



Creative Global Investments

Morning market commentary & weekly charts

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Objectivity

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Currency commentary & charts

As per our Q2 Global Strategy Outlook in late March, we had the US\$ peaking in Q2.



In addition, the US\$ Index has entered its period of seasonal weakness



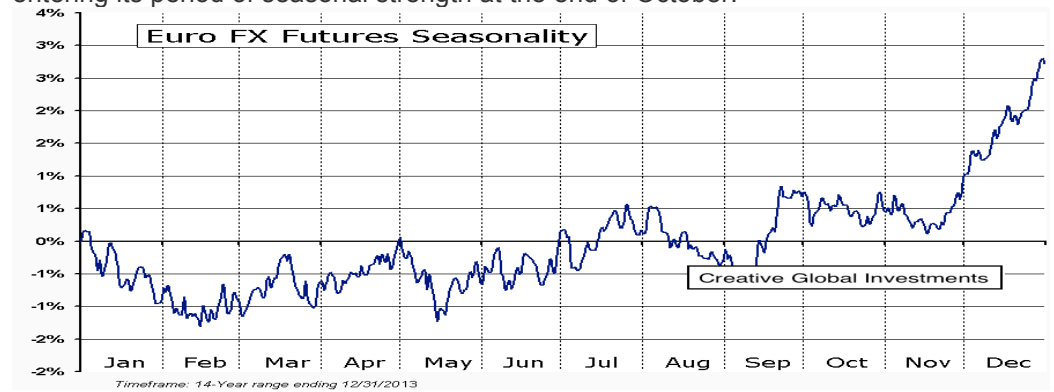
Indeed, the EUR/US\$ also bottomed in March near \$1.0450, and spiked to almost EUR/US\$ 1.1715 on August 24 and has been carving out a new range, whereas the EUR/US\$ 1.1100 area looks to be the bottom of the range, and for now, EUR/US\$ 1.1750 seems to be the top. The corrective forces came from macroeconomic reality, as we early on had seen the US economy to weaken in 1H 2015, as well as from technical analysis factors. To date, the US\$ has held on to most of the gains scored since the middle of 2014. The 38.2% retracement for the EUR/US\$ is at 1.18. However, as we have noted in past weekly commentaries, any security facing such a parabolic rise, as the US\$ has seen since June of last year, runs very high risks to do a full 68% retracement, as we had forecasted correctly for the Shanghai Index. With declining fundamental macro support, we would not be surprised that the US\$ would undergo a similar fate over the coming 6 months. The EUR/US\$ itself is in a very complex short/intermediate technical position. The two converging green lines represent an ascending right-angled triangle, the completion of which would occur with a break

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above the 115 level. We maintain our EUR/US\$ 1.22 price target for year-end 2015.



Another important factor moving currencies is the inherent seasonality. The Euro is entering its period of seasonal strength at the end of October.



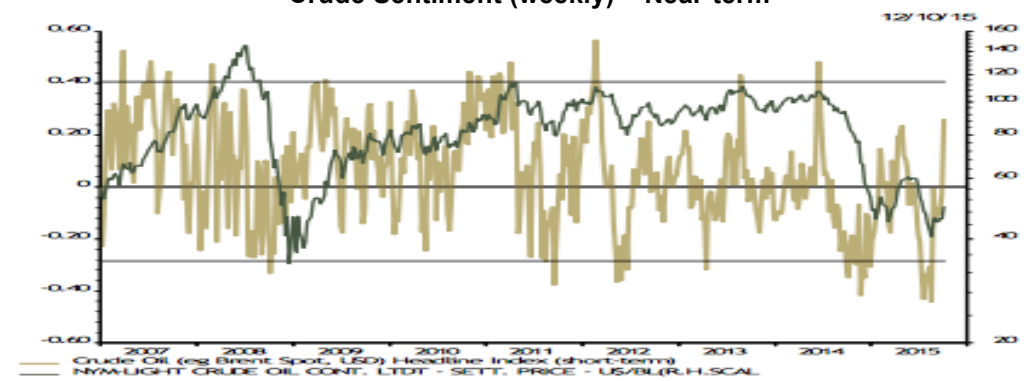
The US\$ recorded its highs against the YEN in May, near US\$/YEN 125.40. However, by late August, it crashed to US\$/YEN 116.20 and has been in a new range since between US\$/YEN 118.60 and US\$/YEN 121.60. The same 38.2% retracement of the US\$/YEN is near JPY116.50. We are keeping our US\$/YEN price target at 120.



