



Creative Global Investments

Morning Market Commentary & Weekly Charts

Monday, July 29th, 2013

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Objectivity

Integrity

Creativity

Summer breeze to continue for global equities?

Second quarter reports continue to pour in. Of the 260 companies in the S&P 500 that have posted quarterly results so far, 73% have exceeded analysts' estimates for profit and 57% have topped sales projections. Companies that significantly beat consensus results saw their share prices move higher. More frequently, companies that reported slightly better than consensus results or worse saw their share prices come under "sell on news" pressures. Look for more of the same this week.

Economic focus this week is on the July employment report and the FOMC meeting on Wednesday. The employment report is expected to show slight weakness relative to the June report. The FOMC decision is expected to offer more information on timing of the taper. Rumors late last week suggested that timing of the taper will be deferred beyond September, a positive scenario for both the stock and bond market.

Short term technical indicators for broadly based equity indices and more sectors have started to roll over from overbought levels: Stochastics are falling below 80%, RSI is declining from near the 70% level and MACD is near a negative cross over above the 0 line.

Intermediate technical indicators (e.g. Percent of S&P 500 stocks trading above their 50 day moving average) also are overbought and showing signs of peaking. Failure of broadly based US indices to move significantly higher on a move to an all-time high also is an important technical sign.

Seasonal influences for North American equity indices turn negative from July 18th to the end of September. On average during the past 62 periods, the S&P 500 Index has declined 2.0% per period. Sectors that are weakest are economic sectors such as Consumer Discretionary, Industrials, Materials, Transportation and Technology. August is the fourth worst performing month for the S&P 500 Index, third worst performing month for the Dow Jones Industrial Average and the TSX Composite Index and second worst performing month for the NASDAQ Composite Index during the past 62 periods. September is the worst performing month for the S&P 500 Index, Dow Jones Industrial Average, TSX Composite Index and NASDAQ Composite Index. Given the current overbought state for North American equity indices, chance of history repeating in August and September are higher than average.

International events also will impact equity markets. News on interest rates in the UK and Europe are a focus. Political hot spots include Egypt, Syria, Iran and Iraq.

Weekly investment conclusion:

Equity markets have just completed a traditional period of strength from the last week in June to the third week in July. Since the low on June 24th, gains have been extraordinary. The S&P 500 Index gained 8.44%, the Dow Jones Industrial Average improved 6.82% and the TSX Composite Index advanced 5.76%. It's time to take trading profits in equity index based investments. Sectors with traditional positive seasonality are the exceptions. Gold, gold equities, biotech and utilities are bucking the trend by moving higher as well as outperforming equity indices.

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Global Macro Commentary & Events

Upcoming Macro Events:

- **May Case-Shiller 20 City Home Price Index** to be released at 9:00 AM EDT on Tuesday is expected to decline to on a year-over-year basis to 12.4% from 12.7%
- **July Consumer Confidence Index** to be released at 10:00 AM EDT on Tuesday is expected to increase to 81.6 from 81.4 in June
- **July ADP Private Employment** to be released at 8:15 AM EDT on Wednesday is expected to drop to 180,000 from 188,000
- **Preliminary U.S. Second Quarter Annualized Real GDP** to be released at 8:30 AM EDT on Wednesday is expected to fall to 1.1% from 1.8% in the first quarter
- **Canadian May Real GDP** to be released at 8:30 AM EDT on Wednesday 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 Wednesday is expected to slip to 51.5 from 51.6 in June
- **FOMC decision on interest rates** to be released at 2:00 PM EDT on Wednesday is expected to maintain the Fed Fund Rate at 0%-0.25% as well as continue monthly \$85 billion purchases of Treasuries and Mortgage Backed Securities
- **Weekly Initial Jobless Claims** to be released at 8:30 AM EDT on Thursday are expected to increase to 345,000 from 343,000 last week.
- **July ISM** to be released at 10:00 AM EDT on Thursday is expected to improve to 51.5 from 50.9 in June
- **June Construction Spending** to be released at 10:00 AM EDT on Thursday is expected to increase 0.2% versus a gain of 0.5% in May.
- **July Non-farm Payrolls** to be released at 8:30 AM EDT on Friday are expected to slip to 184,000 from 195,000 in June. **July Private Non-farm Payrolls** are expected to ease to 192,000 from 202,000 in June. **The July Unemployment Rate** is expected to ease to 7.5% from 7.6% in June. **July Hourly Earnings** are expected to increase 0.2% versus a gain of 0.4% 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 0.5% in May. **June Personal Spending** is expected to increase 0.5% versus a gain of 0.3% in May.
- **June Factory Orders** to be released at 10:00 AM EDT on Friday are expected to increase 1.4% versus a gain of 2.1% in May.

