



Creative Global Investments

Morning market commentary & weekly charts

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Objectivity

Integrity

Creativity

Equities Commentary

(Too much wishful thinking and too much denial of facts)

We have been writing since late March 2015 that our technical research had revealed increasing risks of breadth for US equity indices fading significantly. Since late March, fewer and fewer big names alone were supporting US indices, which is an unsustainable element of strength for any market.

To date, we continue to see increasing evidence that particularly the broad equity markets in the US, but also equity indices in most major world economies have entered a bear market phase.

Again, as we have been highlighting in our weekly technical research for over 4 months now, we warned investors of high risks of the Dow Transports to enter a "bear cross" in late March. The index completed the "bear cross" in late May. We also commented on the Dow Industrials facing high risks of starting a "bear cross" since June, which it then completed in late July.

Now, our technical work shows similar high risks for the Nasdaq Comp. and for the Russell 2000 likely follow suit in the coming days.

Other global equity Indices have clearly rolled over too, such as the FTSE 100, the DAX 30, the Bovespa, and as of lately stealing the headlines Asian equity markets such as the Shanghai Index.

Sadly, there is still a lot of disbelief and denial by most market participants that equity markets have entered bear market territory, which is why we believe that the correction will be bringing much more pain to stock prices in the coming 8 – 12 weeks.

Even the FED speakers are "watering down" the prospects of a rate hike in September (mind you, it is September!), which the markets so desperately are wishing for, (a train of thought which we were never part of to begin with, as we doubted the intrinsic insular strength of the US economy in the face of a global macro slowdown, which so far proves to have been a singular correct macro economic assessment).

Again, for the US and UK Central banks (the two most "asset focused" Central banks on the planet with regard to overall monetary policy) to have a shot to raise rates in the coming 6 – 12 months, this in spite of deflationary increasing pressures, both US and UK currencies would have to become a lot weaker at first, countering the deflationary pressures coming from abroad. The US and the UK economies are simply not capable to keep up with global productivity gains stemming from commodities' prices easing as a result to a weakening US\$ in combination with most other central banks flooding markets with quantitative easing programs implying "currency wars".

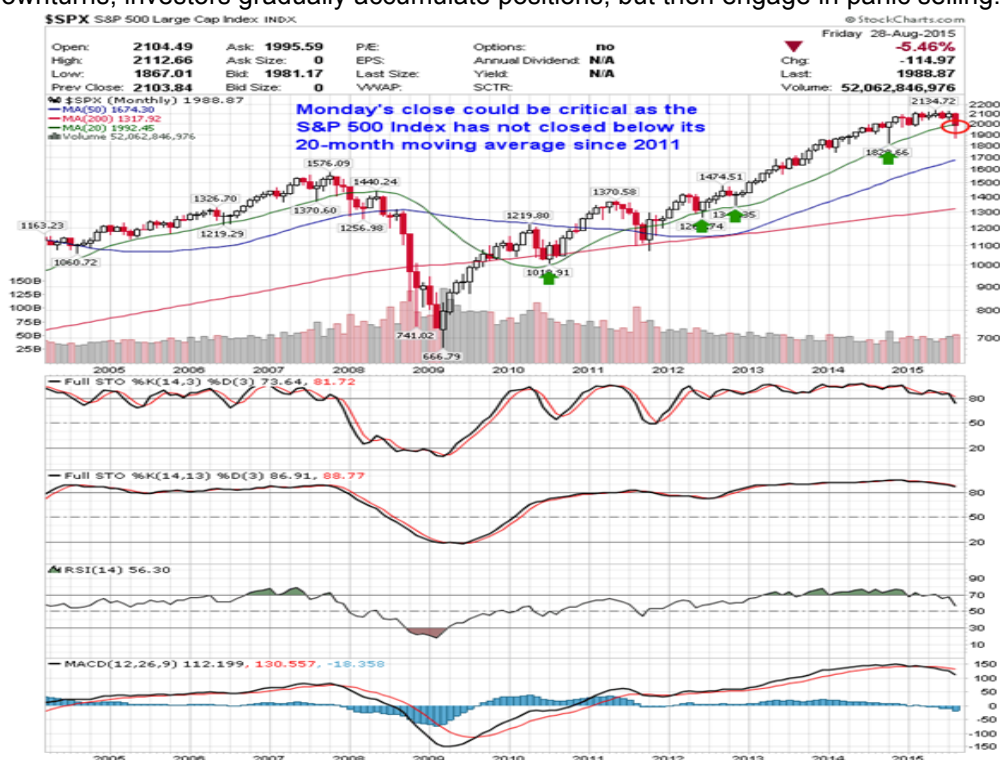
So, for the record (one more time) we do not see a possibility for the FED to overlook the obvious deteriorating macro data in the US, and for sure not globally, in order for the FOMC to vote for a rate hike in September! And again, we do not see the FED to proceed with rate hike in 2015. If we were to be wrong, then investors should really run for the hills and "sell equities by the truckload".

