Creative Global Investments

Morning market commentary & weekly charts

Monday, September 14th, 2015

Carlo R. Besenius
Chief Executive Officer
cbesenius@cg-inv.com
+(352) 2625 8640

Creative Global Investments LLC
115 East 57th Street
11th Floor
New York, NY 10022
Tel: 212 939 7256
Mob: 917 301 3734

Creative Global Investments/Europe
5, op der Heed
L-1709 Senningerberg
Tel: +(352) 2625 8640
Mob: +(352) 691 106 969

Objectivity

Integrity

Creativity

Global Macro Commentary

Last week, global macro-economic data came in still very mixed, and we continue to say that the FED cannot ignore that fact, comes the FOMC meeting on Thursday.

US Consumer Sentiment shockingly plunged to the lowest level in a year. US consumer confidence declined to its lowest level in a year in September. The University of Michigan index fell to 85.7 in September from 91.9 in the previous month, falling short of analysts' expectations for a 91.1 reading. There was also an unexpected large drop in a sub-index of consumer expectations at 76.4 versus 83.4 in the prior month. Often consumer indices like sentiment and confidence are good leading indicators of what happens with consumer behavior ahead. Typically the lower the sentiment, the lower their future purchasing activity, the lower the following GDP reading, the lower stock prices likely will head in anticipation of lower GDP.

The US producer price index, measuring the prices companies receive for goods and services, was unchanged month-on-month in August (vs. consensus: -0.1%) after rising 0.2% in July. Excluding food and energy, core prices were up 0.3% in August, (vs. consensus 0.1% gain month-on-month. Y-o-y, prices were down -0.8% (vs. consensus: -0.9%)

Industrial production in Japan fell more-than-expected last month, data showed today. The Ministry of Economy, Trade and Industry said that industrial production fell to a seasonally adjusted -0.8%, from -0.6% in the preceding month. Economists consensus had expected industrial production to fall -0.6% last month.

China's Industrial production rose 6.1% in August compared to a year ago, falling short of analysts' expectations for a 6.5% increase and following the previous month's 6% gain. Retail sales climbed 10.8% in August, more than the forecast for a 10.6% rise and a 10.5% jump a month ago. the latest Chinese data over the weekend has fuelled rising concerns about the slowdown in the world's second largest economy. China also unveiled details on Sunday of how it would restructure its state-owned enterprises (SOEs), including partial privatization, as data pointed to a cooling in the world's second-largest economy. The guidelines, jointly issued by the Communist Party's Central Committee and the State Council, China's cabinet, included plans to clean up and integrate some state firms, the official Xinhua news agency said. This reform will be positive for improving the impetus of the economy and making growth more sustainable. Partial privatization would help establish "check-and-balance and incentive systems" at state firms. China's government manages 111 companies centrally under the State-owned Assets Supervision and Administration Commission, or SASAC. Local governments own and manage around 25,000 state-owned companies and the sector employs nearly 7.5 million people.

Industrial production in the Eurozone rose more-than-expected last month, official data showed today. Eurostat said that Eurozone industrial production rose to a seasonally adjusted 0.6%, from -0.3% in the preceding month whose figure was revised up from -0.4%. Economist's consensus had expected Eurozone industrial production to rise 0.3% last month.

Currency Commentary

The US$ has been consolidating above long-term resistance. The $USD has gained 17% since mid-2014 in anticipation of a 2015 rate increase, but more recently it has traded within a range between 92 and 98 as uncertainty prevails as to the timing of the first rate hike since the economy exited recession.

The strength of the US$ has had a significant impact on earnings and commodity prices for over a year, therefore the reaction to the FOMC statement in the currency market is bound to play an influential role on equity and commodity prices moving forward, depending on the direction of the break from the short-term range.

Seasonally, September is the weakest month of the year for the US$ Index, declining 64% of the time for an average loss of -0.4%; October is not much better with losses realized 60% of the time over the past 42 years, averaging a loss of -0.2%.

Again, we see currency related macro economic divergences not being assessed correctly by market participants, and hence offering great investment opportunities. Those countries and economies and companies benefitting from "currency tailwinds", such as Germany, France, Holland, Japan, China, India and Brazil are not being valued currently for taking their currency related advantages into account.

Weekly Investment Conclusion

Risks related to international events remain quiet with most focus on China. Volatility in Chinese equity markets remains extreme.

Economic news this week (other than the FOMC news on Thursday) is expected to be mixed. FOMC news on Thursday is by far the most important equity market-moving event this week. Polls say that chances of an increase in the Fed Fund rate are 25%. Knee jerk reaction to an increase likely will be negative. However, weakness will provide a buying opportunity.

Two industry leaders, FedEx and Oracle are reporting on Wednesday. According to FactSet, Q3 earnings by S&P 500 companies on a y-o-y basis are expected to decline -4.4% and sales are expected to drop -2.9%. Q3 will be the first back-to-back quarters of earnings declines since 2009. Seventy-six companies have issued negative Q3 guidance and 31 companies have issued positive Q3 guidance. Earnings finally are expected to turn slightly positive in Q4. A 1% gain is projected in Q4 followed by a 4.2% gain in Q1 of 2016. Pressure on earnings has been caused mainly by strength in the US$, which in turn has dampened profit margins. The US$ in Q3 last year averaged 82. It now is over 95. As per prior writings, we are expecting for analysts and strategists to revise earnings downwards by -5% over current expectations, solely due to the so far continuing strength of the US$ for Q3, Q4 and Q1 of 2016. The weighted average of the US$ for 2015 is almost 17% higher than for 2014 on a y-o-y basis, and we believe that generally analysts and economists have not factored that into their earnings expectations sufficiently yet.

Seasonal influences for most equity markets and sectors during the next four weeks are negative. Weakness is related to negative unexpected non-recurring events that frequently happen in the summer with a focus on the month of September and/early October. This year, the event was the meltdown by the Chinese equity market that spilled into world equity markets. However, world equity markets already have been through a period of weakness and already have started to show technical signs of recovery. Accordingly, concerns about seasonal weakness during the next four weeks likely are overblown.

