



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

## Technical Analysis Society of Singapore **FTMoney.com February 10<sup>th</sup> 2013**



“Tapering and how it may affect investment themes?”

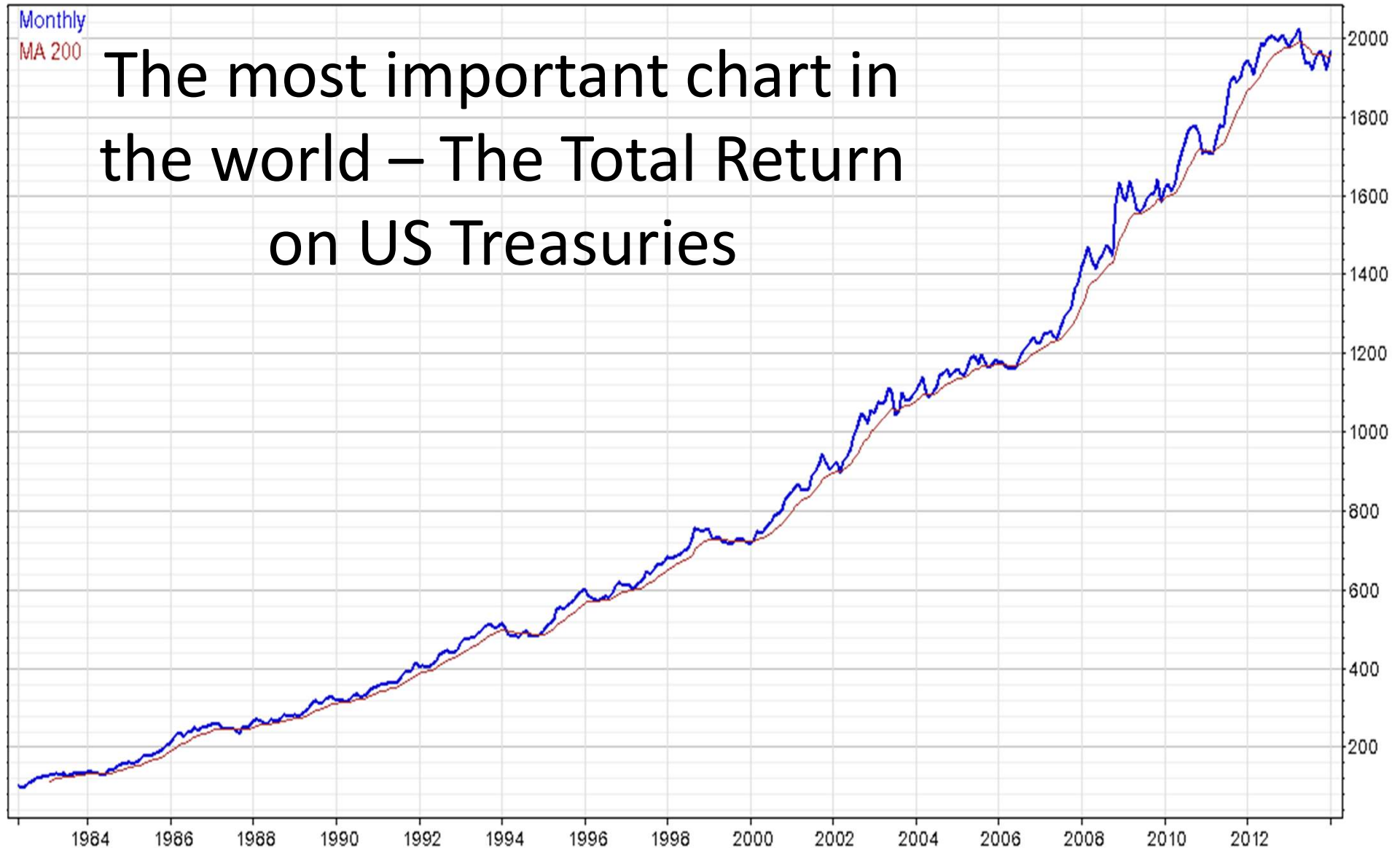
By Eoin Treacy





Monthly  
MA 200

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



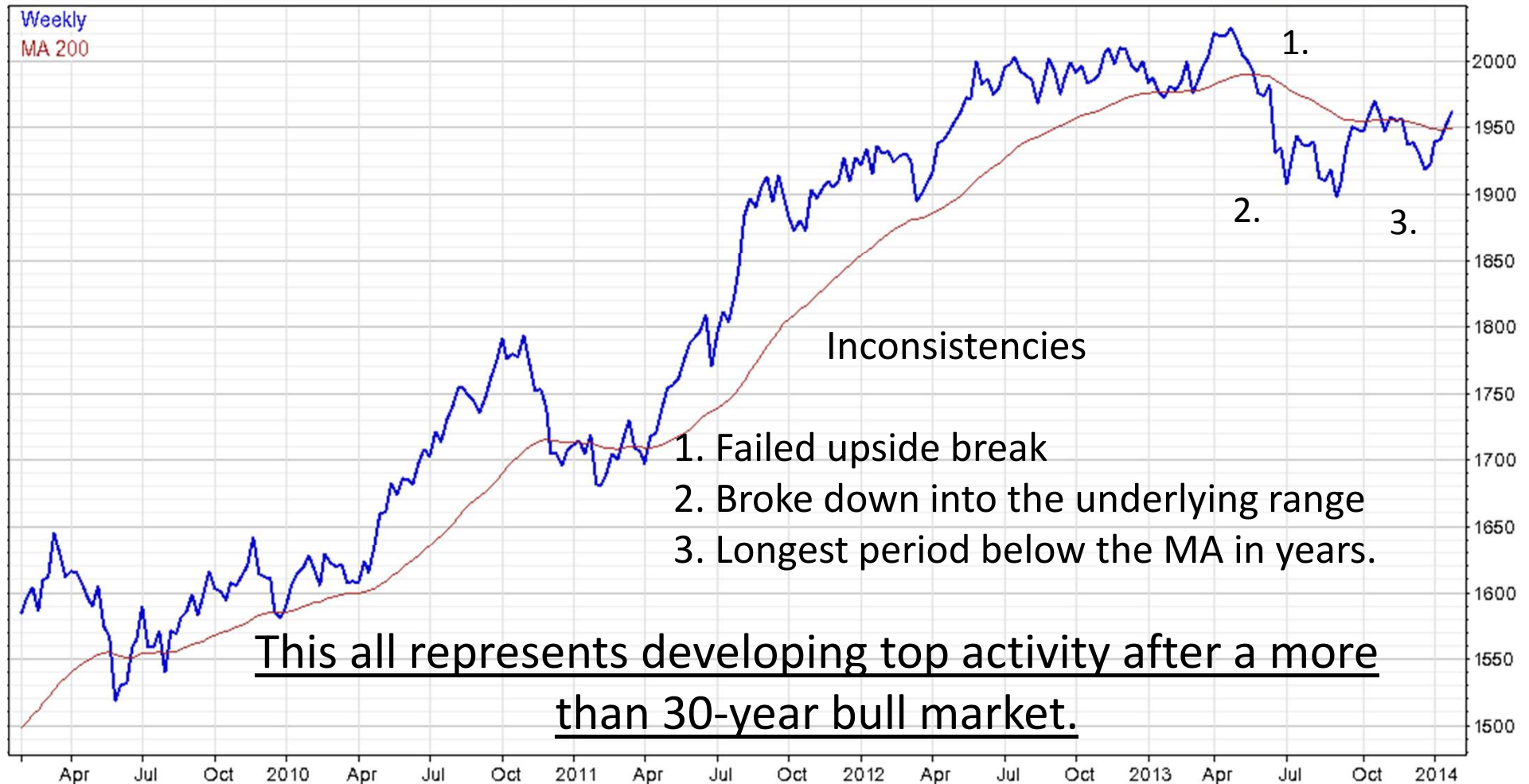




# Total Return on US Treasuries

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

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







BFV USD Composite (BBB) 10 Yea (C88310Y) - US 10yr Bond Yield (USGG10YR) = 1.75

www.fullermoney.com 26 Sep 2013

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.



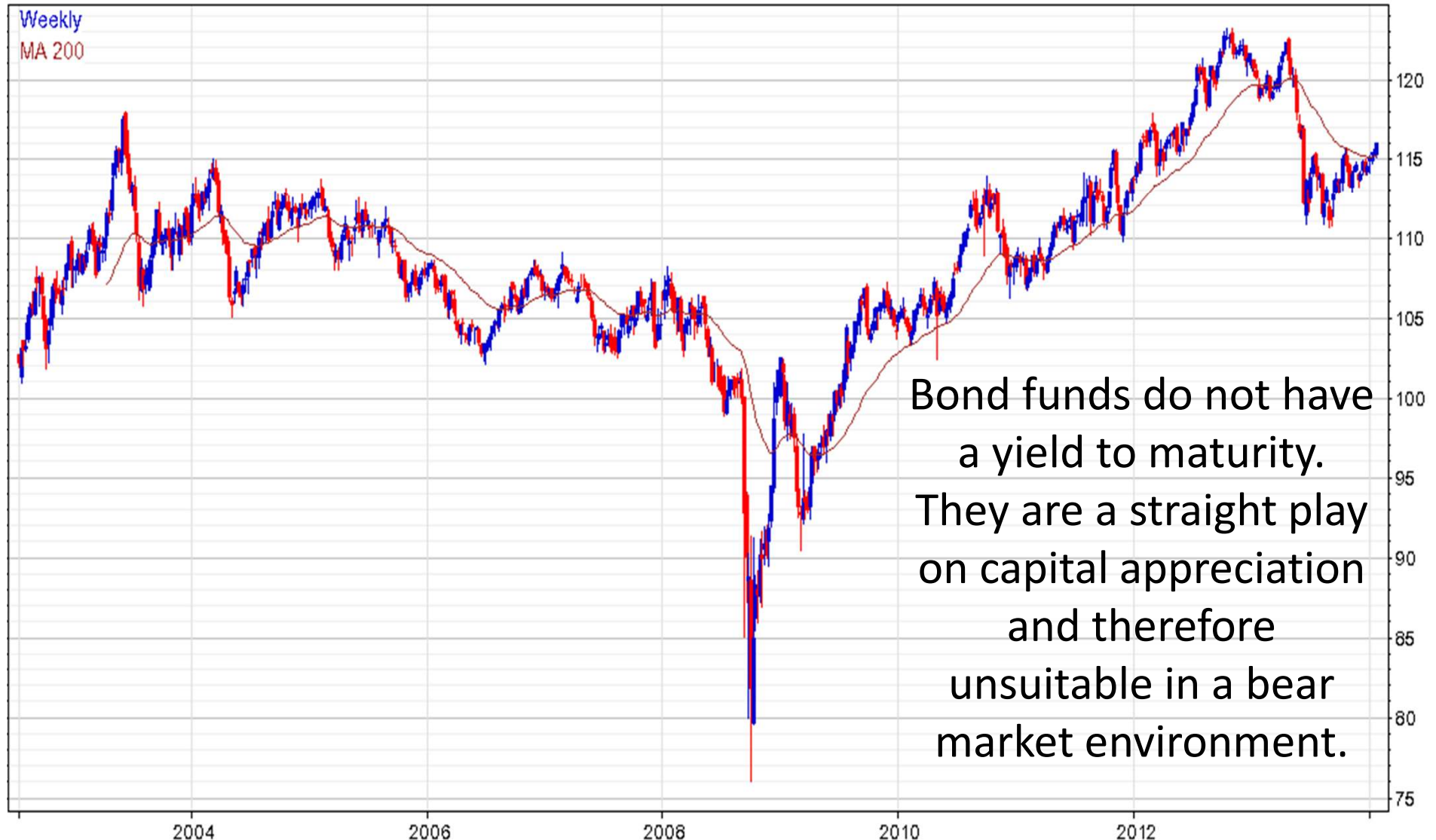


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iShares IBOXX Investment Grade Bond Fund (US) (LQD US EQUITY) 115.99 0.63

