Creative Global Investments

Morning market commentary & weekly charts

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Carlo R. Besenius
Chief Executive Officer
cbesenius@cg-inv.com

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
Luxembourg/Europe
Tel: +(352) 2625 8640
Mob: +(352) 691 106 969

Objectivity

Integrity

Creativity

US election outcome & investment considerations

When a “lose-lose becomes a lose-lose”
Or re-defined as

R (*win)* = **D** *(epression)*
and
D *(win)* = **R** *(ecession)*

The fact is, that most certainly this week will mark the end of the political uncertainties that have impacted financial markets for the past 3 months. As for every circus, the end will come, and the spectators will leave and for some, they will want their money(s) back, and for some, they might go home happily.

For one, the US media and the voters should be ashamed to be allowing for this absolutely insane circus to have shaped up the way it did. For a country and its peoples, who constantly remind the world that it is “#1 country on earth”, the circus of the past presidential election displayed more disgrace than what anyone could have imagined, really! Maybe the next presidential debates should be hosted on the “Jerry Springer show” and “Maury Povich show”, (which start to look like one of America’s future “best-in-class (less)-act” exports to what the US calls other “lesser” developed countries, or “third world”).

The fact that both the democratic, but mostly republican leaders allowed for an entire election process to be of such poor substance, and filled with so much character assassination-type substance, however lacking of economic, fiscal and socio-political plans, is an outright embarrassment and a statement of total lack of social fabric and political class. Just think about what rhetorical ammunition this US election circus gave any dictator-run nation around the world. If this is the best that the “wannabee #1 nation in the world” has to offer, well, then the currently 50 remaining dictators in the world (21 in Africa, 19 in Asia, 8 in the Middle East, 1 in Europe and 1 in the Caribbean) were just handed a perfect script for their next state of the union address to their submissives to justify their “raison d’etre”. Mr. Xi-Jinping, Mr. Putin, Mr. Kim Jong-un must be laughing behind their desks for this formidable display of “reality show” and “classless” display of political electoral charades. Btw, just in case where Ms. Clinton were the “lucky lady” to emerge as the winner, she would be the first female leader of the “#1 country in the world” jut following 7 European countries where woman already have the top job, e.g. Croatia, Estonia, Finland, Germany, Lithuania, Malta and lastly the UK.

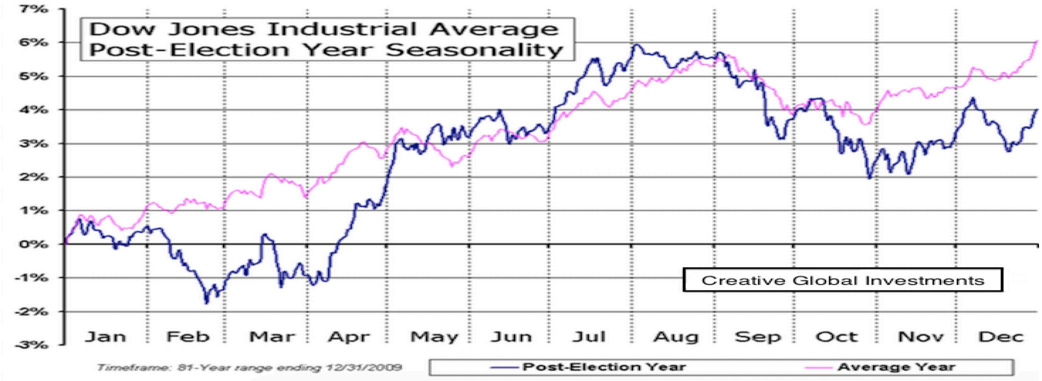
Nevertheless, tomorrow is an important day for financial markets and their future direction. We see 3 possible outcomes that investors have to be concerned with:

- **Clinton win:** ***US & global equity markets move higher, US$ will slowly decline, commodities & alternatives will slowly rise***
- **Trump win:** ***US & global equity markets move lower, US$ will rapidly decline, commodities & alternatives will rapidly rise***
- **Clinton/Trump contest election results** (likely recounts, or terrorist interference, or claims of voter interference)
  US & equity markets move lower, and the US$ will move lower, depression highly likely

What will happen after the initial reaction?

History shows that US equity markets move higher (on average +3%) between the day after Election Day and Inauguration Day (January 20th) when investors anticipate at least partial approval of the President's new mandate by Congress.

However, reality strikes shortly after when investors realize that Congressional action on the mandate will not come quickly. US equity markets move lower into late January/March. Thereafter, US equity markets have a history of moving higher.



Looking at the table below of total returns for the S&P 500 during presidencies since 1929, it is clear that US stock returns have been much better when a Democrat was the president; however, it would be a mistake to conclude that stock returns were higher because a Democrat held the presidency.

President(s)	Office Control	Term Start Date	Term End Date	Total Return During 4-Year Term	Annualized Return During 4-Year Term
Herbert Hoover	Republican	3/4/1929	3/3/1933	-77.09%	-30.82%
Franklin D. Roosevelt	Democrat	3/4/1933	1/19/1937	205.48%	33.28%
Franklin D. Roosevelt	Democrat	1/20/1937	1/19/1941	-40.58%	-12.19%
Franklin D. Roosevelt	Democrat	1/20/1941	1/19/1945	28.37%	6.44%
Franklin D. Roosevelt/Harry S. Truman	Democrat	1/20/1945	1/19/1949	15.33%	3.62%
Harry S. Truman	Democrat	1/20/1949	1/19/1953	69.30%	14.05%
Dwight D. Eisenhower	Republican	1/20/1953	1/20/1957	71.63%	14.46%
Dwight D. Eisenhower	Republican	1/21/1957	1/19/1961	34.32%	7.64%
John F. Kennedy/Lyndon B. Johnson	Democrat	1/20/1961	1/19/1965	44.89%	9.70%
Lyndon B. Johnson	Democrat	1/20/1965	1/19/1969	17.38%	4.08%
Richard M. Nixon	Republican	1/20/1969	1/19/1973	16.42%	3.87%
Richard M. Nixon/ Gerald R. Ford	Republican	1/20/1973	1/19/1977	-13.31%	-3.50%
Jimmy Carter	Democrat	1/20/1977	1/19/1981	26.77%	6.10%
Ronald Reagan	Republican	1/20/1981	1/20/1985	27.50%	6.26%
Ronald Reagan	Republican	1/21/1985	1/19/1989	67.31%	13.70%
George Bush	Republican	1/20/1989	1/19/1993	72.27%	14.54%
William J. Clinton	Democrat	1/20/1993	1/19/1997	97.85%	18.57%
William J. Clinton	Democrat	1/20/1997	1/19/2001	82.98%	16.27%
George W. Bush	Republican	1/20/2001	1/19/2005	-6.62%	-1.69%
George W. Bush	Republican	1/20/2005	1/19/2009	-26.30%	-7.34%
Barack Obama	Democrat	1/20/2009	1/20/2013	90.70%	17.47%
Barack Obama	Democrat	1/21/2013	*7/5/2016*	*50.83%*	*12.60%*
			Republican Average	16.61%	1.71%
			Democrat Average	57.44%	10.83%

Source: Bloomberg
Barack Obama's current term is incomplete, but is still included in the average returns

Arguably the most significant impact of the US presidency on global economic policy will be from the choice of the Fed Chair. Hillary Clinton's campaign has said that it would like to increase the diversity within the Fed (read: fewer white, male bankers as Fed governors). That said, Clinton would be likely to reappoint current Chairwoman Janet Yellen (or perhaps current Fed Governor Lael Brainard, who is even more dovish); one way or another, a Clinton presidency would likely ensure that doves rule the Fed roost.