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Last Friday, stocks closed mixed around the globe, as investors digested the volatile week for equity markets. For US equity markets, the impact of volume becomes more apparent in the advance-decline volume line for the NYSE, which acted as a leading indicator to the recent decline in equity markets. The \$NYUD measuring the volume of advancing stocks less the volume of declining stocks, peaked in April and subsequently traded lower, charting a series of short-term lower-highs and lower-lows. The 50-day moving average of the indicator has been declining since June and remains pointed lower, typically a warning to remain cautious in stocks. As long as the advance-decline volume line remains constrained by its own 50-day moving average, equity market weakness would be expected. Advance-decline lines are just one possible source of leading indicators in the market, allowing the potential to foresee these critical turning points; ideally, the technical indicator will also signal broad based buying opportunities.



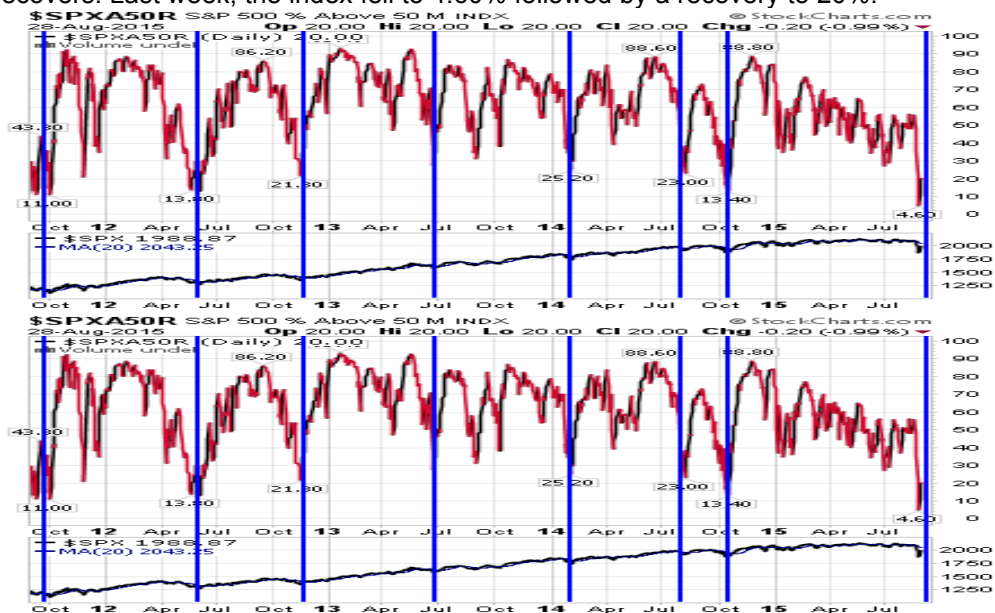
For the week, the S&P 500 managed to erase early week losses, closing higher by 0.91% and ending within a range of potential resistance that peaks around 2040, the level from which the market broke down from just six days ago. With the last trading day of the month upon us, perhaps another critical level to watch on the S&P 500 Index is the 20-month moving average, which currently sits at 1992. The large-cap benchmark has not closed below any of its major monthly moving averages (20, 50, or 200 day) since September of 2011. The benchmark has consistently remained supported for all of these years around the rising 20-month average and longer-term investors may take confirmation of a break as a signal to trim risk and book some profits. Volume has been slowly moving higher, rebounding from the multi-year lows recorded in the 2H of last year in the midst of the market peak. While buying conviction wasn't apparent in 2H of 2014, it certainly is becoming apparent now, a typical scenario during market downturns; investors gradually accumulate positions, but then engage in panic selling.



The S&P 500 Index may seem to have easy upside potential to 2,045, but tough sledding into overhead resistance thereafter)



US equity indices normally enter into an intermediate recovery/advance after Percent of S&P 500 stocks trading above their 50-day moving average drops below 25% and recovers. Last week, the index fell to 4.60% followed by a recovery to 20%.



In the mean time, oversold readings abound, which implies that prices could move higher in order for those conditions to be relieved. However, while the rebound has the potential to continue for a while, we do not believe that we will see new market highs before upside pressure is exhausted. Bear markets oversold readings are dangerous because they reflect extreme weakness, not compression set to drive another rally.

The chart of the SPDR's shows a significant long term trend channel breakdown too.



