Creative Global Investments

Morning Market Commentary & Weekly Charts

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Objectivity

Integrity

Creativity

Asian Equities were up this morning, whilst European equities were mixed following better than expected data from China and Japan and as investors awaited a US vote on military strikes against Syria. Syria remains high on the agenda this week as US President Barack Obama makes a final push to convince Congress to back his proposal to launch air strikes against the Syrian regime. He last week failed to gain support from foreign leaders at the G-20 summit. Obama wants to chastise Syria President Bashar Hafez al-Assad's government for allegedly using chemical weapons against civilians on August 21st. Investors are fearful of the implications of the military intervention by the US, particularly after Putin warned that a Western strike could be met with retaliation as he continues to support Syria financially and strategically,

China's exports rose 7.2% in August from a year earlier, the General Administration of Customs revealed, beating the 5.5% estimate. The figures added to hopes that the world's second largest economy may be recovering from its recent weakness. **Japan revised its growth data for the three months through June to show a 0.9% expansion compared to the previous quarter or at 3.8% on annual basis**. It follows aggressive measures by the world's third-biggest economy in recent months to bolster recovery.

US investors have invested US$ 65bn in European equities in the first half of the year, the most in 36 years. The investments, which come from pension funds and other US groups, show confidence in Europe's recovery following a batch of positive economic data.

We are expecting US and European Economic data to be mixed this week. Earnings news this week will be virtually insignificant to equity markets

Seasonal influences become increasingly negative between now and the end of September. Economic sensitive sectors are the most vulnerable during this period.

Short-term momentum indicators generally are trending higher, but are approaching overbought levels. Medium term technical indicators remain overbought.

Specific events which we expect to impact equity markets during the next few weeks including the debate on Syria, higher energy costs, questions about timing of the "taper", declining earnings estimates, the budget debate, negotiations on the debt ceiling and hurricane season, and foremost, the Frankfurt Automotive Salon IAA.

Weekly Investment Conclusion

The US equity markets reached an intermediate peak on August 2nd. We are expecting for the current correction to last until at least the beginning of October. Our recommended investment strategy is to maintain a healthy cash position for possible entry into the favorable seasonal trade in October. We continue advising our clients to invest outside of US equities, mainly BRIC and emerging markets and Europe, likewise to maintain investments contrary to equity market trends like Energy, Gold, Silver and related equities for now.

Global Macro Commentary & Events

Upcoming Macro Events:

- Euro-Zone Investor Confidence for September will be released at 4:30am EST. The market expects -3.5 versus -4.9 previous.
- Bank of Japan Meeting Minutes will be released at 7:50pm EST.
- Japan Tertiary Industry Index for July will be released at 7:50pm EST. The market expects a month-over-month decline of 0.6% versus a decline of 0.3% previous.
- **July Wholesale Inventories** to be released at 10:00 AM EDT on Wednesday are expected to increase 0.3% versus a decline of 0.2% in June.
- **Weekly Initial Jobless Claims** to be released at 8:300 AM EDT on Thursday are expected to increase to 330,000 from 323,000 last week.
- **August Retail Sales** to be released at 8:30 AM EDT on Friday are expected to increase 0.4% versus a gain of 0.2% in July. **Ex auto sales**, retail sales are expected to increase 0.3% versus a gain of 0.5$ in July.
- **August Producer Prices** to be released at 8:30 AM EDT on Friday are expected to increase 0.2% versus no change in July**. Ex food and energy,** August PPI is expected to increase 0.1% versus a gain of 0.1% in July
- **September Michigan Sentiment Index** to be released at 9:55 AM EDT on Friday is expected to slip to 82.0 from 82.1 in August
- **July Business Inventories** to be released at 10:00 AM EDT on Friday are expected to increase 0.3% versus no change in June.

Review of past macro-economic data:

Event	Actual	Forecast	Previous
JPY Leading Index	107.8	107.9	107.2
JPY Coincident Index	106.4	106.9	105.5
EUR German Trade Balance (euros)	16.1B	16.5B	17.0B
EUR German Current Account (euros)	14.3B	14.0B	17.9B
EUR German Exports s.a. (MoM)	-1.10%	0.70%	0.60%
CHF Consumer Price Index (YoY)	0.00%	0.00%	0.00%
CHF CPI EU Harmonized (YoY)	0.40%	0.50%	0.50%
CHF Industrial Production (YoY)		1.50%	3.00%
GBP Manufacturing Production (YoY)	-0.70%	-0.70%	2.10%
GBP BoE/GfK Inflation Next 12 Mths	3.20%		3.60%
GBP Total Trade Balance (Pounds)	-Â£3085	-Â£1700	-Â£1256
GBP Industrial Production (MoM)	0.00%	0.20%	1.30%
GBP Industrial Production (YoY)	-1.60%	-1.70%	1.40%
EUR German Industrial Production n.s.a. and w.d.a. (YoY)	-2.20%	0.90%	0.10%
EUR German Industrial Production s.a. (MoM)	-0.34	-0.50%	2.00%
USD Unemployment Rate	7.30%	7.40%	7.40%
USD Change in Non-farm Payrolls	169K	180K	104K
CAD Unemployment Rate	7.10%	7.20%	7.20%
CAD Full Time Employment Change	17.4		-18.3
CAD Participation Rate	66.6	66.5	66.5
USD Labor Force Participation Rate	63.20%		63.40%
USD Change in Private Payrolls	152K	180K	127K
USD Change in Manufacturing Payrolls	14K	5K	-16K
USD Two-Month Payroll Net Revision	-74K		
USD Average Hourly Earnings (MoM)	0.20%	0.20%	0.00%
USD Average Hourly Earnings (YoY)	2.20%	2.10%	2.00%
USD Average Weekly Hours All Employees	34.5	34.5	34.4
USD Change in Household Employment	-115K		227K
USD Underemployment Rate	13.70%		14.00%
CAD Net Change in Employment	59.2K	20.0K	-39.4K
CAD Part Time Employment Change	41.8		-21.2
CNY Imports (YoY)	7.00%	11.30%	10.90%
CNY Trade Balance	28.52B	$20.00B	$17.82B
CNY Exports (YoY)	7.20%	5.50%	5.10%
JPY Gross Domestic Product Annualized	3.80%	3.90%	2.60%
JPY Nominal Gross Domestic Product (QoQ)	0.90%	1.00%	0.70%
JPY Trade Balance – BOP Basis (Yen)	-¥943.3B	-¥862.4B	-¥139.2B
JPY Gross Domestic Product (QoQ)	0.90%	1.00%	0.60%