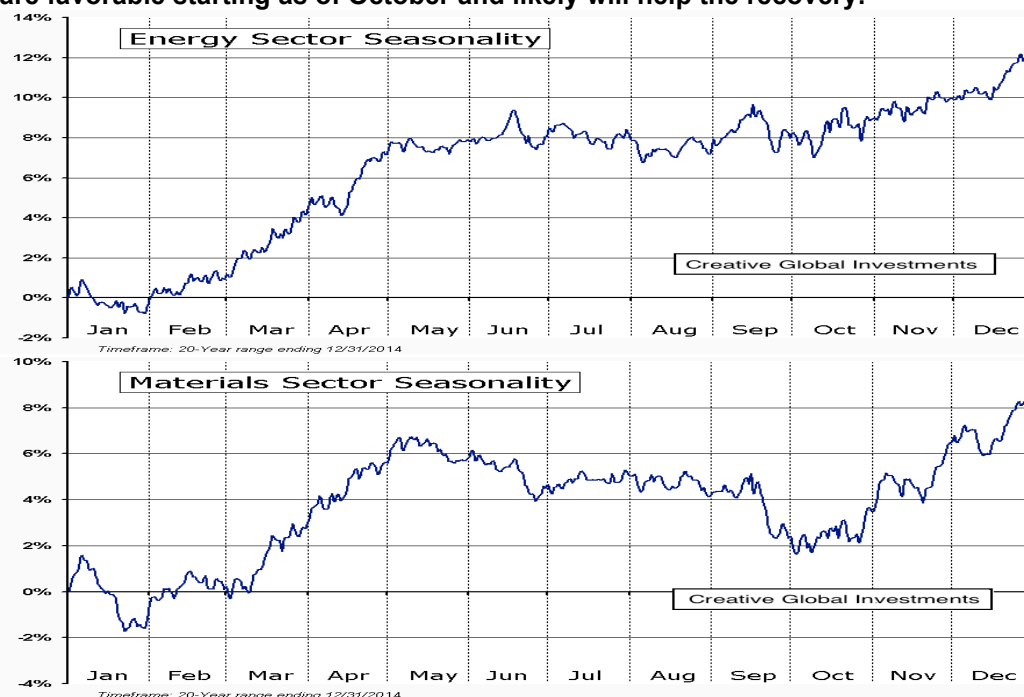
Commodities commentary & charts

There has been a notable improvement in sentiment towards Crude Oil since beginning of Q4, just as we were anticipating.

Crude Sentiment (weekly) – Near-term



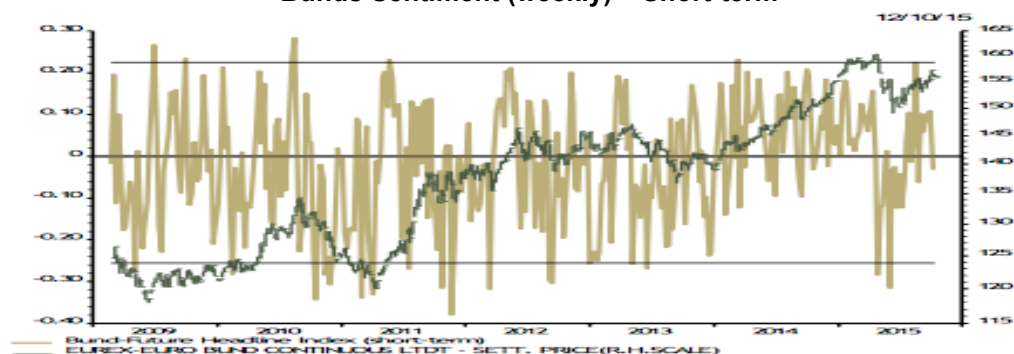
Last week saw crude oil prices climb to their highest level since July, in the biggest weekly rise in over six years as geopolitical influences stepped in. As we've discussed in the past 3 months, we believe that Oil has bottomed, and likely will recover towards the US\$ 70 levels for WTI by year-end. Saudi Arabia led OPEC into driving crude prices down in an attempt to defend its market share against Russian and US competitors. All OPEC countries, including Saudi Arabia, are now hurting from the halving of crude prices since last year. But in order to give up on its strategy, Saudi Arabia will require at least the pretense that the strategy worked. Russia, reeling from the double impact of low oil prices and Western sanctions, now seems set to provide that excuse. While its pride won't let Russia join OPEC, statements from the Russian Energy Minister suggest that coordination with OPEC to boost prices higher is on the table. This, combined with stabilizing Chinese markets, which suggest that Chinese oil demand will stay strong, and Russia's military intervention in Syria, which increases geopolitical risk, underpinned the rally in oil this week. The situation in Syria, where both the US and Russia are intervening at the same time without coordination, has the potential to seriously affect the geopolitics of the region and energy prices along with it. It is simple. The US\$ is correcting downwards, and inversely deeply oversold commodities prices, as we advised in our Q4 Global Investment Strategy Outlook, are on the rise. From Oil & energy, to copper, to industrials metals, to the CRB index overall. **Seasonal factors are favorable starting as of October and likely will help the recovery.**



European Fixed Income commentary & charts

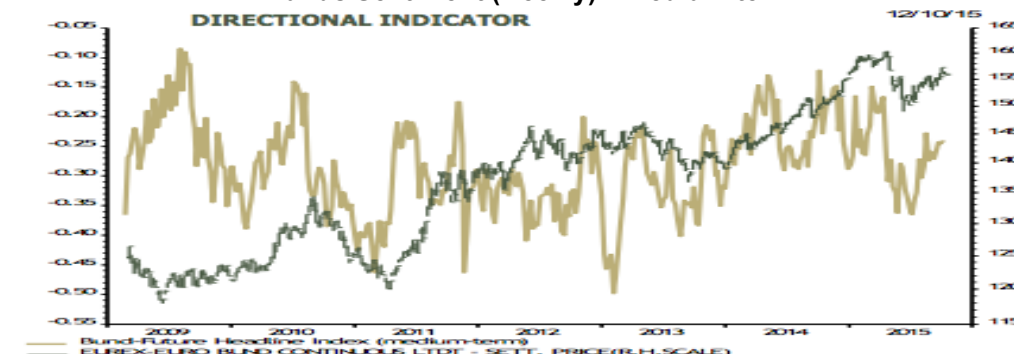
Sentiment on the near-term outlook for Bunds is back at relatively neutral levels.

