



Creative Global Investments

Morning market commentary & charts

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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

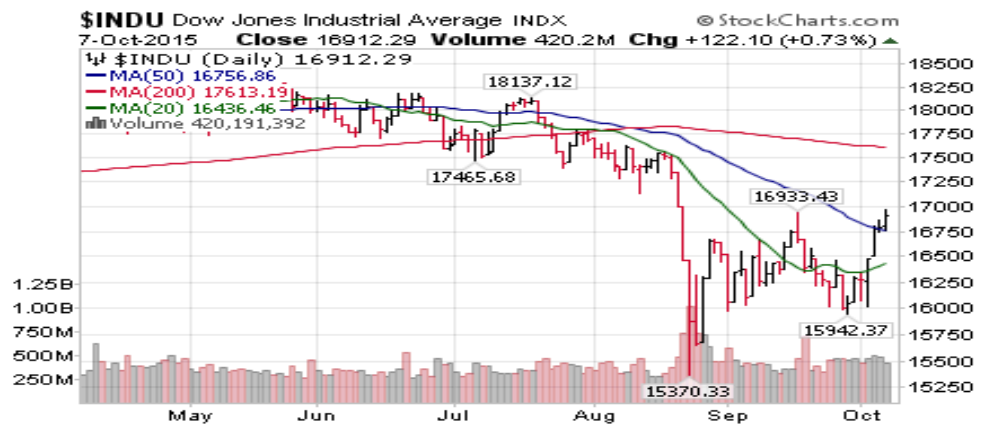
Creative Global Investments/Europe
5, op der Heed
L-1709 Senningerberg
Tel: +(352) 2625 8640
Mob: +(352) 691 106 969

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As we had highlighted a few days back, the rally in cyclical equities was necessary for further gains in broad market benchmarks. The S&P 500 Index closed yesterday at its 50-day moving average as earnings season gets set to begin. Make or break time for the broad market as it attempts to overcome what has proven to be significant intermediate resistance.



The trend for the Dow Jones Industrials Index changed too from neutral to up over the past trading sessions.

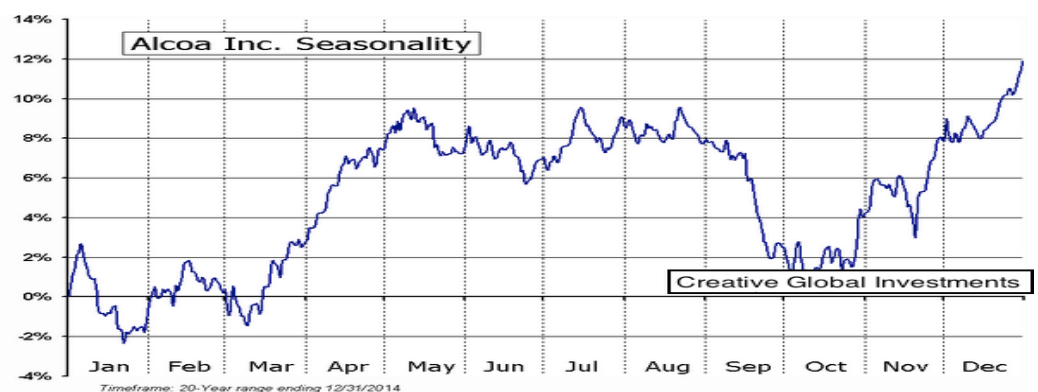


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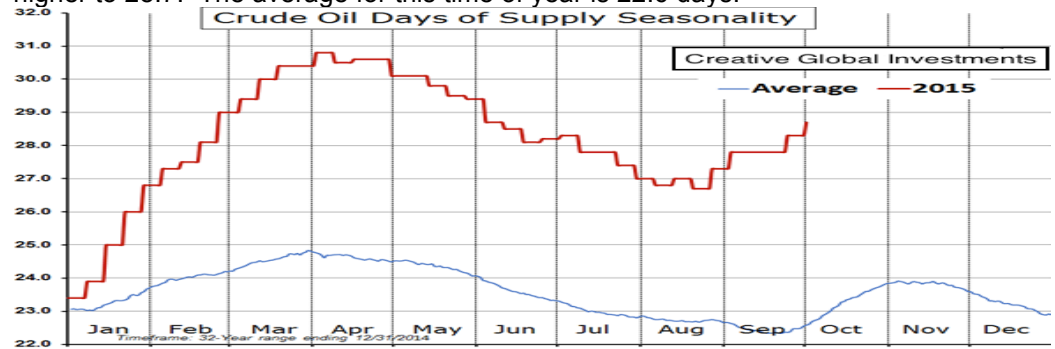
Material stocks rallied as we expected over recent days on the back of the weaker US\$. One leading stock in this space was Alcoa, which kicks off Q3 earnings season after the closing bell today. Like many commodity sensitive stocks, Alcoa recently moved above a bottoming pattern with a break above the September highs around \$10. Momentum indicators are trending positive going into the report.