Global Macro Commentary

Asian Economies

Japan has revised up its growth data for the April to June quarter, adding to hopes of an economic recovery. The economy expanded 0.9% during the period, compared to the previous three months. That translates into an annualized growth of 3.8%. The initial estimate of quarter-on-quarter growth was 0.6%. Japan has taken aggressive measures in recent months to spur growth in the world's third-biggest economy, after years of stagnation.
The moves by Japanese policymakers have fuelled optimism of a recovery, which has seen companies start to invest more,

The Japanese economy will get a further boost as over the weekend Tokyo won the bid to host the 2020 Olympic and Paralympic Games. Japan will spend an estimated US$ 8bn (GBP5bn) on refurbishing old stadiums and building new ones. Spending and construction activity will further help boost Japan's economic recovery in the coming years. An important aspect of winning the bid is "the confidence" derived from winning the competition to host such a big tournament. Japan's Nikkei 225 index jumped more than 2% on Monday, as the Olympic bid win and the upward revision to growth numbers boosted investor sentiment.

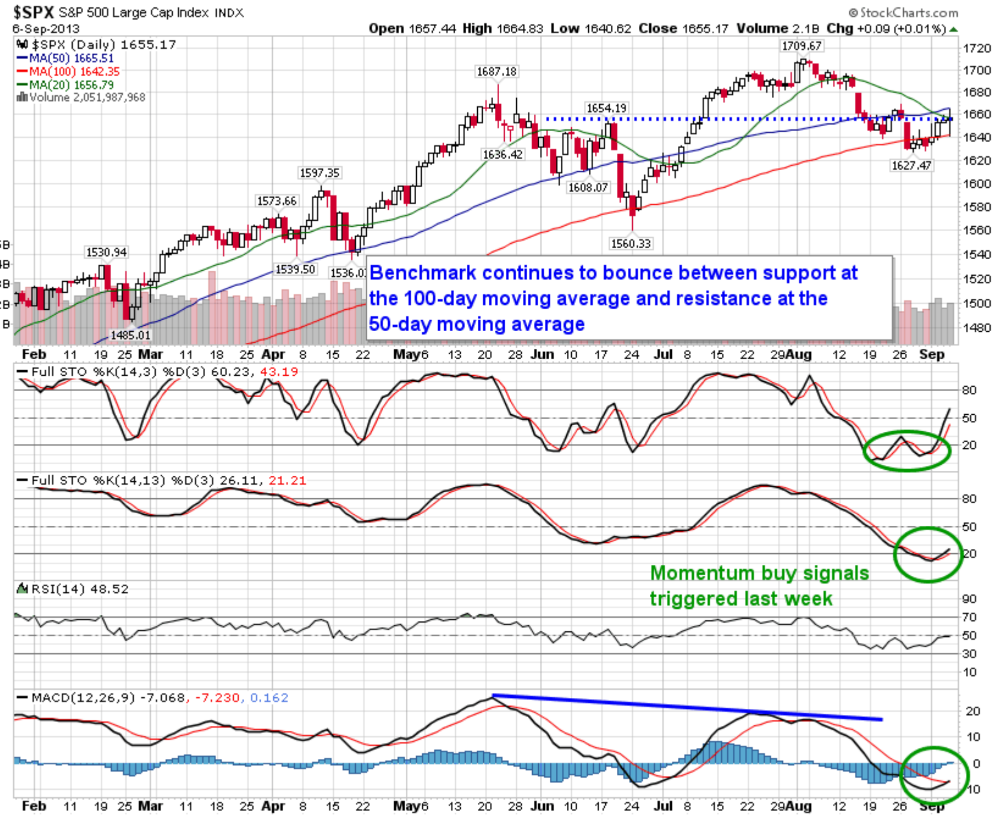
The **Chinese economy** found its feet in August, with inflation remaining subdued as exports rose more than expected, giving a rosier outlook for the second half of the year. Consumer prices rose 2.6 per cent from a year earlier, just a touch below July's 2.7 per cent pace, the statistics bureau said on Monday. Inflation is unlikely to pass the 3 per cent threshold in 2013, leaving it well within the government's comfort zone and beneath its official "upper limit" of 3.5 per cent

US Market Commentary & Weekly Charts

The S&P 500 Index ended well off of its highs of the day, bouncing off of resistance presented at its 50-day moving average to end almost unchanged on the day. The large cap index appears to be bound by the 100-day moving average below and the 50-day moving average above; a break of either of these levels would provide a catalyst for further downside or upside positioning.

