



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



**KEEP
CALM
AND**

**DON'T
PANIC!**

The 53rd Contrary Opinion Forum

May 20th 2015

Eoin Treacy

FullerTreacyMoney.com



There is a lot to
talk about:
Energy, China,
Emerging Markets,
Volkswagen...

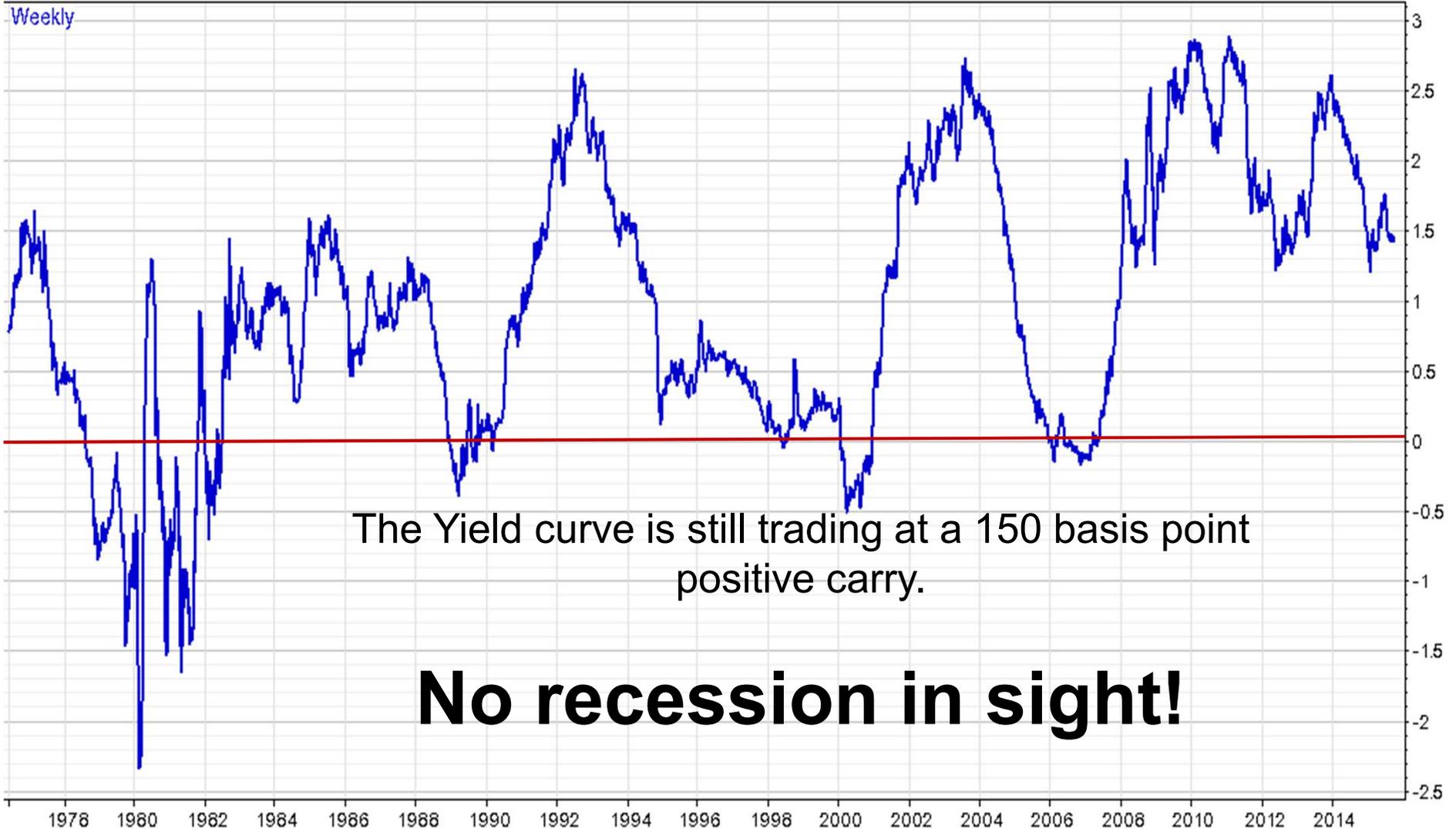
Biotech, Wall
Street, Grexit,
Brexit,
The Presidential
Cycle...





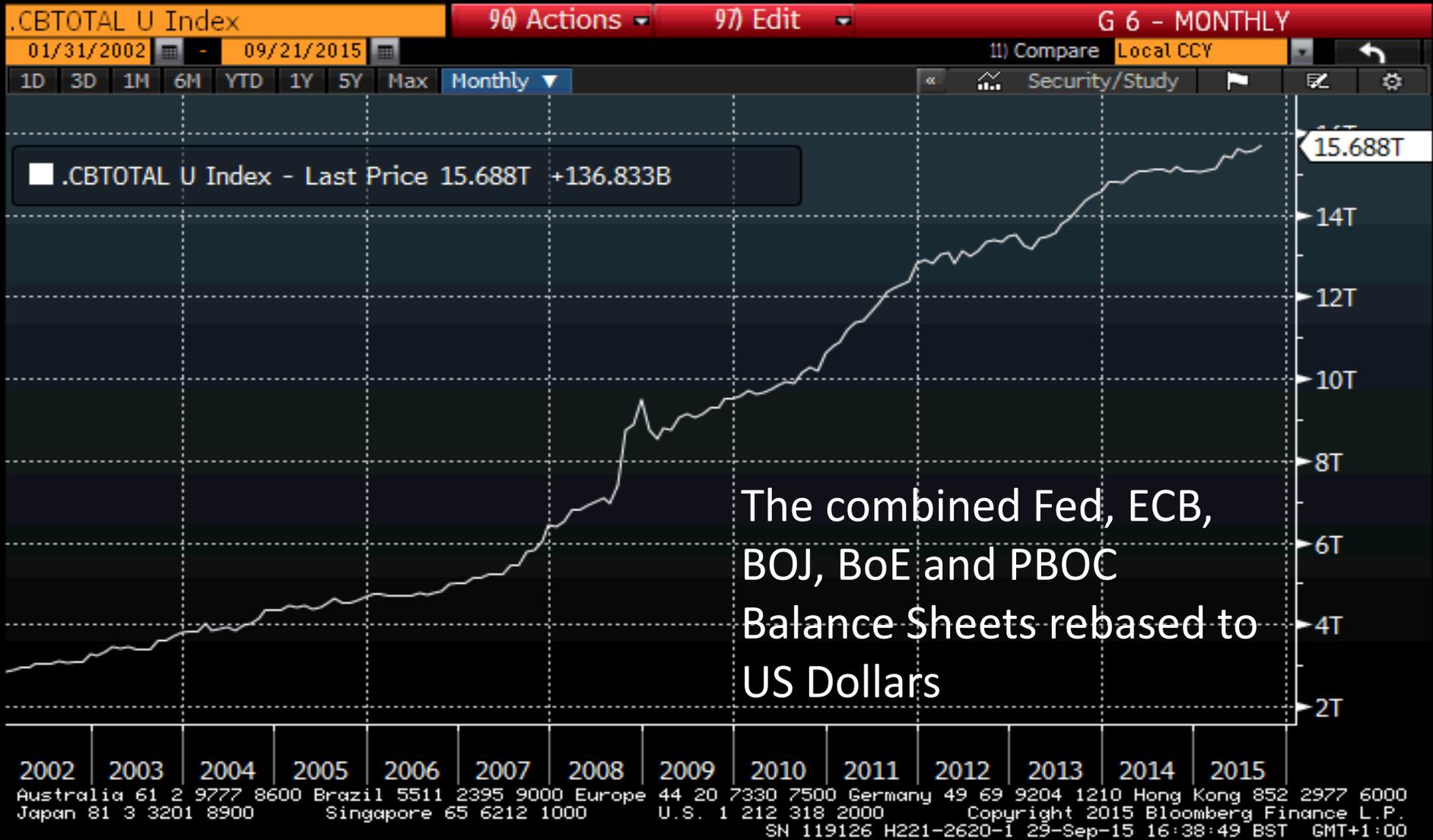
US 10yr Treasury Bond Yield (USGG10YR INDEX) - US 2yr Treasury Bond Yield (USGG2YR INDEX) 1.427 -0.04

