



The **FT Money** Global Strategy Service  
Empowerment Through Knowledge

## Australian Technical Analysts Association & **FTMoney.com February 4<sup>th</sup> 2013**

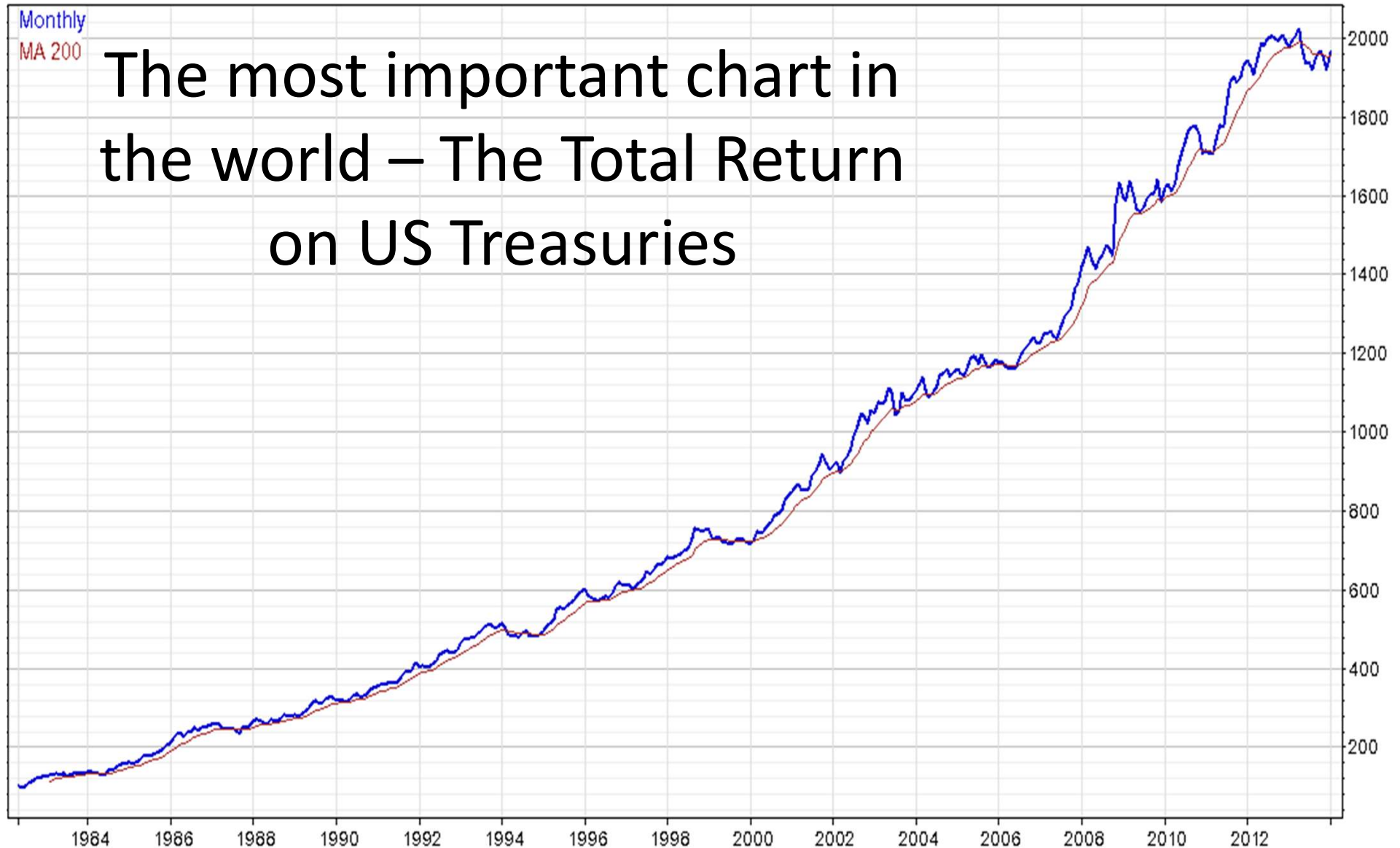


“Tapering and how it may affect investment themes?”



Monthly  
MA 200

# The most important chart in the world – The Total Return on US Treasuries

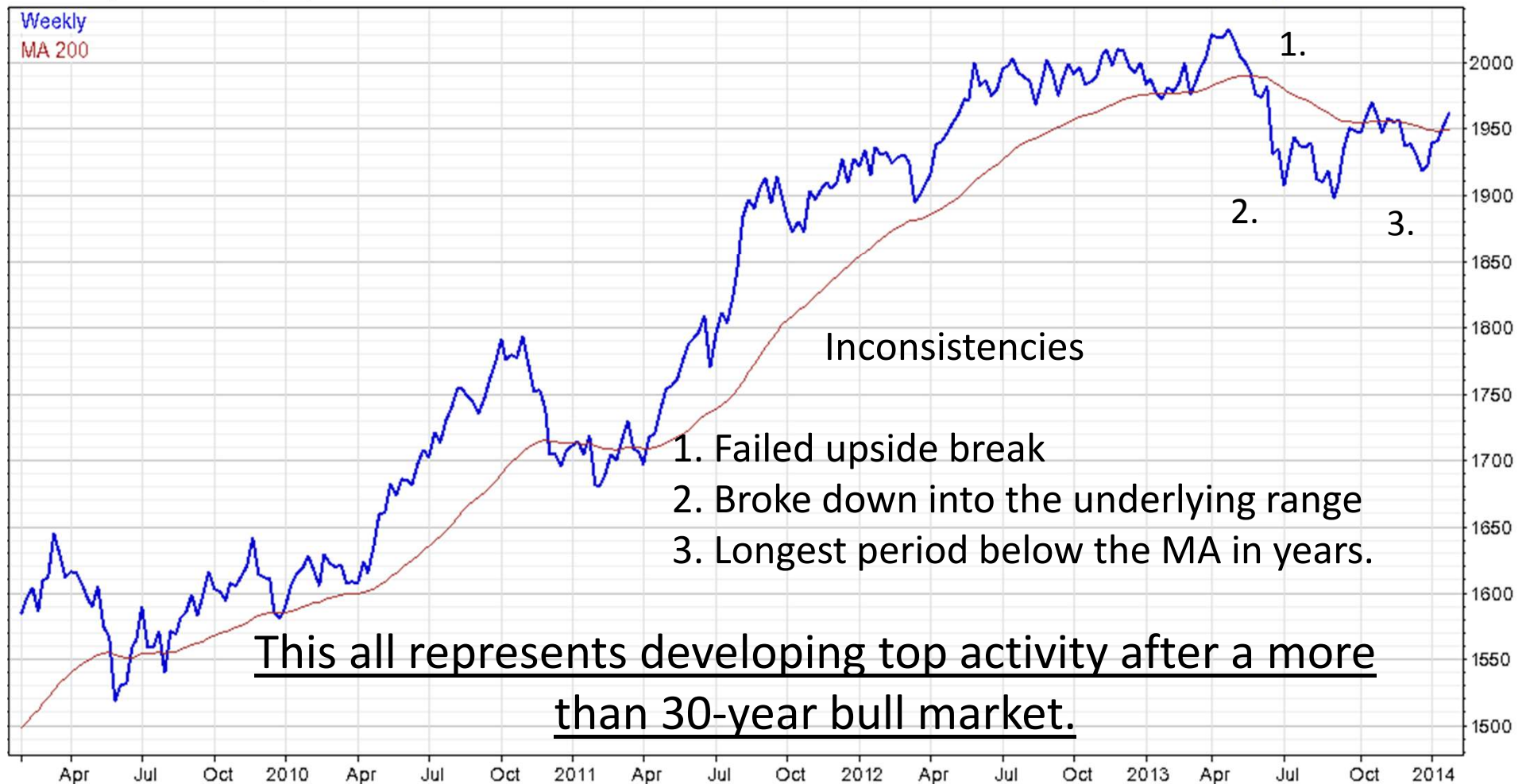




# Total Return on US Treasuries

Merrill Lynch Treasury 10yr+ Future Total Return Index (MLT1US10 INDEX) 1961.66 10.75

[www.ftmoney.com](http://www.ftmoney.com) 2014-01-31





US 10yr (USGG10YR INDEX) 2.644 -0.38

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BBB spreads have traded in line with  
Treasuries for the last 18 months but how  
long is this likely to continue?



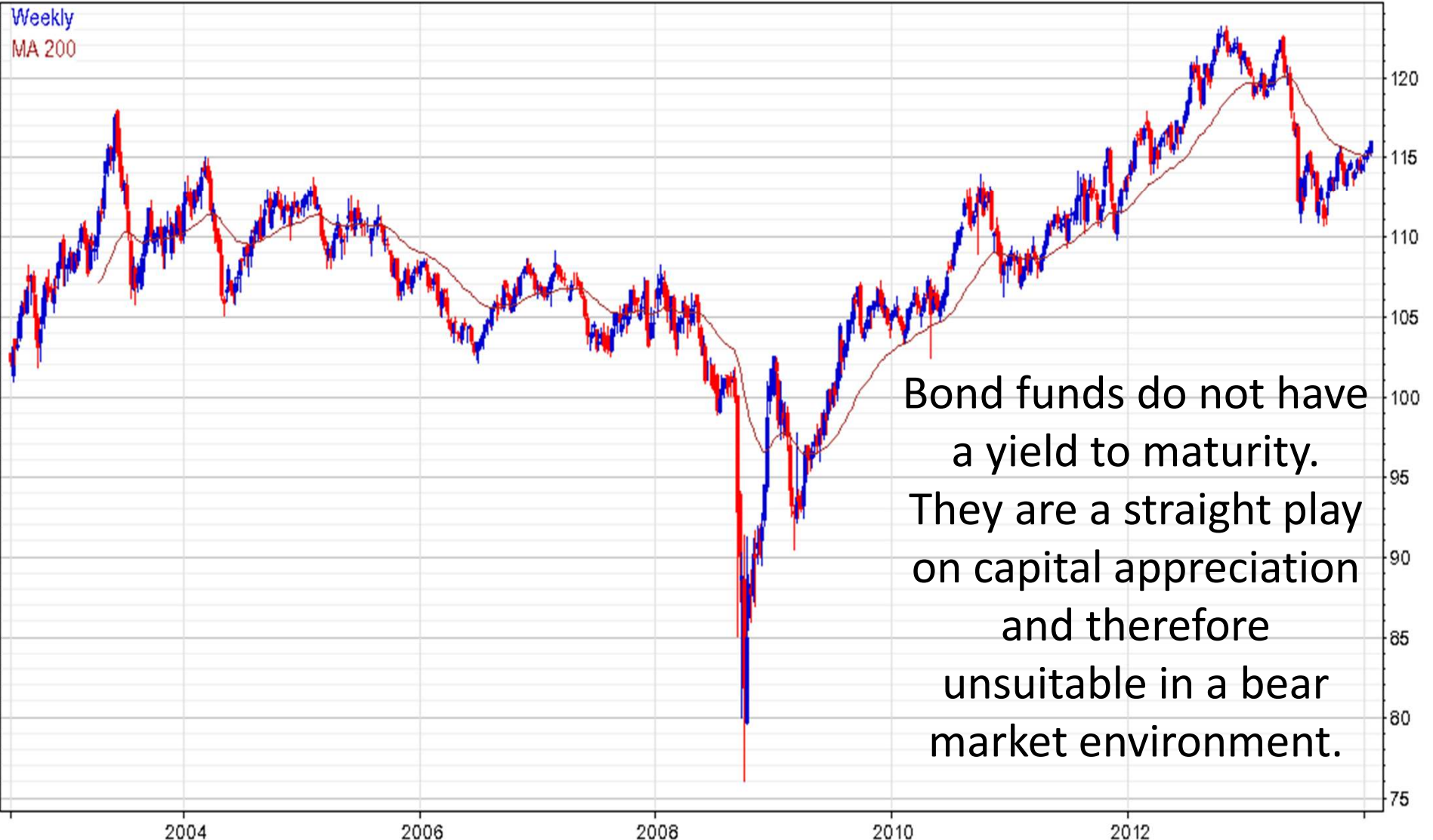


Total return = yield + capital appreciation.

In a bull market capital appreciation compensates investors for lower yields.