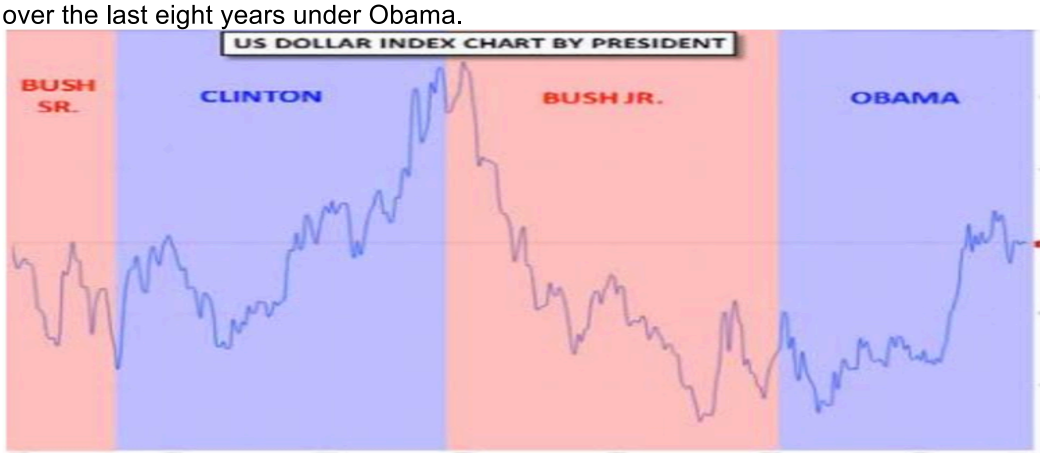
Trump, has a muddled public record when it comes to Ms. Yellen. In the past, he's said both that he has great respect for her, but his comments of late have been far more critical, stating that Yellen should be ashamed of herself and that she's leaving interest rates low to benefit Obama. At this point, it seems unlikely that Yellen would serve a 2nd term under a President Trump, and her replacement would likely be more hawkish.

As for the short-term impact on the US$, we do not think that expectations of a more hawkish Fed chair under a President Trump could provide a near-term boost to the US$. Similarly, continued dovishness from the world's most important central bank would clearly serve as a headwind for the currently very overbought US$ under Clinton.

We have been one of very few research firms, forecasting throughout the year that the Fed will not proceed with a rate hike in 2016, and have even stepped up our views that given increasing macro evidence of global economic slump but also further slowing in the US economy, we are on record since Q3, that we are forecasting that, the FED will engage in QE-5 sometime in 2017, regardless of who will win tomorrow's presidential election.

Currencies commentary

The past 2 weeks have shown the wrestling match that investors would face in US equities and currencies if Donald Trump were to become president. The world's reserve currency has also shown a preference for Democratic presidents, at least over the last couple of decades. Dating back to President George HW Bush in 1988, the US$ index has tended to fall during Republican presidencies and rise under Democrats, including over the last eight years under Obama.



On November 1, when a poll suggested that Trump led Clinton by 1 point, the US$ dropped 1%, the MXN fell 1.75% and the CHF soared 1.4%. Investors took the US$ lower against all of the major currencies as the race tightened and the polling gap between Donald Trump and Hillary Clinton closed. Over the past 3 months, when Clinton's popularity rose the US$ strengthened and when it fell US$ crashes.

US elections don't normally elicit major market volatility but the problem in 2016 is that for the better part of this year, market participants did not consider a Trump victory realistic, and now that the election is too close to call, they are bailing out of US assets and rushing to protect their portfolios.

Regardless of one's political leanings, it is hard to ignore the fact that investors fear a Trump Presidency. His foreign policy, trade ideas and plan to overhaul the Federal Reserve scare domestic and foreign investors alike and the general lack of specificity could mean a long period of uncertainty. Beyond the immediate impact, investors are starting to take our lead and worry that if markets sell-off and the US economy slows any further, the Fed could forgo a rate hike in December, which would exacerbate the US$ slide through year's end, which is precisely what we have been predicting

If Hillary Clinton makes history by becoming the first female president of the United States, it appears that financial markets would be poised to remain more stable in the short to medium term. The market's reaction depends on the margin of her victory.

For Forex markets, we see 3 possible outcomes:

- **Trump wins.** The greatest market impact would be a Trump victory and a willing Clinton defeat. In this scenario, the US will have a man with untested political skills and unknown policies in office. In this case, the biggest winners will be the Euro, CHF and JPY while the biggest losers would be the US$ and MXP. The C$ could also fall further, but its moves could be tempered by a weakening US$, After a gap down against the CAD last week, and as we said in the past, we believe an important top could already be in for the US$. A break below 1.3350 will confirm trend reversal and could also imply that the entire rise from 1.2450 could be complete.
- **Clinton wins.** The greatest relief for foreign investors would be if Clinton becomes President and Trump willingly accepts defeat. She's not without her own problems (and there are many) but the transparency of her policies and the continuity of stability could short-term send the US$ higher, however, other macro factors are weighing increasingly negative on the US$.
- **Trump/Clinton become President by narrow margin. Loser refuses to accept defeat.** If Trump or Clinton becomes president by a very narrow margin and the loser refuses to accept defeat, the ongoing uncertainty would be extremely negative for the US$ especially in the hours/days/weeks after the election.

The US$'s ADX reading shows hysteric buying of the $USD, which seemingly is coming to an end. Similarly, the Stochastics are showing a trend change. The catalyst for a major trend reversal of the US$ is going to be the outcome of the presidential vote.

Commodities Commentary

Given the fact that investors are long cash at very high levels, and with a lot of the political uncertainties vanishing after tomorrow, we see big upside potential for commodities and particularly Oil and as the first reversal signals are here and price could explode to new highs around $54 and higher.

Oil is clearly at support area and at least a bounce is justified. We think it is very probable to see oil above $54 again clearly within the next 3 weeks ahead of the most critical OPEC meeting on November 30th. Currently, the $43 level is a very important support, which we do not likely see breaking.

Fixed Income Commentary

As we had written since July, the upside action from July seen as a large correction with eventual new lows below 1.32% after, but scope for another month or so of this broad, ranging upward first.

We currently see no macro, -political nor fiscal changes that over the last few months could have caused an extended period of upward ranging for the yield of the 10-Year US government bond to play out.

The predicted gains are nothing but a large correction (wave 4 in the decline from the Jun 2015 high at 2.50%) and likely will be followed by new lows below the July 1.32% low after. The $TNX is approaching those 2 potential, "ideal" areas to form such a top at 1.88/95% area (both a 50% retracement from the Jun 2015 high at 2.50%, ceiling of bear channel from Nov 2015, as well as the shorter term factors above) and then the 1.98/03% area (both the bearish trendline and 38% retracement from the Jan 2014 high at 3.05% and likely max upside in this scenario).

Nevertheless, the $TNX could see a more extended period of ranging/firmness result depending of tomorrow's US election and with the potential (we see it unlikely) Dec Fed rate hike also approaches, and before such a peak is finally seen.

Equities Commentary

Global equity indexes posted sharp losses over the past week, the exception being China's Shanghai, which enjoyed a modest 0.68% gain. The European indexes suffering worst declines were: Italy's MIB -5.51%, Denmark's OMX – 4,57, Spain's IBEX -4,48, followed by -4.33% for the UK's FTSE, -4.09% for Germany's DAX and -3.76% for France's CAC 40.

