Creative Global Investments

Weekly market commentary & charts

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Objectivity

Integrity

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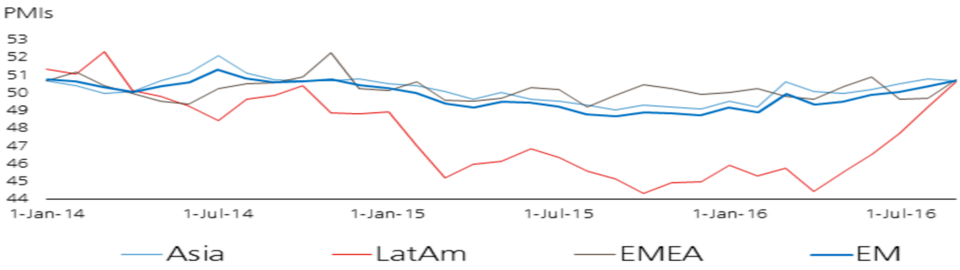
Global Macro Commentary

In Asia, BoJ Governor Haruhiko Kuroda said on Saturday the central bank will deepen negative interest rates or expand asset purchases if external shocks hit the economy and make the need for further monetary easing "substantial", but no immediate need to top up stimulus with the world's third-largest economy continuing a moderate recovery. The economy moves up and down and at this stage, we don't think it's necessary to further reduce" interest rates, If there were a big shock and the BoJ needed further strengthen monetary accommodation, the BoJ wouldn't hesitate to deepen negative rates or expand its already massive asset purchases. Kuroda said that while the BOJ did not target currency rates in guiding monetary policy, the central bank was monitoring yen moves carefully due to their impact on the economy.

Emerging Market economies continue rebounding. As the following chart shows, Purchasing Managers Indices for EM's are back in the positive territory.

EM PMI's have rebounded above 50



source:Bloomberg

In Europe, statements from German, French and EU leaders show they have been working on maintaining a united front in anticipation of British attempts to play the other 27 members off against each other and have agreed some broad negotiating lines. Their firmly articulated, central aim is to nip in the bud British demands for free trade without open immigration, once pithily summed up by Brexit leader and now foreign minister Boris Johnson as "having cake and eating it". Theresa May setting a timetable appeased those at home who feared she was bridling at the decision to leave the EU, which voters chose in a referendum in June. But it raised fears among others that she had cornered herself into a total break with the bloc. German chancellor Merkel, French president Hollande and heads of EU institutions in Brussels took a common line that May's demands to be free to bar EU immigrants and escape oversight by EU courts mean Britain cannot stay inside the EU single market.

Germany's trade surplus, adjusted for seasonal swings and calendar effects, rose to EUR 22.2 BN from EUR 19.4 BN in July. Exports surged 5.4% from the previous month, in adjusted terms, driving home their strongest monthly gain since May 2010. Compared with August 2015, exports jumped a whopping 9.8%. But the strong outcome follows July's 10% drop in exports, depressed by a base effect, as July 2015 had been an exceptionally good month for Germany's exporters. Germany's current account balance showed a surplus of EUR17.9 BN in August, on a non-adjusted basis, above economists' forecasts of EUR 13.6 BN (vs. EUR14.4 BN in 2015

In the UK, a BCC survey released this morning day adds to a mixed picture of the world's fifth-biggest economy since the June 23 referendum, offering little clarity on where the economy is headed as the Conservative Party prepares to chart the country's departure from the 28-country bloc. The balance of manufacturers reporting that export sales grew in the July-September period to +17, up from +9 in Q2, the survey showed. The balance is an index reflecting the percentage of firms reporting an improvement against those experiencing a decline. Q3 was less rosy for the UK's service industry, a crucial engine of growth for the British economy, accounting for some 80% of its annual output. The balance of services firms reporting improved domestic sales fell to +9, from +24 the previous quarter, with the advance orders balance also falling sharply, indicating a significant slowing of growth. Service exports also slowed, the BCC said. The GBP/USD saw some additional selling this morning, and we suspect the selling will accelerate in the week. Support is currently in place for the pair at 1.1991. Resistance exists on the upside at 1.2472, 1.2768, and 1.3120.

In the US, last Friday's disappointing September employment report is a setback for those who were banking on a Fed rate rise later this year, but it has not shut the door on a December hike. The Bureau of Labor Statistics reported that payrolls increased by a weaker than expected 156,000 last month; analysts had forecasted an increase of 168,000. The unemployment rate ticked higher by one-tenth of a percent to 5.0%, the result of an increase in the participation rate, and average hourly earnings increased by two-tenths of a percent, light compared to estimates of a 0.3% rise. Stripping out seasonal adjustments, nonfarm payrolls actually increased by 527,000, or 0.4%, which is about half of the average increase for September of 0.7%. The result caused a dip in the y-t-d change relative to the seasonal average. Diving into the details, the areas that continue to show above average growth through the first three quarters of the year are the lower paying categories, such as retail and leisure/hospitality, while higher paying segments, such as professional/business services, continue to lag the historical norm. But perhaps the most notable change in September was in Manufacturing employment, a segment we had first identified as showing an abnormal trend when July's results were released. Manufacturing employment fell by 65,000 positions, or 0.5%, which is a significant divergence versus an average increase for September of 0.2%. Employment in this industry has dipped into contractary territory on the year at a point when it should be charting the highest levels of the 12-month span; manufacturing employment typically declines through the last quarter of the year. While we were waiting for manufacturing employment to play a bit of catch-up to seasonal norms following the very abnormal gain in July, trying to peg where it will go from here is difficult. Manufacturing gauges have been mixed for September with some coming in around the seasonal average and others holding well below it. Should the trends in manufacturing steady through October, manufacturing employment may remain flat to slightly lower through Q4. Regardless of the direction, it is expected to become much less of an influence on the seasonally adjusted data than we've seen throughout the third quarter. The drag in manufacturing employment can be pinpointed as the cause for the weaker than expected headline print. **We maintain that a November rate hike therefore looks highly unlikely, given the proximity of the election and signs of a current weak-spot in the economy persisting into Q3, an election result that is positively received by the markets and business leaders will most likely pave the way for a December Fed rate hike, providing the economic data flow does not deteriorate further in the meantime.**

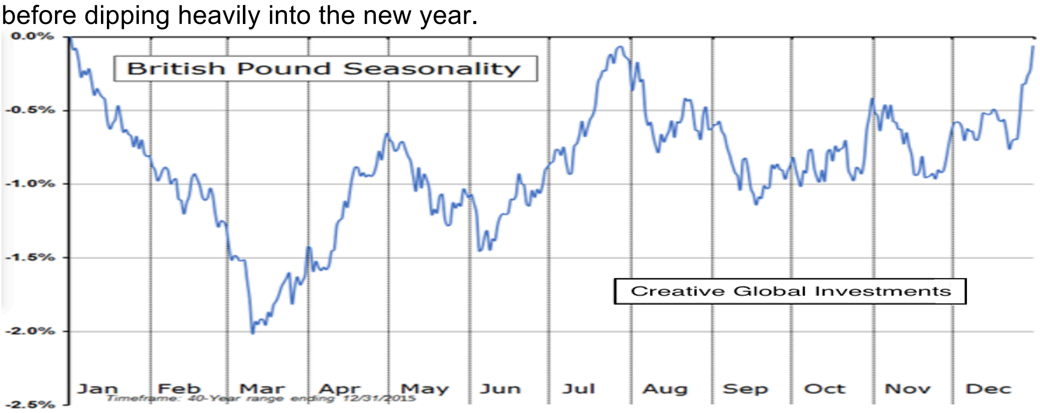
The second presidential debate between Hillary Clinton and Donald Trump brought further evidence that Hillary is expanding her lead. According to the Washington Post, there were a few winners and losers in the debate. Among his Winners are Hillary Clinton and ?Hillary Clinton?.
Amongst the Losers: Donald Trump, Bill Clinton, the town hall format, and the act of shaking hands.

The New York Times checked 27 dubious-sounding claims made during the debate: 22 from Donald Trump and 5 from Hillary Clinton. It found three of Clinton's claims were true, one was misleading and one was false. Meanwhile, Trump made 13 false claims, 7 that were misleading, and 2 that were true.

Currencies Commentary

One of our highest conviction trades among major currencies was that the British pound (GBP) would weaken this year from GBP/USD 1.48 since the year began towards 1.30. Since the Brexit referendum, we have been on record repeatedly that the GBP/USD would decline a lot further, likely well below the GBP/USD 1.20 levels. **As per our Q4 Global Investment Strategy, which we published yesterday, we are expecting for the GBP/USD to drop towards 1.20 over the coming 6 – 12 months.** The GBP continues to be instable across markets, and took another leg lower on this morning, after closing at 1.2421 at the lowest level on Friday in over three decades. The GBP is now down by over -5% this month alone as investors price in concerns related to Brexit. On the daily and monthly charts, the currency is significantly oversold, potentially exhausting downside pressures over the near-term; signs of bottoming, however, are not yet apparent.

Seasonally, the British pound tends to gyrate between now and the end of the year before dipping heavily into the new year.