Intermediate momentum indicators, such as MACD and Stochastics, triggered buy signals last week, presenting an opportunity for a continuation of this oversold rally, however, downside targets remain unfulfilled in order to reset many of the overbought readings that were hit over the past few months.

Uncertainties, such as the situation in Syria, debt ceiling debate, and budget impasse, over the next six weeks remain significant market movers, which is why volatility should remain escalated.



Seasonally, equity markets hold up rather well during the first half of September, posting gains of 1.3% on average over the last 20 years. The weakest three weeks of the year occurs during the last two weeks of September and the first week of October. Declines over this three-week period reach 2.5%, on average, based on the same 20-year time-span. Contradicting this calendar tendency is the "Sell Rosh Hashanah and Buy Yom Kippur" tendency, which runs through to this Friday. Loss for the S&P 500 between these key dates on the Jewish calendar averages 1.25%. Whichever scenario plays out, caution is warranted as seasonal volatility fuels erratic returns over the weeks ahead.
The VIX Index fell 1.16 (6.82%) last week.

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

The S&P 500 Index gained 22.20 points (1.36%) last week.

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

Short-term momentum indicators are trending up.

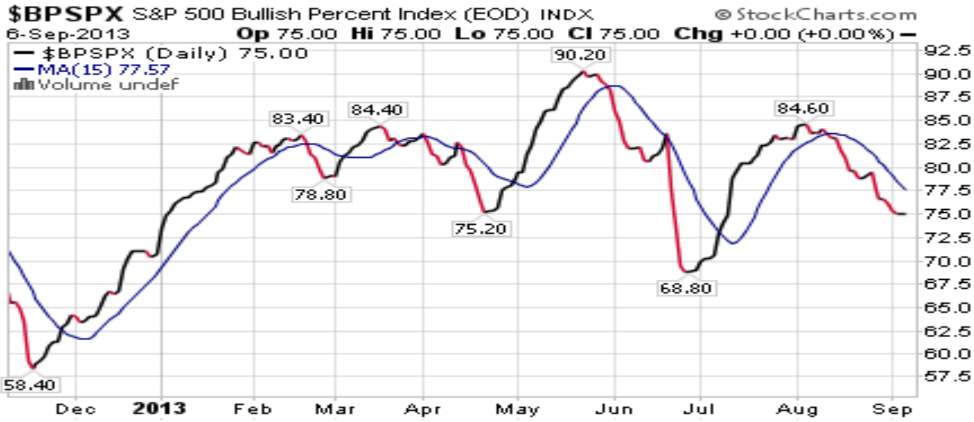
Percent of S&P 500 stocks trading above their 50 day moving average rose last week to 48.60% from 31.20%.

The index remains intermediate overbought.

Percent of S&P 500 stocks trading above their 200 day moving average increased last week to 78.40% from 75.40%.

Bullish Percent Index for S&P 500 stocks slipped last week to 75.00% from 76.20% and remained below its 15 day moving average.

The Index continues to trend down from an intermediate overbought level.



The Dow Jones Industrial Average gained 112.19 points (0.76%) last week.

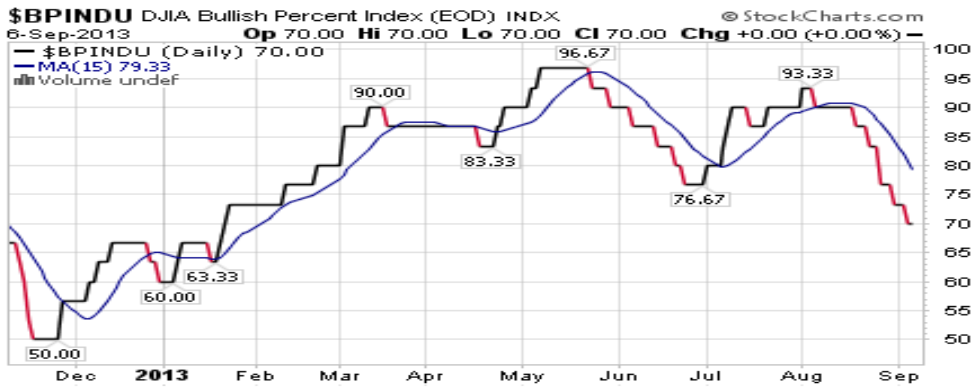
Trend remains neutral. The Average remains below its 20 and 50 day moving averages.

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

Short-term momentum indicators are trending up.

Bullish Percent Index for Dow Jones Industrial Average stocks fell last week to 70.00% from 73.33% and remained below its 15 day moving average.

The index continues to trend down from intermediate overbought levels.



The DJ Transportation Average increased 121.23 points (1.94%) last week.

Trend remains negative. The Average remained below its 20 and 50 day moving averages.

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

Short-term momentum indicators are trending up.

Bullish Percent Index for NASDAQ Composite stocks slipped last week to 66.96% from 67.56% and remained below its 15 day moving average.

