



**Fuller Treacy Money**  
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**Happy 20<sup>th</sup> Anniversary**  
**Nordic Association of Electricity Traders**



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# The Triumph of Technology and the Exciting Evolution of Global Energy

April 14<sup>th</sup> 2016

Nordic Association of Electricity Traders

by David Fuller

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## Thanks to technology

the energy price bubble is over forever,  
at least for countries with sensible energy policies,  
including fracking, new nuclear and renewables



Historic Oil (OILPHIST INDEX) 33.75 0.13

2016-02-29

Monthly  
MA 200

Historic oil since 1968  
(Oilphist Index)  
updated quarterly

The surge from here  
was caused by OPEC



Brent Crude Oil (CO1 COMB COMDTY) 41.94 2.34

2016-04-08

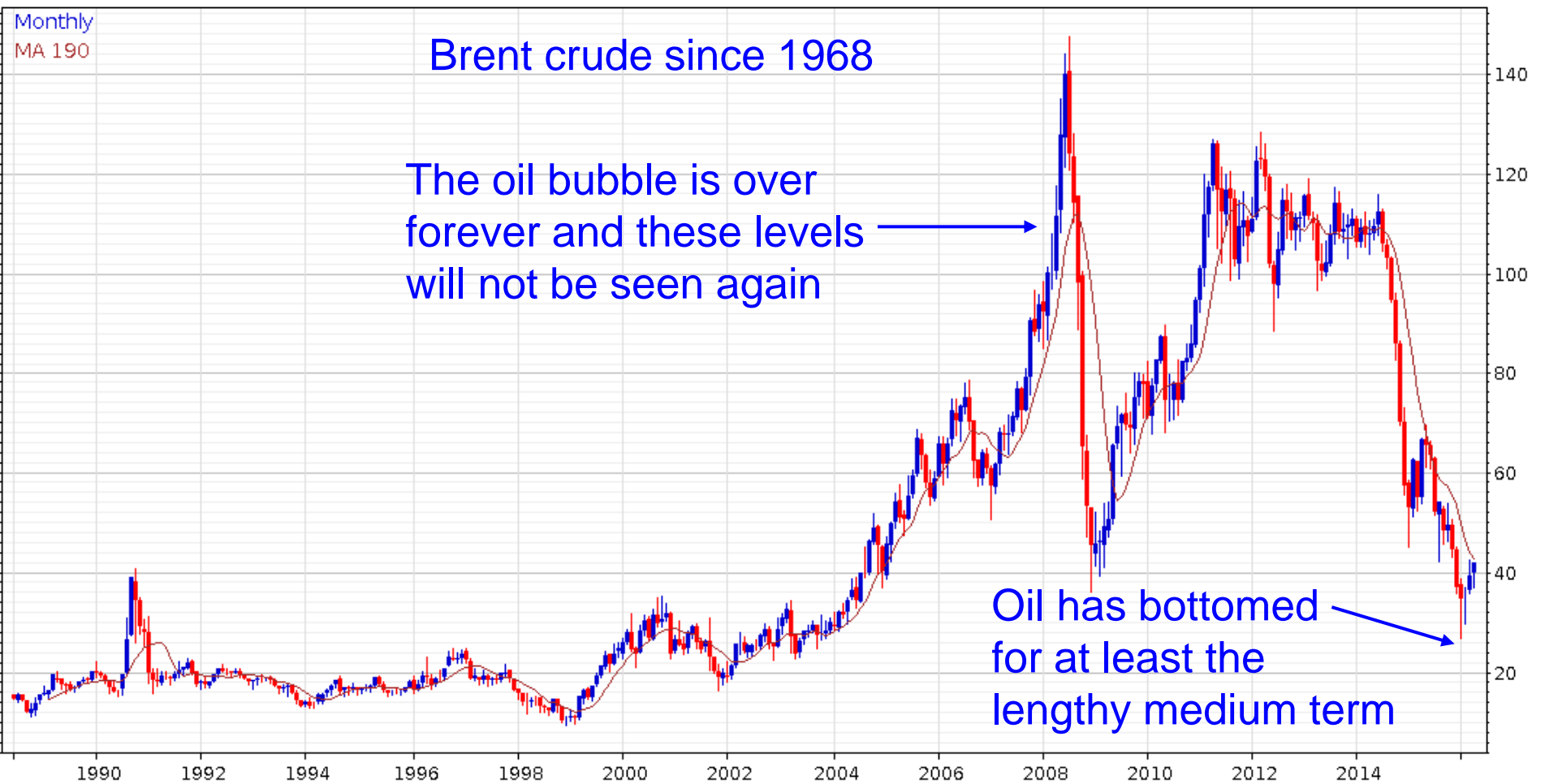
Monthly  
MA 190

## Brent crude since 1968

The oil bubble is over forever and these levels will not be seen again



Oil has bottomed for at least the lengthy medium term





Natural Gas (NG1 COMB COMDTY) 1.99 0.03

2016-04-08

Monthly  
MA 190

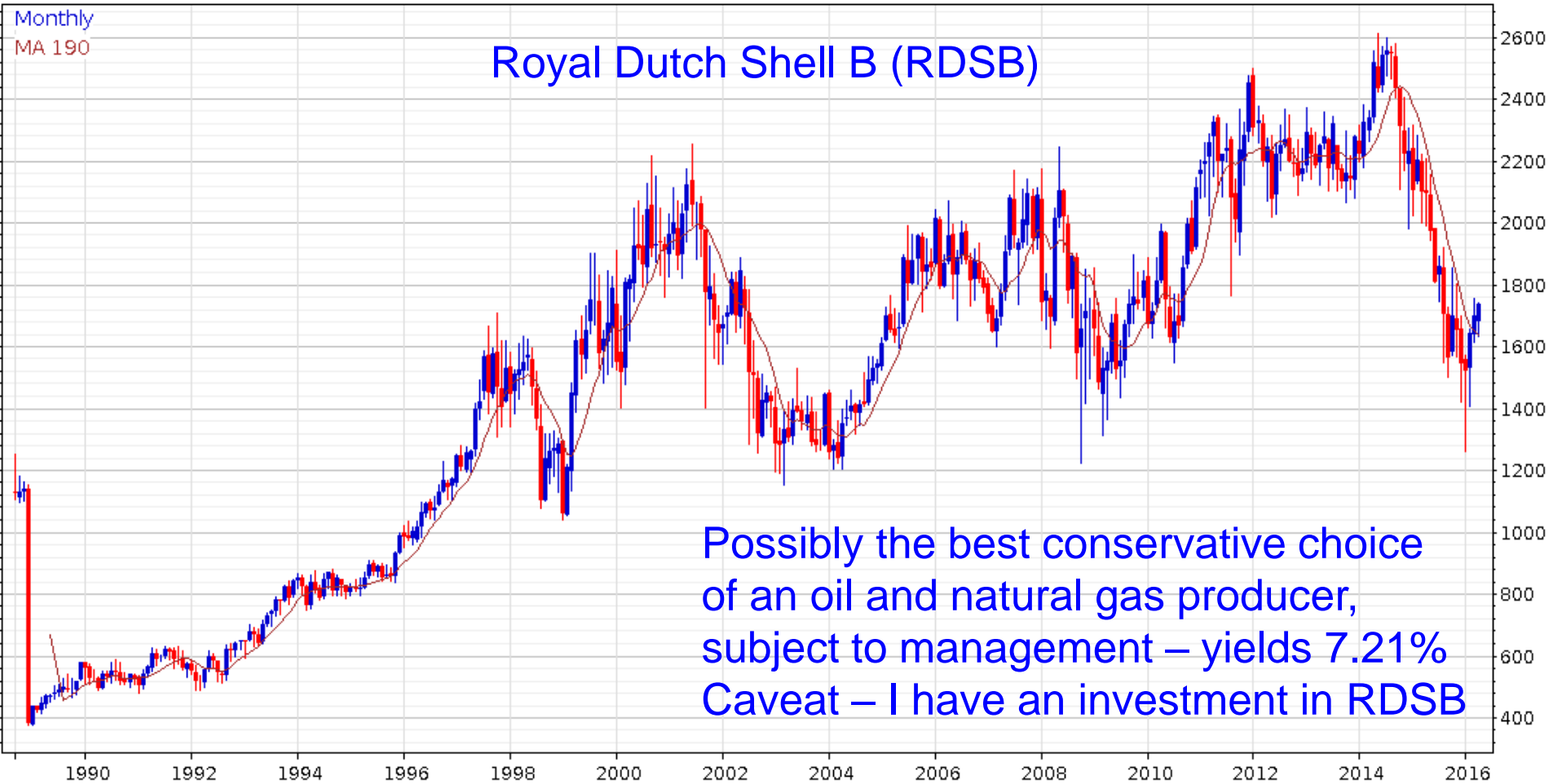
Natural gas will soon be more important than crude oil but shortages caused by cartels are a problem of the past