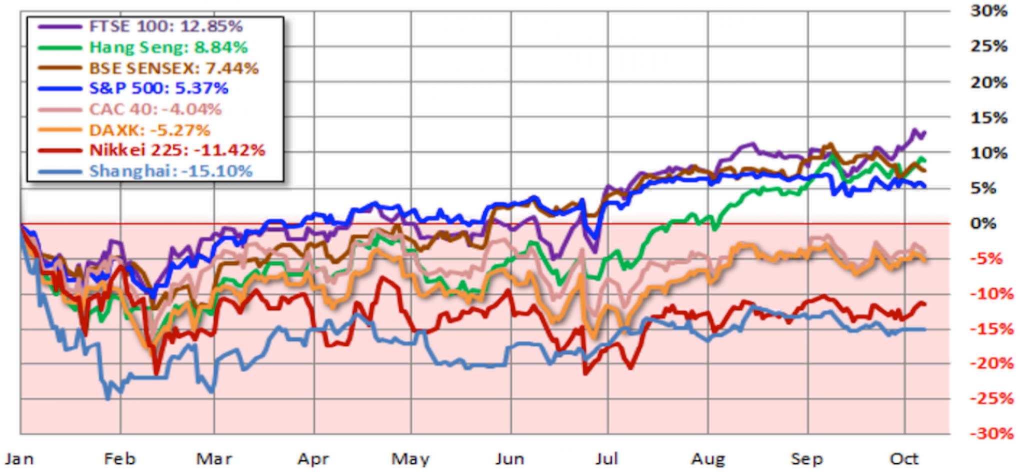
Monthly Averages over past 40 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	-0.8%	-0.5%	-0.1%	0.8%	-0.5%	0.2%	0.7%	-0.5%	-0.2%	0.4%	-0.3%	0.6%
Gain Frequency	43%	48%	50%	60%	38%	63%	53%	43%	55%	50%	35%	50%
Max Return	4.2%	6.4%	14.6%	5.3%	9.2%	5.4%	7.8%	3.6%	5.4%	6.0%	6.0%	5.7%
	2011	1984	1985	1986	2009	1979	1985	1992	2003	1987	1987	1991
Min Return	-6.5%	-6.8%	-8.5%	-4.2%	-7.0%	-7.1%	-4.7%	-8.2%	-10.6%	-12.2%	-6.4%	-4.7%
	1997	1981	1991	1981	1989	1988	1981	2008	1992	1992	1978	2008

Equities Commentary

The rally in equities resumed for the UK's FTSE and three of the four Eastern indexes on our world watch list (the Shanghai Composite spent the week on holiday celebrating Chinese National holiday. Japan’s Nikkei-225 was the top week-over-week performer, up 2.49% with Hong Kong's Hang Seng close behind at 2.38%. The US's S&P 500 was the laggard, down -0.67%.

Major Global Equity Indices ytd performance to October 7th

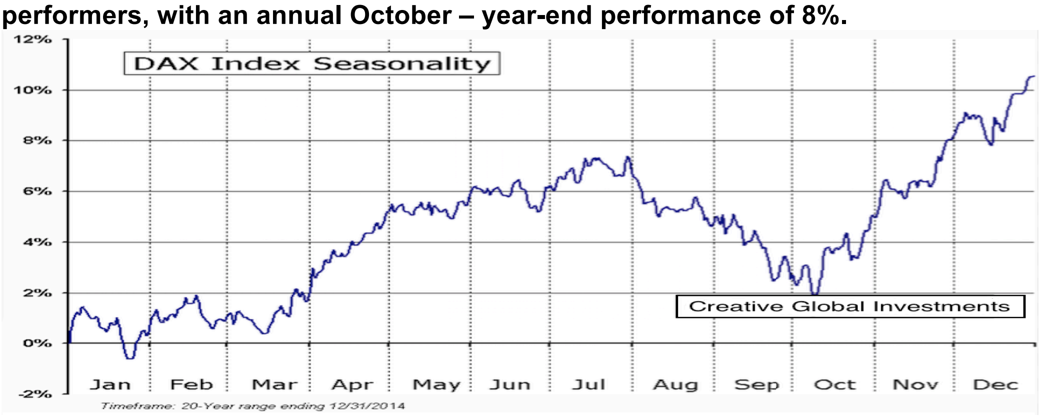


Best & Worst equity markets in 2016

YTD		YTD	
Index	Change	Index	Change
Argentina	46.77%	Italy	-22.41%
Brazil	40.97%	Chinext	-20.79%
Russia	32.39%	SZ SME	-19.18%
Hungary	18.89%	Shenzhen	-16.56%
Vietnam	18.12%	Shanghai	-15.10%
Indonesia	17.07%	Ireland	-14.02%
Thailand	16.79%	Denmark	-12.39%
Luxembourg	14.06%	Nikkei 225	-11.42%
New Zealand	13.34%	Mongolia	-11.22%
London	12.85%	Spain	-9.85%

Whilst October is the second highest month on volatility characteristics, it is the beginning month for some equity indices major periods of seasonal strength. Below are the countries equity indices, which historically have recorded the biggest percentage moves since the beginning of October until year-end.

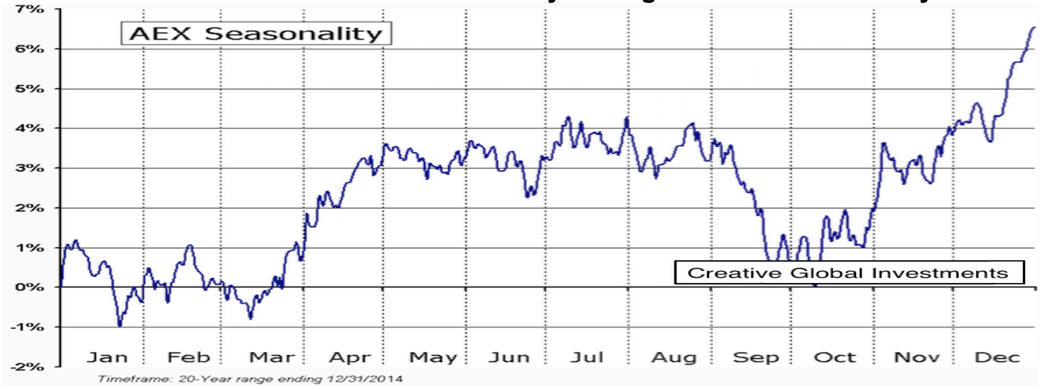
To no surprise, Germany’s DAX 30 index is amongst the biggest seasonal performers, with an annual October – year-end performance of 8%.



Monthly Averages over past 20 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	0.4%	0.6%	0.8%	3.5%	0.6%	0.3%	1.1%	-2.6%	-2.0%	2.5%	3.0%	2.5%
Gain Frequency	60%	50%	50%	75%	55%	60%	55%	55%	55%	70%	80%	80%
Max Return	9.3%	11.5%	9.5%	20.0%	8.9%	7.9%	15.9%	3.4%	6.2%	14.6%	9.4%	16.8%
	2012	2000	2010	2003	1998	2003	1997	1999	1997	2002	2001	1999
Min Return	-15.7%	-11.6%	-8.8%	-6.7%	-7.5%	-9.9%	-15.4%	-20.4%	-28.2%	-12.9%	-10.2%	-13.1%
	2008	2009	1995	2002	2012	2008	2002	2011	2002	2008	2000	2002

So is the AEX in the Netherlands historically adding 7% from October to year-end.



Monthly Averages over past 20 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	-0.4%	0.4%	0.6%	2.4%	0.2%	-0.1%	1.1%	-1.1%	-2.7%	1.5%	1.8%	2.7%
Gain Frequency	60%	60%	50%	75%	50%	60%	50%	50%	50%	70%	65%	80%
Max Return	4.7%	11.3%	8.1%	13.4%	7.8%	8.6%	13.5%	4.7%	6.1%	15.7%	10.6%	11.0%
	1998	1998	2010	2003	2009	1997	1997	2009	1997	2002	1998	1999
Min Return	-14.9%	-11.9%	-6.4%	-5.9%	-6.9%	-12.9%	-17.2%	-11.9%	-21.5%	-18.1%	-7.5%	-11.1%
	2008	2009	2001	2005	2010	2008	2002	1997	2002	2008	2007	2002

France's CAC 40 records an average 6% from October to year-end.

Monthly Averages over past 20 years:

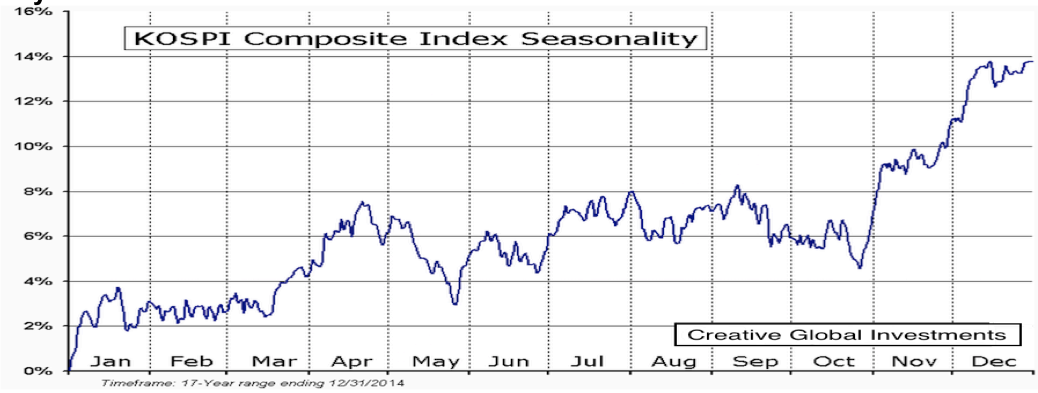
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	0.7%	-0.3%	1.5%	2.7%	-0.8%	-0.7%	0.8%	-1.4%	-2.5%	2.3%	1.6%	1.9%
Gain Frequency	65%	45%	65%	70%	50%	50%	55%	35%	50%	80%	65%	80%
Max Return	8.5%	9.3%	12.6%	12.4%	5.2%	10.3%	9.4%	6.6%	8.4%	13.7%	9.0%	11.1%
	1997	2000	1998	2003	2005	1997	1994	2009	1997	2002	1999	1999
Min Return	-13.6%	-11.0%	-7.1%	-6.0%	-7.5%	-12.1%	-11.9%	-11.2%	-18.2%	-11.5%	-7.4%	-8.0%
	2008	2001	1994	2012	2010	2008	2002	2011	2002	2008	2000	2002

In Spain, the IBEX adds over 5% from October to year-end.

