Creative Global Investments

Morning market commentary & charts

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Objectivity

Integrity

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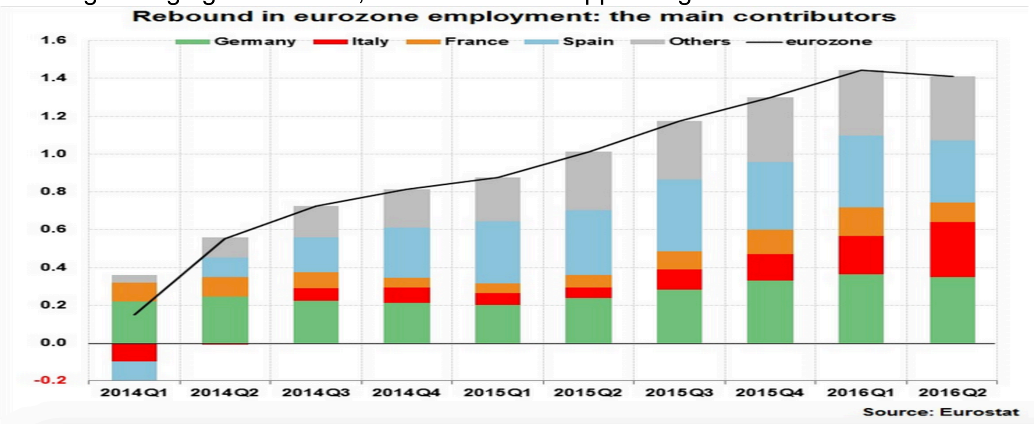
Global Macro Commentary

In Europe, the ECB meeting likely will focus on a potential extension of QE purchases, which we expect to be announced at the December meeting. In our view, President Mario Draghi will be asked questions about the latest debate on QE tapering but we expect him to repeat that the ECB's focus is on full implementation of QE purchases. Any comments about the committee's work on changing the ECB's self-imposed QE restrictions will also be followed closely but we do not expect any announcement before a decision on whether or not to extend QE purchases beyond March next year.

Eurozone employment growth seems to have reached a temporary top, although Germany and Spain continue contributing massively to job creations and Italy is showing emerging momentum, France is still disappointing.



German producer prices declined -0.2% in September from August, and dropped -1.4% from September 2015, the Federal Statistics Office said today. In August producer prices fell -0.1% on the month and dropped -1.6% on the year. (Vs. consensus forecast -0.2% on the month and fall -1.1% y-o-y). Excluding energy prices, which are volatile, producer prices rose 0.1% on the month and fell -0.1% y-o-y,

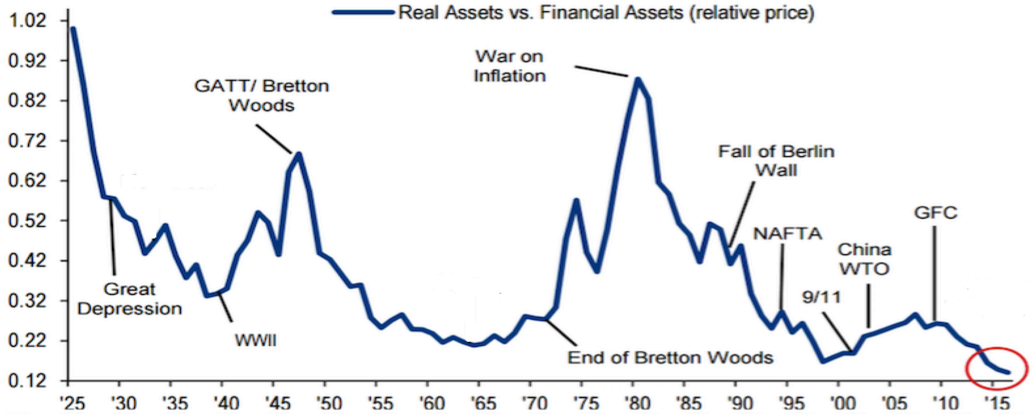
In the Americas, with less than three weeks to go before Election Day on 8 November, the third and last TV debate between Hillary Clinton and Donald Trump was held overnight. Generally, the debate is considered the best between the two candidates with focus mostly on politics. A CNN/ORC poll finds that Hillary won the debate (52% versus Trump's 39%). Markets also think it was a good night for Hillary's winning chances as prediction markets moved towards Clinton and USD has moved slightly lower. Going into the TV debate, Hillary Clinton extended her lead over Trump in the opinion polls, see our last US election monitor, 14 October 2016.

Initial jobless claims are due out, which continue to be very low, currently at the lowest level since the 70s, indicating a healthy labor market. However, looking at the unemployment and underemployment rates, which have moved sideways for some time, suggests there is more slack left in the labor market than previously thought.

