



# Creative Global Investments

## Morning market commentary

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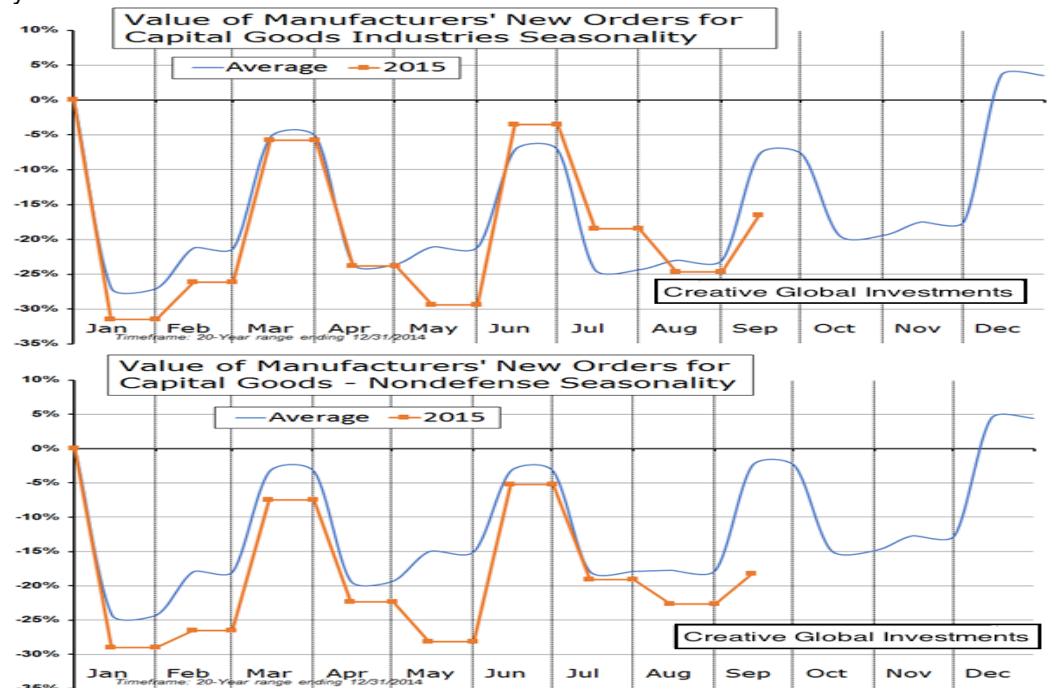
Objectivity  
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### US Macro Commentary