2015-09-28





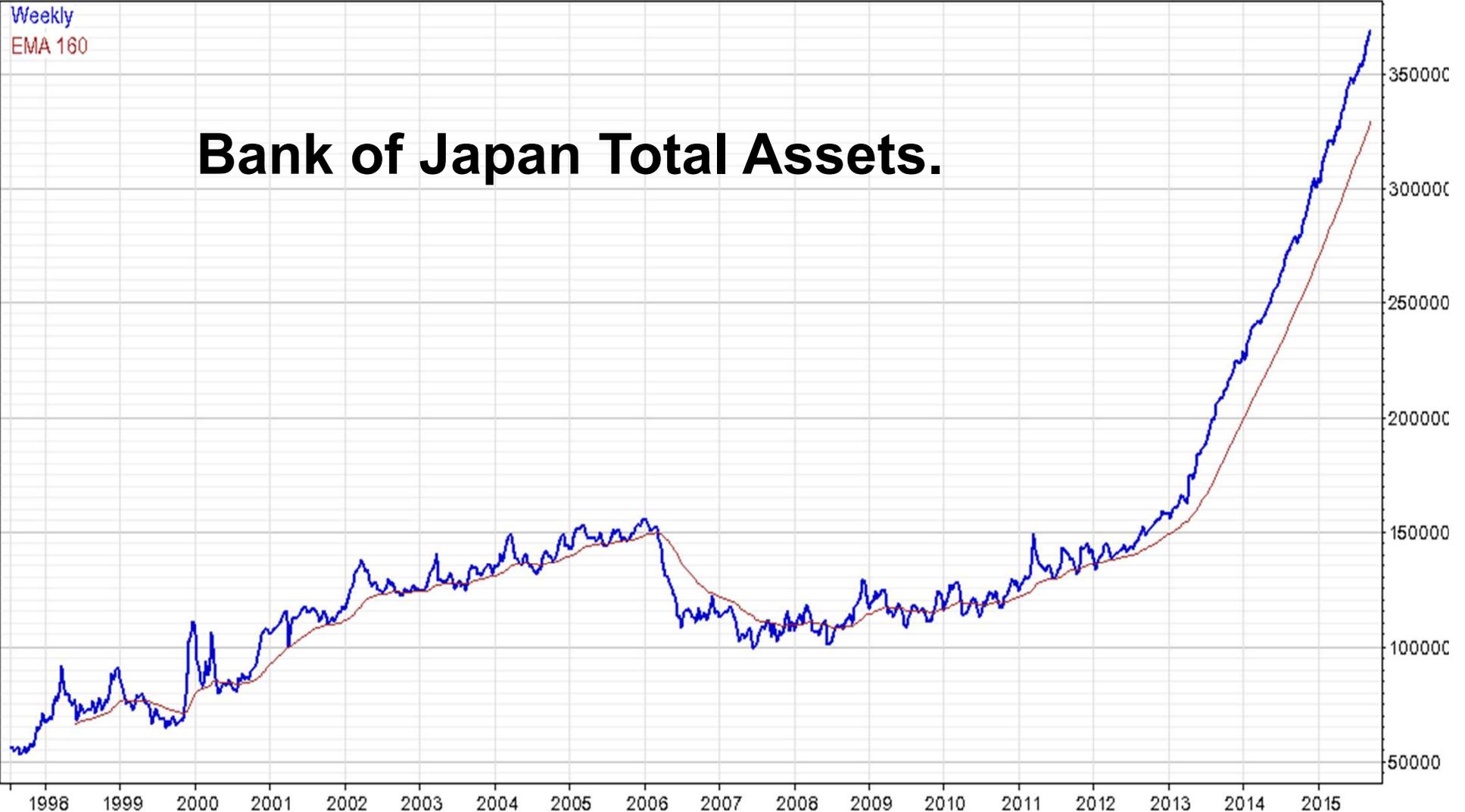
GRAB





Bank of Japan Total Assets (BJACTOTL Index) 368251.50 2485.4

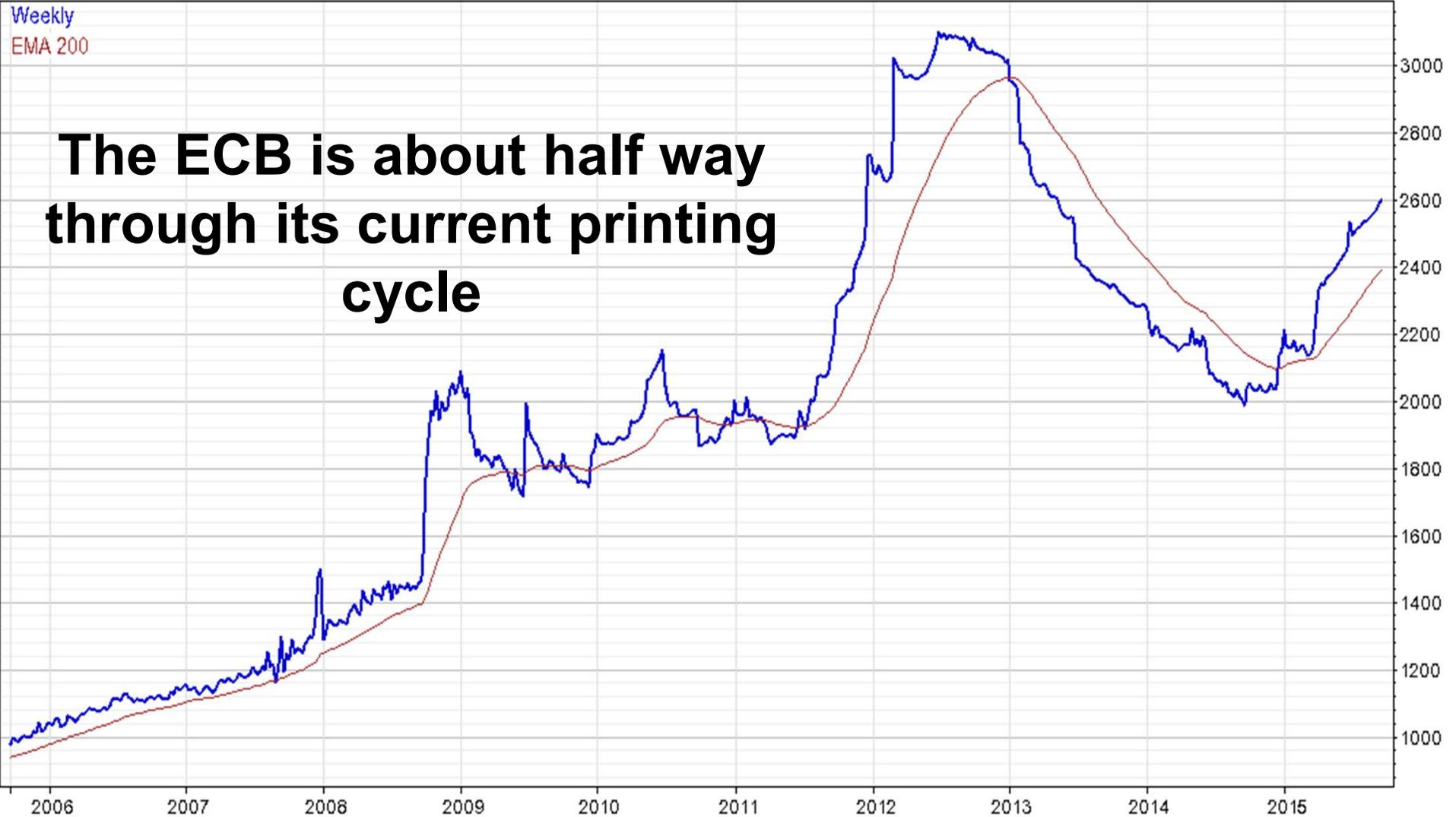
2015-09-20





ECB Balance Sheet Total Assets (EBBSTOTA Index) 2602.314 15.03

2015-09-18



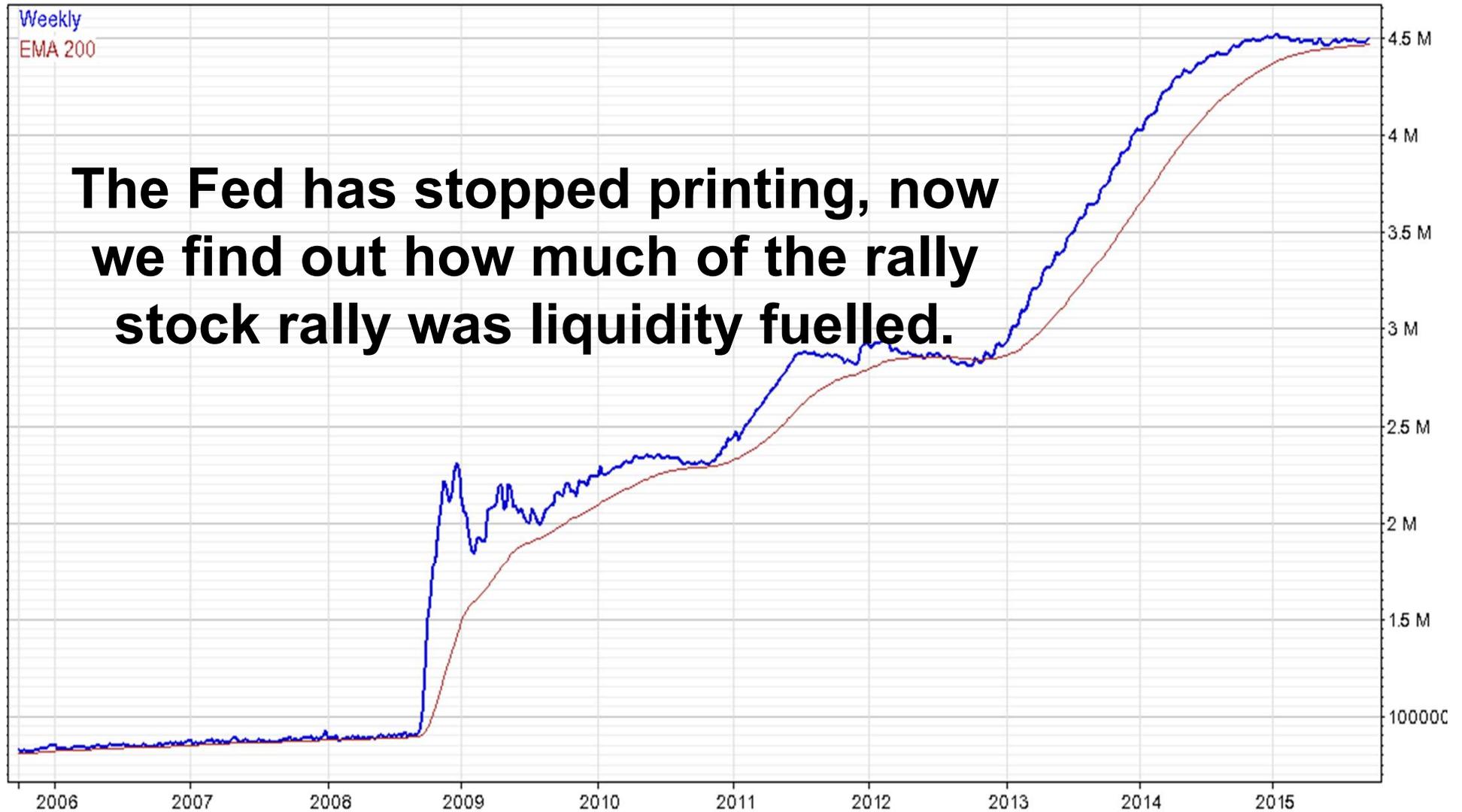


FED Bank Total Assets (FARBAST INDEX) 4497484.00 9675.0

2015-09-23

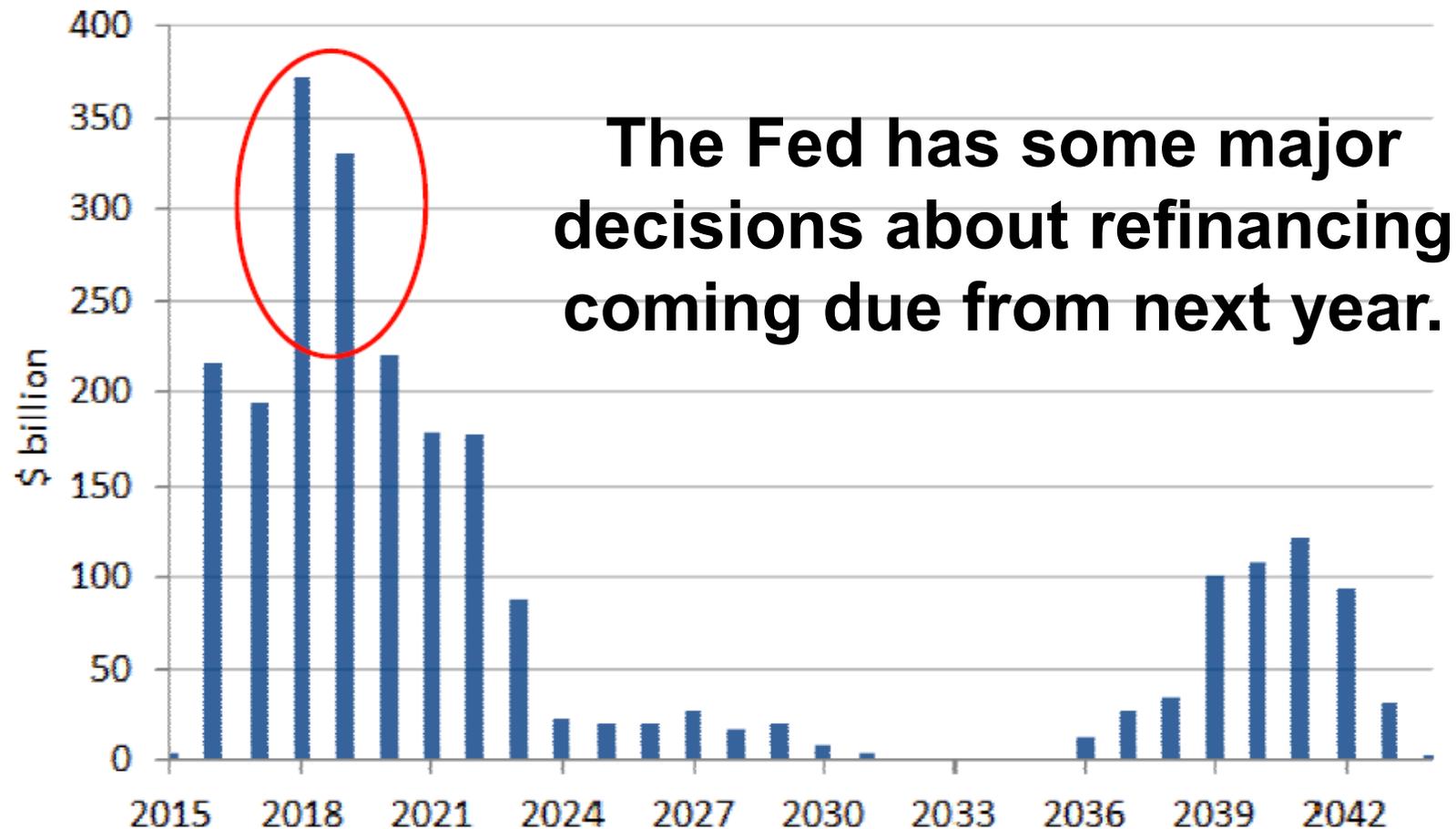
Weekly
EMA 200

The Fed has stopped printing, now we find out how much of the rally stock rally was liquidity fuelled.





Maturities of Fed-Held Treasuries Minimal for '15, Peak '18-'19