Monthly Averages over past 20 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	0.3%	1.2%	0.1%	2.1%	-0.8%	0.3%	0.1%	-0.7%	0.2%	1.9%	2.0%	2.1%
Gain Frequency	60%	55%	45%	65%	50%	55%	40%	50%	60%	65%	70%	80%
Max Return	10.7%	15.3%	13.9%	15.0%	6.6%	15.9%	12.8%	10.3%	10.8%	14.7%	11.9%	10.3%
	2001	2000	1998	2009	1997	2012	2010	2012	1997	1998	1999	1996
Min Return	-13.0%	-10.0%	-5.4%	-12.8%	-13.7%	-13.6%	-9.0%	-23.2%	-16.3%	-15.7%	-15.2%	-10.0%
	2008	2009	2012	2012	2012	2002	2002	1998	2002	2008	2010	2002

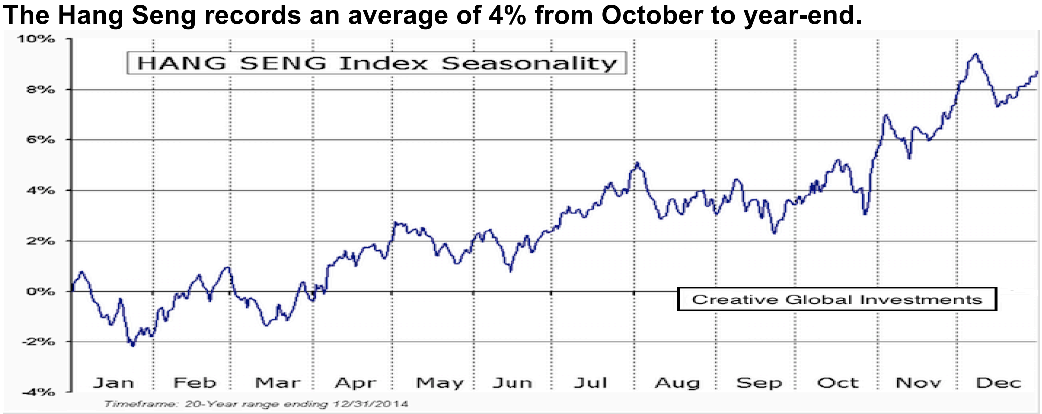
Over in ASIA, Korea's KOSPI gains the most with an average of 8% from October to year-end.



Monthly Averages over past 17 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	3.1%	-0.6%	1.5%	2.0%	-1.1%	0.4%	2.4%	-0.7%	-1.2%	0.5%	4.5%	2.9%
Gain Frequency	59%	47%	47%	53%	53%	47%	71%	47%	53%	59%	71%	65%
Max Return	41.9%	9.6%	17.9%	20.2%	9.9%	19.1%	15.5%	9.0%	12.1%	22.6%	18.5%	23.5%
	1998	2002	1999	1999	2007	1999	1998	2004	2005	1998	2001	1998
Min Return	-15.0%	-12.4%	-12.5%	-15.6%	-21.3%	-10.8%	-14.6%	-11.8%	-12.6%	-23.2%	-7.6%	-14.1%
	2008	2000	1998	2000	1998	1998	2000	2011	2002	2008	2007	2002

The Hang Seng records an average of 4% from October to year-end.



Monthly Averages over past 20 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	-1.8%	2.7%	-1.3%	2.3%	0.0%	0.4%	2.4%	-1.6%	0.2%	1.9%	2.1%	1.3%
Gain Frequency	40%	60%	45%	75%	40%	60%	70%	40%	65%	75%	75%	70%
Max Return	12.2%	22.9%	10.8%	20.2%	16.3%	11.0%	11.6%	7.5%	12.6%	26.3%	15.1%	10.1%
	1996	1998	1999	1999	2009	1999	2009	2003	2007	1998	1999	1999
Min Return	-15.2%	-8.4%	-14.4%	-10.8%	-14.7%	-10.2%	-6.9%	-14.3%	-15.5%	-30.5%	-9.5%	-7.6%
	2008	2001	2001	2000	1998	2008	1998	1997	2008	1997	2011	2002

India's SENSEX also adds an average of 5% from October to year-end.

Monthly Averages over past 17 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	-0.6%	0.8%	0.8%	0.8%	0.8%	1.2%	1.7%	1.4%	2.1%	-0.7%	3.1%	3.7%
Gain Frequency	47%	59%	47%	53%	47%	71%	59%	71%	65%	47%	71%	76%
Max Return	10.8%	11.9%	15.2%	16.5%	26.8%	12.7%	9.5%	11.5%	12.3%	14.4%	10.9%	14.8%
	2012	1998	1999	2009	2009	2003	1999	2003	2007	2007	2005	2003
Min Return	-13.0%	-8.3%	-15.5%	-11.1%	-15.7%	-19.4%	-9.9%	-8.8%	-13.6%	-24.6%	-9.2%	-4.2%
	2008	2007	2001	1999	2004	2008	2000	1998	2001	2008	2011	2014

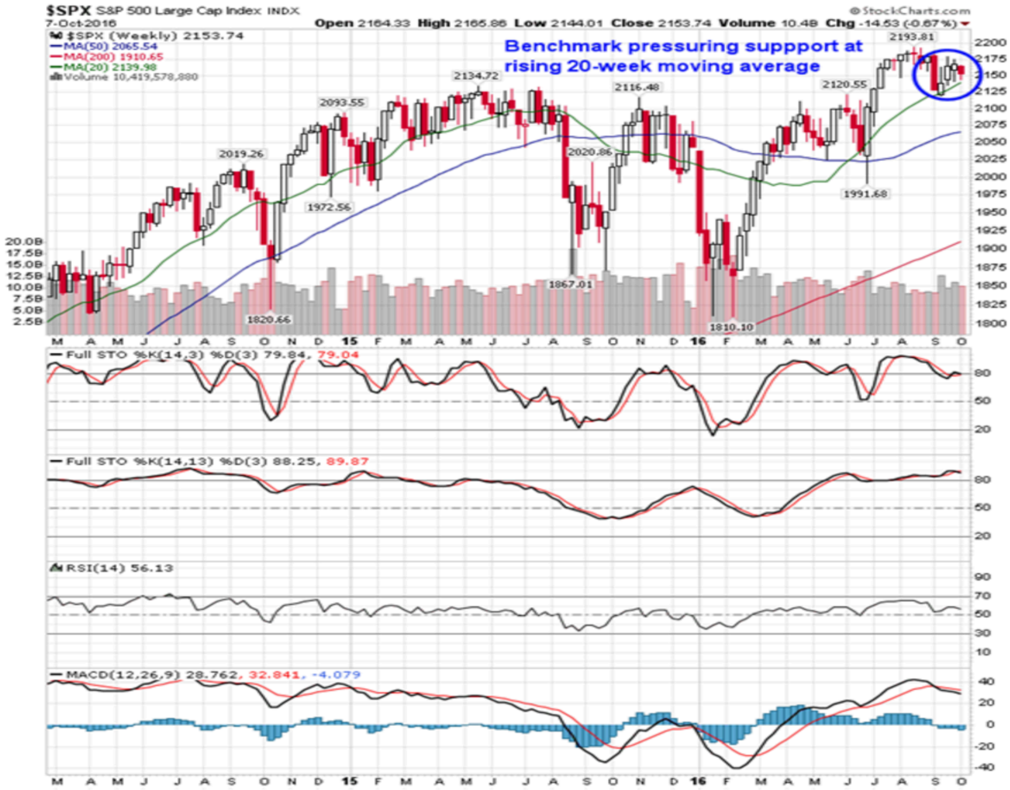
In the US, the $SPX ended lower in September by a mere 0.12%, matching the return recorded in August. The average decline in this last month of Q3, based on the past 50 years of data, is 0.6%.

Four of the past five years have produced positive results between September 30 and October 31, with 2015 the most substantial increase of over 8%. Even though the S&P has been stuck near the same level for the past 2.5 months it still remains within easy striking range of its all time high. Looking back over the past five years, from September 30 to October 31, here's the results:

- 2011 - +3.6%
- 2012 - (-1.9%)
- 2013 - +4.4%
- 2014 - +2.3%
- 2015 - +8.2%

Friday investors trimmed positions ahead of the Columbus Day holiday in the US and the Thanksgiving holiday in Canada. The S&P 500 Index closed lower by 1/3%, down on the week by 2/3%. The story for the large cap benchmark remains the same, which is that price action is stuck between resistance at 2180 and support at 2120, a holding pattern that investors have become accustomed to this summer.

On the weekly chart, the large-cap benchmark snapped a three-week win streak, testing support presented by its rising 20-week moving average. A retracement back to the rising 50-week moving average in the near future cannot be ruled out. The week ahead sees the start of Q3 earnings season, which will be a market driver in the weeks ahead.



Weekly Investment Conclusion

The period of uncertainty for world equity markets continues. Many equity markets, commodities and primary sectors have returned to the top of their trading range previously reached in mid-July. Establishment of another intermediate uptrend is unlikely prior to the US Presidential election on November 8th. Prospects following the Presidential election are positive. Seasonal influences begin to change in the month of October. During the past 20 years, US and Canadian equity markets on average have reached their annual low in October (October 4th for TSX companies and October 15th for S&P 500 companies) on increased volatility.

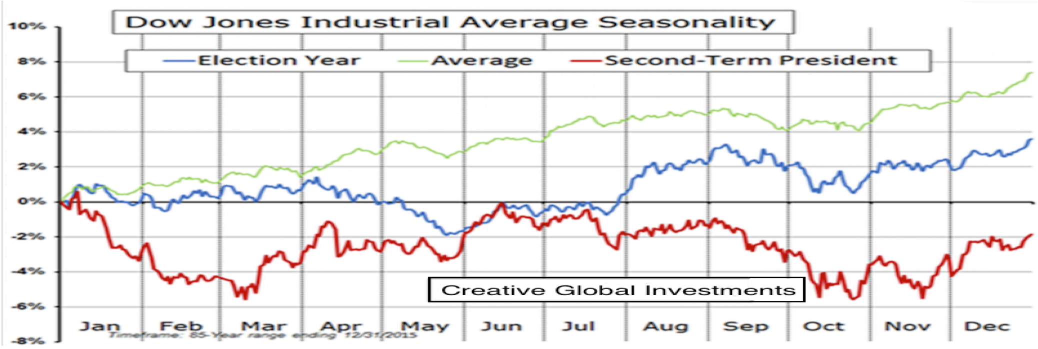
Today is Bank Holiday in the US (Columbus Day) and national holiday in Canada (Thanksgiving Day). Canadian equity markets are closed and trading in US equity markets is expected to be lower than average. US economic news this week (particularly September PPI and Retail Sales) is expected to show slightly energized growth.