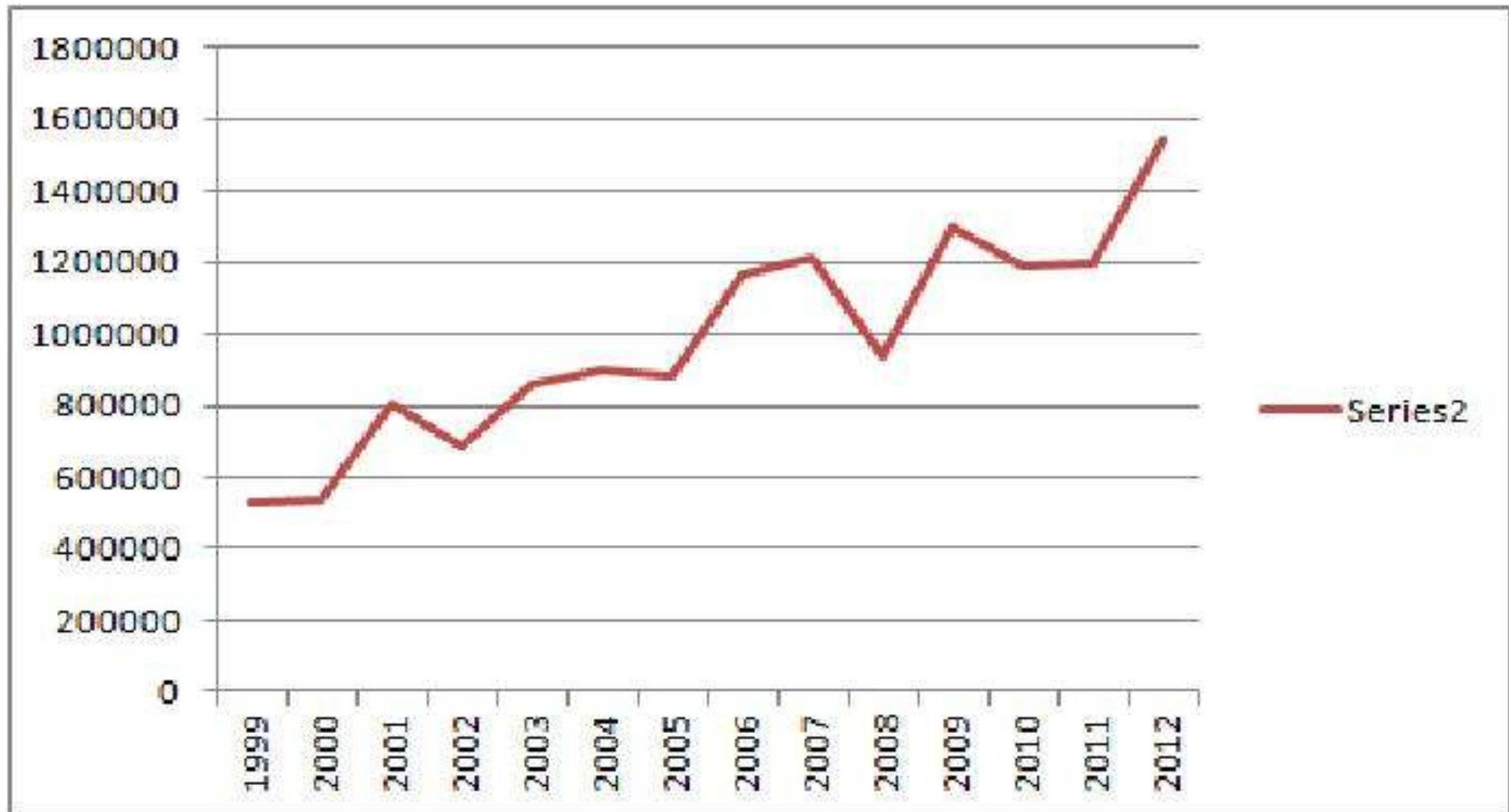
In a bear market investors have to demand higher yields to compensate them for the loss of capital appreciation.







Corporate Bond Issuance is at a record high.

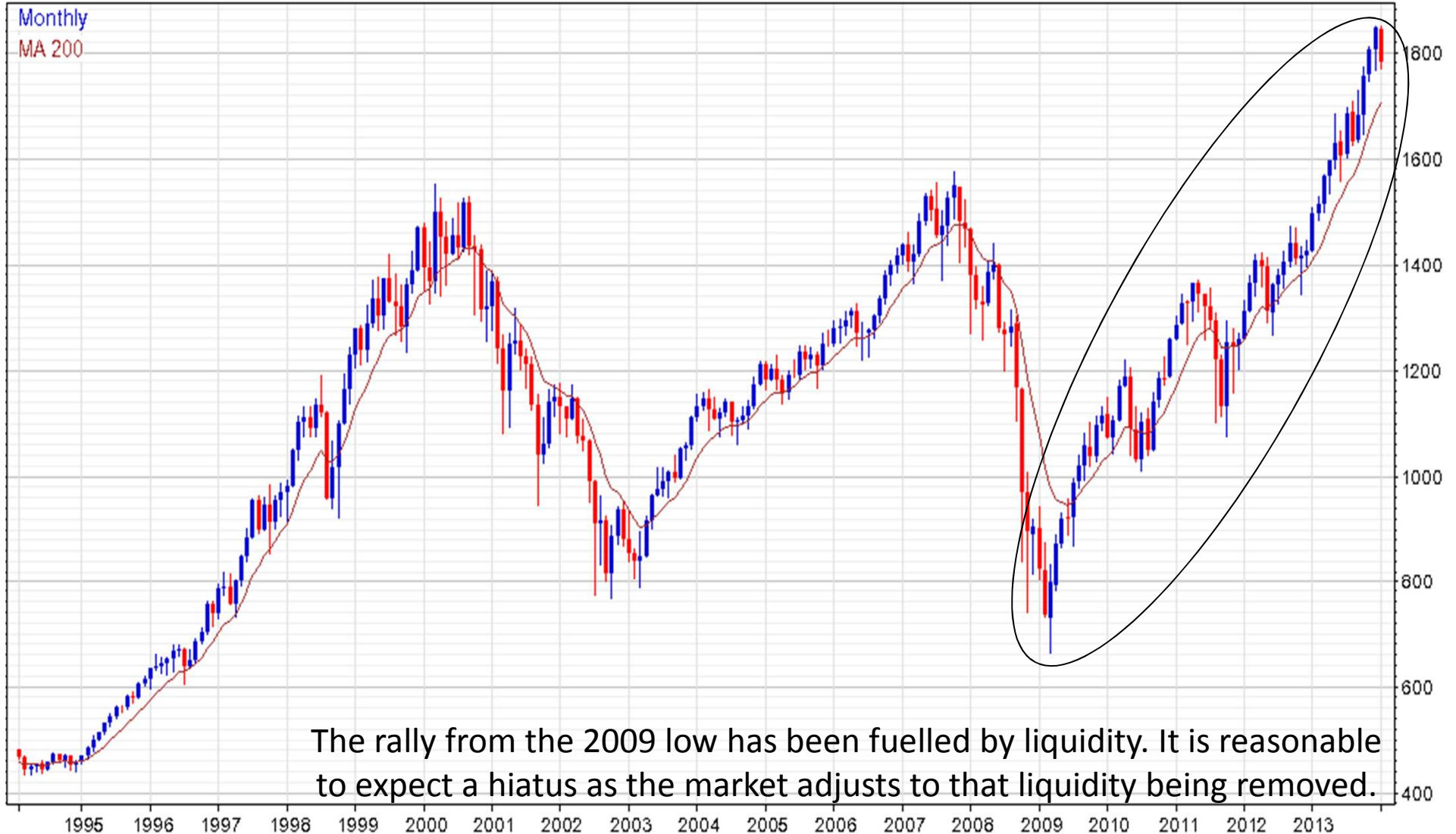






S&P 500 (SPX INDEX) 1782.59 -65.77

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PowerShares Buyback Achievers (PKW US EQUITY) 40.97 -0.18

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Weekly  
MA 200

PKW Buyback Achievers Total Return ETF constituents' have bought back 5% or more of their free float on a trailing 12-month basis.





GRAB

.PKWSPX U Index

Edit

Actions

Bookmarks

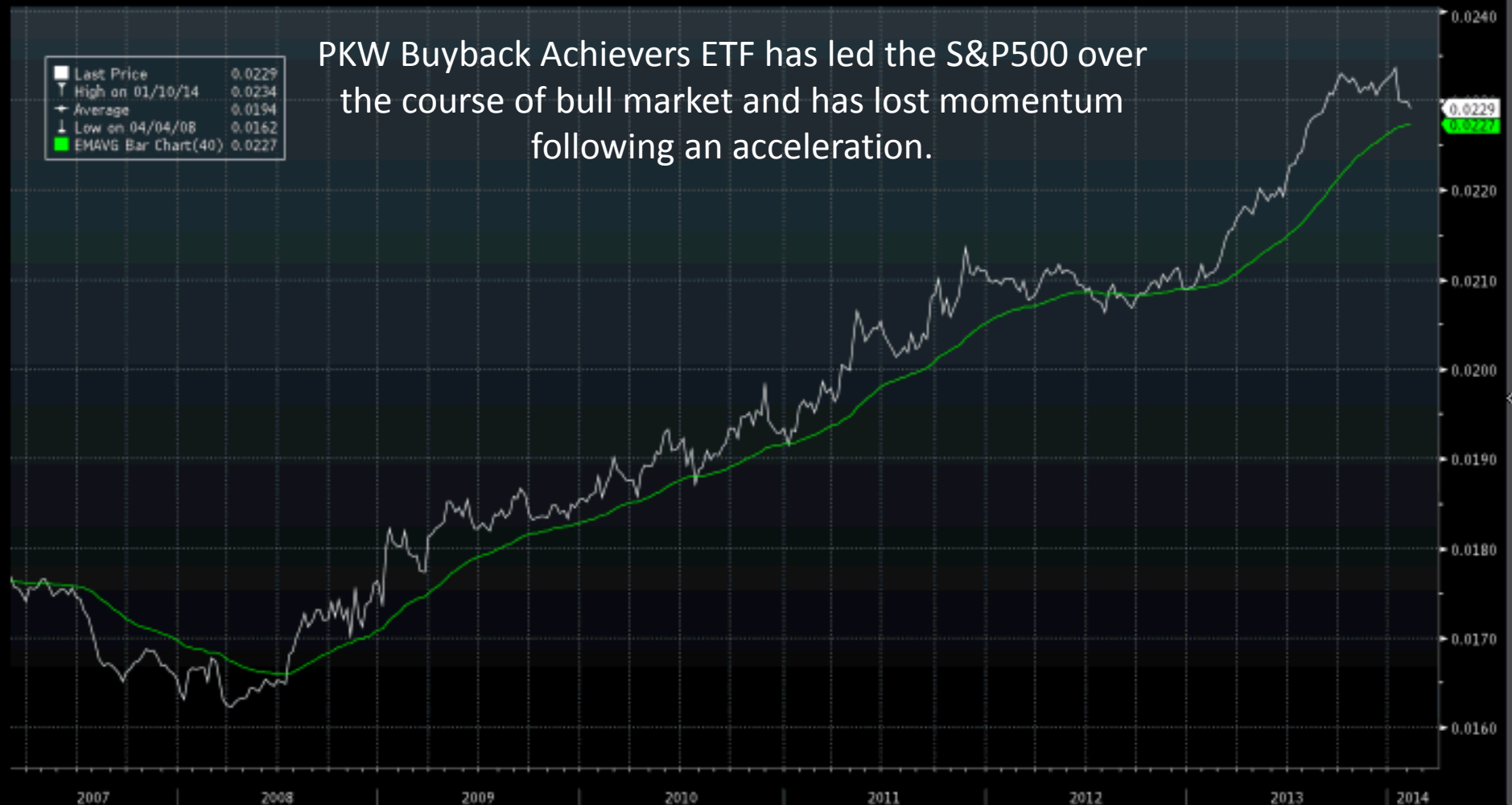
Show

G 7 - Copy of Graph 174

.PKWSPX U Index : pkw/spx Weekly 3/2/2007 - 2/4/2014

■ Last Price	0.0229
↑ High on 01/10/14	0.0234
→ Average	0.0194
↓ Low on 04/04/08	0.0162
■ EMAVG Bar Chart(40)	0.0227

PKW Buyback Achievers ETF has led the S&P500 over the course of bull market and has lost momentum following an acceleration.