US 10yr Treasury Bond Yield (USGG10YR INDEX) 2.0508 -0.11

2015-09-29





S&P 500 (SPX INDEX) 1884.09 -88.09

2015-09-29

Monthly
EMA 190

Let's have some perspective:

This has been a major breakout from a very lengthy range and what we are now seeing is the first big consolidation in a secular bull market.





S&P 500 (SPX INDEX) 1884.09 -47.25

2015-09-29

The S&P500 has lost consistency so we can only conclude the imbalance between supply and demand that drove the uptrend has changed.

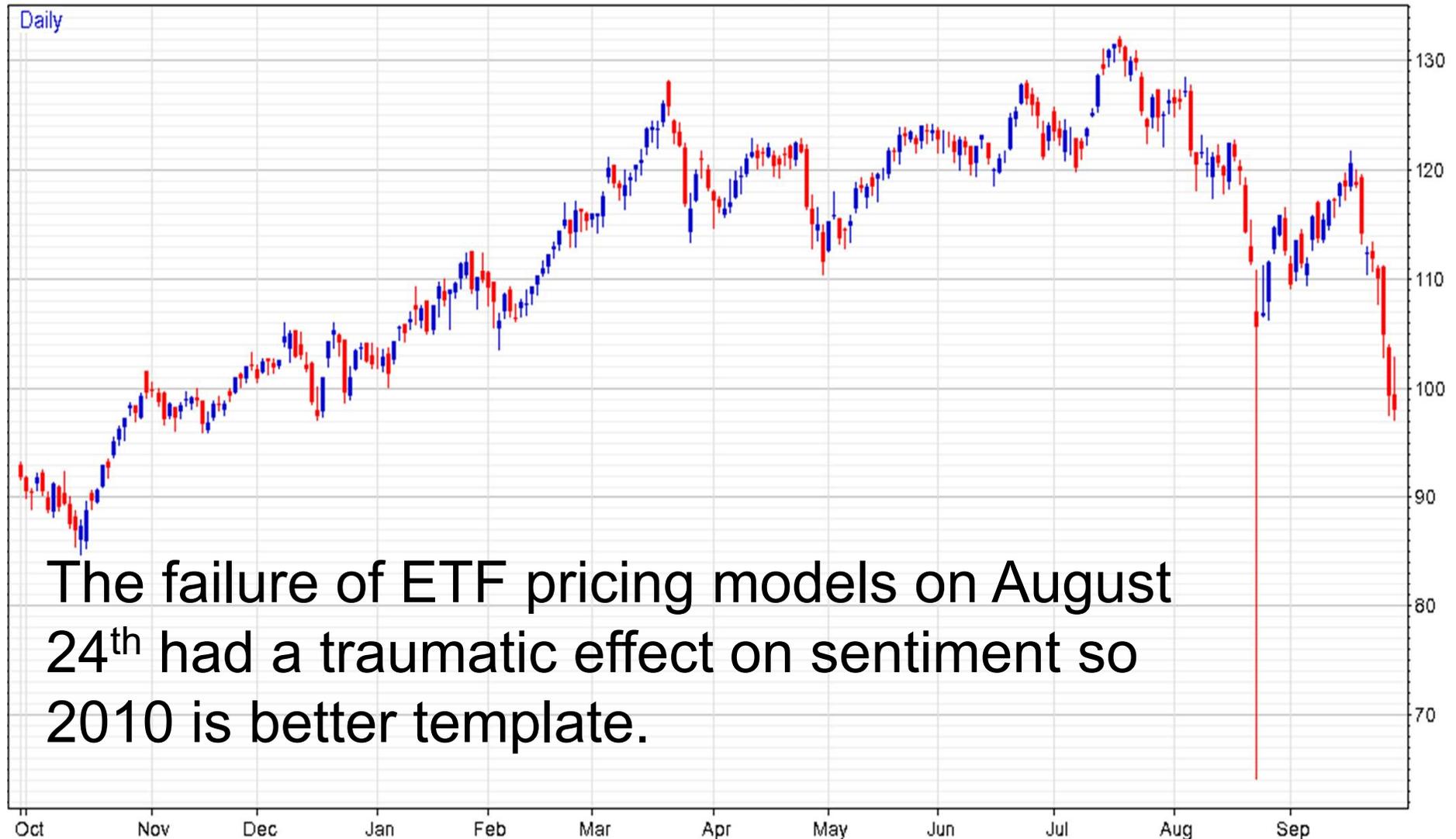
Many fear this is like 2008 or 2000 but the more likely scenario is that it is like 2011 or 2010 but could be lengthier?