Best performing equity markets

1 week		YTD	
Index	Change	Index	Change
Hungary	0.72%	Argentina	43.51%
Shanghai	0.68%	Brazil	42.10%
Mongolia	0.65%	Russia	27.95%
Jordan	0.46%	Hungary	25.49%
Egypt	0.00%	Indonesia	16.76%
Abu Dhabi	0.00%	Thailand	15.35%
Shenzhen	-0.08%	Vietnam	15.15%
Ireland	-0.22%	Luxembourg	13.45%
SZ SME	-0.24%	Canada	11.52%
Thailand	-0.58%	Taiwan	8.76%

Worst performing equity markets

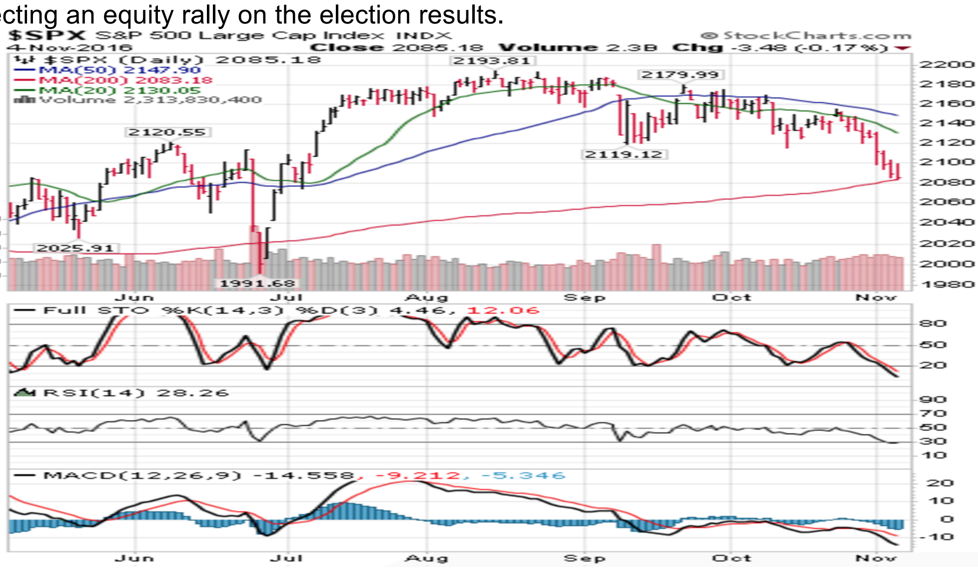
1 week		YTD	
Index	Change	Index	Change
Argentina	-6.23%	Italy	-22.79%
Italy	-5.51%	Chinext	-20.96%
Turkey	-5.19%	Denmark	-19.02%
Denmark	-4.57%	SZ SME	-17.85%
Spain	-4.48%	Mongolia	-15.68%
London	-4.33%	Shenzhen	-15.49%
Portugal	-4.25%	Switzerland	-13.89%
Brazil	-4.21%	Ireland	-12.85%
Frankfurt	-4.09%	Shanghai	-11.69%
Switzerland	-3.99%	Nikkei 225	-11.18%

For US equities, Bullish Percent Index for S&P 500 stocks dropped last week to 50% and remained below its 20-day moving average. The Index has dropped from an intermediate overbought level to an intermediate neutral level. Trend remains down, but has yet to show signs of bottoming.

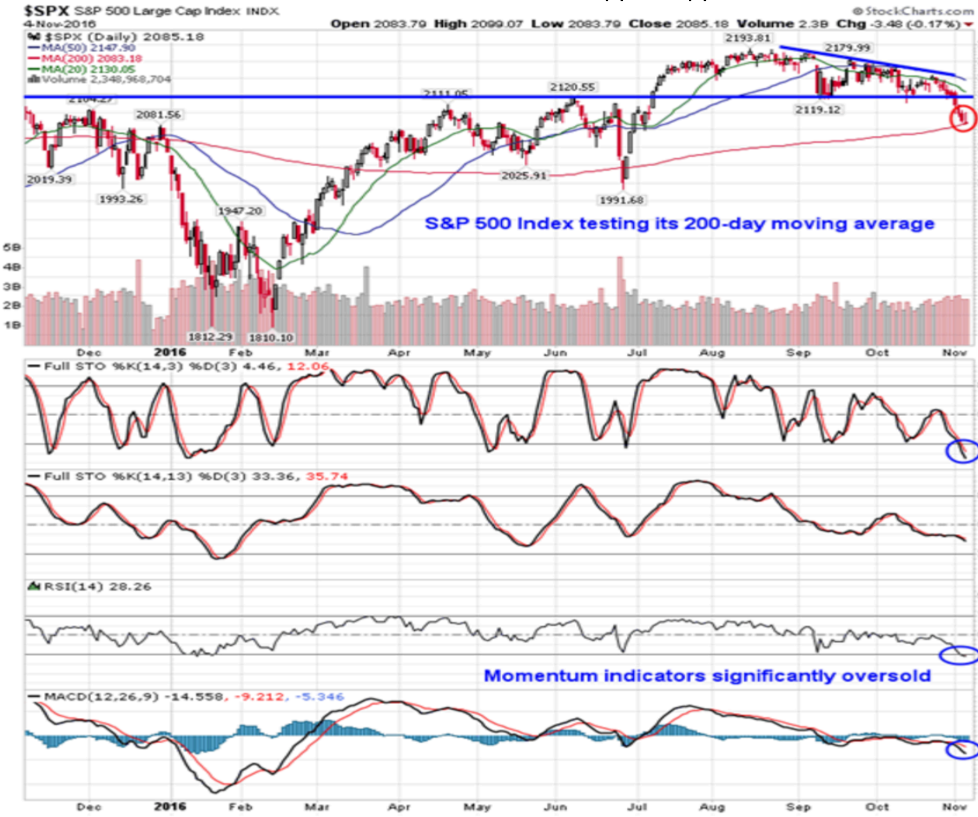
Percent of S&P 500 stocks trading above their 200-day moving average plunged last week to 53.40 from 60.20. Percent has dropped from intermediate overbought to intermediate neutral. Trend remains down and has yet to show signs of bottoming.

Pre-election jitters continue to rise, extending the $VIX uptrend above 20.51.

The S&P 500 posted another modest loss, extending its current selloff to 9 sessions. As we mentioned Wednesday, the last time we had a nine-day rout was in October 2008. However, then the size of that selloff was a gut-wrenching -22.80%. Other than that one, we would have to go back nearly 36 years to December of 1980 for the most recent example (a nine-day decline) of -9.37%. For the week, the $SPX is down -1.94%, hovering around its 200-day moving average. Daily momentum indicators are presently the most oversold since January, which could be foretelling near-term downside exhaustion into the election event. But, by historic standards, we are not expecting an equity rally on the election results.



The long-term chart of the $SPX does not look very encouraging either, as the former resistance line was broken to the downside. Next support appears to be around 2,000



Since 1950, the S&P 500 Index has declined 62.5% of the time during the Wednesday session that followed election day, averaging a loss of 0.55%. During this post-election day session, losses were heavier when the democratic nominee was declared the winner, averaging a decline of -1.09%; excluding the -5.27% decline in 2008, the average loss was trimmed to -0.39%.

A republican win saw declines average -0.13% in the session following election day. The one-day drawdown proved to be temporary, however, as the market closed higher between election day and year-end 62.5% of the time, averaging a gain of 1.27%. The results over this almost 2-month period still favors the republican win with the large-cap benchmark returning 1.56%, on average, versus the 0.90% gain under a democratic scenario (excluding 2008, the democratic scenario improves to an average gain of 2.75%).

S&P 500 returns following election day

Year	Post election day return	Return through the remainder of the year
2012	-2.37%	-0.15%
2008	-5.27%	-10.19%
2004	1.12%	7.20%
2000	-1.58%	-7.79%
1996	1.46%	3.72%
1992	-0.67%	3.76%
1988	-0.66%	0.93%
1984	-0.73%	-1.86%
1980	1.77%	5.21%
1976	-1.14%	4.23%
1972	-0.55%	3.57%
1968	0.16%	0.74%
1964	-0.05%	-0.50%
1960	0.44%	5.44%
1956	-1.03%	-1.95%
1952	0.28%	8.01%
Average:	-0.55%	1.27%

Average returns under various party wins

Democratic Win	-1.09%	0.90%
Republican Win	-0.13%	1.56%

Weekly Investment Conclusion:

Economic and political focus this week is on results of the election on Tuesday. Other economic reports this week are not expected to be market movers.

Polls in the US released over the weekend show that Hillary Clinton likely would win sufficient College Electorate votes in a close battle to become the next President.

Chances are high that results of the election will not be known by midnight on Tuesday. North American equity markets have a history of moving higher from post-election-day to early January.

Seasonal influences for most equity markets and economically sensitive indices and stocks are currently positive.

