



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



**KEEP  
CALM  
AND**

**DON'T  
PANIC!**

## **The 53<sup>rd</sup> Contrary Opinion Forum**

**May 20<sup>th</sup> 2015**

**Eoin Treacy**

**[FullerTreacyMoney.com](http://FullerTreacyMoney.com)**



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

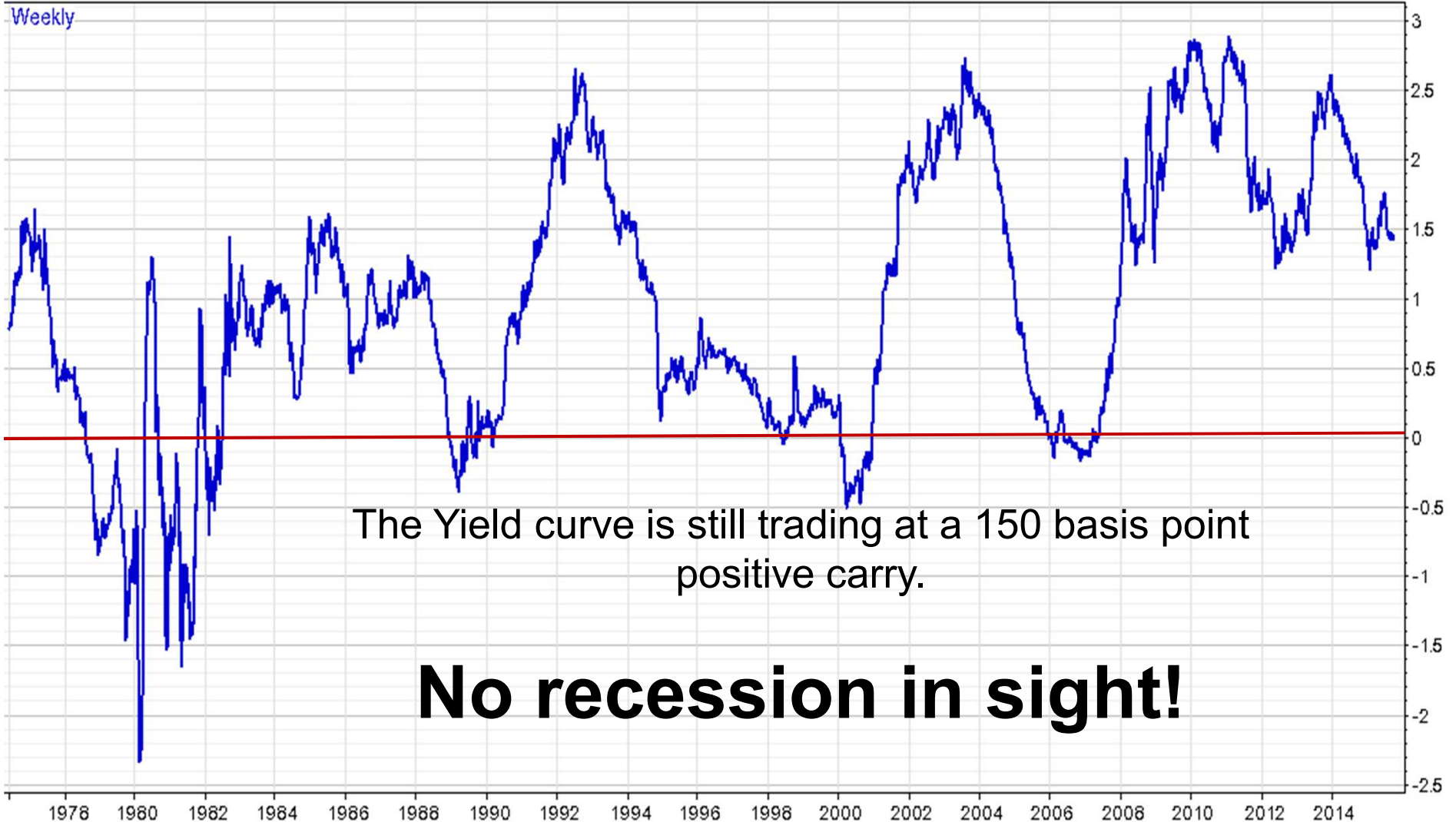
Biotech, Wall  
Street, Grexit,  
Brexit,  
The Presidential  
Cycle...





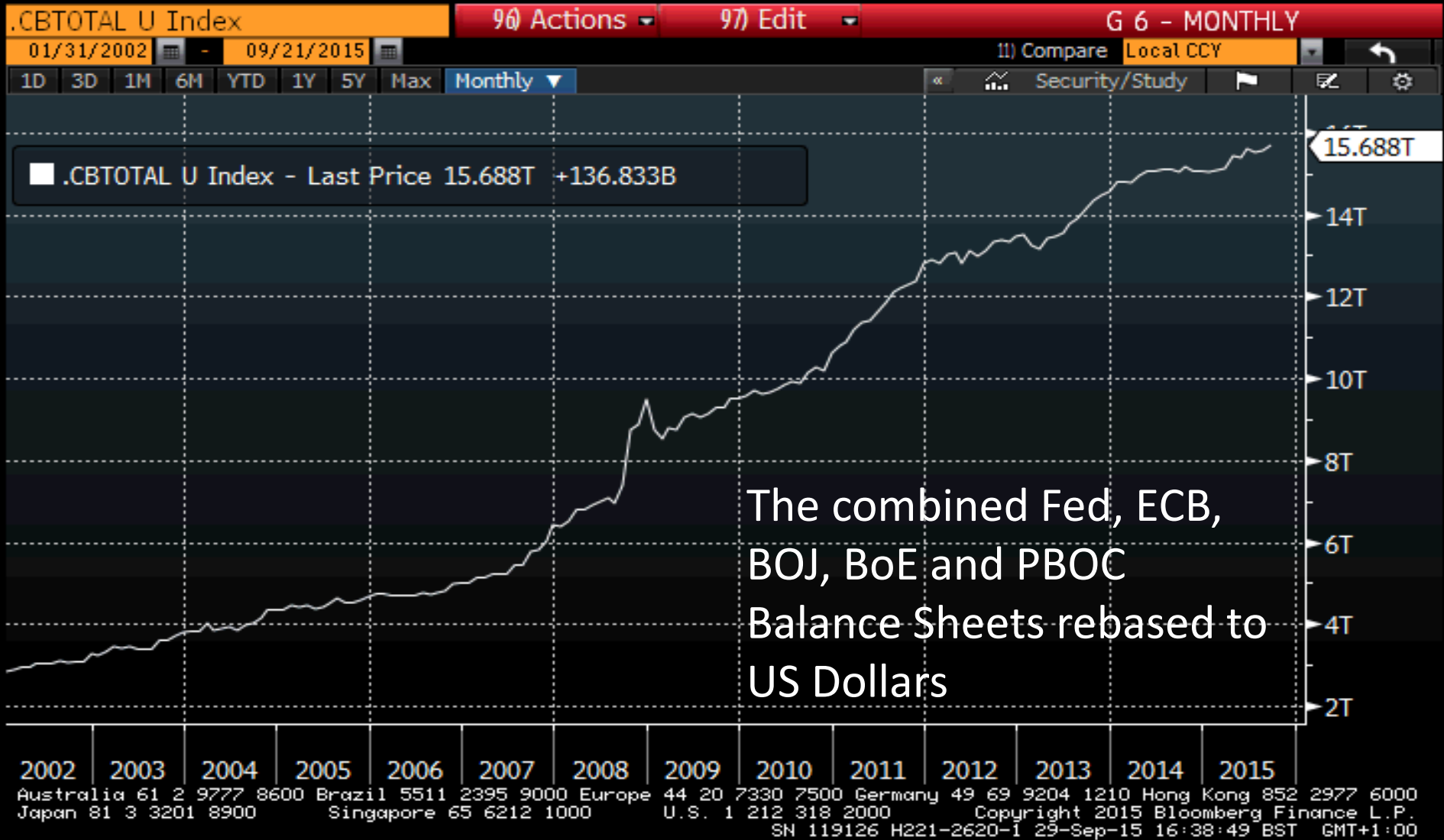
US 10yr Treasury Bond Yield (USGG10YR INDEX) - US 2yr Treasury Bond Yield (USGG2YR INDEX) 1.427 -0.04