Bunds Sentiment (weekly) – Short-term



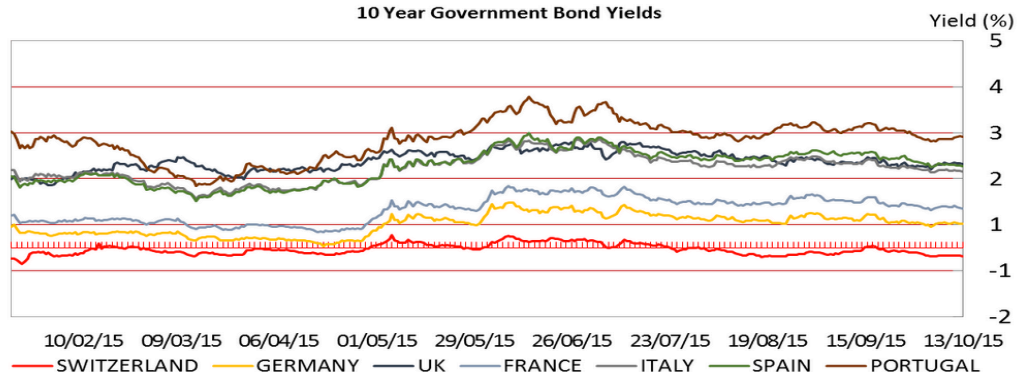
Investors have become more upbeat on Bunds from a medium-term strategic perspective

Bunds Sentiment (weekly) – Medium-term

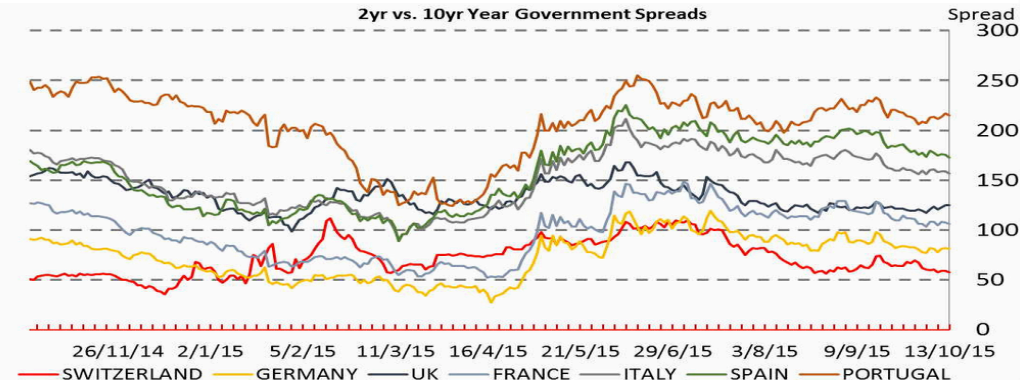


With more stimuli from the ECB in Q4, we are expecting for European 10-Year Government bond yields to come down further from current levels.

10 Year Government Bond Yields



2yr vs. 10yr Year Government Spreads



US Fixed Income Commentary & Charts

As per prior writings, we see increasing technical and macro fundamental evidence for the \$TNX to move down. Currently, the \$TNX is close to another “bear cross” set up, which could mean that the yields for the 10-Year Treasuries might move back downwards and retesting the February lows.

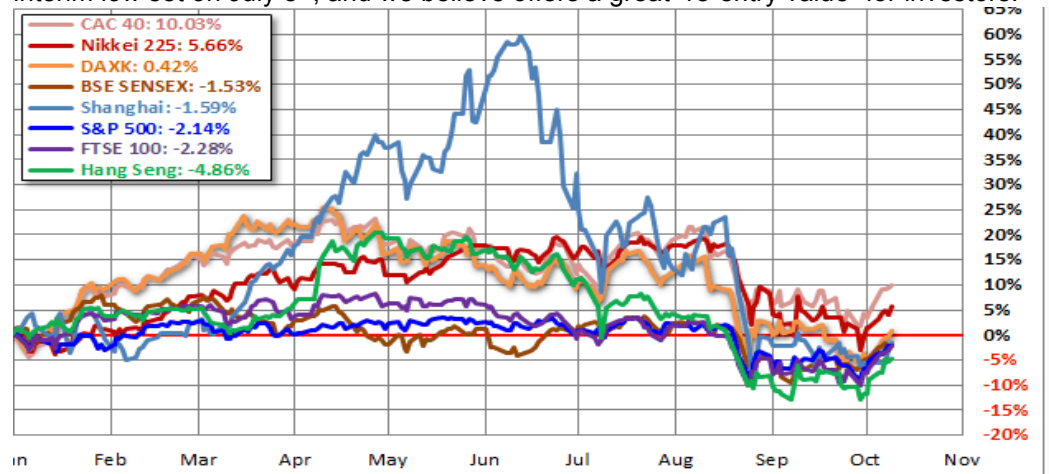


The 30-Year US Treasuries chart is pretty clearly channel bound, and we see no macro neither chart technical catalysts on the horizon to cause a trend change yet.