Asian Economies

Japanese consumer prices rose for the first time in more than a year in June, a sign that policies aimed at ending deflation could be yielding results. Data showed that consumer prices, excluding food, rose by 0.4% - the biggest increase for five years. However, the rise was mainly due to higher energy bills rather than increased domestic demand. Prime Minister Shinzo Abe has said that he will end more than a decade of falling prices.

Euro Economies

The European Central Bank and the Bank of England will announce their interest rate decisions on Thursday following a slate of economic data out this week which could sway leaders either way in terms of whether to change policies.

US Economies

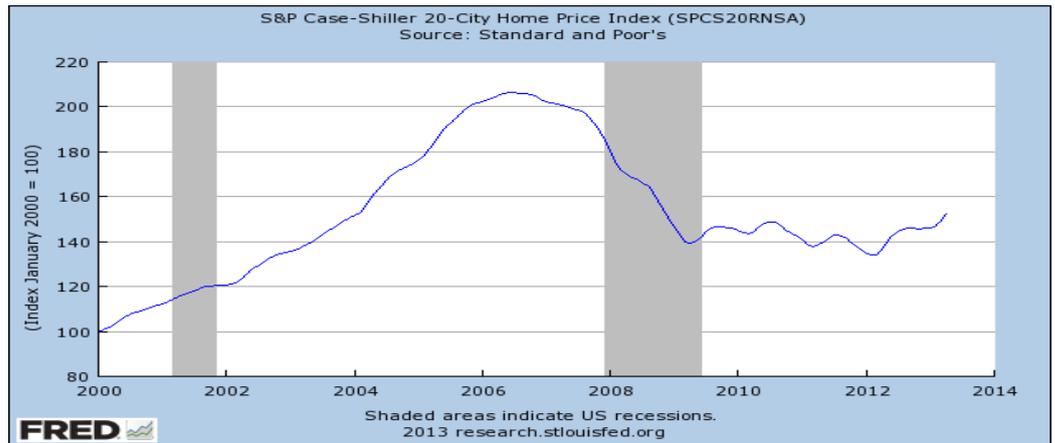
The University of Michigan's consumer confidence gauge for the month of July rose to 85.1 points versus a preliminary estimate of 83.9 and a consensus forecast of 84.0. That was the best print since July 2007, the month when the S&P 500 hit its peak prior to the bursting of the financial crisis.

However, while the current situation sub-index improved to 98.6 from 93.8 the expectations sub-index actually retreated a tad to 76.5 from the prior month's level of 77.8.

US Housing & Interest Rates & Equity markets

The US Housing market, most individual's largest asset, has been recovering. Rising house prices have historically had the greatest economic effect on an individual's feeling of wealth. The US Housing market resurgence, most importantly recognized, and deservedly supported early on in the past financial crisis by the necessary Federal Reserve actions, has been undoubtedly bullish. Record-low interest rates and tight inventories coupled with real house prices at early 2000s levels have greatly enhanced affordability.

However, we do see price gains likely to slow, possibly even reverse over the next two years as inventory returns to the market, and as we are expecting for interest rates continue to rise.



The 42-year trend of 30-year mortgage rates (thick blue line) has been rising significantly as of late. This is largely due to improving US economy as well as the potential of the Fed to begin tapering its quantitative easing as early as September. The 30-year mortgage rate has increased over 80 basis points during the past three months, the largest three-month increase since 2004.

While the 30-year mortgage rate still rests well within the confines of its 27-year downtrend channel, it's worth noting that the last two times mortgage rates reached the top end of its downtrend channel (green line), the stock market followed with a major decline (i.e. dot-com bust and financial crisis).