Russell 2000 (RTY INDEX) 1130.882 -13.25

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Weekly  
MA 200

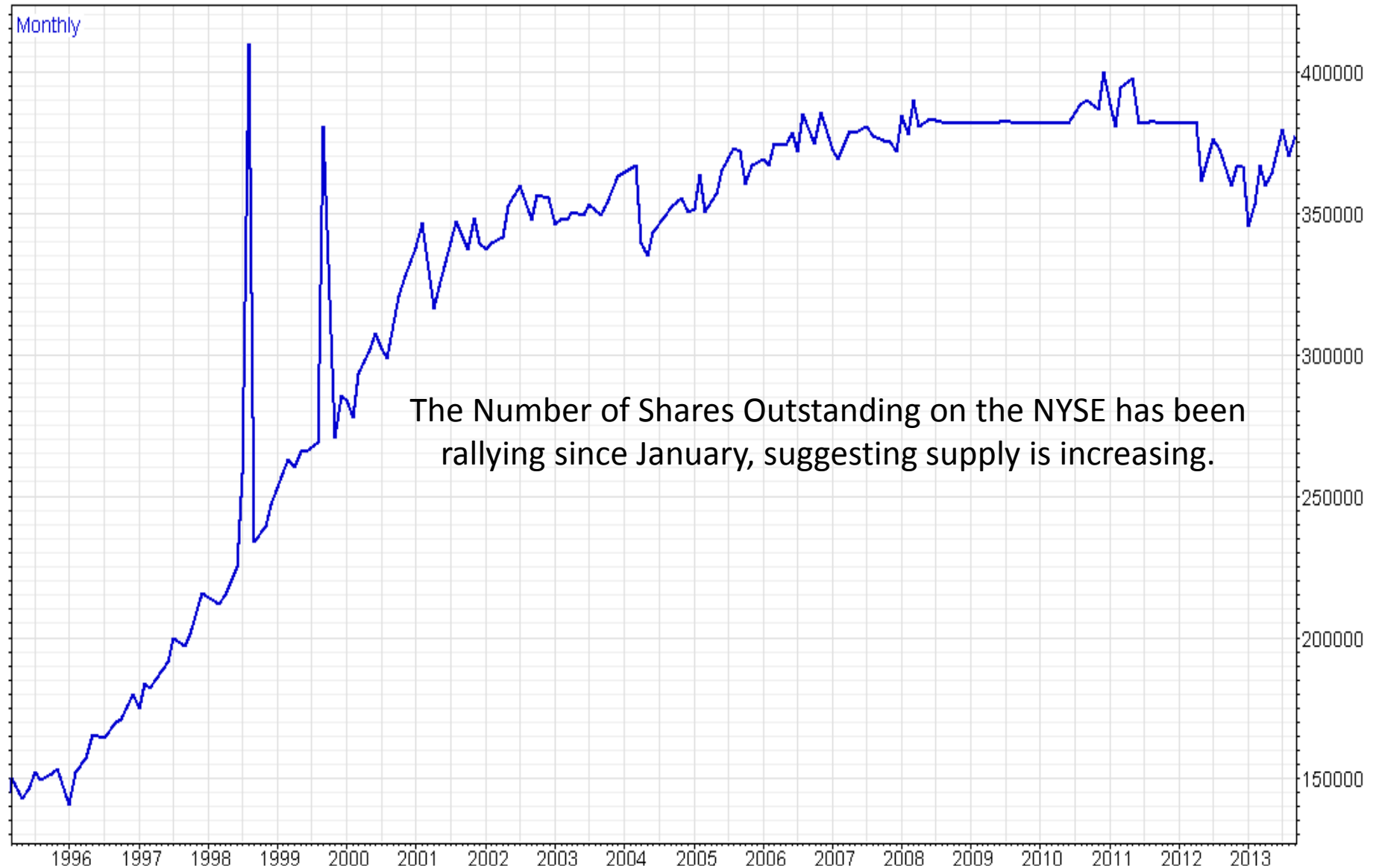
Russell 2000 Index (P/E 19.8, DY 1.62%) Small caps are generally highly exposed to changes in the interest rate environment.





nyse shares outstanding (.SHARES) 377525 +6927.00

www.fullermoney.com 27 Sep 2013







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Private Equity firms have turned into net sellers.

Seaworld, Pinnacle Foods, Coty, Quintiles Transitional Holdings, Hilton Hotels and Twitter were all listed in the last 12 months and represent additional major sources of supply.

*“It's almost biblical. There is a time to reap and there's a time to sow. We are harvesting We're selling everything that's not nailed down. And if we're not selling, we're refinancing.”*

Leon Black of Apollo Group in told a conference audience:

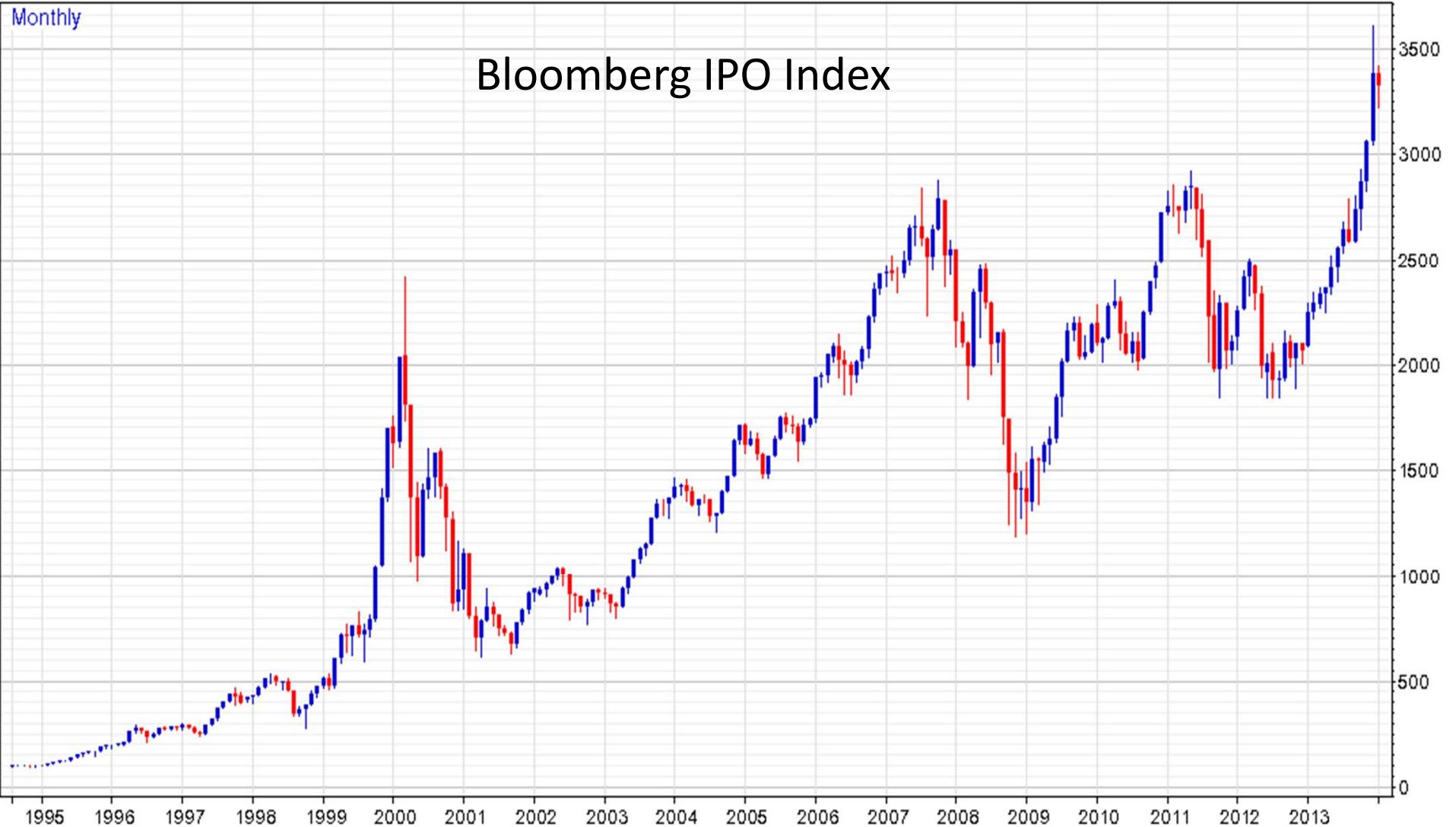
If they are so eager to sell, perhaps we should be a little more cautious about buying.





Bloomberg IPO Index (BIPO Index) 3323.18 -61.43

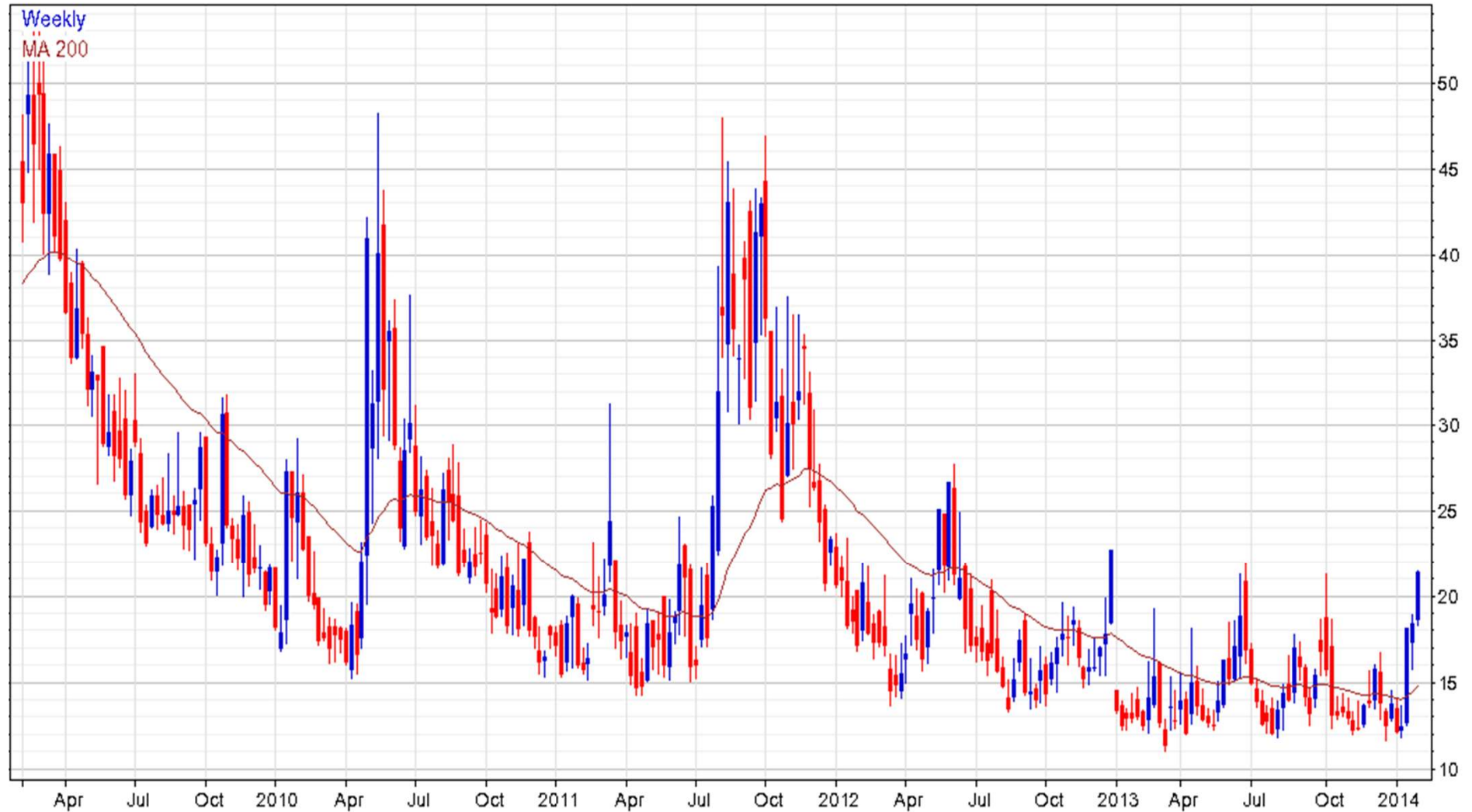
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OEX Volatility Index (VIX) (VIX INDEX) 21.44 3.03