Weekly Investment Conclusion

Economic news this week is expected to show accelerating US economic growth in Q3, a scenario that likely will raise concerns about timing of the first increase in the Fed Fund rate.

International events also could influence equity markets this week. Hot spots include China, Russia, Venezuela and selected Middle East countries.

There are no major earnings reports this week to be of a significant factor.

Most equity markets, sectors and commodities reached an intermediate bottom early last week. Short and intermediate technical indicators for most equity markets and sectors bottomed early last week from oversold levels and are trending higher.

However, many markets have recovered to near the bottom of their previous trading range, implying upside potential but with limitations as market re-enter their previous trading range.

Seasonal influences for most equity markets, sectors and commodities in the month of September are negative. However, the traditional period of weakness in September probably was recorded earlier than normal this year (i.e. in the month of August).

Accordingly, the month of September is more likely to be a base building month for most markets instead of a negative month.

For short term trading, accumulation on weakness is favored among equity markets, sectors and commodities that have positive seasonality and positive strength relative to the S&P 500 Index. Examples include the gold, Canadian financial services sector and possibly the Canadian energy sector.

US equity markets commentary & weekly charts

The VIX Index spiked early in the week to 53.29%, but fell sharply late in the week to close down 1.62 (5.78%).

Intermediate trend remains up. The Index remains above its 20-day moving average. Short-term momentum indicators are trending down.



The S&P 500 Index gained 17.98 points (0.91%) last week despite extreme volatility and a sharp downward move early in the week.

From its peak in mid-July to its trough last Tuesday, the Index dropped 12.5%. Intermediate trend remains up. The Index remains below its 20-day moving average.



Short-term momentum indicators are trending up.

Percent of S&P 500 stocks trading above their 50-day moving average slipped to 20.00% from 21.20% after reaching 4.60% earlier in the week.

The 4.60% level is the lowest level since October 2011. Historically a recovery from below the 25% level has been start of an intermediate uptrend for the Index.



Percent of S&P 500 stocks trading above their 200 day moving average dropped last week to 32.60% from 37.00%, but dropped mid-week to 17.60% (lowest level since October 2011).



Bullish Percent Index for S&P 500 stocks dropped last week to 31.40% from 44.00% and remained below its 20 day moving average.

The Index is intermediate oversold.



The Dow Jones Industrial Average gained 183.26 points (1.11%) last week.

Intermediate trend remains down. From its peak in mid-July to its trough on Tuesday, the Average dropped 15.25%.

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

The Average remains below its 20-day moving average.

Short-term momentum indicators are trending up.



Bullish Percent Index for Dow Jones Industrial Average stocks dropped last week to 33.33% from 50.00% and remained below its 20-day moving average.

The Index is intermediate oversold.



The Dow Jones Transportation Average added 36.60 points (0.46%) last week.

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

The Average remains below its 20-day moving average.

Short-term momentum indicators are trending up.



Bullish Percent Index for NASDAQ Composite stocks dropped last week to 35.35% from 41.33% and remained below its 20-day moving average.

The Index is intermediate oversold.



The NASDAQ Composite Index gained 122.29 points (2.60%) last week.

Intermediate trend remains down. From its peak in mid-July to its trough last Tuesday, the Index fell 17.96%.

Strength relative to the S&P 500 Index changed last week to Neutral from Negative.

The Index remains below its 20-day moving average. Short-term momentum indicators are trending up.