Despite the fact that there is growing chart-technical evidence that major equity indices put in their low on August 25th, let's keep in mind that September is the worst calendar month on the S&P 500 since 1950. It has finished higher 45% of the time over the past 65 years and that percentage may not seem so bad. It's the only calendar month with negative annualized returns (-5.77%). Since the year 2000, September has fallen more than -5% in 5 different years while it's risen more than 5% just once.

Another event likely to impact US equity market performance in the week ahead is Quadruple Witching, which sees the expiration of various stock index futures, stock index options, stock options, and single stock futures. Quadruple witching weeks are typically positive for broad market benchmarks, with the S&P 500 Index gaining 66% of the time over the five-day period and averaging a return of 0.47%, based on data from the past 50 years. But the event itself tends to act as a pivot point to the direction of the market, initiating what is seasonally deemed as the weakest period of the year.

The week following quadruple witching has seen declines on the S&P 500 Index 68% of the time over the past 50 years, averaging a loss of 0.84%; in the past 25 years, 84% of post quadruple witching weeks have seen negative returns, averaging a loss of 1.07%. This period also corresponds to the most volatile time of year for equity markets, making this timeframe a period that is best to be cautious of, particularly keeping Thursday's FOMC rate decision in related timing focus.

Unlike most strategists, we did forecast for a -10% to -12% decline in US equities for the current quarter. However, we are not seeing a massive rally in US equities to materialize yet.

The S&P 500 Market Cap/GDP Ratio and the Shiller Cyclically Adjusted P/E Ratio have dropped slightly from record highs, they are still well above historical averages as well. US equities relative to GDP and relative to the ROW are hugely overvalued and over held, and hence why we see for US equities to continue their 20-year long underperformance for quite a while. Combined with a chocking US$ temporary strength, we see little reason for global investors to add towards US equities on a relative basis, rater the opposite.

We continue to advise investors to reduce weightings towards US equities and add aggressively towards equities markets in

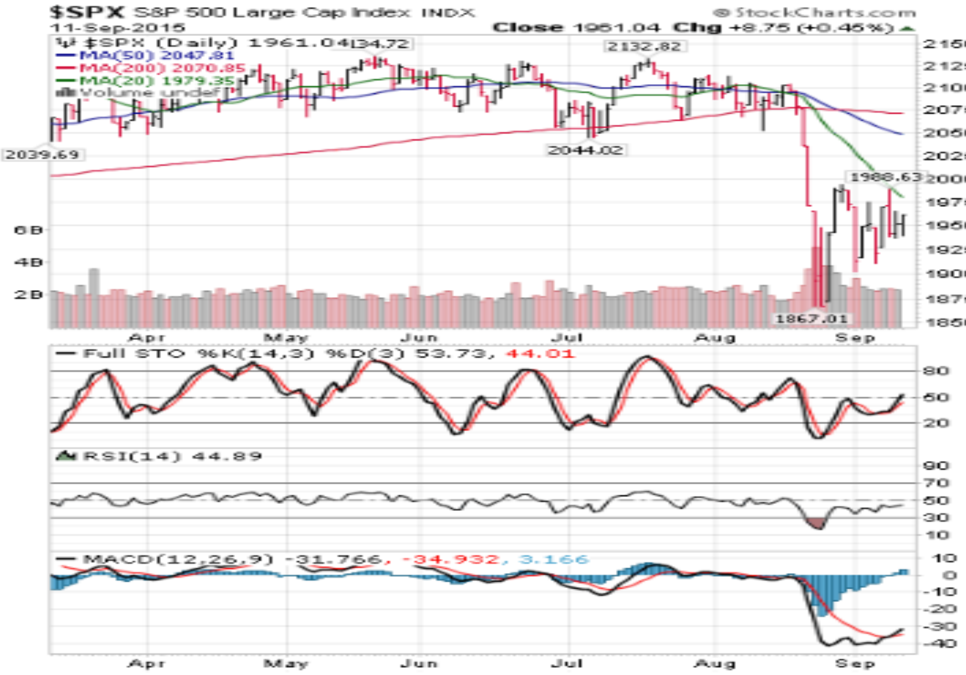
- **Europe (Germany, France, Netherlands; Spain)**
- **Asia (Japan, China, India, Vietnam, Indonesia; Philippines)**
- **Latin America (Brazil, Mexico)**

US equity markets commentary & weekly charts

The VIX Index fell 4.40 (15.83%) last week.

Intermediate trend remains up. The Index fell below its 20-day moving average. VIX remains elevated.

The S&P 500 Index gained 39.82 points (2.07%) last week.



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

Short-term momentum indicators are mixed.

Percent of S&P 500 stocks trading above their 50-day moving average increased last week to 18.80% from 10.00%.

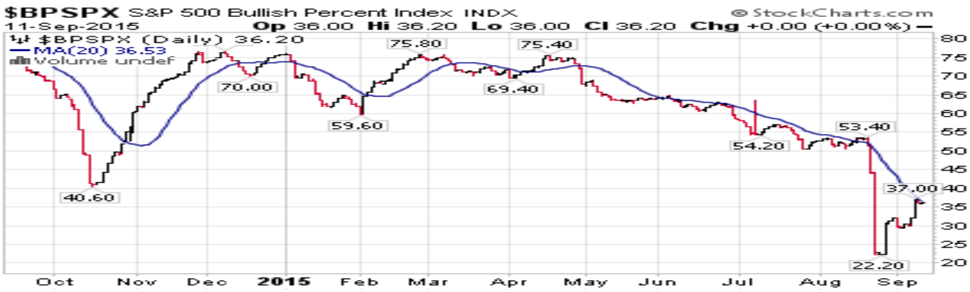
The index reached an intermediate bottom on August 25th and continues to recover.