2015-09-28





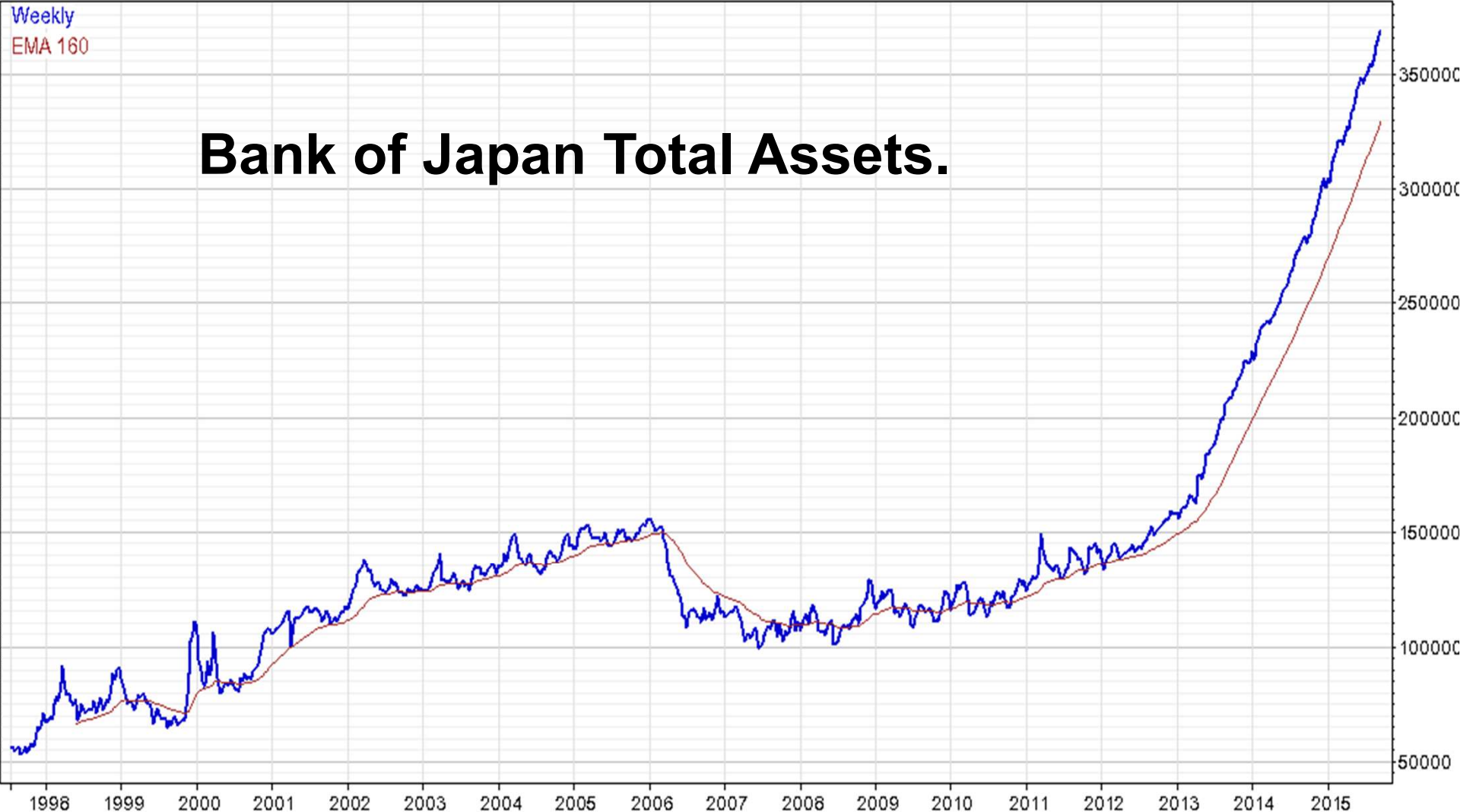
GRAB





Bank of Japan Total Assets (BJACTOTL Index) 368251.50 2485.4

2015-09-20

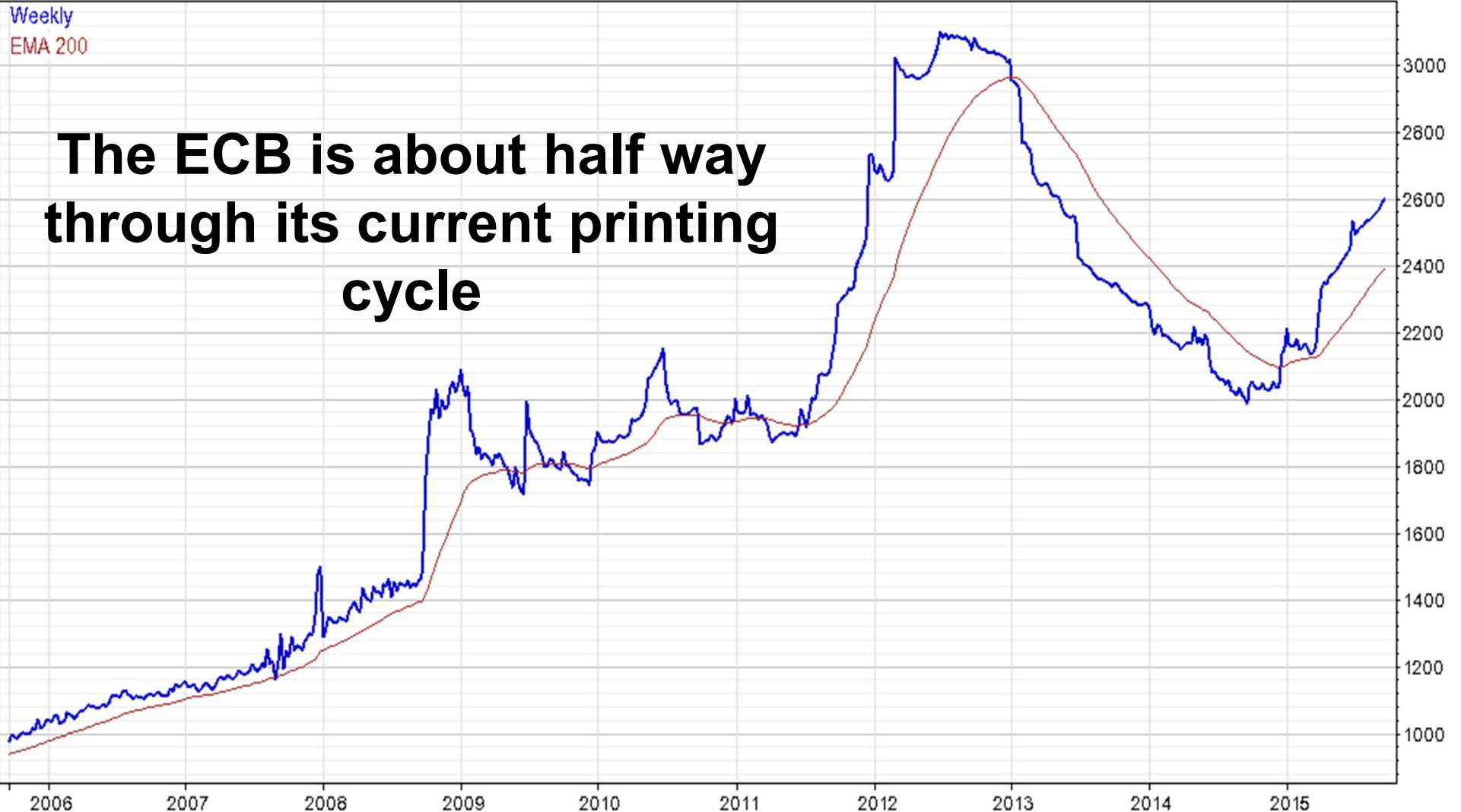






ECB Balance Sheet Total Assets (EBBSTOTA Index) 2602.314 15.03

2015-09-18



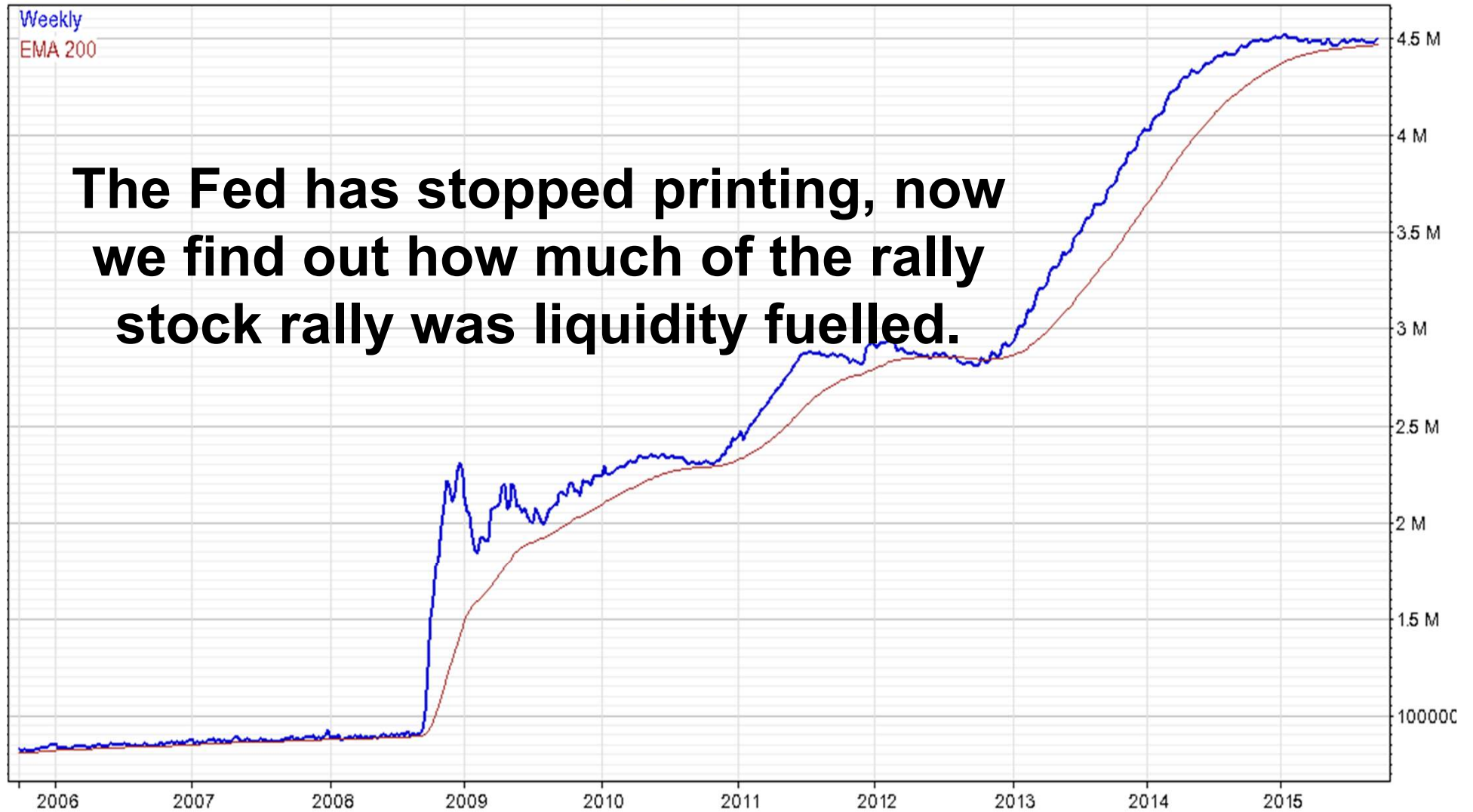


FED Bank Total Assets (FARBAST INDEX) 4497484.00 9675.0

