



Creative Global Investments

Weekly investment strategy & charts

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Global Macro Commentary

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Objectivity

Integrity

Creativity

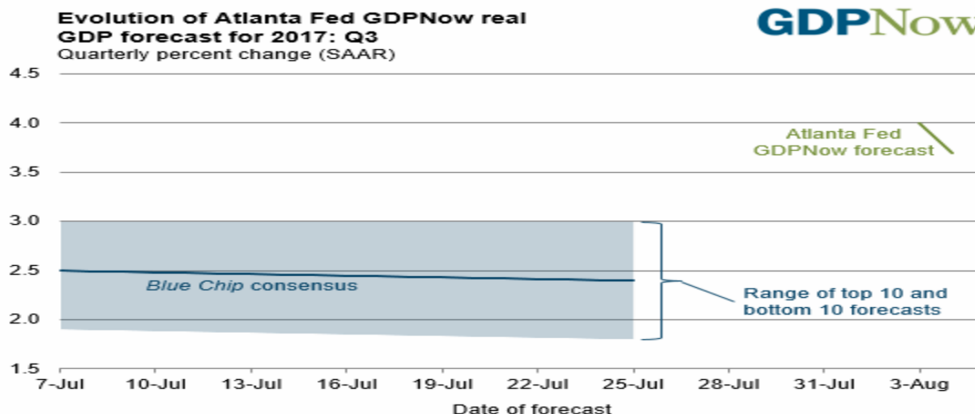
In Asia, China's multi-year campaign to cut taxes and costs for its companies seems still to be insufficient, as most firms believe their tax burden is still too heavy, a survey by a government-backed research institute showed this week. 50% of the respondents were satisfied with the current business environment, but 80.4% said they would like to see a lighter tax burden and 52.7% said financing costs were too high, the survey released by the Chinese Academy of Fiscal Sciences found. China says it wants to save its companies Yuan 1 Trn (\$149 Bn) in taxes and fees this year as it looks to lighten their load in the face of slowing demand growth and often burdensome red tape. Besides the tax costs, Chinese firms are having to pay increasingly higher salaries to staff, with 45.7% of firms calling for labor costs to be cut. Labor costs rose 6.8% nationwide last year, whilst firms' tax burdens have held steady at about 5.3% of revenues over the last three years, while cost-cutting policies have achieved some success, one must also recognize that in structural supply-side reform, cutting costs is a very difficult and a challenging project.

In Europe, we are expecting for macro data to weaken seasonally a bit over the summer months, and the first evidence is in the June German industrial production which fell by 1.1% m-o-m, missing consensus forecasts for growth of 0.2% and almost fully reversing a gain of 1.2% in the previous month.

In the UK, British officials were likely to offer to pay EUR 10 Bn a year for 3 years after leaving the EU in March 2019, then finalize the total alongside detailed trade talks. Payments would only be made as part of a deal that included a trade agreement, however, the EU's position is EUR 80 Bn to EUR 60Bn, but the actual bottom line is EUR 50Bn. UK officials believe the UK should be liable for a maximum EUR 30Bn with an actual landing zone is EUR 40Bn.

In the Americas, the US economy is on track to grow at a 3.7% annualized pace in Q3, the Atlanta Fed's GDP Now forecast model showed on Friday, following the release of the government's July payrolls report. The latest Q3 GDP estimate was weaker than the previous one for 4.0%, calculated on Thursday, mainly due to scaled back Q3 projections on consumer spending growth to 2.8% from 3.0% and on fixed investment growth to 4.1% from 5.2%.

We maintain our 1.9% fy 2107 US GDP growth target.



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As we had anticipated and commented over the past 9 months, post Trump victory, monetary and financial conditions in the US have eased since the beginning of the year. A lot has been written on the recent softness in US inflation data, as headline inflation pulled back, with a similar trend in core inflation. Admittedly, a number of unusual factors have partly been a driver behind this, although more importantly there is quite some persistence in the broad-based softness in inflation. In recent communications by the FOMC members (more specifically by Chair Yellen) the uncertainty in the outlook for inflation has been highlighted and only part of the recent softness in inflation was deemed transitory. Interestingly, in Fed communications there is more and more reference to “financial conditions”.

The policy rate set by the central bank indirectly impacts the economy, not directly. It is therefore important to assess financial conditions in order to assess the impact that a central bank’s monetary policy stance is having on the real economy. The chart below illustrates that although the policy rate corridor has been raised, financial conditions have eased over that same period. Thus for the real economy, one could possibly argue that Fed policy has so far had limited direct impact.



The Fed has been referring in minutes that “a few” members of the FOMC are more worried about the risk of financial stability than Chair Yellen. And potentially, easier financial conditions may at the margin encourage the Fed to lean a bit against asset price bubbles.

Central bankers have made relatively explicit statements that as financial conditions have become easier; policy needs to be tightened in order to have the appropriate effect on the economy. This would be an important nuance as a continuation in easing of financial conditions (i.e. lower USD, higher equity prices, lower interest rates, etc.) could potentially strengthen the case for a continuation in tightening either via the policy rate or through balance sheet adjustment. Thus if the Fed were to start focusing more on financial conditions and financial stability, it may potentially sound more hawkish than inflation data and dynamics would currently suggest. Central banks want this tightening to come about gradually, but the brief history of unconventional monetary policy suggests that asset re-pricing tends to occur abruptly.

How could this potentially impact the investment landscape? For fixed income investors, the narrow spreads for high yield bonds might be something to shy away from as the volatility may pick up for risk assets. More focus on the risk of financial instability, in the absence of inflation picking up will likely result in a flatter yield curve (due to a flatter term premium and absence of an inflation risk premium).