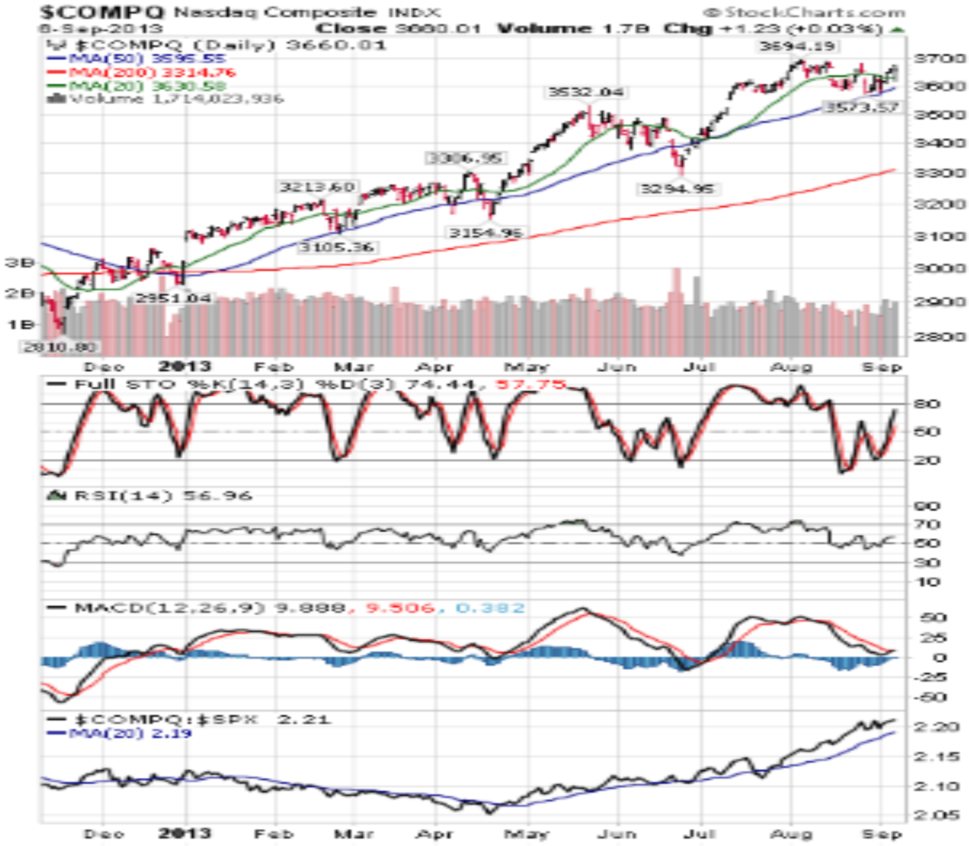
The Index continues to trend down from an intermediate overbought level.

The NASDAQ Composite Index gained 70.14 points (1.95%) last week.

Trend remains down. The Index moved above its 20 day moving average.

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

Short-term momentum indicators are trending up.

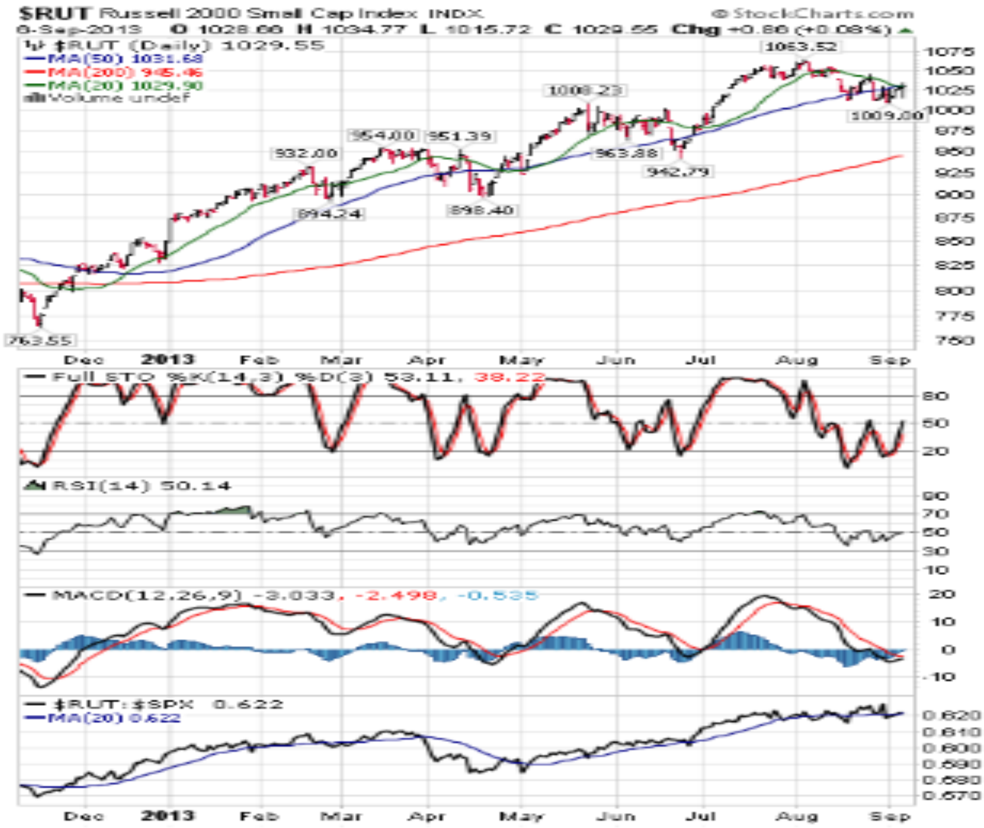


The Russell 2000 Index added 18.65 points (1.84%) last week.