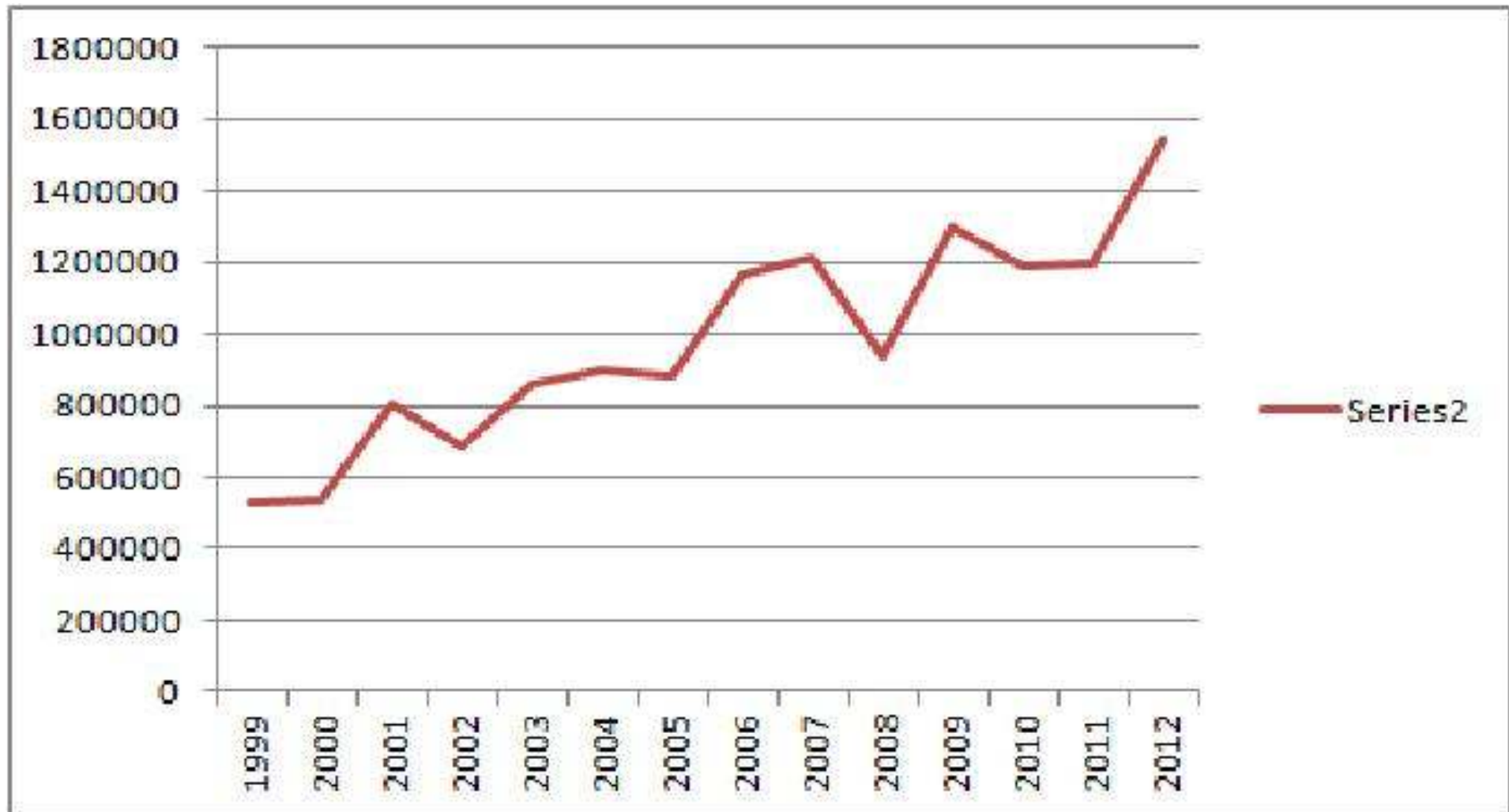
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Corporate Bond Issuance is at a record high.





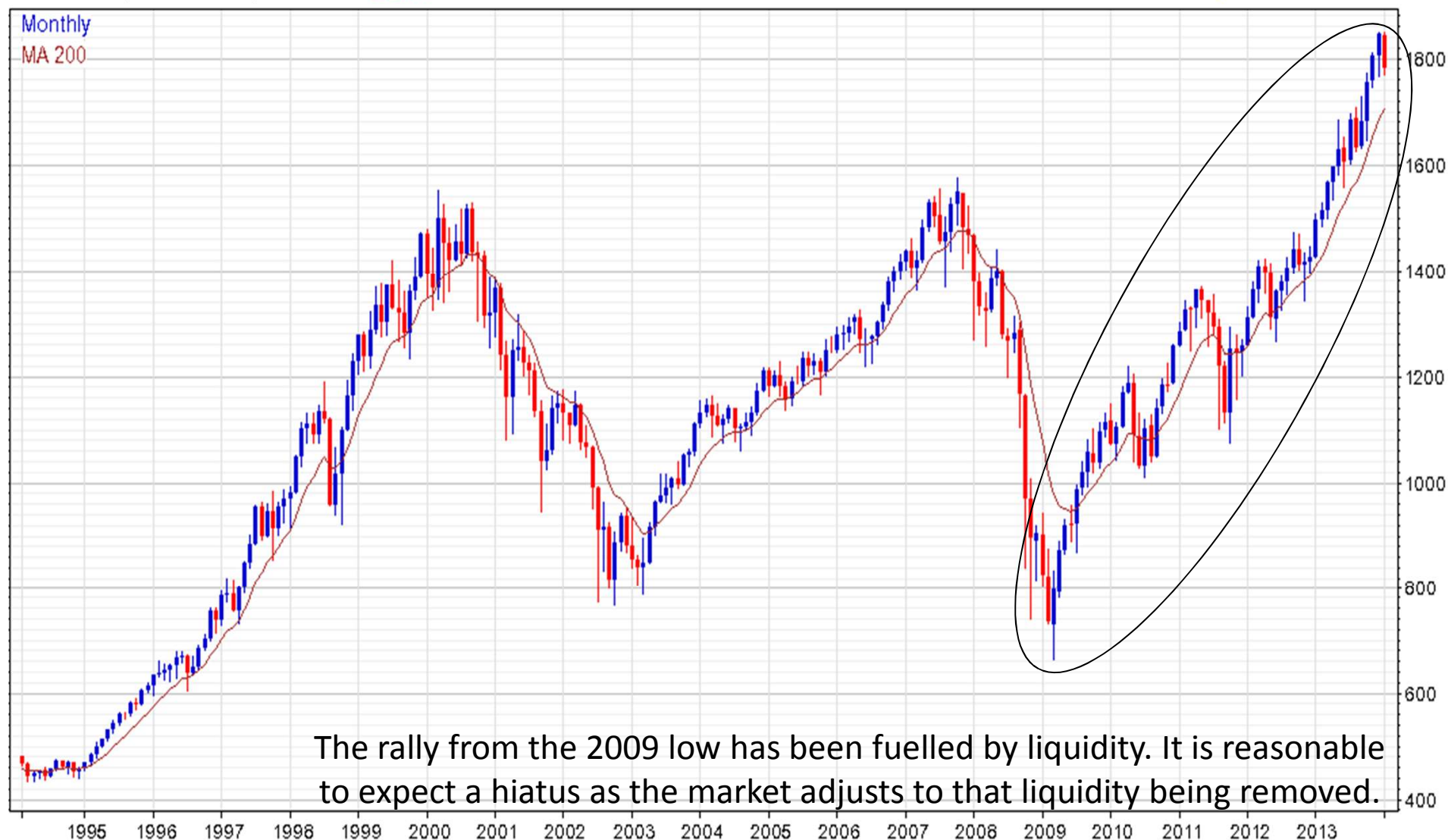


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S&P 500 (SPX INDEX) 1782.59 -65.77

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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.







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GRAB

.PKW/SPX U Index

Edit

Actions

Bookmarks

Show

G 7 - Copy of Graph 174

.PKW/SPX U Index

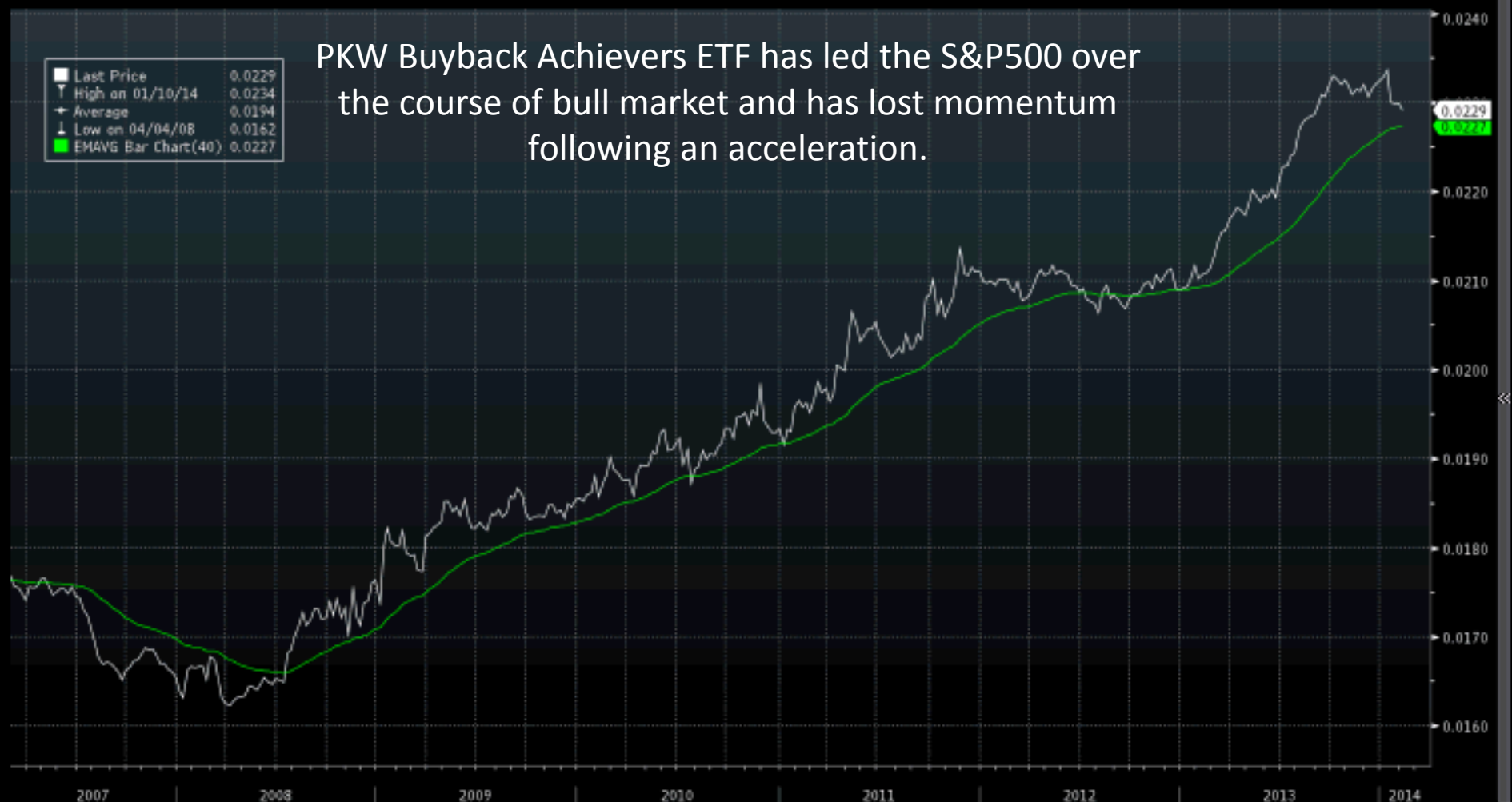
: pkw/spx

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
EMA50 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.







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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.