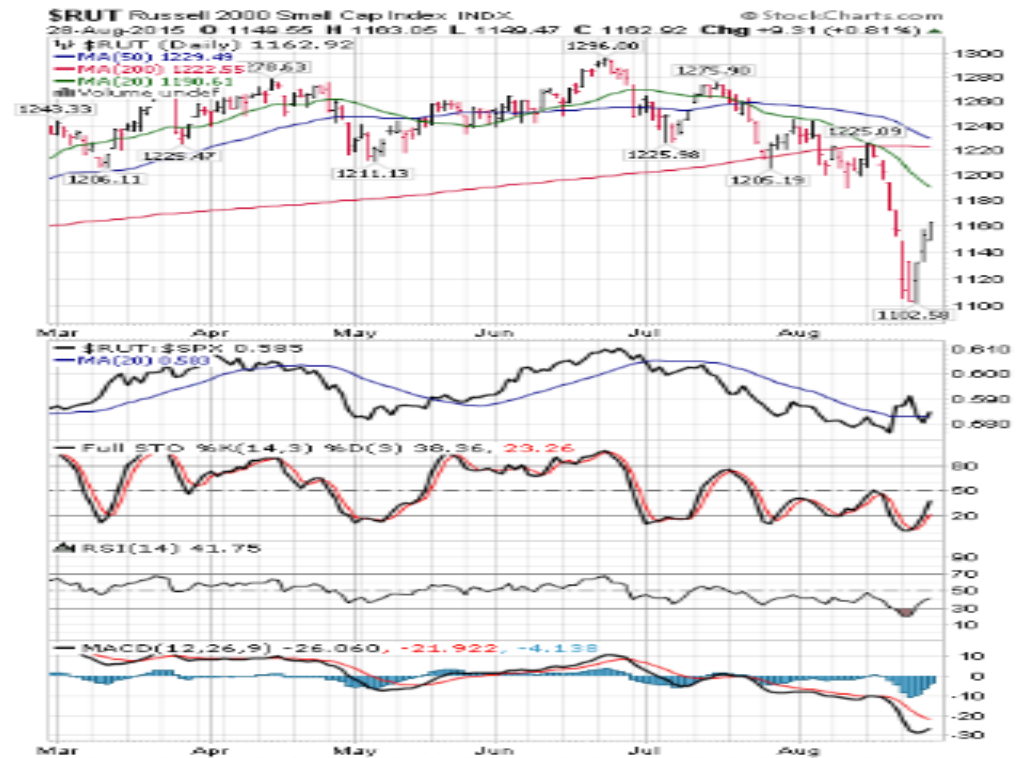


The Russell 2000 Index gained 6.13 points (0.53%) last week.

Intermediate trend remains down. From its peak in late June to its trough last Tuesday, the Index dropped 14.92%.

Strength relative to the S&P 500 Index remains Neutral. The Index remains below its 20-day moving average.

Short-term momentum indicators are trending up.



The S&P Energy Index gained 16.87 points (3.65%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index improved to Neutral from Negative.

The Index remains below its 20-day moving average.

Short-term momentum indicators are trending up.

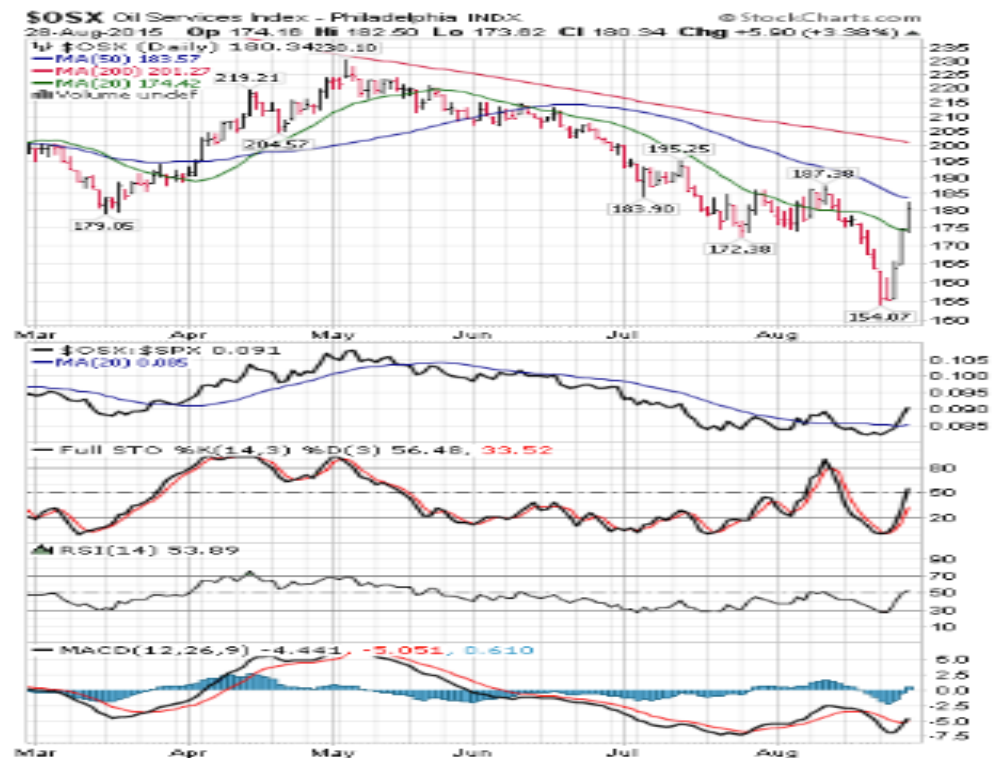


The Philadelphia Oil Services Index jumped 16.74 points (10.23%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index turned positive.

The Index moved above its 20-day moving average.

Short-term momentum indicators are trending up.



The AMEX Gold Bug Index plunged 10.60 points (8.36%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index changed to neutral from positive.

The Index remained above its 20-day moving average.

Short-term momentum indicators are mixed.