2015-09-23

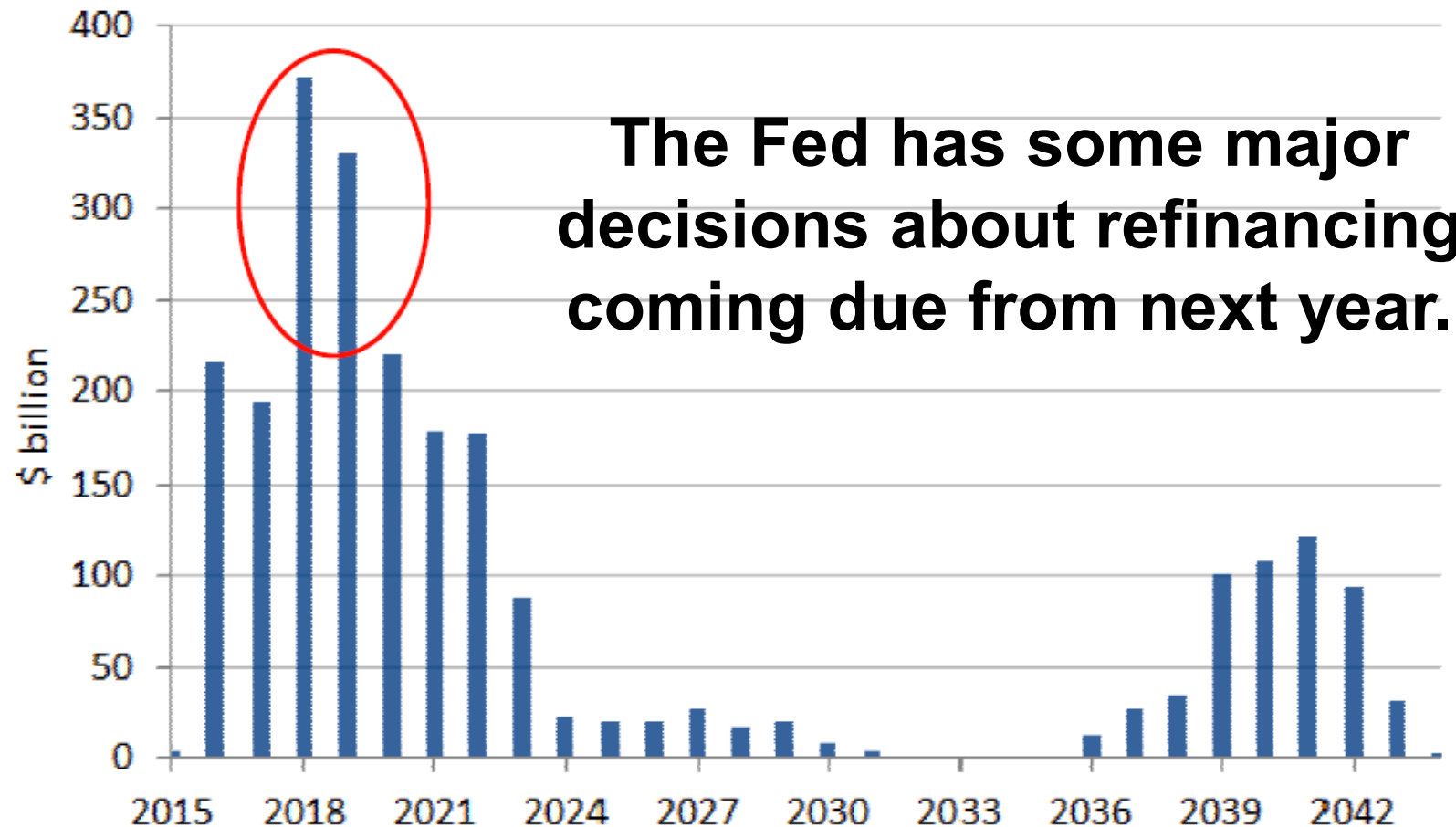
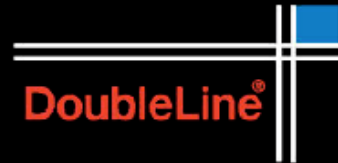
Weekly  
EMA 200

**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.

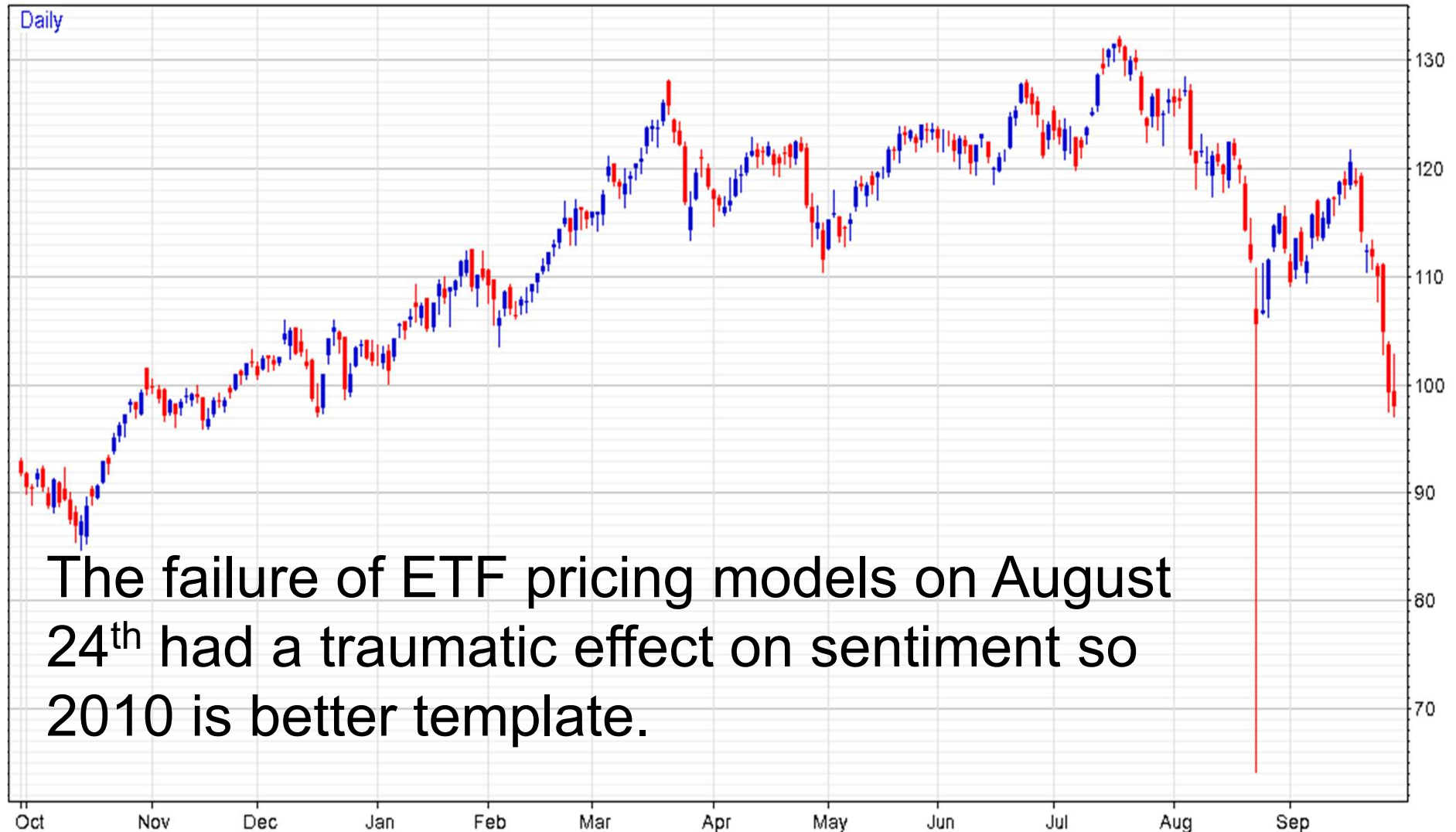
Many fear this is like 2008 or 2000 but the more likely scenario is that it is like 2011 or 2010 but could be lengthier?