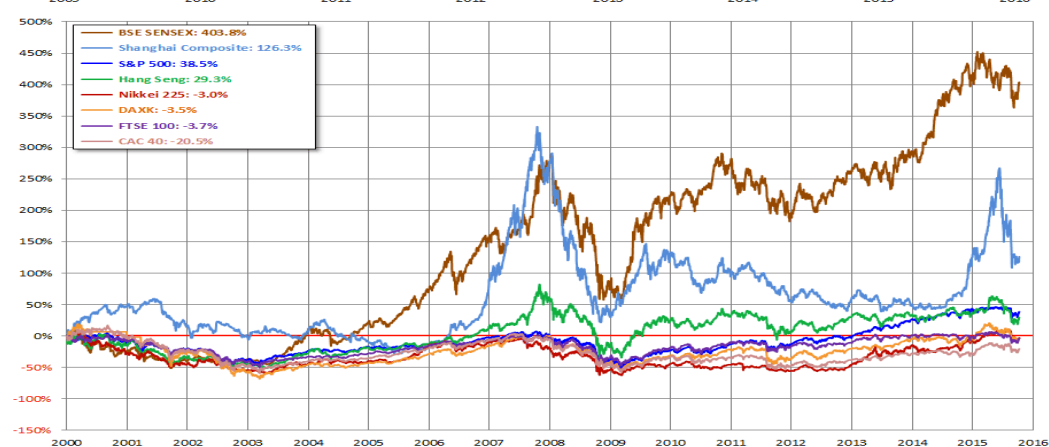
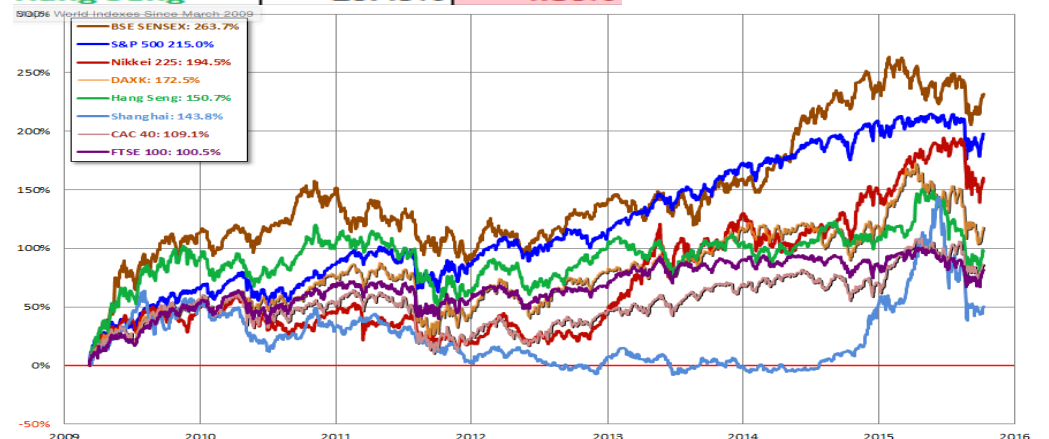


Global Equities indices commentary & charts

Global equities indices performance y-t-d is very mixed. The Shanghai index is now down the most from its peak in 2015, -38.4% from June 12 peak but off its -43.3% interim low set on July 8th, and we believe offers a great “re-entry value” for investors.



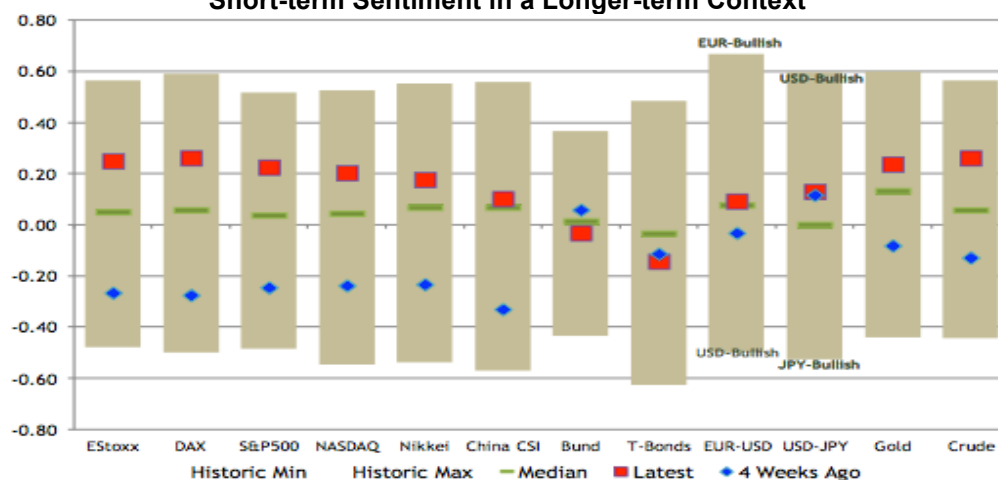
Index	2015 Peak	YTD
CAC 40	23.31%	10.03%
Nikkei 225	19.58%	5.66%
DAX	25.51%	0.42%
BSE SENSEX	7.94%	-1.53%
Shanghai	59.72%	-1.59%
S&P 500	3.49%	-2.14%
FTSE 100	8.19%	-2.28%
Hang Seng	20.49%	-4.86%



The latest sentix survey suggests that investors have become markedly less downbeat on several sectors. In the case of Utilities, readings have rebounded from historic lows, to their highest level of 2015, albeit the survey suggests pessimism remains notable. At

the same time, sentiment has also improved on Basic Resources and Energy versus the market, consistent with the notable improvement seen in sentiment towards Crude Oil. A near-term revival in equity sentiment has been accompanied by a less downbeat view on some of the least loved European sectors.

Short-term Sentiment in a Longer-term Context



Note: China bluechips (eg CSI 300 Index) data as from late-2009 only.

As per our Q4 Global Investment Strategy, we believe **emerging markets have discounted too much bad information**. With the ECB and BOJ still heavily engaged in easing of monetary policy, and likely to do more rather than less, and China gradually easing and providing more fiscal support, and we do see increasing macro evidence that the US FED will follow suit in QE actions not too distant from here, the global economy remains awash with liquidity. Over the past three years, the MSCI World Index is up almost 28% while the MSCI Emerging Markets Equity Index is down nearly 14%. However, since September 29, this has changed. Emerging market equities are up 12.5% while the World Index is up 8.5%.

Year to date, however, there is a different story. The S&P 500, MSCI, FTSE, SSEC, SENSEX, BOVESPA are negative for the year. Investors sentiment as measured by sentix and the media increasingly spinning negativity last week, amplified by some weakening macro data, such as a soft jobs report spurred a flurry of nervous headlines (never mind that the unemployment rate held steady at 5.1%).



However in US equities, the easy money in equity markets and economic sensitive sectors has been made already for the current intermediate up cycle. Since August 25th, the S&P 500 Index is up 7.7%, the TSX Composite Index added 9.9% and the Dow Jones Industrial Average gained 11.2%. Q3 reports will have a big influence on equity markets during the next three weeks.