LATAM equity markets commentary & weekly charts

The Bovespa Index added 2,612 points last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Negative. The \$BVSP remains below the 20-, 50- and 200-day moving averages.

Short-term momentum indicators are trending up.



The Mexican Bolsa added 1,490 points last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Negative. The \$MXX remains below the 20-, 50- and 200-day moving averages.

Short-term momentum indicators are trending up.



Canadian equity markets commentary & weekly charts

Bullish Percent Index for TSX Composite stocks dropped last week to 28.34% from 37.65% and remained below its 20-day moving average.

The Index is intermediate oversold.



The TSX Composite Index gained 391.40 points (2.90%) last week.

From its peak in mid-April to its trough last Monday, the Index dropped 18.2%. Intermediate trend remains down. Strength relative to the S&P 500 Index turned positive. The Index remains below its 20-day moving average.

Short-term momentum indicators are trending up.



Percent of TSX stocks trading above their 50 day moving average increased last week to 27.94% from 19.03% after falling to 9.72% earlier in the week (lowest level since October 2011).

Historically, a recovery from below 25% has been the start of an intermediate uptrend for the Index.



Percent of TSX stocks trading above their 200 day moving average increased last week to 23.89% from 18.62%.

The index is deeply oversold and recovering.



Asian equity markets commentary & weekly charts

The SENSEX Index added 220 points last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Negative. The \$BSE remains below the 20-, -50 and 200-day moving averages.

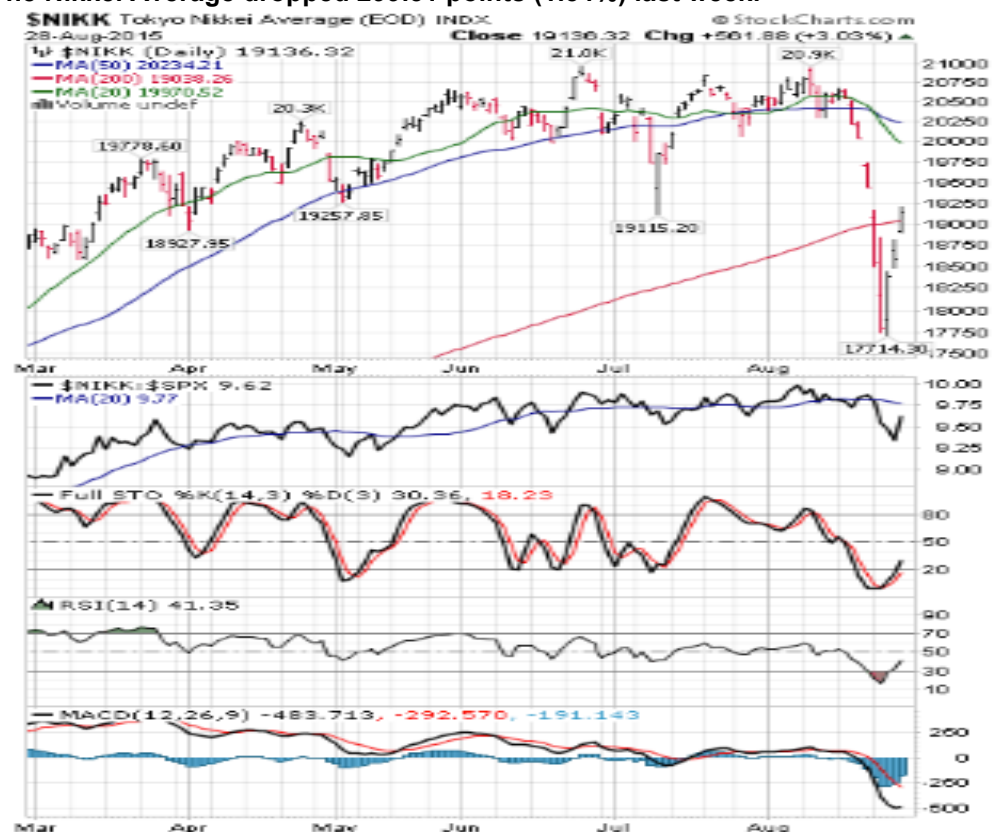
Short-term momentum indicators are trending up.



The Nikkei Average dropped 299.51 points (1.54%) last week.

Intermediate trend changed to down from neutral on a move below 19,115.20. Strength relative to the S&P 500 Index changed to Negative from Neutral.

The Average remains below its 20-day moving average. Short-term momentum indicators have turned positive.



The Shanghai Composite Index dropped 299.51 points (7.85%) despite a +10% gain on Thursday and Friday.

Strength relative to the S&P 500 Index remains negative. The Index remains below its 20-day moving average.