Short-term technical indicators (e.g. momentum, 20-day moving average) for most equity markets, commodities and sectors (other than China, Transportation and Metals) moved lower last week and many are deeply oversold. However, signs of a bottoming have yet to appear.

Technical action by individual S&P 500 stocks was bearish last week: 57 stocks broke intermediate support while only 22 stocks broke intermediate resistance. Notably weaker were Consumer Discretionary stocks with 11 breakdowns and the energy sector.

Notably stronger were the Materials stocks with 5 breakouts. Number of S&P 500 stocks in an intermediate uptrend slipped last week to 169 from 185, number of stocks in an intermediate neutral trend increased last week to 55 from 49 and number of stocks in an intermediate downtrend increased to 284 from 274. The Up/Down ratio (169/284) dipped to 0.60 from 0.68.

Intermediate technical indicators for most equity markets, commodities and sectors (e.g. Percent trading above 50-day moving average, Bullish Percent Index) have returned to oversold levels and are trending down. However, signs of a bottom have yet to appear.

On average, Q3 results released to date by S&P 500 companies exceeded consensus: 85% of companies have reported to date, 71% exceeded consensus earnings and 54% exceeded consensus revenues. Blended earnings are up 2.7% on a y-o-y basis (versus 1.6% last week). Blended revenues are up 2.6% (versus 2.7%) last week. Another 31 S&P 500 companies and one Dow Industrial company (Disney) are scheduled to release quarterly results this week.

Q4 prospects by S&P 500 stocks are positive, but diminished: 57 companies have issued negative Q4 guidance while 25 companies have issued positive guidance. Q4 earnings on a y-o-y basis are expected to increase 3.9% (versus 4.6% last week) and revenues are expected to increase 5.0% (versus 5.2% last week).

Prospects for S&P 500 companies in 2017 also are positive, but diminished. Earnings are expected to increase 11.6% (versus 12.0% last week) and 5.9% in revenues (versus 5.8% last week).

US equity markets weekly charts

The VIX Index gained 6.32 points (39.04%) last week.

Intermediate trend is Positive. The Index remained above its 20-day moving average. Price strongly broke through the upper trend line.

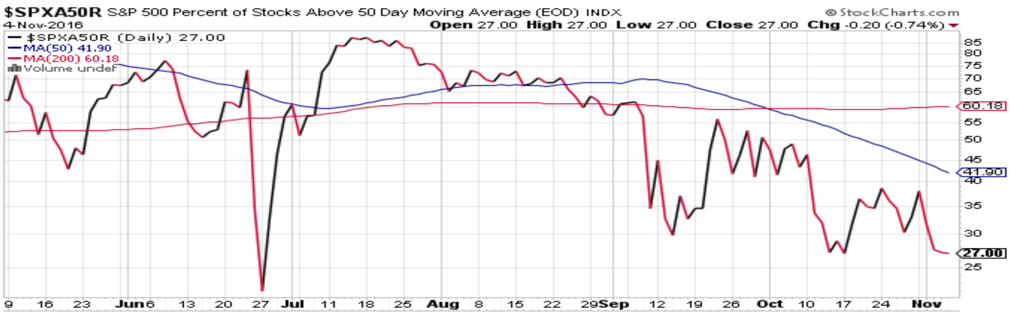
The S&P 500 Index dropped 41.23 points (1.94%) last week.

Intermediate trend is negative. The Index closed below its 20-day moving average. $SPX broke the support and was stopped by the 200-day moving average.

Short-term momentum indicators are down.

Percent of S&P 500 stocks trading above their 50-day moving average dropped last week to 27.00 from 38.00.

The index remains below the 50-day moving average.



Percent of S&P 500 stocks trading above their 200-day moving average dropped last week to 53.40 from 62.20.

The index remains trending down and has reached the Brexit low.

Bullish Percent Index for S&P 500 stocks slipped last week to 50.2 from 55.00 and remained below its 50-day moving average.

The Index continues trending down and below the 200-day moving average.

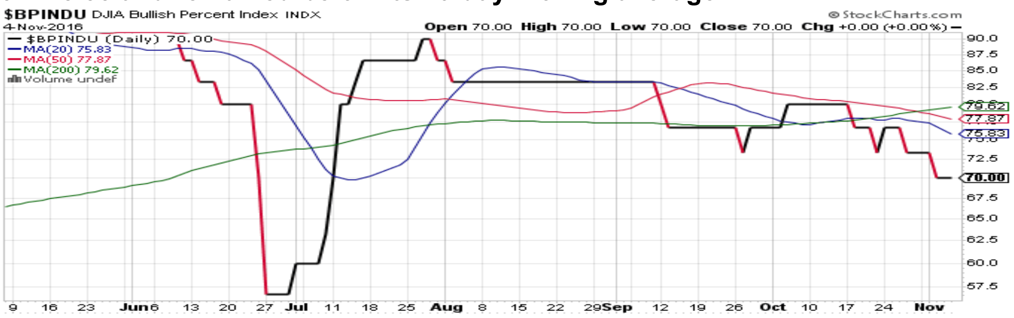
The Dow Jones Industrial Average lost 272.91 points (1.50%) last week.

$INDU broke downwards from a triangle. Strength related to the S&P 500 Index is Positive.

The Average remained below its 20-day moving average. Short-term momentum indicators are Negative.

Bullish Percent Index for Dow Jones Industrial Average stocks dropped to 70.00 from 73.33 and remained below its 20-day moving average.

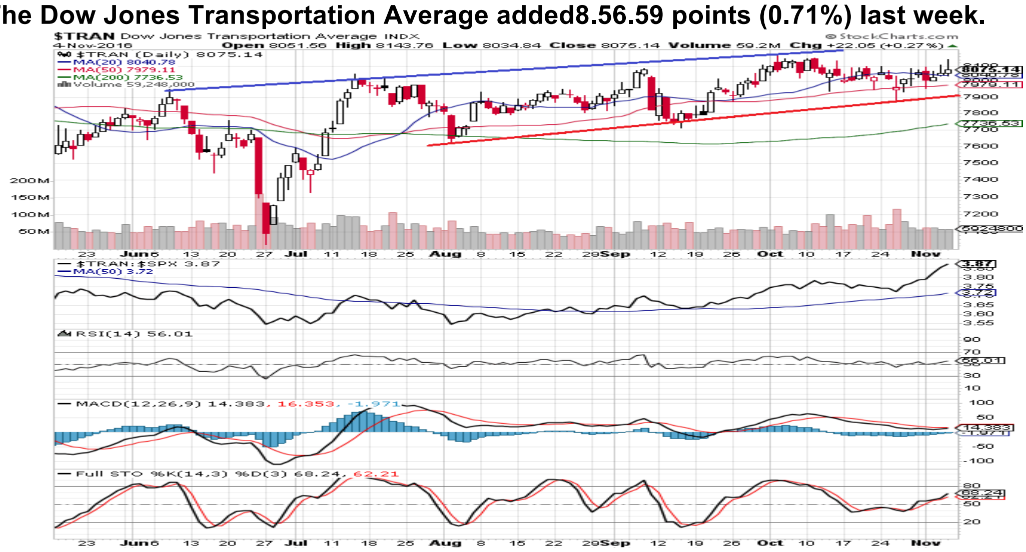
The Index remains trending down and below the 20-day moving average.



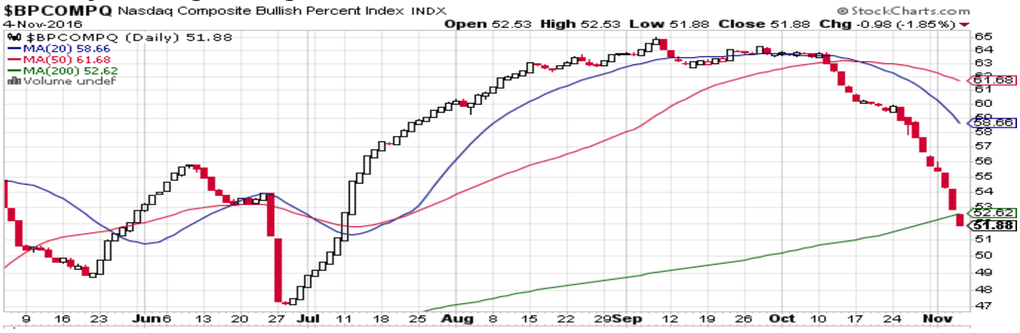
The Dow Jones Transportation Average added8.56.59 points (0.71%) last week.