Percent of S&P 500 stocks trading above their 200-day moving average increased last week to 30.60% form 24.20%.

The index reached an intermediate bottom on August 25th and continues to recover.

Bullish Percent Index for S&P 500 stocks increased last week to 36.20% from 30.00%, but remains below its 20-day moving average.

The Index is intermediate oversold and showing signs of recovery.



The Dow Jones Industrial Average gained 330.71 points (2.05%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index changed to Neutral from Positive. 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 slipped last week to 26.67% from 30.00% and remained below its 20-day moving average.

Index bottomed on August 25th at an intermediate oversold level and is showing signs of recovery.

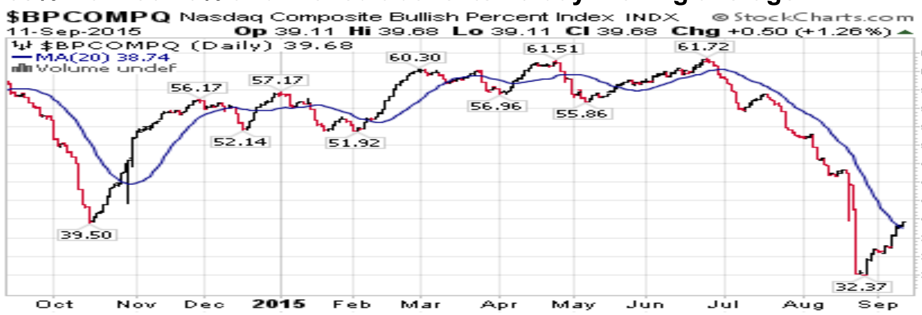
The Dow Jones Transportation Average added 257.79 points (3.31%) last week.

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

The Average moved above its 20-day moving average.

Short-term momentum indicators are trending up.

Bullish Percent Index for NASDAQ Composite stocks increased last week to 39.68% from 36.20% and moved above its 20-day moving average.



Index bottomed on August 25th at an intermediate oversold level and has established an intermediate uptrend.

The NASDAQ Composite Index gained 138.42 points (2.96%) last week.

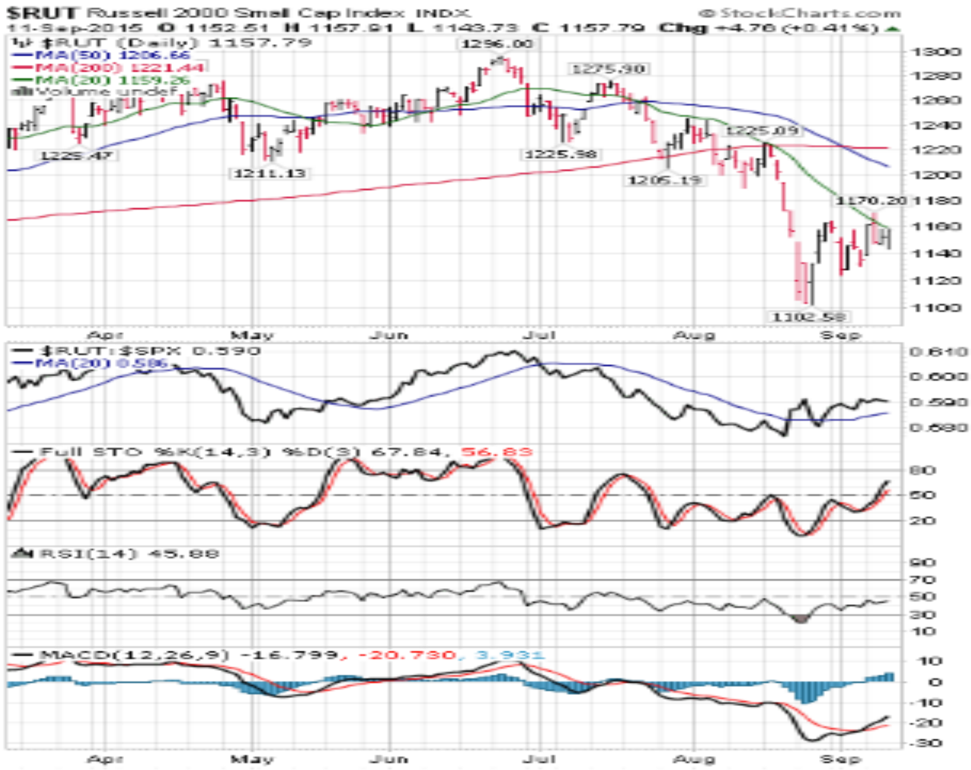
Intermediate trend remains down. Strength relative to the S&P 500 Index remains positive. The Index moved above its 20-day moving average on Friday.

Short-term momentum indicators are trending up.

The Russell 2000 Index gained 21.62 points (1.90%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains positive. The Index remains below its 20-day moving average.

Short-term momentum indicators are trending up.



The S&P Energy Index dropped 3.23 points (0.70%) last week.