Technical action by North American equity indices, sectors and individual equities was slightly bearish last week. Intermediate indicators (e.g. Percent of stocks trading above their 50 and 300 day moving averages, Bullish Percent Index) and short term momentum indicators (e.g. Stochastics, RSI, MACD) in many cases have rolled over and are trending down. Last week 41 S&P 500 stocks broke resistance and 82 stocks broke support (including 23 Utility stocks). Number of S&P 500 stocks in an uptrend dropped to 217 from 234, number of stocks in a neutral trend fell to 74 from 85 and number of stocks in a downtrend increased to 219 from 191. The Up/Down ratio (217/219) dropped below 1.00 for the first time since June.

Q3 earnings start this week, most notably on Friday when three money center banks will release results. Twenty-five S&P 500 companies have released Q3 results to date: 20 reported above consensus earnings and 15 reported above third quarter revenues. Later this week, another 11 companies are scheduled to report include one Dow Jones Industrial Average stock (JP Morgan Chase). Eighty S&P 500 companies have lowered their Q3 guidance while 34 companies have raised their Q3 guidance. S&P 500 earnings on a y-o-y basis are expected to drop -2.1% while revenues are expected to increase 2.6%. Earnings by Dow Jones Industrial Average are expected to be better.

Consensus calls for a year-over-year gain of 1.8%. Prospects beyond Q3 are more encouraging. Q4 consensus for S&P 500 companies calls for a y-o-y gain of 5.9% in earnings and 6.1% in revenues. In 2017, S&P 500 earnings are expected to increase 12.9% and revenues are expected to increase 6.1%.

Response to the US Presidential debate last night could have an impact on equity markets in early trading today. Historically, US equity indices have moved lower in October during US Presidential election years when a new President is elected after a two term President. After the election, equity markets normally move higher.



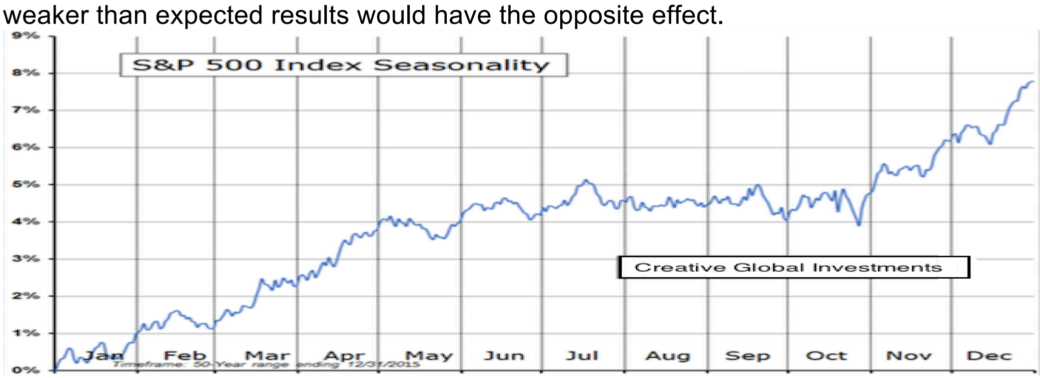
Looking forward to the month of October, while still a volatile month, the returns aren't what you may think. Over the past 50 years, the S&P 500 has returned 1.0%, on average, in this tenth month of the year. The gains in the month have come with a frequency of 60%, one of the better monthly frequencies in the 50-year timespan. Returns have ranged from a loss of -21.8% in 1987, known as the crash of Black Monday, to a gain of 16.3% realized in 1974. As is common with seasonal pivot points, earnings play a significant role in influencing market activity.

Monthly Averages over past 50 years:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
% Return	1.0%	0.1%	1.1%	1.5%	0.2%	0.0%	0.4%	-0.1%	-0.6%	1.0%	1.2%	1.4%
Gain Frequency	58%	56%	66%	70%	56%	52%	44%	56%	44%	60%	68%	70%
Max Return	13.2%	7.1%	9.7%	9.4%	9.2%	5.4%	8.8%	11.6%	8.8%	16.3%	10.2%	11.2%
	1987	1986	2000	2009	1990	1999	1989	1982	2010	1974	1980	1991
Min Return	-8.6%	-11.0%	-10.2%	-9.0%	-8.2%	-8.6%	-7.9%	-14.6%	-11.9%	-21.8%	-11.4%	-6.0%
	2009	2009	1980	1970	2010	2008	2002	1998	1974	1987	1973	2002

While the average low in the large-cap benchmark is typically realized on October 27, reaction to Q3 earnings released in the month can play a role in driving stocks higher or lower throughout this first month of Q4. Presently, the expected y-o-y earnings decline for Q3 is -2.1%, still driven by the energy sector, which is expected to realize an earnings decline of a whopping 67%.

Utilities, consumer discretionary, consumer staples, health care, materials, technology, and financials are all expected to report growth in earnings of between 0.3% to 5.3%. Real estate, industrials, and energy are the unfortunate victims to the sharp decline in oil prices, either directly or indirectly. As of the end of Q2, it was expected that Q3 earnings would tilt back into growth territory at 0.3%, but analyst revisions have taken numbers lower throughout the past three months. Should it become apparent that analyst expectations are too low, stocks may see that earlier than average jump, while weaker than expected results would have the opposite effect.



US Equity markets weekly charts

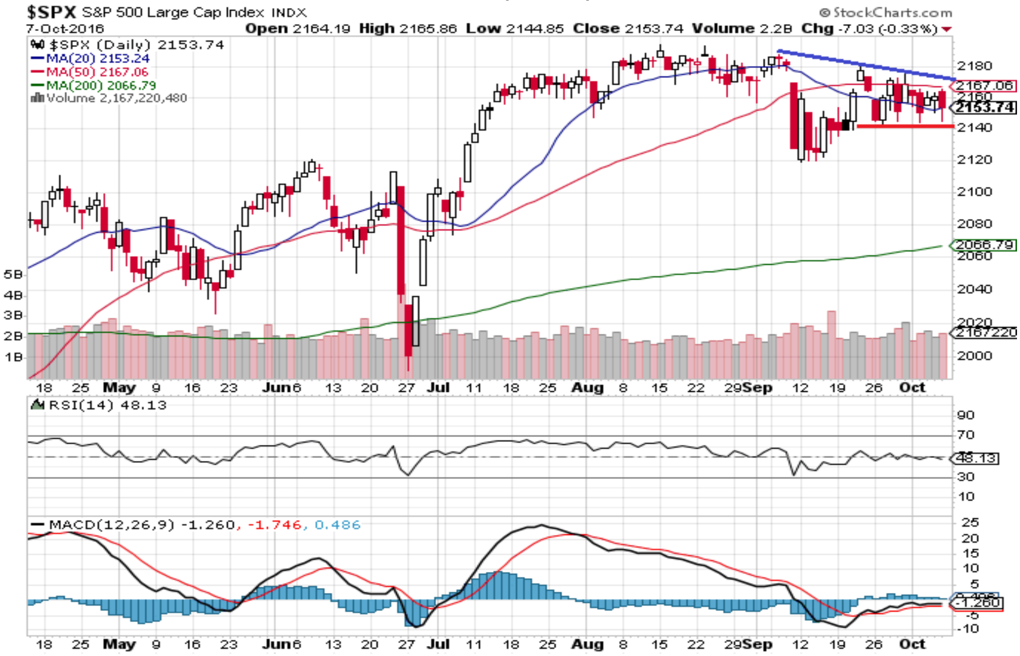
The VIX Index gained 0.19 points (1.43%) last week.

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

The S&P 500 Index dropped 14.53 points (0.67%) last week.

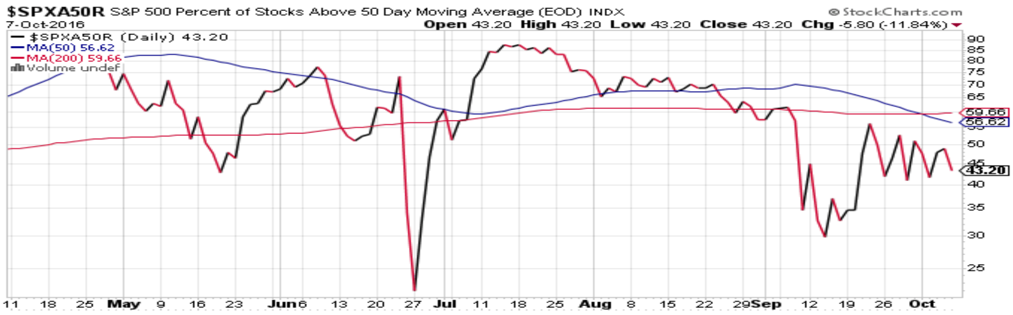
Intermediate trend remains up. The Index closed just on its 20-day moving average.

Short-term momentum indicators are neutral.



Percent of S&P 500 stocks trading above their 50-day moving average dropped last week to 43.20 from 47.60.

The index remains trending down and below its 50-day moving average.



Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 68.40 from 73.80.

The index remains trending down and below its 50-day moving average.

Bullish Percent Index for S&P 500 stocks slipped last week to 66.60 from 71and remained below its 50-day moving average.

The Index broke out the ranging area and moved towards the 200-day moving average.