Dow Jones Transportation Index remains trending up. Strength relative to the S&P 500 Index remained positive. The $TRAN closed above its 20- day moving average.

Short-term momentum indicators are positive.

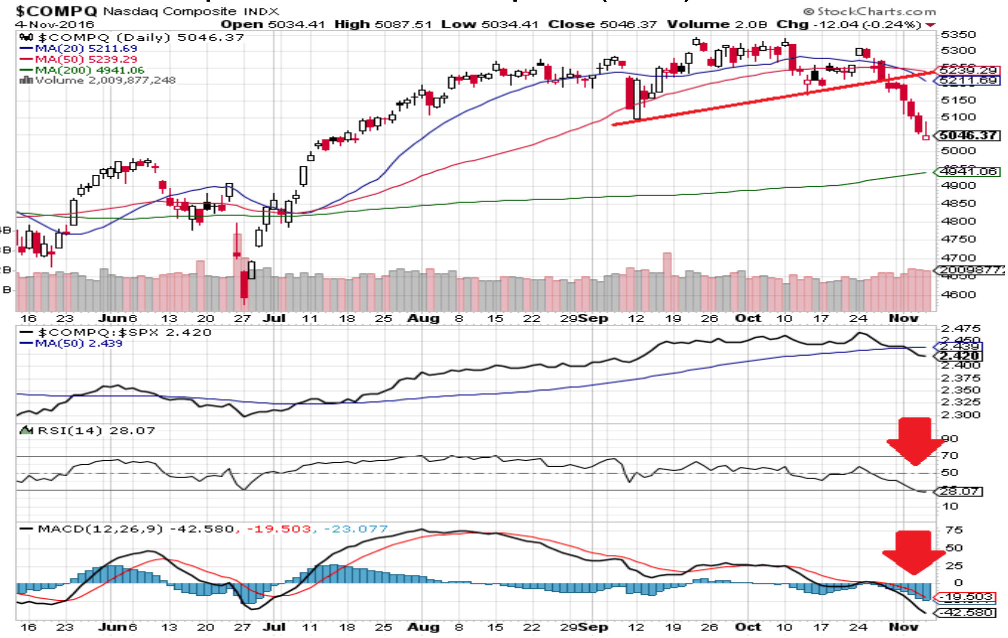


Bullish Percent Index dropped last week to 51.88 from 56.34 and remained below its 20-day moving average.



The Index remains trending down and broke below the 200-day moving average.

The NASDAQ Composite Index lost 143.73 points (2.77%) last week.



$COMPQ remains trending down towards the 200-day moving average. Strength relative to the S&P 500 Index remains Neutral.

The Index remained below its 20-day moving average.

Short-term momentum indicators remain negative.

The Russell 2000 Index dropped 24.17 points (2. 04%) last week.

$RUT continues trending down but shows signs of bottoming. Strength relative to the S&P 500 Index remained Negative.

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

The S&P Energy Index lost 11.09 points (2.17%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index remained Neutral. Bearish momentum was momentarily stopped by the lower trend line.

The Index moved below its 20-day moving average. Short-term momentum indicators are negative but showing signs of bottoming.

The Philadelphia Oil Services Index lost 3.90 points (2. 54%) last week.

$OSX continues its bearish correction. Strength relative to the S&P 500 Index remains Neutral.

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

The AMEX Gold Bug Index dropped 10.35 points (5.00%) last week.

$HUI is slowly trending up to close the breakaway gap. Strength relative to the S&P 500 Index changed from Negative to Neutral.

The Index moved above its 20-day moving average. Short-term momentum indicators are Positive.

Latam equity markets weekly charts

$BVSP rebounded of the 65000 resistance and will most likely test 50-day moving average.

Short term momentum indicators are rolling over.

The BOVESPA lost 2709 points last week.

Intermediate trend remains positive. Bearish movement got stopped by the lower trend line. The Index remains within the triangle and 50-day MA acts as support.

Short-term momentum indicators have rolled over.

The Mexican Bolsa dropped 1312 points last week.

Canadian equity markets weekly charts

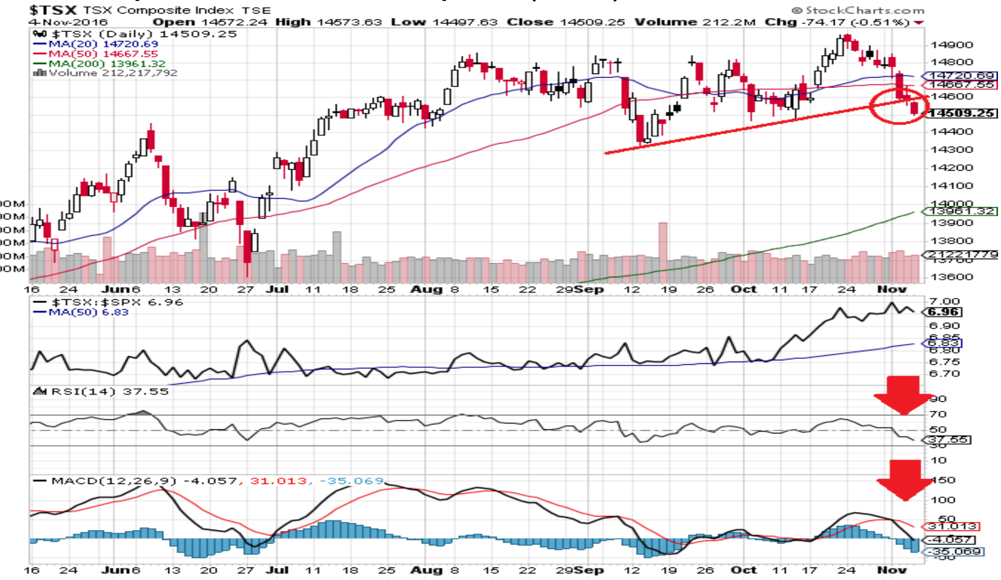
Bullish Percent Index for TSX Composite stocks dropped to 69.51 from 72.36 and remained below its 20-day moving average.

The Index remains trending down and below the 20-day moving average.

The TSX Composite Index lost 276.04 points (1.87%) last week.

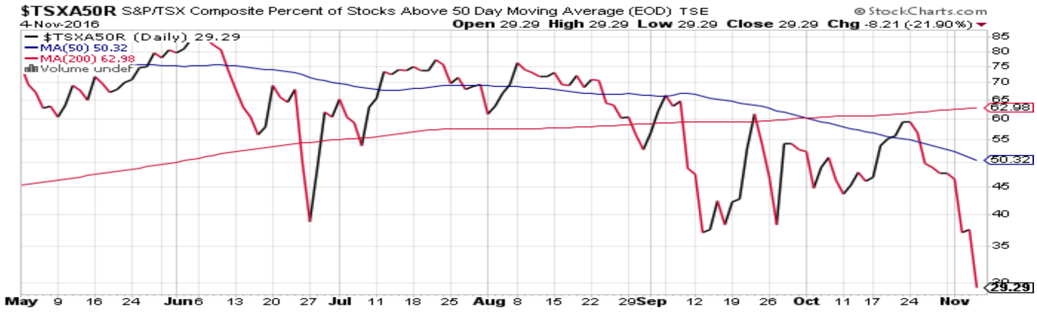
Intermediate trend changed to Neutral. The Index broke the lower trend line.

The Index moved below the 20-day moving average. Short-term momentum indicators have rolled over.