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

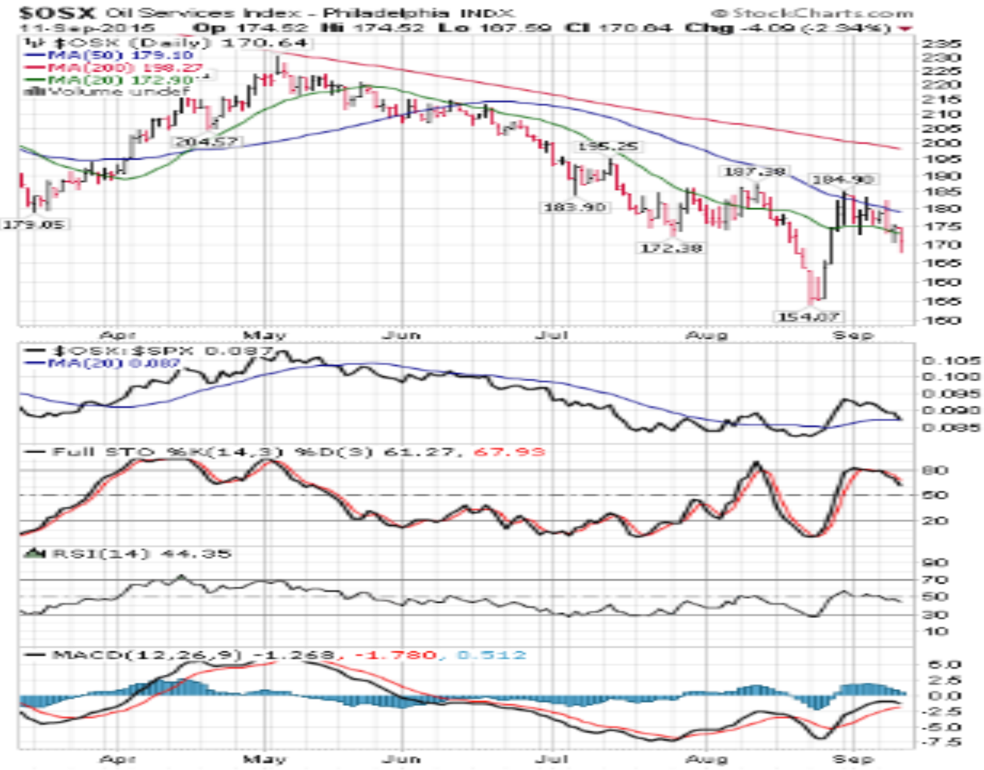
The Index remains below its 20-day moving average.

Short-term momentum indicators are mixed.

The Philadelphia Oil Services Index dropped 6.47 points (3.65%) last week.

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

The Index moved below its 20-day moving average.



The AMEX Gold Bug Index fell 1.41 points (1.30%) last week.

Intermediate downtrend was confirmed on a move below 104.66 on Friday. Strength relative to the S&P 500 Index changed to negative from neutral.

The Index remains below its 20-day moving average.

Short-term momentum indicators are trending down.

Latam equity markets commentary & weekly charts

The BOVESPA dropped 994 points last week.

Intermediate trend is down. The $BVSP fell below its 20-and 50-and 200-day moving averages.

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

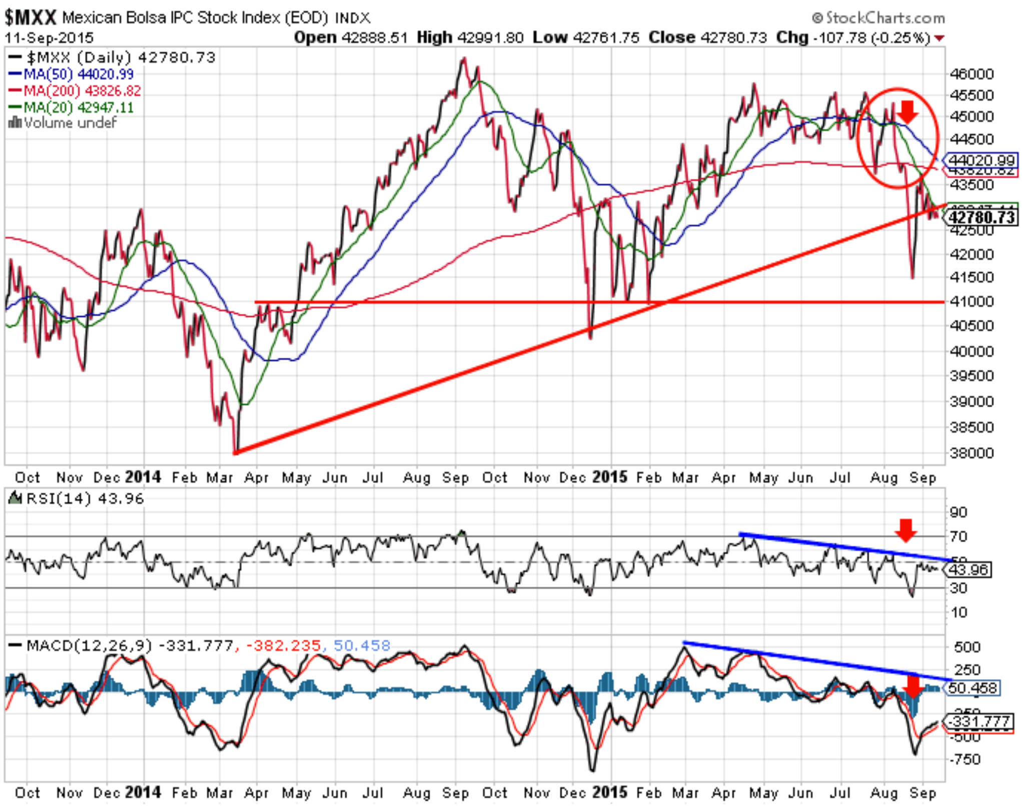
Short-term momentum indicators are mixed.

The Mexican Bolsa dropped 189 points last week.

Intermediate trend is negative. The $MXX moved back above its 20- and 50-day moving averages.

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

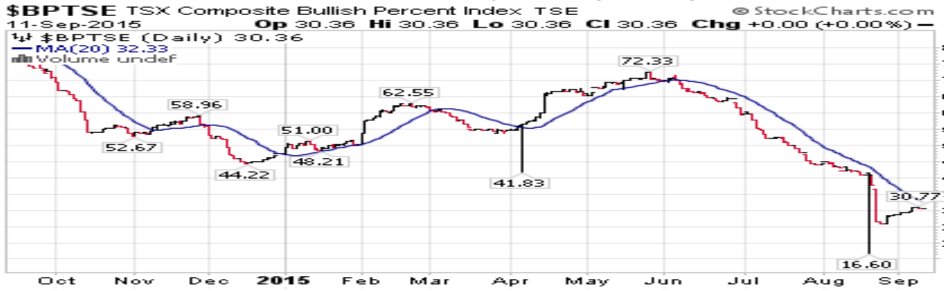
Short-term momentum indicators are mixed.