First Trust AMEX Biotechnology Index Fund (FBT US EQUITY) 97.90 -1.36

2015-09-29



The failure of ETF pricing models on August 24th had a traumatic effect on sentiment so 2010 is better template.



S&P 500 (SPX INDEX) 1247.08 3.17

2015-09-29

Daily

Here is what the S&P looked like in 2010





S&P 500 (SPX INDEX) 1884.09 2.32

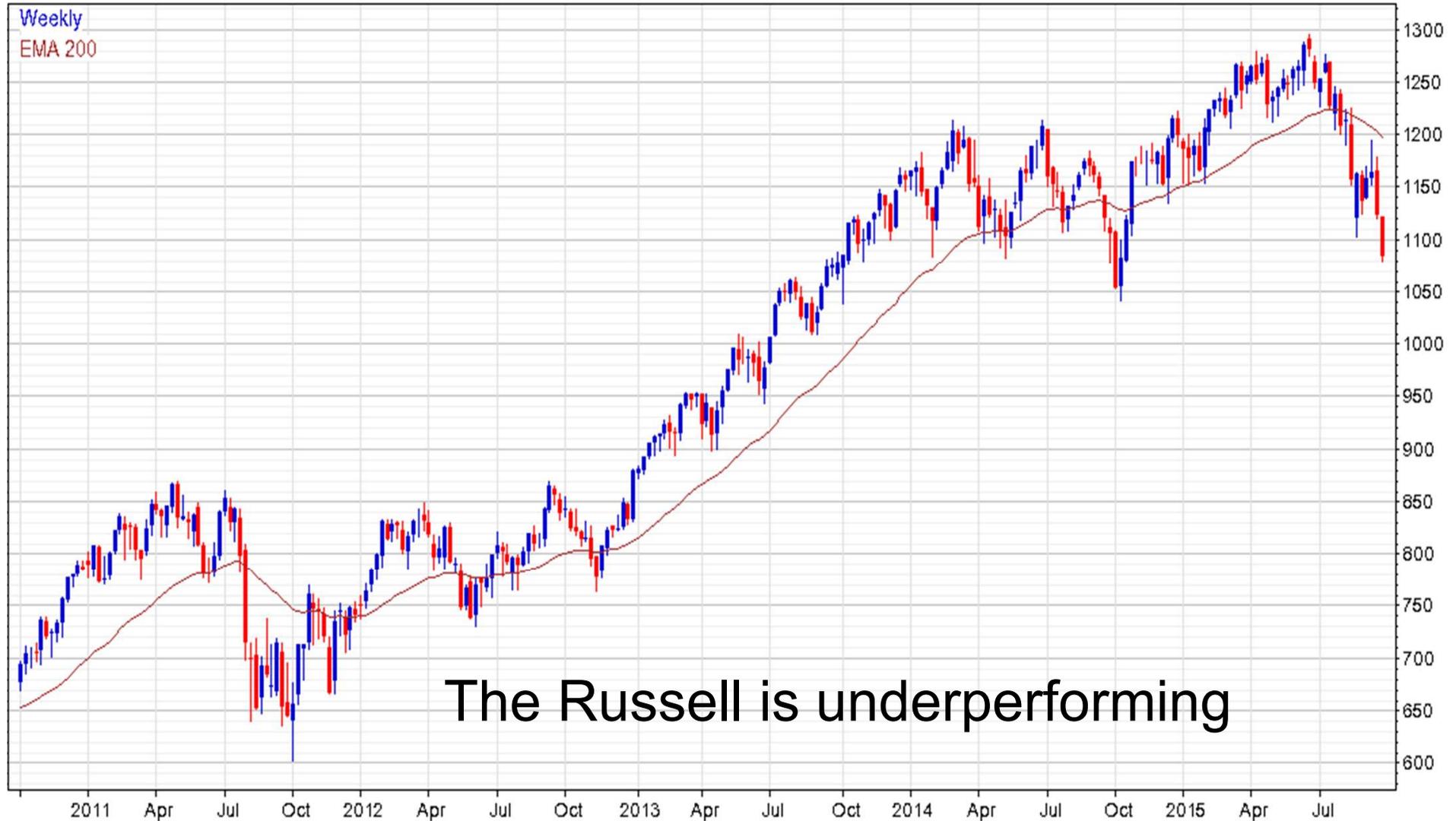
2015-09-29





Russell 2000 (RTY INDEX) 1083.907 -38.88

2015-09-29





Nasdaq 100 (NDX INDEX) 4083.372 -141.37

2015-09-29

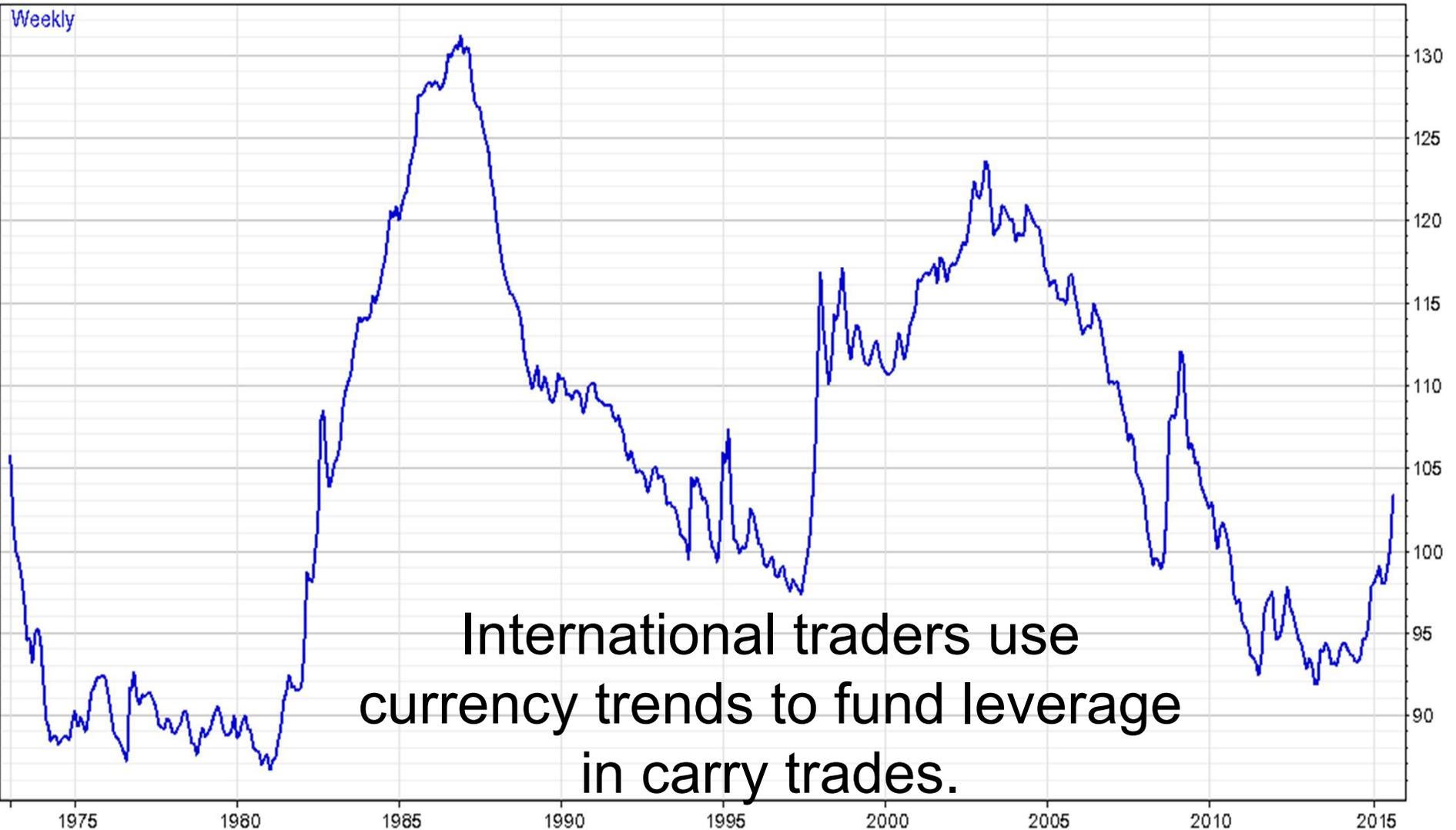