Short-term momentum indicators are turning up.



iShares Emerging Markets gained \$1.04 (3.18%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index changed to Neutral from Negative. Units remain below their 20-day moving average.

Short-term momentum indicators are trending up.



The Australia All Ords Composite Index gained 49.90 points (0.96%) last week.

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

The Index remains below its 20-day moving average.

Short-term momentum indicators are trending up.



European Equity markets commentary & weekly charts

The DAX 30 added 162 points last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Neutral. The \$DAX remains below the 20-, 50- and 200-day moving averages.

Short-term momentum indicators are trending up.



The CAC 40 added 112 points last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Neutral. The \$CAC remains below the 20-, 50- and 200-day moving averages.

Short-term momentum indicators are trending up.

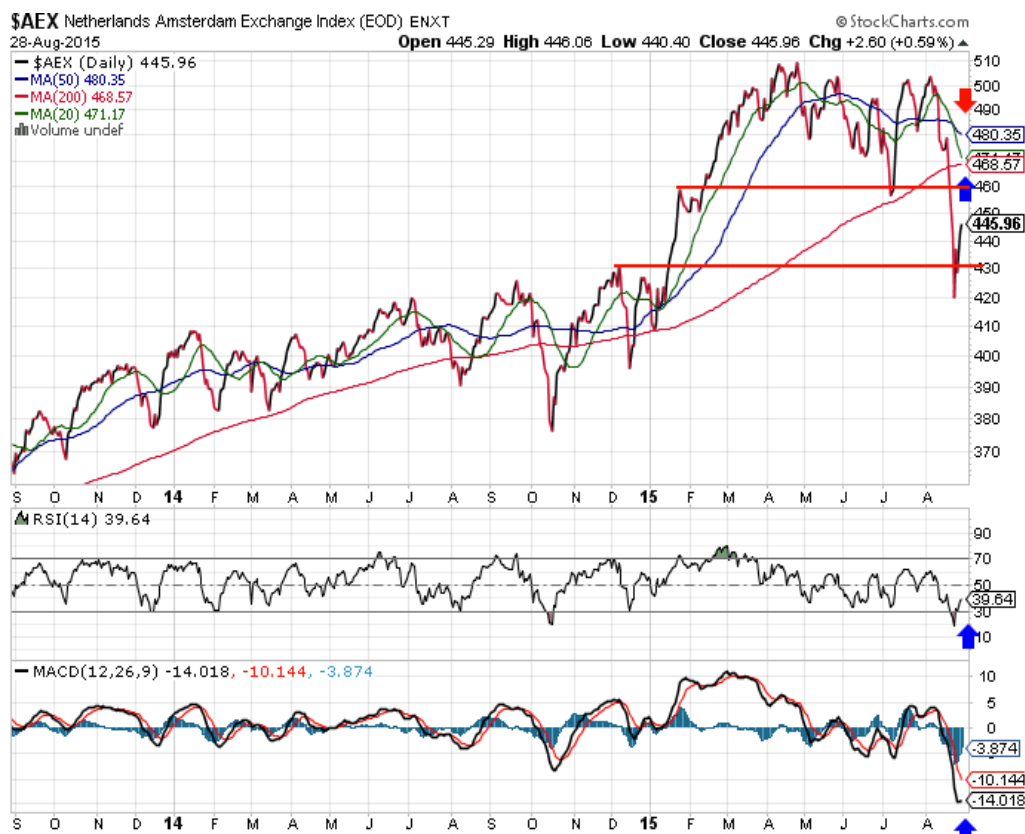


The AEX lost -16 points last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Positive. The \$AEX remains below the 20- and 50-day moving averages.

Short-term momentum indicators are trending up.

**The IBEX 35 added 345 points last week.**

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Neutral. The \$IBEX remains below the 20-, 50- and 200-day moving averages.

Short-term momentum indicators are trending up.



The FTSE 100 added 209 points last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Negative. The \$FTSE remains below their 20-, 50- and 200-day moving averages.

Short-term momentum indicators are trending up.



iShares Europe 350 added \$0.16 (0.38%) last week.

Intermediate trend remains down.

Strength relative to the S&P 500 Index remained Negative. Units remain below their 20-day moving average.

Short-term momentum indicators are trending up.