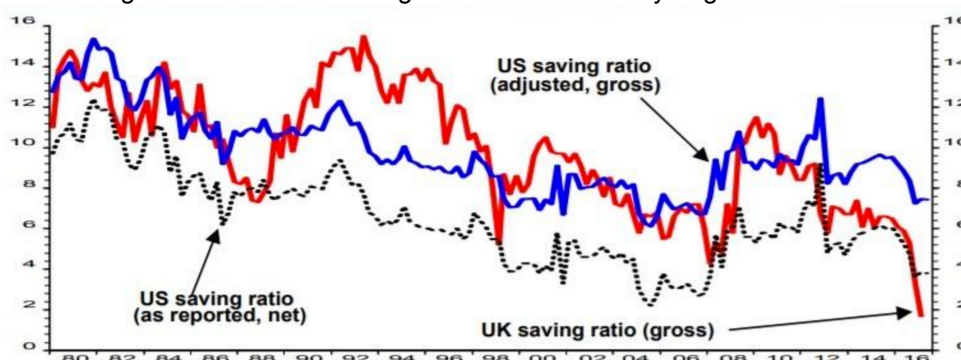
For equity investors that have so far enjoyed a ‘Goldilocks’ environment of stable growth, monetary accommodation and low inflation, this may be something to monitor. Looking at history, the track record of central banks addressing worries about potential financial instability has often been less impressive, as the transmission mechanism and policy dynamics are extremely hard to control and assess. Now is the time to keep an eye on the developments in financial conditions, as y-t-d the market has experienced quite an easing, and this has sparked enough interest in the Fed that it has featured as an important undercurrent of recent communications.

UK & US Debt Disaster

A rising concern which we have been pointing out to investors in the past 12 months has become more widely discussed as of late, namely the UK and US household debt excess coming full circle since the beginning of the 2006 lead global crisis by the US sub-prime mess. As recent data shows, US and UK savings rates are declining to scary and recession inducing levels.

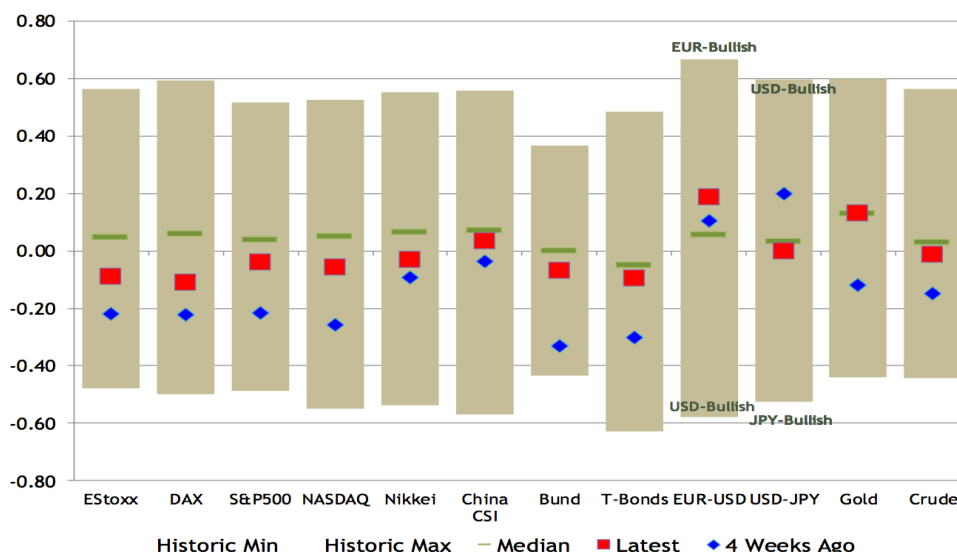
Recent data confirms slumping household saving ratios in both the US and UK. This was last seen in 2007 just before the bursting debt bubble blew the global economy and financial system to smithereens. The Fed and BoE should surely hang their heads in shame having presided over yet another impending disaster.

Large declines in the savings rate are followed by large recessions



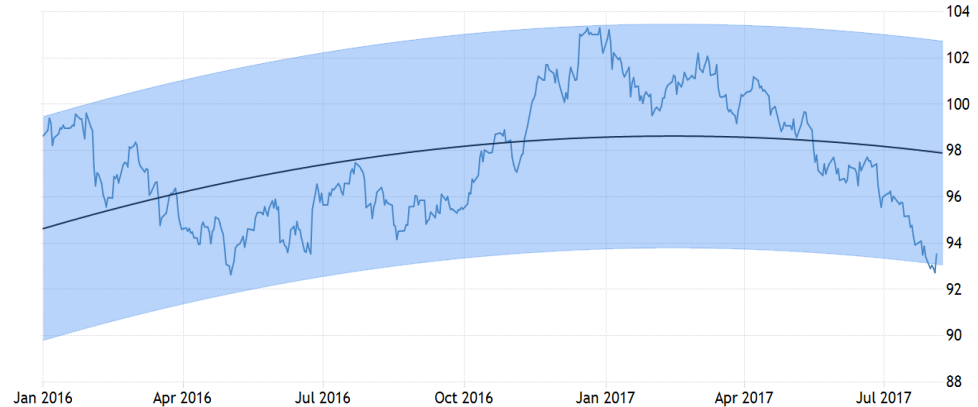
Investor Sentiment indicators

Investor pessimism on Bunds has receded in the past couple of weeks, while survey respondents are also becoming less negative on Bunds from a medium-term strategic perspective, with survey readings much less downbeat than they were at the start of this year. Monthly questions on bond 'themes', suggest investors view inflation as a much less Eurozone bond-bearish theme than it was coming into 2017. In contrast, economics is still seen as a notably bearish theme for bonds. While inflation expectations appear to be continuing to win out over bond concerns over economics as a theme, it may still leave bunds at risk from any signs that inflation is not as benign as believed. The latest **sentix** survey revealed that investors kept levels of over-investment in equities, while pessimism on indices such as the EuroSTOXX remains notable. Sentiment readings on EUR/USD did tick modestly lower over the week, albeit they remain elevated. Any further moderation in Euro optimism over the summer might be the catalyst for renewed sentiment support for Eurozone equities.