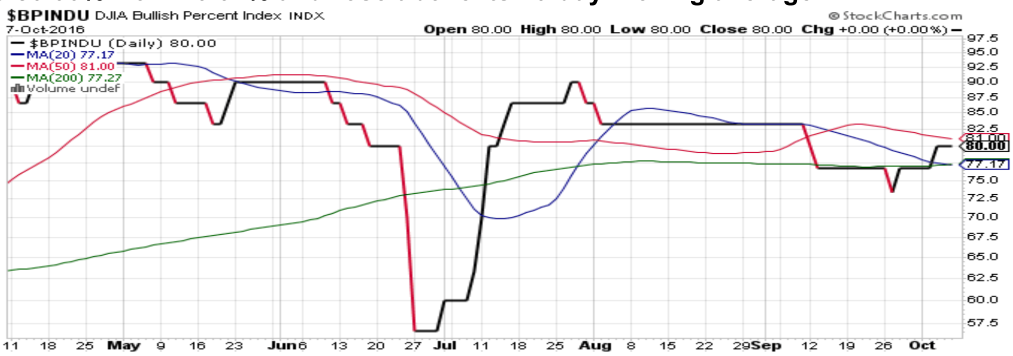
The Dow Jones Industrial Average slipped 67.66 points (0.37%) last week.

Intermediate trend remained up. The Index is trapped inside a symmetrical triangle pattern.

The Average moved above its 20-day moving average. Short-term momentum indicators are neutral.

Bullish Percent Index for Dow Jones Industrial Average stocks moved last week to 80.00% from 76.67% and rose above its 20-day moving average.

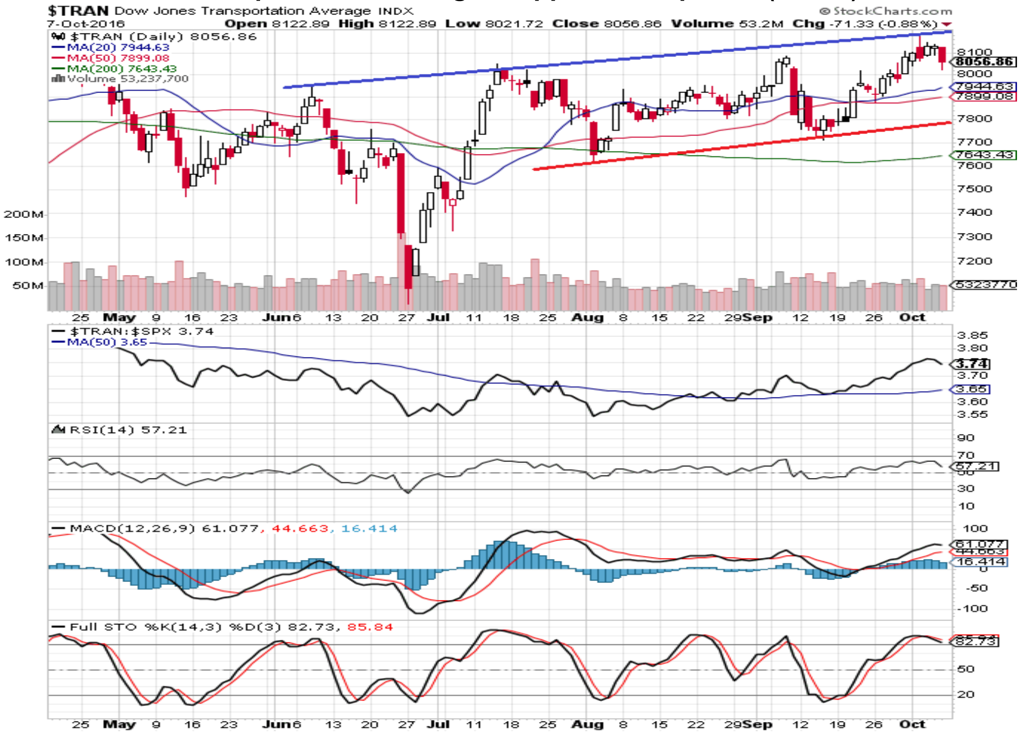
The Index moved above its 20-day and 200-day moving average.



Dow Jones Transportation Index rebounded off the northern trend-line. Strength relative to the S&P 500 Index remained positive. The $TRAN remained above its 20- day moving average.

Short-term momentum indicators are rolling over

The Dow Jones Transportation Average dropped 21.93 points (0.27%) last week.



The Index remains closely tied up to the 20-day moving average.

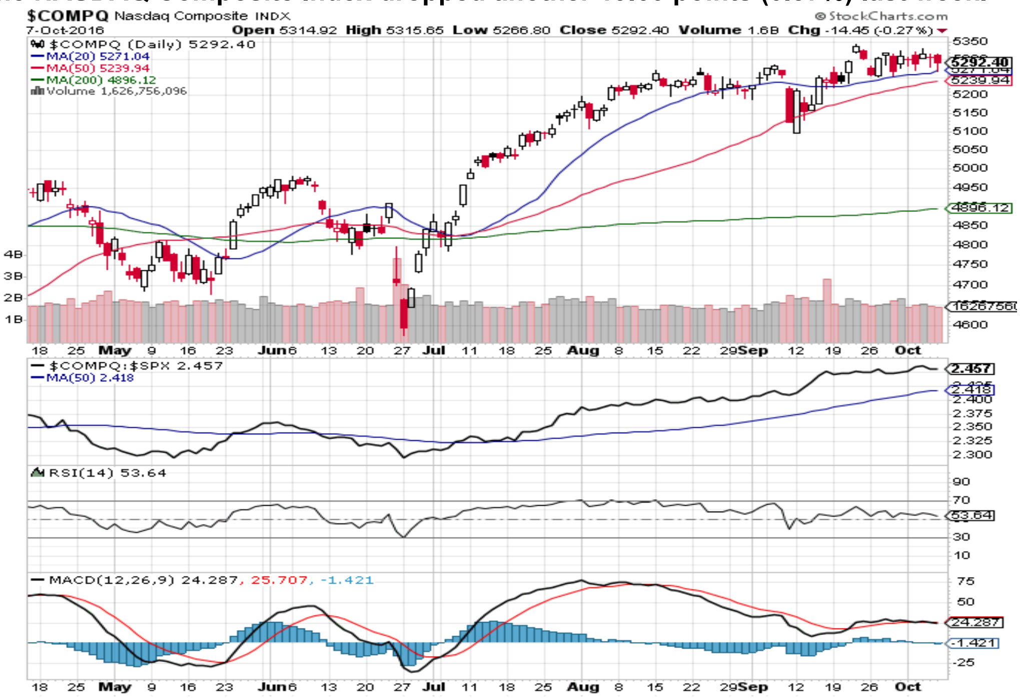
Bullish Percent Index dropped last week to 63.51 from 63.72 and moved below its 20-day moving average.

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

The Index remained above its 20-day moving average.

Short-term momentum indicators are flat.

The NASDAQ Composite Index dropped another 19.60 points (0.37%) last week.



Russel 2000 Index seems to start reversing Strength relative to the S&P 500 Index remained Positive.

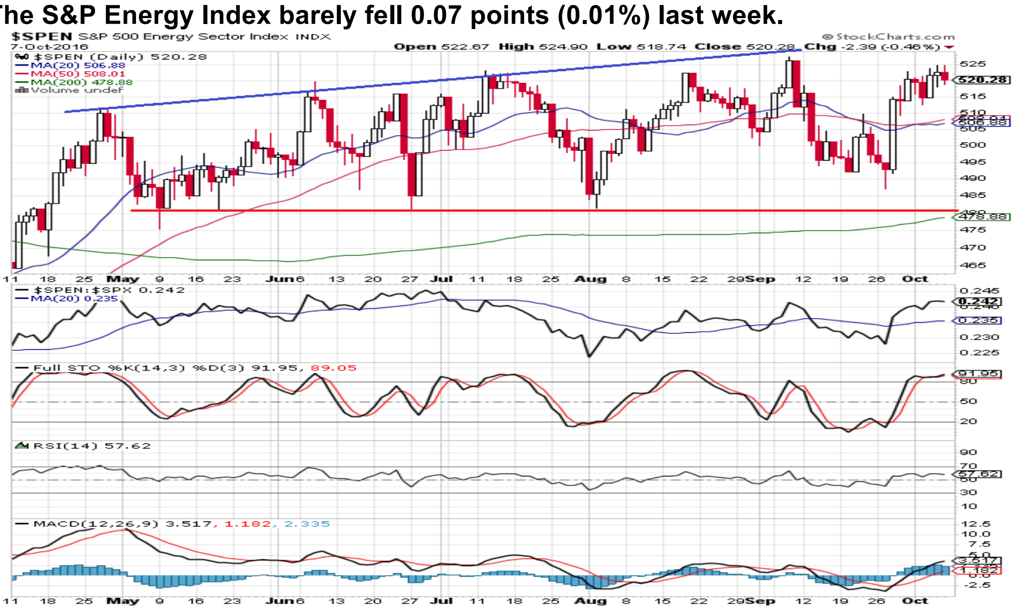
The Index fell below its 20-day moving average. Short-term momentum indicators are rolling over.

The Russell 2000 Index dropped 15.09 points (1.21%) last week.

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

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

The S&P Energy Index barely fell 0.07 points (0.01%) last week.



$OSX rejected the pullback. Strength relative to the S&P 500 Index remained Positive.

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

The Philadelphia Oil Services Index gained 2.62 points (1.60%) last week.

The AMEX Gold Bug Index dropped 31.88 points (13.79%) last week.

$HUI gap broke through the trend-line. Strength relative to the S&P 500 Index remained Negative

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

Latam Equity markets weekly charts

The BOVESPA added 2,741 points last week.

Intermediate trend remained upwards.

Short-term momentum indicators are rolling over, the $BVSP continues to move towards the northern trend-line resistance.

The Mexican Bolsa gained 350 points last week.

Intermediate trend remains positive.

Short-term momentum indicators are rolling over, the $MXX has risks to correct towards the lower trend-line around 46,500

Canadian Equity markets weekly charts

Bullish Percent Index for TSX Composite stocks slipped last week to 74.26 from 81.86 and remained below its 20-day moving average.

The Index remains intermediate overbought and trending down.