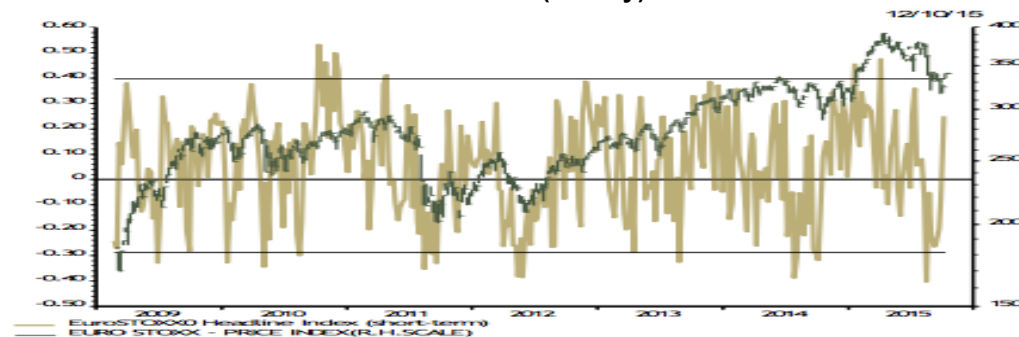
Weekly Investment Conclusion

Here are our main reasons why we believe global equities will rally till year end:

1. **Seasonality Trends February and September** have historically been the weakest months for the European major indices, and also for the S&P 500, with **December as the strongest**. May - September is seasonally weaker for returns as compared to upticks seen in October - May. (*Look at page 9 – 13 for the major equities benchmark seasonality charts*)

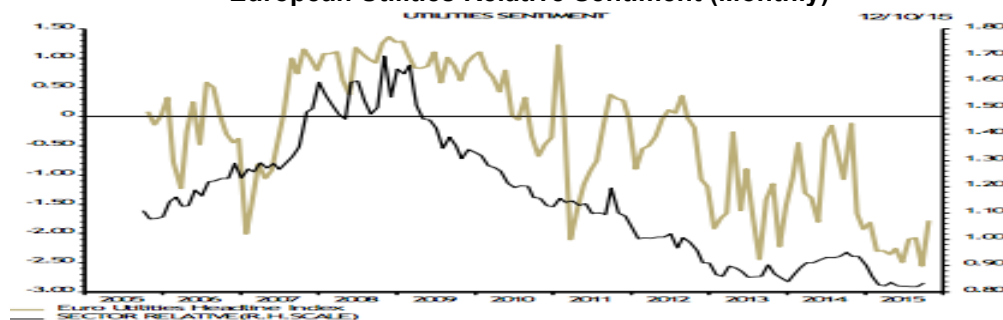
2. **Earnings in Europe, Japan, India and most of Asia** have been a big story of late, as they are benefiting from a tremendous currency tailwind, contrary to the **S&P 500**, which due to excessive and unsustainable US\$ strength has seen falling and negative earnings in aggregate, and for Q4, we believe consensus earnings for the S&P 500 will have to be revised down further from current estimates. With the strength of the US\$, we are expecting also significantly fewer tourists inflating the holiday sales in the US. The latest sentix survey indicates that investor sentiment towards the near-term outlook for equity indices such as the EuroSTOXX has markedly improved.

EuroSTOXX Sentiment (weekly) – Short-term



The latest monthly sentix survey questions relate to investors' opinions on the 6M outlook for sectors relative to the European market. They indicate that investors have become less downbeat on Utilities versus the market, with survey readings at their least negative levels of this year

European Utilities Relative Sentiment (Monthly)



Sentiment has also improved on Basic Resources and Energy versus the market.

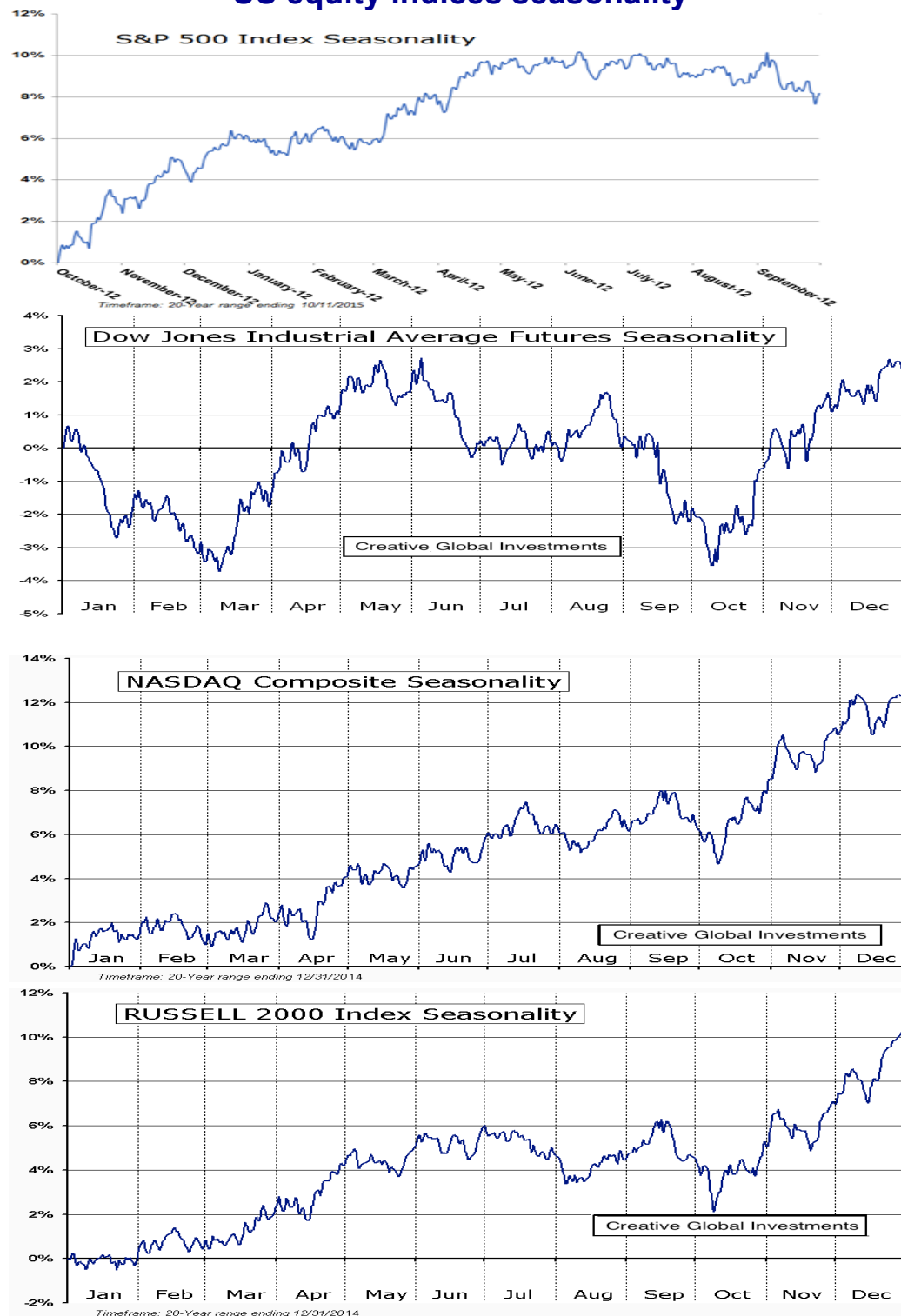
European Energy Relative Sentiment (Monthly)