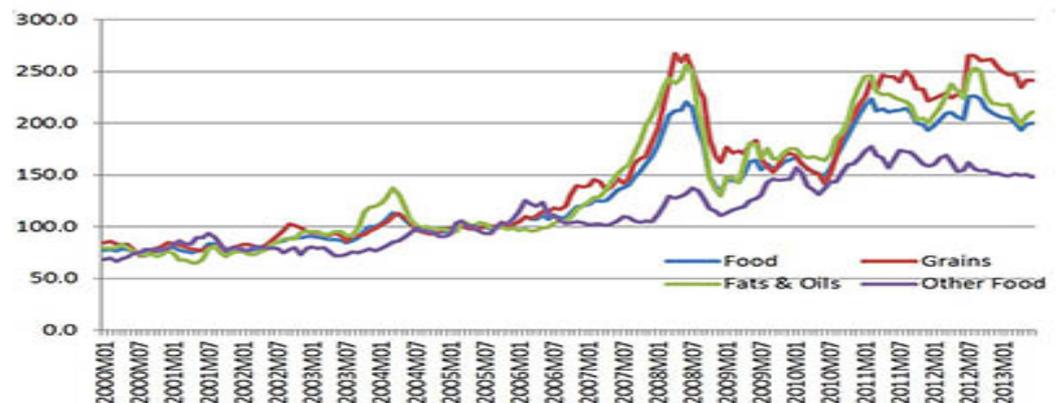
Temporary global food price deflation

Prices of internationally traded food declined for the third consecutive quarter since their historical peak in August of 2012. Increased production, declining imports and increasing stocks are exerting downward pressure on export prices, but international prices remain tight for maize. Prices remain high and with recent price increases in May and June, uncertainties surrounding unstable weather conditions and domestic policy decisions among key food producers warrant close scrutiny.

Unfavorable weather conditions in northern and central Europe, the Russian Federation, and China may affect the prospects of a rebound in world wheat production. There are concerns about the extent of the planting expansion officially announced for US corn, which also relies on assumptions of favorable weather conditions. Due to its late planting, the US corn harvest will undergo its most sensitive phase over a much-reduced period of time, making it very vulnerable to hot and dry weather during that period.

Indices	Feb 2013– June 2013 (%)	June 2012– June 2013 (%)
Food	-2	-2
Grains	-2	5
Fats and oils	-3	-6
Other	-1	-4
Fertilizers	-8	-15
Prices		
Maize	-1	12
Rice (Thai, 5%)	-4	-10
Wheat (U.S., HRW)	-2	13
Sugar (world)	-6	-16
Soybean oil	-11	-12
Crude oil, average	-7	10

Source: World Bank, DECPG.



US Market Commentary & Weekly Charts

The VIX Index added 0.18 (1.44%) last week.

The Index remains below its 20, 50 and 200 day moving averages.



The S&P 500 Index was unchanged last week.

The trend remains up. The Index remains above its 20, 50 and 200 day moving averages.

Short-term momentum indicators are overbought and showing early signs of rolling over.



Percent of S&P 500 stocks trading above their 50 day moving average fell last week to 79.40% from 84.00%.

The index is intermediate overbought and showing signs of peaking.



Percent of S&P 500 stocks trading above their 200 day moving average slipped to 90.00% from 90.80%.

The index remains intermediate overbought and showing signs of peaking.



Bullish Percent Index for S&P 500 stocks increased last week to 83.00% from 81.2% and remained above its 15 day moving average.

The Index remains intermediate overbought.



The Dow Jones Industrial Average added 15.09 points (0.10%) last week.

The trend remains up. The Average remains above its 20, 50 and 200 day moving averages.

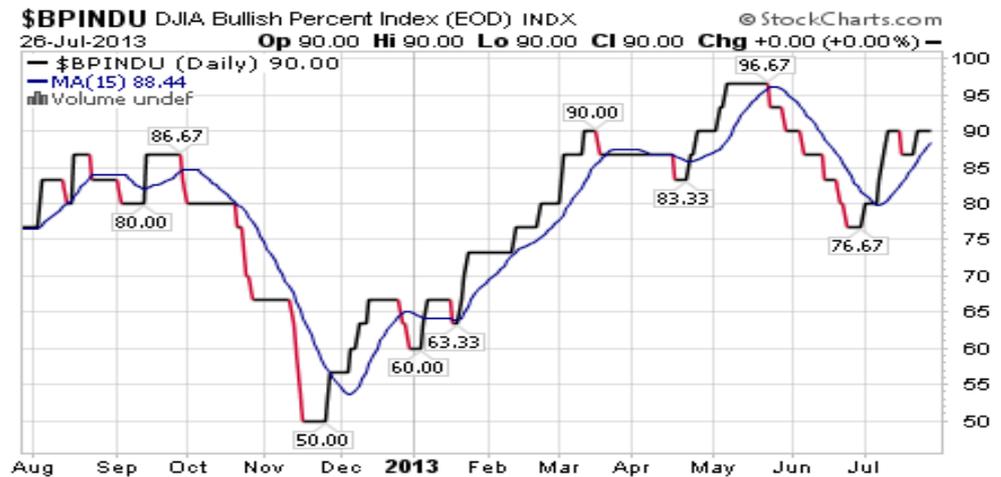
Strength relative to the S&P 500 Index remains negative.