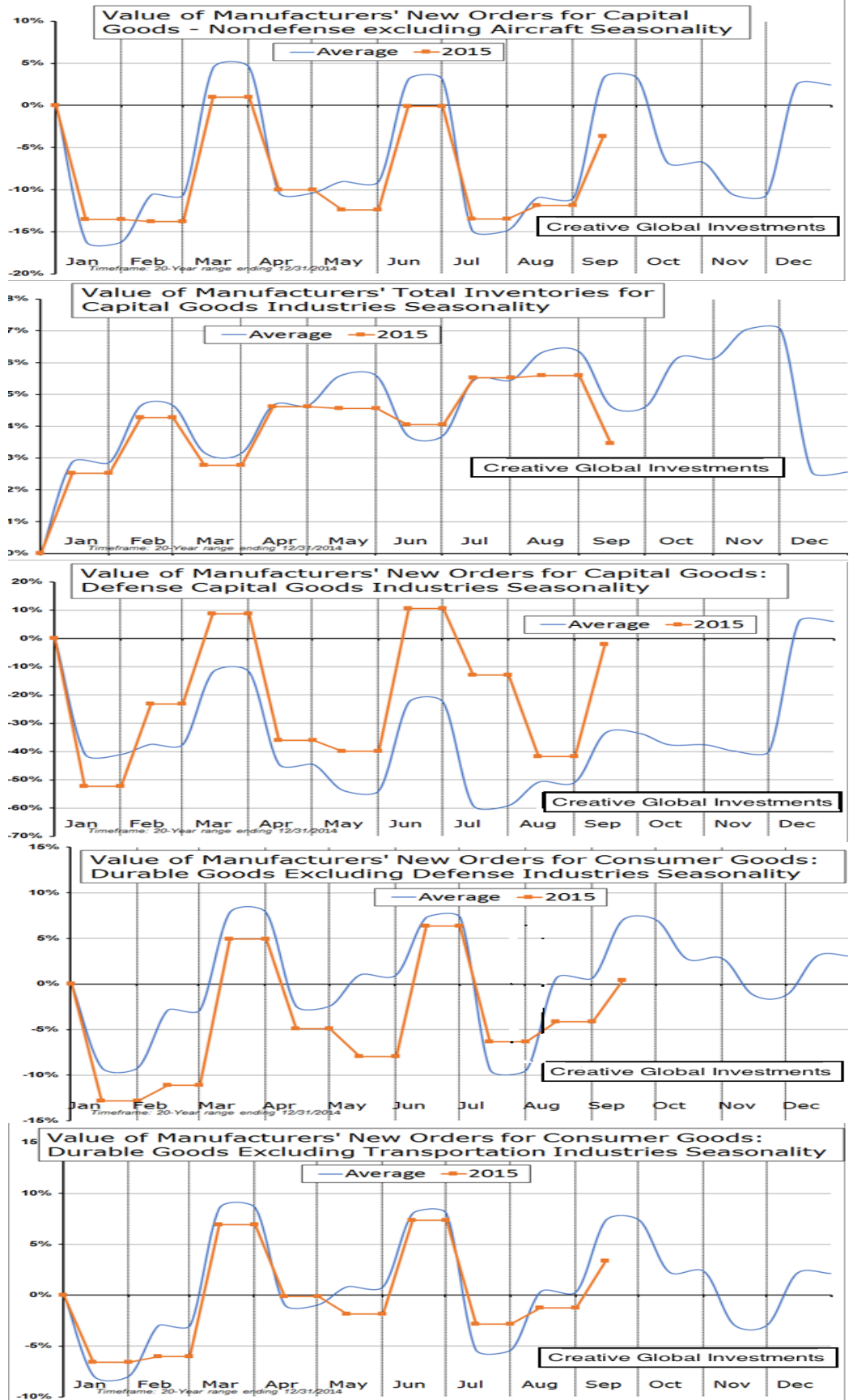
#### Again more evidence of a US slowdown

US business investment fell for a second straight month in September, the latest indication that economic growth slowed sharply in Q3. The Commerce Department said yesterday non-defense capital goods orders excluding aircraft slipped -0.3% last month after falling -1.6% in August. The downbeat report added to weak trade, retail sales and industrial production data that have suggested the economy lost significant momentum in Q3. The continued weakness in business spending, together with signs of a slowdown in hiring by companies, is raising doubts on whether the Federal Reserve will raise interest rates this year. **Again, we do not see a logical reason; neither an economic reason for the FED to raise rates in 2015 and even in 2016, given the deteriorating macro environment globally and in the US.**