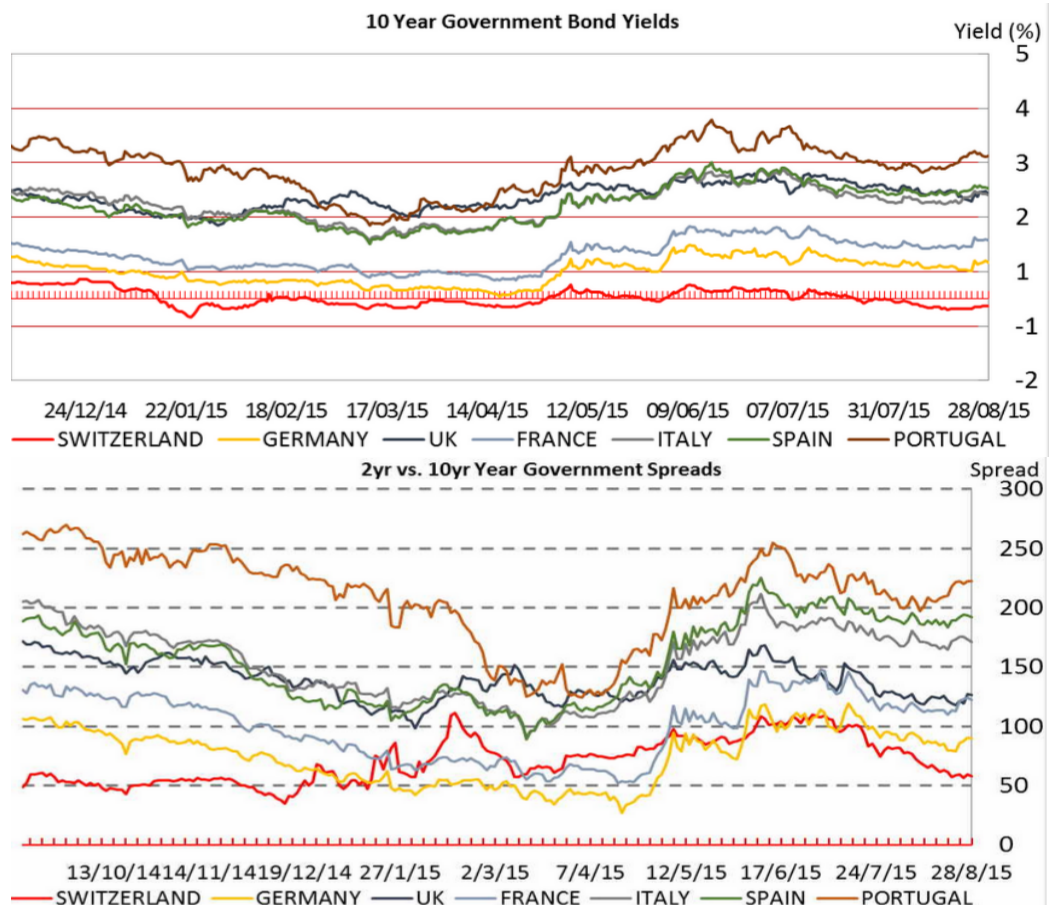
Fixed Income markets commentary & weekly charts

International Bonds

We continue to see good value in 10-Year US treasury bonds relative to European and Japanese 10-Year bonds.

Given the continued global macro slowdown, and continuous “disappointment” to investors, we continue to favor 10-Year bonds over equities for the normal duration of the historic period of seasonal strength lasting until end of September/early October.

Country ^	Latest yield	Spread vs bund	Spread vs T-bonds
Australia	2.67%	+1.94	+0.49
Austria	1.04%	+0.31	-1.13
Belgium	1.08%	+0.35	-1.10
Canada	1.42%	+0.70	-0.75
Denmark	0.97%	+0.25	-1.20
Finland	0.90%	+0.18	-1.27
France	1.08%	+0.36	-1.09
Germany	0.72%	—	-1.45
Greece	9.29%	+8.57	+7.12
Ireland	1.39%	+0.67	-0.78
Italy	1.92%	+1.20	-0.25
Japan	0.38%	-0.34	-1.79
Netherlands	0.92%	+0.20	-1.25
New Zealand	3.25%	+2.53	+1.08
Portugal	2.62%	+1.90	+0.45
Spain	2.07%	+1.35	-0.10
Sweden	0.69%	-0.04	-1.49
Switzerland	-0.13 %	-0.85	-2.30
UK	1.97%	+1.24	-0.21



US Bonds

Yield on 10 year Treasuries added 10.1 basis points (4.92%) last week.

Intermediate trend remains down. Yield moved above its 20-day moving average.

Short-term momentum indicators are trending up.



The long term Treasury ETF dropped \$4.04 (3.20%) last week.

Intermediate trend remains up. However, units moved below their 20-day moving average.

Short-term momentum indicators are trending down.



Currencies commentary & weekly charts

The Euro slipped 2.01 (1.77%) last week.

Intermediate trend changed to up from neutral on a move above 114.69. The Euro remains above its 20-day moving average.

Short-term momentum indicators are trending down.



The US\$ Index gained 1.14 (1.20%) last week.