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

2015-09-29



The failure of ETF pricing models on August 24<sup>th</sup> 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

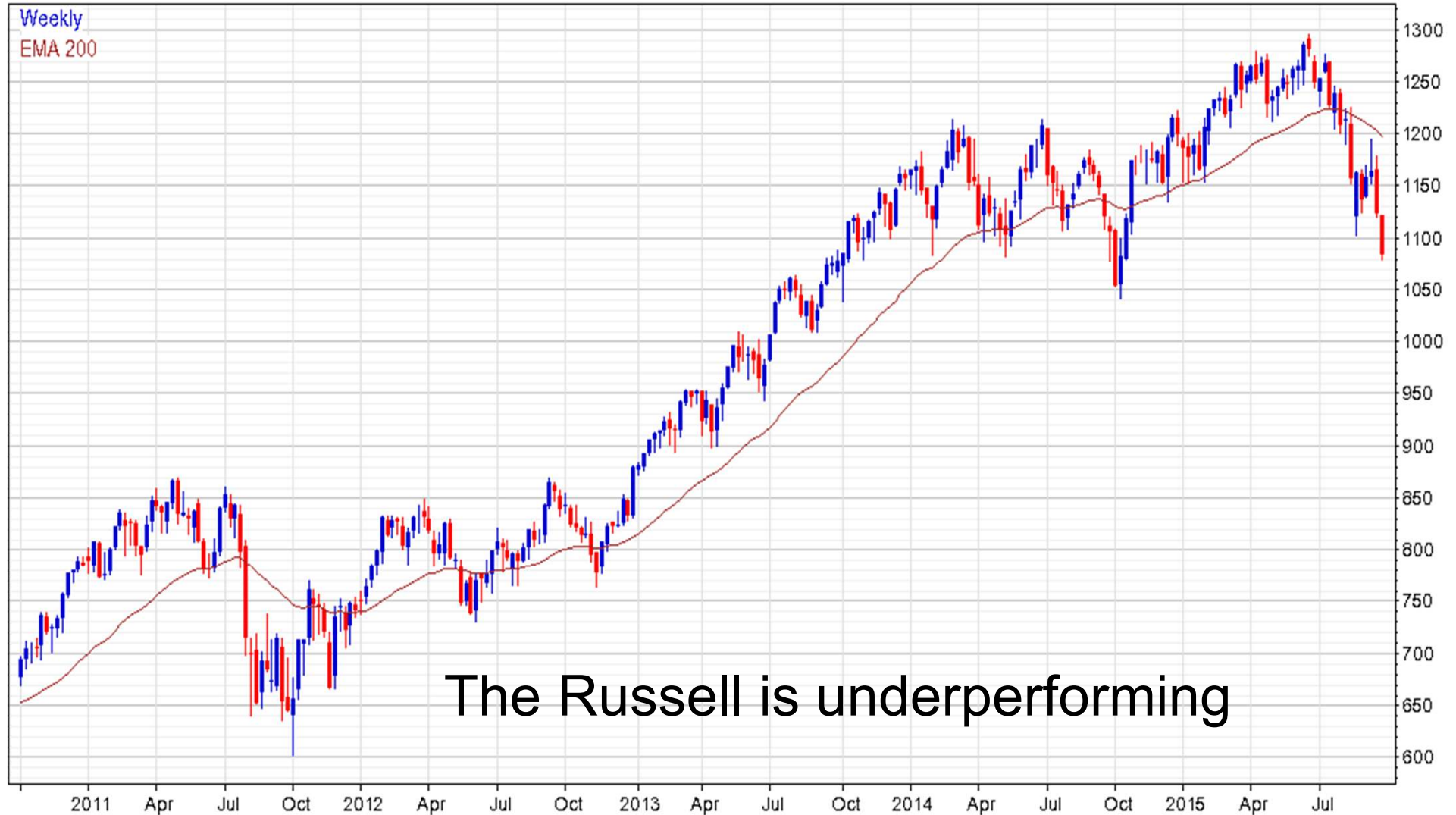
2015-09-29





Russell 2000 (RTY INDEX) 1083.907 -38.88

2015-09-29