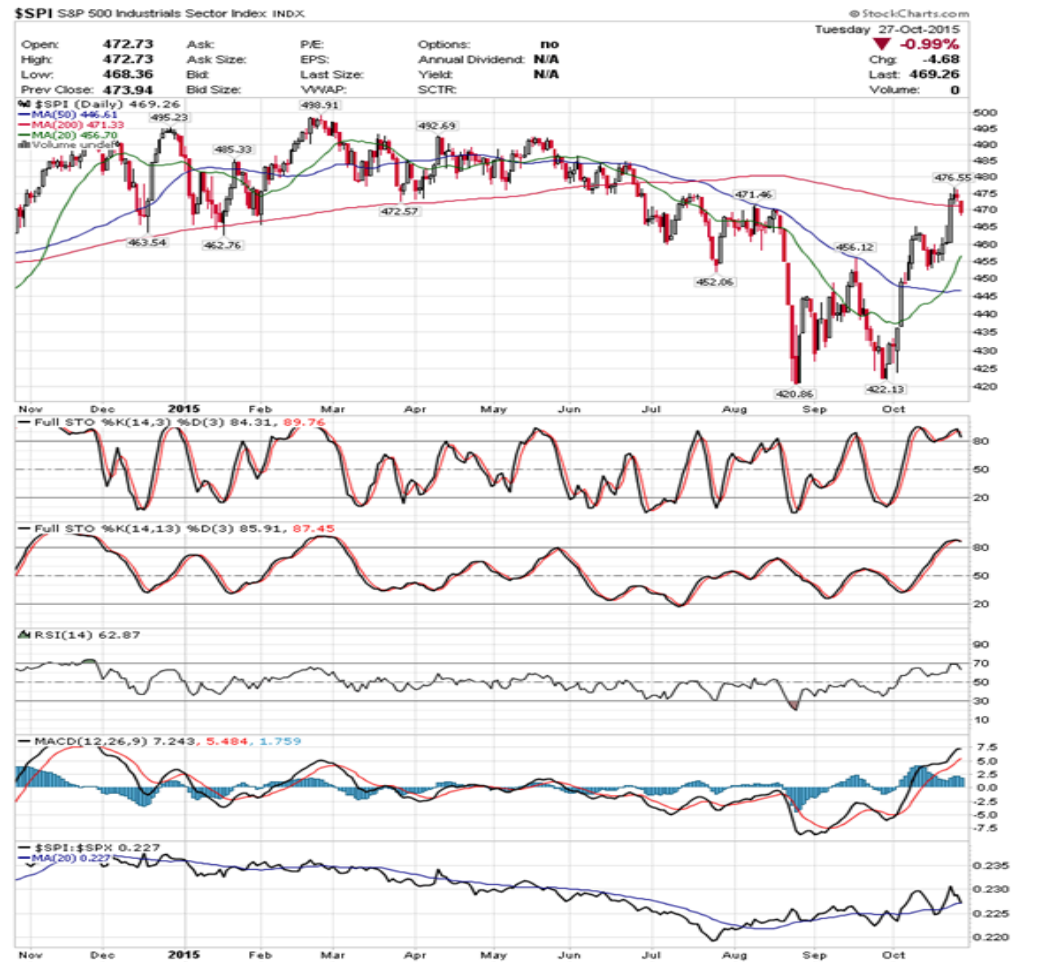
Durable goods orders for September continued with the trend of recent economic misses. The headline print showed that new orders for durable goods declined by -1.2% last month, below the consensus estimate of a decline of -1.0%. Excluding the more volatile transportation component, orders were still down a worse than expected -0.4%, missing the estimate of a decline of -0.1%. Stripping out seasonal adjustments, the Value of Manufacturers' New Orders for Capital Goods Industries was higher in September by 10.8%, around half of the average gain for September of 20.2%, based on data over the past 20 years. As a result of the lag in September, the y-t-d change of -16.5% remains below the average change of -7.8% through the first three quarters. An end of Q4 surge typically puts the average annual change in the plus column, but with the present lag versus the average, 2015 may be on pace for a full year contraction.