Currency Commentary & Charts

The consensus forecast for the US\$ is expected to trade at 97.21 by the end of Q3, and for the next 12 months consensus expectations are for the US\$ to trade at 100.00. **Well, we guess there will be another “surprise” to 96% of the market participants in 12 months, when the US\$ will trade at 86 according to our forecasts.**



US\$ - Sell - 6 months target price 88

Focus on Friday was centered firmly on the US payroll figures, which came in positively with Non-Farm Employment change coming in well above forecast at 209K. Markets reacted accordingly with the USD rallying against the majority of currencies. Although the figures showed a relative tightening of the US employment market there is still concern surrounding wage growth. If we begin to see wages move in the right direction markets will certainly be more susceptible to pricing in a more hawkish Fed for the back end of 2017. News emerged on Friday that the Trump administration will attempt to push through tax reforms in early autumn as it failed to put through any major reforms to key legislation most notably the healthcare bill, which has seemingly been tabled for the time being. Political uncertainty remains high from the US, which will likely hold back any major rally by the currency, and further failures on the legislative front will likely weigh on the greenback. With very little data of note to be released today markets will continue to be motivated by Friday's releases.



Euro - Buy - 6 months target price 1.24

For the first time in a number of weeks, the Euro retreated on Friday as the currency came under pressure following US payroll releases. We have limited data to be released during the early session of this week with German Industrial Production m/m falling further than expected to -1.1%. The currency will need solid releases this week in order to reverse the losses seen on Friday.



GBP/EUR is currently trading at 1.1054. Sterling remained fragile towards the end of last week's session following Thursday's Bank of England announcement. With risks to growth remaining high the central bank drew back on their hawkish rhetoric, causing the currency to retreat against the majority of currencies. The pound struggled further on Friday with the release of US payroll figures as cable fell from 1.3256 to 1.3028 within 48 hours. Only minor releases scheduled for today with Halifax HPI m/m forecast to rise from -1.0% to 0.3% but will unlikely move markets. GBP/USD is currently trading at 1.3055.

Aussie and Kiwi Dollars

The Australian Dollar retreated slightly on Friday following US payroll figures, however, compared to the majority of currencies the AUD remained relatively steady. With little data of note to be released focus for the AUD, alongside the other commodity currencies, will turn to the OPEC meeting scheduled for today where members will discuss current production limitations. Any news or announcements here could potentially motivate oil prices and associated currencies. From New Zealand, Inflation expectations q/q were revised down from 2.2% to 2.1%, weighing on the currency. With little else on the cards from New Zealand markets will now turn to wider factors for guidance. GBP/AUD is currently trading at 1.6467. GBP/NZD is currently trading at 1.7696.

Fixed Income Commentary & Charts

So far in 2017, our outlook and consequent strategic call has been correct: through the 1H, municipal bonds as measured by the Muni Bond 10-year Index are up +4.2%, and US Corporate Bonds aren't far behind at +3.8%. Those y-t-d returns are better than US Treasuries (1.9%), TIPS (0.9%), the Barclays US Aggregate Bond Index (2.3%), and Mortgage-Backed Securities (1.3%). With long-term yields compressing, longer duration bonds outperform shorter bonds.

Let's focus on corporate bonds in this week's strategy publication even as investment grade bond issuance is on pace to exceed 2016 levels, strong domestic as well as international demand is keeping downward pressure on yields. Except for a few circumstances in the high yield arena, corporations are not having any trouble raising funds to either refinance higher cost debt or to use for share buybacks and dividend payouts. And corporations are doing just that. Think about this environment from a personal finance standpoint if you could borrow money today at lower rates to pay off old debts that carry higher interest rates, would you do it? Of course! Many strong corporations are in that very position they have high cash balances, robust earnings, quality balance sheets, and low default rates to borrow at attractive rates.

We say many corporations, but investors should be careful to be selective when purchasing corporate debt. The temptation is often to chase yield, but in the current environment doing so could be a trap since high demand and relatively low default rates are keeping yields low, many weaker corporations are able to enter the market and capture lower yields than they probably should, given their risk profile. We tend to look at credit quality as a primary metric when we're selecting corporate bonds to own. Our selection method is rigorous and thorough.

What is the Outlook for Fixed Income?

On the corporate bond side, it may be difficult to match the performance seen in 1H, but we believe the outlook remains positive. Returns may come more from coupon payments than price appreciation, but we think it still makes sense to own high-quality corporates within a fixed income allocation. The S&P 500 saw its best quarterly earnings growth rate since 2011, and we still expect corporate earnings to grow by close to 8% for 2017, in aggregate. That should support positive performance from corporate bonds. For the next 6 months, the \$TNX chart trend looks intact for yields to continue to decline towards the bottom end of the trend channel towards 1.70%.



Overall, it has been a reasonably good year so far to be a fixed income investor, as to our original 2017 outlook and forecasts, nearly all fixed income asset classes have delivered a positive return in 2017. Fixed income markets have largely been calm, as equities markets continue to rally on a global basis. A diversified portfolio of stocks and bonds, as we were recommending did help many of our clients achieve alpha in 1H of 2017.

Equities commentary & charts

Best performing equity indices

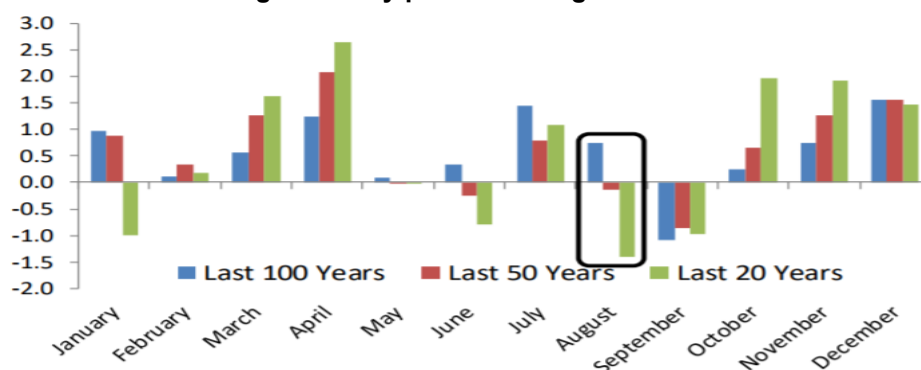
1 week		YTD	
Index	Change	Index	Change
Hungary	2.59%	Nigeria	39.26%
Portugal	2.48%	Turkey	38.91%
Italy	2.28%	Greece	28.88%
Hong Kong	2.16%	Argentina	28.29%
Brazil	2.14%	Hong Kong	25.31%
S. Africa	1.97%	Austria	24.13%
London	1.95%	India	21.46%
UAE Dubai	1.91%	Poland	20.72%
Czech	1.77%	Vietnam	18.74%
Switzerland	1.75%	Korea	18.21%