Nasdaq 100 (NDX INDEX) 4083.372 -141.37

2015-09-29



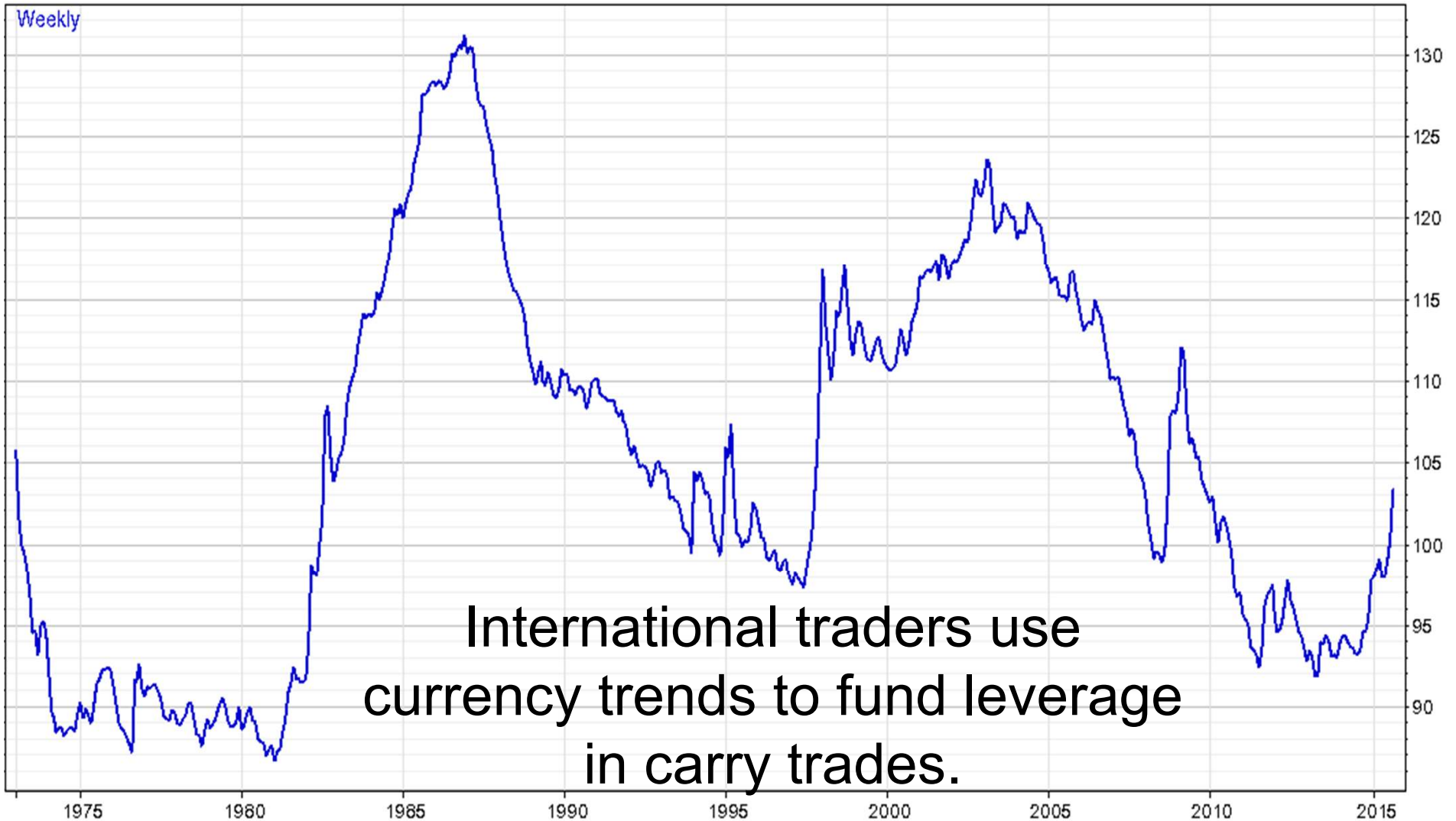


OEX Volatility Index (VIX) (VIX INDEX) 26.83 3.21

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

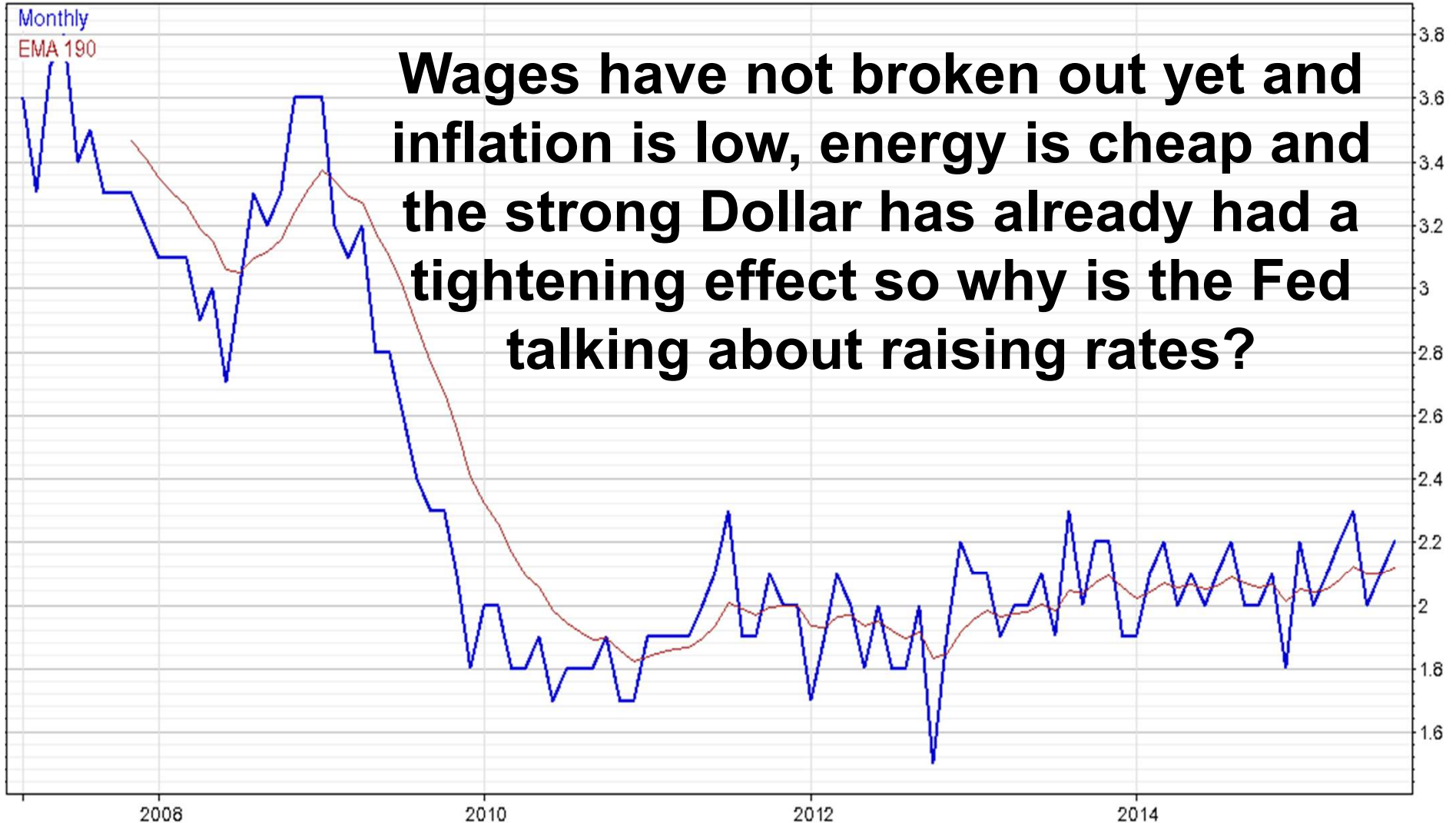
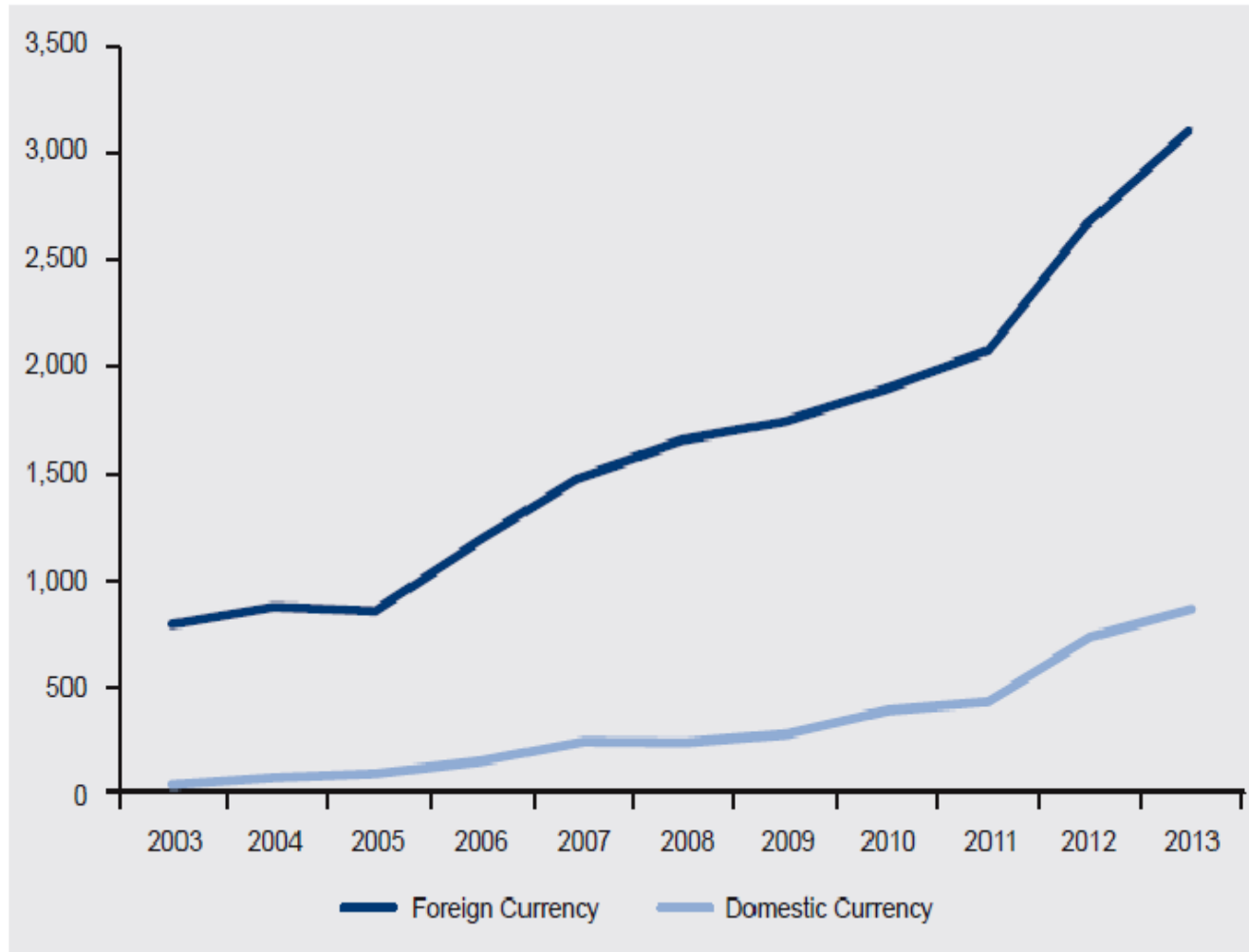