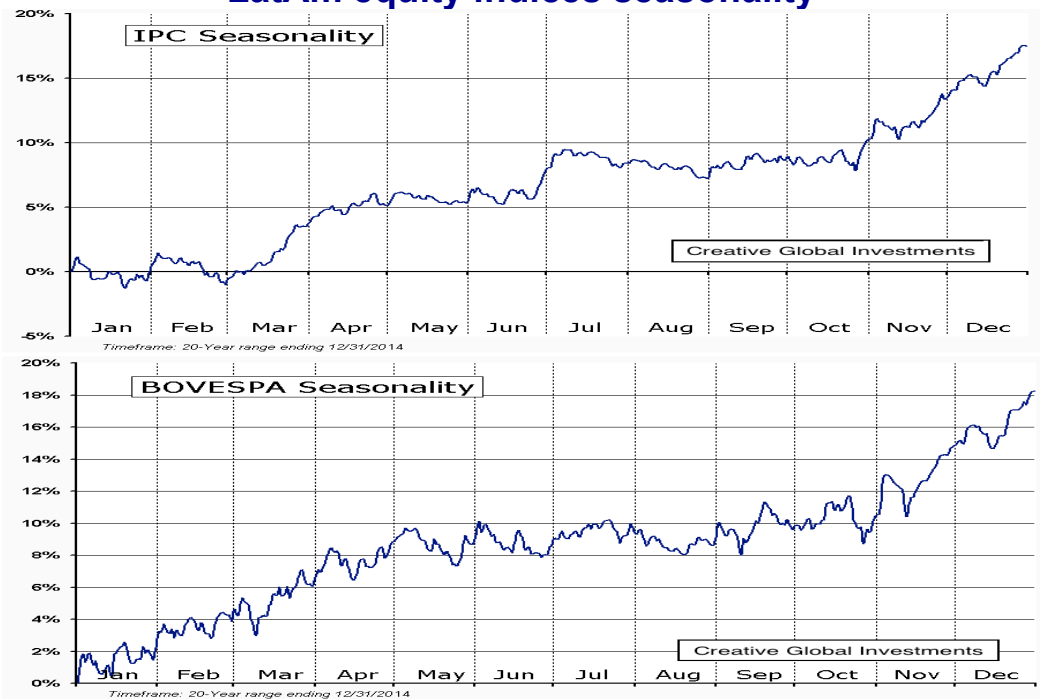
3. In Asia and in Europe, from developed to emerging markets, retail related sales and earnings into the holiday season will likely surprise on the upside, due to lower energy bills, and much firmer employment picture, and lastly, much easier credit. With the holiday shopping season around the corner, we believe we could see impressive numbers in retail that underscore this strength.

If you are thinking about making reactionary moves in your portfolio due to the downside volatility, or loss of patience with equities, you may want to reconsider, as Q4 has tended to be a solid one for stocks, as the following index seasonality charts are showing