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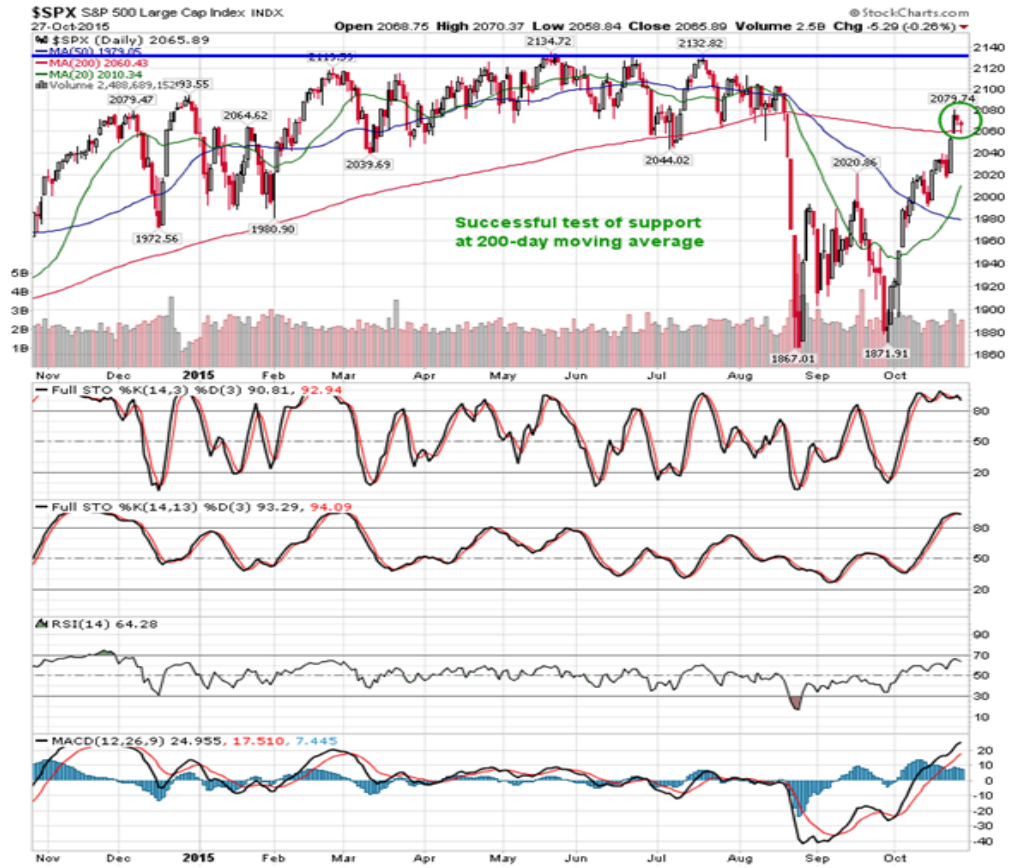


In addition to the drag imposed by earnings, the industrials sector ended firmly lower following the report as the period of seasonal strength for the broad sector gets set to begin.