Figure 2: Currency Composition of Outstanding Emerging Market Bonds



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

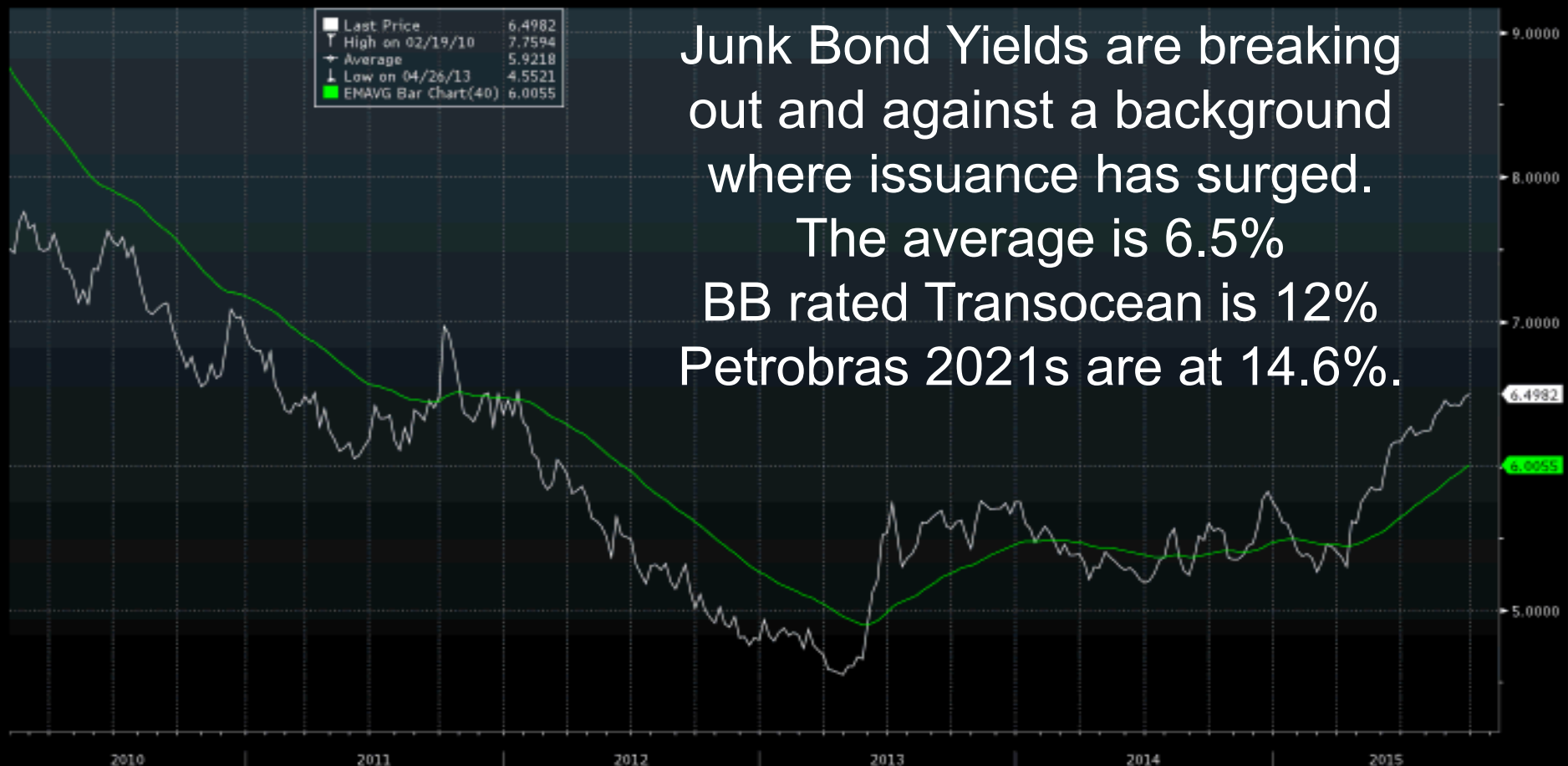
Actions

Bookmarks

Show

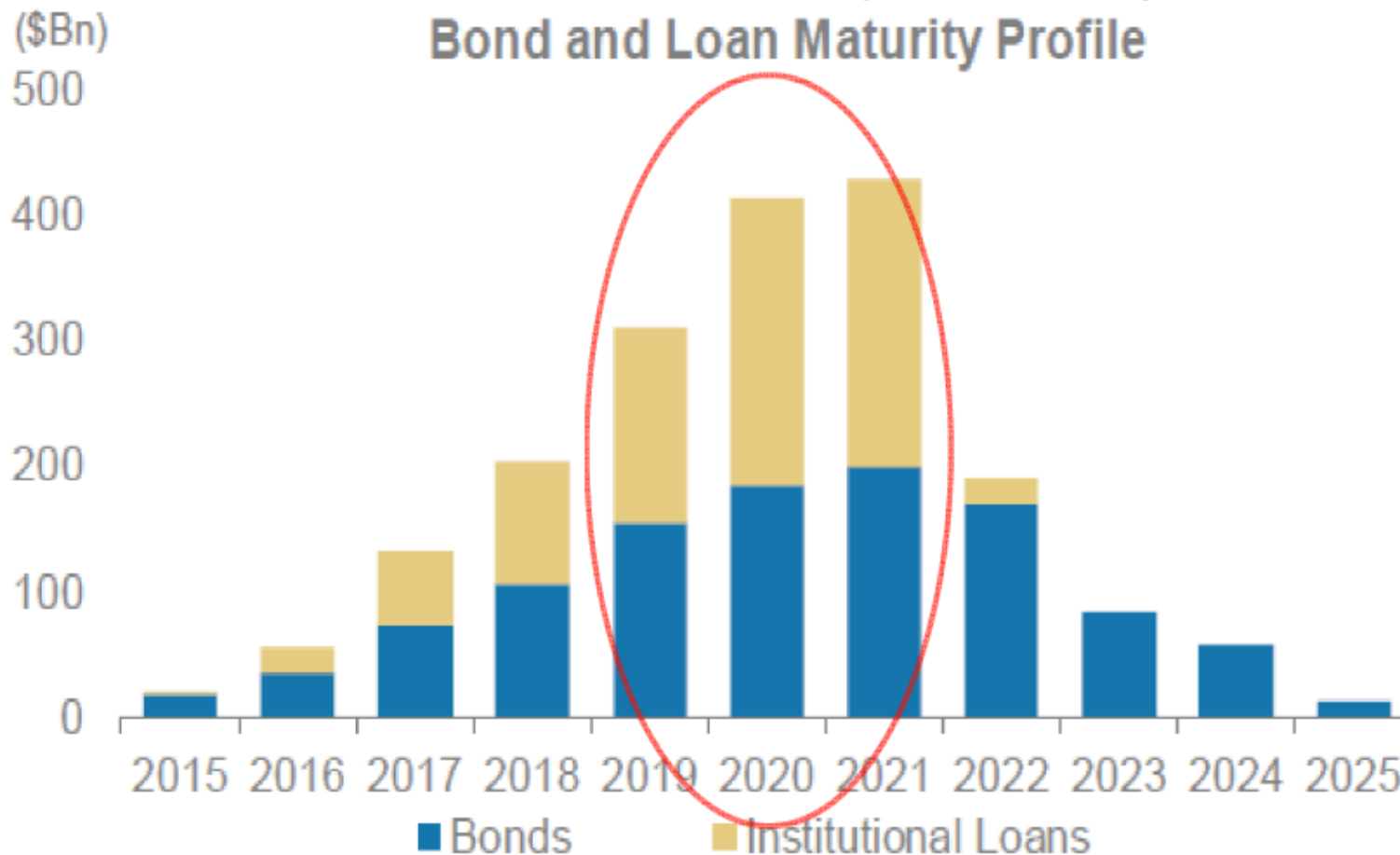
G 7 - Copy of Graph 174

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





BRL per 1 USD (BRL CMPN Curncy) 4.1086 0.49

2015-09-28

Monthly  
EMA 200

The swiftly declining Real make the Dollar debt harder to pay but the domestic debt easier.

Meanwhile Brazil's competitiveness is improving rapidly.