Canadian equities commentary & weekly charts

The Index is intermediate oversold and showing signs of recovery.

Bullish Percent Index for TSX Composite stocks improved last week to 30.36% from 29.55%, but remains below its 20-day moving average.



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

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

The TSX Composite Index slipped 16.84 points (0.12%) last week.

The index bottomed on August 25th and is showing signs of recovery.

Percent of TSX stocks trading above their 50 day moving average slipped last week to 17.00% from 20.24%.

The index bottomed on August 25th and is showing signs of recovery.

Percent of TSX stocks trading above their 200 day moving average slipped last week to 19.84% from 21.46%.

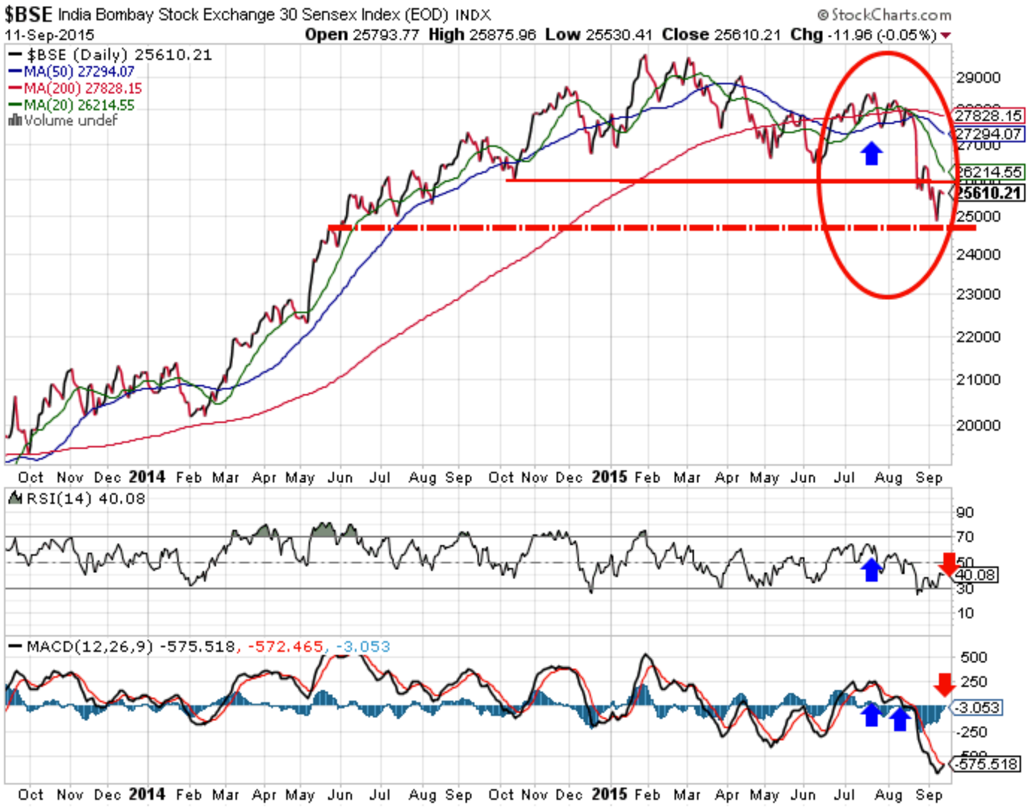
Asian equity markets commentary & weekly charts

The SENSEX dropped 141 points last week.

Intermediate trend remains up. The $BSE moved back above its 20-day moving average.

Strength relative to the S&P 500 Index changed to Positive.

Short-term momentum indicators are mixed.

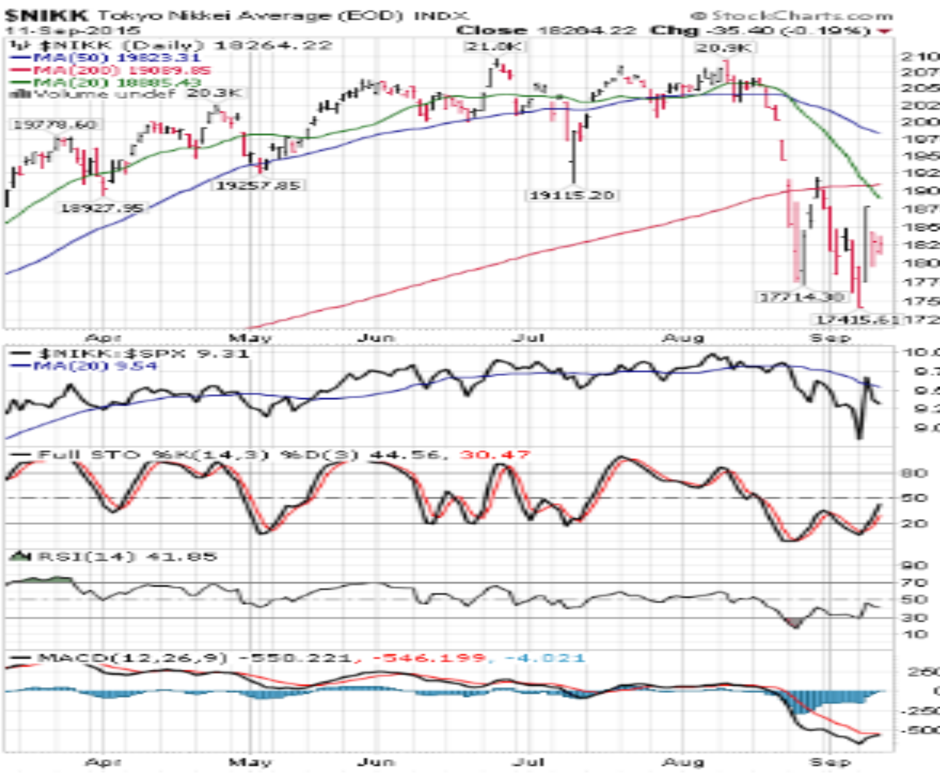


The Nikkei Average added 471.06 points (2.65%) last week.

