Creative Global Investments

Global equities strategy update

Wednesday, November 7th, 2018

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

Creative Global Investments LLC
115 East 57th Street
New York, NY 10022
Tel: 212 939 7256
Mob: 917 301 3734
CGI/Europe/Luxembourg
Tel: +(352) 26 25 86 40
Mob: +(352) 691 106 969

Stjepan Kalinic
Market Strategist (CMT)
skalinic@cg-inv.com

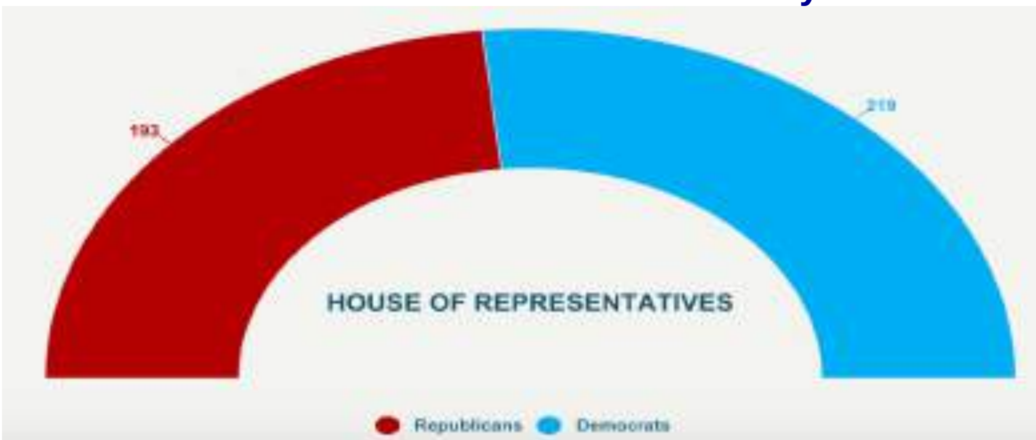
Creative Global Investments LLC
115 East 57th Street 11th Floor New York, NY 10022
Tel: 212 939 7256
Mob: +385 9152 95916

Objectivity

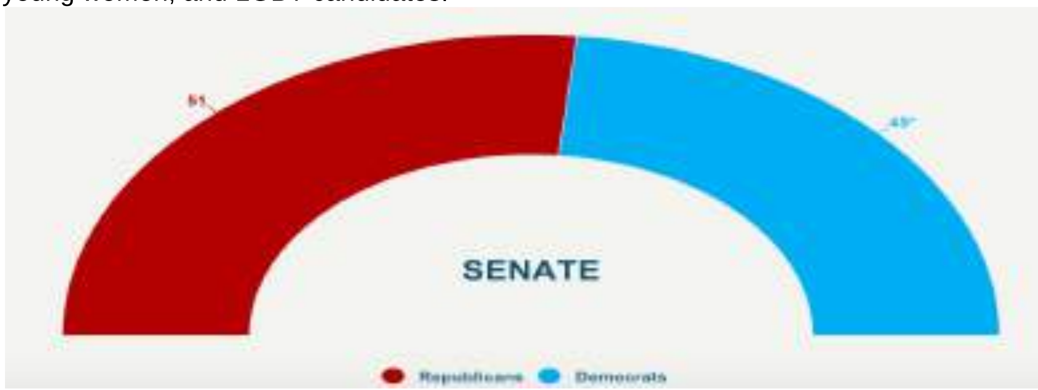
Integrity

Creativity

US Midterm elections commentary



A record number of 99 women (surpassing the previous record of 84) from diverse backgrounds have been voted to the House of Representatives, making history in the US midterm election. They include Native Americans, Muslims, Latinos, immigrants, young women, and LGBT candidates.



The Democrats have won the majority in the US House of Representatives for the first time in eight years, gaining effectively control of the federal budget, and the ability to block Donald Trump's legislative plans. As a consequence wee see the Trump presidency facing significant challenges over the remaining two years.

Does this split decision mean "Gridlock in Washington"?

Although Democrats can indeed block funds for the president's border wall project with Mexico, and stop any further tax-cut package, we do not think that it would be very wise to stifle all spending programs, as the Democrats will need to show by-partisanship and support of many programs within a year, or, they will face increasing problems in the race for 2020 US presidential elections. But the House majority will enable Democrats the power to launch investigations into Trump's tax returns and possible conflicts of interest. Very likely will the "Mueller inquiry into Russian interference in the 2016 presidential election" gain renewed interest.

The Democrats can now challenge Donald Trump's foreign and trade policies, although the president still has important executive powers in those areas.

We see further investigations may lead the Democrats to go as far as initiating impeachment proceedings against the president. However, for such a move to be successful would need a two-thirds majority in the Senate, which is seen as unlikely given the Republican majority, however, in such case, a likely resignation of the President under such a scenario and increasing pressure might be realistic within 6 months.

Global Macro Outlook

Q3 global growth likely slowed as trade war fears intensify, and following Q2's strong showing. A preliminary Q3 GDP estimate for the global economy put y-o-y growth at 3.3%, slightly below the 3.4% increase from the previous quarter, and mostly driven by weaker growth in China, which saw growth fall short of expectations according to recent figures, amid rising trade disputes with the US and subdued industrial production and investment.

For the remainder of 2018, and the 1H of 2019, we see global growth to remain robust, but risks are increasing to the downside, with escalating trade tensions between the US and China and ROW representing the main downside risks to the global economic outlook.

We now are expecting for the global economy to expand 3.6% in 2018, which, if confirmed, would represent the strongest expansion in seven years.

For 2019 we see global growth decelerating to 3.2%, which is down from our prior 3.5% estimate, and for 2020, we see a further weakening to 2.7% global GDP growth.

The latest global Purchasing Managers Index (PMI) survey, released at the beginning of October, was the weakest in 24 months. While the index of 52.8 is still in expansion territory (above 50), it is below the 53.8 average in 2017. Activity has particularly disappointed in key advanced economies, such as the Euro area and the UK, where growth projections were downgraded respectively to 2.0% from 2.4% and to 1.4% from 1.6%.

Weaker external sector dynamics will cause the economic recovery to lose momentum as a temporarily stronger US$ and global trade tensions dent exports, while still solid domestic economies globally will fuel import demand.

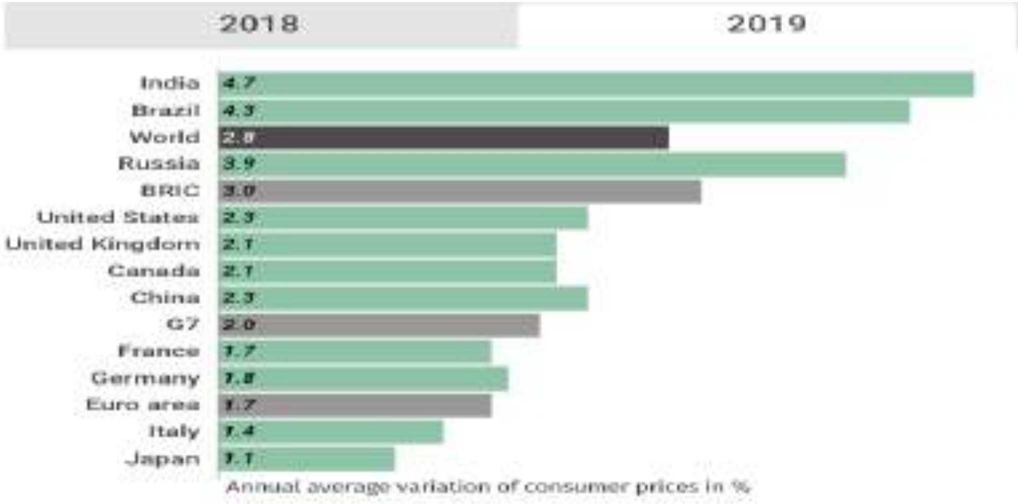
The macro economic outlook globally for the remainder of 2018 and 1H 2019 is still solid overall, as tightening labor markets and accommodative monetary policy likely will buttress growth at home.