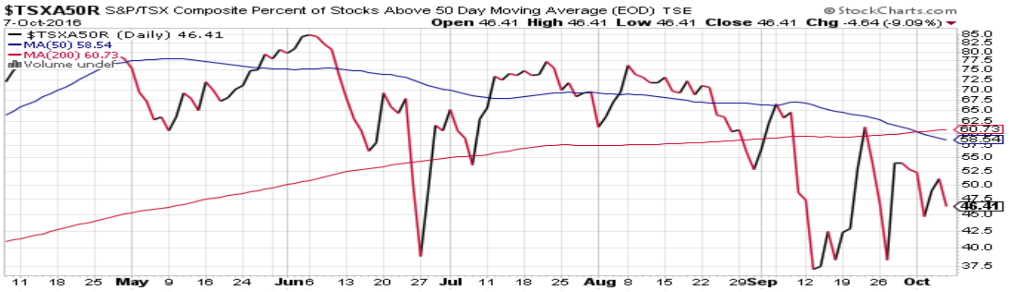
The TSX Composite Index dropped 159.72 points (1.08%) last week.

Intermediate trend remains up. The Index is exhibiting an ascending triangle pattern

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

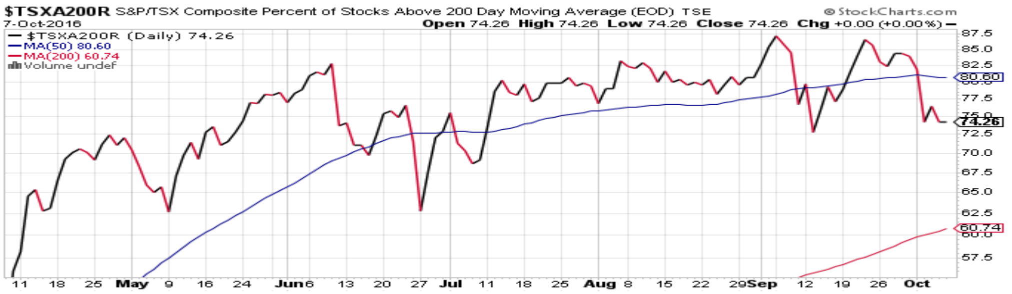
Percent of TSX stocks trading above their 50-day moving average plunged last week to 46.41 from 52.32.

The index moved into a wedge formation.



Percent of TSX stocks trading above their 200 day dropped last week to 74.26% from 81.86%.

The index remains intermediate overbought and it moved below the 50-day MVA.



Asian Equity markets weekly charts

The SENSEX gained 195 points last week.

$BSE is trapped inside a descending triangle pattern.

Short-term momentum indicators are mixed. The Index has moved below its 50-day moving average.

The Nikkei Average added 410.25 points (2.49%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index remained at Neutral.

The $NIKK moved above its 20-day moving average. Short-term momentum indicators are rolling over.

The Shanghai Composite Index dropped 29.19 points (0.96%) last week.

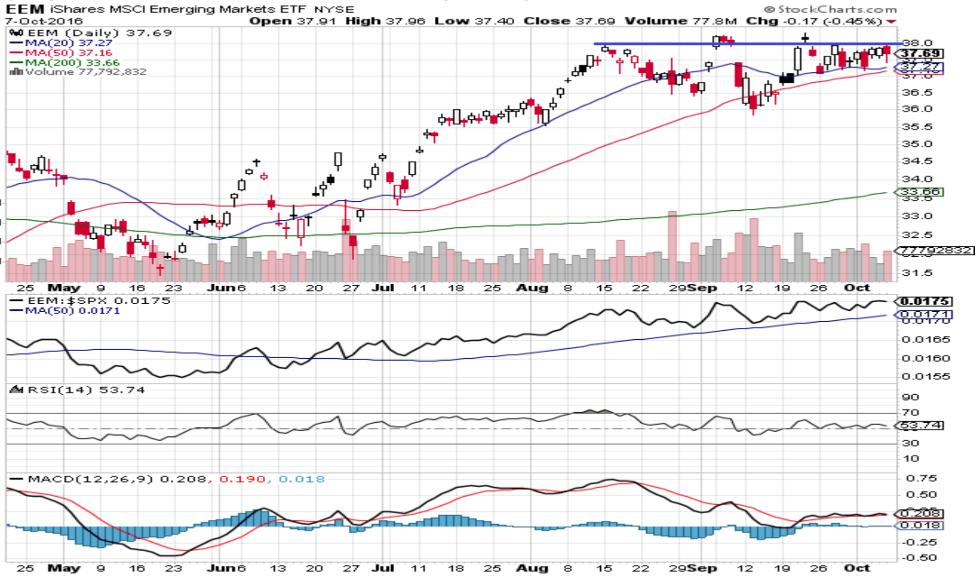
Intermediate trend remains down. Strength relative to the S&P 500 Index moved from Neutral to Negative.

The $SSEC remained below its 20-day moving average. Short-term momentum indicators are mixed.

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

Units remained above their 20-day moving average. Short-term momentum indicators are neutral.

Emerging Markets iShares added $0.24 (0.64%) last week.



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

The $AORD remains above its 20-day moving average.

Short-term momentum indicators remain mixed.

The Australia All Ords Composite Index added 23.30 points (0.42%) last week.

European Equity markets weekly charts

Intermediate trend is changing from Neutral to Negative. The Average is trapped between the 20 and 50-day moving average

Short-term momentum indicators are mixed. The $DAX could move back towards the lower-trend-line area of 10,200.

The DAX 30 dropped 20.16 points last week.

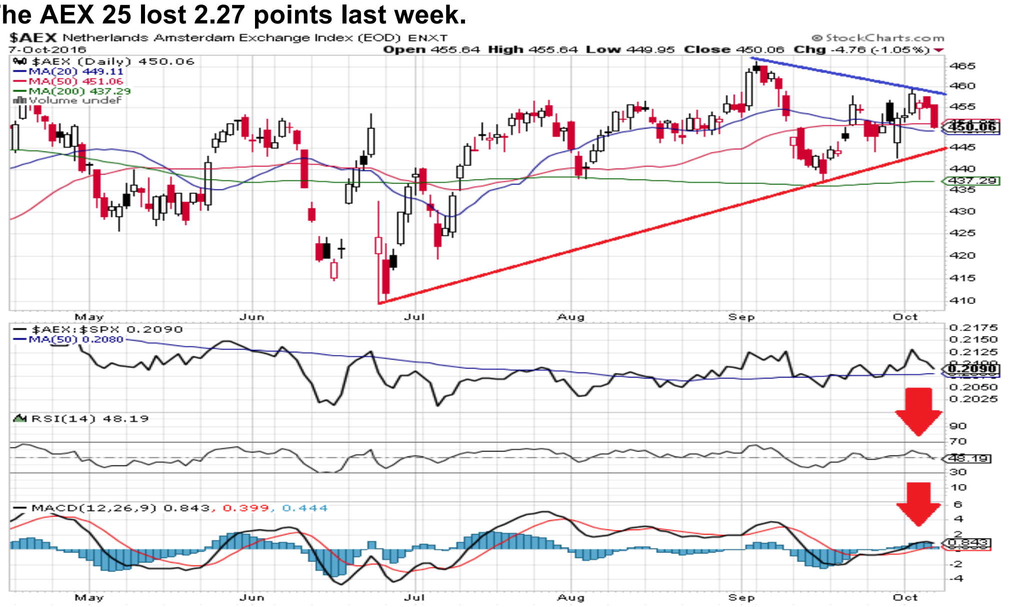
The CAC 40 added 1.65 points last week.

Intermediate trend remains neutral. The Average moved above its 50-day moving average.

Short-term momentum indicators look to be rolling over

We see the $CAC retest the support in the coming period.

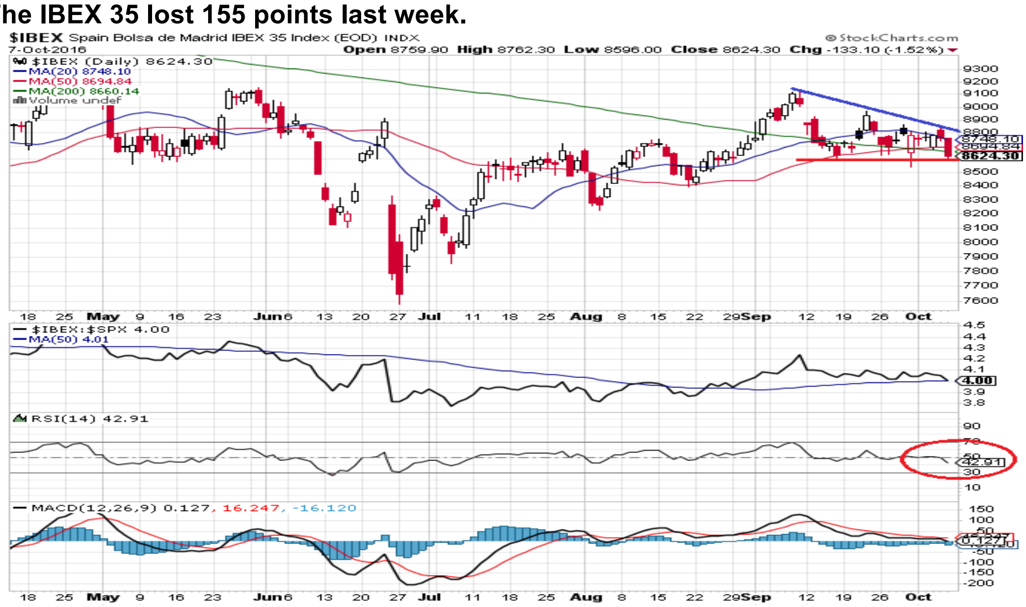
The AEX 25 lost 2.27 points last week.



$AEX momentum is trapped in a bullish biased triangle. The Average moved above its 20-and moving average.

Short-term momentum indicators are about to roll over.

The IBEX 35 lost 155 points last week.