Trend remains negative. The Index remains 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.



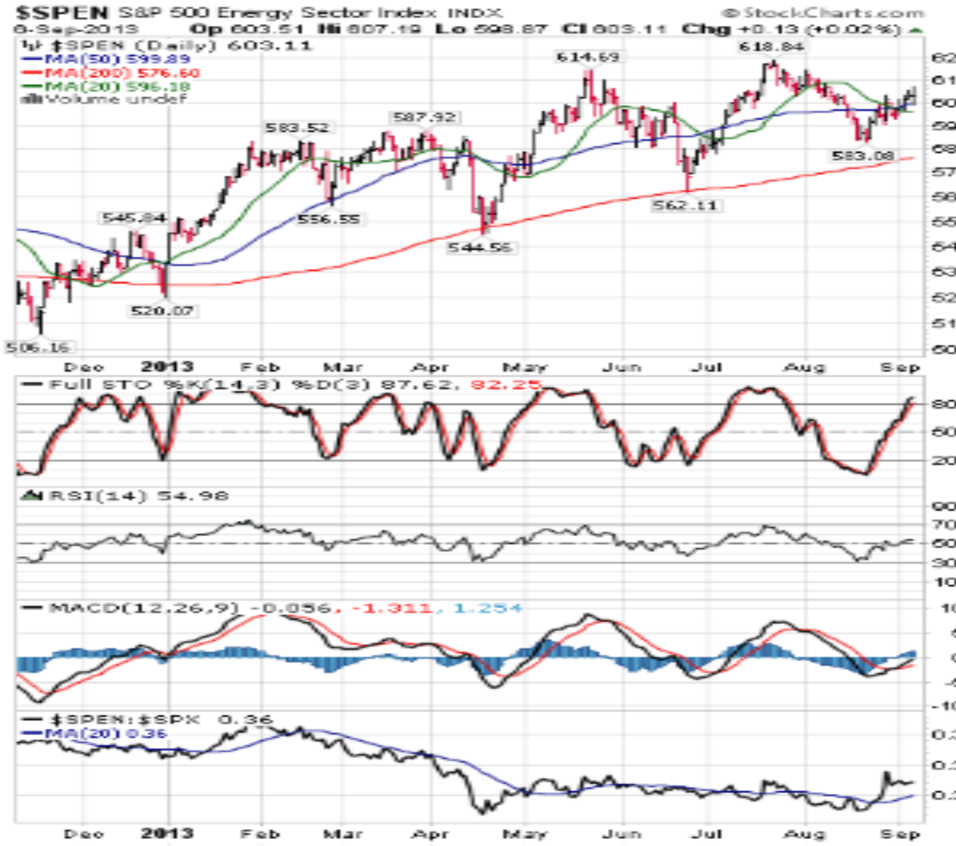
The S&P Energy Index added 8.27 points (1.39%) last week.

Trend remains up. The Index moved above its 20 and 50 day moving averages.

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

Short-term momentum indicators are trending up.

Seasonal influences on average are positive until October 3rd.



The Philadelphia Oil Services Index gained 10.74 points (4.18%) last week.

Trend changed from down to neutral on a move above 267.62. The Index moved above its 20 and 50 day moving average.

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

Short-term momentum indicators are trending up.

The AMEX Gold Bug Index added 0.01 (0.0%) last week.

Trend remains up. The Index remains below its 20 day moving averages.

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

Short-term momentum indicators are trending down.

Canadian Markets Commentary & weekly charts

Bullish Percent Index for TSX Composite stocks increased last week to 69.66% from 67.65% and remained above its 15 day moving average.

The Index remains intermediate overbought.

The TSX Composite Index added 167.02 points (1.32%) last week.

Trend remains up. The Index remains above its 20, 50 and 200 day moving averages. Its 50-day moving average moved above its 200 day moving average completing a so-called "Golden Cross".

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

Short-term momentum indicators are overbought.

Percent of TSX Composite stocks trading above their 50 day moving average increased last week to 61.54% from 54.62%.

The index remains intermediate overbought.

Percent of TSX Composite stocks trading above their 200 day moving average increased last week to 50.85% from 45.80%.

Asian Markets Commentary & weekly charts

The Nikkei Average gained 471.95 points (3.52%) last week.

Trend remains neutral. The Index moved 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.

The Shanghai Composite Index added 41.61 points (1.98%) last week.

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.