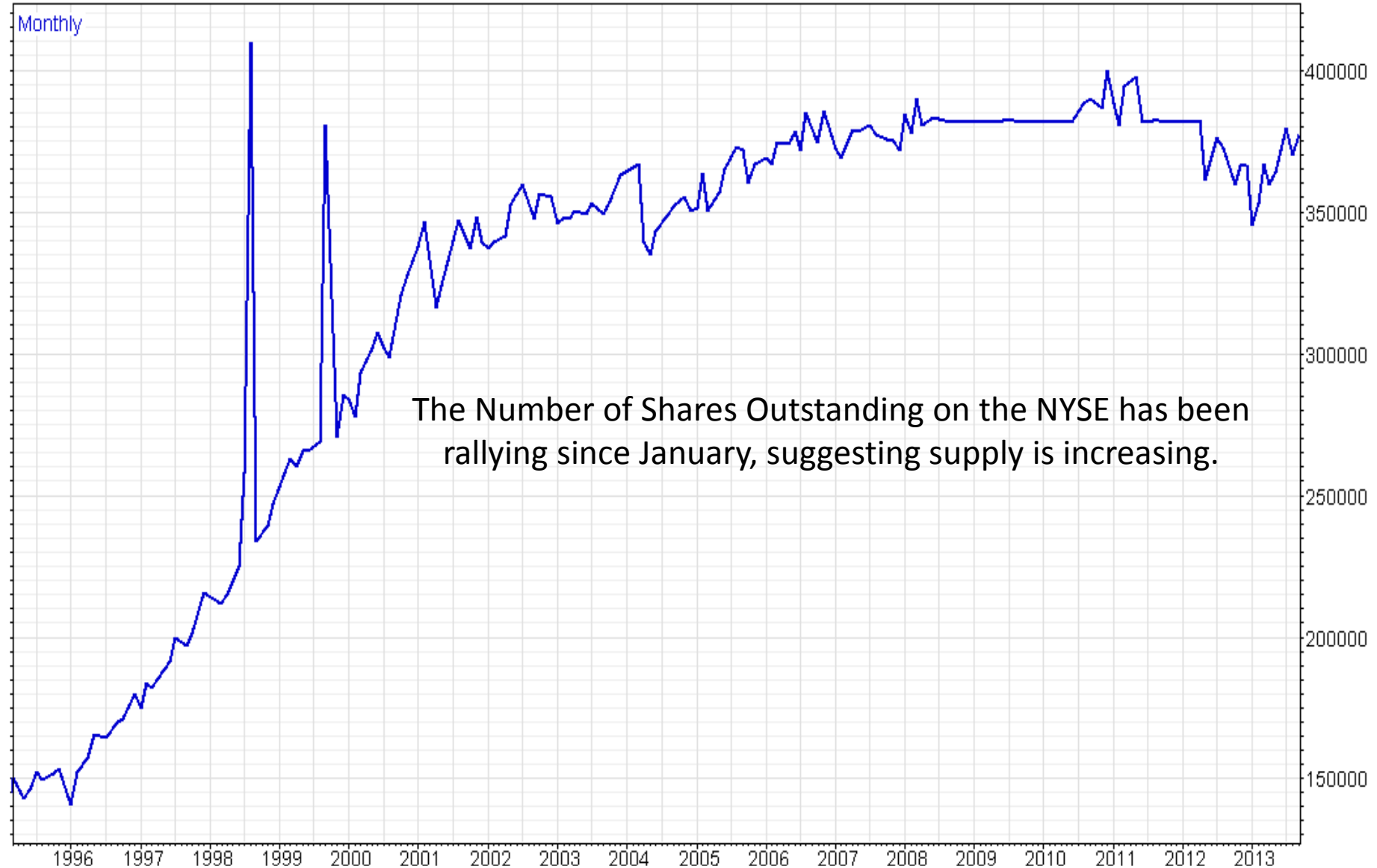


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nyse shares outstanding (.SHARES) 377525 +6927.00

www.fullermoney.com 27 Sep 2013





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:

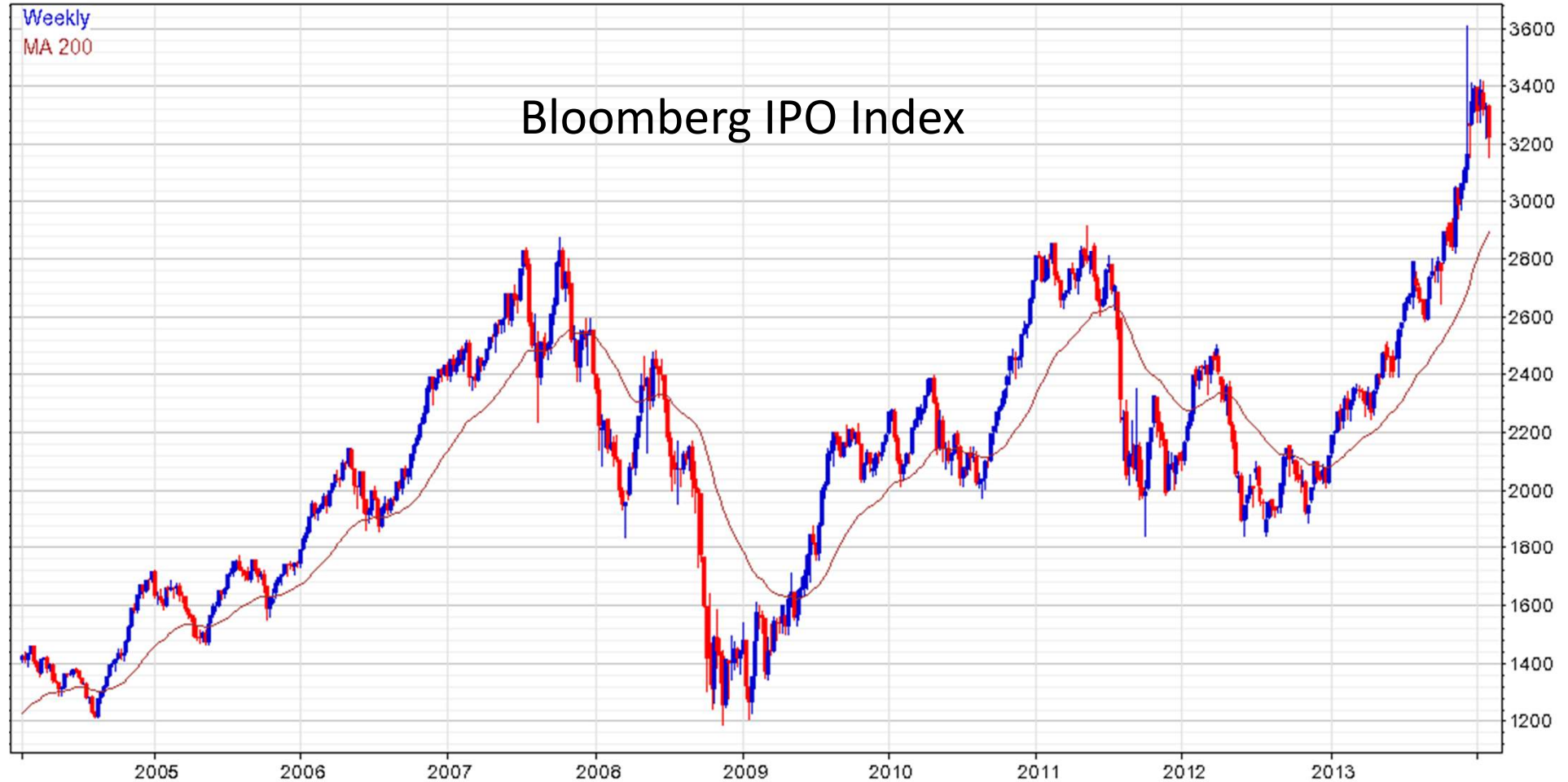
If they are so eager to sell, perhaps we should be a little more cautious about buying.





Bloomberg IPO Index (BIPO Index) 3220.86 -107.07

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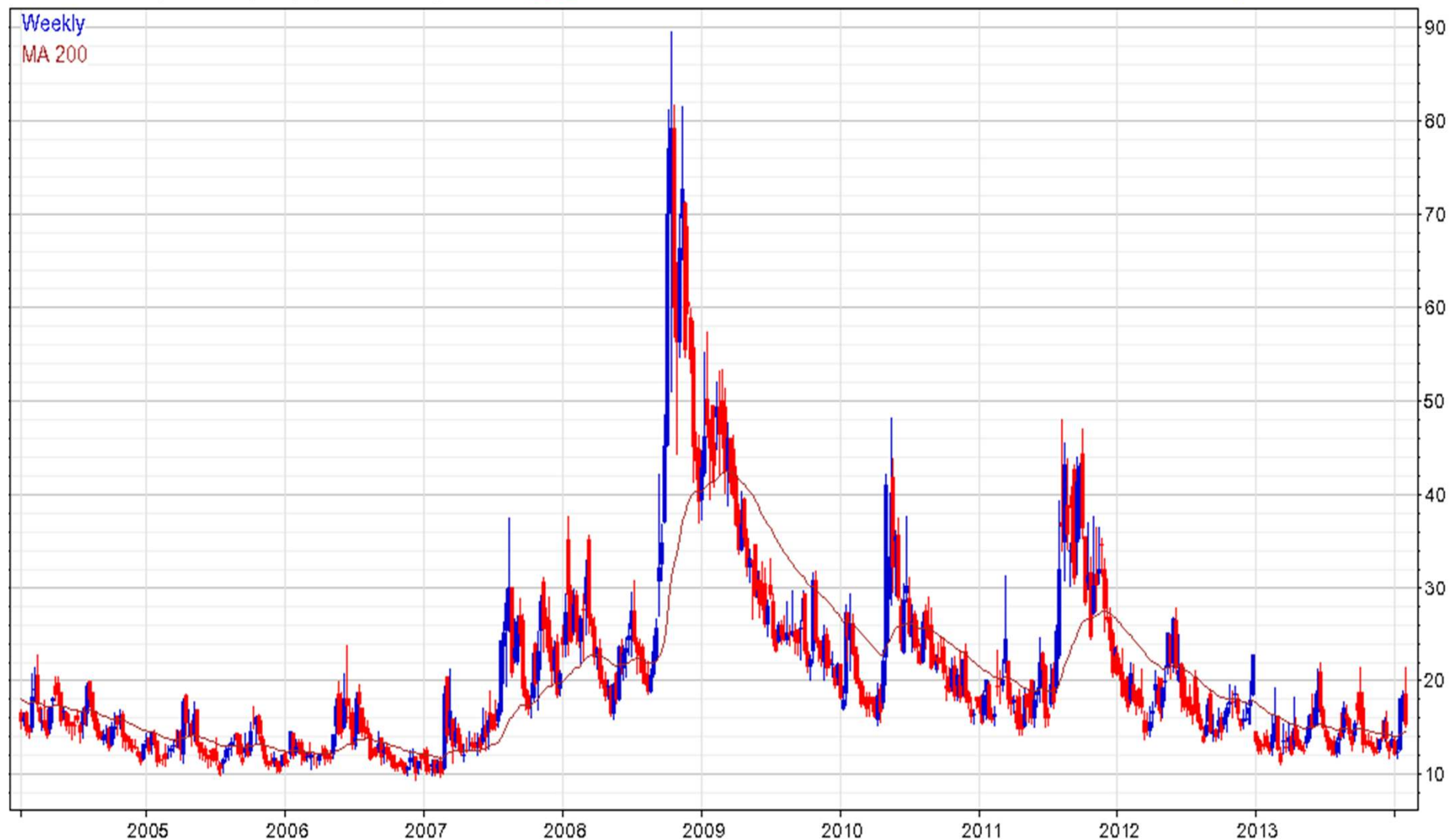


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OEX Volatility Index (VIX) (VIX INDEX) 15.29 -3.12

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Japanese yen Spot (JPY CURRENCY) 102.33 0.29

