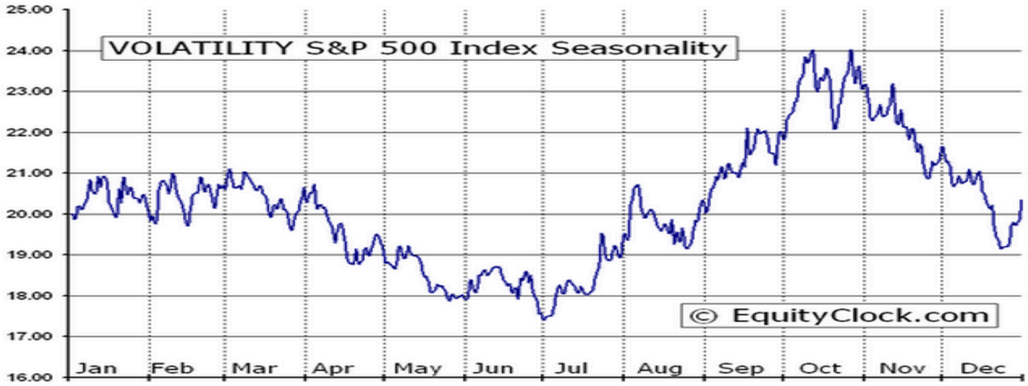
Event	Actual	Forecast	Previous
EUR German GfK Consumer Confidence Survey	**9**	8.9	8.9
EUR German IFO – Current Assessment	**112.9**	114.5	114.8
EUR German IFO – Expectations	**103.4**	104.4	104.8
EUR German IFO – Business Climate	**108**	109.4	109.7
GBP Index of Services (3Mo3M)	**1.00%**	1.00%	0.90%
GBP Gross Domestic Product (YoY)	**3.10%**	3.10%	3.00%
GBP Index of Services (MoM)	**0.30%**	0.20%	0.30%
GBP Gross Domestic Product (QoQ)	**0.80%**	0.80%	0.80%
USD Durable Goods Orders	**0.70%**	0.50%	-1.00%
USD Durables Ex Transportation	**0.80%**	0.50%	-0.10%
USD Cap Goods Ship Nondef Ex Air	**-1.00%**	1.30%	-0.10%
USD Cap Goods Orders Nondef Ex Air	**1.40%**	0.50%	-1.30%

US equity markets commentary & weekly charts

The VIX Index added 0.63 (5.22%) last week.

The Index remains above its 20 day moving average.

The VIX enters its period of seasonal strength from August to November.



Further evidence of weakening breadth is also apparent in the NYSE Summation Index.

Similarly, the NYSE Cumulative Advance-Decline Line is suggesting a break of positive intermediate trends.

The S&P 500 Index gained 0.12 (0.00%) last week.

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

Short-term momentum indicators are mixed.

Percent of S&P 500 stocks trading above their 50 day moving average fell last week to 64.80% from 71.00%.

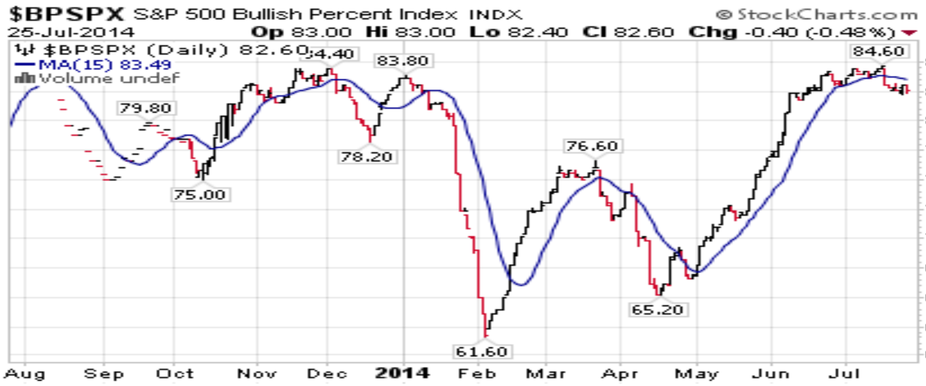
The index remains intermediate overbought and trending down.

Percent of S&P 500 stocks trading above their 200 day moving average fell last week to 82.20% from 85.60%.

The index remains intermediate overbought and trending down.

Bullish Percent Index for S&P 500 stocks slipped last week to 82.60% from 82.80% and remained below its 15 day moving average.

The Index is intermediate overbought and trending down.



The Dow Jones Industrial Average fell 139.61 points (0.82%) last week.

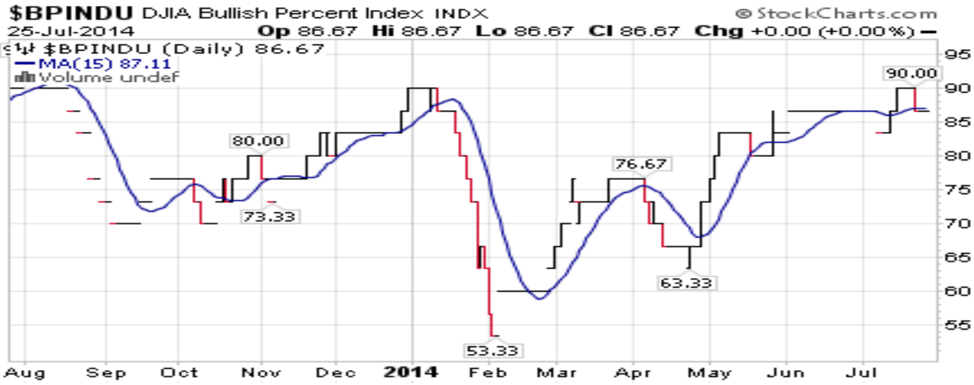
Intermediate trend remains up. The Average fell below its 20 day moving average on Friday.