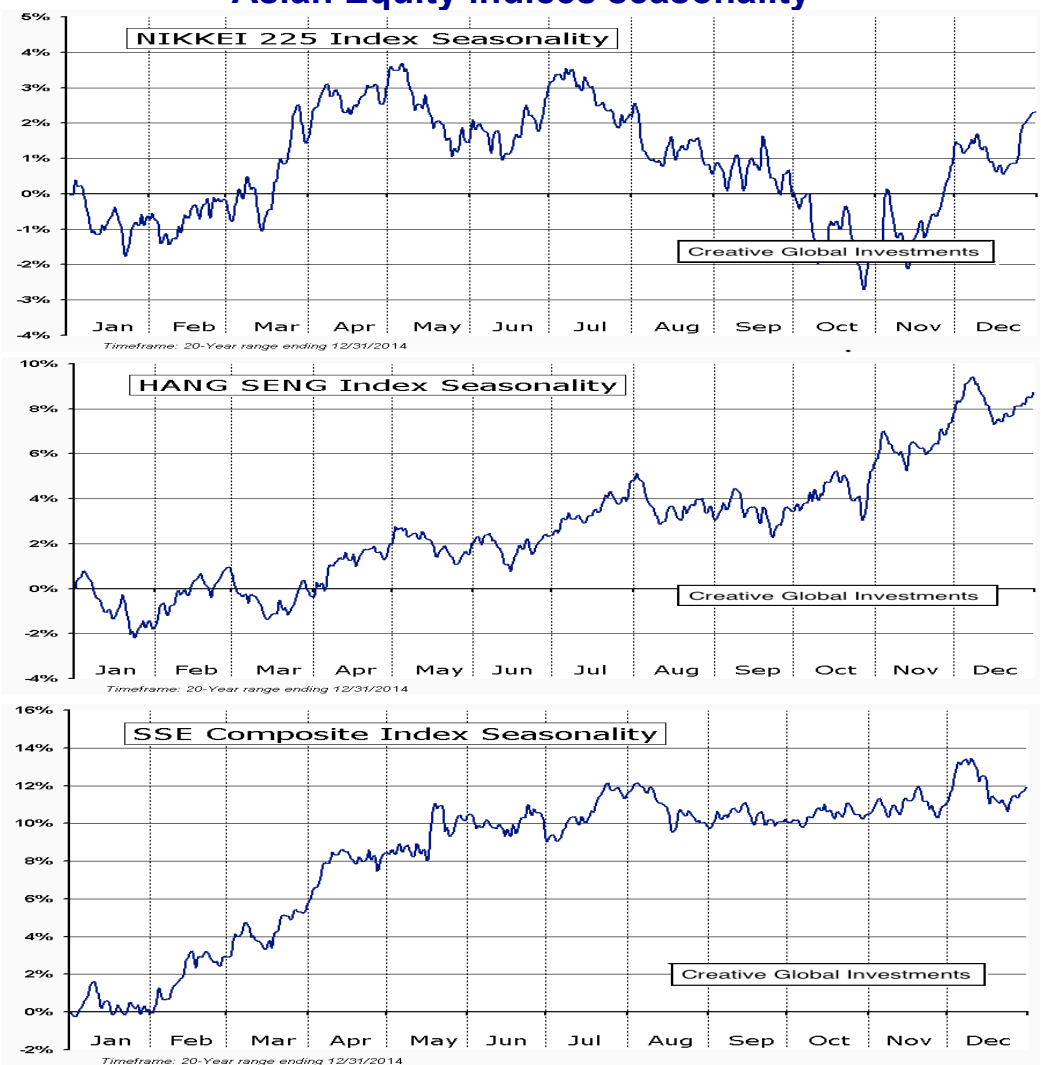
US equity indices seasonality

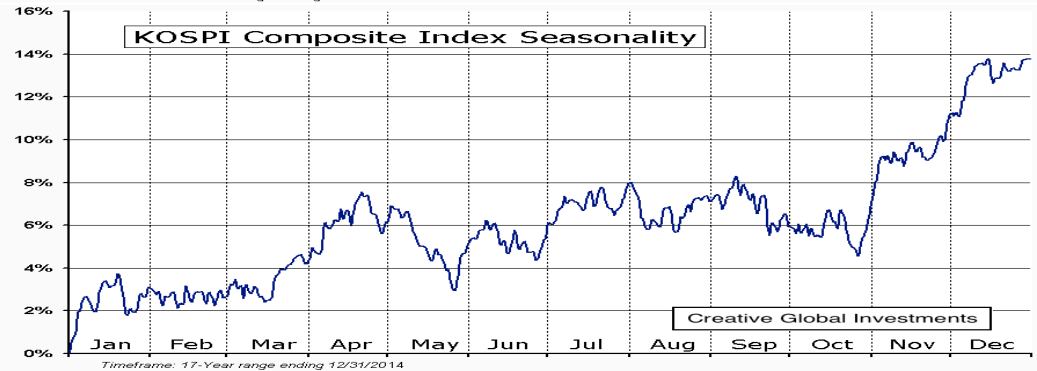
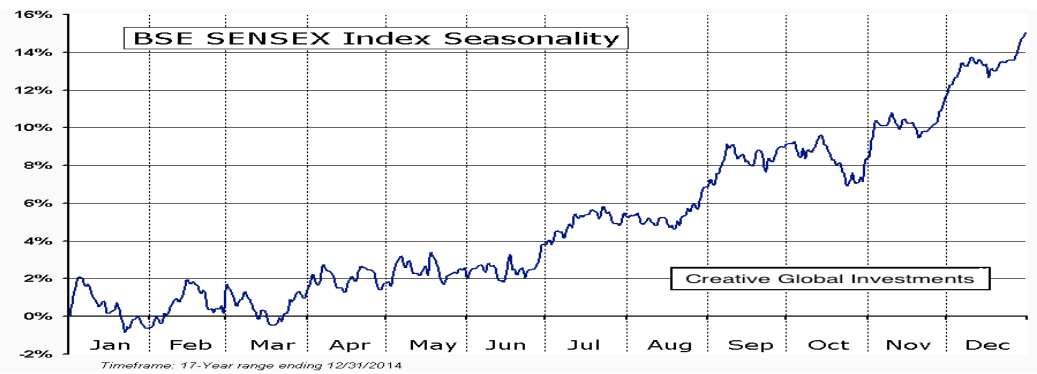