OEX Volatility Index (VIX) (VIX INDEX) 26.83 3.21

2015-09-29







Fed Funds Rate (FDTR INDEX) 0.25 0.0

2015-09-29





US Average Hourly Earnings All Employee YoY (AHE YOY% Index) 2.20 0.1

2015-08-31

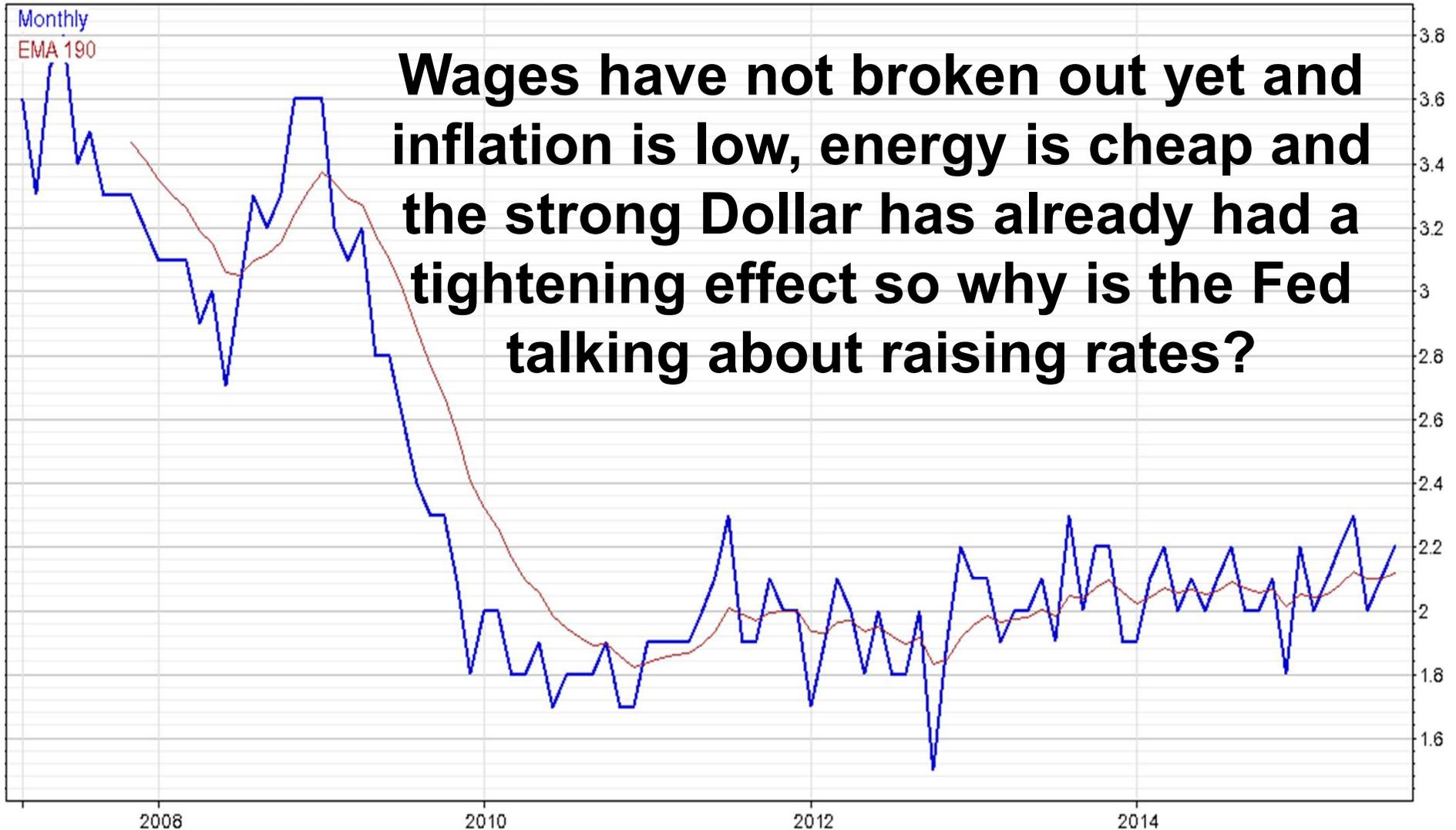
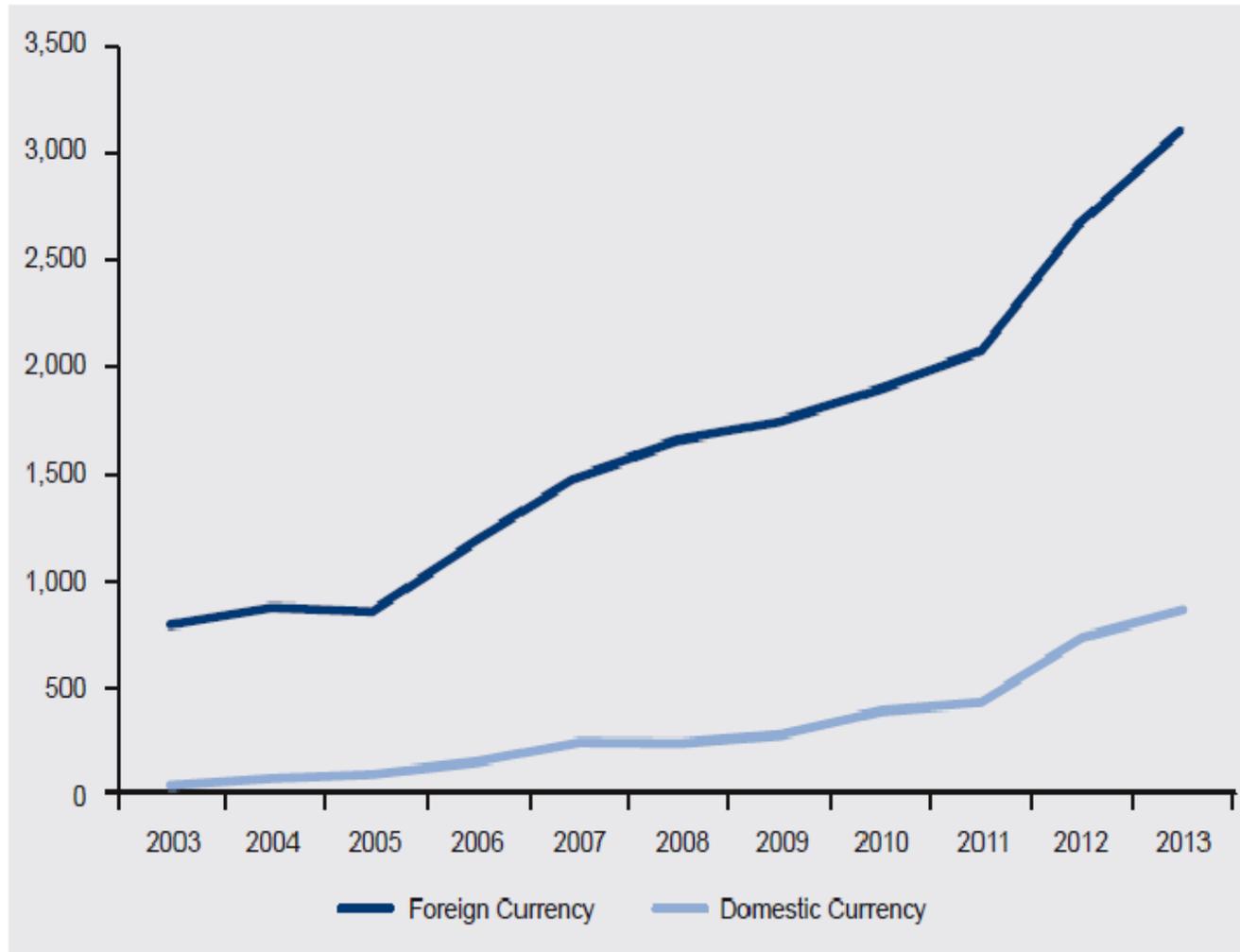




Figure 2: Currency Composition of Outstanding Emerging Market Bonds



Could it be because ultra-low rates have caused a misallocation of capital?

Emerging market bond issuers have behaved like the Dollar's bear market would last forever.