Monthly  
MA 190

## Royal Dutch Shell B (RDSB)



Possibly the best conservative choice  
of an oil and natural gas producer,  
subject to management – yields 7.21%  
Caveat – I have an investment in RDSB



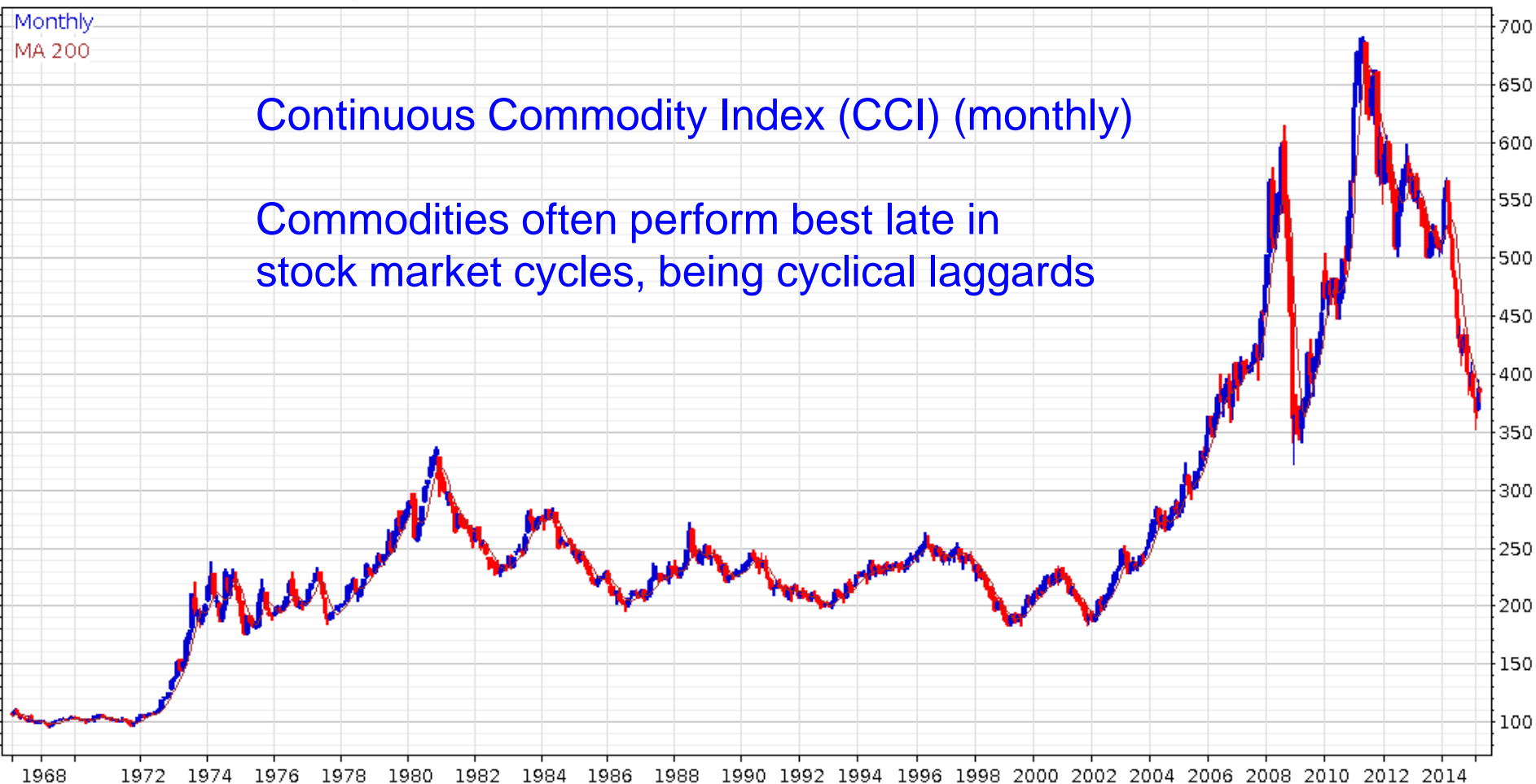
CRB Continuous Commodity Index (Old CRB) (CCI INDEX) 383.1474 -4.68