Worst performing equity indices

1 week		YTD	
Index	Change	Index	Change
Philippines	-1.72%	Chinext	-12.36%
Rus 2000	-1.19%	Russia	-10.62%
SZ SME	-1.17%	Israel	-2.25%
Indonesia	-0.92%	Jordan	-0.65%
Chinext	-0.83%	Canada	-0.19%
Shenzhen	-0.73%	Egypt	0.00%
Mongolia	-0.60%	Luxembourg	0.85%
Jordan	-0.38%	Australia	0.95%
NASDAQ	-0.36%	Shenzhen	1.67%
Korea	-0.23%	Thailand	2.29%

Y-t-d, of the major 10 equity indices, the top performer thus far is Hong Kong's Hang Seng with a gain of 24.20%, followed closely by India's BSE SENSEX at 22.12%. In third is the S&P 500 with 10.34%. **Seasonal influences have a history of turning negative for a wide variety of equity indices and sectors at this time of year.** Changes in seasonality on a wide variety of equity indices, commodities and sectors were downgrades. Weakest months for equity markets are August and September, with dismal records for stock returns over the past 20 years and with more strategists following our lead since May 13th, and warning that the market is overdue for a major correction, the next two months could be rough.

Average monthly percent change for the DJIA



Seasonality on a wide variety of equity indices, commodities and sectors turned negative at the end of July. There are some very important factors that suggest that the markets trajectory is coming towards an end, and the track record is clearly working against the bulls. 1H 2017 was above average and this bodes well for 2H 2017 and the data for all periods, secular bull market years, and Presidential Cycle Year 1 suggest that the S&P 500 could end the year in the 2,550-2,640 range. In fact, during the early part of the presidential cycle, if stocks perform better than average in the 1H, the index rises 75% of the time in the 2H with an average return of 5.38%.

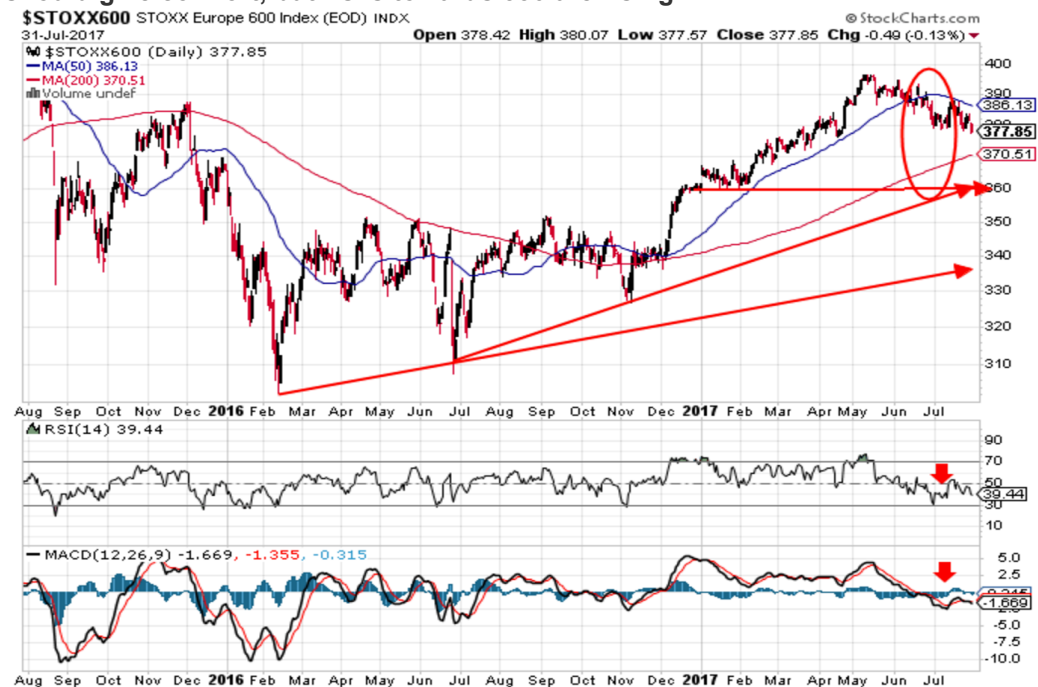
The S&P 500 rose 8.2% from January to June and finished July 1.9% higher. The Dow Jones Industrial Average DJIA, +0.30% closed at a record on Friday after easily breaching 22,000 during the week while the S&P 500 SPX, +0.19% also closed in positive territory. The tech-laden Nasdaq COMP, +0.18% however, fell for a second week in a row. Subdued volatility in the market is another reason to be sceptical. The CBOE Volatility Index VIX, -3.93% is trading at record lows. The CBOE Volatility Index remains low and near 10 after hitting a record intra-day low of 8.84 on July 26. Data back to 1990 suggest that VIX is typically closer to 20 plus when the S&P 500 starts a correction of -5%, -10%, or -20%.

However, the bulls got one major factor on their side, namely the rapid decline of the

US\$, which is a boon for the market as a weak currency makes exports more price-competitive. And as we expect the US\$ decline to continue into 2H 2017, this will further bolster US earnings in 2H. **Sensitivity studies we have conducted over the past 3 decades on currency sensitivity to S&P 500 earnings, have revealed that as 35% of their revenues are generated overseas, a -10% decline in the US\$, as we have experienced in the past 6 months, has the impact of adding roughly \$3 to S&P 500's EPS.**

We continue recommending 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.