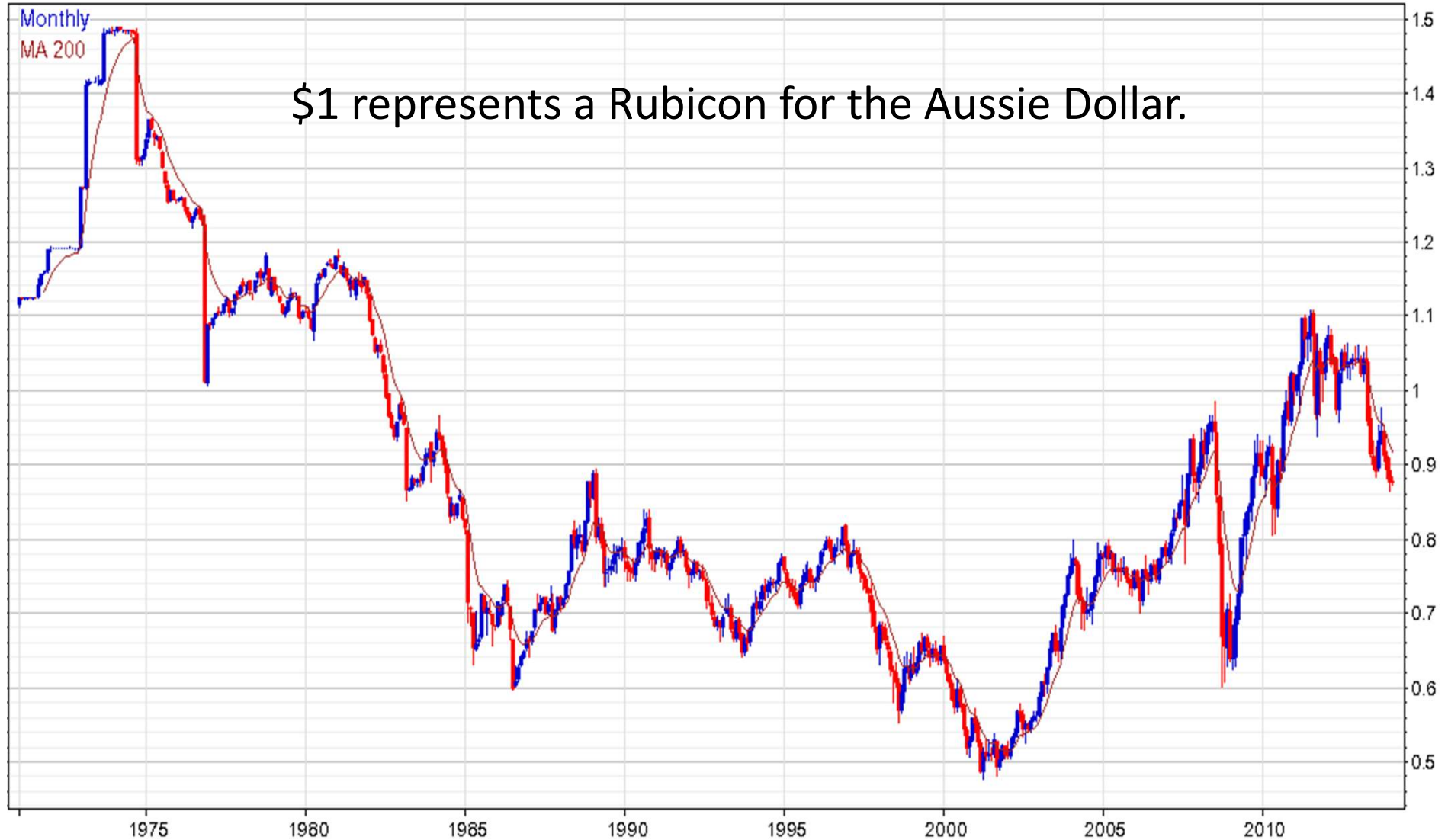
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Australian Dollar Spot (AUD CURRENCY) 0.8752 0.0

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Total Known ETF Holdings of Gold (troy ounces) (ETFGTOTL INDEX) 55928055.00 17467.0

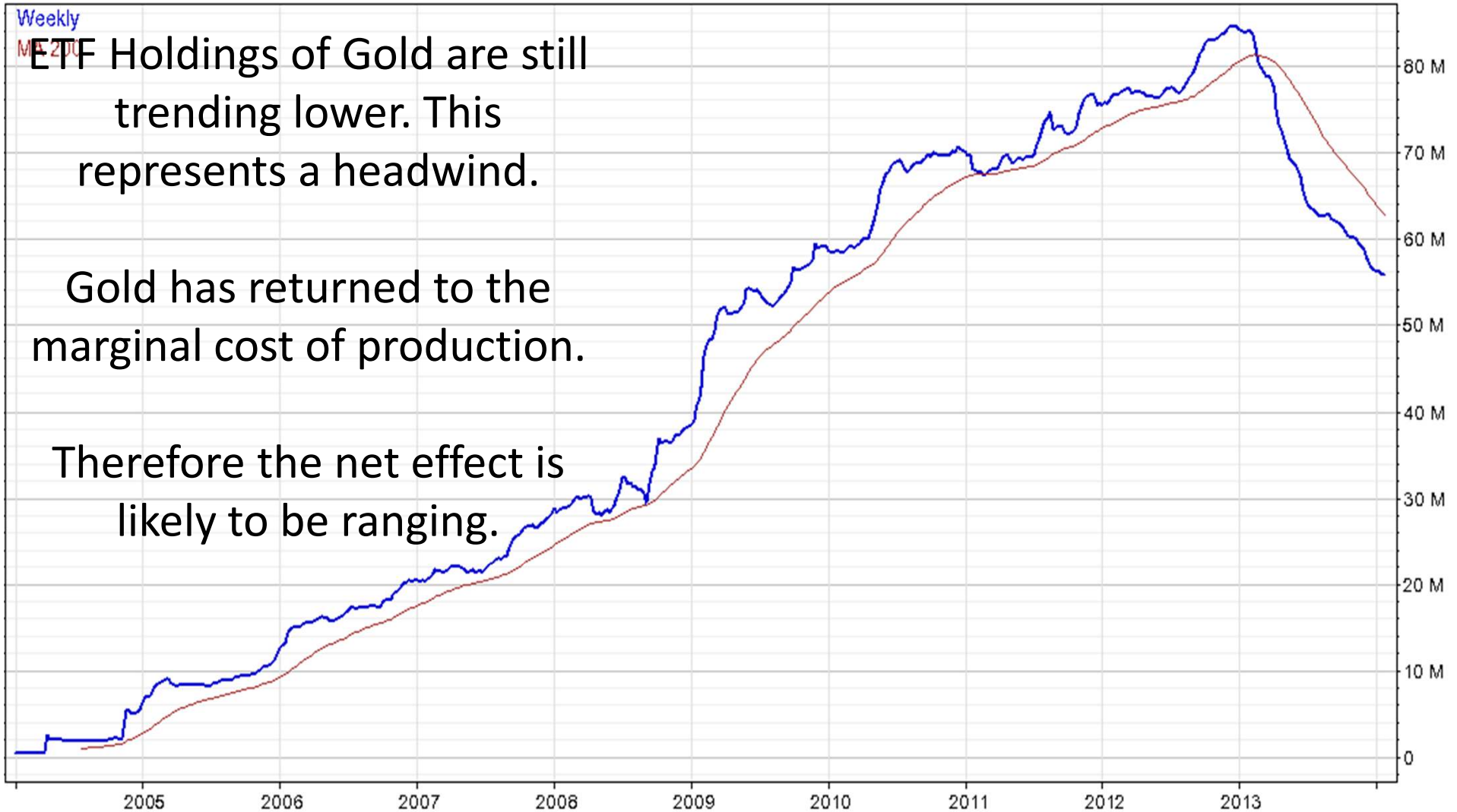
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Weekly

ETF Holdings of Gold are still trending lower. This represents a headwind.

Gold has returned to the marginal cost of production.

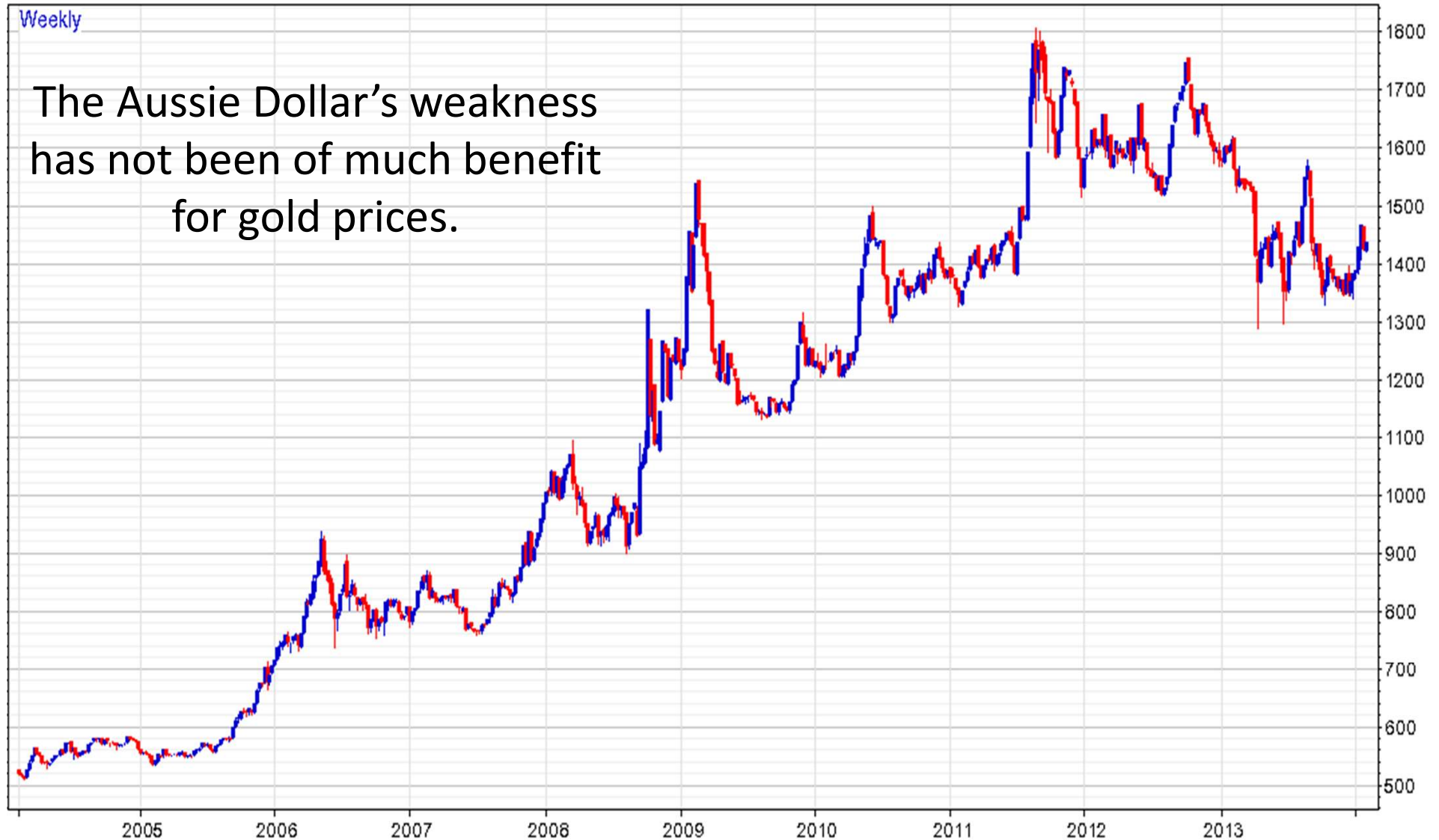
Therefore the net effect is likely to be ranging.





Weekly

The Aussie Dollar's weakness  
has not been of much benefit  
for gold prices.