GRAB

C88410Y Index

Edit

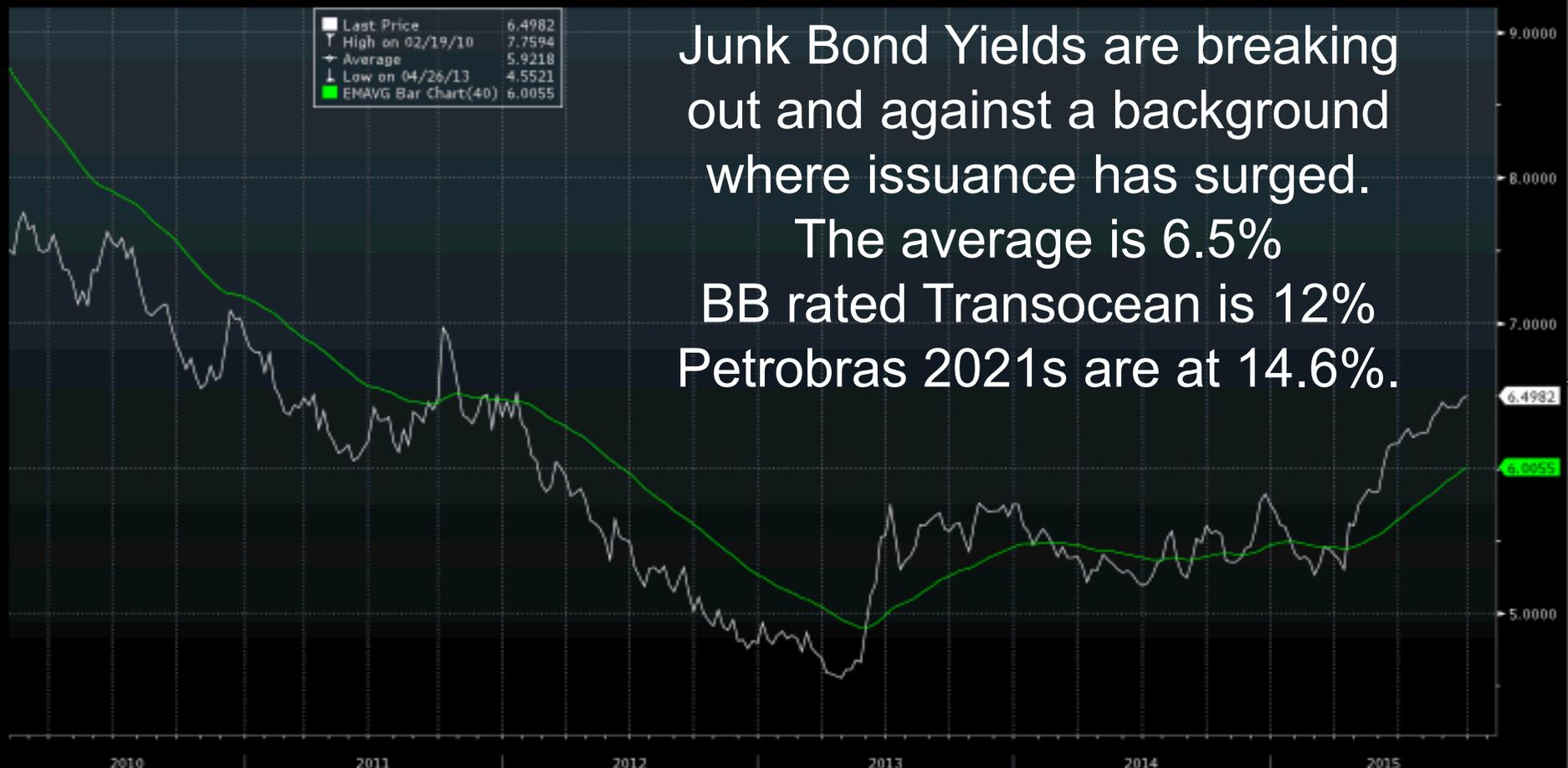
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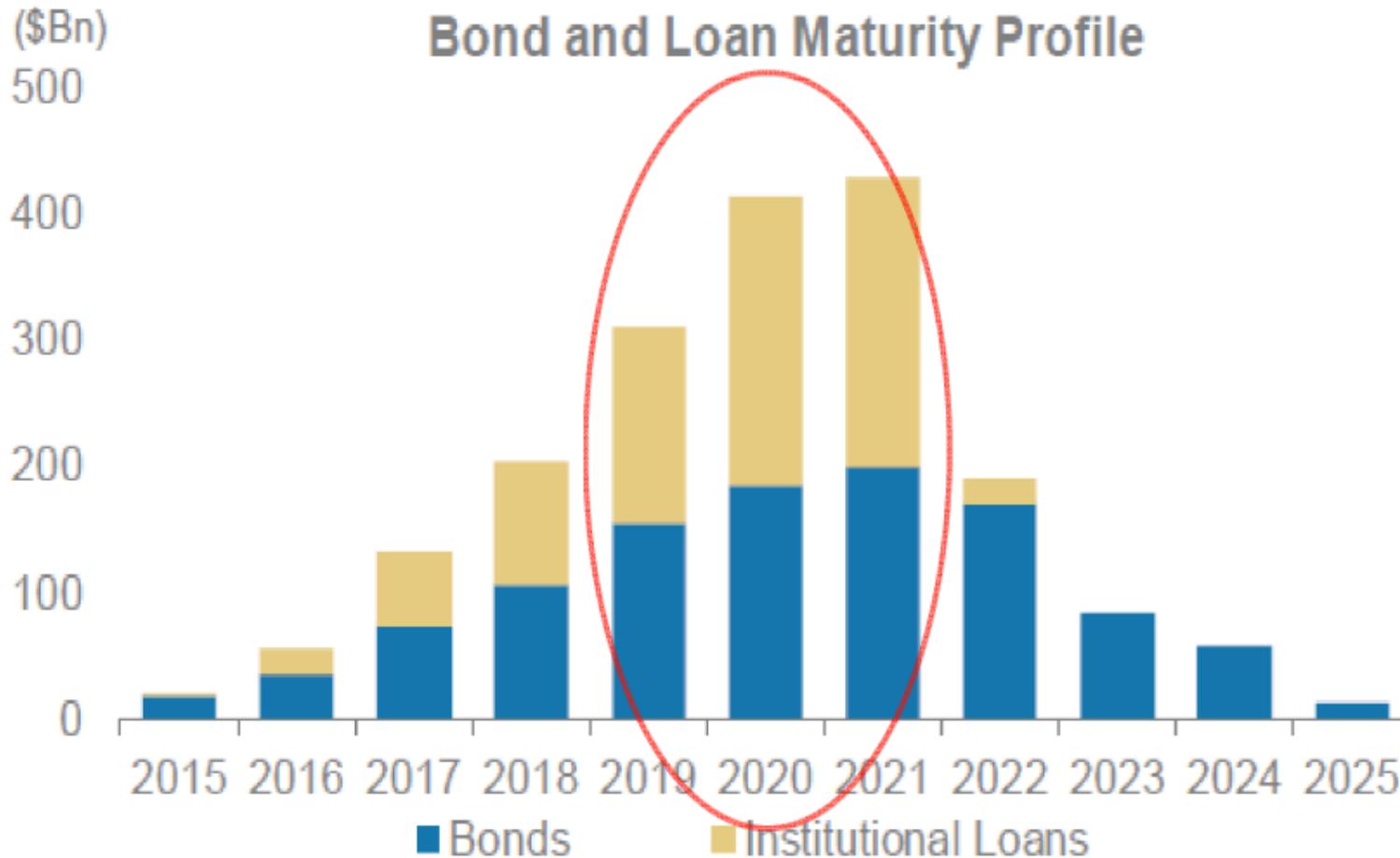
G 7 - Copy of Graph 174

C88410Y Index : BFV USD Composite (BB) 10 Year Weekly 1/29/2010 - 9/29/2015



Junk Bond Yields are breaking out and against a background where issuance has surged.
The average is 6.5%
BB rated Transocean is 12%
Petrobras 2021s are at 14.6%.

Corporations have a lot of debt to refinance in 2020 and 2021 but very little right now.





Petroleo Brasileiro (PBR US EQUITY) 3.85 -0.23

2015-09-29



Petrobras successfully issued a \$2.5 billion 100-year bonds in June! With \$90 billion in US Dollar debt out of a total \$300 billion what happens to Petrobras matters.