Seasonally, Alcoa, along with other material stocks, typically find a low in October or November, trading higher into the new year. Assuming nothing rattles investors following the report, the stock may still have legs to move higher given the positive seasonal tendencies ahead and the momentum building behind it. However, from a strategy perspective, holding through the report is done at your own peril given the volatility that accompanies the event. Support would be expected around the 50-day moving average, which is now showing signs of curling higher.



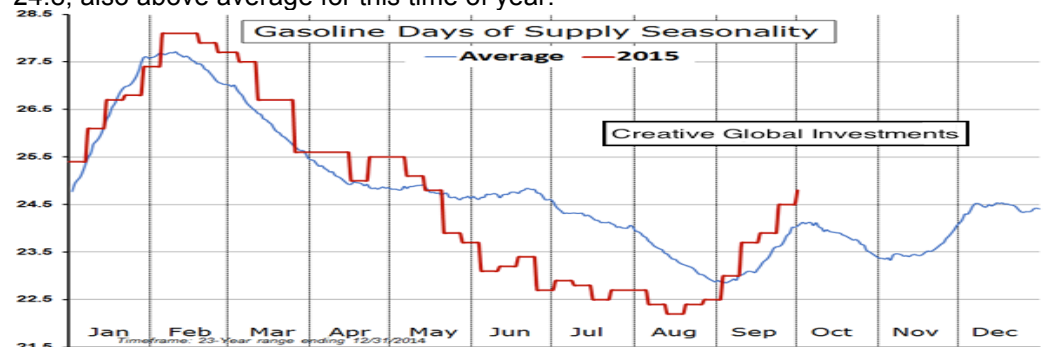
Oil inventories rose by 3.1 Million barrels, pushing the days of supply of the commodity higher to 28.7. The average for this time of year is 22.6 days.



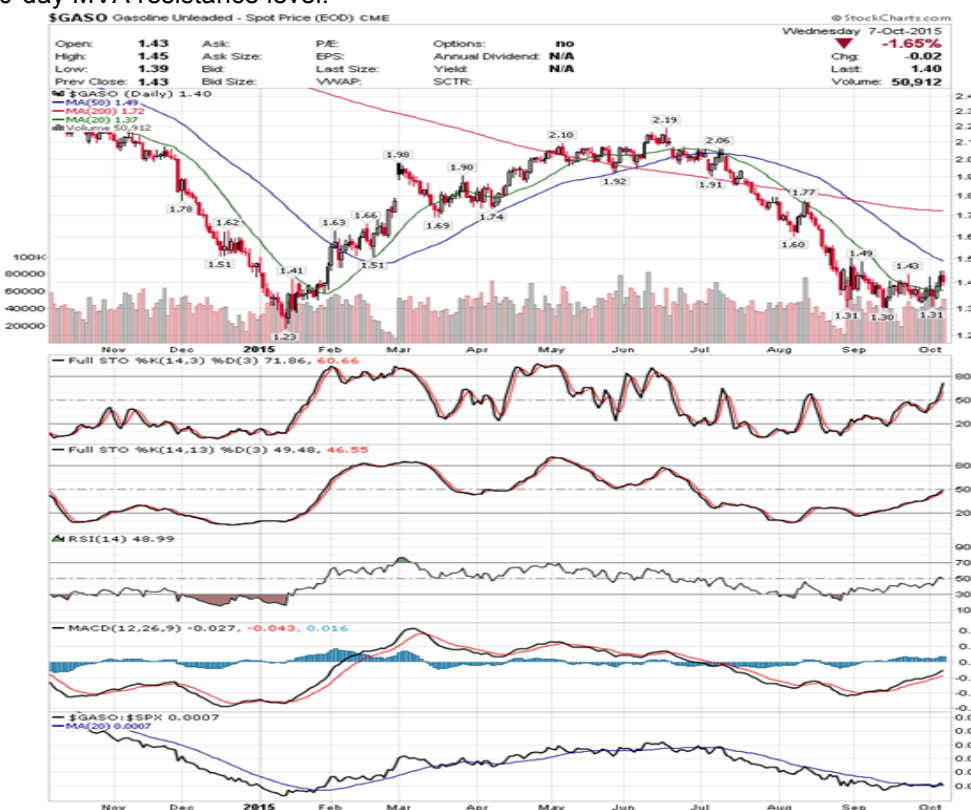
The price of oil pulled back slightly yesterday following the latest inventory report that reminded investors how awash the market is with the energy commodity.