Q3 global inflation inched down slightly from 3.1% in August to 3.0% in September, ending the uninterrupted upward trend that started in May. The reading reflected lower price pressures in developed countries as the boost to overall inflation from energy prices has started to wane.

Inflation remains elevated in emerging-market countries mostly due to higher prices for certain commodities and weak currencies. For 2019, we are expecting for global inflation to remain at a similar level as for 2018 at around 2.8%, slowing slightly from 2018's projected 3.0% as global demand growth slows slightly and monetary policy tightens around the globe.

Although steady rate hikes from the Federal Reserve should keep inflation within a stable range, large government spending increases, tax cuts and a booming economy will likely continue supporting price pressures and US inflation averaging 2.5% in 2018 and 2.3% in 2019

Inflation forecasts 2018 - 2019



In the Asian region, Q3 economic momentum for ASEAN countries seemingly remained strong, supported by solid domestic demand and strong labor markets leading into improving consumer confidence and spending. For 2019, we see the Asia region (ex-Japan) likely feel a slight negative impact from rising trade disputes, cooling growth in China and India, and impacted by a likely increase in financial volatility, although growth will remain be the envy of most other regions.

Chinese authorities have loosened credit conditions, relaxed anti-pollution measures and unveiled plans to reduce taxes in recent weeks, with the impact of changes likely to be felt from Q4 onwards. However, debt levels in China a key uncertainty, which will only be heightened given recent government measures to reduce reserve requirement ratios.

For Japan, available Q3 data points showed to a softening of growth momentum, after the economy rebounded in Q2 on the back of a surge in fixed investment. Although strong corporate earnings likely continued to buttress investment growth, business confidence—though still positive—deteriorated for the third consecutive quarter in Q3.

Moreover, the average manufacturing PMI reading over Q3 worsened compared to Q2. Aside from confirming weaker business confidence, the September PMI also indicated deteriorating foreign demand conditions, with export orders sliding in the month. The external sector's contribution to growth in the quarter was likely subdued, as higher oil prices weighed on the trade balance—which posted a deficit in July and August. Finally, private consumption was likely feeble in Q3 as wage growth remained subdued as of August.

We are expecting for economic growth to remain broadly stable for 2019, propelled by stronger domestic demand. A tight labor market should translate into higher wage growth, while investment will benefit from the 2020 Tokyo Olympics. A deteriorating trade outlook, slowing global growth and a scheduled sales tax hike in October are the main downside risks

In the Eurozone, Q3 growth likely slowed but remained robust, due to a tough base effect arising from a stellar performance in 2017. Still, for the entire EU, a tightening labor market and accommodative monetary policy are driving a solid recovery, reflected by the unemployment rate falling to a fresh multi-year low in August.

Recent data for the manufacturing sector has also been weak, although industrial production broke a string of contractions and returned to growth in August, the composite PMI edged down in September, which suggests that the improvement was short-lived, and this may still be the case for October.

On 15 October, the Italian government approved a spend-heavy budget for 2019, which envisions an increase in the fiscal deficit to 2.4% of GDP. The budget, which also includes the partial rollback of some economic reforms, breaks the government's commitment to narrow the deficit as required by the European Commission (EC) breaching EU fiscal rules. The EC swiftly rebuked the government's plans and is expected to ask for formal revisions, while Moody's also quickly downgraded the country's credit rating. However, the Italian government appears unlikely to offer major concessions. Concerns that the budget will derail Italy's finances and the clash with EU authorities sent Italian bond yields soaring to a 4-year high and sparked similar spikes in bond yields of countries on the periphery of the Euro area.

The likely coming standoff between EU authorities and Italy highlights the fragile political backdrop in the Eurozone and the struggle for cohesion among European Union members. Rising populism and political fragmentation have made passing economic and political reforms difficult in the region and put meaningful institutional EU reform off the table for now.

Regional elections in Germany's Bavaria in October saw voters reject Chancellor Angela Merkel's coalition partners, illustrating the fragile government in the region's largest economy and a further loss of support for traditionally one of the European Union's biggest strongholds.

Although growth in the UK appeared to remain solid throughout Q3, partly due to warm weather buoying consumer spending, we are expecting Q4 to slow substantially due to corporate and consumer confidence impacted negatively with the looming Brexit outcome. The EU summit in mid-October, which aimed to achieve a decisive breakthrough in Brexit negotiations ended without any significant advances.

Both the UK and the EU remain at an impasse over the Irish border issue, and the likelihood of the UK leaving the EU with no bilateral agreement increases each day. In Europe, political risks remain elevated with a populist government in Italy and a weakened German coalition following the Bavarian election outcome in October.

Most Eastern European economies showed healthy growth in Q3, buoyed by strong demand from the EU. Eastern Europe will likely lose some steam in 2019 on slowing growth in the core economies of the EU as their key trading partner.

Only Turkey continued to deteriorate, and we are expecting for 2019 the sharp slowdown in Turkey to continue, as President Erdogan's government has not yet come up with sort of an emergency plan for stability and to relaunch growth.

The MENA region showed stable Q3 GDP growth, benefiting from higher prices for their commodities and exports. However, for 2019, despite higher base oil prices, mounting geopolitical risks and a sharp recession in Iran will dent growth prospects in the MENA region, while the economic recovery in Sub-Saharan Africa will gather steam in 2019 due to stronger performances by heavyweights Nigeria and South Africa.

In the Americas, **the US** continued to show good growth in Q3, partly buoyed by fiscal stimulus measures, low unemployment and elevated consumer confidence. Only weeks after imposing USD 200 BN of fresh tariffs on China in September, the US reached an agreement with Canada on overhauling NAFTA, now to be named USMCA, along with Mexico. The new deal isn't radically different to the original NAFTA agreement and, if ratified, will provide much-needed certainty to North American firms and protect trade flows between the three countries.

However, a painless ratification of the deal is by no means a certainty in the US, where midterm elections on 6 November yielded the Democrats retaking control of the House of Representatives. Consequently we see the cause of a legislative logjam, frustrate Trump's political agenda, and lead the Democrats to demand certain amendments to USMCA. We do not believe that an outright rejection of the new agreement is likely.

We forecast for economic momentum in the US to slow for the remainder of 2018 and for 2019. This is mainly due to the fading impact of tax cuts, and an exhausted and overly indebted consumer, and with now much higher base interest rates for financing homes, cars and credit card purchases, we see a significant slowdown for 2019, which could have a knock-on effect on other countries which rely heavily on the US for trade. The Federal Reserve will likely continue to tighten its monetary stance to keep inflation in check, which will tighten global financial conditions and could trigger further emerging-market capital outflows and currency depreciation.