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.



The Shanghai Composite Index added 40.06 points (1.27%) 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.

iShares Emerging Markets advanced $1.36 (4.23%) last week.

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

Units moved above their 20-day moving average on Friday.

Short-term momentum indicators are trending up.

The Australia All Ords Composite Index added 35.50 points (0.70%) 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 lost 29 points last week.

Intermediate trend remains mixed. The $DAX rallied back above its 20-day moving average.

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

Short-term momentum indicators are mixed.

The CAC 40 added 29 points last week.

Intermediate trend remains up. The $CAC rallied back above its 20-day moving average.

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

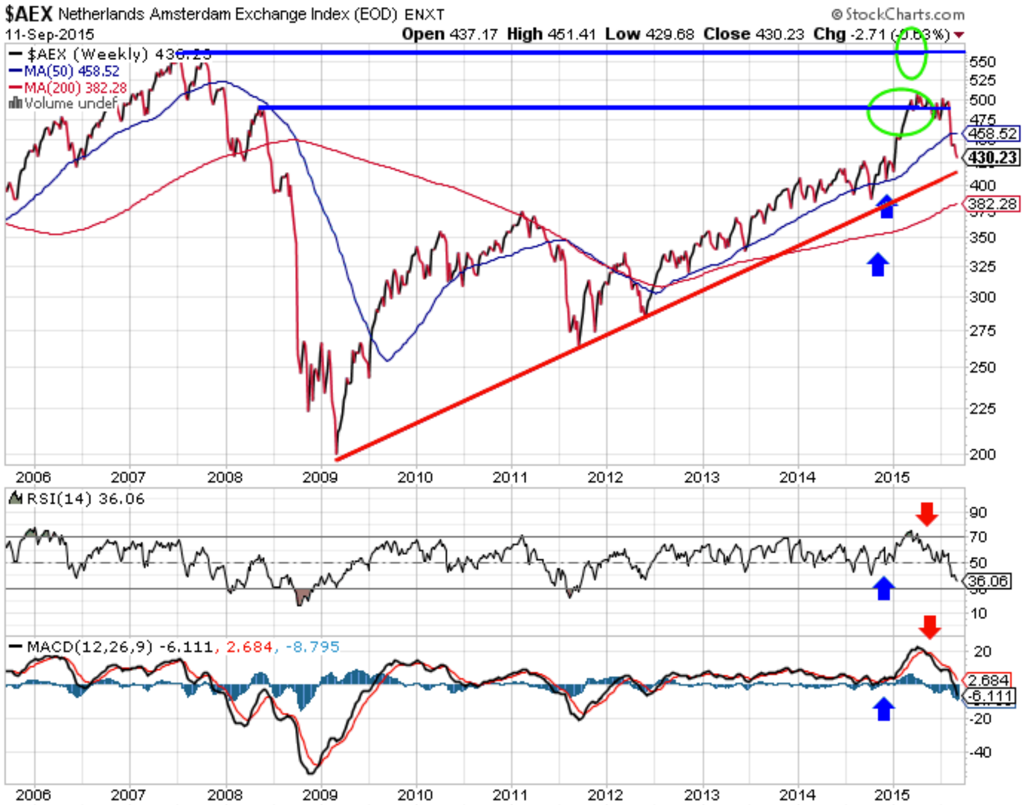
Short-term momentum indicators are mixed.

The AEX lost 7 points last week.

Intermediate trend remains up. The $AEX is back above its 20-day moving average.

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

Short-term momentum indicators are trending down.



The IBEX 35 lost 191 points last week.

Intermediate trend remains up. The $IBEX rallied back above its 20-day moving average.

Strength relative to the S&P 500 Index changed to Positive.

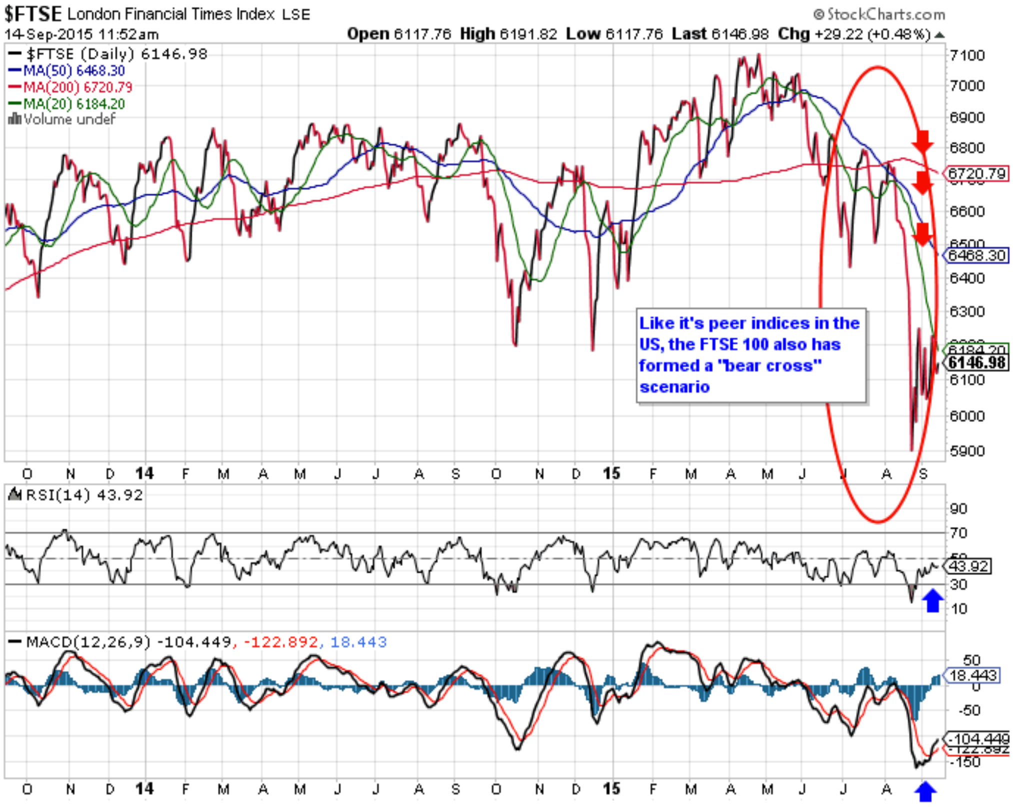
Short-term momentum indicators are negative.