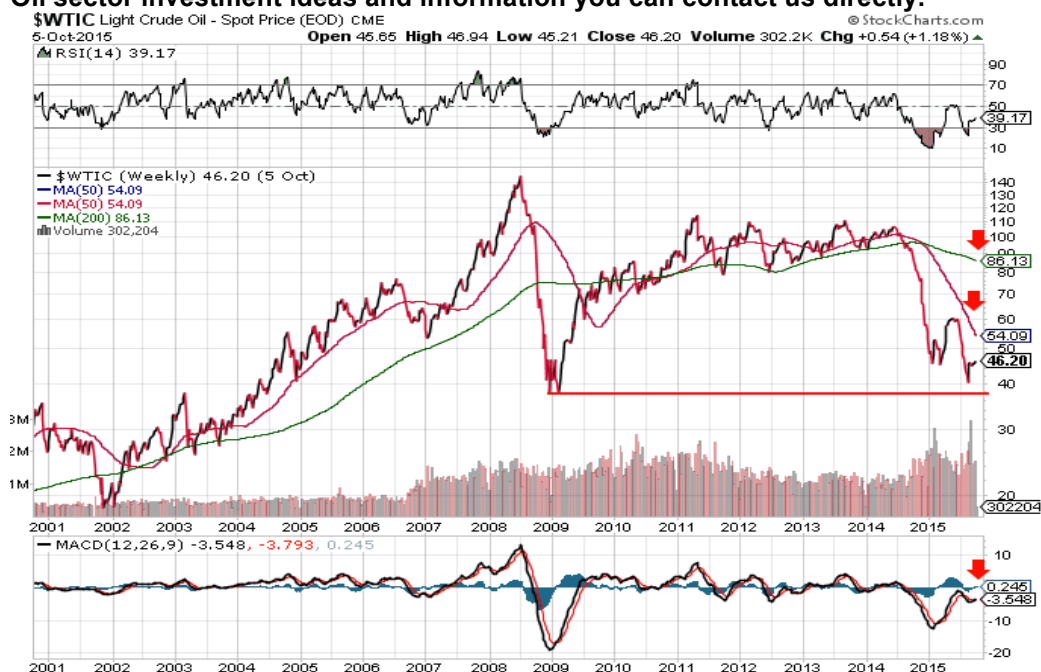
Gasoline inventories also saw an equally large build, increasing the days of supply to 24.8, also above average for this time of year.



The price of gasoline declined around -1.7%, while oil shed nearly -1.9%. But the bearish inventory report didn't stop investors from continuing to buy energy stocks. The energy benchmark broke above the 20-day moving average, and reaches next for the 50-day MVA resistance level.



While the period of strength for the energy stocks during the late summer and early fall is predominantly behind us, individual equity opportunities can continue to exist, particularly with companies that benefit from the seasonal rise in natural gas prices (even though the tendency is failing to materialize within the commodity itself). **We believe that the bottom for the Oil commodity and for the sector is in place, since it's bottom for WTI tested the \$40/brl level in August, and we are advising investors to buy select integrated producers at current levels. For more Energy & Oil sector investment ideas and information you can contact us directly.**



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

Sabine CJ Blümel, Head of Global Automotive Research

sblumel@cg-inv.com

office: +44 (7785) 301588

London, UK

Feliks Lukas, Director of Industrial Consulting

flukas@cg-inv.com

office: 212-939-7256

Boston, MA, USA

Gary Schieneman, Managing Director,

Global Accounting and Finance

gschieneman@cg-inv.com

office: 917-868-6842

New York, NY, USA

Steve Gluckstein, Global Strategist

sgluckstein@cg-inv.com

office: 212 939 7256

mobile: 732 768 8843

New York, NY, USA

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

Allison M Cimon, Director of Sales & Technology

amcimon@cg-inv.com

office: 646 228 4321

Boston, MA, USA

Jennifer Crisman, COO

jcrisman@cg-inv.com

office: +(352) 26 25 86 40

Luxembourg/Europe

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