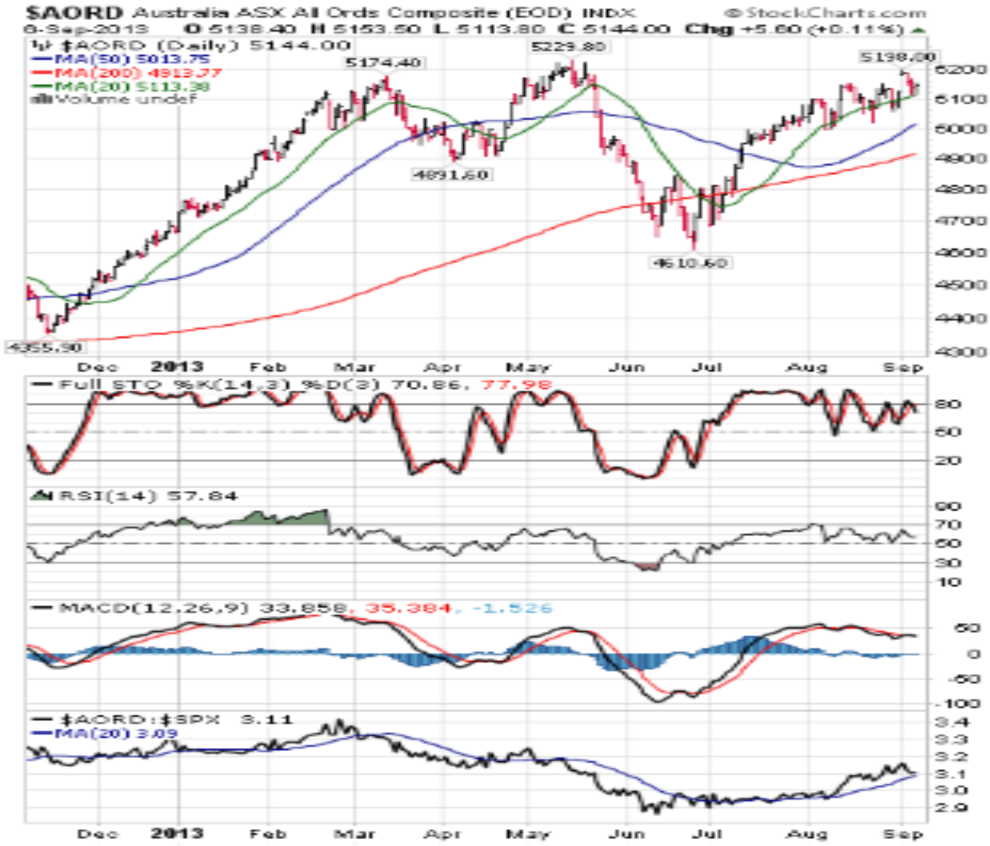
Short-term momentum indicators are trending up.

The Australia All Ords Composite Index increased 60.90 points (1.20%) last week.

Trend increased to up from neutral on a move above 5,151.60. The Index moved above its 20 moving average.

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

Short-term momentum indicators are overbought.



European Markets Commentary & weekly charts

The FTSE 100 's short-term momentum changed from negative to neutral.

Trend remains up. The FTSE 100 remains below the 20-day moving average.

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

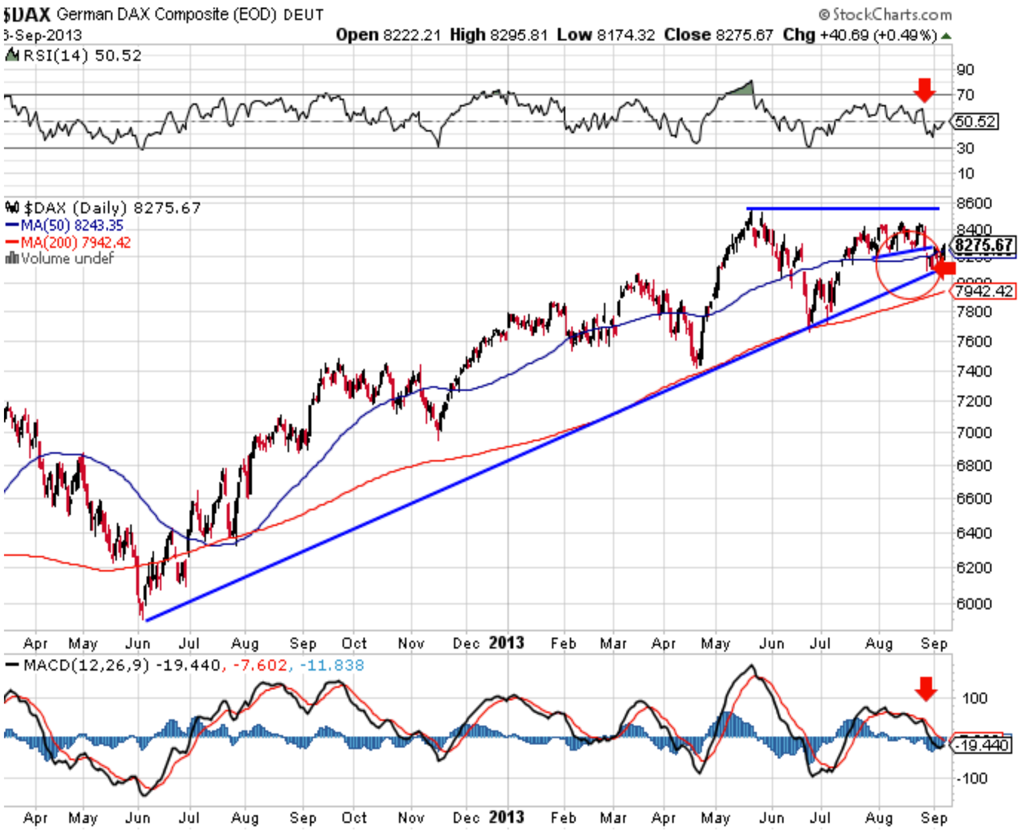
Short-term momentum indicators are neutral.

The DAX 30's short-term momentum changed from negative to neutral.

Trend remains up. The DAX 30 remains below the 20-day moving average.

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

Short-term momentum indicators are neutral.