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

Short-term momentum indicators are trending down.

Bullish Percent Index for Dow Jones Industrial Average stocks slipped last week to 86.67% from 90.00% and slipped below its 15 day moving average.

The index is intermediate overbought.

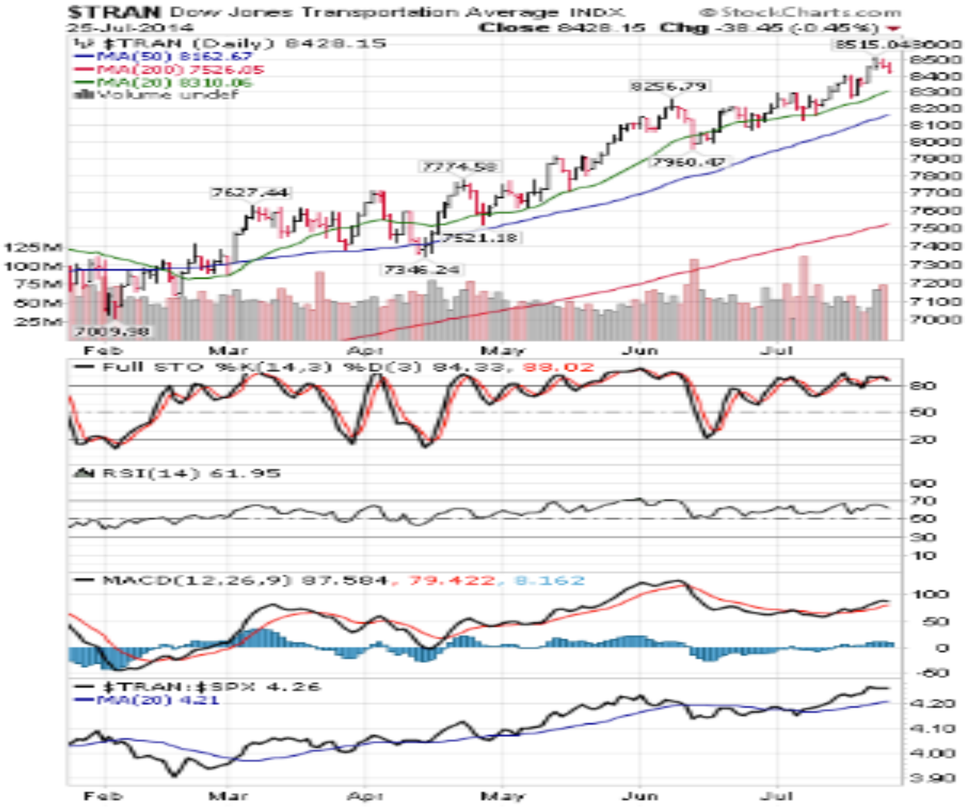


The Dow Jones Transportation Average gained 42.75 points (0.51%) last week.

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

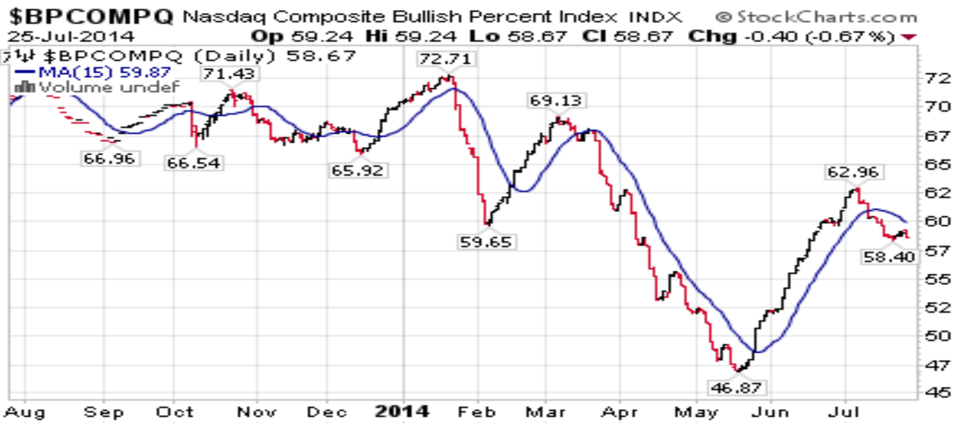
Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending up, but are overbought.



Bullish Percent Index for NASDAQ Composite stocks increased last week to 58.67% from 58.61% and remained below its 15 day moving average.

The Index remains intermediate overbought and trending down.



The NASDAQ Composite Index added 17.41 points (0.39%) last week.