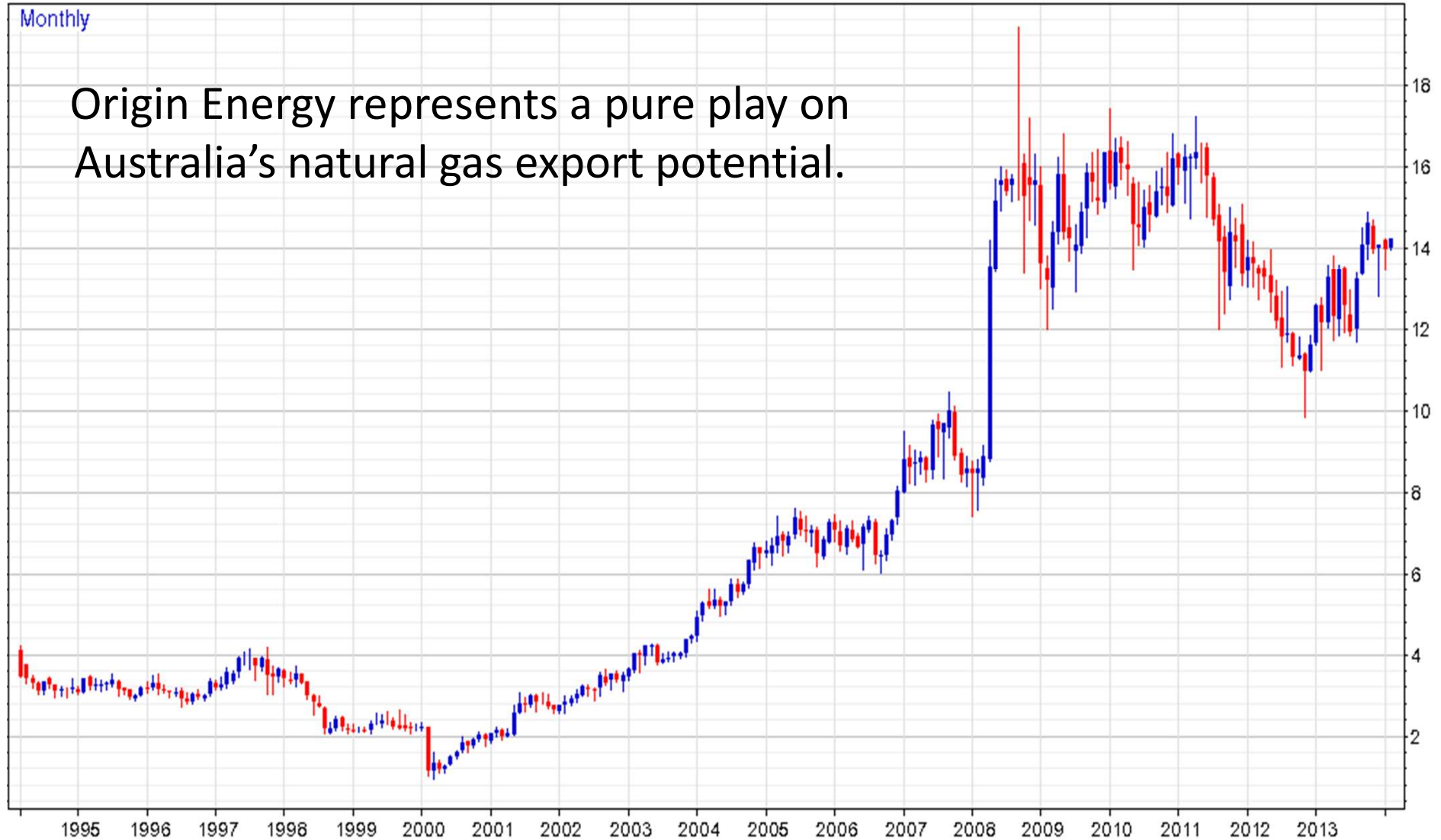


Origin Energy (ORG AU EQUITY) 14.23 0.25

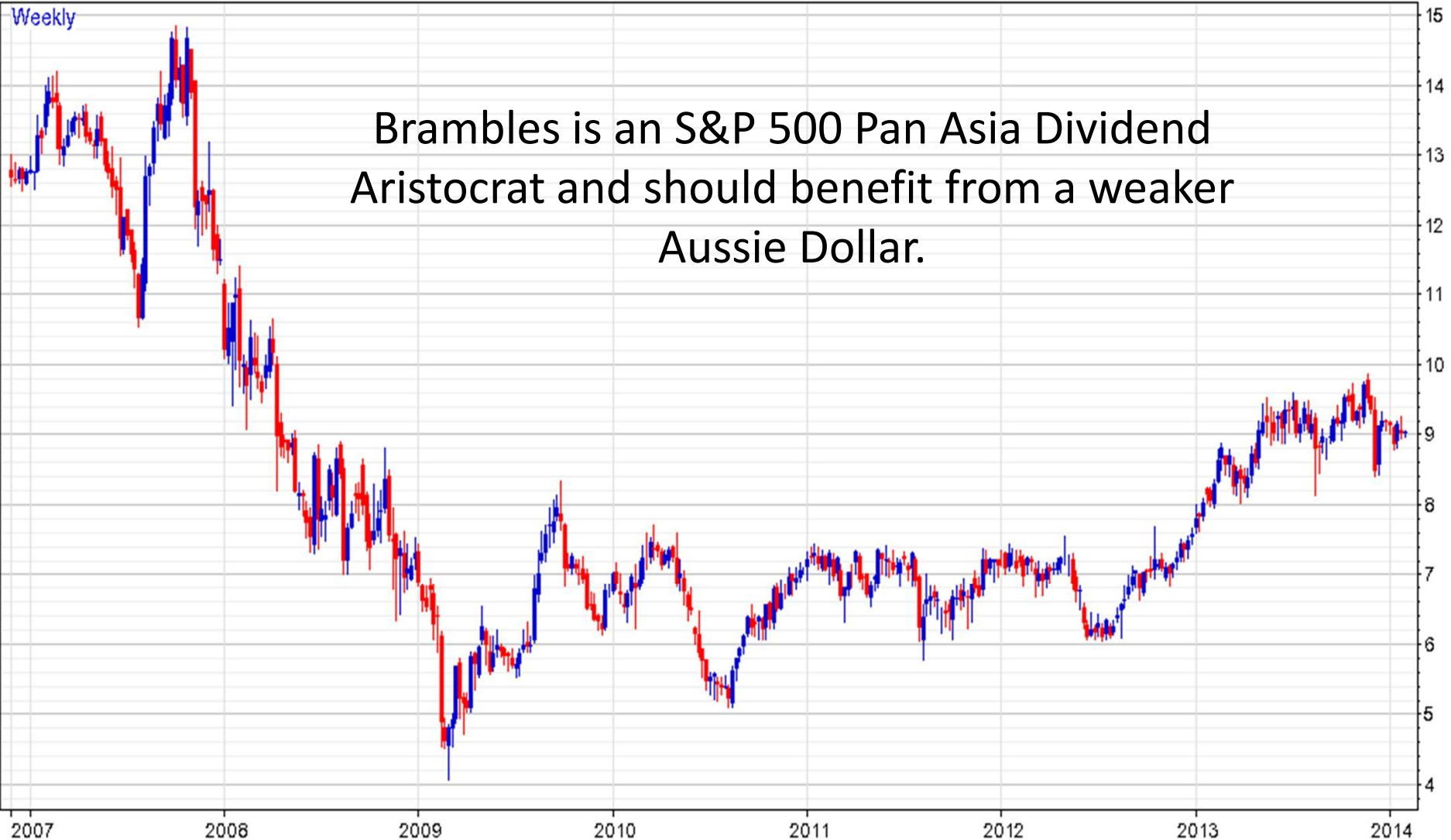
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Monthly

Origin Energy represents a pure play on  
Australia's natural gas export potential.







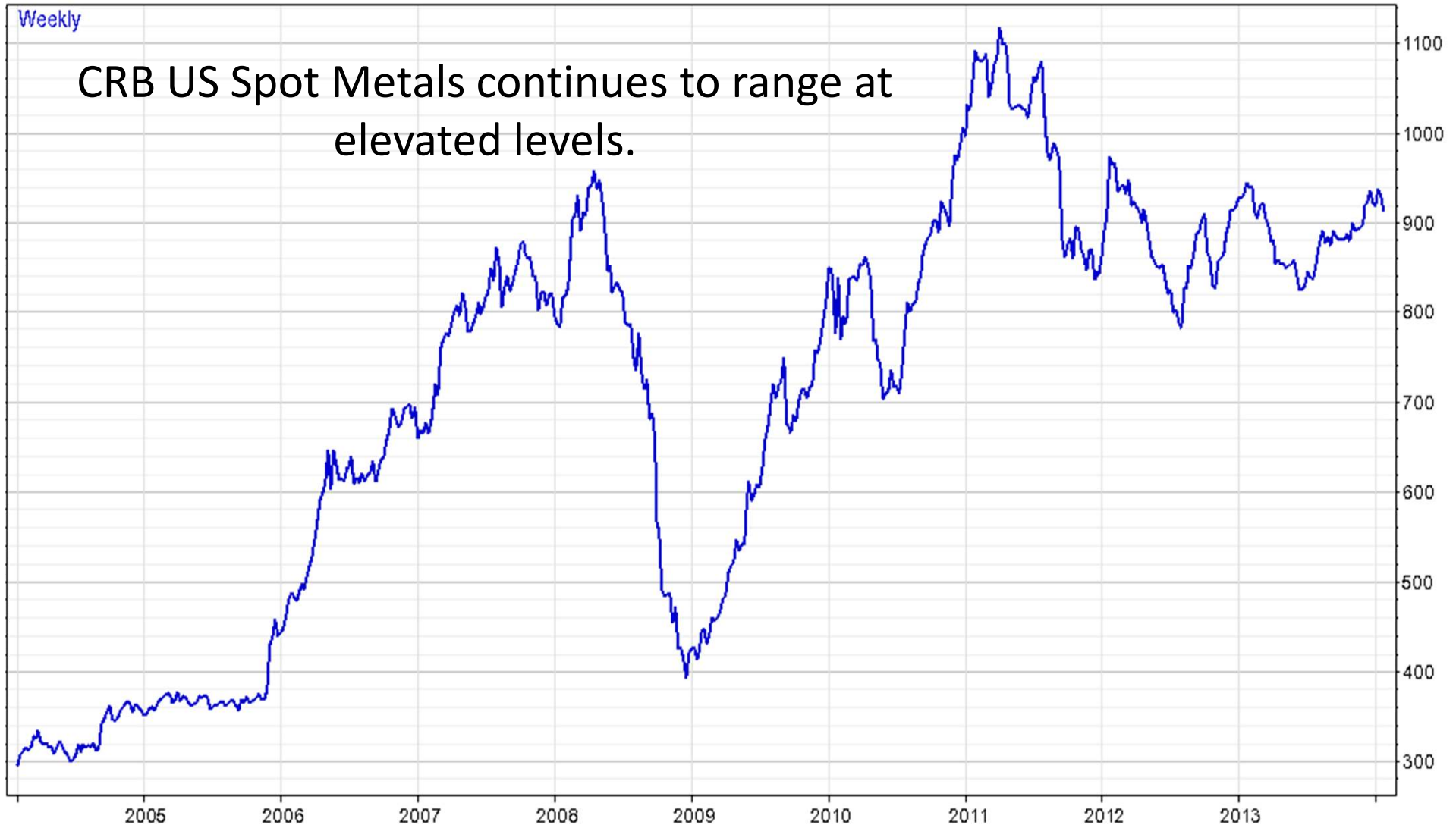


CRB US Spot Metals (CRB METL INDEX) 914.47 -13.82

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Weekly

CRB US Spot Metals continues to range at elevated levels.



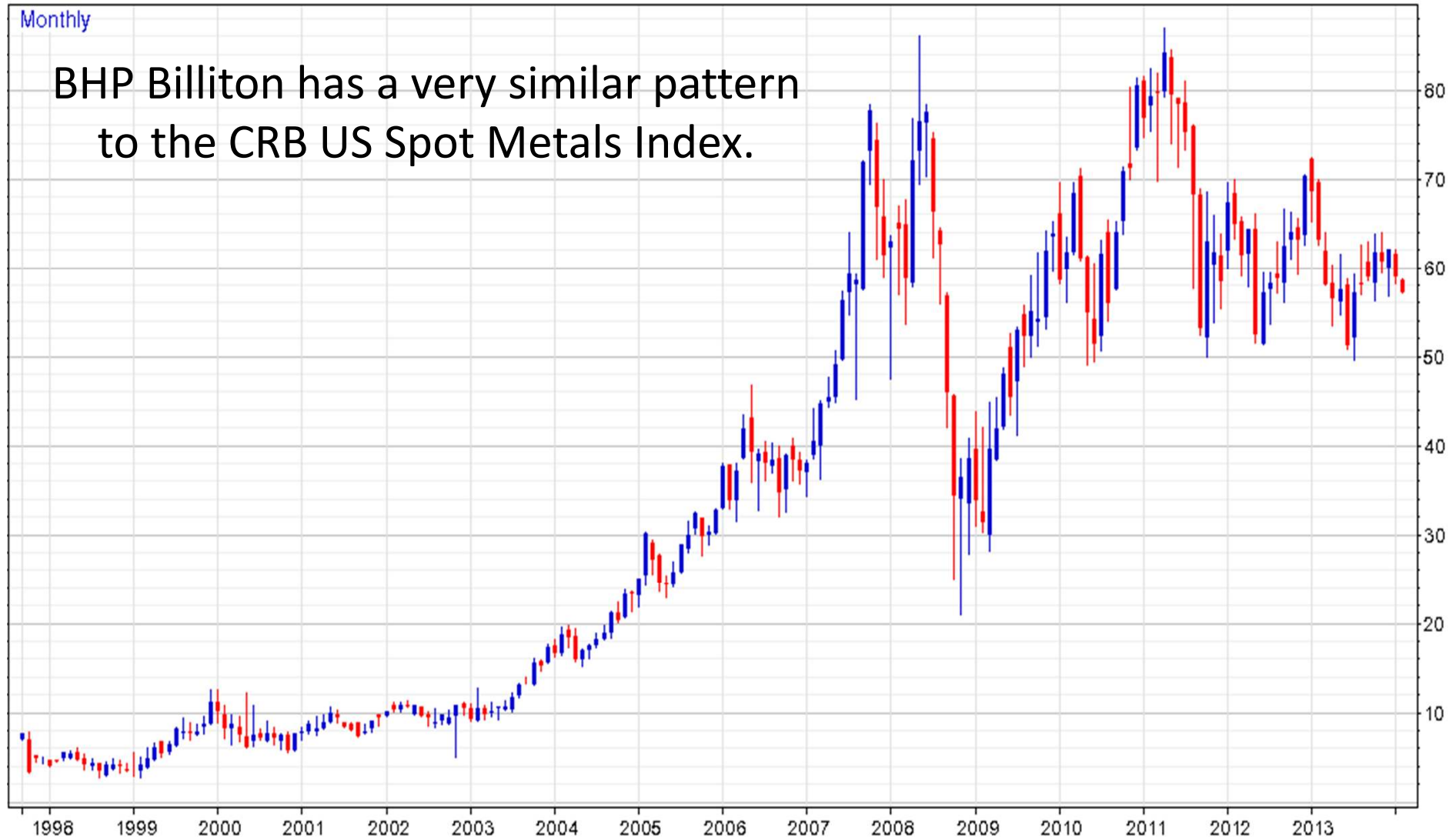


BHP Billiton (BBL US EQUITY) 57.24 -1.72

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Monthly

BHP Billiton has a very similar pattern to the CRB US Spot Metals Index.