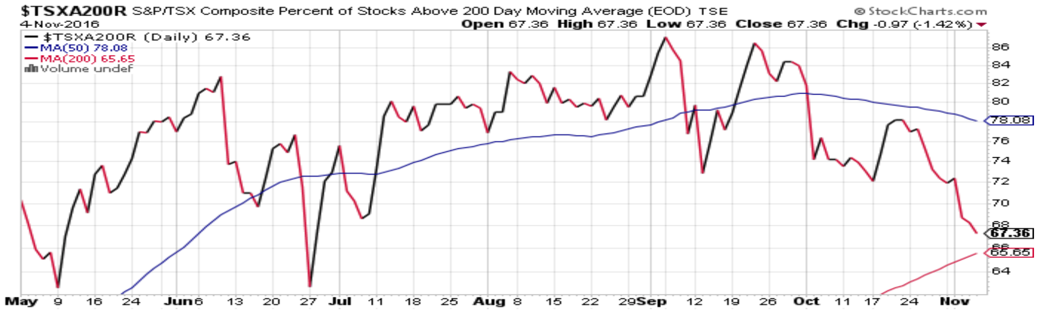
Percent of TSX stocks trading above their 50-day moving average dropped last week to 29.29% from 47.70%.

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



Percent of TSX stocks trading above their 200 day dropped last week to 51.88% from 56.34%.

The index remains trending down and towards the 200-day moving average.



Asian equity markets weekly charts

$BSE broke out downwards from the descending triangle pattern.
The Index has remained below its 50-day moving average.

Short-term momentum indicators are Negative.

The SENSEX lost 667.36 points (2.39%) last week.

Intermediate trend remains up. Strength relative to the S&P 500 Index remains Positive. Index rebounded off the lower trend line.

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

The Nikkei Average dropped 541.05 points (3.10%) last week.

Intermediate trend changed from Neutral to Positive. 20-day moving average crossed the 50-day MVA from below.

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

The Shanghai Composite Index gained 21.05 points (0.68%) last week.

Emerging Markets iShares dropped $1 (2.71%) last week.

Intermediate trend changed to Neutral. Strength relative to the S&P 500 Index remained Neutral. Price broke out of the triangle downwards.

Units are below the 20-day moving average. Short-term momentum indicators are negative.

The Australia All Ordinaries Composite Index lost 107 points (2.01%) last week.

Intermediate trend changed to Neutral. Strength relative to the S&P 500 Index changed remains Neutral. Price broke out downwards from the Coil.

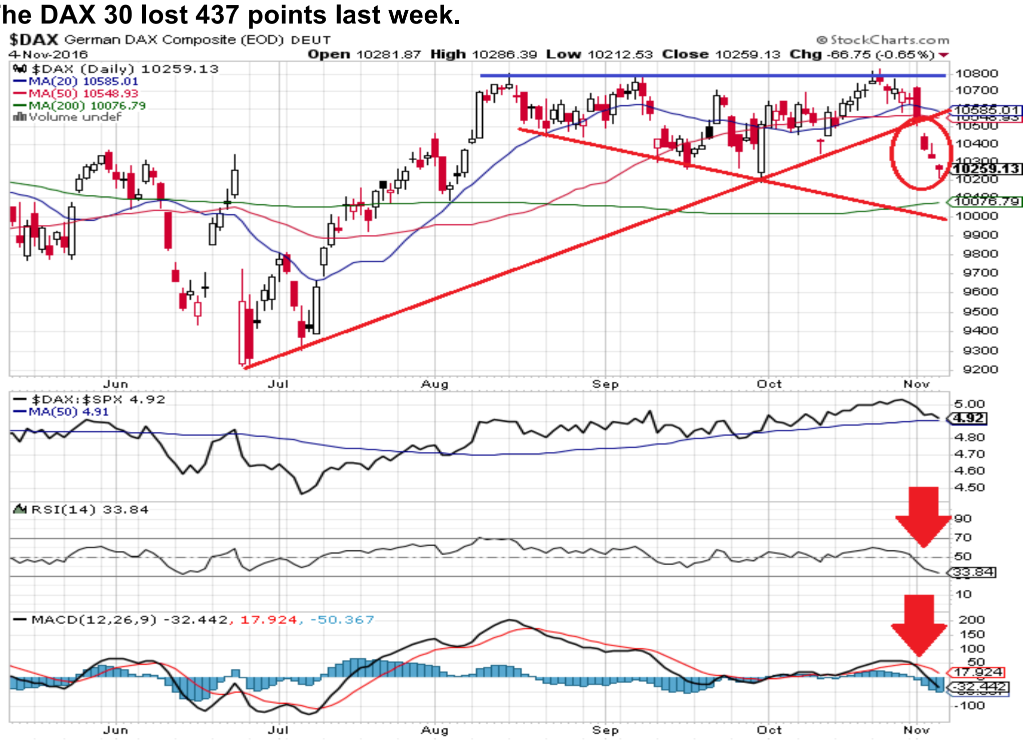
The $AORD moved below the 20-day moving average and got stopped by the trend line.
Short-term momentum indicators are negative.

European equity markets weekly charts

The DAX 30 lost 437 points last week.

Intermediate trend is Neutral. $DAX looks to be moving towards the second trend line-MVA200 convergence point.

Short-term momentum indicators are Negative.



The CAC 40 dropped 171.12 points last week.

Intermediate trend changed from Neutral to Negative. The Average moved below the 50-day moving average.

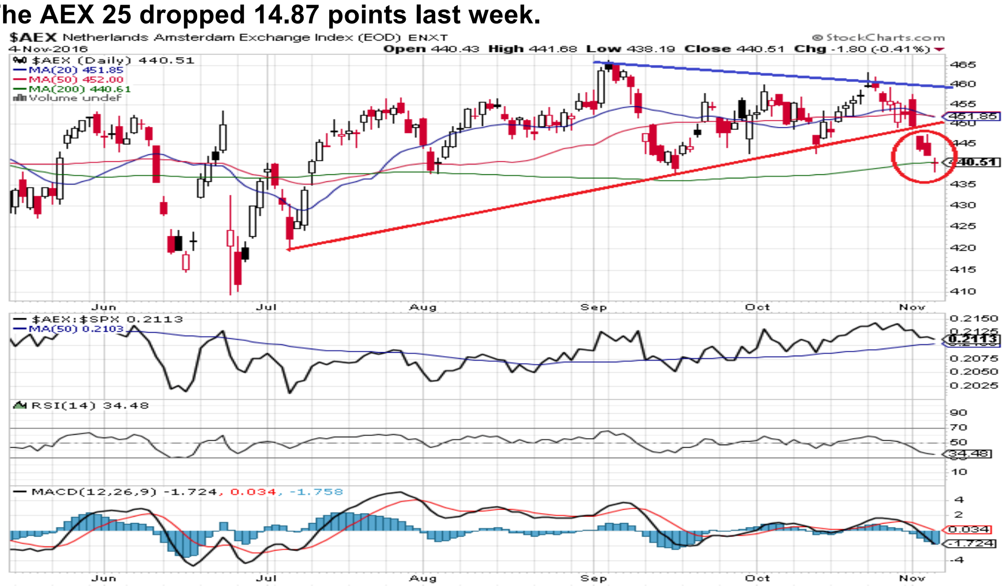
Short-term momentum indicators are Negative.

$CAC is temporarily stopped by the 200-day moving average.

The AEX 25 dropped 14.87 points last week.

Intermediate trend changed from Positive to Neutral. Index broke out of the coil downwards and stopped at the 200-day moving average.

Short-term momentum indicators are Negative.



The IBEX 35 lost 409.70 points last week.

$IBEX rebounded down from the 9200 resistance. Strength relative to the S&P 500 Index remained Positive.