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

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

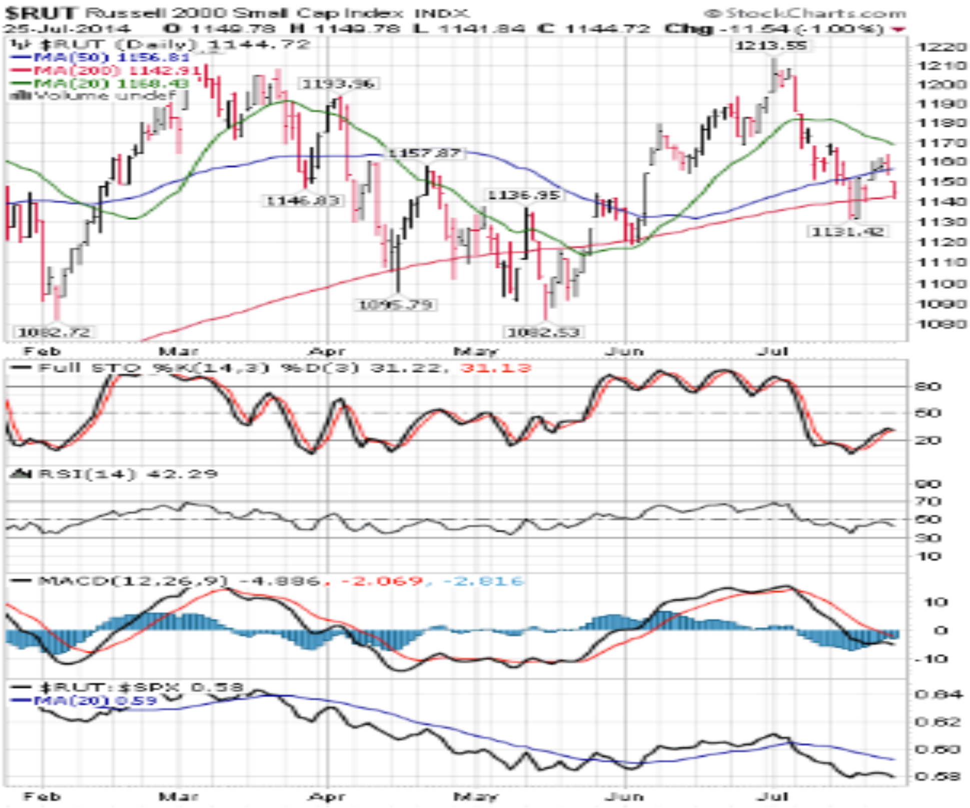
Short-term momentum indicators are mixed.

The Russell 2000 Index dropped 6.89 points (0.60%) 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.

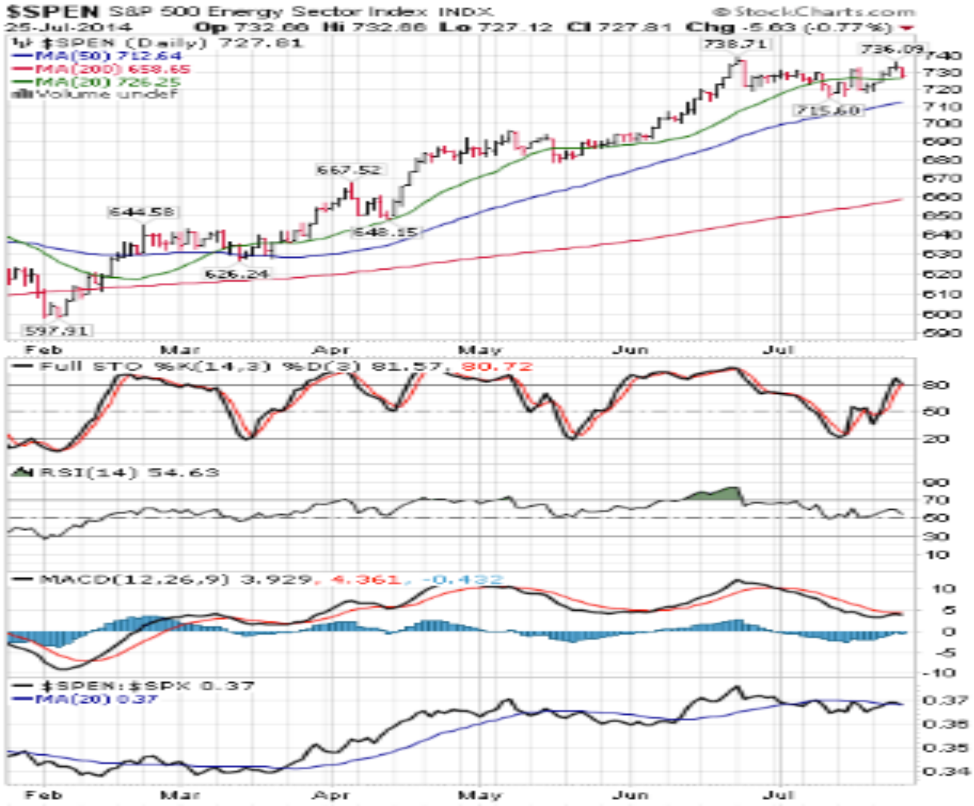


The S&P Energy Index added 5.90 points (0.82%) last week.

Intermediate trend changed from down to neutral on a move above 731.45. The Index moved above its 20 day moving average.

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

Short-term momentum indicators are mixed.