LatAm equity indices seasonality

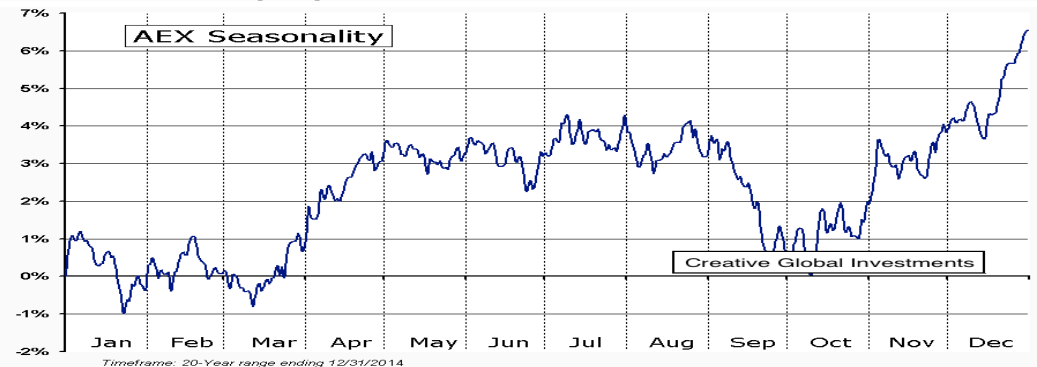
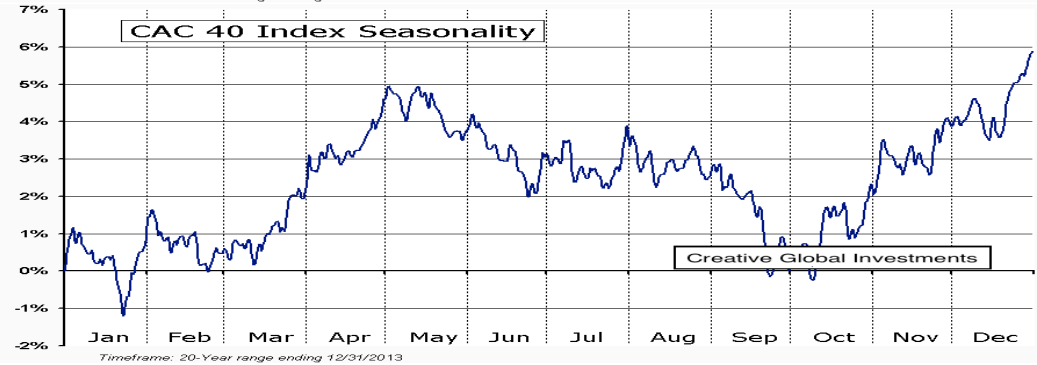


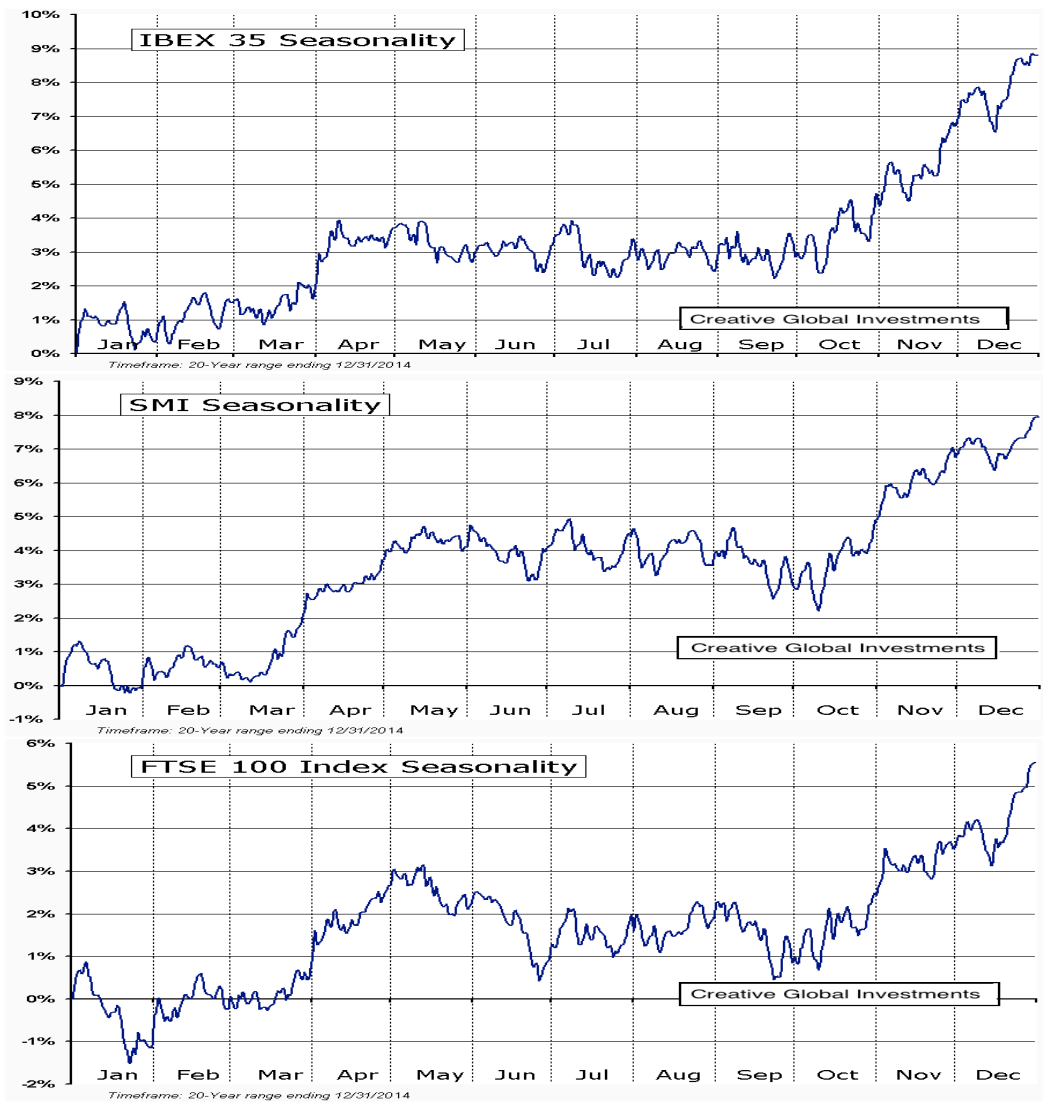
Asian Equity indices seasonality





European Equity indices seasonality





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