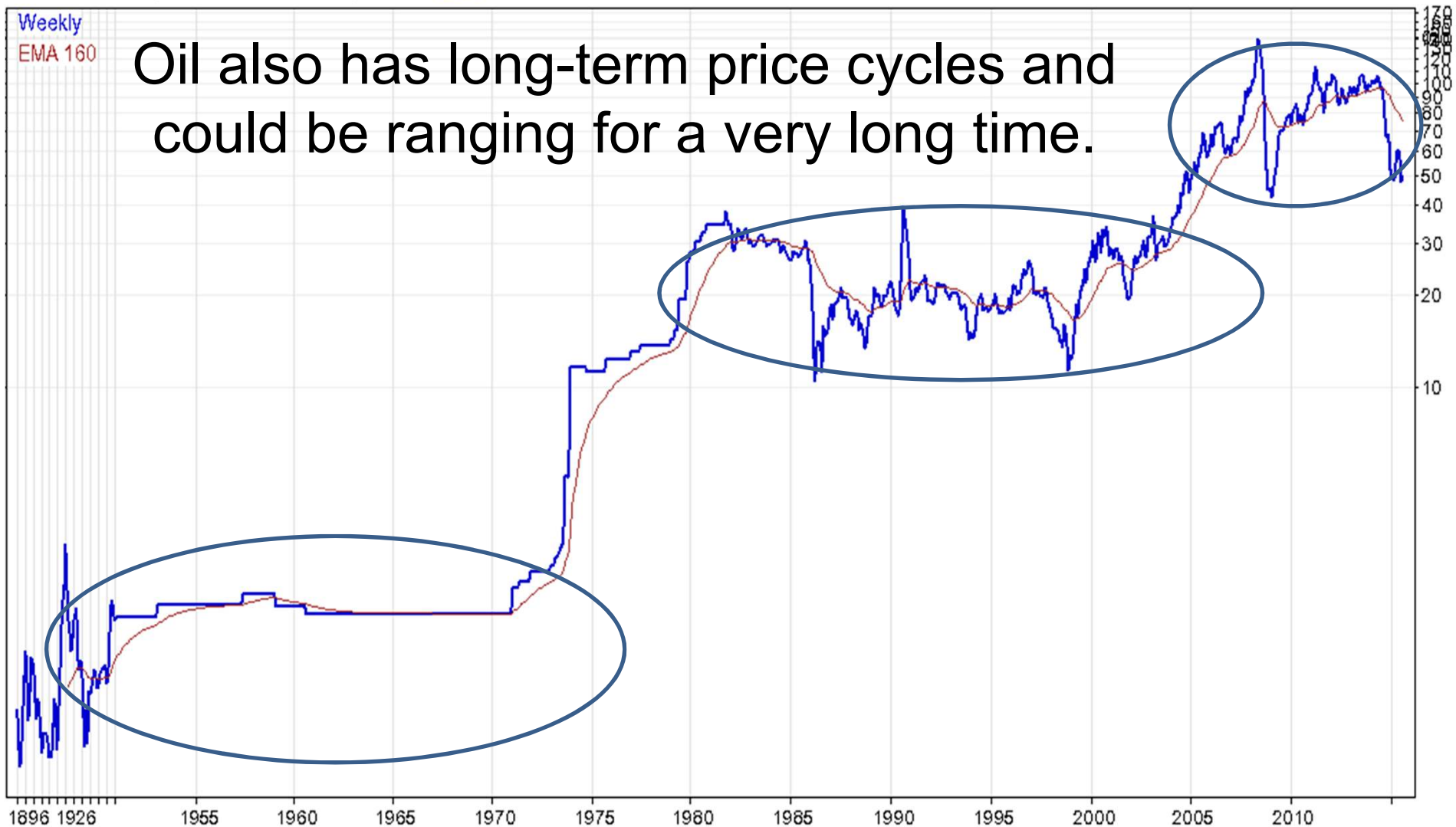


Historic Oil (OILPHIST INDEX) 49.20 2.08

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

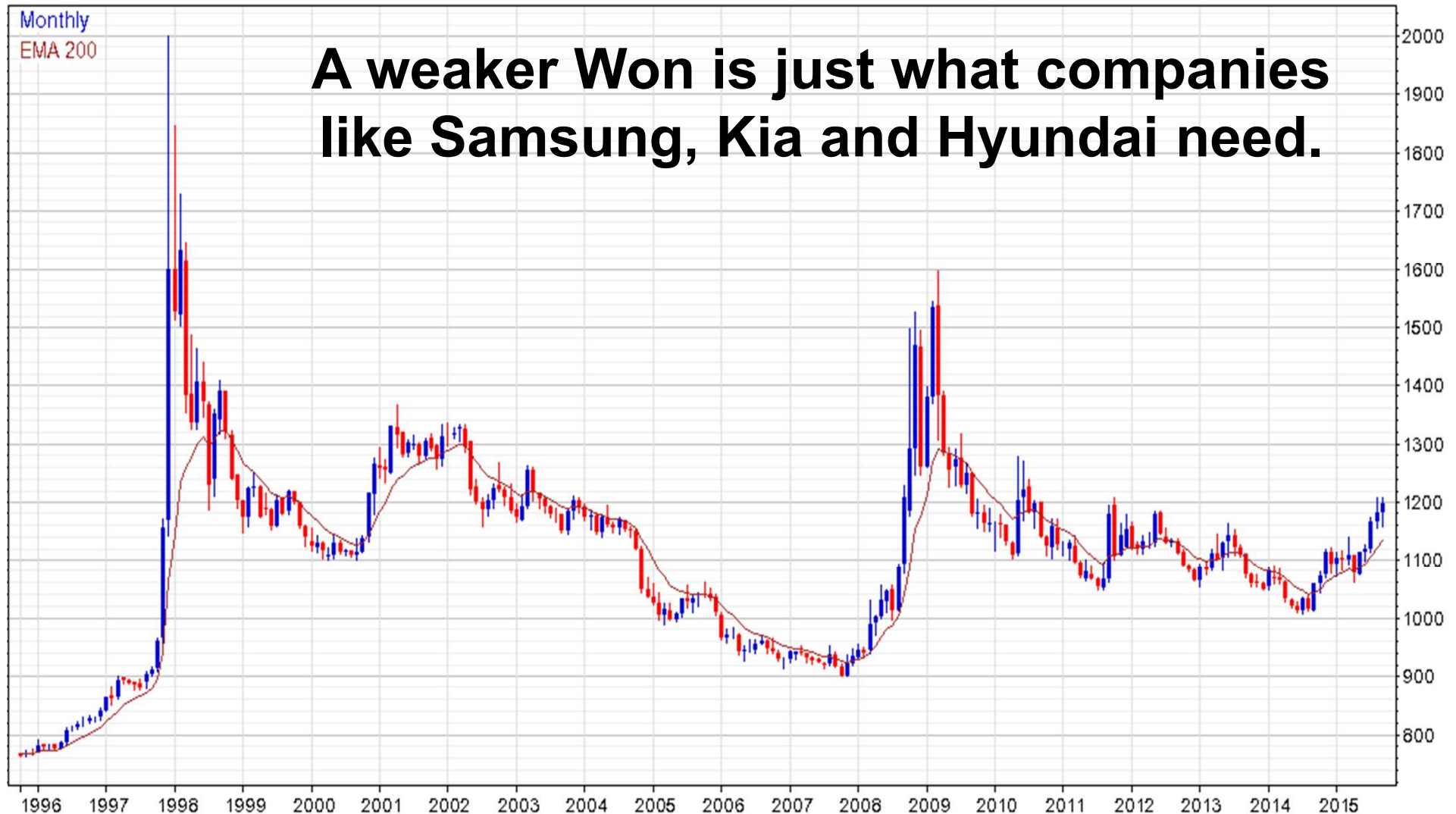
2015-09-28





South Korean Won Spot (KRW CURRENCY) 1196.31 13.1

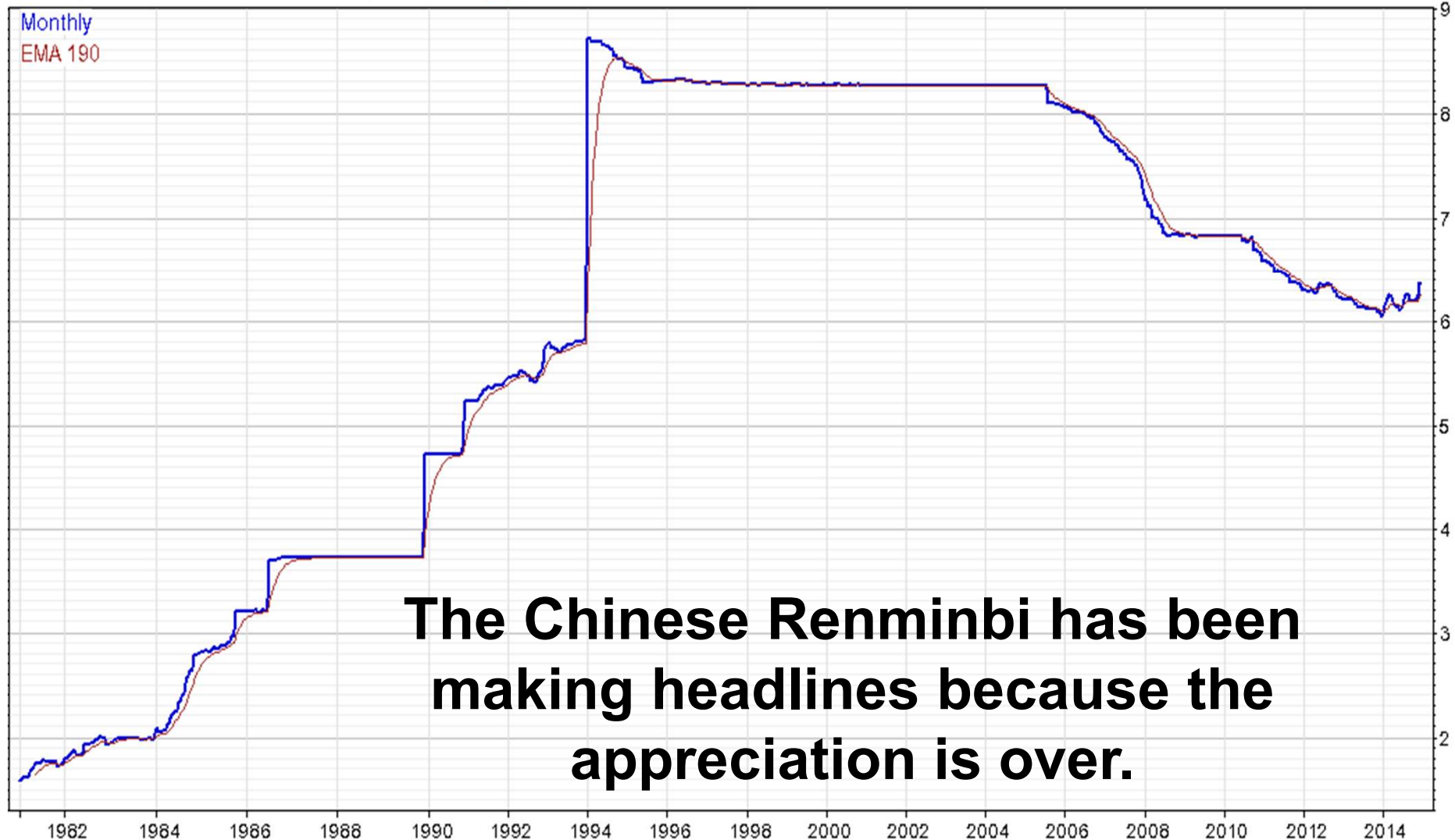
2015-09-28





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 17.2524  
Low on 10/7/11 12.3245  
EMA(40) on Close 18.2874