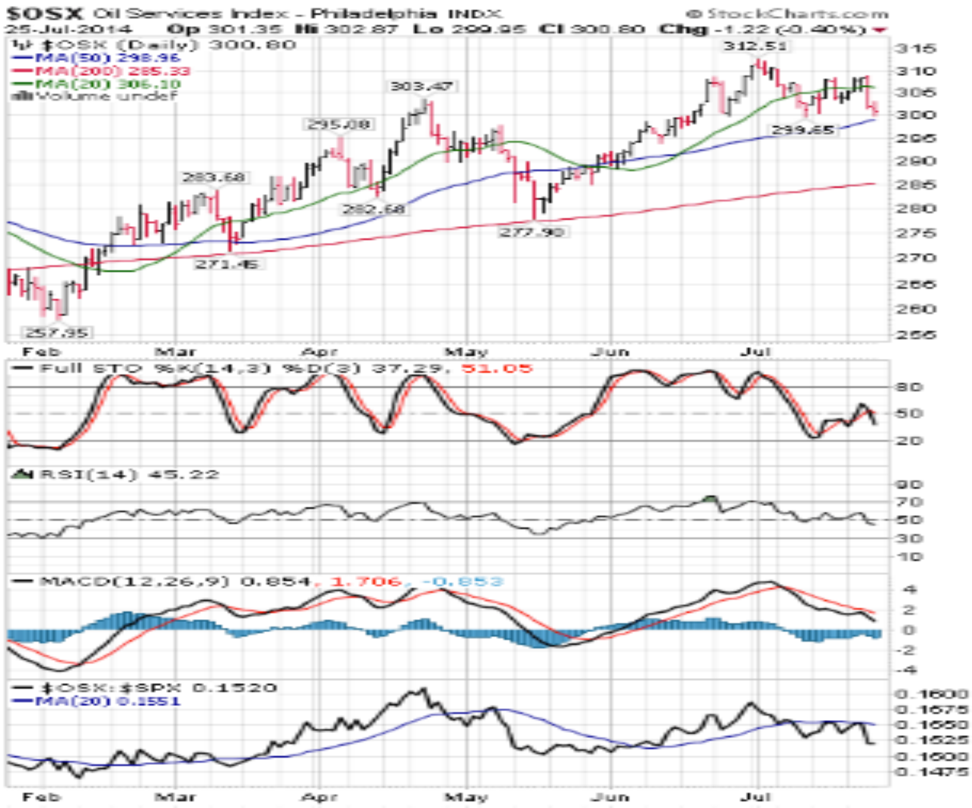


The Philadelphia Oil Services Index fell 3.26 points (1.07%) last week.

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

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

Short-term momentum indicators are mixed.



The AMEX Gold Bug Index slipped 1.27 points (0.52%) last week.

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

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

Short-term momentum indicators are mixed. Strength relative to Gold remains positive.

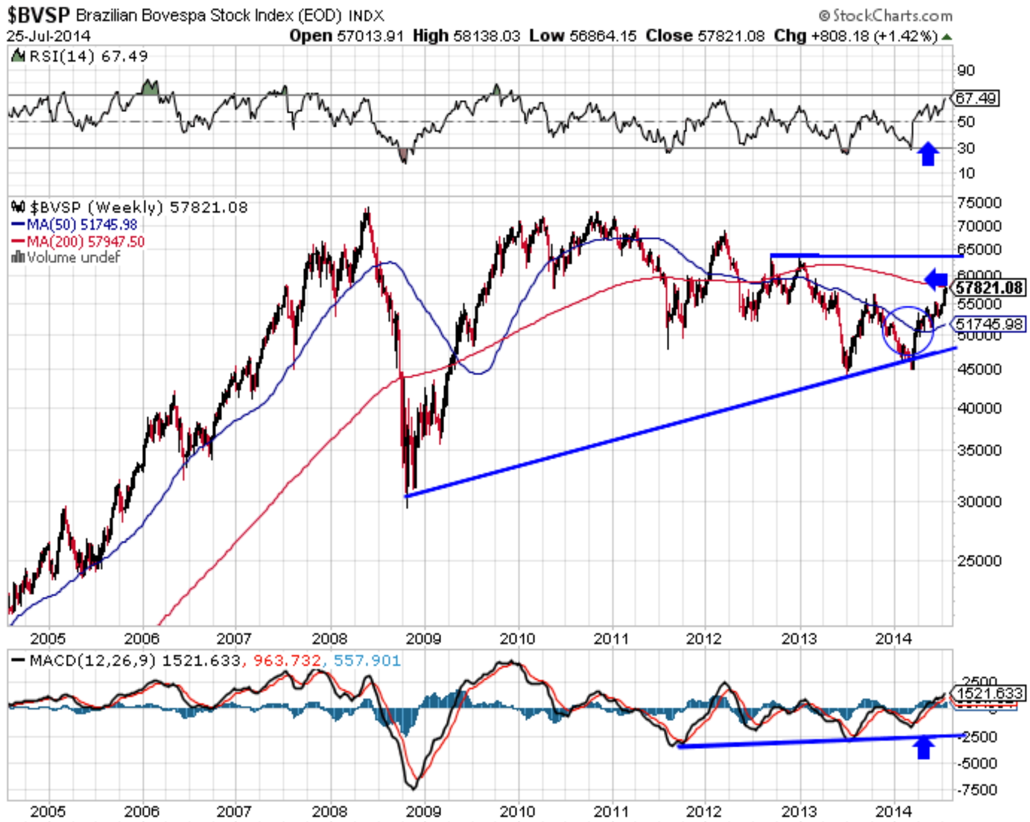
Latam Equity markets commentary & weekly charts

The Bovespa added 706 points last week.

Intermediate trend remains up. The $BVSP remains above its 20-, 50- and 200 day moving averages.

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

Short term momentum indicators are trending up



The Mexican Bolsa added 263 points last week.

Intermediate trend remains up. The $MXX remains above its 20-, 50-and 200 day moving averages.