2016-04-08

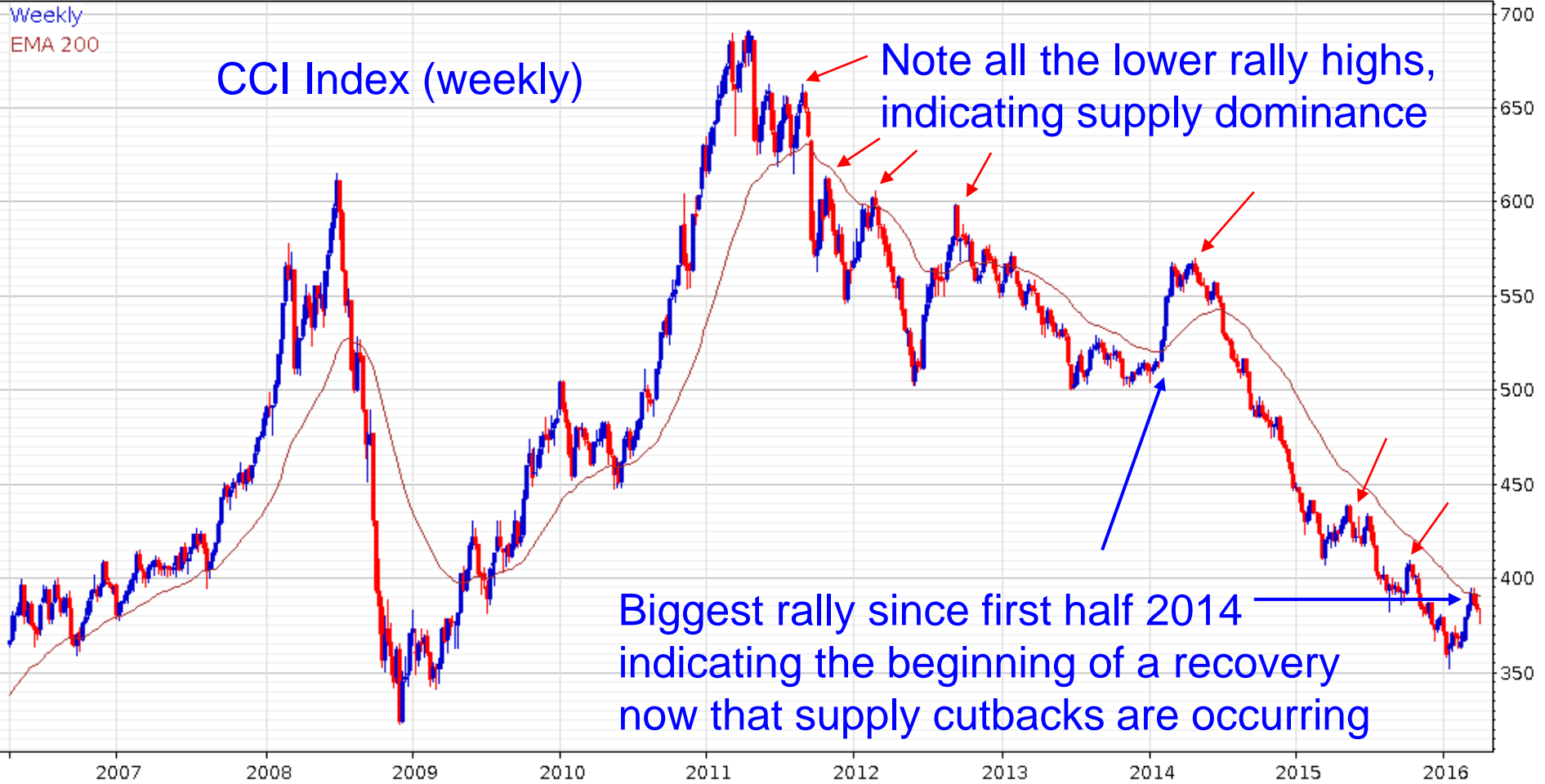
Monthly  
MA 200

## Continuous Commodity Index (CCI) (monthly)

Commodities often perform best late in  
stock market cycles, being cyclical laggards