***In Latin America,* Q3 GDP growth was stable**, despite temporary set backs in the major economies like Brazil, Argentina and Venezuela, where political and financial instability weighed on their economies and their counterparts. However **for the remainder of 2018 and for 2019, we are forecasting for Latin America to gain steam due to improving dynamics in Argentina and Brazil, higher base effects for commodity prices and likely positives from political stability.**

Equities commentary & charts

With the holiday season around the corner and the period of seasonal weakness for US and EU government bonds in full swing, we believe that investors this year have to factor different themes in their modeling for year-end performance results.

Equity markets for G-10 countries turned higher at the beginning of last week. They are following their usual seasonal pattern. On average during the past 50 years US equity indices have reached a seasonal bottom on October 29th. It happened again this year. On average, the strongest season in the year for the US equity market is from October 29th to the first week in January.

• US Midterm elections, which have historically fueled bond markets stability, as a safe heaven until the uncertainties clear. November 7, after months of uncertainty impacting investors' minds, the political makeup of Congress will be significant for country and sectorial equities' allocations going forward beyond the cope of 2018.

We see the result of the US Midterm election to fuel the following investment thoughts:

Global equity markets, but of course particularly US equity markets have benefitted over the past 2 years from significant policy changes under President Trump, and investors made asset and sector allocation adjustments to a "Trifecta" Republican leadership.

The "Trump agenda" now has been compromised by the Democrats winning the House of Representatives majority. We believe that investors now have to factor in at least an impact of likely gridlock for the "Trump agenda" and "Trumponomics", if not massive policy changes and concessions of the Trump administration in many areas, such as environmental and climate policies, financial deregulation, defense policies, healthcare and social security policies.

Consequently, whilst US equities had been enjoying a "Trump effect rally" due to the "America First" program, and particularly sectors such as Energy, Materials, Industrials, Agricultural, Utilities, Financials, Consumer Staples, now is time to reconsider those allocations.

And consequently, whilst for the past 2 years US equities have outperformed the MSCI, in spite of a rather flat USD, investors need to reconsider those dynamics too, when making future asset allocations.

We believe that the relative outperformance of US equities now has stopped, and that it is time to re-allocate and rebalance portfolios by significantly increasing foreign equities' exposure, as there will be rising policy uncertainty concerns weighing on US equities for the coming 2 years.

• US fixed income safe heaven for now, as over the past month, just as were predicting, government bonds have again proven their value as a portfolio stabilizer. If equity market volatility continues to escalate, which we see for sure in the eventuality of a GOP loss of Congress, then fixed income allocations could help cushion the blow by making portfolios less vulnerable to unpredictable market swings.

Currently, investors are facing too many fast changing unknowns, such as an all-time low 3.7% US unemployment, globally slowing (and most likely more downward adjustments and revisions of US and EU GDP growth rates {a phenomenon not rarely seen post political elections}), and likely an unsustainable US GDP rate in the 2.7% to 3.7% range, besides still measured inflation (which we forecast for 2019) however, which the Federal Reserve tries to fight with another December likely rate hike.

We therefore advise for investors to remain highly in cash and diversify and remain opportunistic through the volatility we could see over the duration of 2018.

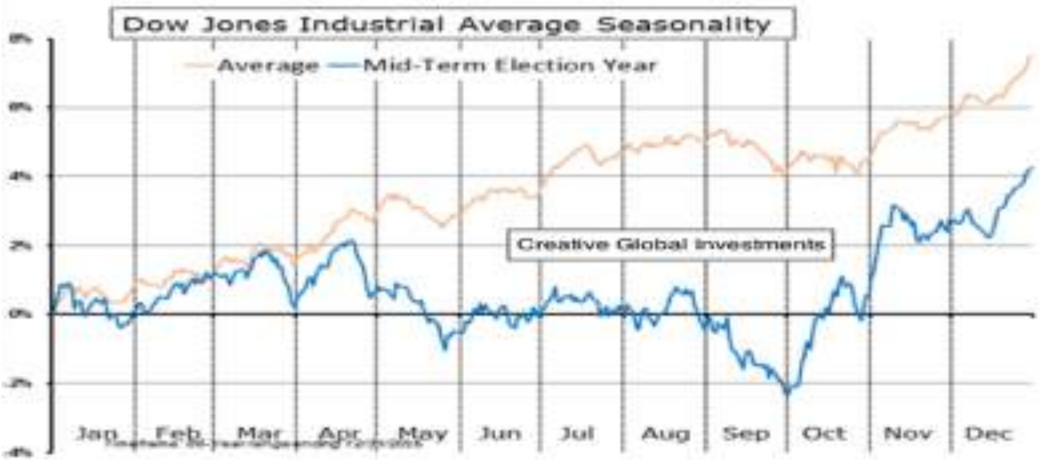
When the equities markets started to fall as of early October, as we were predicting for a -6% to -8% correction in the US and in the Europe, it seemed easy to shrug off the decline. After all, economic growth rates were robust, unemployment remained low, and occasional bouts of volatility didn't stop the major indexes from climbing to all-time highs in September. Above all, we see investor sentiment towards US stocks as too complaisant. US bonds, on the other hand, offer opportunities.

- **Equities: Improvement in sentiment**
- **Commodities: Positive Sentiment for Gold rises**
- **Bonds: US Treasuries remain interesting**

Again, we see yesterday's US election result as a pivotal point for asset allocations between bonds and equities, and even significantly impacting the future direction of the USD to resume its path of weakening.

Consequently, we see 10-year Treasuries relatively inexpensive to US equities, and advise investors to increase weightings towards 10-Year Treasuries, in spite of seasonal period of weakness. Given the wider spreads of US Treasuries versus EU government bonds, we see foreign investors continuing to find better value in US treasuries and increase allocations accordingly.

For US equities, seasonal influences normally are most notable during US Mid-term election years (although bottom of the correction was delayed this year). Investors will stay concerned about the change in political control in Congress and with Republicans controlling the Senate by 6 votes.



Q3 reports by S&P 500 companies are a focus again this week. 78% of companies have reported to date. Most beat consensus earnings per share estimates (78%) and sales (61%) estimates. Another 77 S&P 500 companies are scheduled to release results this week (including 1 Dow Jones Industrial company: DIS).

Technical action by individual S&P 500 stocks was bearish last week. Number of stocks breaking intermediate resistance totaled 19 while number of stocks breaking support totaled 28 with most of the breakdowns occurring last Monday.

Medium term technical indicators for US equity markets (e.g. Percent of stocks trading above their 50 day moving average.

Bullish Percent Index) turned higher last week. Short term technical indicators for US markets and sectors (20 day moving averages, short term momentum) also turned higher last week. Longer-term outlook for S&P 500 company earnings and sales remains positive and improving.

- Consensus calls for a 24.9% increase in earnings in Q3 on a y-o-y basis (up from 22.5% last week) and an 8.5% increase in sales in Q3 (up from 7.6% last week).
- Consensus calls for a 15.0% increase in earnings in Q4 and 6.8% increase in sales.
- Consensus calls for a 20.6% increase in earnings fy 2018 and an 8.6% increase in sales for 2018.
- Consensus calls for a 6.0% increase in earnings and 6.6% in sales in Q1 2019.
- Consensus calls for a 6.5% increase in earnings and 5.1% in sales Q2 2019.
- Consensus for 2019 calls for a 9.4% increase in earnings and a 5.4% increase in sales.