[www.ftmoney.com](http://www.ftmoney.com) 2014-02-07



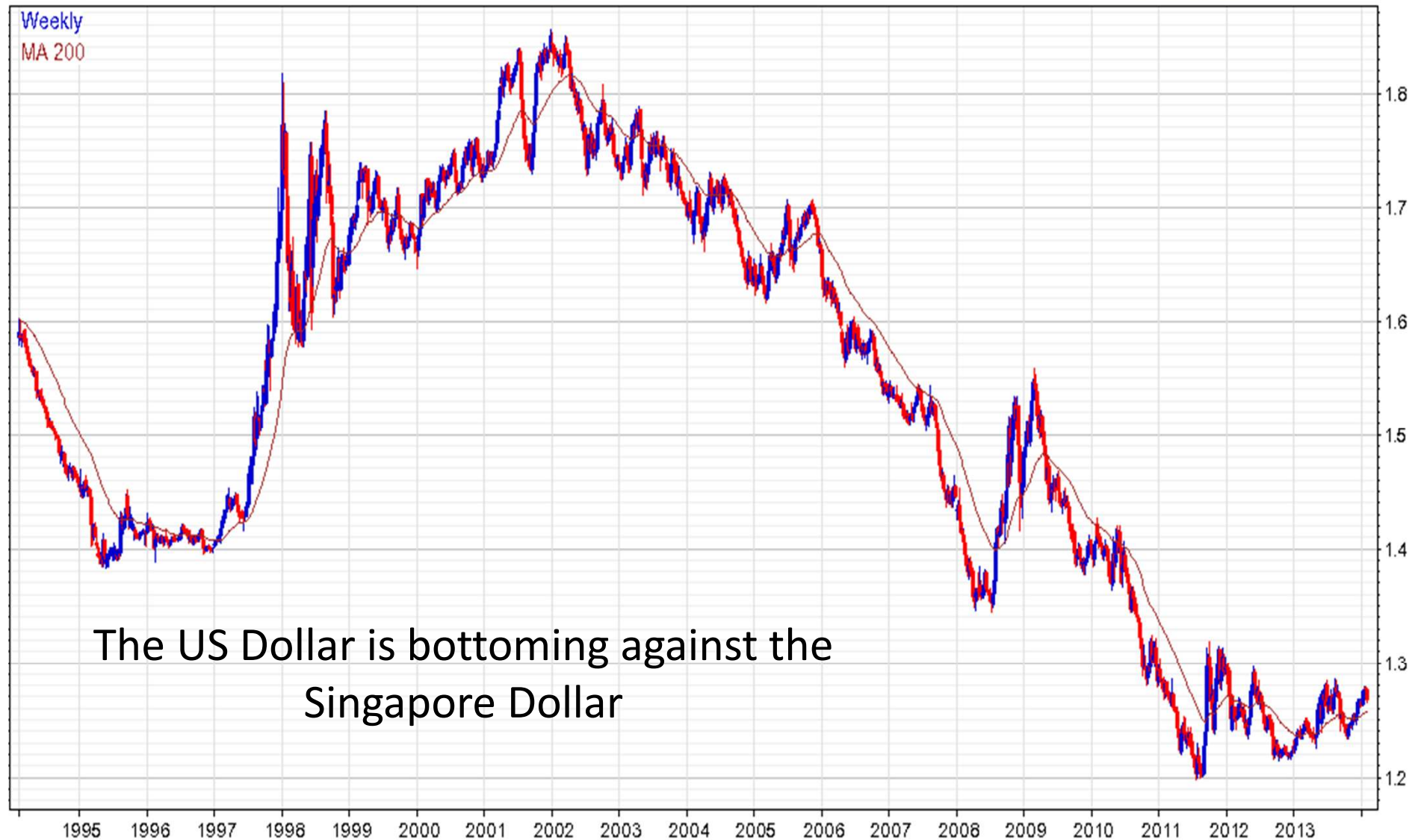
The Yen's weakness has had a knock-on effect on the rest of Asia.





Singapore Dollar Spot (SGD CURRENCY) 1.2682 -0.01

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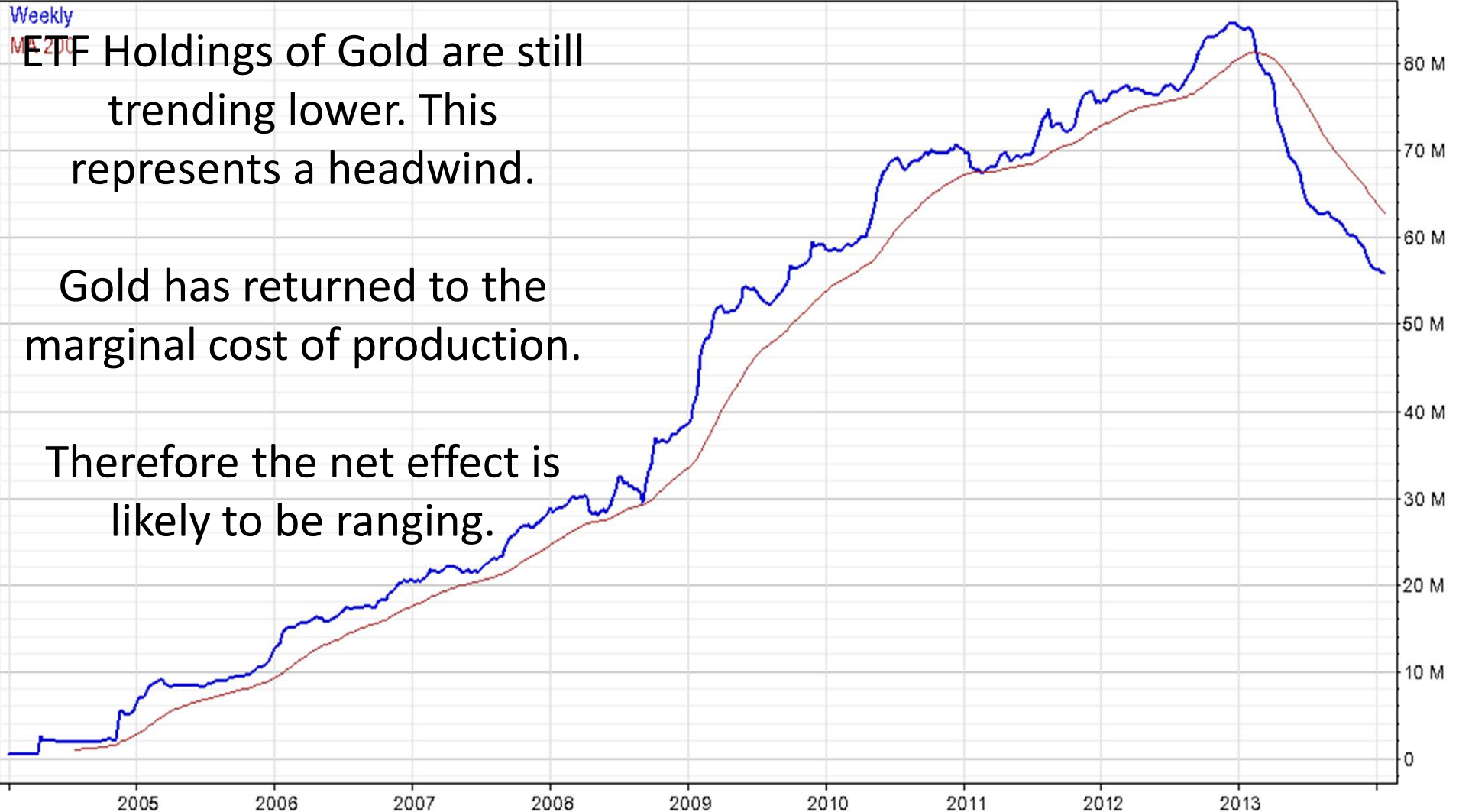






Total Known ETF Holdings of Gold (troy ounces) (ETFGTOTL INDEX) 55928055.00 17467.0

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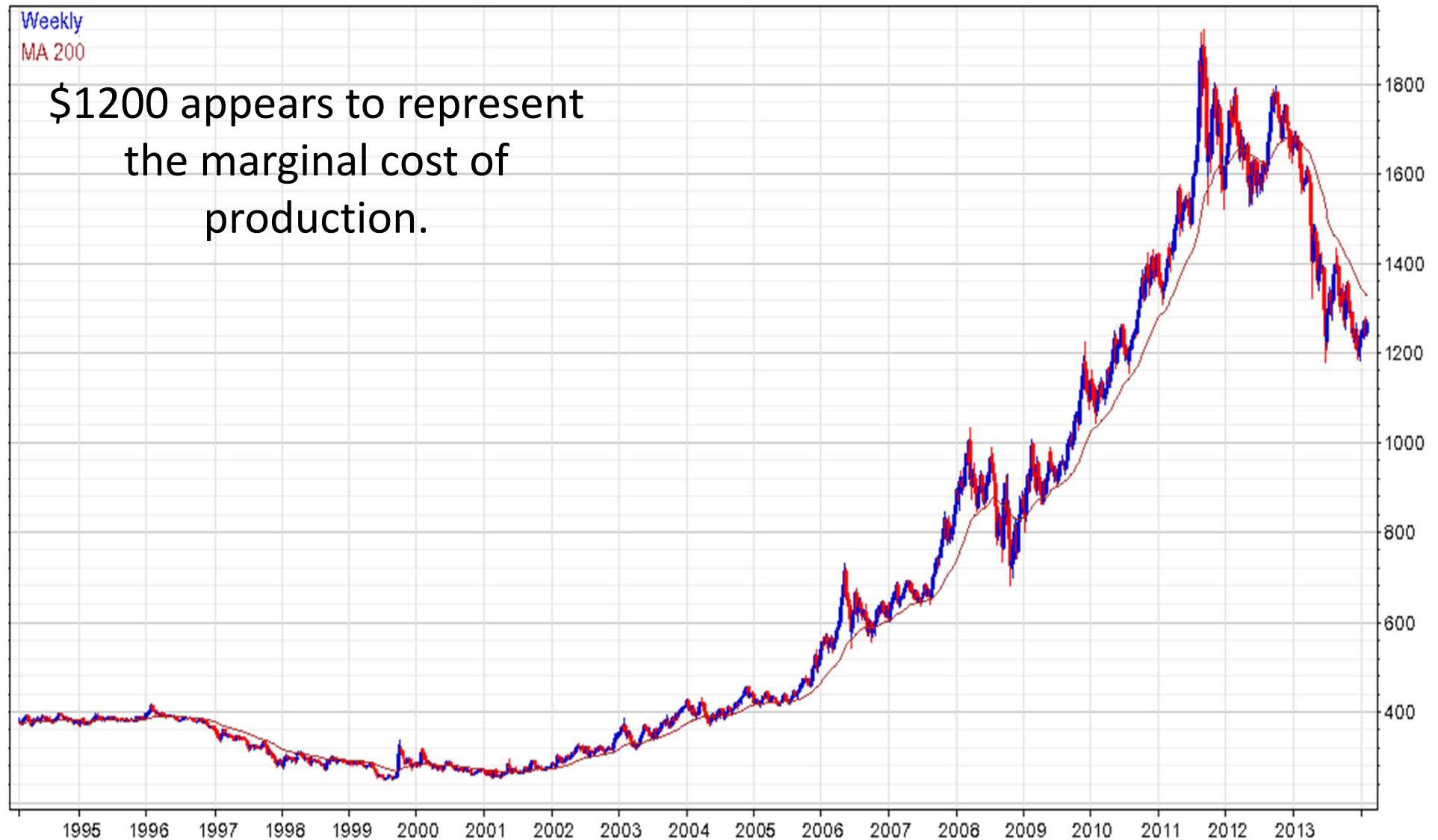


London Spot Gold (GOLDS COMDTY) 1267.27 22.72

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Weekly  
MA 200

\$1200 appears to represent  
the marginal cost of  
production.