We have highlighted since May 5th that signs of a seasonal peak in European and now also for North American equity markets had arrived. The Euro Stoxx 600, the DAX and the CAC reached their seasonal peaks on May 13th. The Euro Stoxx 600 Index, which moved below 386.46 completing a double top pattern, and short-term indicators (MACD and RSI) turned negative. Now at 378, the 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 330 are rising.



However, we are noticing increasing technical signs that the S&P 500 Index, Dow Jones Transportation Average, NASDAQ Composite Index, Russell 2000 Index and TSX Composite Index probably reached a seasonal peak on July 19th. Other than the Dow Jones Industrial Average, all recorded at least a small loss since July 19th. A correction lasting until mid-October is anticipated. **Weakest months for US equity markets are August and September. Current technical indicators for North American equity indices suggest that history is about to repeat.**

Technical action by individual S&P 500 stocks was bearish again last week. Notable among stocks breaking resistance were Utility stocks. Notable among stocks breaking support were Consumer Discretionary and Industrial stocks. Number of stocks breaking resistance totaled 21 while number of stocks breaking support totaled 31. Number of stocks trading in an uptrend dropped to 279 from 277, number of stocks trading in a neutral trend slipped to 62 from 65 and number of stocks in a downtrend increased to 169 from 158. The Up/Down ratio dropped last week to (269/169=) 1.59 from 1.53.

Intermediate trend for the \$SPX remains Neutral. The Index closed above its 20-day moving average. \$SPX is ranging for the third week now. Short-term momentum indicators are rolling over.



The earnings and sales outlook for S&P 500 stocks remain promising: 84% of companies have reported Q2 results to date. 72% reported higher than consensus earnings and 70% reported higher than consensus revenues. Accordingly, consensus for blended Q2 earnings on a y-o-y basis for all companies increased last week to 10.1% from 9.1%. Consensus for blended Q2 revenues slipped to 5.1% from 5.2%. This week another 36 S&P 500 companies are scheduled to report (including 1 Dow Jones Industrial company). Beyond Q2, consensus shows a 5.6% increase in Q3 earnings (down from 6.1% last week) and a 4.9% increase in revenues (up from 4.8% last week). Consensus for Q4 shows an 11.4% increase in earnings (down from 11.7% last week) and a 5.4% increase in revenues (up from 5.2% last week). For 2017, earnings are expected to increase 9.5% and revenues are expected to increase 5.5%.



Q2 earnings reports for TSX 60 companies have been and are expected to continue to be impressive. On a y-o-y basis, earnings per share on average (median) were expected to increase 11.3%. Results to date show an increase of 11.5%. **Medium term technical indicators** (Percent of stocks trading above their 50 day moving average, Bullish Percent Index) mostly are overbought and trending down. **Short-term technical indicators** (short term momentum, above/below 20 day moving average) were mixed last week for most equity markets, commodities sectors.

US Equities weekly charts

The VIX Index lost 0.26 (2.53%) last week.

Intermediate trend remains Neutral. The Index is at the 20-day moving average. VIX is stuck between the moving averages.



The S&P 500 Index gained 4.73 points (0.19%) last week.

Intermediate trend remains Neutral. The Index closed above its 20-day moving average. \$SPX is ranging for the third week now.

Short-term momentum indicators are rolling over



Percent of S&P 500 stocks trading above their 50-day moving average dropped last week to 63.20 from 66.20

The Index remains just below the 50-day moving average.



Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 73.00 from 76.60

The Index moved below the 200-day moving average.



Bullish Percent Index for S&P 500 stocks dropped last week to 69.40 from 72.60 and moved below its 50-day moving average.

The Index broke through the trendline and through the moving averages.



The Dow Jones Industrial Average gained 262.50 (1.20%) last week.

\$INDU made yet a new high. Strength related to the S&P 500 remained above the 50MA.

The Average remained above its 20-day moving average. Short-term momentum indicators are Positive and Overbought.



Bullish Percent Index for Dow Jones Industrial Average stood put at 80.00 remained below its 20-day moving average.

The Index remains below the 20-day moving average.



The Dow Jones Transportation Average gained 50.56 (0.55%) last week.

Dow Jones Transportation Index rebounded from the 200MVA. Strength relative to the S&P 500 remains Negative. The \$TRAN closed below its 20-day moving average.

Short-term momentum indicators are rolling over.