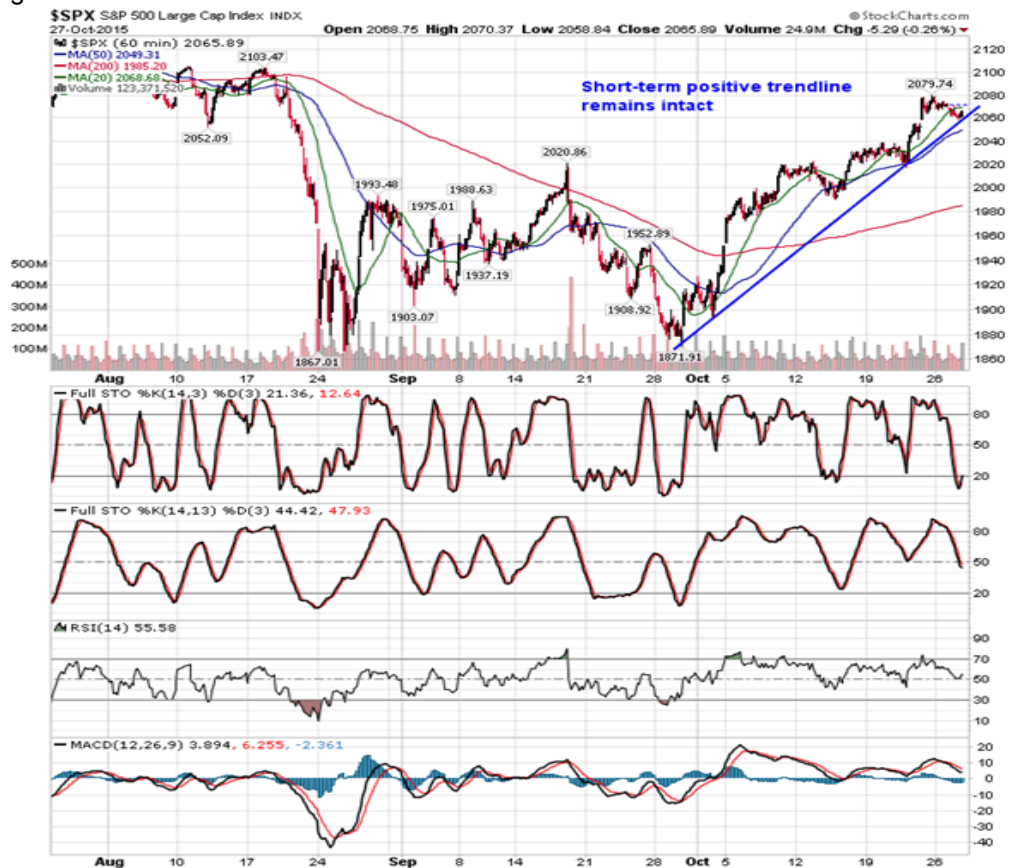


The minor declines recorded in the broader market saw the S&P 500 Index chart its first successful test of support around the 200-day moving average; the benchmark bounced from this level intraday.

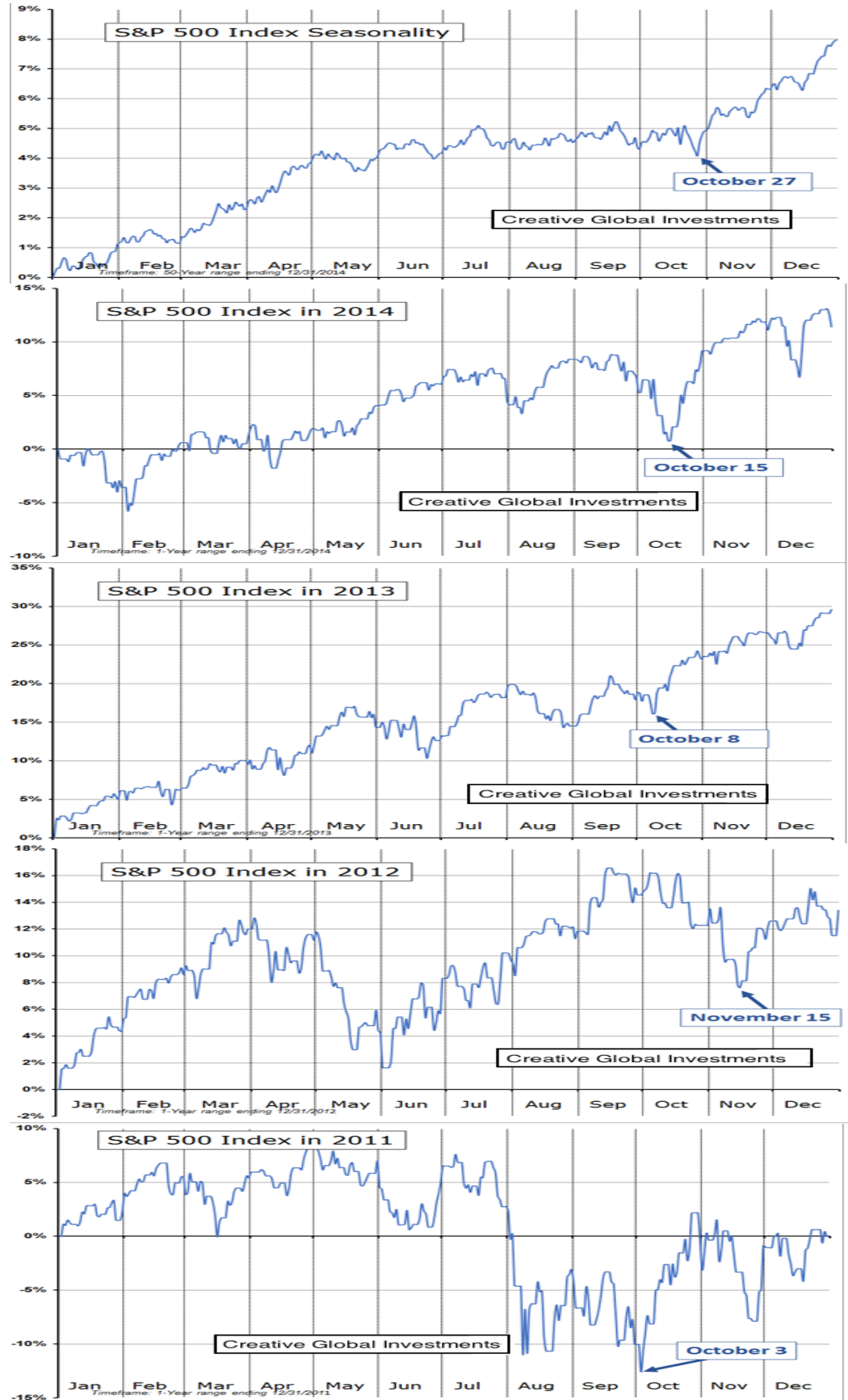
The large-cap index continues to battle with overhead resistance presented by the all-time highs as investors that were stuck in positions following the late summer plunge look to get out closer to their purchase price. Without a catalyst, it may take some time to eat away at the overhead "froth."