North American equity markets remain exceptionally intermediate oversold despite their recovery last week. Preferred strategy now is to add to initial equity positions purchased during the past two weeks for a seasonal trade that could last to the first week in January.

An important long term technical indicator, the Percent of S&P 500 stocks trading above their 50-day MVA shows that US equity markets are intermediate oversold and have started to recover. Note that major upside moves by the Index occurred after Percent recovered from below 20%. Percent closed on Friday at 11.00.

However, the 200-day SMAs for the S&P 500 and the S&P 500 Equal-Weight Index ($SPXEW) edged lower the last two weeks and the moving average for the S&P 500 Equal-Weight Index peaked on October 10th. These long-term moving averages are turning down and this is not a good sign for the long-term trend.

Investors Sentiment Indicators

According to the latest ***sentix*** Investors' survey, investors seemingly keep acting careless with US stocks.

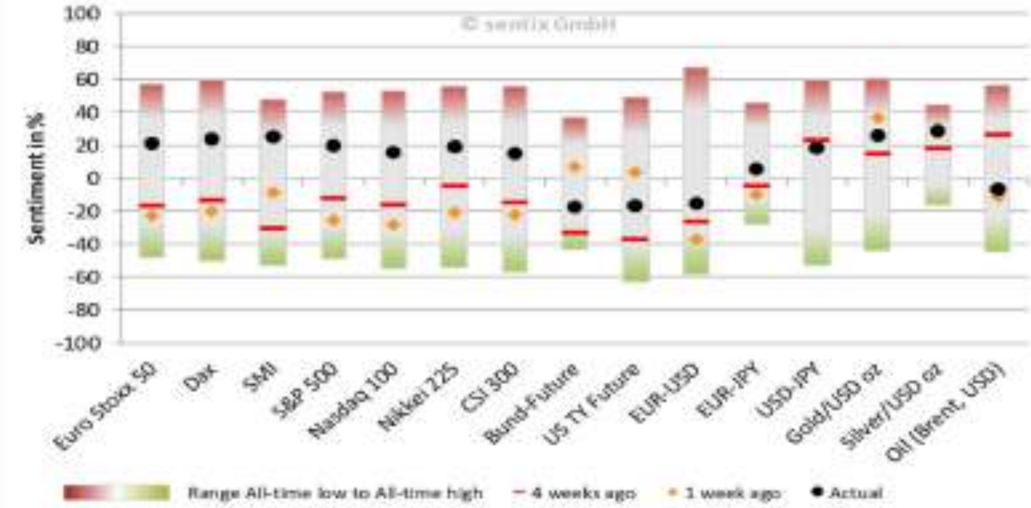
Sentix investor survey measured a reversed picture with bonds, where the sentiment is reflexively tilting into negative territory. Investors are also developing confidence in gold and crude oil. The past week has had a considerable effect on investors. Sentiment for equities has risen, basic confidence remains clouded. This puts the recovery in equities on a shaky footing. We measure a reversed picture with bonds, where the sentiment is reflexively tilting into negative territory. Investors are developing a particular confidence in gold and crude oil.

Signals from the sentix data universe / statistical highlights*

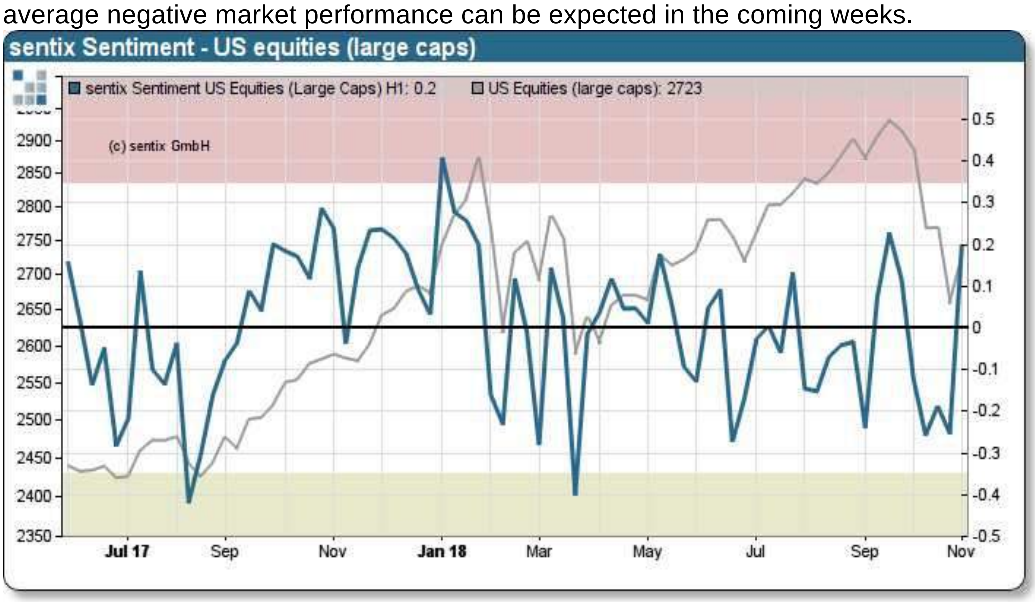
	DAX	ESX50	SMI	S&P 500	Nasdaq	Nikkei	CSI 300	Bunds	T-Bonds	EUR-USD	EUR-JPY*	USD-JPY	Gold	Silver	Oil
Sentiment	X	X					X						X		
Strategic Bias															
Neutrality Index															X
Overconfidence Index															

* highlights markets for which the sentix indicators display extreme values

Since interest rate pressure from the USA remains high, sentiment is likely to escalate before the next contrary opportunity arises.

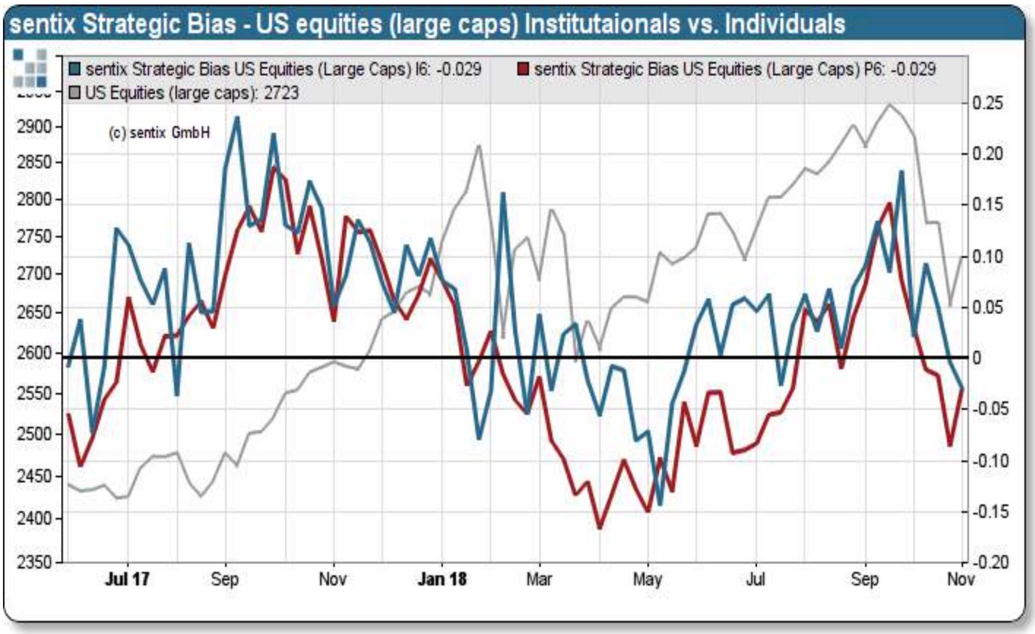


Sentiment for US equities has jumped 45 percentage points within a week. Investors are really relieved that the sell-off has been stopped and a recovery has set in. The statistical analysis of such a strong rise in sentiment shows that after such a signal an average negative market performance can be expected in the coming weeks.