The FTSE 100 gained 28 points last week.

Intermediate trend remains down. The $FTSE broke below its 20-day and 50-day and 200-day moving averages.

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

Short-term momentum indicators are mixed.



iShares Europe 350 units added $0.30 (0.75%) last week.

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

Units remain below their 20-day moving average.

Short-term momentum indicators are trending up.

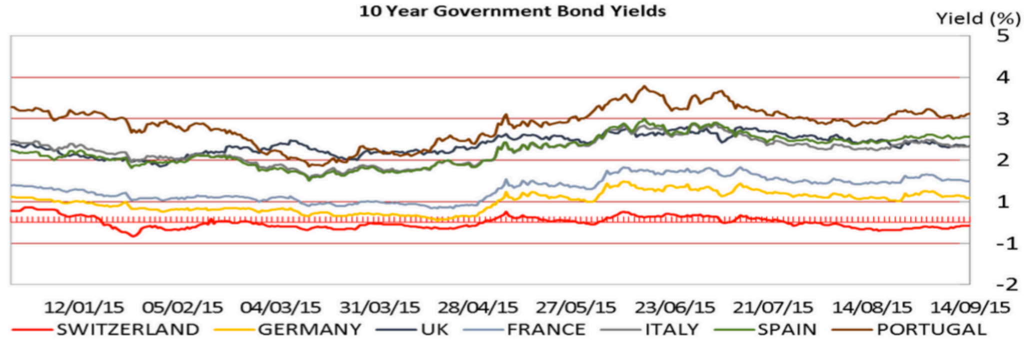
Fixed Income Commentary & weekly charts

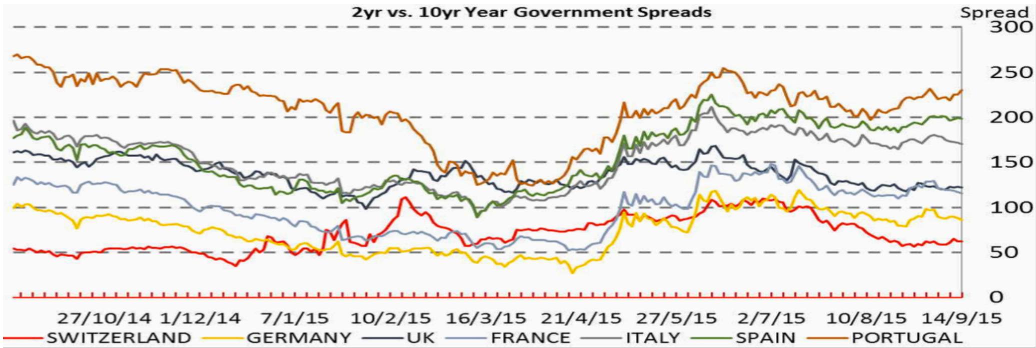
International Bonds

European 10-Year government bonds have entered their period of seasonal weakness, which lasts from mid-September until until end of February.

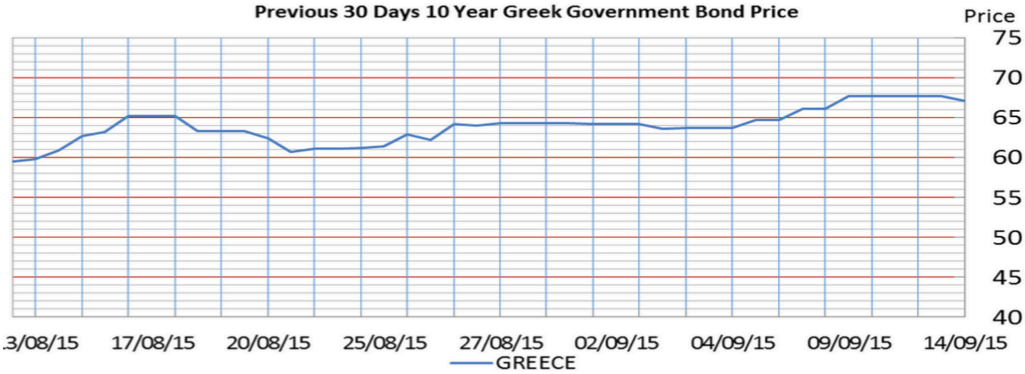
We believe that US, European 10-Y treasuries are a better "sell" at current prices.

Country	Latest yield	Spread vs bund	Spread vs T-bonds
Australia	2.71%	+2.05	+0.53
Austria	0.93%	+0.28	-1.25
Belgium	0.98%	+0.33	-1.20
Canada	1.47%	+0.82	-0.71
Denmark	0.94%	+0.28	-1.24
Finland	0.92%	+0.27	-1.26
France	0.98%	+0.33	-1.20
Germany	0.65%	--	-1.53
Greece	8.72%	+8.06	+6.54
Ireland	1.28%	+0.63	-0.90
Italy	1.83%	+1.17	-0.35
Japan	0.36%	-0.29	-1.82
Netherlands	0.84%	+0.18	-1.34
New Zealand	3.28%	+2.62	+1.10
Portugal	2.61%	+1.95	+0.43
Spain	2.11%	+1.45	-0.07
Sweden	0.66%	<0.01	-1.52
Switzerland	-0.08 %	-0.74	-2.26
UK	1.83%	+1.17	-0.35





Even for the "sick man" of Europe, Greece, investors are showing more interest to their government bonds, and post Sept. 20th election, we are anticipating for Greek 10-Year Government bonds to rally sharply from current levels.