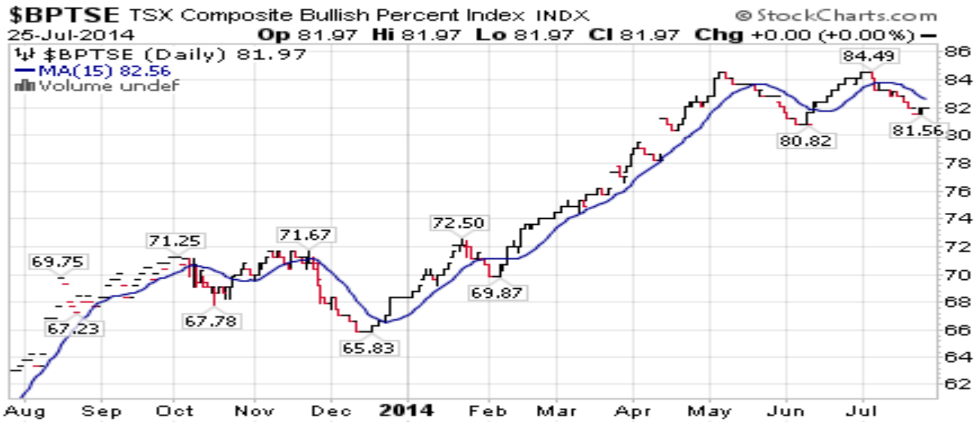
Strength relative to the S&P 500 Index remains positive.

Short term momentum indicators are trending up

Canadian equity markets commentary & weekly charts

Bullish Percent Index for TSX Composite stocks was unchanged last week at 81.97% and remained below its 15 day moving average.

The Index remains intermediate overbought and is trending down.



The TSX Composite Index gained 188.37 points (1.23%) 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 up.

Percent of TSX stocks trading above their 50 day moving average increased last week to 61.32% from 58.02%.

The index has returned to an overbought level.

Percent of TSX trading above their 200 day moving average increased last week to 78.19 from 75.72.

The index remains intermediate overbought.

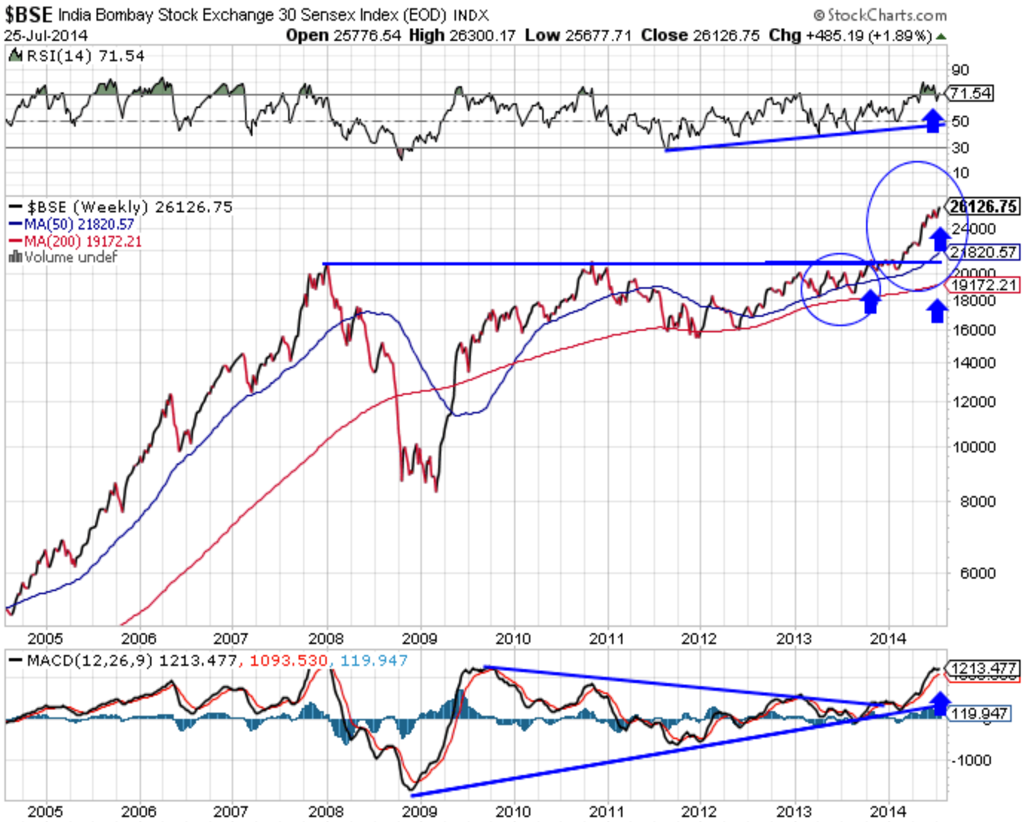
Asian equity markets commentary & weekly charts

The Indian SENSEX gained points last week.

Intermediate trend remains up. The $BSE remains above its 20-, 50- and 200 day moving averages.

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

Short term momentum indicators are trending up



The Nikkei Average gained 242.17 points (1.59%) last week.

Intermediate trend remains up. The Average moved 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 gained 67.54 points (3.28%) last week.

Intermediate trend remains up. 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 trending up.

iShares Emerging Markets added $0.62 (1.40%) last week.