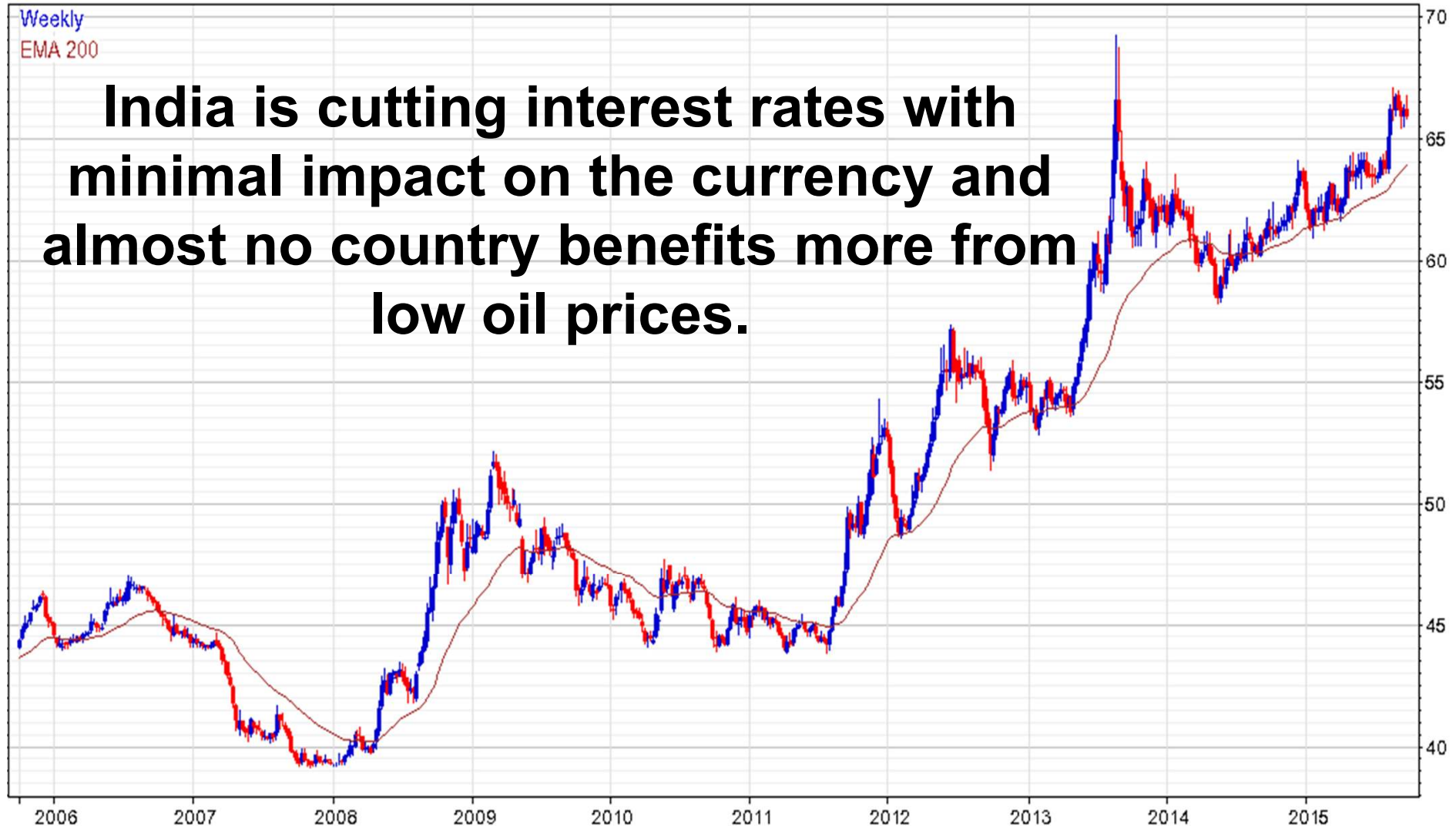


INR per 1 USD (INR CURRENCY) 65.934 -0.24

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

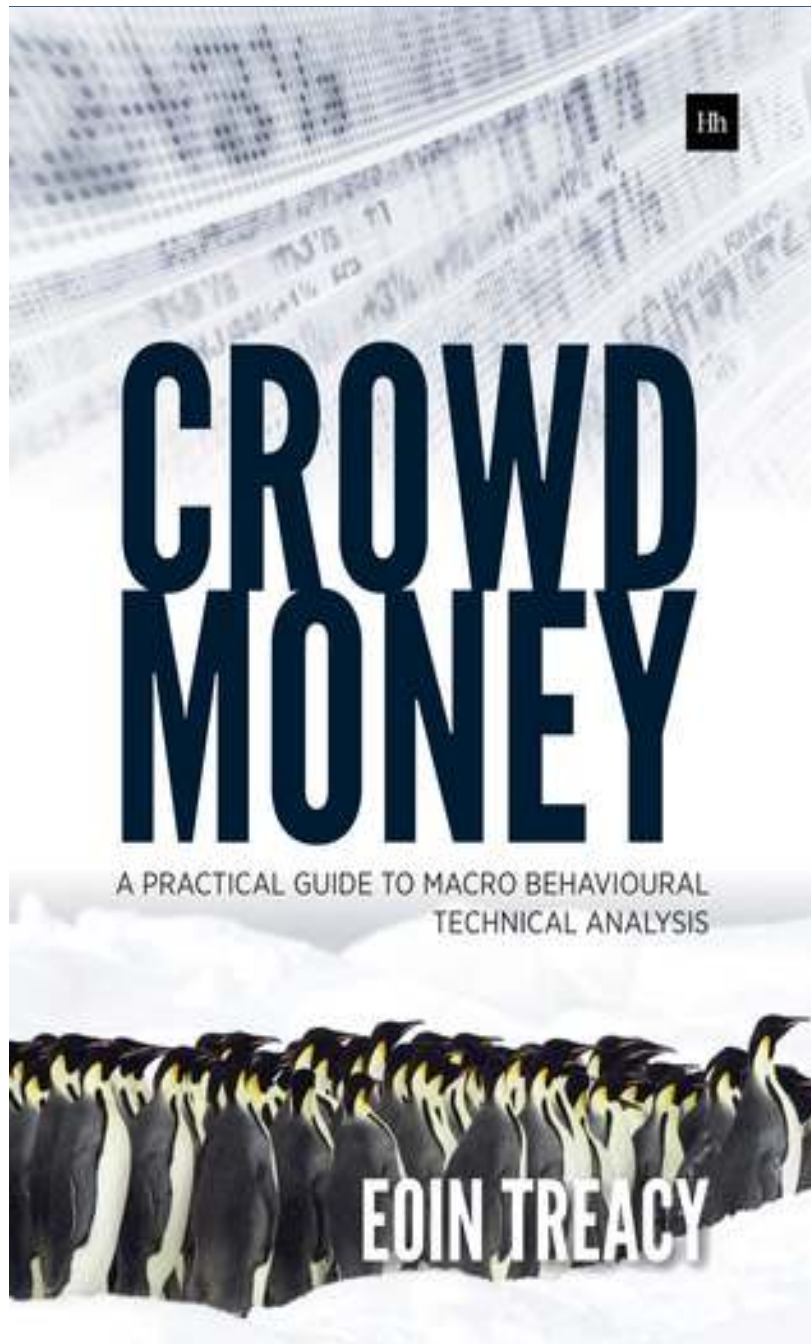
2015-09-29

Weekly  
EMA 200

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







Please visit us on  
[www.Fulltreacymoney.com](http://www.Fulltreacymoney.com)  
and sign up for our FREE  
Comment of the Day.

Please email Sarah Barnes at  
[sarah@fulltreacymoney.com](mailto:sarah@fulltreacymoney.com)  
for a one-month free trial.

**Crowd Money – A Practical  
Guide to Macro Behavioural  
Technical Analysis is available  
on Amazon.**