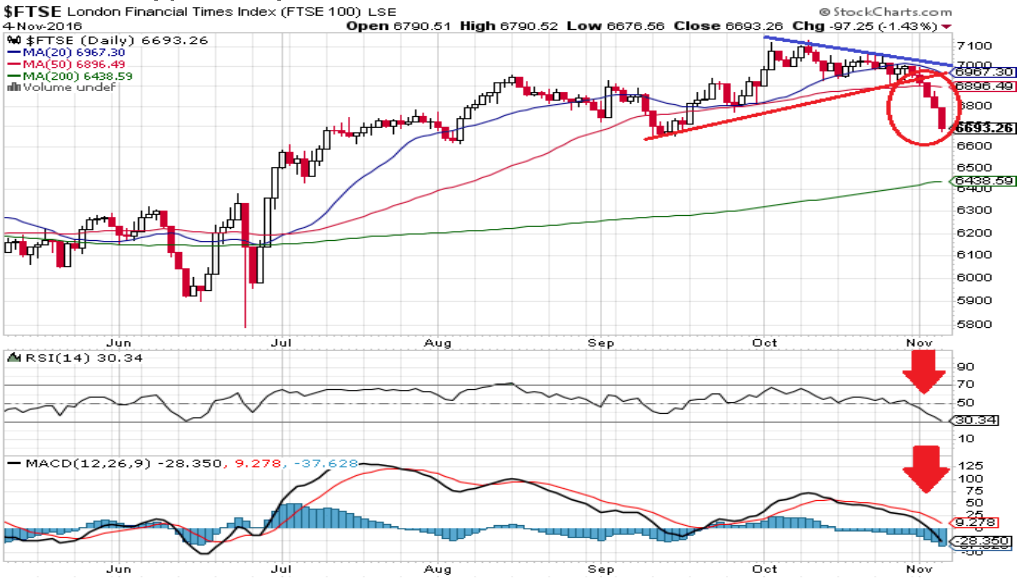
The Index moved below the 20-day moving average.

Short-term momentum indicators are Positive.

The FTSE dropped 303 points last week.

Index broke downwards from the Coil. Intermediate trend changed to Negative. The Average moved below the 20-day moving average.

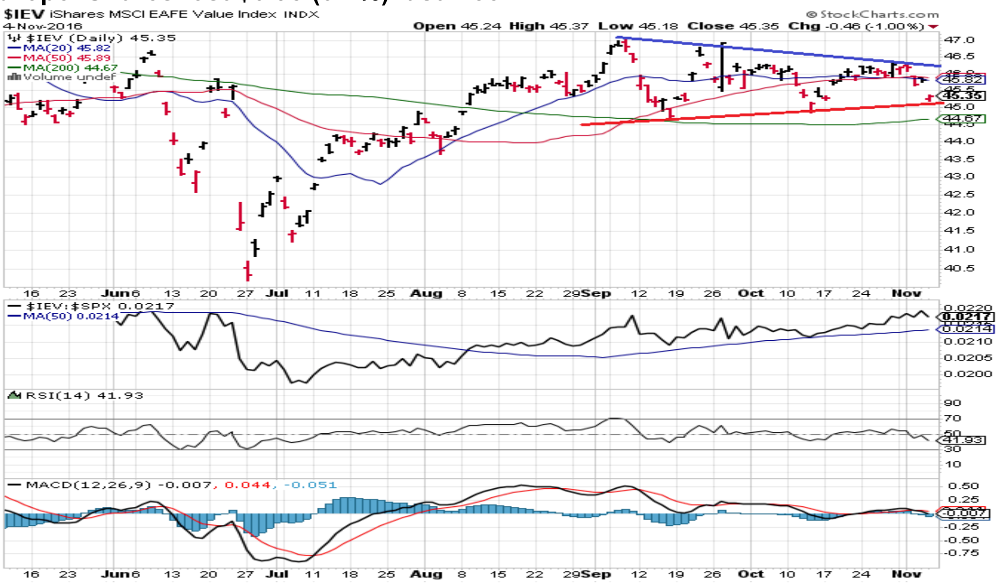
Short-term momentum indicators have rolled over.



Europe iShares lost $0.95 (0.7%) last week.

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

Units moved below the 20-day moving average. Short-term momentum indicators are rolling over.



Fixed Income markets weekly charts

International Bonds

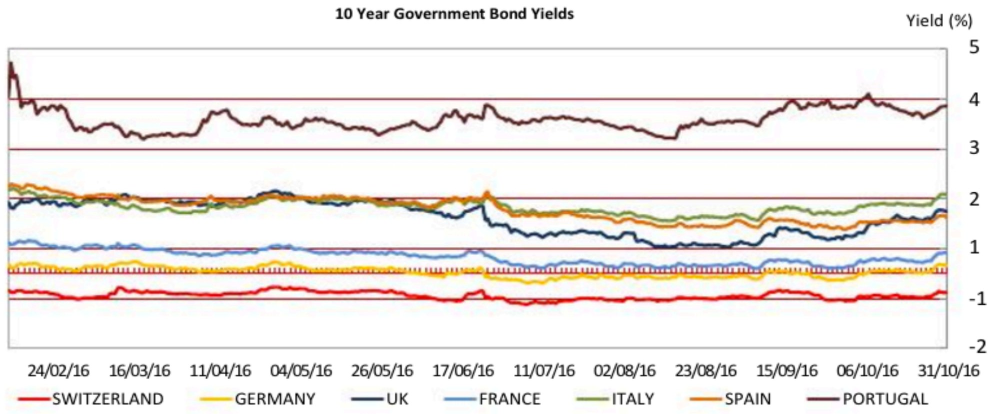
As per our 2016 Global Investment Strategy Outlook for 10-Y government bonds, European 10-Year government bonds have not fully reached our 2016 price targets yet.

Ten year government bond spreads

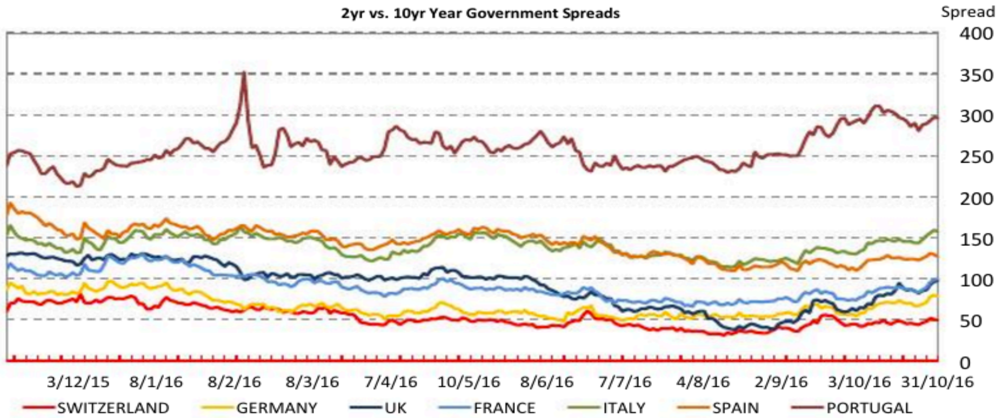
Country	Latest yield	Spread vs bund	Spread vs T-notes
Australia	2.35%	+2.19	+0.53
Austria	0.36%	+0.20	-1.46
Belgium	0.42%	+0.26	-1.40
Canada	--	--	--
Denmark	0.29%	+0.13	-1.53
Finland	0.32%	+0.16	-1.50
France	0.48%	+0.32	-1.34
Germany	0.16%	--	-1.66
Greece	7.62%	+7.46	+5.80
Ireland	0.64%	+0.48	-1.18
Italy	1.76%	+1.60	-0.06
Japan	-0.05%	-0.21	-1.87
Netherlands	0.29%	+0.12	-1.53
New Zealand	2.80%	+2.64	+0.98
Portugal	3.24%	+3.08	+1.42
Spain	1.26%	+1.10	-0.56
Sweden	0.26%	+0.10	-1.56
Switzerland	-0.32%	-0.48	-2.14
UK	1.19%	+1.03	-0.63
US	1.82%	+1.66	--

Data delayed at least 15 minutes, as of Nov 07 2016 11:05 GMT.

We are recommending taking profits in German 10-Y Bunds.



We can see yields in France and the Benelux move higher by another 20bps to 40 bps over the next 3 months.



US Bonds

Yield on 10 year Treasuries lost 0.62 basis points (3.36%) last week.