GRAB

Right click for actions

AS51 Index 5) Display 6) Output 7) Alert 8) Feedback Index Weightings

S&P/ASX 200 INDEX 200 Members and 10 Groups, Index Weight (%) calculated by Bloomberg

1) Members 2) Historical Summary

Search As of 02/04/2014 <Add Column, e.g. P/E> 3) Fields

Ticker	Name	Index Weight(%) ↑	Subgroup weight	Divisor/ Shares	Price
11) AS51FIN	S&P/ASX 200 FINANCINDEX	44.106405		NoPerm	5,540.6001
12) AS51MATL	S&P/ASX 200 MATERIALS IX	17.933557		NoPerm	9,787.2002
13) AS51CONS	S&P/ASX 200 CONS STAP IX	8.241658		NoPerm	9,589.7998
14) AS51INDU	S&P/ASX 200 INDUSTR INDX	6.510676		NoPerm	3,807.3000
15) AS51ENGY	S&P/ASX 200 ENERGYINDEX	5.920885		NoPerm	13,027.0996
16) AS51TELE	S&P/ASX 200 TELECOM INDX	5.383827		NoPerm	1,763.2000
17) AS51HC	S&P/ASX 200 HEALTHINDEX	4.844111		NoPerm	14,088.7998
18) AS51COND	S&P/ASX 200 CONS DISC IX	4.577855		NoPerm	1,715.6000
19) AS51UTIL	S&P/ASX 200 UTILITIES IX	1.670490		NoPerm	5,396.8999
20) AS51IT	S&P/ASX 200 INF TECH IX	0.810537		NoPerm	708.1000

Currency LCL 4) Stats Grouping Index Sectors + Expand All Zoom 100%

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
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SN 119126 H213-5452-1 04-Feb-14 4:21:15 GMT GMT+0:00



Weekly  
MA 200

Commonwealth Bank is back at the  
MA but what next?







Australia ASX200 (AS51 INDEX) 5187.911 -2.09

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Tapering and eventual normalisation of monetary policy represents a short to medium-term hurdle but what about the long-term?





Productivity = Labour x Technology X Energy X Debt

Debt represents the greatest short term hurdle to productivity growth but is likely to be counter balanced and eventually overcome by innovation in other areas.

Labour – US demographics remain positive. Globally another 2 billion people are likely to move into the middle classes over the next decade.

Technology - innovation is increasing at an exponential rate, nanotechnology, 3-D printing, industrial automation, embedded processing, genetics and other technologies are constantly improving productivity.

Energy – unconventional oil and gas, generation IV nuclear and solar promise an era of abundant energy at a lower price.



Salesforce.com Inc (CRM US EQUITY) 58.47 -2.06

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Weekly  
MA 200

Labour = number of people at work x output per worker.

Salesforce.com went revenue positive in August and while overbought at present, represents a global growth engine promoting labour productivity.





Google Inc (GOOG US EQUITY) 1133.43 -47.54

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Weekly  
MA 200

Labour = number of people at work x output per worker.

Google might be an advertising company but its search, email and cloud services as well as its application software is what it makes headlines for.





Youku.com Inc (YOKU US EQUITY) 27.68 -1.28

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Christmas Fun with Electronic Robots

POPULAR  
ELECTRONICS

DECEMBER  
1958

35  
CENTS



Hi-Fi from Your Ceiling • Long-Wave Set  
Electronic Simulators Train Jetliner Pilots

**Robotics offers an excellent example of the exponential rate of technological development that is overtaking a wide number of sectors.**





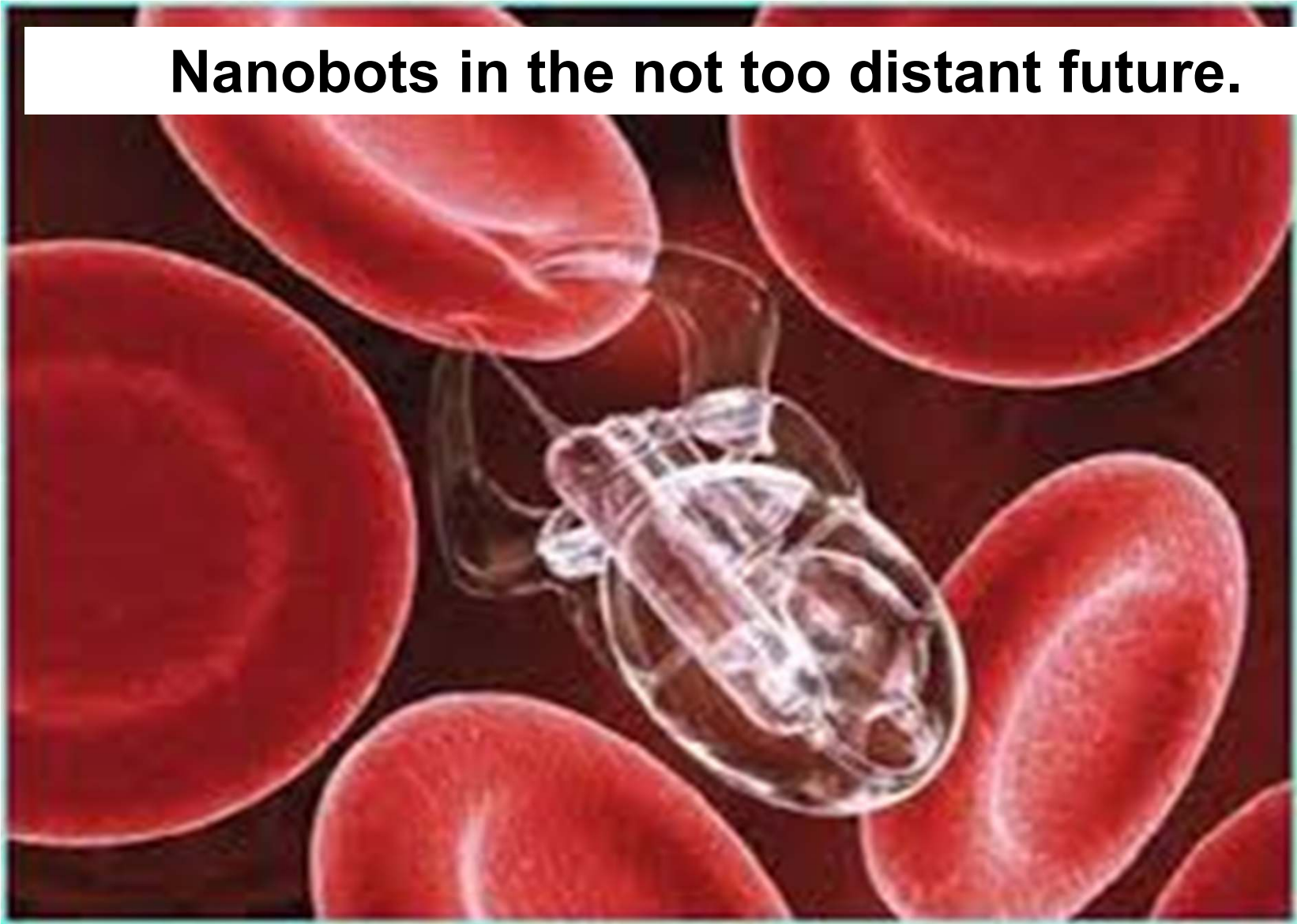
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## The reality of robotics 20 years ago.





**Nanobots in the not too distant future.**





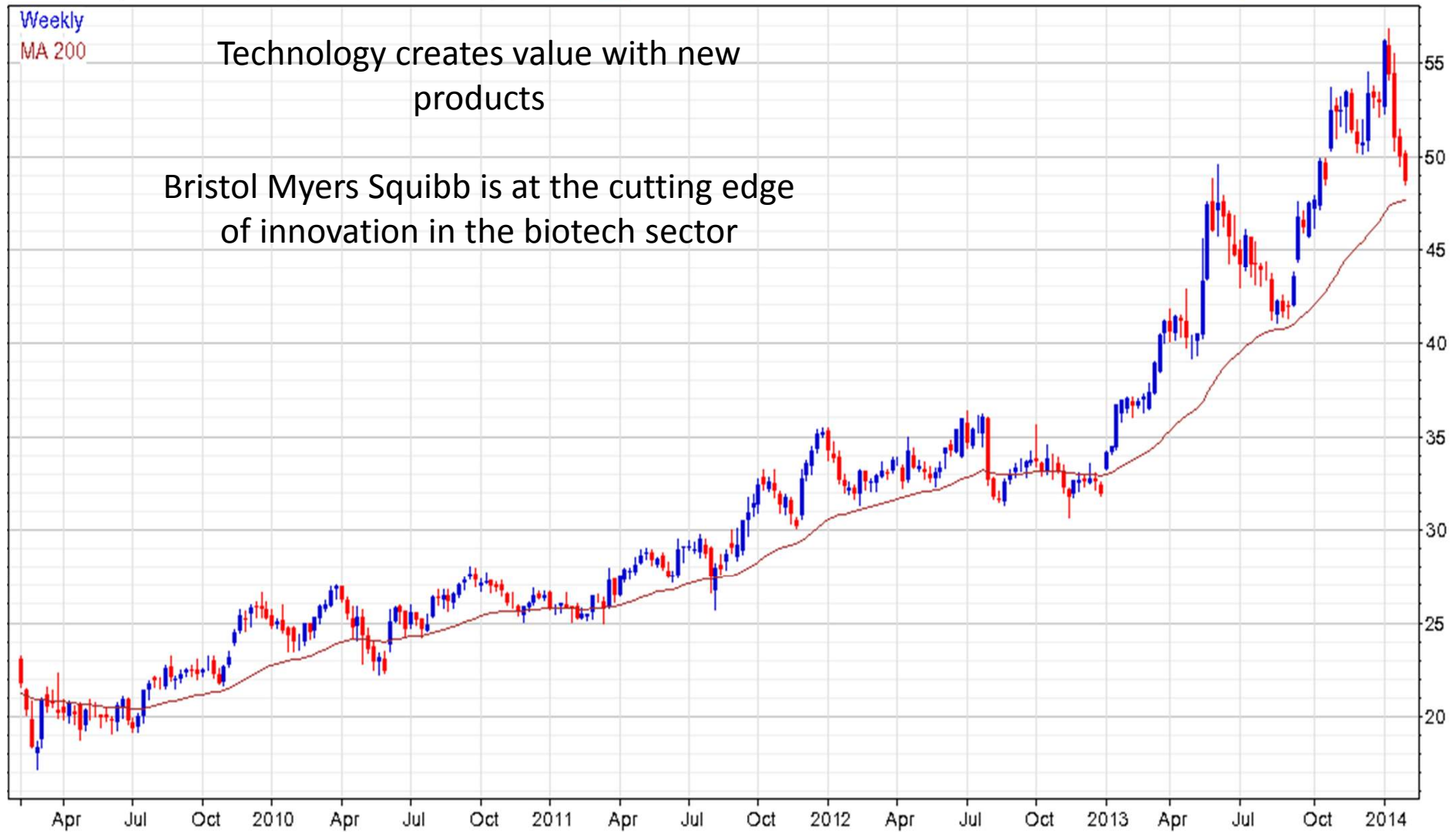
Bristol-Myers Squibb Co (BMY US EQUITY) 48.64 -1.33

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Weekly  
MA 200

Technology creates value with new products

Bristol Myers Squibb is at the cutting edge of innovation in the biotech sector







Ramsay Health Care (RHC AU EQUITY) 43.62 -0.24

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Weekly  
MA 200

Ramsay Healthcre is now susceptible to mean reversion but remains a leader in its field.