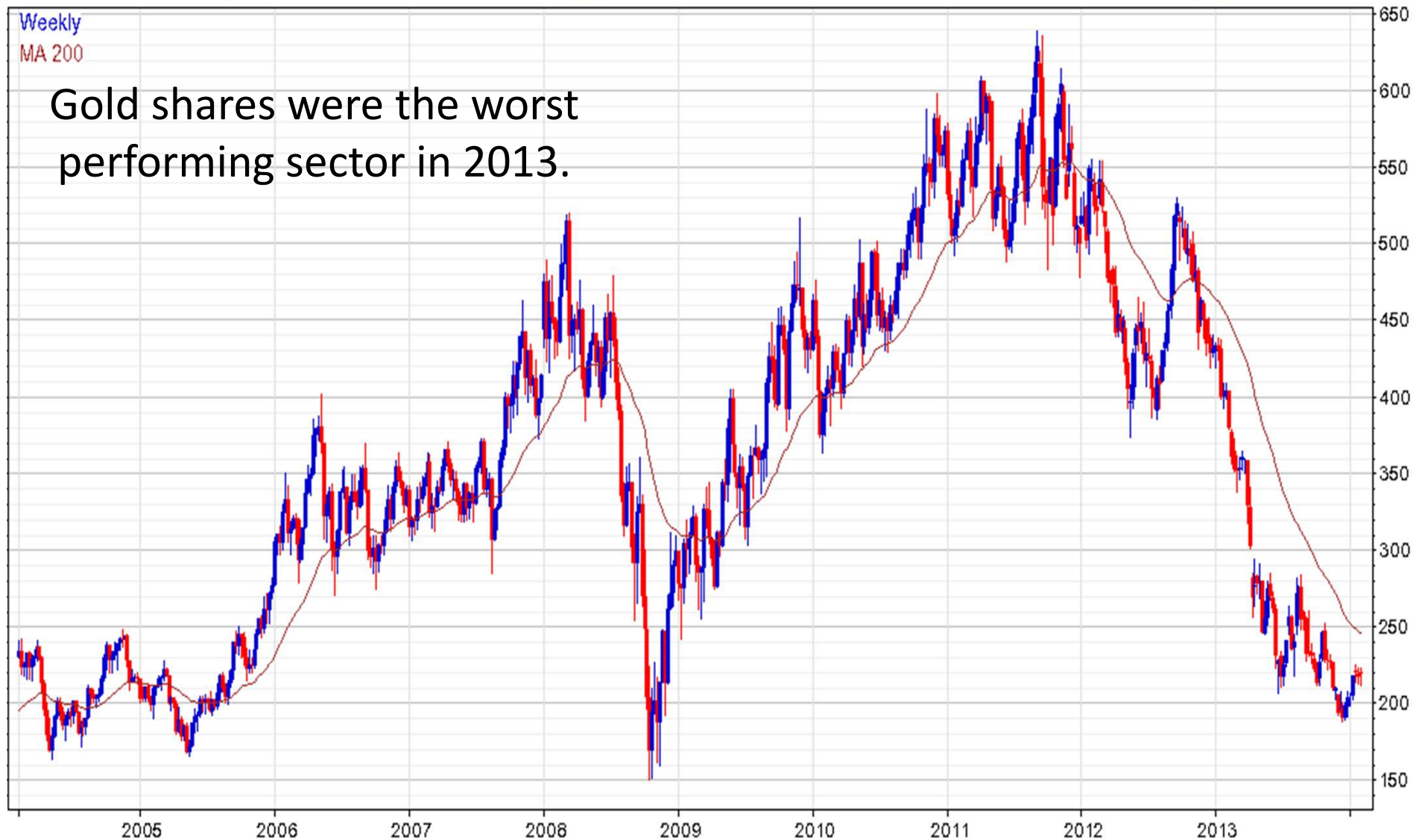


NYSE Arca Gold Bugs Index (HUI INDEX) 218.5793 1.81

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Weekly  
MA 200

Gold shares were the worst performing sector in 2013.





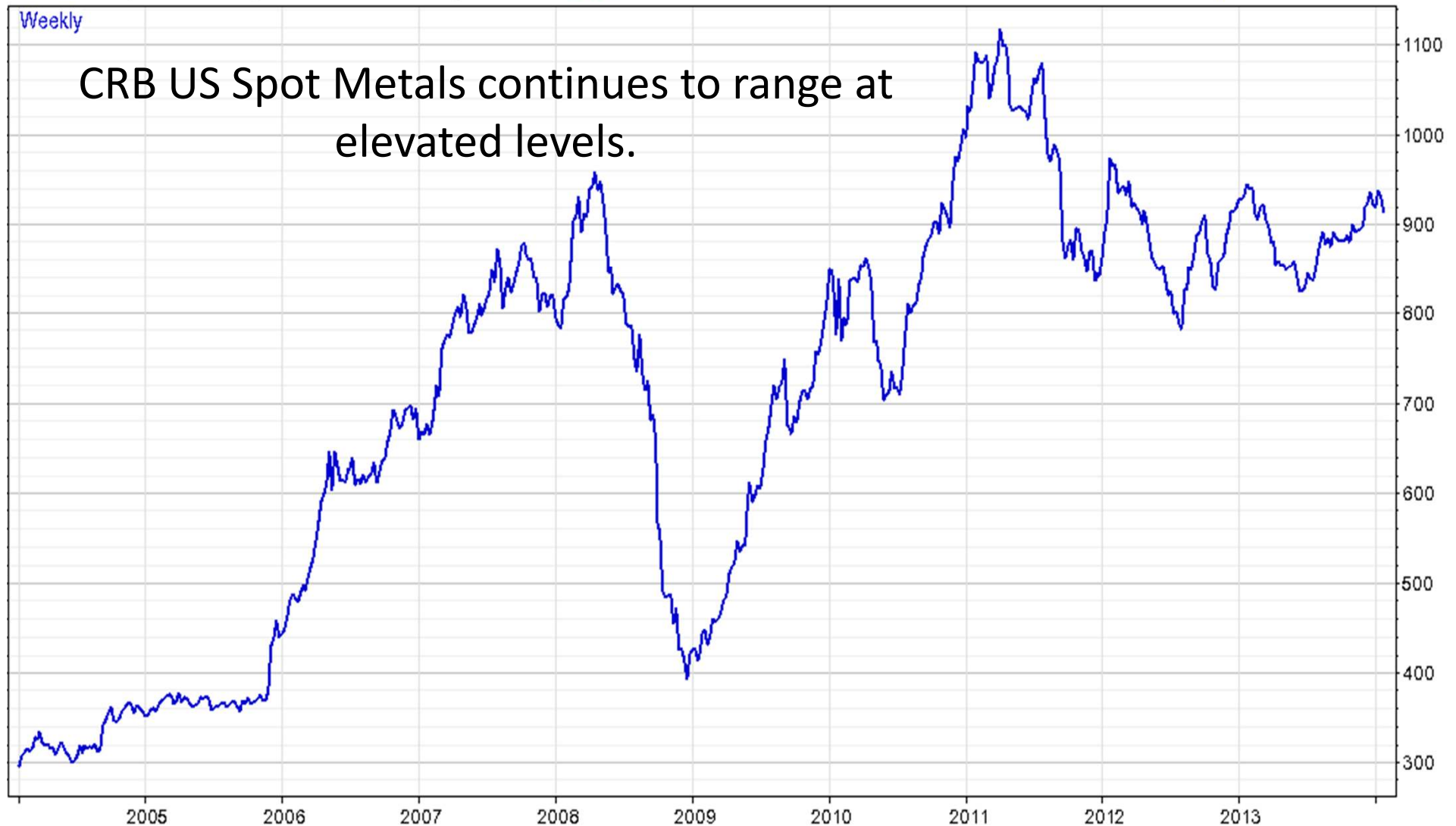


CRB US Spot Metals (CRB METL INDEX) 914.47 -13.82

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Weekly

CRB US Spot Metals continues to range at elevated levels.

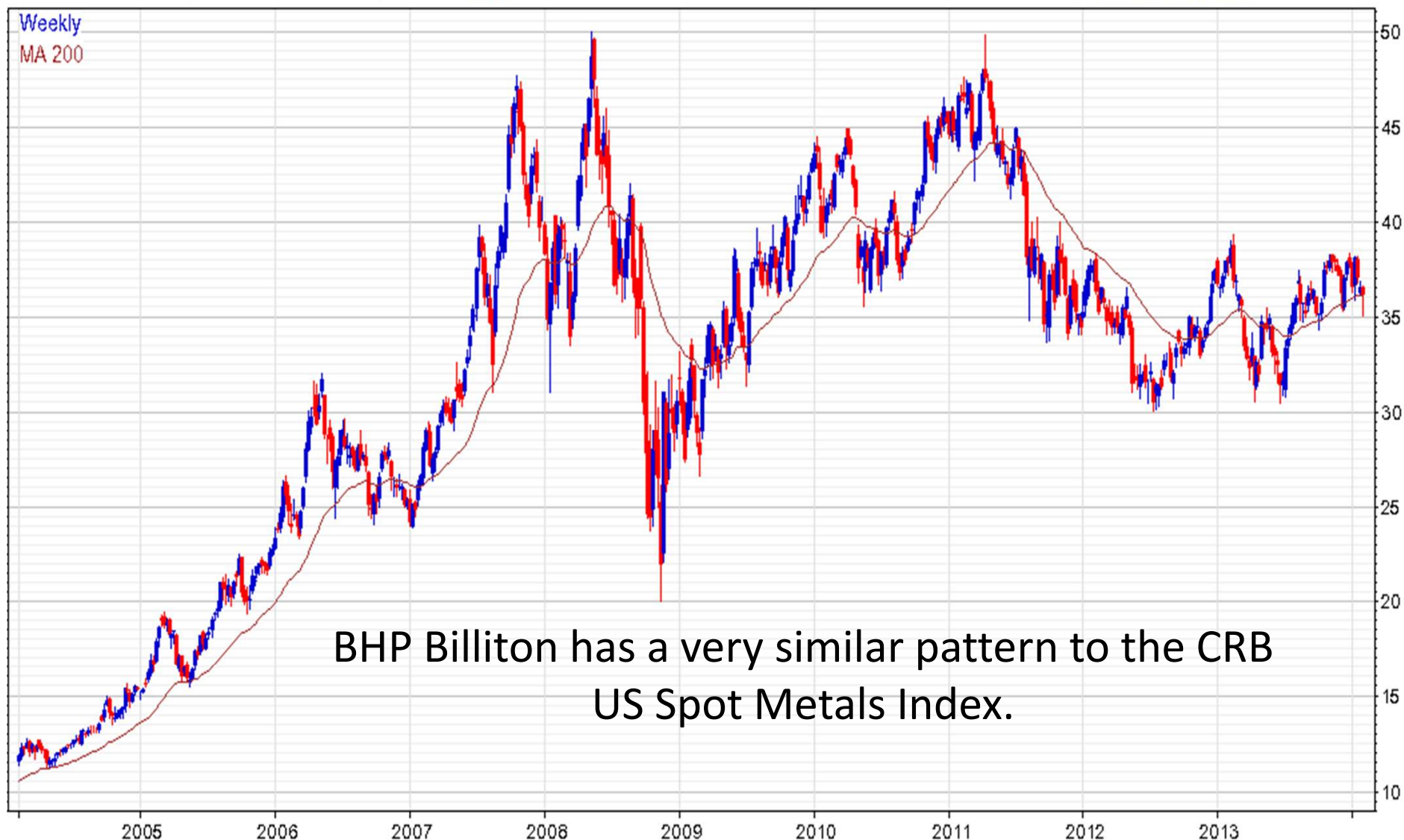






BHP Billiton Ltd (BHP AU EQUITY) 36.09 -0.48

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





Glencore (GLEN LN EQUITY) 325.40 2.9

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Noble Group Ltd (NOBL SP EQUITY) 0.97 0.02

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Weekly  
MA 200

Noble Group may be  
posting its first higher  
reaction low in three  
years.