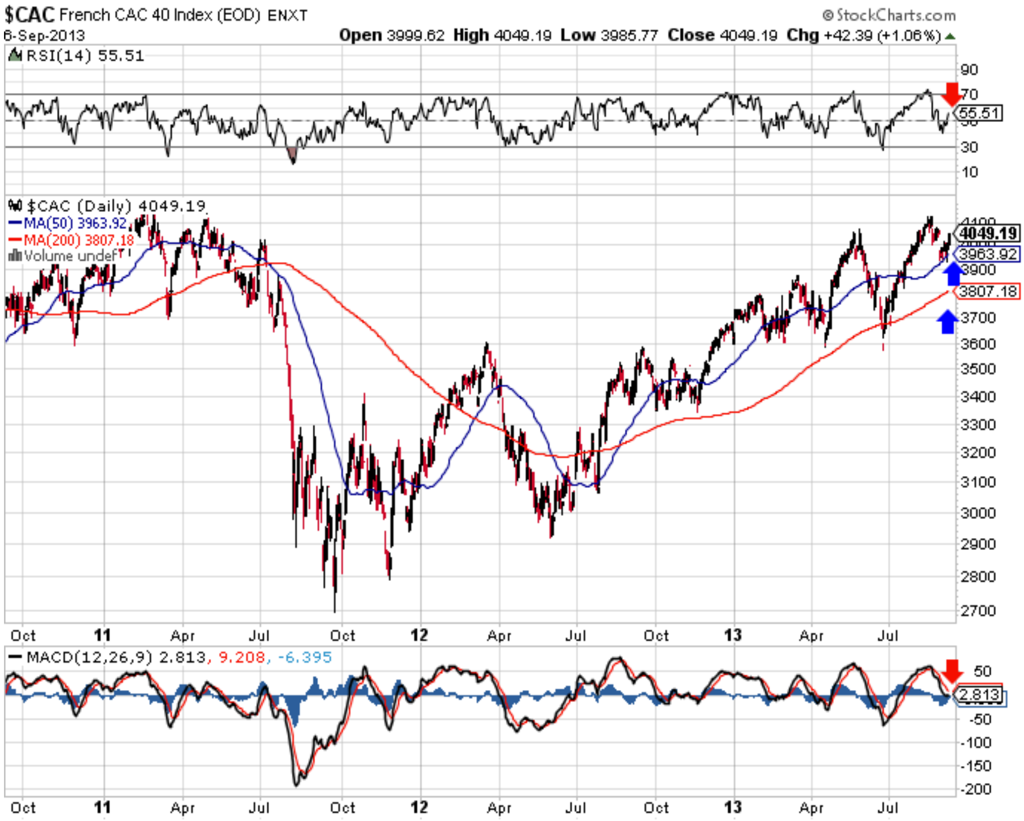


The CAC 40's short-term momentum changed from negative to neutral.

Trend remains up. The CAC 40 remains below the 20-day moving average.

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

Short-term momentum indicators are neutral.



The Ibex's short-term momentum changed from negative to neutral.

Trend remains up. The IBEX remains below the 20-day moving average.

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

Short-term momentum indicators are neutral.

The Athens Index gained 39.42 points (4.38%) last week.

Trend remains up. The Index moved above its 20 and 200 day moving averages.

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

Short-term momentum indicators are trending up.

Europe 350 iShares added $1.08 (2.63%) last week.

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

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

Short-term momentum indicators are neutral.

Fixed Income Commentary & Weekly Charts

US Bonds

The yield on 10 year Treasuries added 18.9 basis points (6.87%), but had been up as much as 25 basis points during the week.

Trend remains up. Yield remains above its 20, 50 and 200 day moving average.

Short-term momentum indicators are overbought.

The long term Treasury ETF fell $3.06 (2.88%) last week.

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

Currencies Commentary & weekly charts

The Euro slipped 0.38 (0.29%) last week.

Trend changed from up to neutral on a move below 132.06. The Euro remains below its 20 day moving average and dropped below its 50 day moving average.

Short-term momentum indicators are trending down.

The US$ Index added 0.09 (0.11%) last week.

The Index remains above its 20 and 50 day moving averages.

Short-term momentum indicators are trending up.

The Japanese Yen slipped 0.96 (0.94%) last week.

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

Short-term momentum indicators are trending down.

The C$ added US0.19 cents (0.20%) last week. More than all of the gain occurred on Friday following release of a bullish August employment report.

The C$ moved above its 20 and 50 day moving averages.

Short-term momentum indicators are recovering from oversold levels.

Commodities Commentary & weekly charts

The CRB Index fell 0.45 points (0.15%) last week.

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

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

Copper added $0.03 per lb. (0.93%) last week.

Trend remains up. Copper remains below its 20 day moving average.

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

Short-term momentum indicators are trending down.

Lumber added $12.81 (3.97%) last week.

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

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

The Grain ETN slipped $0.65 (1.35%) last week.

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

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

The Agriculture ETF added $0.79 per unit (1.61%) last week.

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

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

Short-term momentum indicators are recovering from oversold levels.

Gold & Precious Metals Commentary & weekly charts

In July, the price of Gold broke above an intermediate declining trend line and now a long-term declining trend line is being tested. Short-term trend remains positive, derived by a series of higher-highs and higher lows. Reason to be optimistic of the intermediate trend is now being provided. The 50-day moving average is starting to curl positive for the first time in a year. As well, a reverse head-and-shoulders pattern can be picked out on the chart, offering the possibility of seeing the upside target of 1525 in the near future. **Momentum indicators continue to trend positive as well, giving little indication of waning buying pressures, as of yet.**

The price of Gold benefits from a period of seasonal strength starting in July and running through to the start of October as increased demand ahead of a number of end of year holidays, as well equity market volatility through the third quarter, drive the price of the precious metal higher.