Short term momentum indicators are overbought



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

The Index remains intermediate overbought.



The Dow Jones Transportation Average lost 113.65 points (1.73%) last week.

The trend remains up. The Average briefly moved below its 20 day moving average, but recovered to just above that level on Friday.

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

Short-term momentum indicators have rolled over from overbought levels and are trending down.



Bullish Percent Index for NASDAQ Composite stocks increased last week to 71.00% from 70.92% and remained above its 15 day moving average.

The Index remains intermediate overbought.



The NASDAQ Composite Index added 25.55 points (0.71%) last week.

The trend remains up. The Index remains above its 20, 50 and 200 day moving averages.

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

Short-term momentum indicators are overbought and showing early signs of rolling over.



The Russell 2000 Index slipped 1.97 points (0.19%) last week.

The trend remains up. The Index 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 overbought and showing early signs of rolling over.



The S&P Energy Index slipped 4.73 points (0.77%) last week.

The trend remains up. The Index 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 overbought and showing early of peaking.



The Philadelphia Oil Services Index fell 9.26 points (3.40%) last week.

The trend remains up. The Index 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 from overbought levels.



Canadian Markets Commentary & weekly charts

Bullish Percent Index for TSX Composite stocks increased last week to 63.03% from 60.92% and remained above its 15 day moving average.

The Index remains intermediate overbought.



The TSX Composite Index fell 37.23 points (0.29%) last week.

The trend remains down. The Index remains above its 20, 50 and 200 day moving averages.

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

Short term momentum indicators show early signs of rolling over from intermediate overbought levels



Percent of TSX Composite stocks trading above their 50 day moving average slipped last week to 55.45% from 57.14%.

The index is intermediate overbought.



Percent of TSX Composite stocks trading above their 200 day moving average fell last week to 44.54% from 46.64%.

Intermediate trend remains down.



Asian Markets Commentary & weekly charts

The Nikkei Average fell 459.93 points (3.15%) last week.

The trend remains neutral. 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 have rolled over from overbought levels and are trending down.



The Shanghai Composite Index added 18.20 points (0.91%) last week.

The trend remains down. The Index remains below its 20, 50 and 200 day moving averages.

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

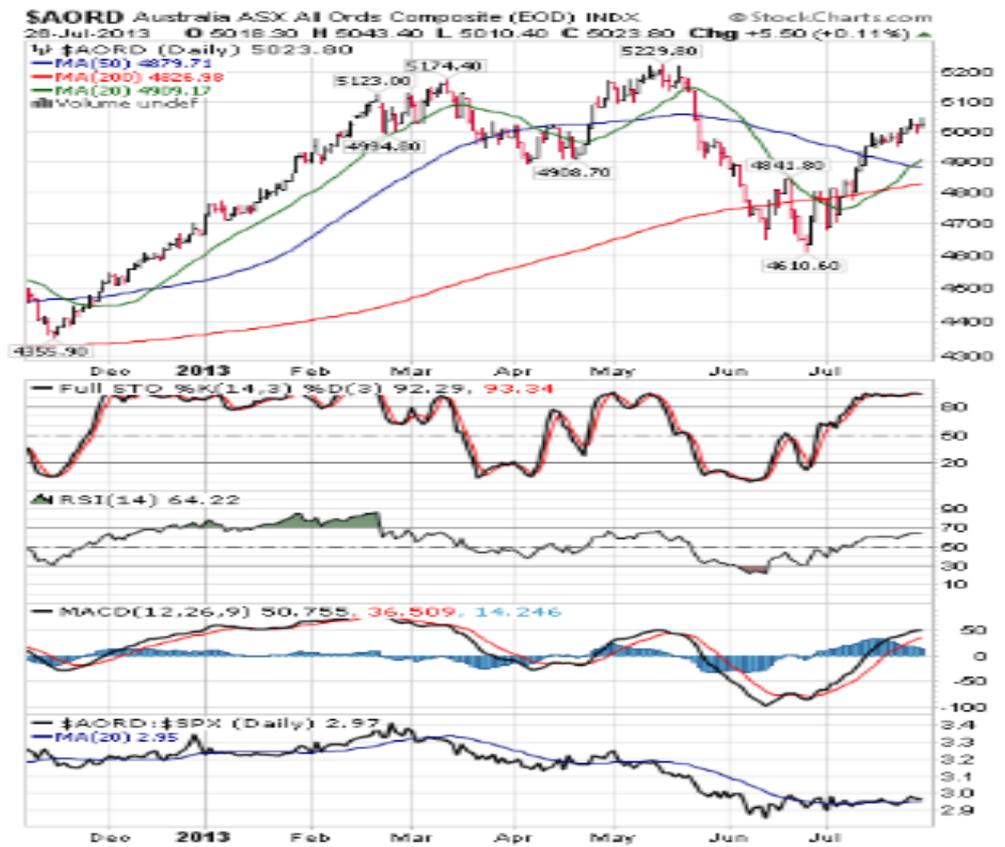
Short-term momentum indicators are neutral.