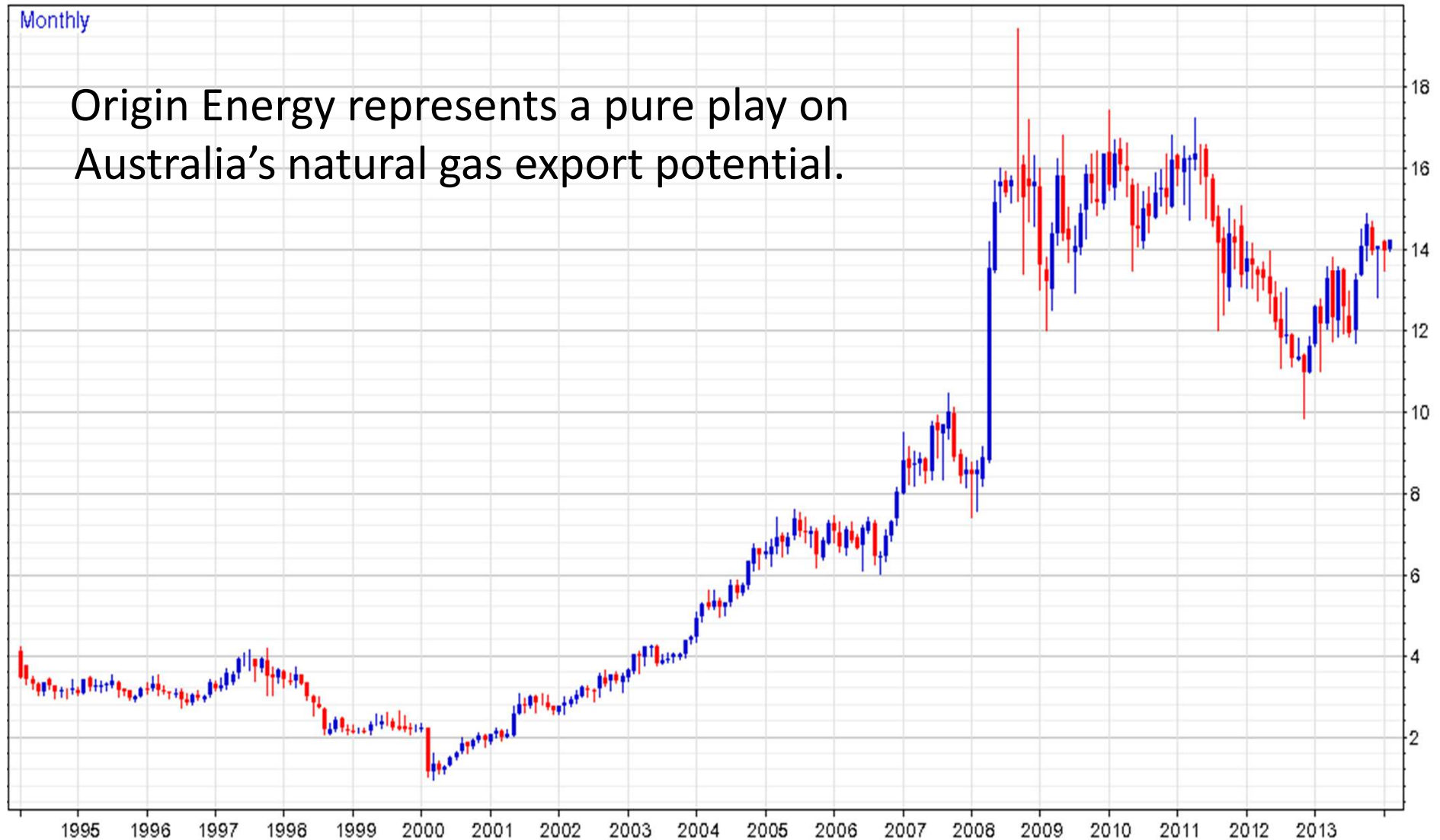


Origin Energy (ORG AU EQUITY) 14.23 0.25

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Monthly

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







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Singapore FTSE ST Financials (FSTFN INDEX) 762.47 -1.73

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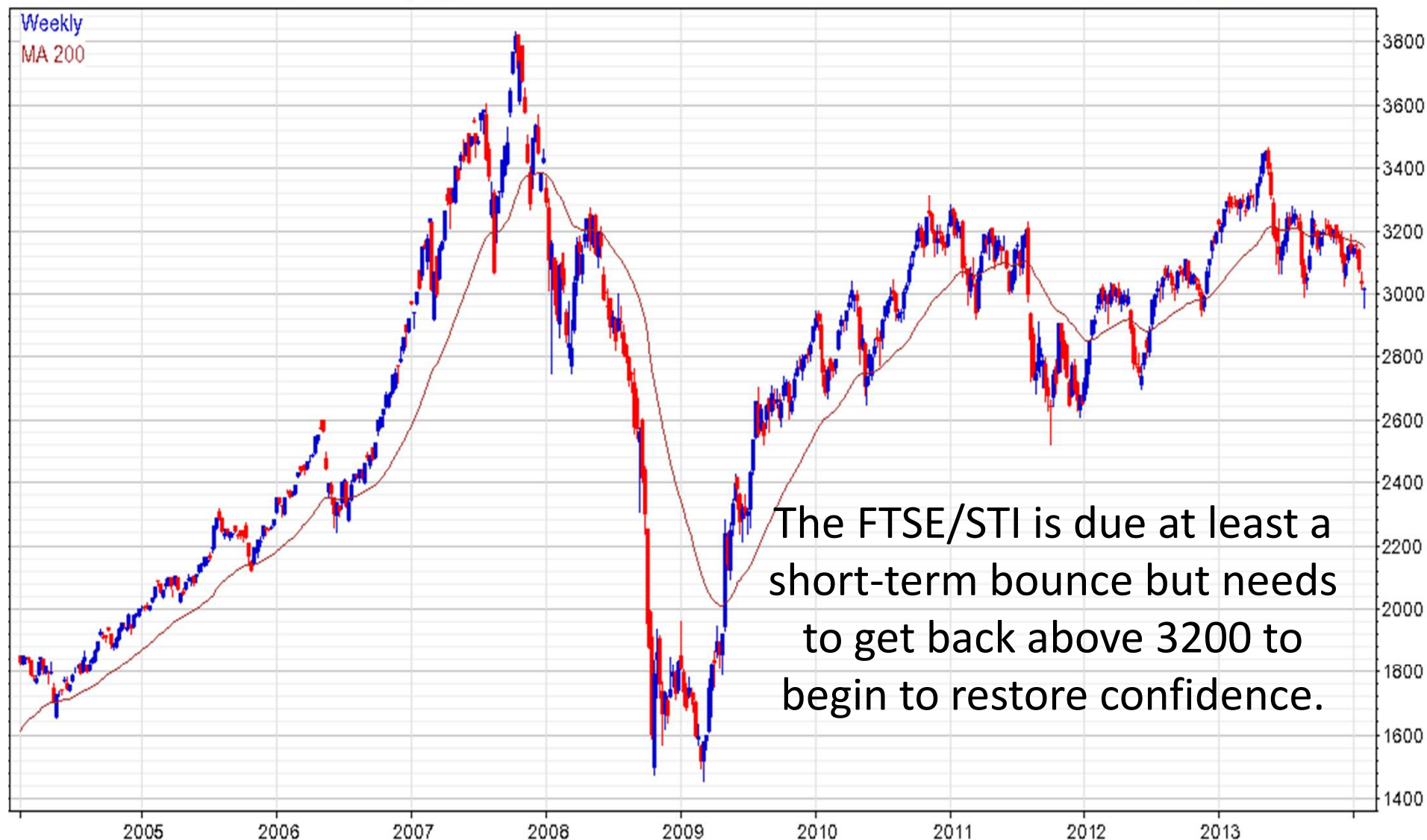


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Singapore (FSSTI INDEX) 3013.14 -14.08

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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

[www.ftmoney.com](http://www.ftmoney.com) 2014-02-03

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

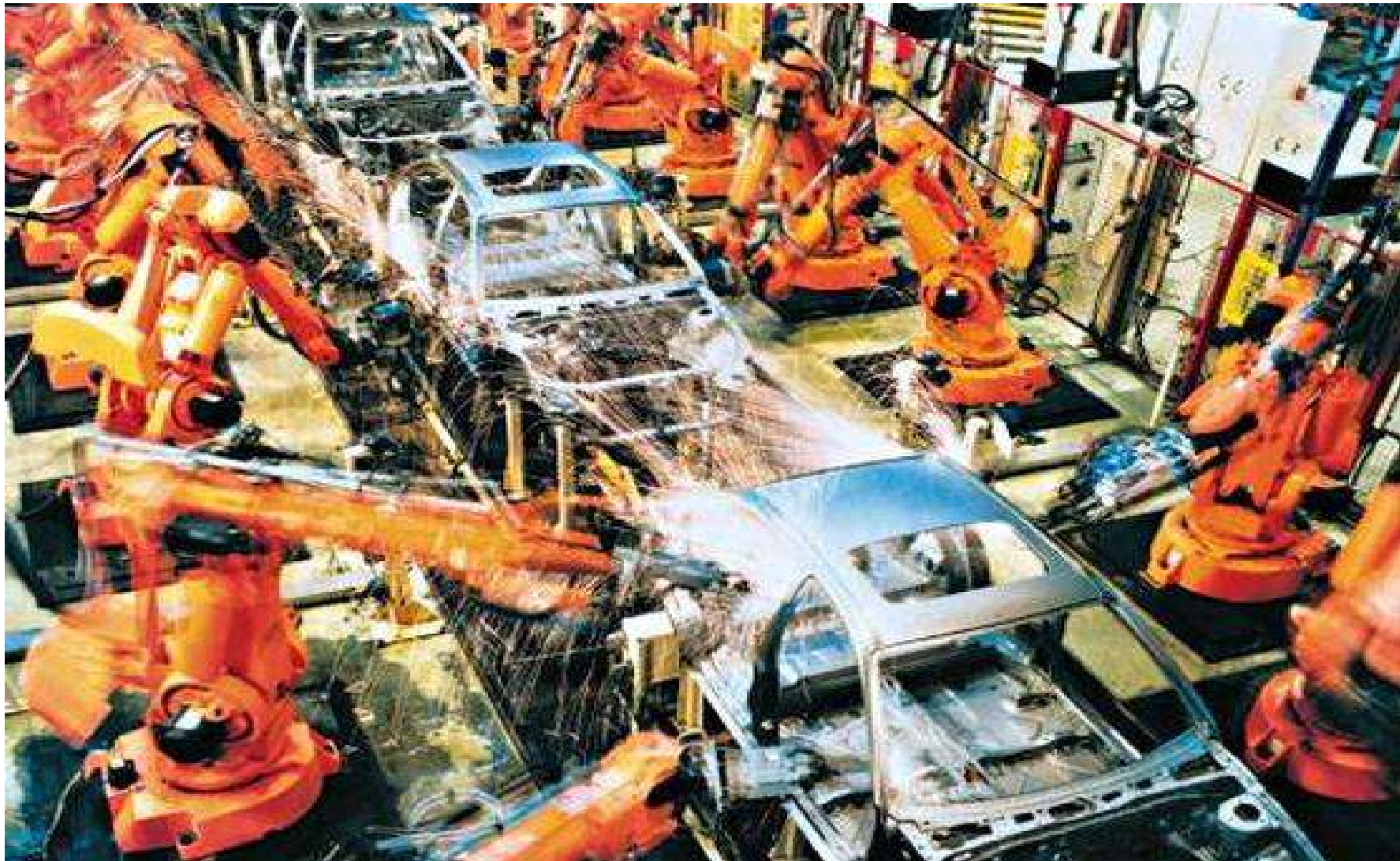
**Robotics offers  
an excellent  
example of the  
exponential rate  
of technological  
development  
that is  
overtaking a  
wide number of  
sectors.**





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## The reality of robotics 20 years ago.







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







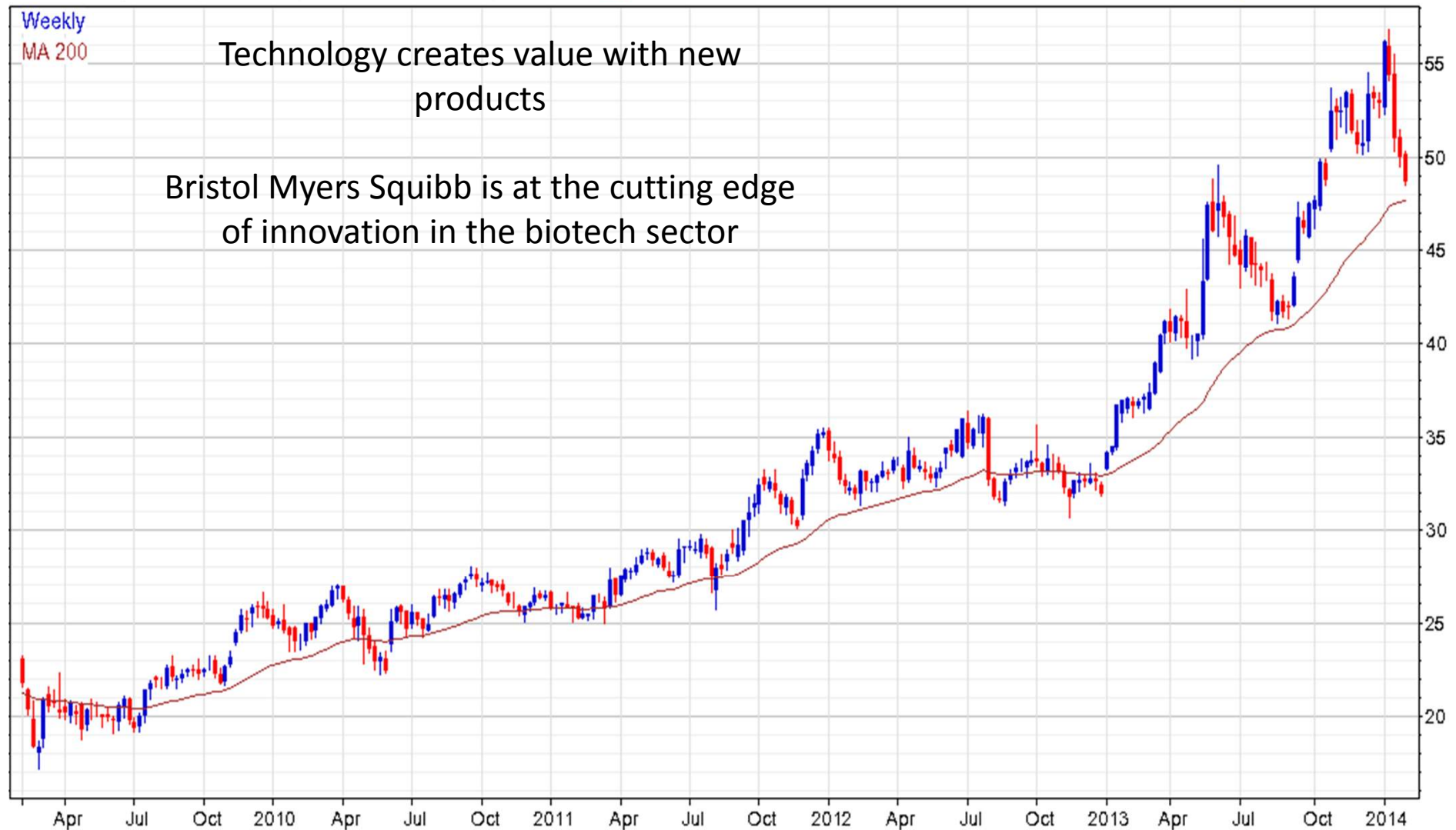
Bristol-Myers Squibb Co (BMJ US EQUITY) 48.64 -1.33