US Bonds

Yield on 10 year Treasuries increased 5.5 basis points (2.58%) last week.

Short-term momentum indicators are mixed.

The long term Treasury ETF fell $1.29 (2.58%) last week. Intermediate trend remains up.

Units remain below their 20-day moving average.

Short-term momentum indicators are mixed.

Currency markets commentary & weekly charts

The Euro added 1.81 (1.62%) last week.

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

Short-term momentum indicators are mixed.

The US$ Index fell 1.12 (1.16%) last week.

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

Short-term momentum indicators are showing early signs of turning lower.

The Japanese Yen dropped 1.07 (1.27%) last week.

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

Short-term momentum indicators are trending down.

The Canadian Dollar added US 0.06 cents (0.08%) last week.

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

Short-term momentum indicators are mixed.

Commodities markets commentary & weekly charts

The CRB Index slipped 0.02 (0.01%) last week.

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

The Index remains above its 20-day moving average.

Short-term momentum indicators are trending up.

Copper added $0.14 per lb. (6.06%) last week.

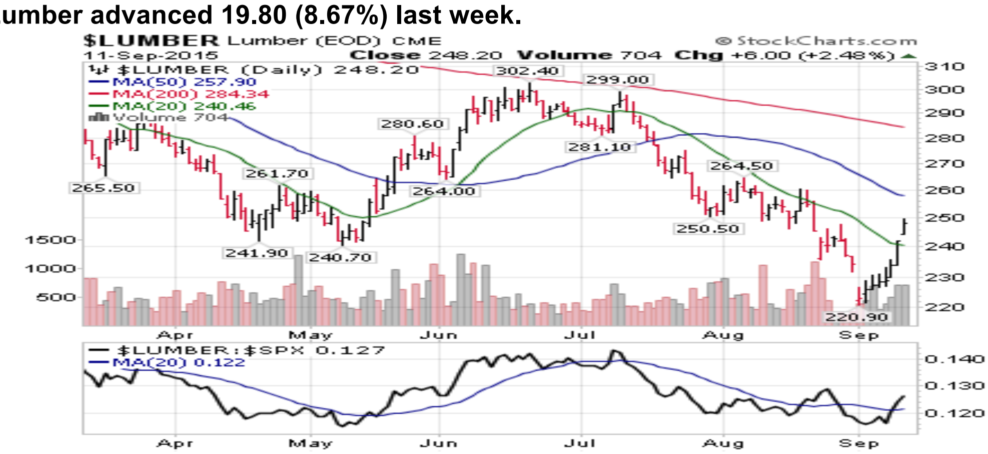
Intermediate trend remains down. Strength relative to the S&P 500 Index remains positive. Copper moved above its 20-day moving average.

Short-term momentum indicators are trending up.

Lumber advanced 19.80 (8.67%) last week.

Trend remains down. Strength relative to S&P 500 is positive. Lumber moved above its 20-day moving average.

Momentum indicators are positive.



The Grain ETN gained$1.37 (4.39%) last week.

Strength relative to the S&P 500 Index has turned Positive from Neutral on Friday. Units moved above their 20-day MA on Friday.

Short-term momentum indicators have turned up from down.

The Agriculture ETF added $0.61 (1.25%) last week.

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

Short-term momentum indicators are trending up.

Gold & Precious metals commentary & weekly charts

Gold lost $18.10 per ounce (1.61%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index changed to Negative from Positive.

Gold remained below its 20-day moving average.

Short-term momentum indicators are trending down.

Silver slipped $0.04 per ounce (0.27%) last week.

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

Silver remains below its 20-day moving average.

Short-term momentum indicators are mixed. Strength relative to gold is neutral.

Platinum dropped $27.50 per ounce (2.77%) last week.

Intermediate trend is neutral. Strength relative to S&P turned negative. $PLAT remains below its 20-day MA. Momentum is down

Palladium added $13.95 per ounce (2.40%) last week.

Trend remains down. Strength relative to the S&P 500 Index remains Neutral. $PALL moved above its 20-day moving average.

Short-term momentum indicators are trending up. Strength relative to Gold turned positive.

Energy & Oil markets commentary & weekly charts

Crude Oil dropped $1.42 per barrel (3.67%) last week.

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

Crude remains above its 20-day moving average.

Short-term momentum indicators are mixed.

Natural Gas added $0.04 per MBtu (1.51%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains positive. $NATGAS remains below its 20-day moving average.

Short-term momentum indicators are trending up.

Gasoline fell $0.05 per gallon (3.52%) last week.

Intermediate trend remains down. Strength relative to the S&P 500 Index remains negative. $GASO remains below its 20-day moving average.

Short-term momentum indicators are mixed.

Carlo R Besenius, CEO & Head of Global Strategy
cbesenius@cg-inv.com
office: +(352) 26 25 86 40
mobile: +(352) 691 106 969
Luxembourg/Europe

Steve Gluckstein, Global Strategist
sgluckstein@cg-inv.com
office: 212 939 7256
mobile: 732 768 8843
New York, NY, USA

Sabine CJ Blümel, Head of Global Automotive Research
sblumel@cg-inv.com
office: +44 (7785) 301588
London, UK

Marc Peters, Head of Global Industrial Strategy
mpeters@cg-inv.com
office: +(352) 26 25 86 40
mobile: +352 621 36 44 50
Luxembourg/Europe

Feliks Lukas, Director of Industrial Consulting
flukas@cg-inv.com
office NY: 212-939-7256
mobile: +(385) 9848 8951
Kastela, Croatia,

Allison M Cimon, Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

Gary Schieneman, Managing Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA

Jennifer Crisman, COO
jcrisman@cg-inv.com
office: +(352) 26 25 86 40
Luxembourg/Europe