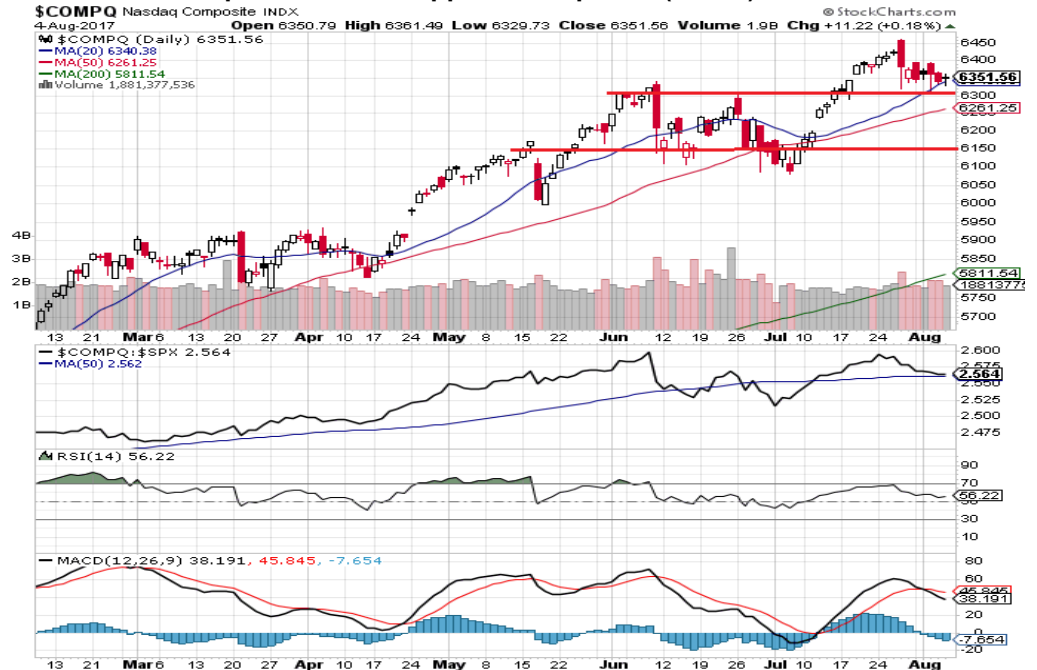


Bullish Percent Index dropped last week to 60.20 from 63.01 and moved below its 20-day moving average.



The Index broke down through the trendline and all the moving averages.

The NASDAQ Composite Index dropped 23.11 points (0.36%) last week.



\$COMPQ was stopped by the 20MVA. Strength relative to the S&P 500 Index changed from Positive to Neutral.

The Index moved above the 20-day moving average.

Short-term momentum indicators are Negative.

The Russell 2000 Index lost 16.94 points (1.19%) last week.



\$RUT failed to close below the lower trendline. Strength relative to the S&P 500 Index is Negative.

The Index moved below the 20-day moving average. Short-term momentum indicators are Negative.

The S&P Energy Index dropped 5.00 points (1.02%) last week.

Intermediate trend changed back to Neutral. \$SPEN rebounded from the moving averages. Strength relative to the S&P 500 Index changed back to Neutral.

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



The Philadelphia Oil Services Index lost 1.24 (0.92%) last week.

\$OSX is at the moving average convergence point. Strength relative to the S&P 500 remains Negative.

The Index closed at its 20-day moving average. Short-term momentum indicators are Flat.



The AMEX Gold Bug Index dropped 4.54 points (2.31%) last week.

\$HUI failed to break the 200MVA.

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

The Index is above its 20-day moving average. Short-term momentum indicators are Negative.



Latam equity markets weekly charts

The BOVESPA added 1400 points last week.

\$BVSP is rising back towards the yearly high.

BVSP remains above the 20-day moving average.

Short-term momentum indicators are Positive.



The Mexican Bolsa gained 114 points last week.

Intermediate trend changed from Positive to Neutral. \$MXX rebounded from the 51000 support once again.

Short-term momentum indicators are Mixed.



Canadian equity markets weekly charts

Bullish Percent Index for TSX Composite rose last week to 60.89 from 60.24 and remained below its 20-day moving average.

The Index remains below the 20-day moving average.



The TSX Composite Index gained 129.32 points (0.85%) last week.

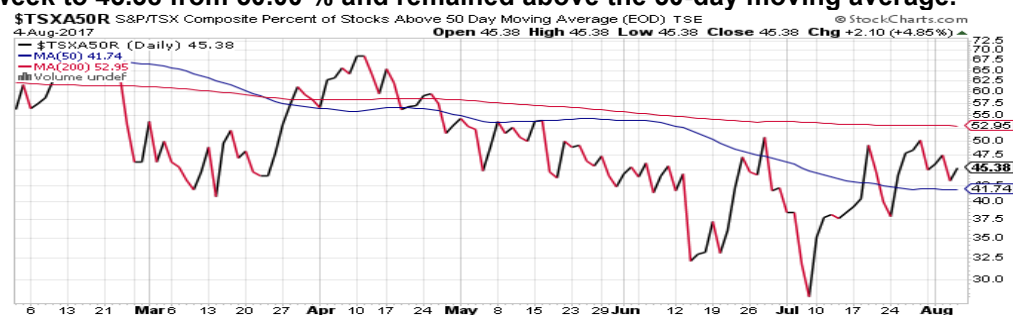
Intermediate trend changed from Negative to Neutral. The Index failed to break the 15100 Support once again.

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



Percent of TSX stocks trading above their 50-day moving average dropped last week to 45.38 from 50.00 % and remained above the 50-day moving average.

The index remains above the 50-day moving average.



Percent of TSX stocks trading above their 200-day moving average dropped last week to 50.00% from 52.72%

The index remains below the 50-day moving average.



Asian equity markets weekly charts

The BSE gained 15.53 points (0.05%) last week.



\$BSE is rebounding back to the 32 000 support.

Short-term momentum indicators are rolling over.

The Nikkei Average dropped 7.51 points (0.04%) last week.



Intermediate trend is Neutral. Strength relative to the S&P 500 Index is Negative. \$NIKK is on the lower trendline.

The \$NIKK remains below its 20-day moving average. Short-term momentum is Negative.

The Shanghai Composite Index gained 8.84 points (0.27%) last week.



Intermediate trend remains Positive. \$SSEC failed to break out of the upper side of the channel.

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

Emerging Markets iShares added \$0.20 (0.46%) last week.

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

Units remain above the 20-day moving average. Short-term momentum indicators are Mixed.



The Australia All Ordinaries Index gained 18.10 points (0.31%) last week.

Intermediate trend remains Negative. Strength relative to the S&P 500 Index remains Negative. \$AORD is inside a well-formed coil.