The Australia All Ords Composite Index added 64.40 points (1.30%) last week.

The trend remains neutral. The Index remains above its 20, 50 and 200 day moving averages.

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



European Markets Commentary & weekly charts

The Athens Index added 28.74 points (3.43%) last week.

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

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

Short-term momentum indicators are trending up.



Europe 350 iShares added \$0.53 (1.28%) last week.

The trend remains neutral. Units remain above the 20, 50 and 200-day moving averages.

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

Short-term momentum indicators are overbought, but have yet to show signs of peaking.



Fixed Income Markets Commentary & weekly charts

EURO Bonds

German 10y	1.69	+0.02	1.28%
Italy 10yr	4.43	+0.02	0.52%
Spain 10yr	4.63	+0.02	0.39%
UK 10yr	2.33	-0.01	0.22%

US Bonds

Yield on 10 year Treasuries increased 7 basis points (2.81%) last week.

The trend remains up. Yield returned above its 20 day moving average.

Short-term momentum indicators are trending down.



The long term Treasury ETF fell \$1.06 (1.00%) last week.

Units remain below their 20-day moving average.



Currencies Commentary & weekly charts

The Euro added 1.33 (1.01%) last week.

The Euro remains above its 20, 50 and 200 day moving averages.

Short-term momentum indicators are overbought, but have yet to show signs of peaking.



The US\$ Index fell 0.83 (1.00%) last week.

The trend remains up. The Dollar remains below its 20 and 50 day moving averages.

Short-term momentum indicators are oversold, but have yet to show signs of bottoming.



The Japanese Yen added 2.19 (2.20%) last week.

The Yen moved above its 20 and 50 day moving averages.

Short-term momentum indicators are trending up.



The C\$ added US 0.90 cents (0.93%) last week.

The trend remains down. The C\$ remains above its 20 day moving average and moved above its 50 day moving average.

Short-term momentum indicators are overbought, but have yet to show signs of peaking.



Commodities Commentary & weekly charts

The CRB Index fell 6.46 points (3.22%) last week.

The trend remains neutral. The Index fell below its 20 and 50 day moving averages.

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



Copper fell \$0.03 (0.95%) last week.

The trend remains down. Copper fell below its 20 day moving average on Friday.

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

Short-term momentum indicators are neutral.



Lumber fell \$9.38 (2.81%) last week

The trend remains up. Lumber remains above its 20 and 50 day moving averages.

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



The Grain ETN fell \$2.79 (5.69%) last week.

The trend remains down.

Units remain below the 20, 50 and 200-day moving averages.

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



The Agriculture ETF fell \$1.26 (2.36%) last week.

The trend remains down. Units fell below the 20, 50 and 200-day moving averages.

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



Gold & Precious Metals Commentary & weekly charts

Gold gained \$28.60 (2.21%) last week.

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

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

Short-term momentum indicators are trending up.



Silver added \$0.31 (1.59%) last week.

The trend remains up. Silver remains above its 20 day moving averages.

Strength relative to the S&P 500 Index turned positive, but strength relative to gold remains negative.

Short-term momentum indicators are trending up.



Platinum fell \$8.40 per ounce (0.59%) last week.

The trend remains down. Platinum remains above its 20 day moving average.

Strength relative to Gold turned negative, but remains neutral relative to the S&P 500 Index.



Palladium dropped \$25.75 per ounce (3.44%) last week.

Palladium remains above its 20, 50 and 200 day moving averages. Strength relative to Gold and the S&P 500 Index turned negative.



Oil, Gas & Energy Commentary & weekly charts

Gasoline fell \$0.08 per gallon (2.56%) last week.

The trend remains up.
Gasoline remains above its 20, 50 and 200 day moving averages.

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



Crude Oil fell \$3.35 per barrel (3.10%) last week.

The trend remains up.
Crude remains above its 20, 50 and 200 day moving averages.

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

Short-term momentum indicators have rolled over from overbought levels and are trending down.



Natural Gas fell \$0.23 (6.07%) last week.

The trend remains down. Natural Gas fell below its 20 and 200 day moving averages.

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

Short-term momentum indicators are trending down.



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