Intermediate trend remains up. Bearish correcting was stopped by the 20-day moving average. Yield remained above its 20-day moving average.

Short-term momentum indicators are rolling over.

The long term Treasury ETF added 1.54 points (1.18%) last week.

Intermediate trend remains down. Price closed the gap from the previous week.

Short-term momentum indicators are forming a bottom and are moving higher.

Currency markets weekly charts

The Euro added 1.50 point (1.36%) last week.

Intermediate trend is Negative. The $XEU moved above the 20-day moving average. The Index moved towards the upper trend line.

Short-term momentum indicators are positive.

The US$ lost 1.25 points (1.28%) last week.

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

Short-term momentum indicators have rolled over, and show no signs of being oversold yet.

The Japanese Yen added 1.46 (1.53%) last week.

Intermediate trend remains down. $XJY has bounced off the lower trend line but was stopped by the 50-day moving average.

Short-term momentum indicators are Positive.

Intermediate trend remains down. $CDW remains tied up with the lower trend line.

Short-term momentum indicators are oversold and are bottoming.

The Canadian Dollar dropped 0.04 (0.05%) last week.

Commodity markets weekly charts

Intermediate trend is neutral. Strength relative to the S&P 500 Index changed from Positive to Neutral.

The $CRB moved below its 20-day moving average.

Short-term momentum indicators are Negative.

The CRB Index lost 6.70 points (3.54%) last week.

Intermediate trend changed from Neutral to Positive. Strength relative to the S&P 500 Index remains Positive. $Copper broke out of the Coil and moved towards the resistance.

Copper closed above the 20-day moving average.

Short-term momentum indicators are positive.

Copper gained $0.07 per lb (3.26%) last week.

Lumber added $12.20 (4.07%) last week.

Intermediate changed back from Negative to Neutral. Strength relative to the S&P 500 Index is Neutral. $Lumber bounced back towards the moving average convergence point.

Lumber remained below its 20- day MA. Short-term momentum indicators are rolling over.

The Grain ETN lost $0.54 (1.85%) last week.

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

The Agriculture ETF dropped $0.06 (0.12%) last week.

Intermediate trend has remained Neutral. Strength relative to the S&P 500 Index has remained neutral. MOO remains highly compressed. Units closed below 20-day moving average.

Short-term momentum indicators are mixed.

Gold & Precious Metals markets weekly charts

Gold added $27.70 (2.17%) last week.

Gold is forming a Coil. It is expected to continue bullish movement towards the 1320 area.

Gold remained above its 20-day moving average. Short-term momentum indicators are rising and Positive.

Silver gained $0.57 per ounce (3.23%) last week.

Silver stopped the bullish movement at the 50-dady moving average. Strength relative to the S&P 500 Index changed from Negative to Neutral.

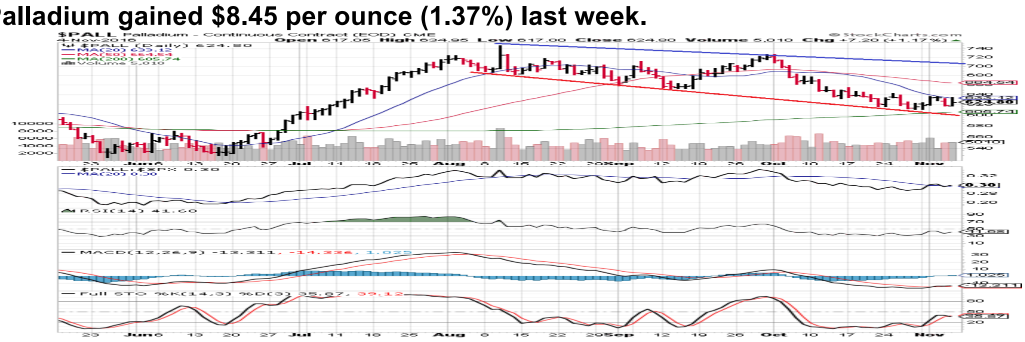
Silver moved above its 20-day moving average. Short-term momentum indicators remain Positive.

Platinum added $23.10 per ounce (2.35%) last week.

Intermediate trend changed from Negative to Neutral. Strength relative to the S&P 500 Index is Positive.

$PLAT trades above its 20-day Moving Average. Momentum indicators are Positive.

Palladium gained $8.45 per ounce (1.37%) last week.



Intermediate trend is Down. Strength relative to the S&P 500 Index changed from Negative to Neutral. $PALL remained below its 20-day moving average. Short-term momentum indicators are rolling over.

Oil, gas & energy weekly charts

Crude oil lost 4.63 per barrel (9.51%) last week.

Intermediate trend changed to Neutral Strength relative to the S&P 500 Index changed from Neutral to Negative. $WTIC strongly broke through the trend line.

$WTIC moved below its 20-day moving average.

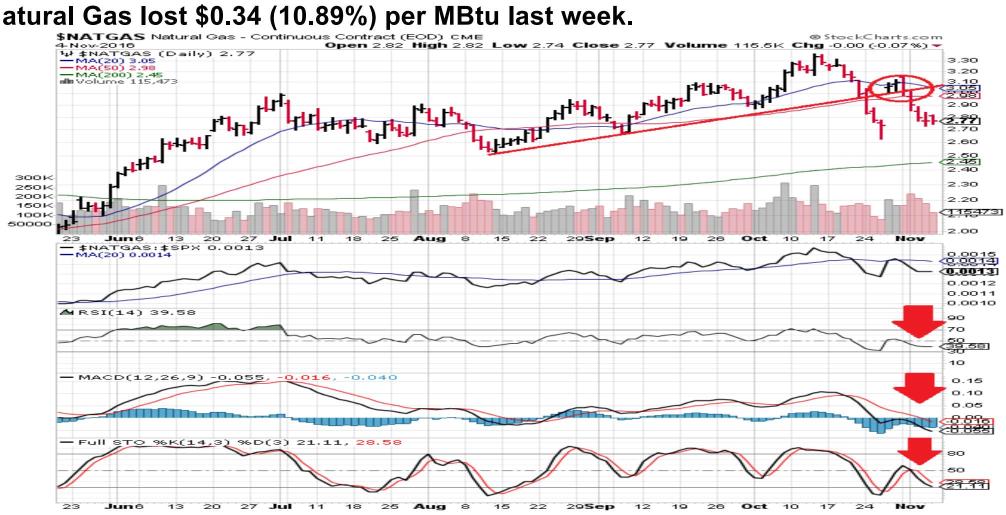
Short-term momentum indicators are bottoming.

Gasoline dropped $0.08 per gallon (5.24%) last week.

Intermediate trend is Neutral. $GASO broke the trend line in a bearish momentum. Strength relative to the S&P 500 Index remains Neutral.

$GASO remains below its 20-day moving average. Short-term momentum indicators remain Negative, but sowing signs of bottoming

Natural Gas lost $0.34 (10.89%) per MBtu last week.



Intermediate trend changed to Neutral. Strength relative to the S&P 500 Index changed from Neutral to Negative. $NATGAS rejected the pullback.

$NATGAS moved below its 20-day moving average. Short-term momentum indicators are Negative.

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

Steve Gluckstein, Global Strategist
sgluckstein@cg-inv.com
office: 212 939 7256
mobile: 732 768 8843
New York, NY, USA

Sabine CJ Blümel, Head of Global Automotive Research
sblumel@cg-inv.com
office: +44 (7785) 301588
London, UK

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

Stjepan Kalinic, Strategist/Market Technician
skalinic@cg-inv.com
office: 212 939 7256
mobile: +(385) 9152 95916
Kastel Sucurac, Croatia

Feliks Lukas, Director of Corporate Consulting
flukas@cg-inv.com
office: 212 939 7256
mobile: +(385) 9848 8951
Kastela, Croatia

Allison M Cimon, Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

Gary Schieneman, Managing Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA

Jennifer Crisman, COO
jcrisman@cg-inv.com
office: +(352) 26 25 86 40
Luxembourg/Europe