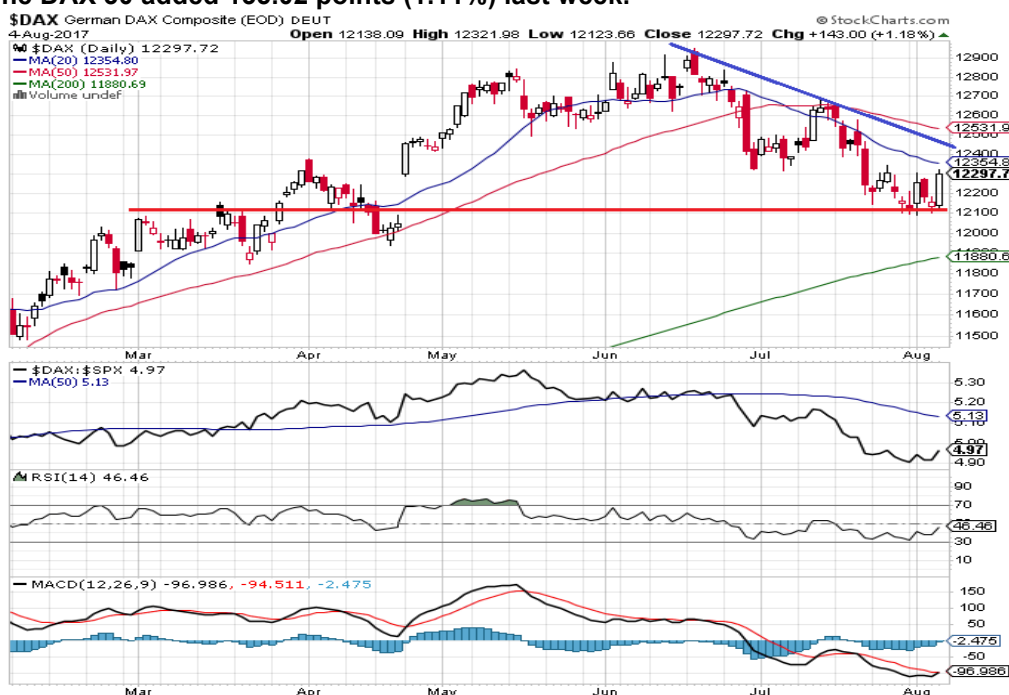
The \$AORD remains below 20-day moving average. Short-term momentum indicators are Neutral.



European equity markets weekly charts

The DAX 30 added 135.02 points (1.11%) last week.

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



The CAC 40 gained 72.05 points (1.40%) last week.



Intermediate trend remains Negative. \$CAC rebounded from support and will test the upper channel trendline.

Short-term momentum indicators are rolling over.

The AEX 25 added 3.56 points (0.68%) last week.



Intermediate trend is Positive. Index remains above the 20-day moving average.

Short-term momentum indicators are Neutral.

The IBEX 35 gained 122.30 (1.16%) last week.



\$IBEX rebounded from the 10400 support once again. Strength relative to the S&P 500 remains Negative.

The Index moved above the 20-day moving average.

Short-term momentum indicators are Positive.

The FTSE added 143.34 (1.95%) last week.

Intermediate trend changed from Neutral to Positive. FTSE looks ready to attach the 7550 resistance. Price remains below the 20-days moving average.

Short-term momentum indicators are Positive.

Europe iShares added \$0.55 (1.03%) last week.

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

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

Fixed income markets weekly charts**International Bonds**

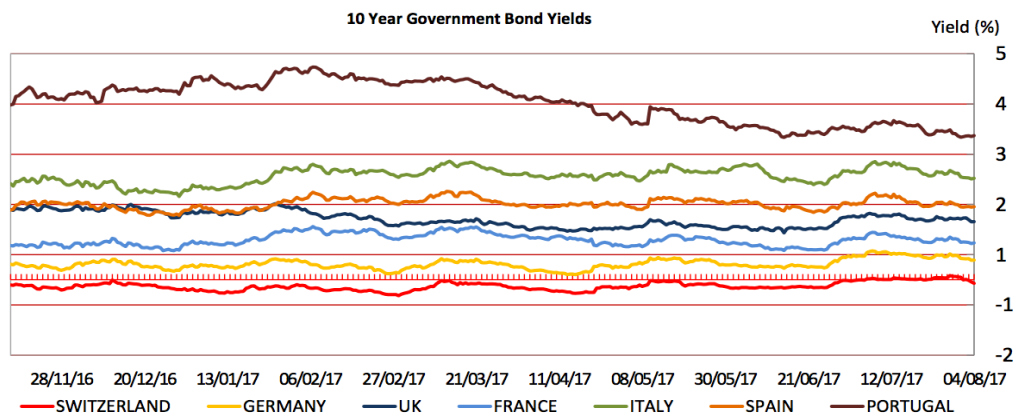
As per our 2017 Q3 Global Investment Strategy Outlook for 10-Y government bonds, US 10-Year government bonds have not fully reached our 2017 Q3 price targets yet, and we see yields to continue to move lower towards between 2.10 % and 1,70%.

Ten year government bond spreads

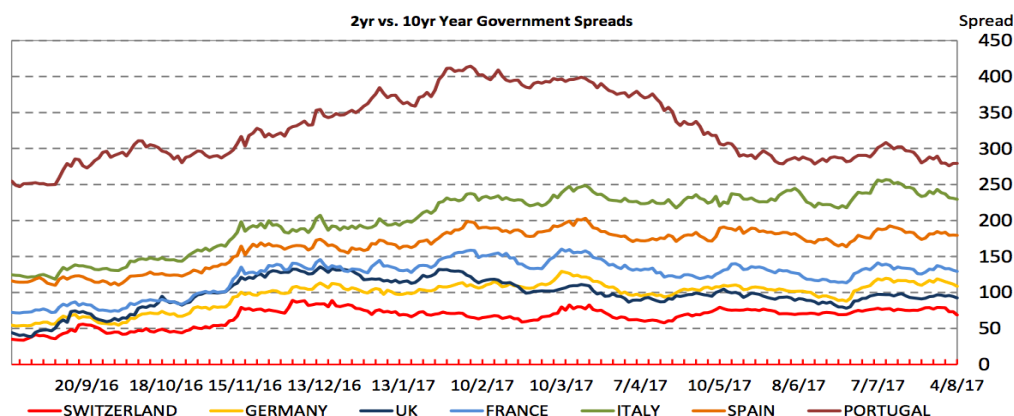
Country	Latest yield	Spread vs bund	Spread vs T-notes
Australia	2.66%	+2.19	+0.38
Austria	0.65%	+0.18	-1.64
Belgium	0.77%	+0.30	-1.52
Canada	--	--	--
Denmark	0.61%	+0.14	-1.68
Finland	0.47%	<0.01	-1.81
France	0.75%	+0.28	-1.53
Germany	0.47%	--	-1.82
Greece	5.46%	+4.99	+3.18
Ireland	0.74%	+0.28	-1.54
Italy	2.02%	+1.55	-0.27
Japan	0.07%	-0.40	-2.22
Netherlands	0.59%	+0.12	-1.70
New Zealand	2.94%	+2.47	+0.65
Portugal	2.89%	+2.43	+0.61
Spain	1.46%	+1.00	-0.82
Sweden	0.69%	+0.22	-1.60
Switzerland	-0.06%	-0.53	-2.34
UK	1.18%	+0.71	-1.11
US	2.27%	+1.80	--