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

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

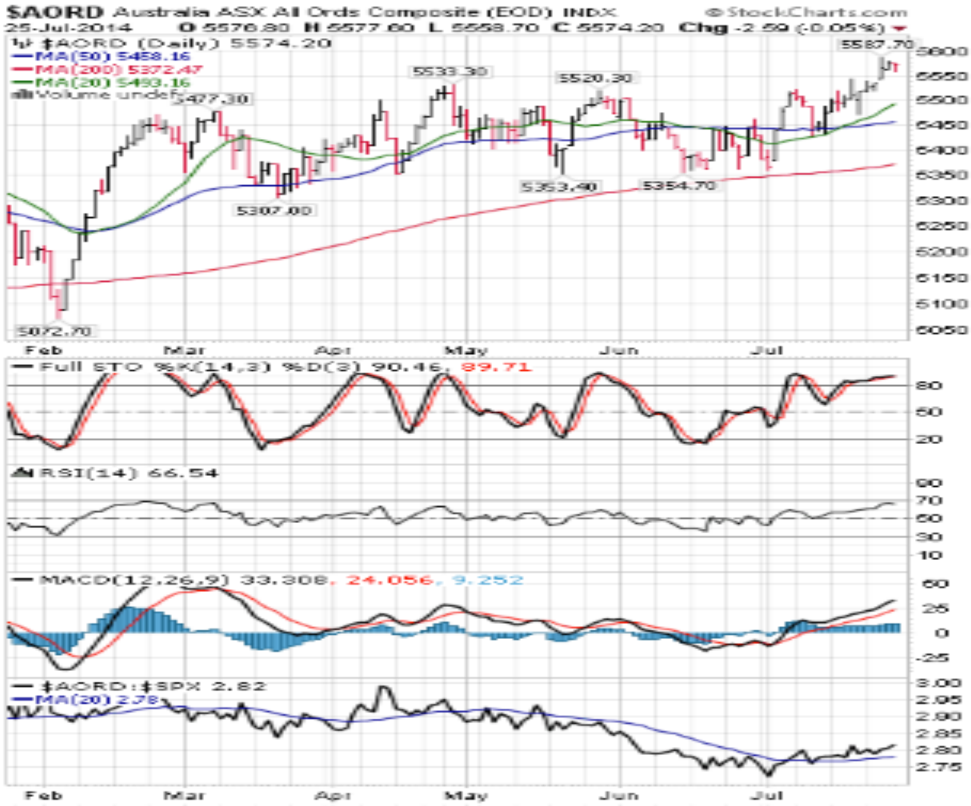
Short-term momentum indicators are trending up.

The Australia All Ords Composite Index gained 55.00 points (0.35%) 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 up



European Equity markets commentary & weekly charts

The DAX 30 lost 32 points last week.

Intermediate trend remains down. The $DAX remains below its 20 day moving average.

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

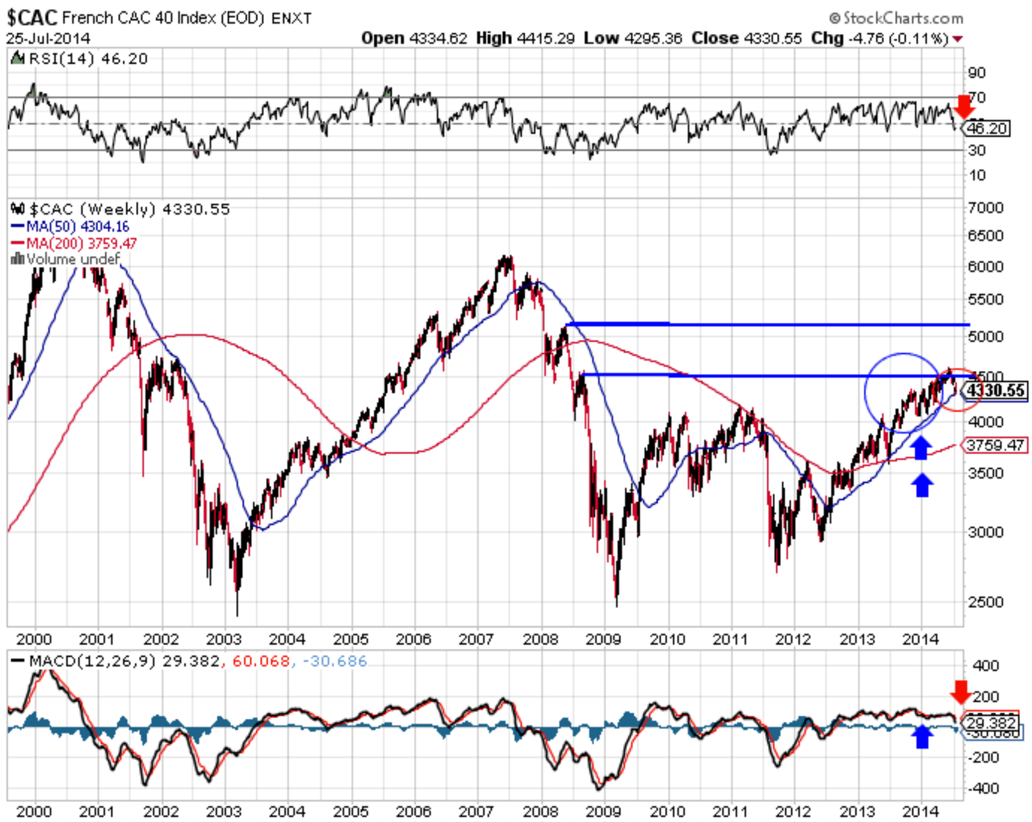
Short-term momentum indicators are trending down.

The CAC 40 gained 28 points last week.

Intermediate trend remains up. The Index remains above its 50 day moving average.

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

Short-term momentum indicators are trending up.