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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





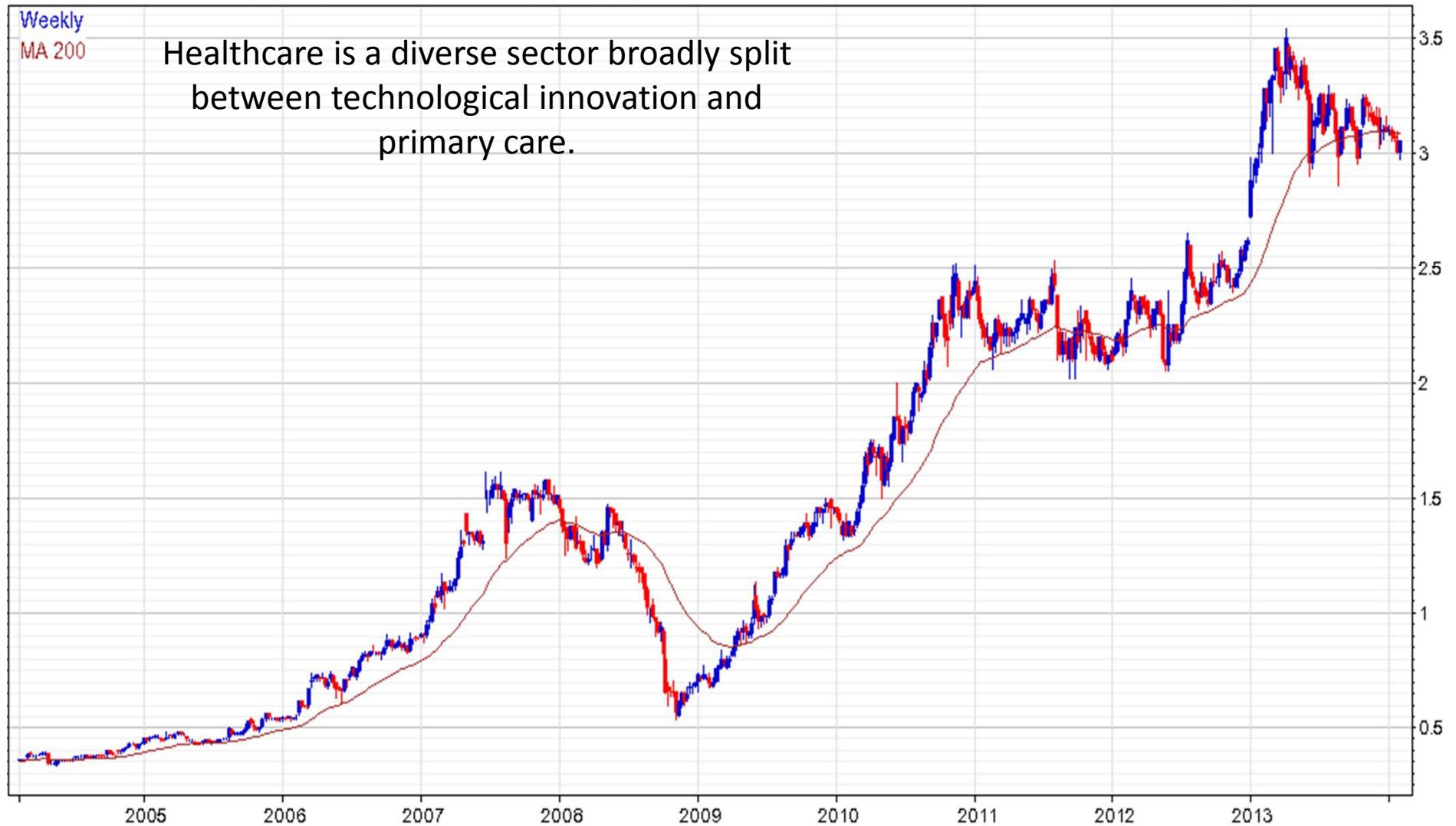


Raffles Medical Group Ltd (RFMD SP EQUITY) 3.05 0.05

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Weekly  
MA 200

Healthcare is a diverse sector broadly split  
between technological innovation and  
primary care.



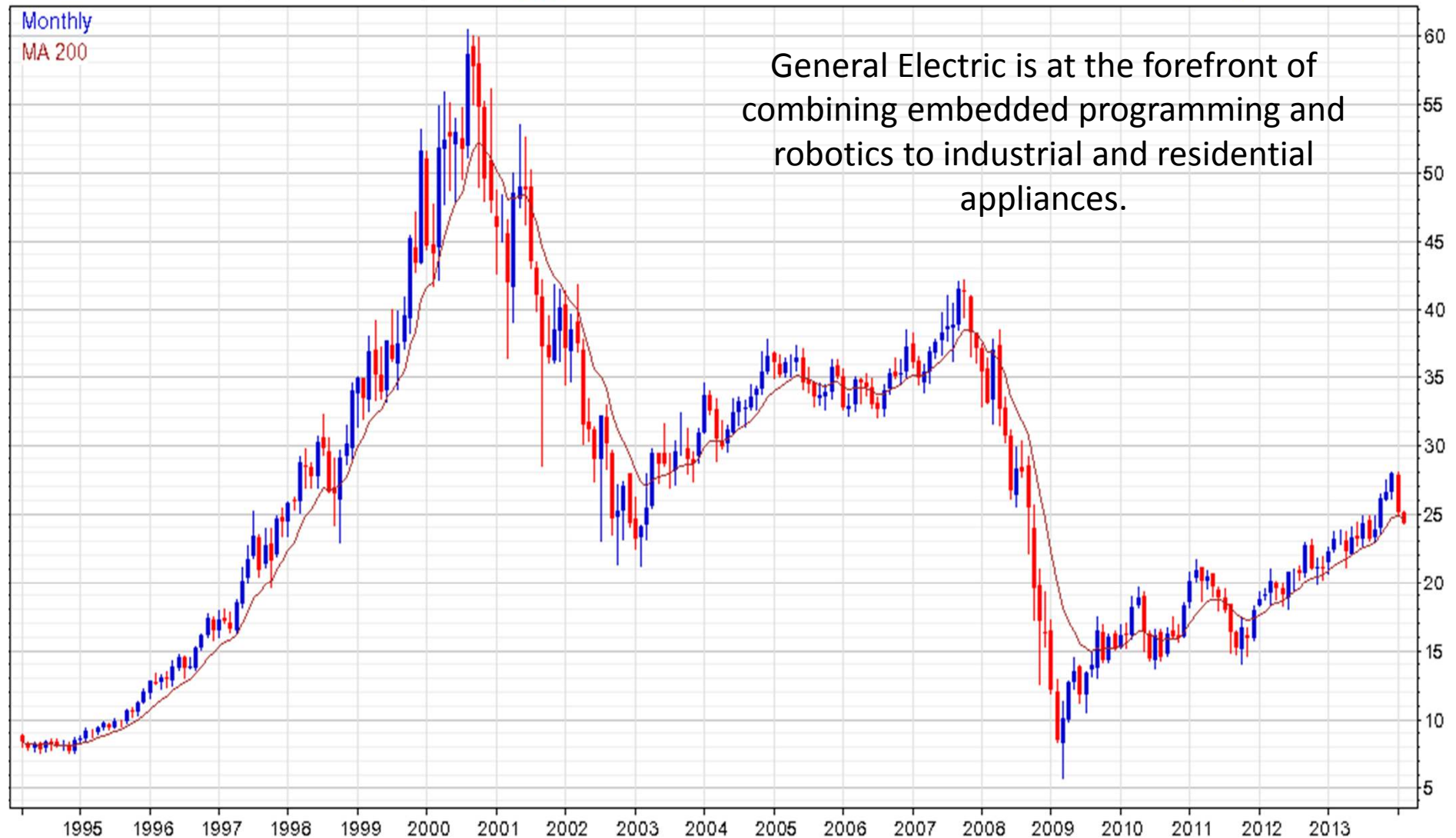




General Electric Co (GE US EQUITY) 24.35 -0.78

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Monthly  
MA 200





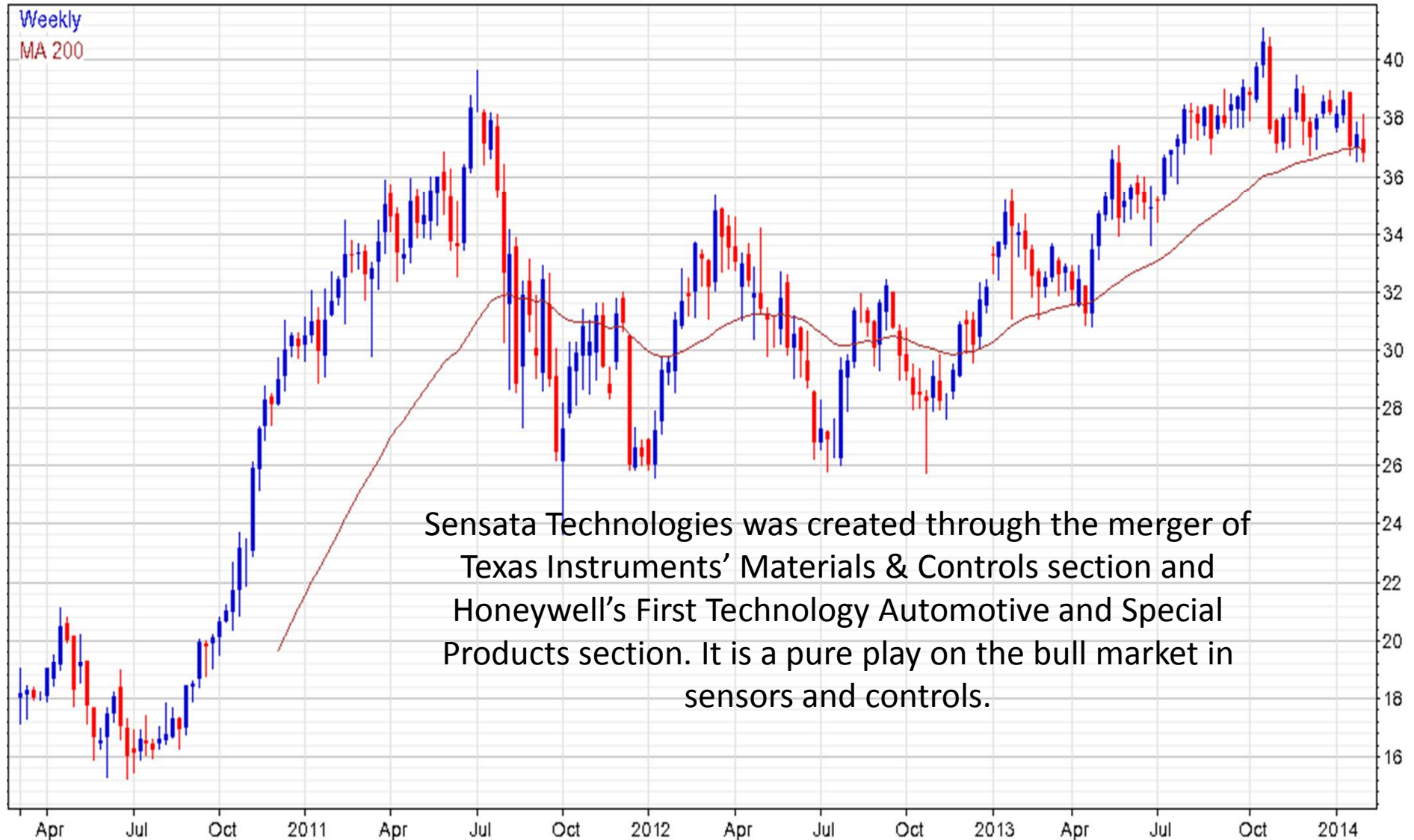


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Sensata Technologies Holding (ST US EQUITY) 36.78 -0.66