BRL per 1 USD (BRL CMPN Curncy) 4.1086 0.49

2015-09-28



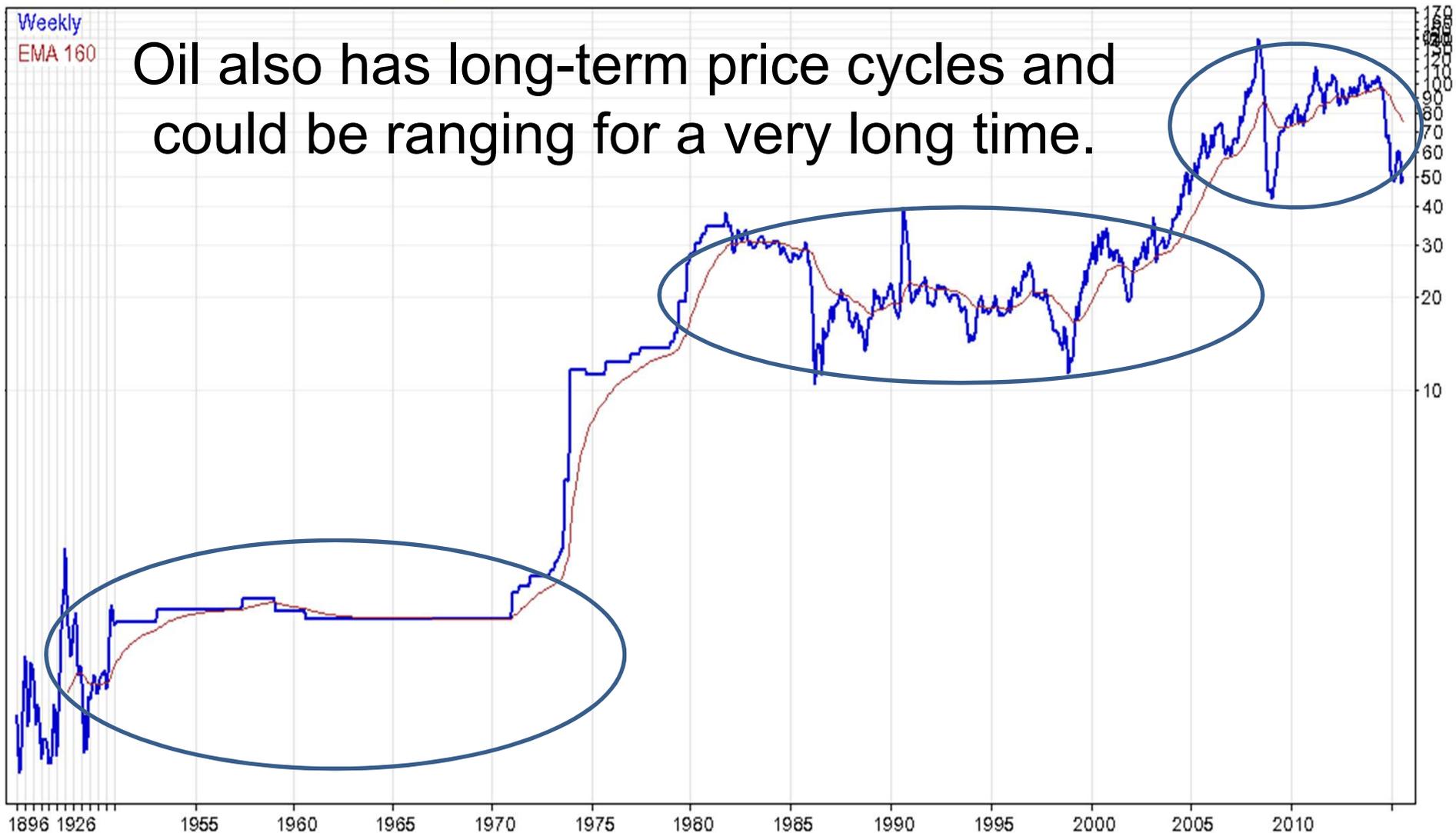


Historic Oil (OILPHIST INDEX) 49.20 2.08

2015-08-31

Weekly
EMA 160

Oil also has long-term price cycles and could be ranging for a very long time.





JPMorgan Alerian MLP Index ETN (US) (AMJ US EQUITY) 27.94 -3.5

2015-09-29





CRB Continuous Commodity Index (Old CRB) (CCI INDEX) 388.3933 -4.96

2015-09-28

Weekly
MA 200

Commodity prices remains under pressure.





ZAR per 1 USD (ZAR CURRENCY) 14.0644 0.79

2015-09-28





Indonesian Rupiah Spot (IDR CURRENCY) 14741.00 646.0

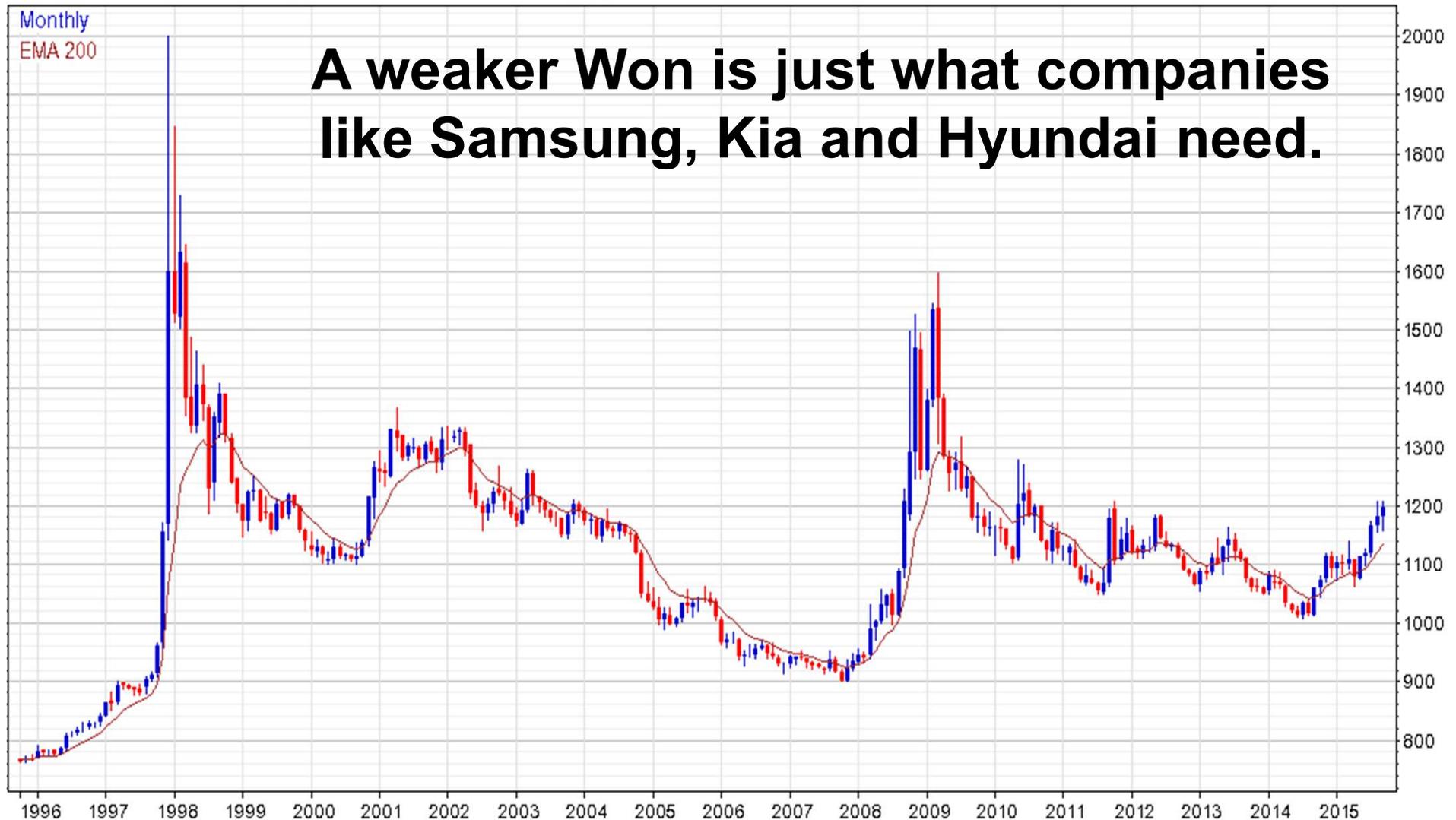
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South Korean Won Spot (KRW CURRENCY) 1196.31 13.1

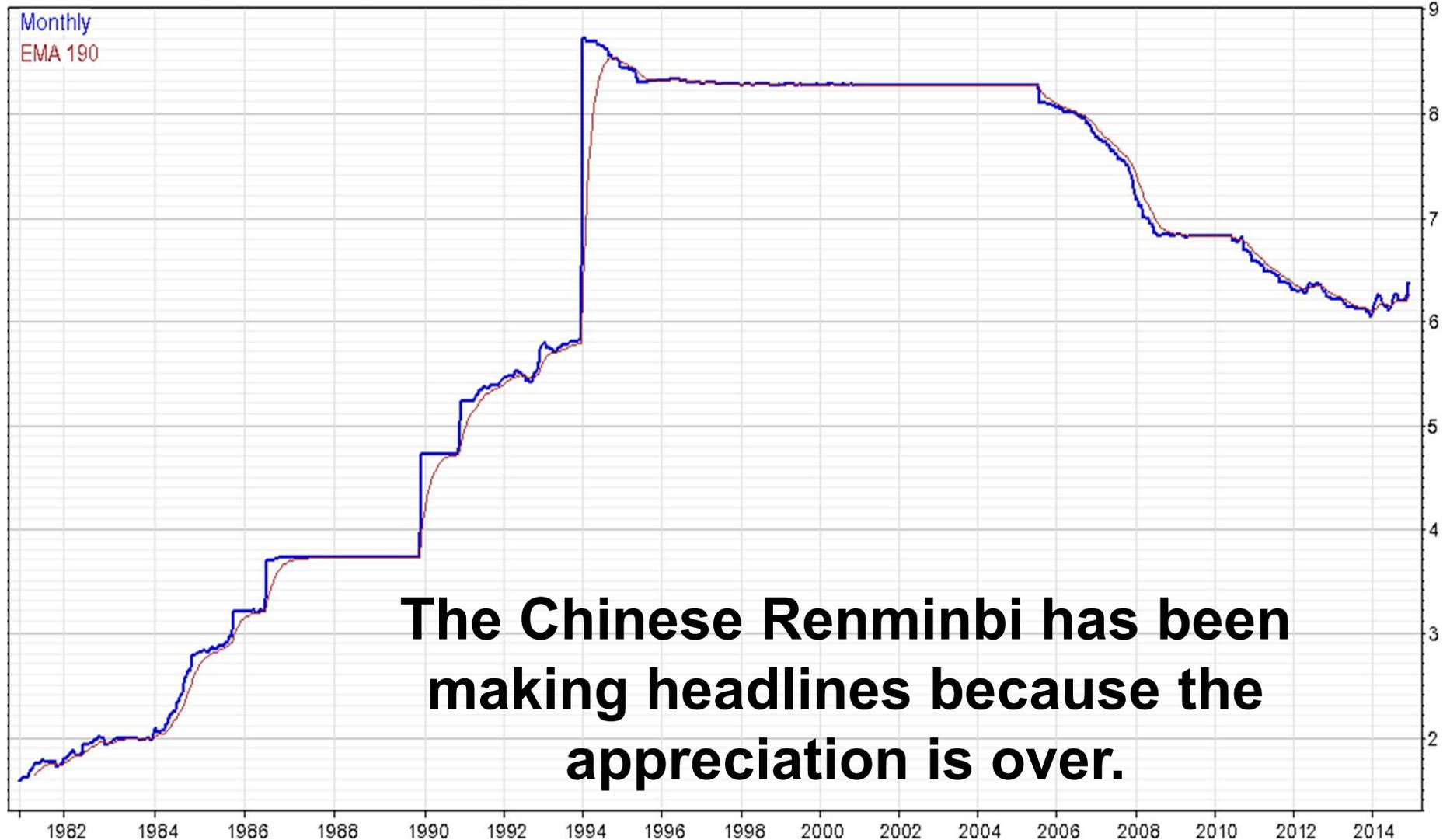
2015-09-28





CNY per 1 USD (CNY CURRENCY) 6.3659 -0.01

2015-09-28



The Chinese Renminbi has been making headlines because the appreciation is over.