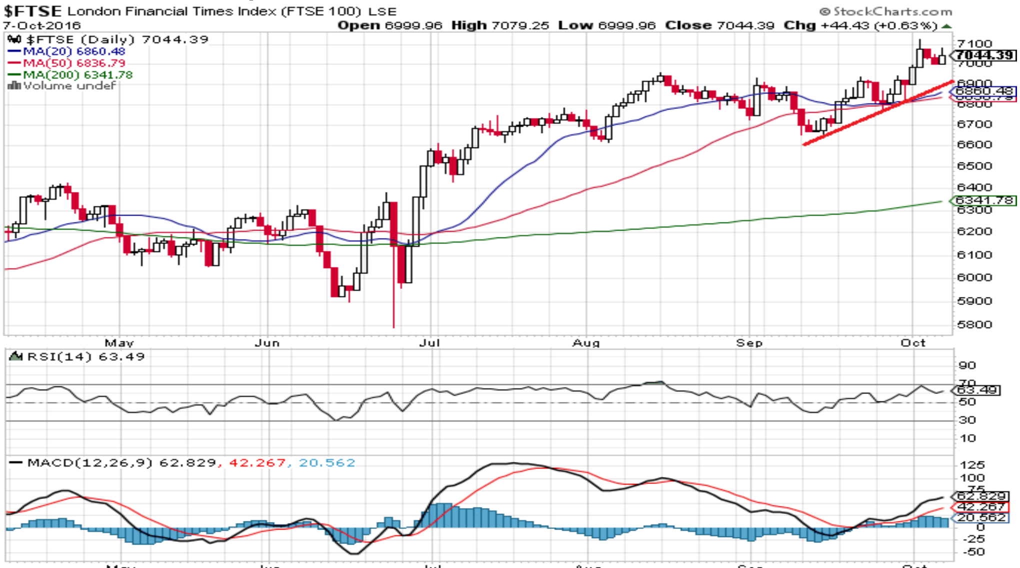
Intermediate trend is negative. $IBEX is exhibiting a descending triangle pattern. Strength relative to the S&P 500 Index remains neutral The Average remained below the 20-day moving average

Short-term momentum indicators are trending down.

The FTSE added 145 points last week.

Intermediate trend remains neutral. The Average broke above its 20-and 50-day moving averages.

Short-term momentum indicators are rolling over.



Europe iShares added $0.08 (0.17%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index changed to Neutral from Positive. The Index is forming an ascending triangle pattern.

Units dropped below their 20-day moving average. Short-term momentum indicators are flat.

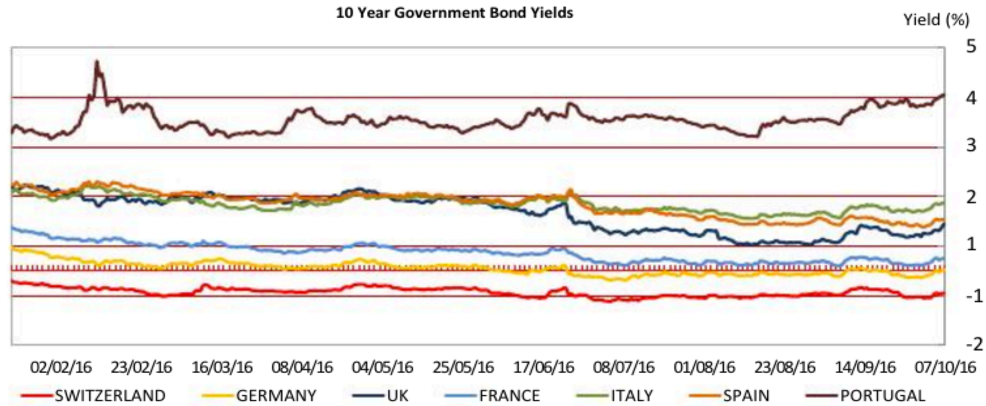
Fixed Income markets weekly charts

International Bonds

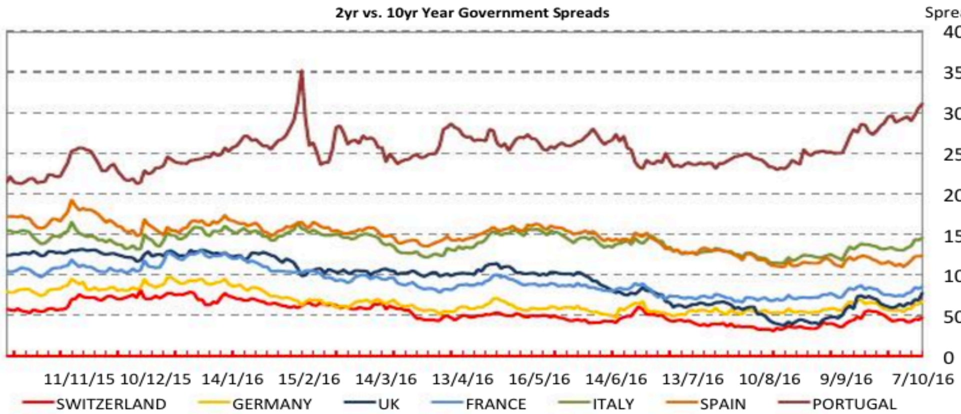
As per our 2016 Global Investment Strategy Outlook for 10-Y government bonds, European 10-Year government bonds have not fully reached our 2016 price targets yet.

Country	Latest yield	Spread vs bund	Spread vs T-notes
Australia	2.21%	+2.18	+0.49
Austria	0.26%	+0.22	-1.47
Belgium	0.27%	+0.23	-1.45
Canada	--	--	--
Denmark	0.17%	+0.13	-1.56
Finland	0.17%	+0.14	-1.55
France	0.33%	+0.30	-1.39
Germany	0.03%	--	-1.69
Greece	8.33%	+8.30	+6.61
Ireland	0.53%	+0.49	-1.20
Italy	1.39%	+1.35	-0.34
Japan	-0.06%	-0.09	-1.78
Netherlands	0.16%	+0.12	-1.57
New Zealand	2.51%	+2.48	+0.79
Portugal	3.47%	+3.43	+1.74
Spain	1.02%	+0.99	-0.70
Sweden	0.29%	+0.26	-1.43
Switzerland	-0.51%	-0.54	-2.23
UK	1.01%	+0.97	-0.72
US	1.72%	+1.69	--

We are recommending continuing to invest in French, Spanish, Italian 10-Year government bonds currently, However, we are recommending taking profits in German 10-Y Bunds.



We can 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 remains up. Yield rose above its 20-day moving average.

Short-term momentum indicators are trending up.

Yield on 10 year Treasuries gained 1.28 basis points (7.96%) last week.

Intermediate trend remains down. Price moved below its 20-day moving average.

The long term Treasury ETF dropped 3.34 (2.44%) last week.

Currencies weekly charts

The Euro slipped 0.41 (0.36%) last week.

Intermediate trend remains up. The $XEU remained just below its 20-day moving average. The Index is getting highly compressed and the breakout seems imminent.

Short-term momentum indicators are mixed

The US$ gained 1.27 (1.33%) last week.

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

Short-term momentum indicators have turned upward.

The Japanese Yen dropped 1.53 (1.55%) last week.

The Index broke out of the ascending triangle. The Yen moved below the 20-day moving average.

Short-term momentum indicators are overbought.

The Canadian Dollar plunged 0.95 (1.25%) last week.

Intermediate trend remains down. The C$ fell below its 20- day moving average. Bearish pressure is strong on the lower trend-line.

Short-term momentum indicators are trending down.

Commodities weekly charts

The CRB Index gained 2 points (1.07%) last week.

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

The $CRB remained above its 20-day moving average.

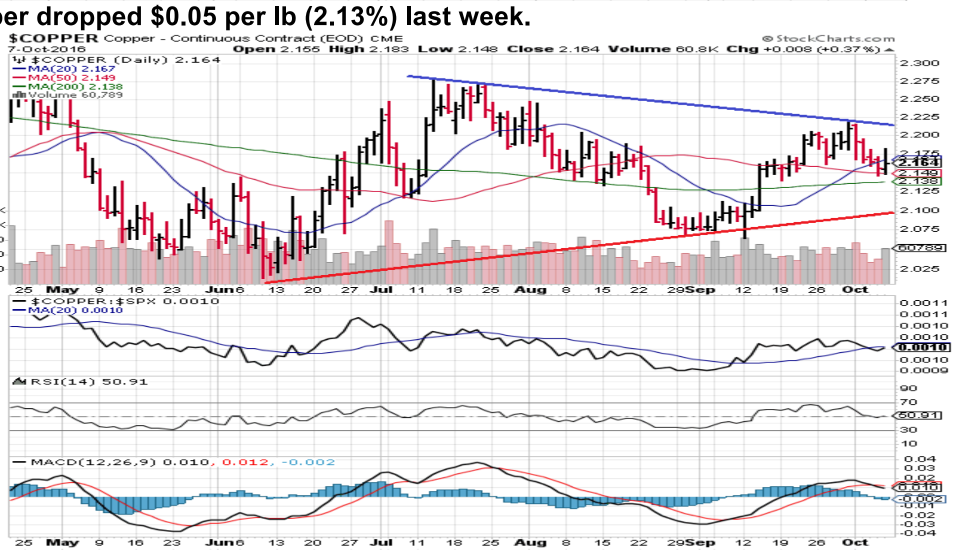
Short-term momentum indicators are trending up.

Copper dropped $0.05 per lb (2.13%) last week.

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

Copper closed just on the 20-day moving average.

Short-term momentum indicators are trending down.



Lumber added 6.70 (1.99%) last week.

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

Lumber remained above its 20- day MA. Momentum: Uptrend. 20-day moving average has crossed the 50-day moving average from below.

The Grain ETN gained $0.05(0.18%) last week.

Intermediate trend remains Neutral. Units fell below their 20-day MA. Short-term momentum indicators are mixed.

The Agriculture ETF dropped $0.31 (0.62%) last week.