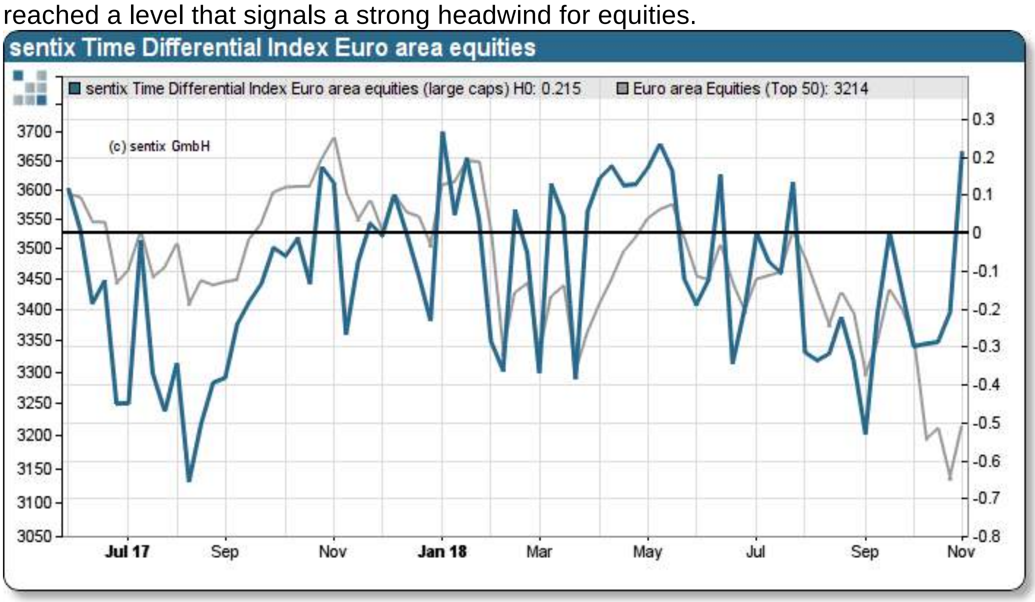
Investors do not see any significant strategic improvement in the price recovery; the bias for US equities is only rising by 3 percentage points. However, it is only the private sector that is contributing to this increase: investment professionals are lowering their thumbs for the medium-term perspective.

A sustained movement is not expected. Rather, the poll shows that the institutional investors are prepared to reduce further positions into rising prices.

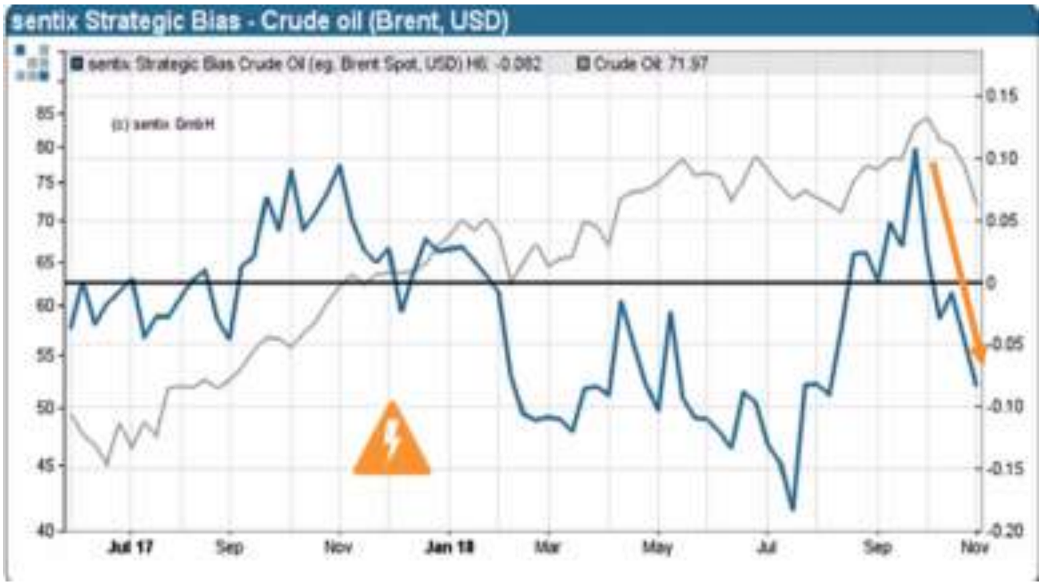


The sentiment for Euroland's stock market is also showing a similar reaction. Political developments in Germany certainly also contributed to the strong improvement in sentiment. Since the bias can by no means keep pace with the dynamics in sentiment, the difference between the two indicators rises to an extreme value.

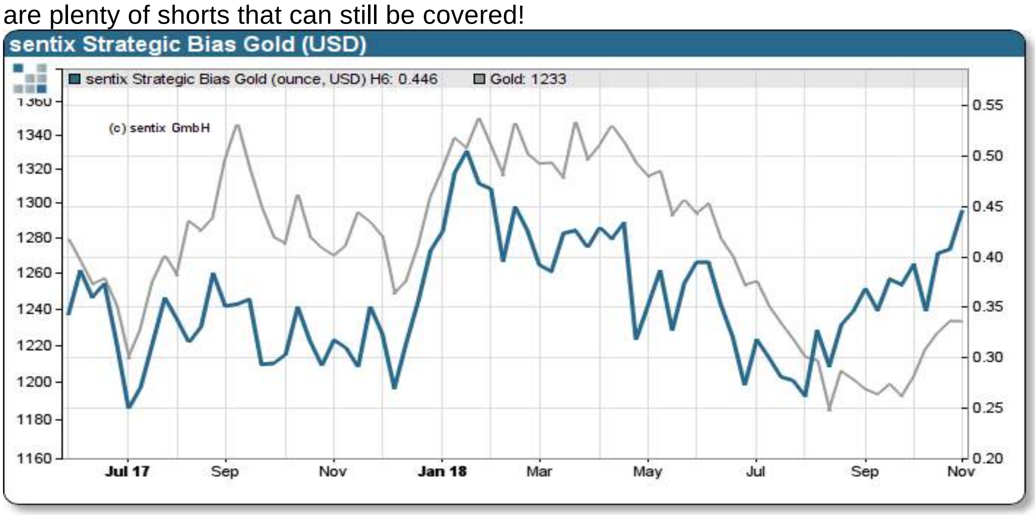
At +22 percentage points, the time differential index for equities in Euroland has reached a level that signals a strong headwind for equities.



In the last 3 weeks, the outlook for crude oil has also deteriorated noticeably. Since then, the bias for crude oil has made a U- turn and is drifting more into negative territory. The willingness to sell that is reflected in this is favoring the further reduction of the still handsome long positions on the US futures exchange. This should therefore go a little further.