EIA data showed that US oil inventories fell 5.25 MN barrels. The fall is due to seasonality and a strong US hurricane season.

As per our 2016 Global Investment Outlook & Strategy which we published last year in December, when comparing Real Assets versus Financial Assets, the following chart shows that real assets are at all-time lows versus financial assets. The time to buy into capital goods, mining, and railroad and energy stocks has never been better than right now.

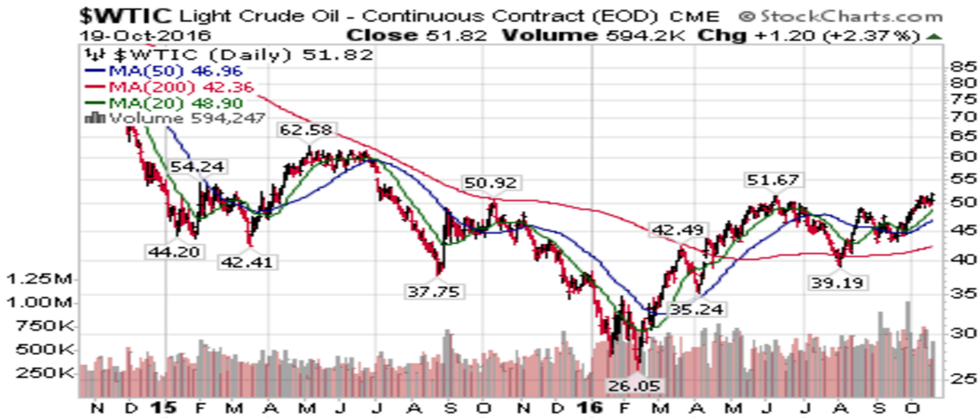
We continue to recommend for investors to buy commodities such as crude oil and gold.



souce: IMF

Commodities Commentary

Oil imports plunge to the lowest level in over a year, supporting the price of the commodity. WTI moved above $51.67 completing long term reverse Head & Shoulders pattern

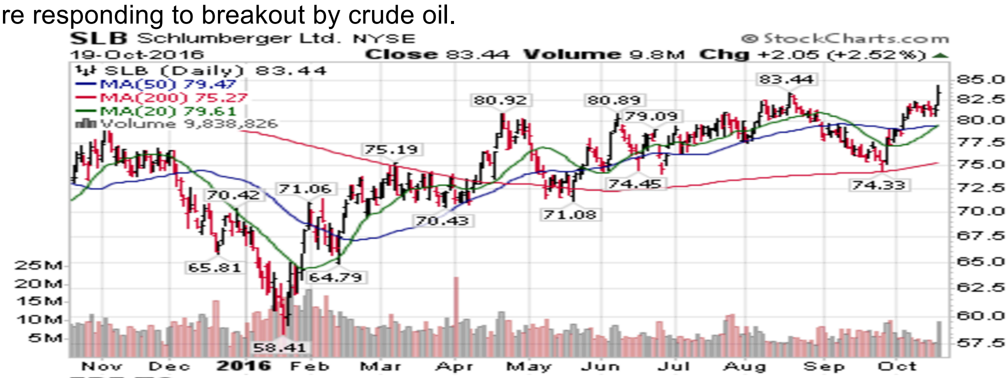


Equities Commentary

Stocks posted mild gains yesterday as better than expected earnings continue to support equity markets. Defensive sectors led the laggards with consumer staples, utilities, and health care all finishing in the red while cyclical sectors closed higher. A look at some of the key ratios of risk sentiment suggests that investors remain cyclically biased, despite the many uncertainties that could fuel a shift towards risk aversion at any time.

The S&P 500 Index closed higher by around two-tenths of one percent, ending the session around the 2145 level of resistance identified previously; 2149 is now showing up as an important pivot point.

Gains were dominated by the energy sector as the price of oil moved back above psychological resistance at $50 following the bullish oil inventory report. Energy stocks are responding to breakout by crude oil.



The Dow Jones Transportation Average continues to maintain a trend of outperformance versus the Dow Jones Industrial Average.

The DAX 30 Index has been trading in a range between 10400 and 10700 points over the past 2 weeks. The index is currently at approx. 10,600 points. The DAX is at a major inflexion point, and momentum indicators are trending upwards. A breakout from the current levels towards the prior peak of 10,800 looks likely. As we had been writing over the past 4 weeks, the DAX faced risks to fall into the area of the 200 EMA line at 10,267 points again, and even deeper until 10,070 points, where the 50% Fibonacci retracement runs. However, **given the DAX is in its historic period of seasonal strength, we see the DAX move further upwards until first 10.800 points and likely even towards 11,500 – 12,000 before year end.**

Emerging market ETFs continue to outperform developed market ETFs. Each of these characteristics suggests that investors are willing to increase risk.

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