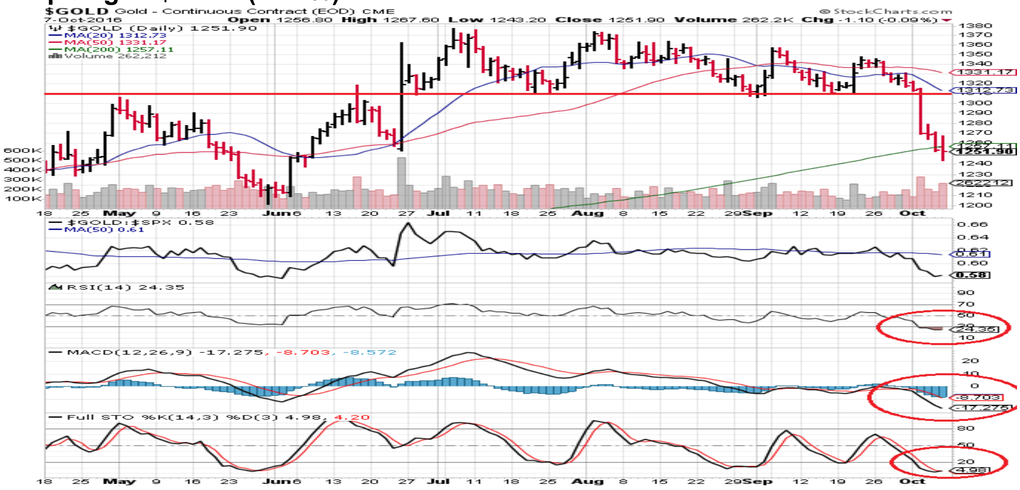
Intermediate trend remains up. Strength relative to the S&P 500 Index has changed from Positive to Neutral.

Units closed on the 20-day moving average.

Short-term momentum indicators look to be rolling over.

Gold & Precious Metals weekly charts

Gold plunged $65.20 (4.95%) last week.



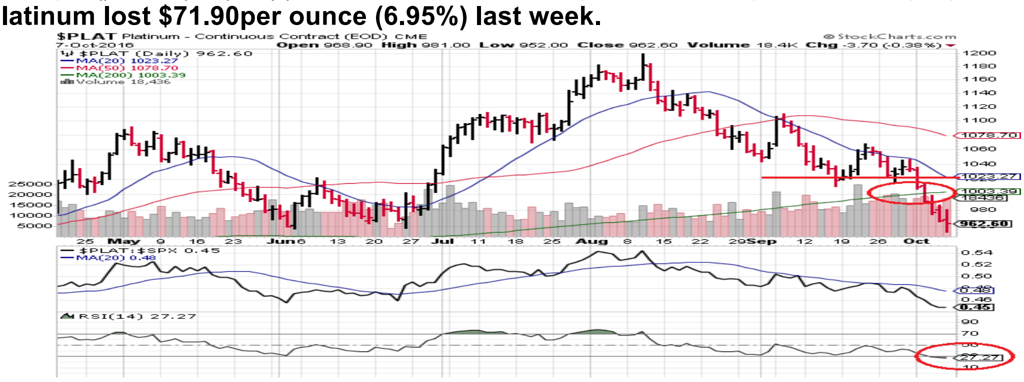
Gold returned to the pre-Brexit levels.

It moved below its 20-day moving average. Short-term momentum indicators are trending down. $GOLD looks to be oversold.

Silver dropped $1.83 per ounce (9.55%) last week.

Silver broke the important 19.5 resistance. Strength relative to the S&P 500 Index remained Negative.
Silver remained below its 20-day moving average. Short-term momentum indicators are trending down.

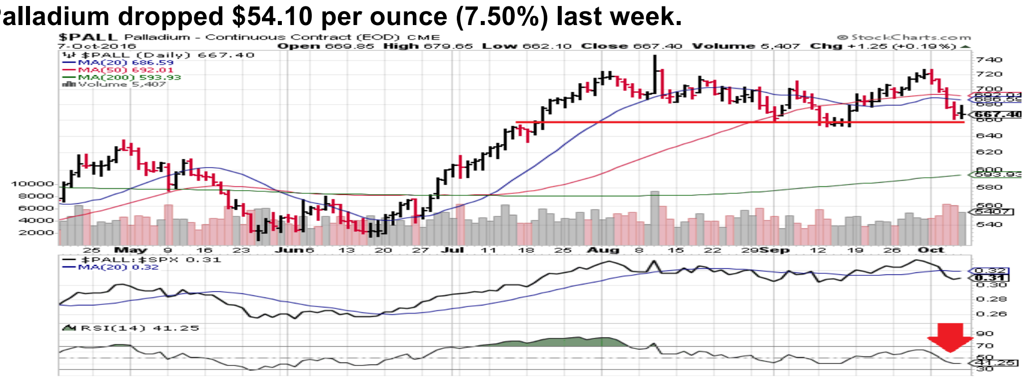
Platinum lost $71.90per ounce (6.95%) last week.



Intermediate trend remains down.

$PLAT trades below its 20-day MA. Momentum indicators are trending down.

Palladium dropped $54.10 per ounce (7.50%) last week.



Intermediate trend remains Neutral. Strength relative to the S&P 500 Index changed fro Neutral to Negative. $PALL remained below its 20-day moving average. Short-term momentum indicators are trending down.

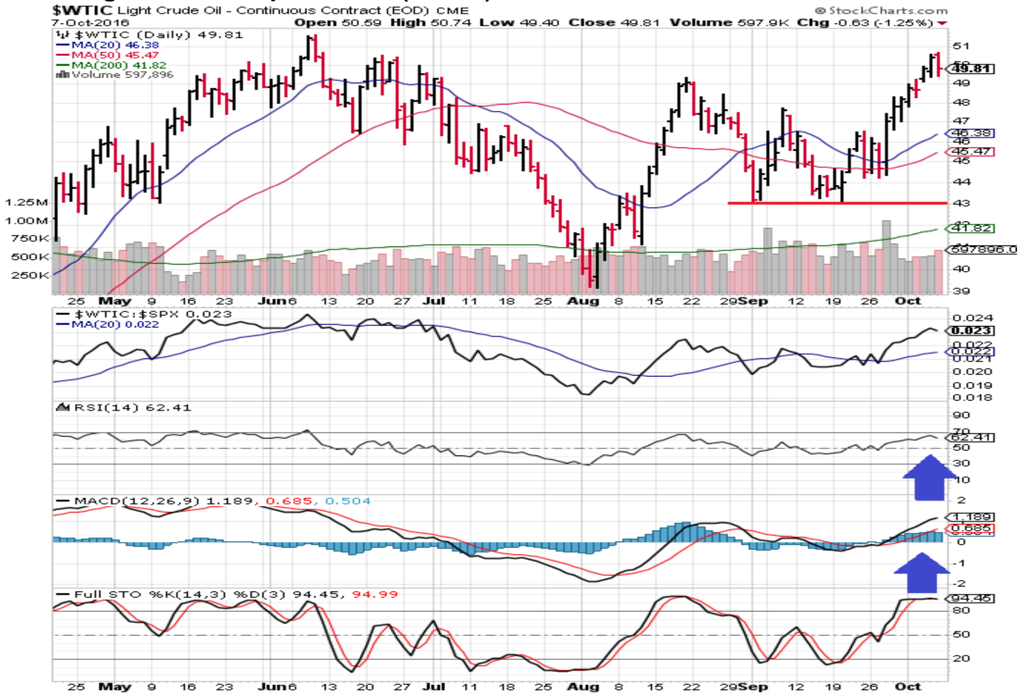
Oil, Gas & Energy weekly charts

Crude oil gained $1.57 per barrel (3.25%) last week.

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

$WTIC remains above its 20-day moving average.

Short-term momentum indicators are trending up. $WTIC looks to be overbought.



Gasoline added $0.02 per gallon (1.28%) last week.

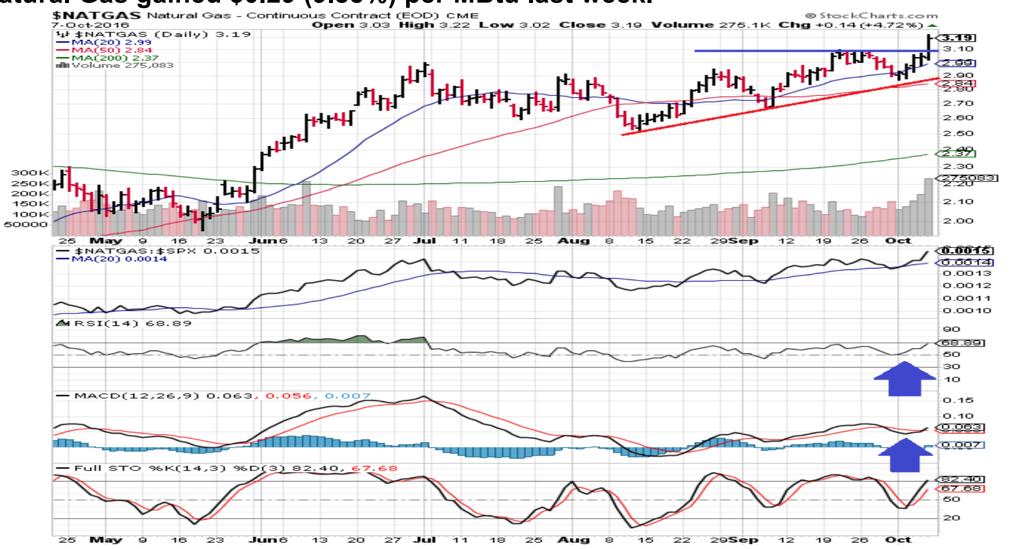
Intermediate trend remains up. $GASO rejected the pullback from the old resistance. Strength relative to the S&P 500 Index remained Positive.

$GASO remained above its 20-day moving average. Short-term momentum indicators are trending up. $GASO looks to be slightly overbought.

Natural Gas gained $0.29 (9.88%) per MBtu last week.

Intermediate trend remains up. $NATGAS closed above the 3.10 resistance on Friday. Strength relative to the S&P 500 Index remained Positive.

$NATGAS closed above its 20-day moving average. Short-term momentum indicators are trending up.



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