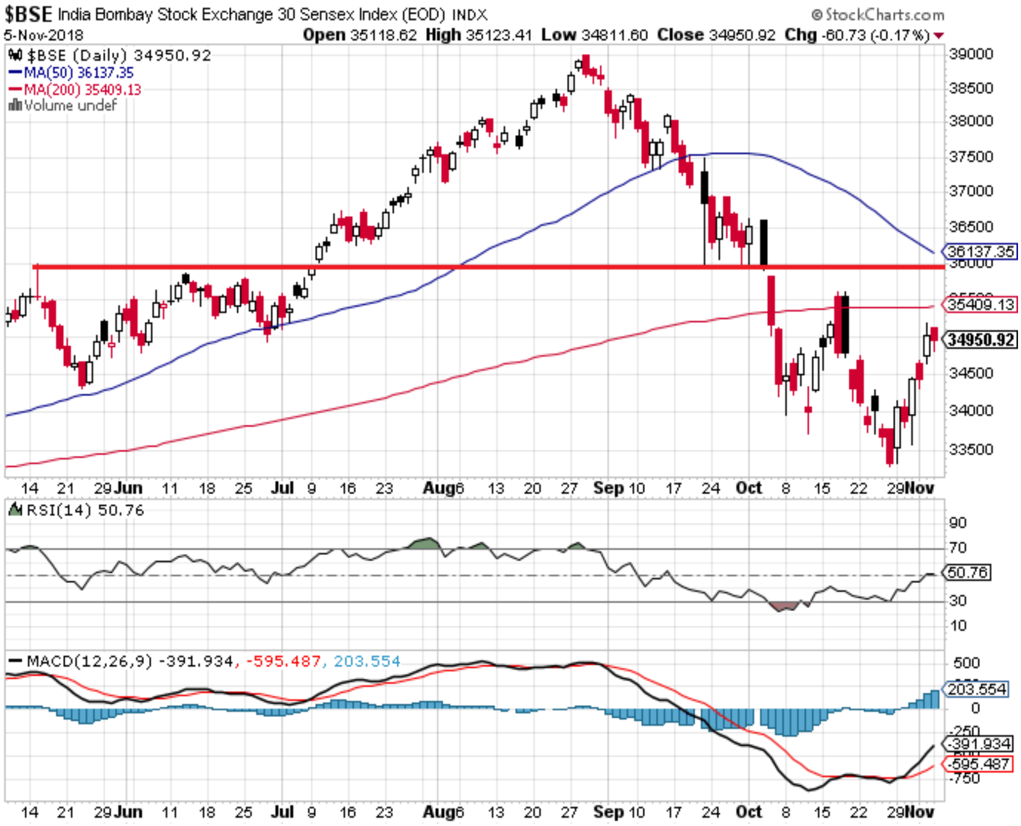


The signals for gold remain promising. The medium-term confidence for the gold price rises again by +4%, while the sentiment even cools down by 11 percentage points (without chart). We remember the positioning of investors in the futures markets: There are plenty of shorts that can still be covered!



Asian equity markets weekly charts

The BSE added 883.52 points (2.59%) last week.



$BSE is reversing towards the support. Price closed below the 200-day MVA.

Short-term momentum indicators are Positive.

The Nikkei gained 749.19 points (3.54%) last week.

Intermediate trend is Negative. Strength relative to the S&P 500 Index is Negative.

$NIKK is pulling back to possibly re-test 200-day MVA.

The $NIKK remains below its 20-day MVA. Short-term momentum indicators are rolling over.

The Shanghai Composite Index added 123.33 points (4.85%) last week.

Intermediate trend is Neutral. $SSEC retraced from the lower trendline.
Strength relative to the S&P 500 Index is Positive.

The $SSEC moved above the 20-day MVA. Short-term momentum indicators are Positive.

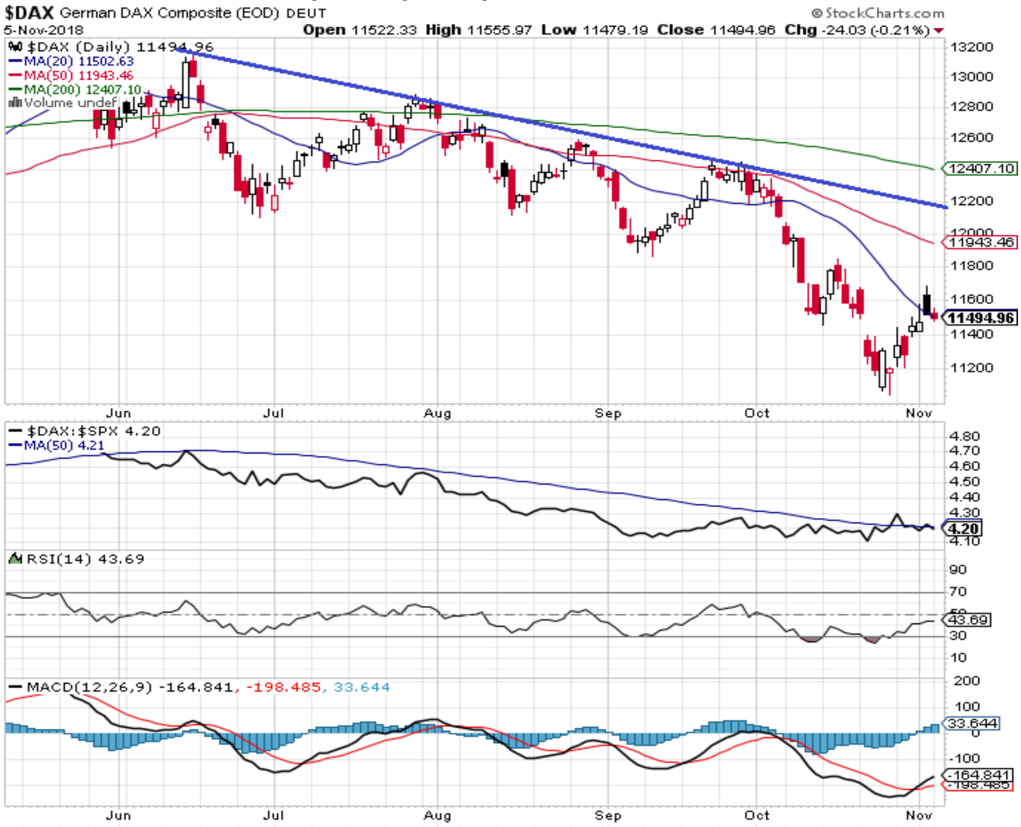
The Hang Seng gained 1122.35 points (4.52%) last week.

Intermediate trend changed from Negative to Neutral. $HSI is pulling back to retest the 50-day MVA.

The $SSEC moved above the 20-day MVA. Short-term momentum indicators are Positive.

European equity markets weekly charts

The DAX 30 added 159.48 points (1.41%) last week.