The price action of Gold has received much discussion over recent days as volatility amongst the precious metals has investors questioning whether the seasonal trade has concluded early this year.

The risks to the trade remain obvious (taper talk, situation in Syria, equity market volatility), however, as long as the recent trend of higher-highs and higher-lows remains intact, staying with the trade appears warranted; technicals have yet to show evidence that the short-term trend has changed.

Positive inflation expectations since the end of June have acted as a catalyst for higher Gold prices, but in recent weeks the trend in inflation expectations has leveled off, stripping away some of the momentum from the Gold trade. The trend of inflation expectations, which will be highly dependent on the Fed's actions in the upcoming weeks, warrants close attention due to the leading indications it presents upon the trend of Gold.

Gold slipped $9.70 per ounce (0.69%) last week.

Trend remains up. Gold remains above its 20 and 50 day moving averages.

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

Short-term momentum indicators are trending down.

Silver added $0.33 per ounce (1.40%) last week.

Trend remains up. Silver remains above its 20, 50 and 200 day moving averages.

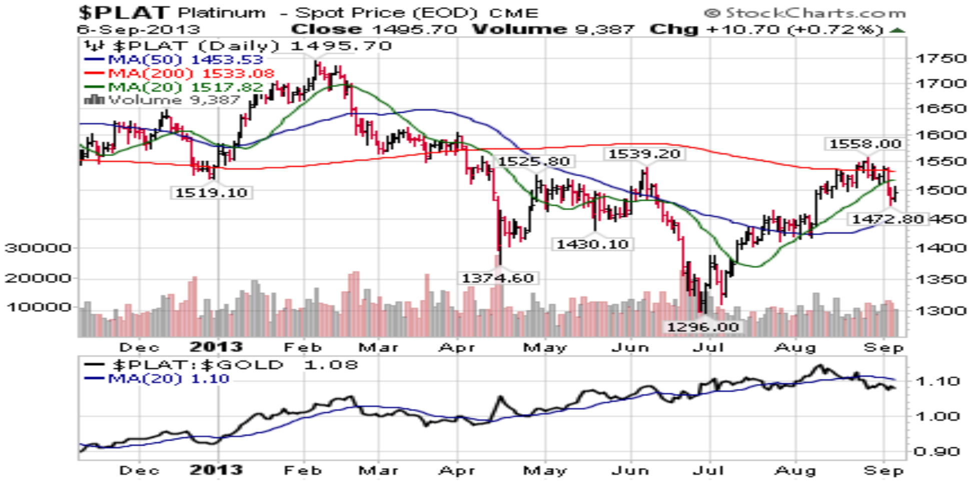
Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are trending down.

Platinum fell $31.40 per ounce (2.06%) last week.

Trend remains up. Platinum fell below its 20 day moving average.

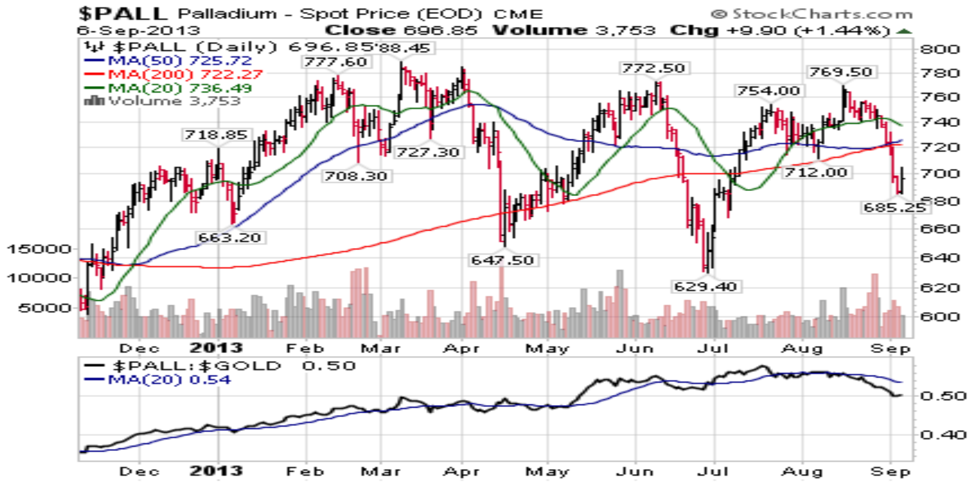
Strength relative to Gold and the S&P 500 remains negative.



Palladium dropped $41.45 per ounce (5.61%) last week.

Trend changed from up to neutral on a move below $712.00. Palladium remains below its 20 day moving average and fell below its 50 and 200 day moving averages.

Strength relative to Gold and the S&P 500 Index remains negative



Oil, Gas & Energy Commentary & weekly charts

Crude Oil added $2.77 per barrel (2.57%) last week.

Trend remains up. Crude 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.

Seasonal influences are positive until the end of September.

Natural Gas fell $0.06 per MBtu (1.67%) last week.

Trend remains down. Natty remains above its 20 and 50 day moving averages.

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

Short-term momentum indicators show early signs of rolling over from an overbought level.

Gasoline fell $0.17 per gallon (5.63%) last week.

Trend remains up. Gas fell below its 20, 50 and 200 day moving averages.

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

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