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Stratasys Inc (SSYS US EQUITY) 114.31 -6.25

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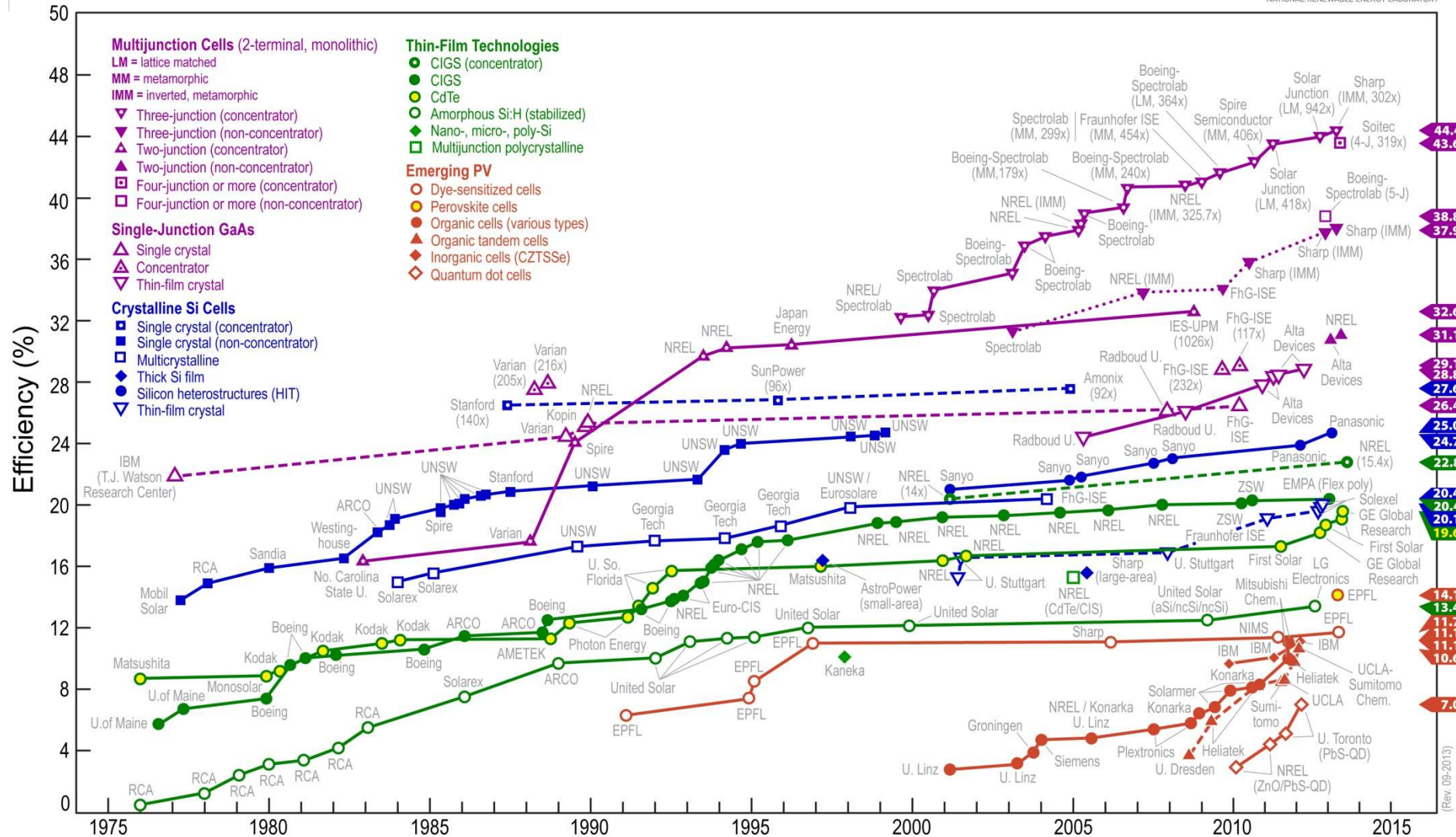
Weekly  
MA 200

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





## Best Research-Cell Efficiencies







First Solar Inc (FSLR US EQUITY) 48.35 -2.23

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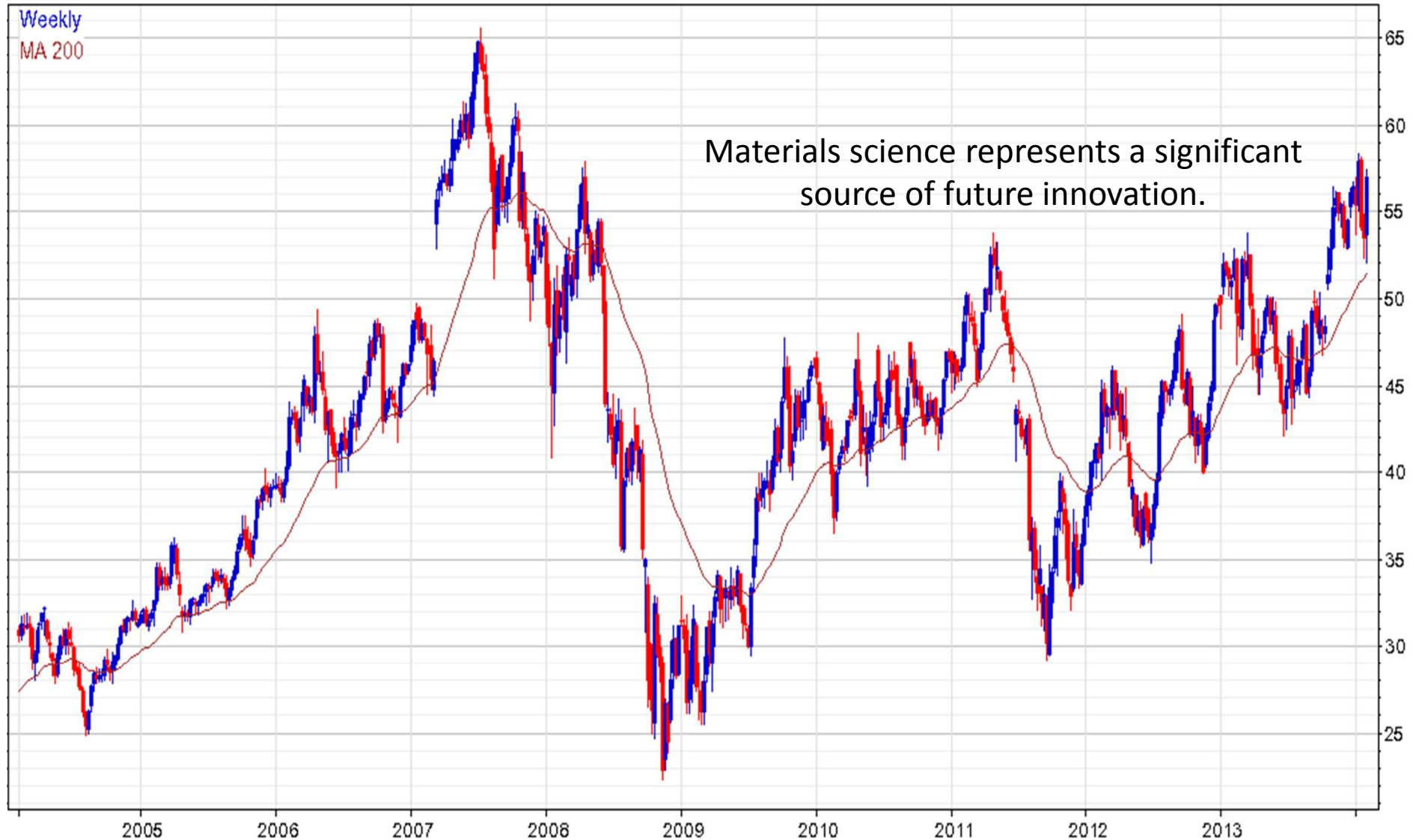
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Akzo Nobel (AKZA NA EQUITY) 57.00 3.59

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Weekly  
MA 200







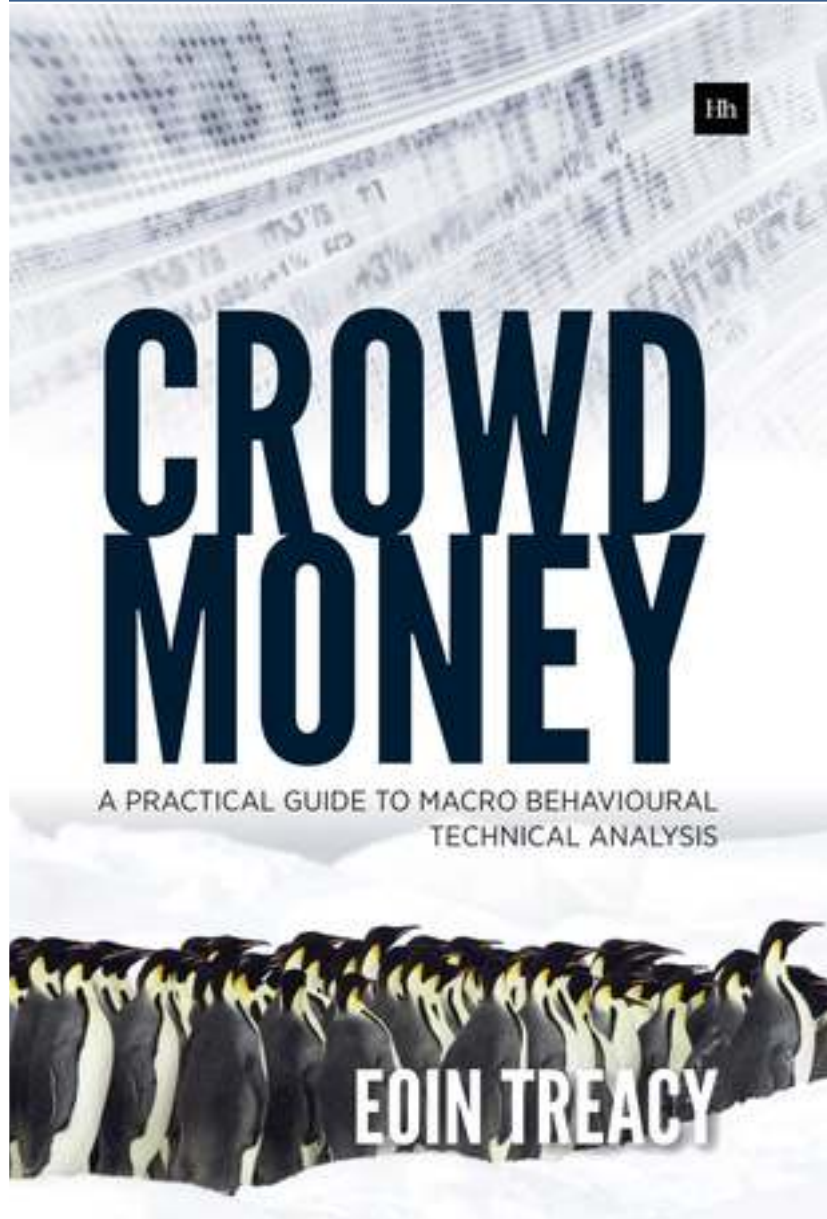
## Conclusions

- The removal of QE represents a short to medium-term challenge to stock markets.
- The current rally in bond funds can be viewed as an opportunity to lighten positions when its 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>.**