Data delayed at least 15 minutes, as of Aug 07 2017 08:41 BST.

We continue recommending taking profits in German 10-Y Bunds.



We 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.



US Bonds

Intermediate trend changed from Neutral to Negative. \$TNX seems ready to test the key level at 22. \$TNX remains below the 20-day moving average.

Short-term momentum indicators are Negative.

Yield on 10-year Treasuries lost 0.22 basis points (0.96%) last week.



The long-term Treasury ETF added 1.31 points (1.06%) last week.



Intermediate trend remains Neutral. TLT rebounded from the lower trendline. TLT moved above the 20-day moving average.

Short-term momentum indicators are Neutral.

Currency markets weekly charts

The Euro gained 0.22 points (0.19%) last week.

Intermediate trend remains Positive. \$XEU made a throwback towards the 117.

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

Short-term momentum indicators are rolling over.



The US\$ added 0.30 points (0.32%) last week.

Intermediate trend remains Negative. \$USD temporarily rebounded from the important level at 93. The US\$ remains below its 20-day moving average.

Short-term momentum indicators are rolling over.



The Japanese Yen lost 0.04 points (0.05%) last week.

Intermediate trend remains Neutral. XJY was stopped by the upper trendline. \$XJY remains above the 20-day moving average.

Short-term momentum indicators are rolling over.



The Canadian Dollar dropped 1.42 points (1.76%) last week.



Commodity markets weekly charts

The CRB Index lost 1.44 points (0.79%) last week.



Copper added \$0.01 per lb. (0.35%) last week.



Lumber lost \$3.90 (1.03%) last week.

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

Lumber moved below the 20-day MA. Short-term momentum indicators remain Negative.

**The Grain ETN dropped 1.31 points (4.59%) the last week.**

Intermediate trend remains Neutral. Units moved back to the yearly support.

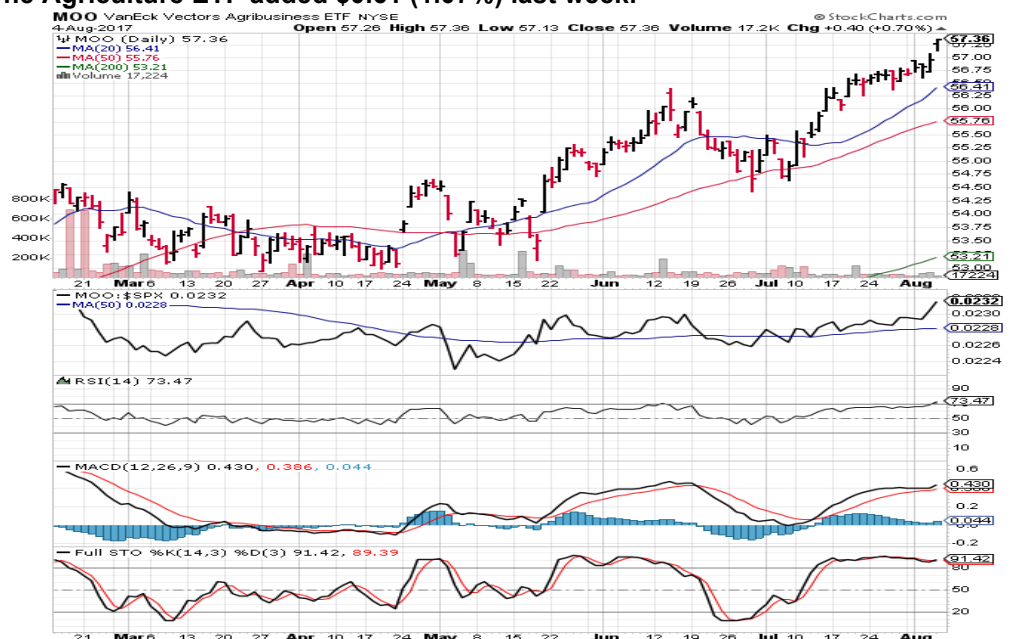
Price is below the 20-day MA. Short-term momentum indicators are rolling over.

**The Agriculture ETF added \$0.61 (1.07%) last week.**

Intermediate trend is Positive. Strength relative to the S&P 500 Index changed from Neutral to Positive. MOO created a new high.

Units closed above the 20-day moving average.

Short-term momentum indicators are Positive and Overbought.



Palladium lost \$5.35 per ounce (0.61 %) last week.

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

\$PALL remains above its 20-day moving average.

Short-term momentum indicators are rolling over.

**Oil, gas & energy markets weekly charts****Crude oil dropped \$0.13 per barrel (0.26%) last week.**

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Neutral. \$WTIC between the key level of 50 and an inverse trendline. \$WTI is at the 200MA.

Short-term momentum indicators are Positive.

**Gasoline stood put at \$1.65 per gallon last week.**

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

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



Natural Gas dropped \$0.17 (5.68%) per MBtu last week.

Intermediate trend remains Negative. Strength relative to the S&P 500 Index changed from Neutral to Negative. \$NATGAS continues the bearish movement along the lower trendline.

Short-term momentum indicators are Negative.



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