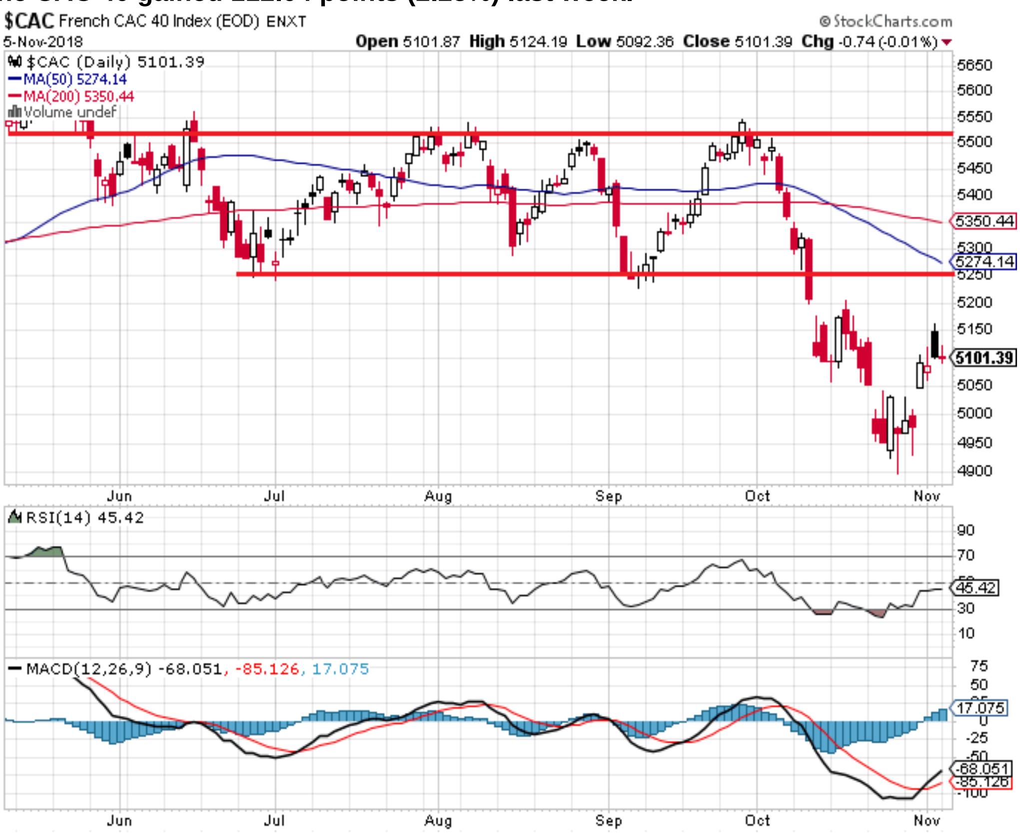


Intermediate trend remains Negative. $DAX rejected off the previous support.

$DAX is on the 20-day MVA.
Strength relative to the S&P 500 Index is Neutral.

Short-term momentum indicators are Positive.

The CAC 40 gained 112.04 points (2.25%) last week.



Intermediate trend is Negative. $CAC is pulling back towards previous support.

$CAC remains below the 200-day MVA.

Short-term momentum indicators are rolling over.

Intermediate trend is Neutral. $AEX remains below the 200-day MVA. Strength relative to the S&P 500 Index is Positive.

Short-term momentum indicators are Positive.

The AEX 25 added 12.54 points (2.46%) last week.

Intermediate trend is Neutral. Strength relative to the S&P 500 is Positive. Index moved towards middle of the expanding channel.

The Index moved above the 20-day MVA.

Short-term momentum indicators are Positive.

The IBEX 35 gained 189.50 points (2.15%) last week.

The FTSE dropped 63.16 points (0.89%) last week.

Intermediate trend is Negative. FTSE rejected from 7,200 level.

FTSE is below the 50-day MVA.

Short-term momentum indicators are Negative.

The RTSI added 36.49 points (3.32%) last week.

Intermediate trend is Neutral. RTS held at support at 1,100.
Price is above the 50-day MVA.

Short-term momentum indicators are Positive.

The SMI gained 248.96 (2.84%) last week.

Intermediate trend is Neutral. SMI will test the top trendline.
Price moved above the 200-day MVA.

Short-term momentum indicators are Positive.

US equity markets weekly charts

Intermediate trend changed from Positive to Neutral.

The Index moved below the 20-day MVA.

VIX rejected from the previous resistance now support.

The VIX Index dropped 4.74 points (19.19%) last week.

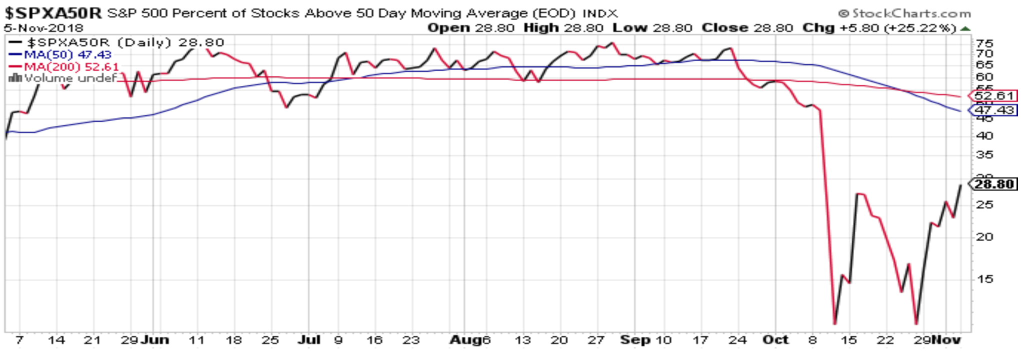
Intermediate trend is Negative. The Index remains below the 20-day MVA. $SPX is struggling to retake 200-day MVA.

Short-term momentum indicators are rolling over.

The S&P 500 Index added 97.06 points (3.67%) last week.

The Index remains below the 200-day MVA.

Percent of S&P 500 stocks trading above their 50-day moving average rose last week to 28.80 from 16.20.



The Index remains below the 200-day MVA.

Percent of S&P 500 stocks trading above their 200-day moving average rose last week to 45.80 from 34.40.

Bullish Percent Index for S&P 500 stocks dropped last week to 41.80 from 31.00 and remained below 50-day moving average.

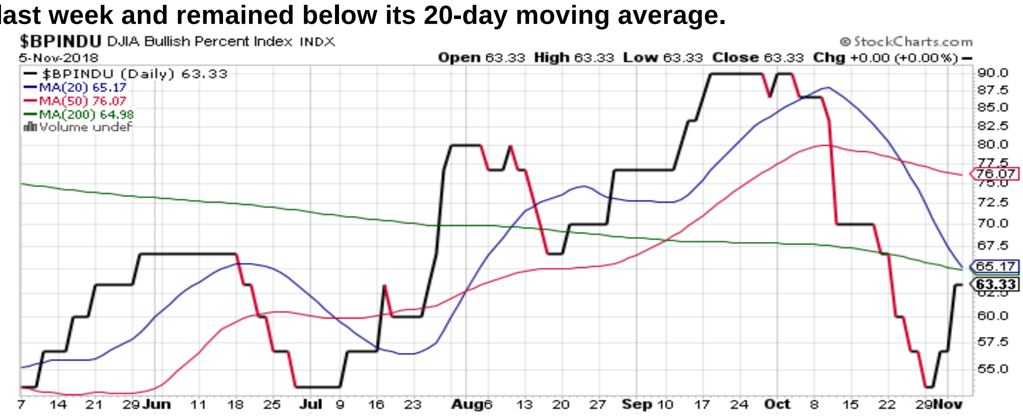
The Index remains below the 50-day MVA.

The Dow Jones Industrial Average added 1018.78 points (4.17%) last week.

$INDU is struggling re-test 25,800 key level. Strength related to the S&P 500 is above the 50MVA.