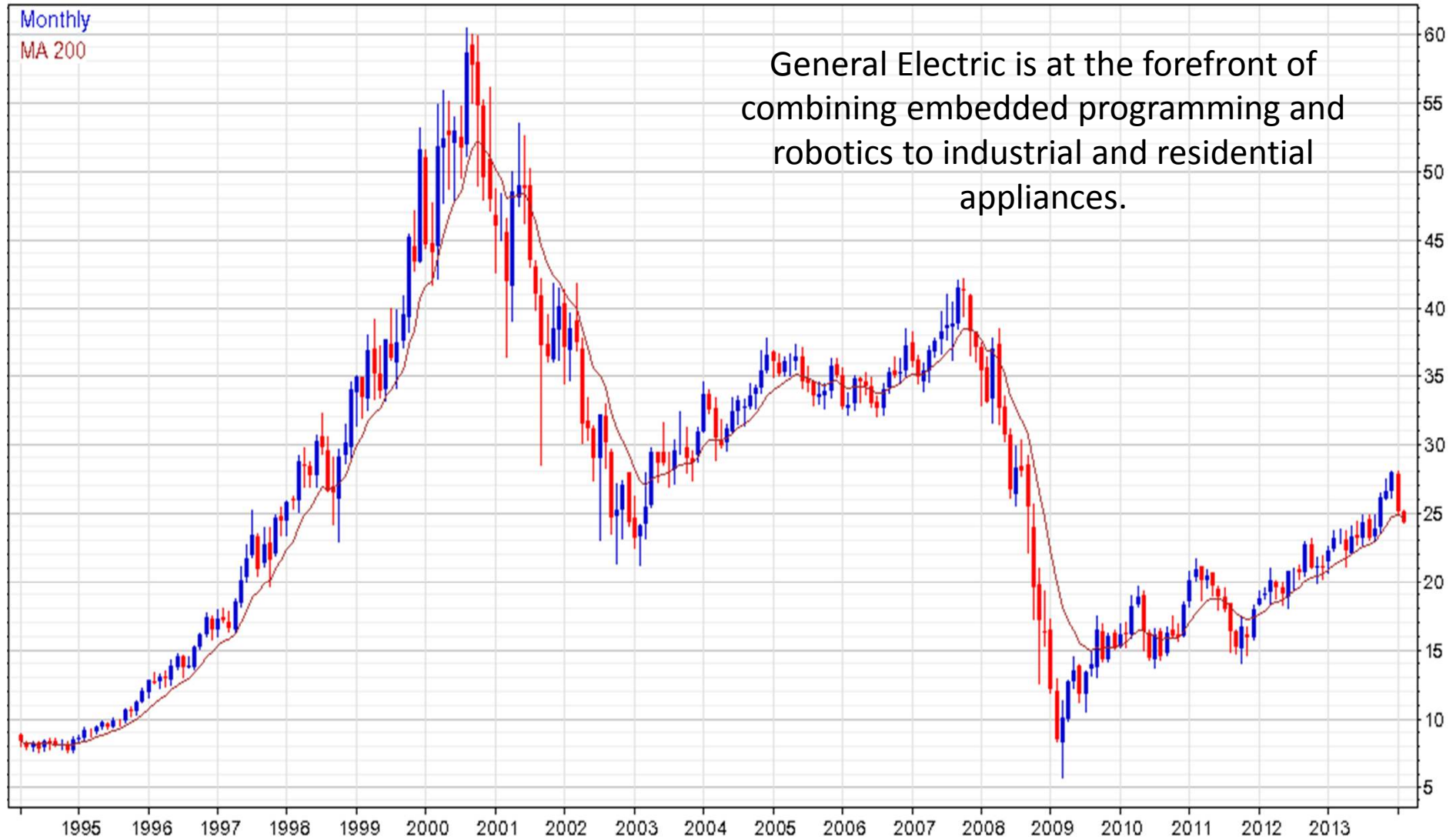




General Electric Co (GE US EQUITY) 24.35 -0.78

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Monthly  
MA 200

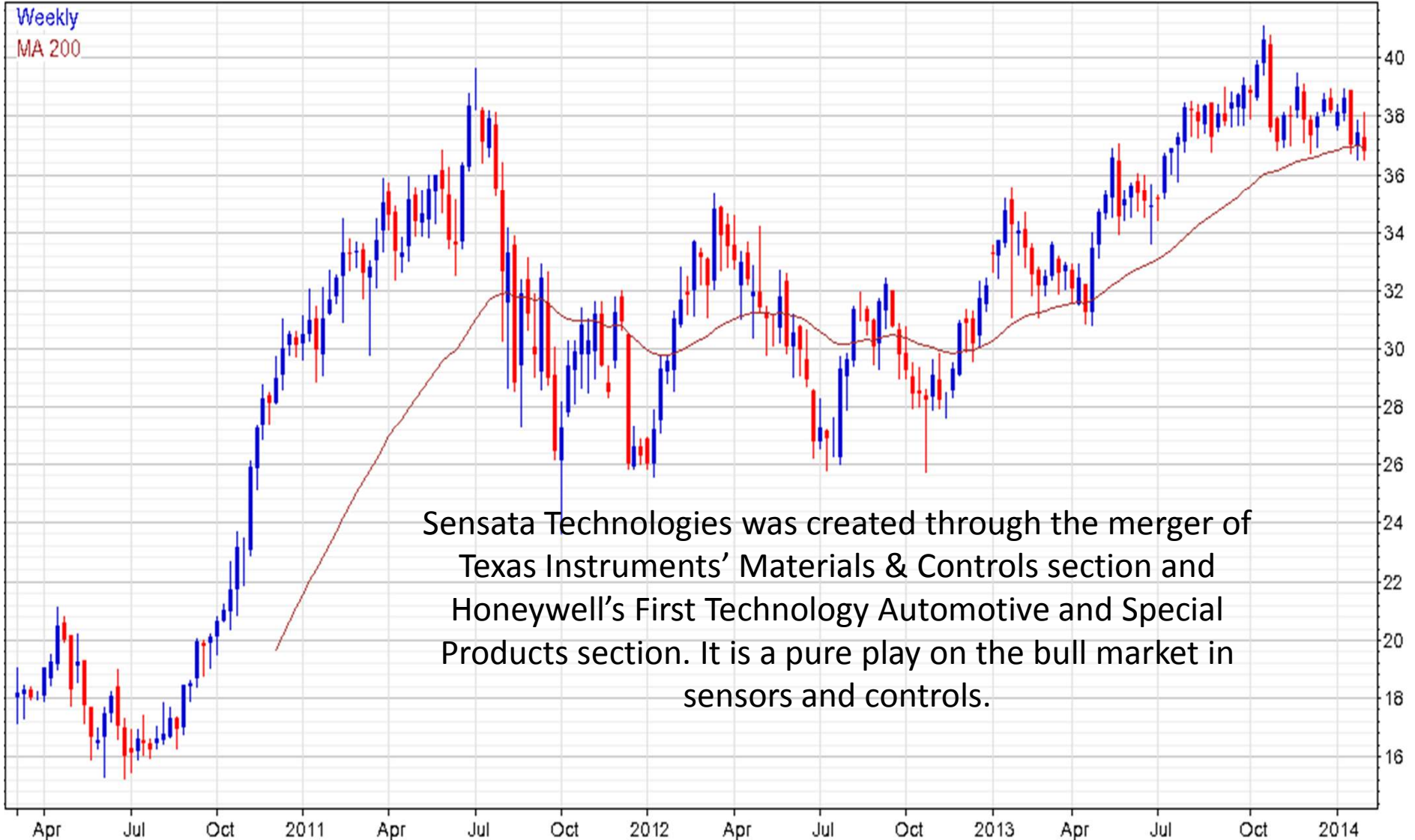






Sensata Technologies Holding (ST US EQUITY) 36.78 -0.66

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Stratasys Inc (SSYS US EQUITY) 114.31 -6.25

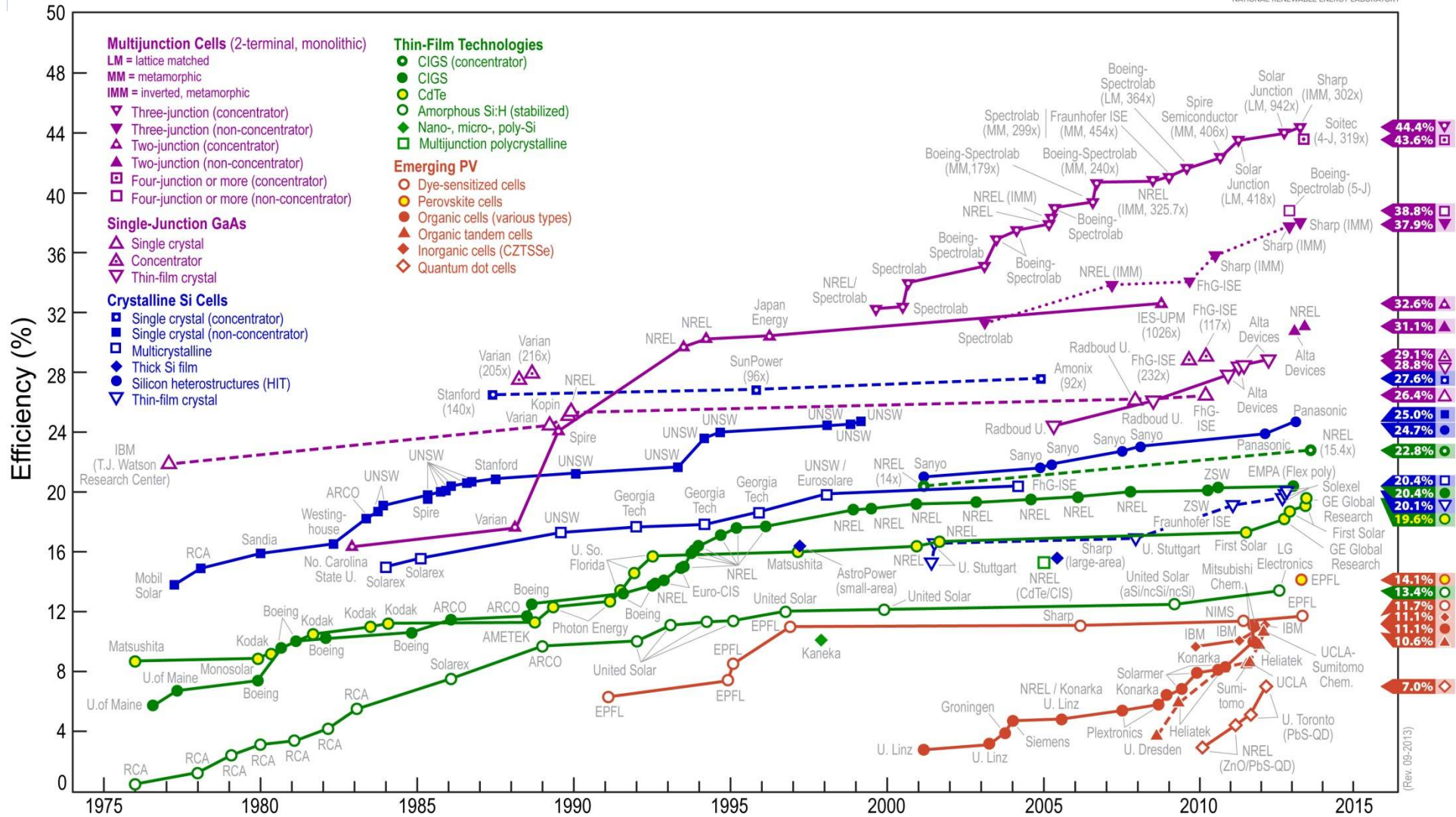
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Weekly  
MA 200

Stratasys is a leader in the 3-D printing sector  
and represents another growth market.



# Best Research-Cell Efficiencies



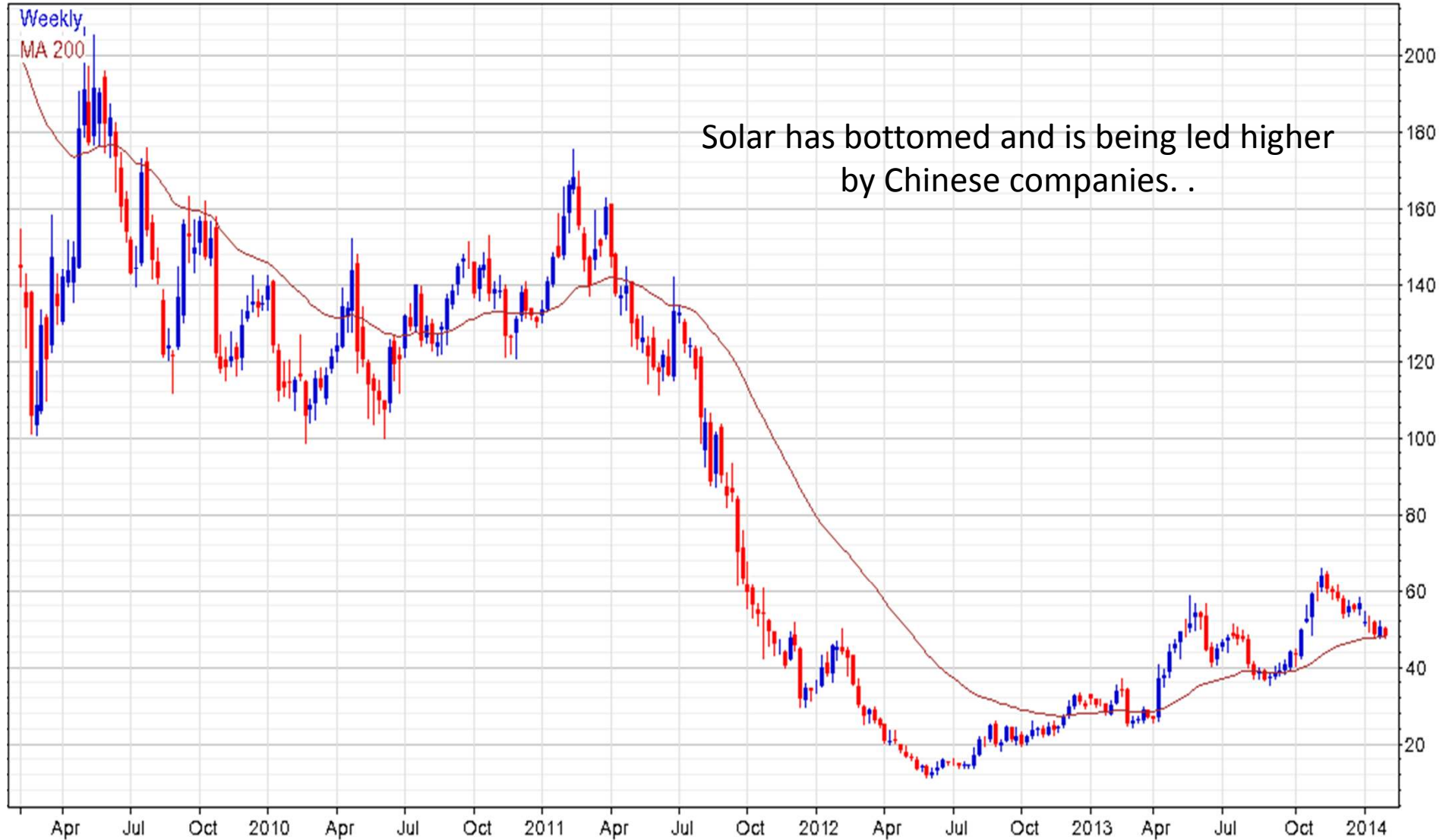
(Rev. 09-2013)