China Shanghai A-Shares (SHASHR INDEX) 3182.057 -56.98

2015-09-29





GRAB

CHN US Equity

Edit

Actions

Bookmarks

Show

G 7 - Copy of Graph 174

CHN US Equity : CHINA FUND INC

Weekly

1/29/2010 - 9/29/2015

CHN is now trading at a 16% discount and has a great record of paying special dividends in December.

Day Session
Last 15.72
High on 10/1/15 18.2374
Low on 10/7/11 12.3245
EMA(40) 18.2874



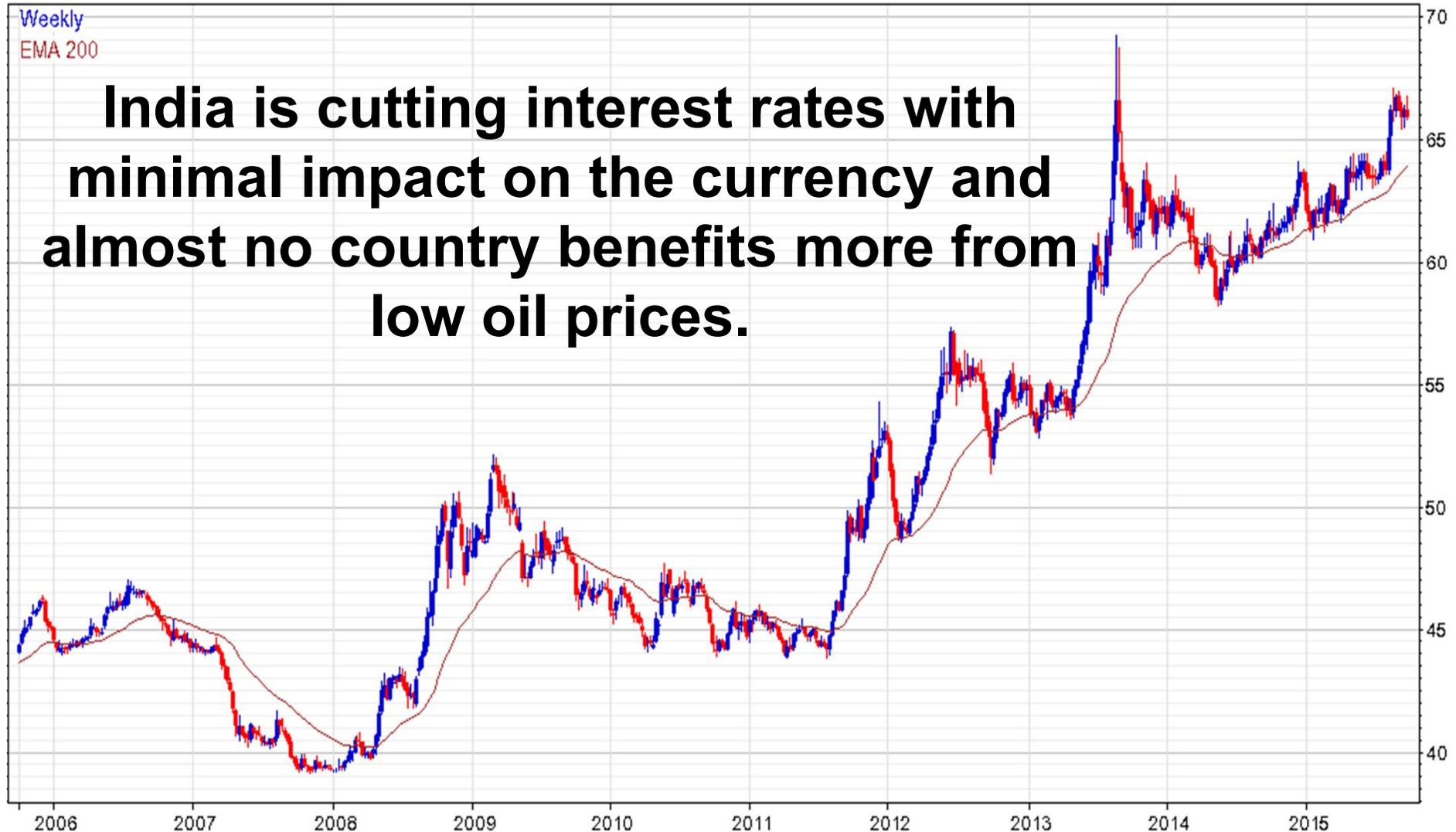


INR per 1 USD (INR CURRENCY) 65.934 -0.24

2015-09-29

Weekly
EMA 200

India is cutting interest rates with minimal impact on the currency and almost no country benefits more from low oil prices.





India National (Nifty 50) (NIFTY INDEX) 7843.30 -25.2

2015-09-29





Weekly



It's a good thing the ECB is printing because Europe is labouring under a number of issues from a US Dollar investor's perspective.



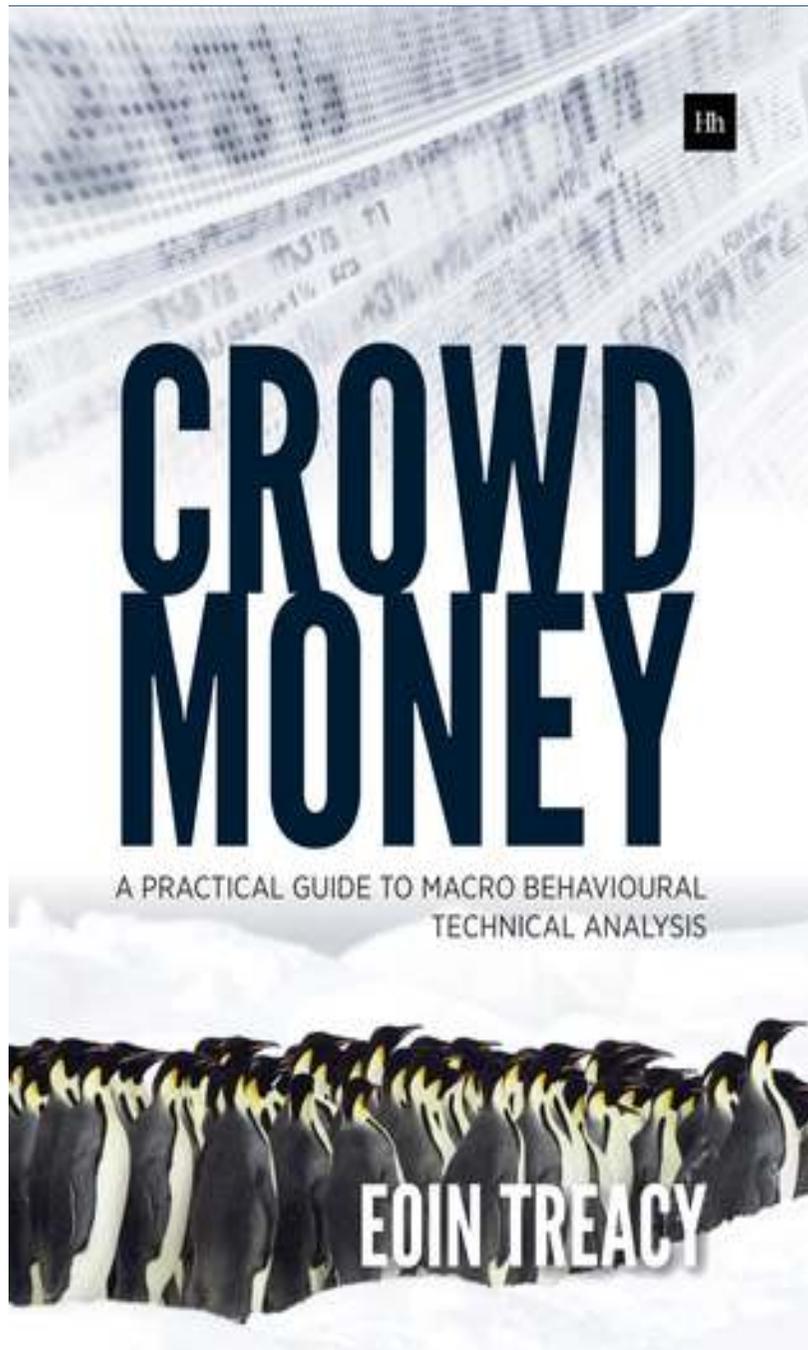
London Spot Gold (GOLDS COMDTY) 1127.45 -18.95

2015-09-29

Weekly
EMA 200

**Gold remains a in medium-term
downtrend.**





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