Intermediate trend changed to down from neutral on a move below 93.15. The Index remains below its 20-day moving average.

Short-term momentum indicators are trending up.



The Japanese Yen added 0.42 (0.51%) last week.

Intermediate trend changed to up from down on a move above 83.05.

The Yen remains above its 20-day moving average. Short-term momentum indicators are trending down.



The Canadian Dollar slipped another US 0.21 cents (0.28%) to a 10 year low.

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

Short-term momentum indicators are mixed.



Commodities Commentary & weekly charts

The CRB Index gained 5.76 points (3.01%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index turned positive. The Index moved above its 20-day moving average on Friday.

Short-term momentum indicators are trending up.



Copper added \$0.05 per lb (2.17%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index turned positive from neutral. Copper moved above its 20-day moving average.

Short-term momentum indicators are trending up.



Lumber lost \$8.30 (3.38%) last week.

Trend changed to down on a move below 240.70. Relative strength returned to negative.

Lumber remains below its 20-day MA. Momentum: down.



The Grain ETN dropped \$0.46 (1.41%) last week.

Trend remains down. Relative strength remains Neutral. Units trade below their 20-day MA. Momentum is down.



The Agriculture ETF eased \$0.01 (0.02%) last week.

Intermediate trend remains down Strength relative to the S&P 500 Index changed to negative from neutral. Units remain below their 20-day moving average.

Short-term momentum indicators are trending up.



Gold & precious metals commentary & weekly charts

Gold dropped \$25.90 per ounce (2.23%) last week.

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

Gold remains above its 20-day moving average.

Short-term momentum indicators are trending down.



Silver dropped \$0.77 per ounce (5.03%) last week.

Intermediate trend changed to down from up on a move below \$14.33 per ounce. Strength relative to the S&P 500 Index and gold were negative.

Silver dropped below its 20-day moving average. Short-term momentum indicators are trending down.



Platinum added \$1.50 per ounce (0.15%) last week.

Intermediate trend remains neutral. \$PLAT remains above its 20-day moving average.

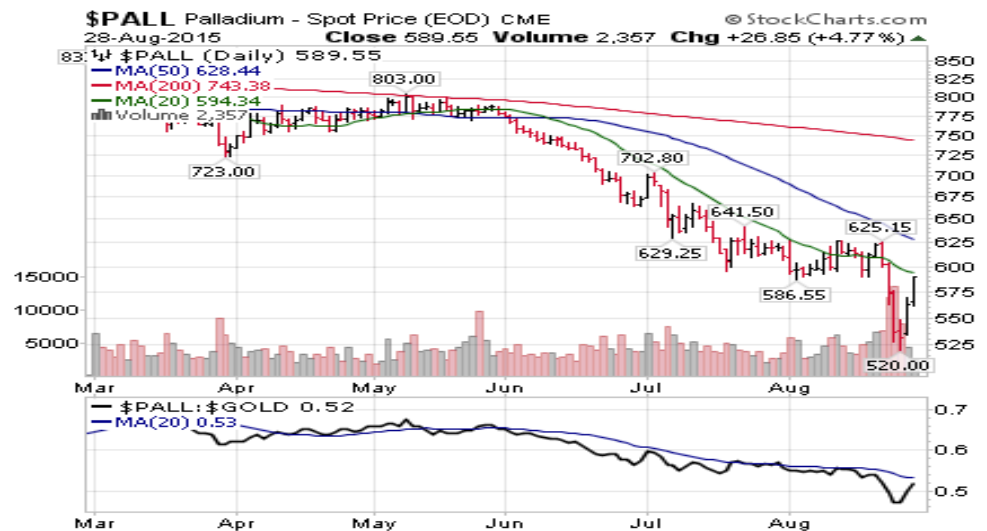
Strength relative to S&P 500 and Gold is positive.



Palladium dropped \$12.55 per ounce.

Trend remains down. Strength relative to the S&P 500 Index changed to neutral from positive, but remains negative relative to Gold.

\$PALL remains below its 20 day moving average. Momentum has turned up.



Oil, gas & energy commentary & weekly charts

Crude Oil jumped \$4.93 per barrel (12.24%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index turned positive.

\$WTIC moved above its 20-day moving average on Friday.

Short-term momentum indicators are trending up.



Natural Gas added \$0.02 per MBtu (0.74%) last week.

Intermediate trend changed to down from up on a move below \$2.64.

\$NATGAS remains below its 20 day moving average. Strength relative to the S&P 500 Index remains neutral.

Short-term momentum indicators are mixed.



Gasoline dropped \$0.03 per gallon (1.94%) last week.

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

\$GASO remains below its 20-day moving average. Momentum indicators have turned up.



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