The INDU moved above its 200-day MVA. Short-term momentum indicators are Positive.

Bullish Percent Index for Dow Jones Industrial Average rose to 63.33 from 53.33 last week and remained below its 20-day moving average.



The Index remains below the 200-day MVA.

The Dow Jones Transportation Average added 465.70 points (4.71%) last week.

Dow Jones Transportation Index is trying to retake the previous support.

Strength relative to the S&P 500 is Negative. The $TRAN remains below its 200- day MVA.

Short-term momentum indicators are Positive.

Bullish Percent Index rose last week to 41.83 from 33.92 and rose above its 20-day moving average.

The Index is below the 50-day MVA.

The NASDAQ Composite Index gained 278.56 points (3.78%) last week.

Intermediate trend is Negative.
$COMPQ is struggling to retrace to previous support. Strength relative to the S&P 500 Index is Negative.

The Index is below the 200-day MVA.

Short-term momentum indicators are Mixed.

The Russell 2000 Index added 70.21 points (4.75%) last week.

$RUT is retracing from the bottom. Strength relative to the S&P 500 Index is Negative.
The Index moved above the 20-day MVA. Short-term momentum indicators are Positive.

The S&P Energy Index added 25.75 points (5.33%) last week.

Intermediate trend remains Negative. $SPEN is trying to retrace towards the previous support.

Strength relative to the S&P 500 Index is Negative.

The Index remains below the 20-day MVA. Short-term momentum indicators are rolling over.

The AMEX Gold Bug Index gained 149.83 points (5.81%) last week.

Intermediate trend is Positive.
$HUI is climbing along the lower trendline.
Strength relative to the S&P 500 Index is Positive.

The Index is on the 20-day MVA. Short-term momentum indicators are Positive.

Americas equity markets weekly charts

Intermediate trend is Positive.
$BVSP made a new high.

BVSP remains above the 50-day MVA.

Short-term momentum indicators are Positive.

The BOVESPA gained 5801 points (6.92%) last week.

Intermediate trend is Neutral. MXX retraced violently from the bottom.
$MXX remains below the 50-day MVA.

Short-term momentum indicators are Positive.

The Mexican Bolsa added 2938 points (6.70%) last week.

Bullish Percent Index for TSX Composite rose last week to 42.62 from 40.57 and remained below its 20-day moving average.

The Index remains below the 20-day MVA.

The TSX Composite Index added 495.95 points (3.37%) last week.

Intermediate trend remains Negative. The Index is retracing towards the previous support.

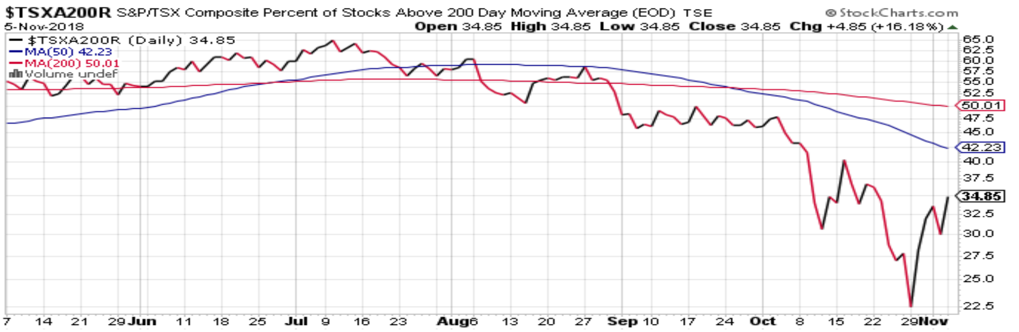
The Index remained below the 20-day MVA. Short-term momentum indicators are rolling over.

Percent of TSX stocks trading above their 50-day moving average rose to 28.22 from 12.04 and remained below the 200-day moving average.

The index remains below the 200-day MVA.

Percent of TSX stocks trading above their 200-day rose last week to 34.85% from 22.40%

The index remains below the 50-day MVA.



EM equity markets weekly charts

Emerging Markets iShares added $2.93 (7.71%) last week.

Intermediate trend is Neutral. Strength relative to the S&P 500 Index is Positive.
EEM is retracing possibly towards the upper trendline.

Units moved above the 20-day MVA. Short-term momentum indicators are Positive.

The Australia All Ordinaries Index added 91 points (1.57%) last week.

Intermediate trend is Negative. Strength relative to the S&P 500 Index is Negative. $AORD failed to retake former support.

The $AORD remains below the 20-day MVA. Short-term momentum indicators are Mixed.

Disclosures

This research report has been prepared by Creative Global Investments LLC. ('CGI'). The author(s) of the research report is/are detailed on the front page.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

CGI Recommendation Principles:

BUY Recommendation: The security is expected to generate a ***total return of over 20% during the next 3 - 12 months*** time horizon.

SELL Recommendation: The security is expected to generate ***a total return below -10% during the next 3 - 12 months*** time horizon

Regulation
CGI is a member of EuroIRP (European Association of Independent Research Providers) in the UK and is subject to the rules and business guidelines of the relevant regulators in all other jurisdictions where it conducts business. CGI's research reports are prepared in accordance with the recommendations of the EuroIRP Association.

Conflicts of interest
CGI has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in CGI's research policies. Employees within CGI's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the

Compliance Department.
CGI's Research Departments are organized independently from and do not report to other business areas within CGI. Research analysts are remunerated in part based on the overall profitability of CGI, which may include investment banking advisory revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions. Financial models and/or methodology used in this research report, calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

Important Legal Information/Risk warning
Major risks connected with recommendations or opinions in this research report, including as sensitivity analysis of relevant assumptions, are stated throughout the text. All investments involve risks, including the possible loss of principal.
Investments in foreign securities involve special risks including currency fluctuations, economic instability and political developments.

Investments in emerging markets, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with emerging markets are magnified in frontier markets.

Commodities', Stocks', bonds' and foreign exchange prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions.

Expected updates
Each working day/Date of first publication/See the front page of this research report for the date of first publication.

General disclaimer
This research report has been prepared by CGI and is provided for informational purposes only. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that CGI considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and CGI, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgment as of the date hereof. These opinions are subject to change and CGI does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided herein. This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without CGI's prior written consent.

This research report is not intended for, and may not be redistributed to, retail customers in the UK or the US.

CGI is not subject to US rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of CGI who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-US jurisdiction.

CGI is not subject to US rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of CGI who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-US jurisdiction. Any US investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting CGI directly and should be aware that investing in non-US financial instruments may entail certain risks. Financial instruments of non-US issuers may not be registered with the US Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the US Securities and Exchange Commission.

Report completed: 11/07/2018 08:45 EST
Report first disseminated: 11/07/2018 08:55 EST

Carlo R Besenius, CEO
Chief Global Strategist
cbesenius@cg-inv.com
office: +(352) 26 25 86 40
mobile: +(352) 691 106 969
Luxembourg/Europe
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
Gary Schieneman,
Managing Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA
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

Stjepan Kalinic,
Global Strategist/Technician
skalinic@cg-inv.com
office: 212 939 7256
mobile: +(385) 9152 95916
Kastel Sucurac, Croatia
Allison M Cimon,
Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

Per Bjørnholt,
Managing Director Industrial Solution
pbjornholt@cg-inv.com
office: 212 939 7256
New York, NY, USA

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