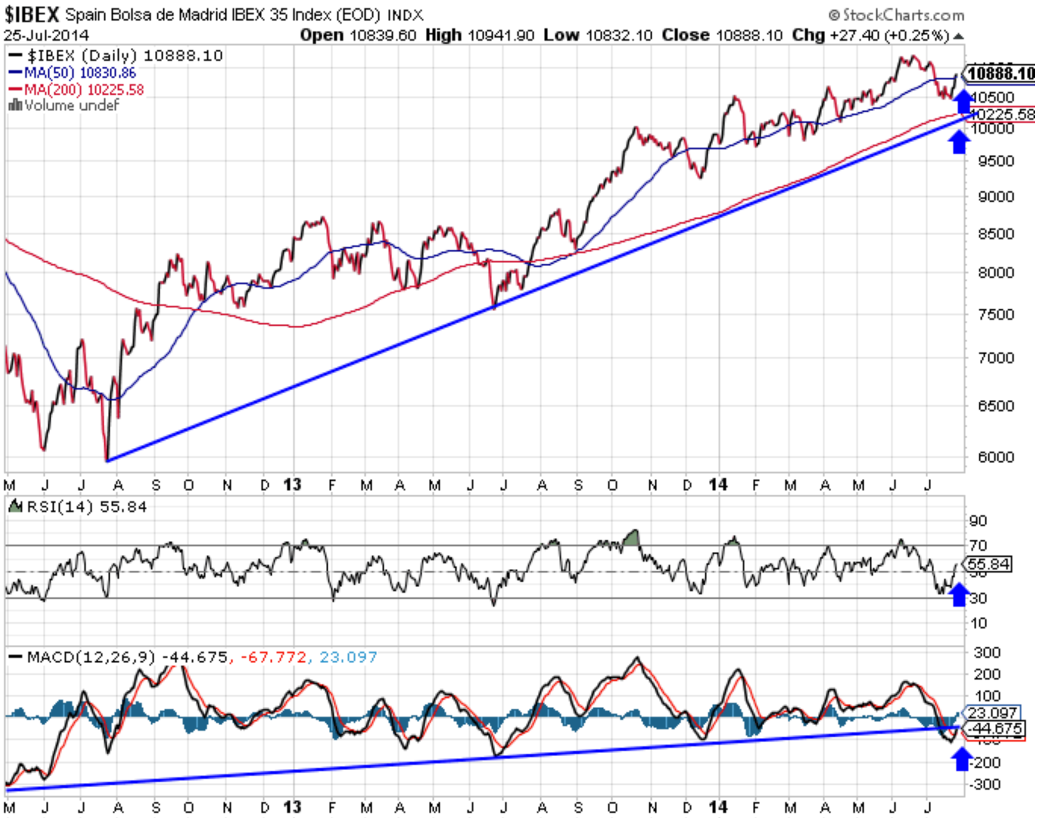


The IBEX 35 gained 416 points last week.

Intermediate trend remains up. The $IBEX remains above its 50 day moving average.

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

Short-term momentum indicators are trending up.



The FTSE 100 gained 63 points last week.

Intermediate trend remains down. The Index remains below its 20-, and 50-day moving averages.

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

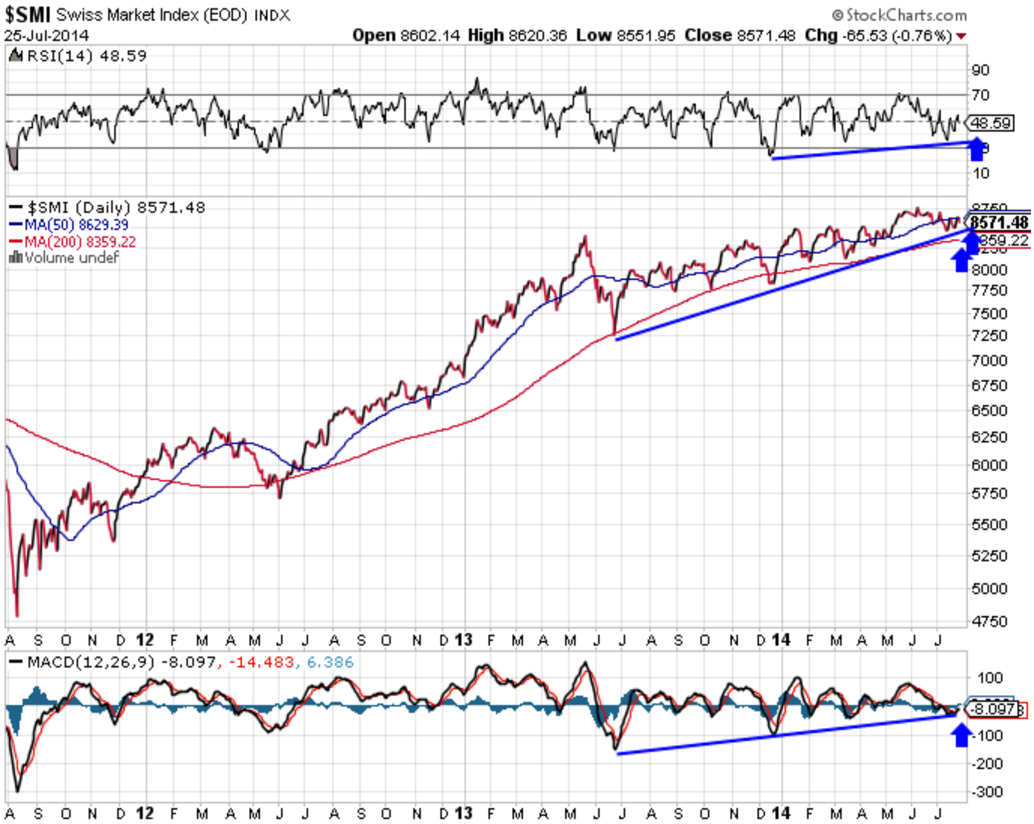
Short-term momentum indicators are trending down.

The Swiss Market Index has added 68 points last week.

Intermediate trend remains down. The Index dropped below its 20-, and 50-day moving averages.

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

Short term momentum indicators are trending up



Europe 350 iShares fell $0.03 (0.06%) 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 oversold and showing early signs of bottoming.