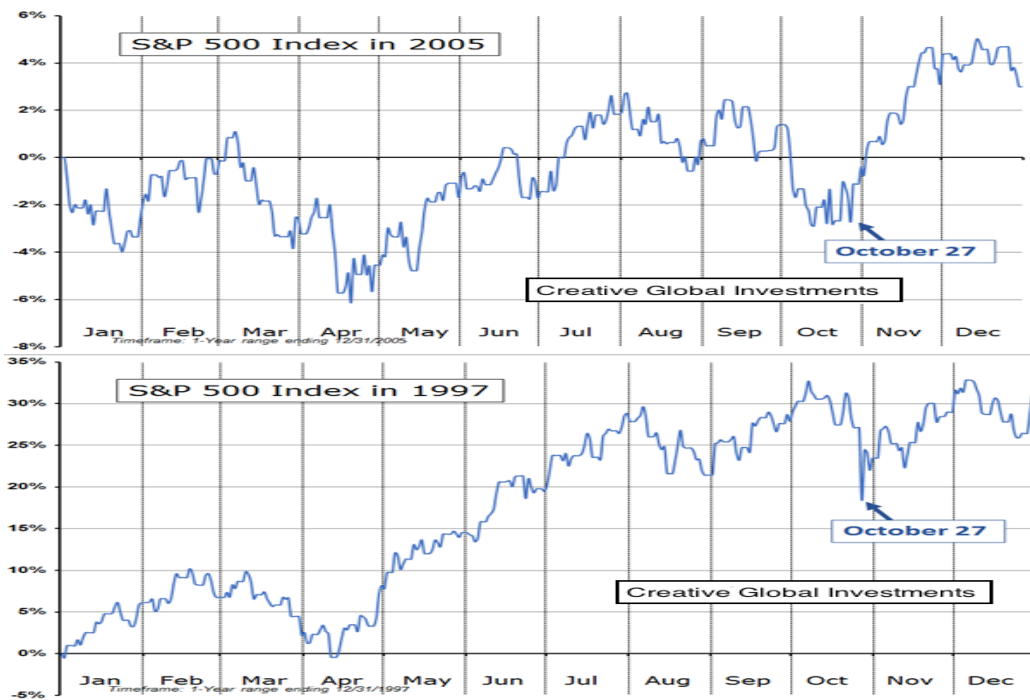


Looking at an hourly chart of the benchmark over the past month, price remains above a short-term rising trend line and major hourly moving averages continue to point higher.



On average during the past 50 years, the S&P 500 Index reached its annual low on October 27th and entered into a period of seasonal strength that lasted until early May. However, exact date for the annual low varies each year by approximately one month either before or after October 27th. The charts below demonstrate.





This year, the annual low was set on September 29<sup>th</sup>.



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