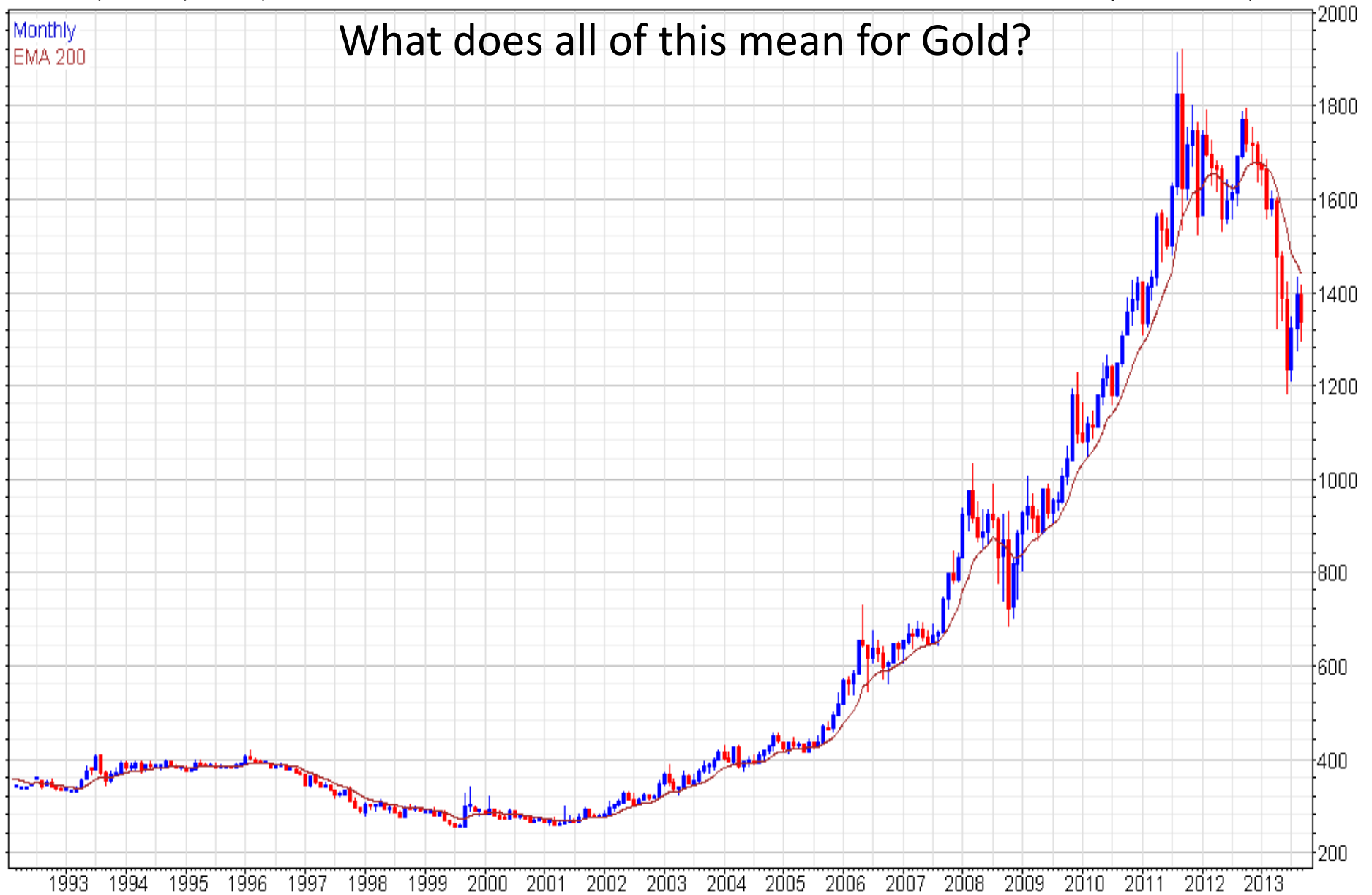
First Solar Inc (FSLR US EQUITY) 48.35 -2.23

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## What does all of this mean for Gold?

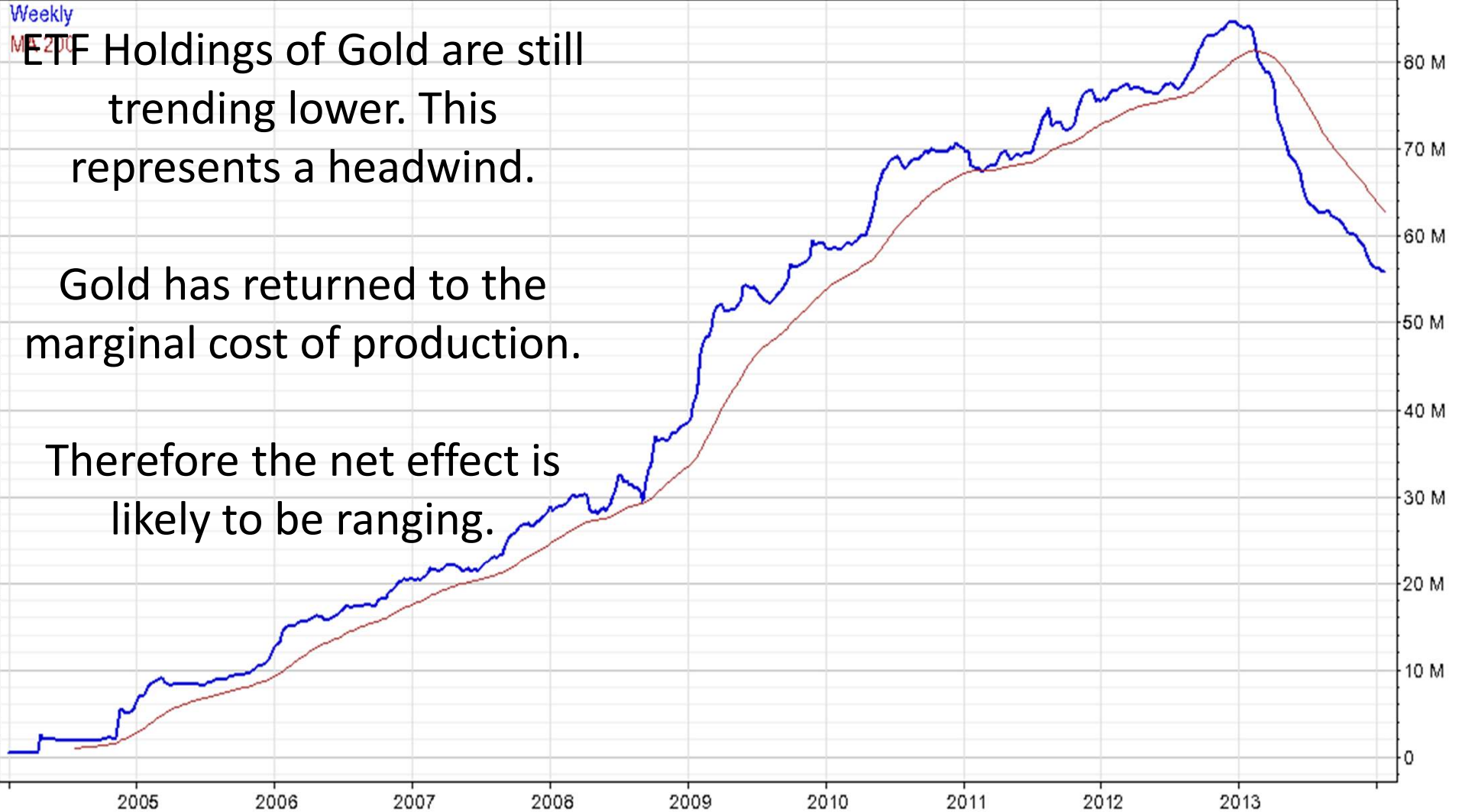






Total Known ETF Holdings of Gold (troy ounces) (ETFGTOTL INDEX) 55928055.00 17467.0

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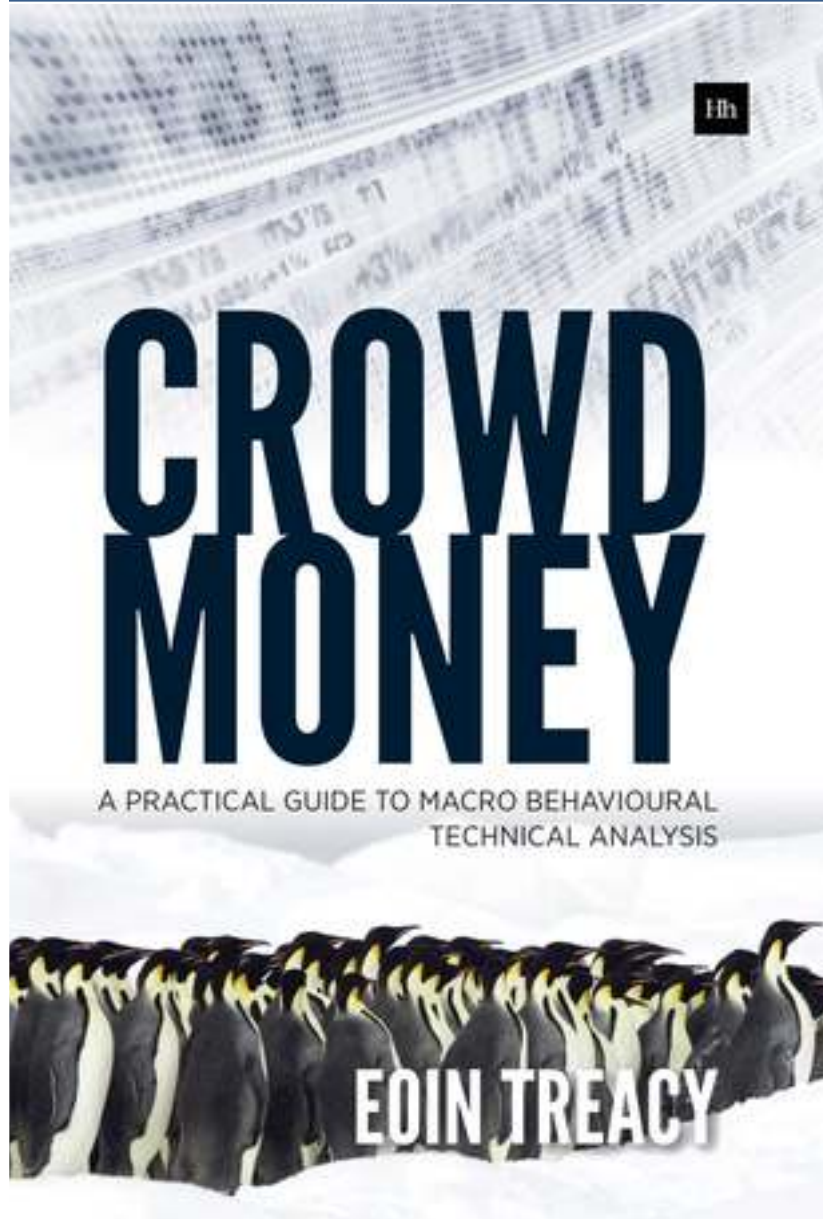


## Conclusions

- The removal of QE represents a short to medium-term challenge to stock markets.
- The current rally can be viewed as an opportunity to lighten positions in bond funds when it starts to roll over.
- QE is bullish for the US Dollar so currency variation is going to play a much larger roll in the next decade.
- The confluence of innovations in technology, healthcare, energy and labour offer the realistic potential for a secular bull market in equities from 2015.



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Comment of the Day.**

**The Chart Seminar in Sydney  
February 5<sup>th</sup> & 6<sup>th</sup>**

**Global Strategy Session in  
Sydney February 7<sup>th</sup>**

**Crowd Money – A Practical  
Guide to Macro Behavioural  
Technical Analysis goes on  
sale October 7<sup>th</sup>.**