Fixed Income markets commentary & weekly charts

EURO Bonds

Country	Yield	Spread*	Close†	Change‡
Germany (1.5% 15 May 2024)	1.16	-	1.15	0.01
France (1.75% 25 Nov 2024)	1.56	+ 40	1.55	0.01
Belgium (2.6% 22 Jun 2024)	1.55	+ 39	1.55	0.01
Italy (3.75% 1 Sep 2024)	2.72	+ 156	2.71	0.02
Spain (3.8% 30 Apr 2024)	2.52	+ 136	2.54	-0.01
Denmark (1.75% 15 Nov 2025)	1.53	+ 37	1.53	0.01
Finland (2% 15 Apr 2024)	1.30	+ 14	1.30	0.00
Netherlands (2% 15 Jul 2024)	1.36	+ 20	1.35	0.01
Austria (1.65% 21 Oct 2024)	1.41	+ 25	1.41	0.01
Czech Republic (5.7% 25 May 2024)	1.45	+ 29	1.45	0.00
Ireland (3.4% 18 Mar 2024)	2.25	+ 109	2.25	0.00
Slovenia (4.625% 09 Sep 2024)	3.15	+ 199	3.14	0.01
Hungary (5.5% 24 Jun 2025)	4.30	+ 314	4.30	0.00
Portugal (5.65% 15 Feb 2024)	3.59	+ 243	3.65	-0.06

Time snapshot: 28/07/2014 - 11:15 AM CET

US Bonds

The yield on 10 year Treasuries eased 1.5 basis points (0.60%) last week.

Trend remains neutral. Yield remains below its 20-day moving average.

Short-term momentum indicators are trending down.

The long term Treasury ETF added $1.15 (1.00%) last week.

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

Currencies commentary & weekly charts

The Euro fell 0.96 (0.71) last week.

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

Short-term momentum indicators are trending down, but are oversold.

The US$ Index gained another 0.62 (1.40%) last week.

Intermediate trend changed from neutral to up on a move above 81.065 on Friday. The Index remains above its 20 day moving average.

Short-term momentum indicators are trending up.

The Japanese Yen slipped 0.45 (0.46%) last week.

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

Short-term momentum indicators are trending down.

The C$ fell 0.71 (0.76%) last week. Intermediate trend remains up.

The C$ remains below its 20 day moving average.

Short-term momentum indicators are trending down.

Commodities commentary & weekly charts

The CRB Index added 0.92 (0.31%) 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.

Copper added $0.06 per lb. (1.89%) last week.

Intermediate trend remains up. Copper remains above its 20 day moving average.

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

Short-term momentum indicators are mixed.

Lumber slipped $0.40 (0.12%) last week.

Trend remains down. Lumber remains below its 20-day moving average.

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

The Grain ETN dropped another $0.22 (0.56%) last week.

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

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

The Agriculture ETF slipped $0.12 (0.31%) last week.

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, but are oversold.

Gold & precious metals commentary & weekly charts

Gold slipped $6.10 per ounce (0.47%) last week.

Intermediate trend remains up. Gold remains below its 20 day moving average.

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

Short-term momentum indicators are mixed.

Silver fell $0.25 per ounce (1.20%) last week.

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

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

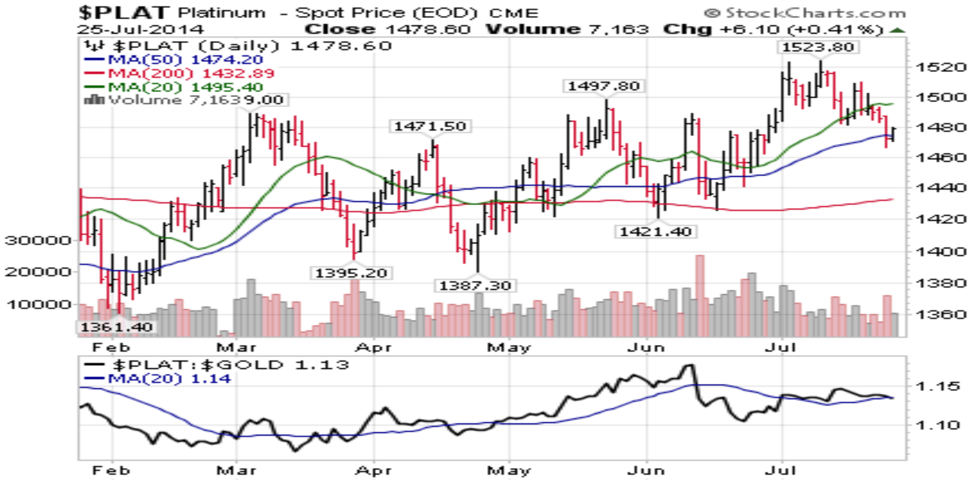
Short-term momentum indicators are trending down.

Strength relative to Gold changed from neutral to negative.

Platinum slipped $11.30 per ounce (0.76%) last week.

Intermediate trend remains up. PLAT remains below its 20 day moving averages.

Strength relative to the S&P 500 and Gold is neutral.



Palladium dropped $1.70 (0.19%) last week.

Intermediate trend remains up. PALL remains above its 20 day moving average.

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

Oil, gas & energy commentary & weekly charts

Crude Oil added $0.14 per barrel (1.37%) last week.

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

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

Short-term momentum indicators are trending up.

Natural Gas lost another $0.16 per MBtu (4.05%) last week.

Intermediate trend remains down. 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, but are oversold.

Gasoline slipped $0.02 per gallon (0.070%) last week.

Intermediate trend remains down. Gasoline remains below its 20 day moving average.

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

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