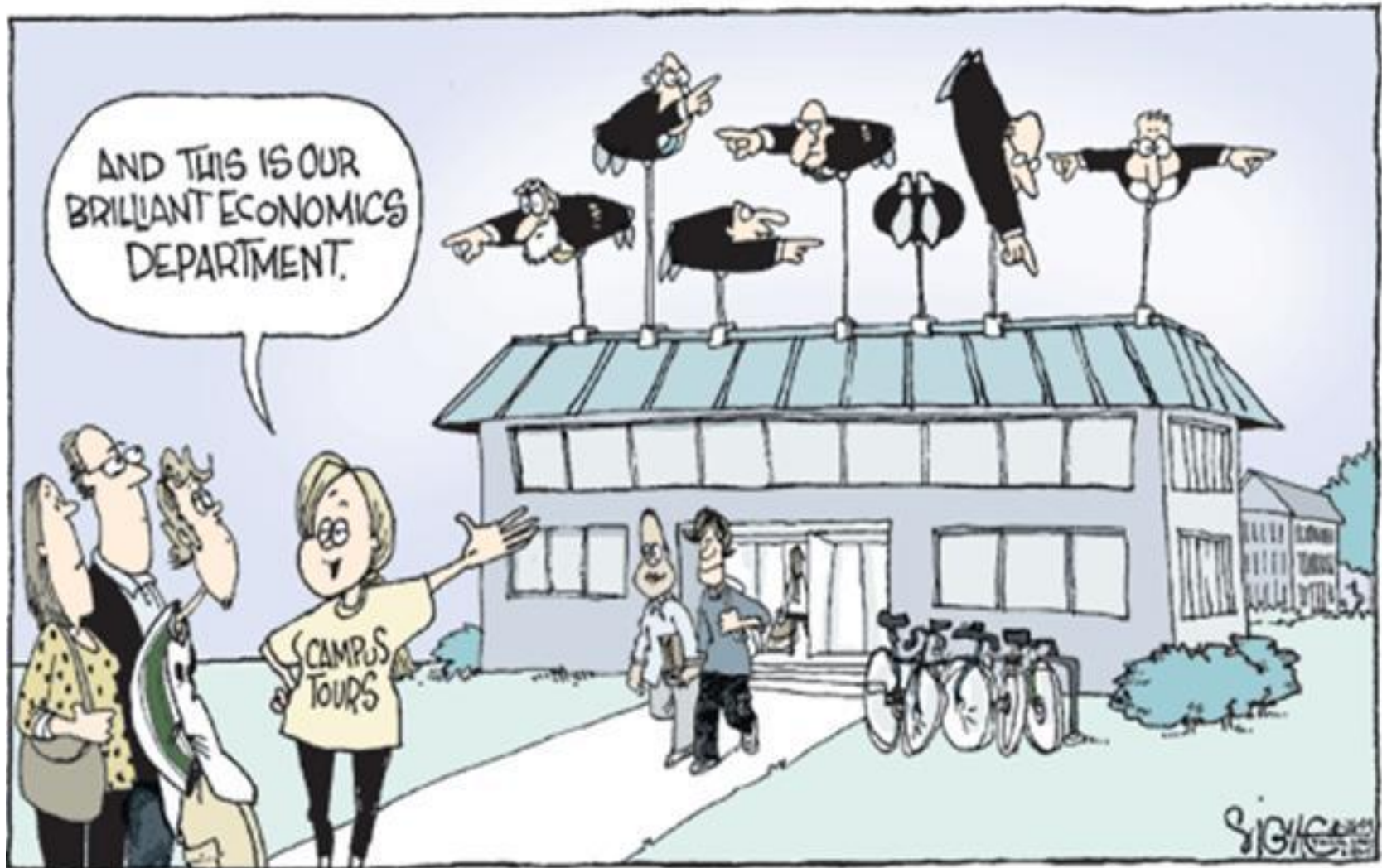








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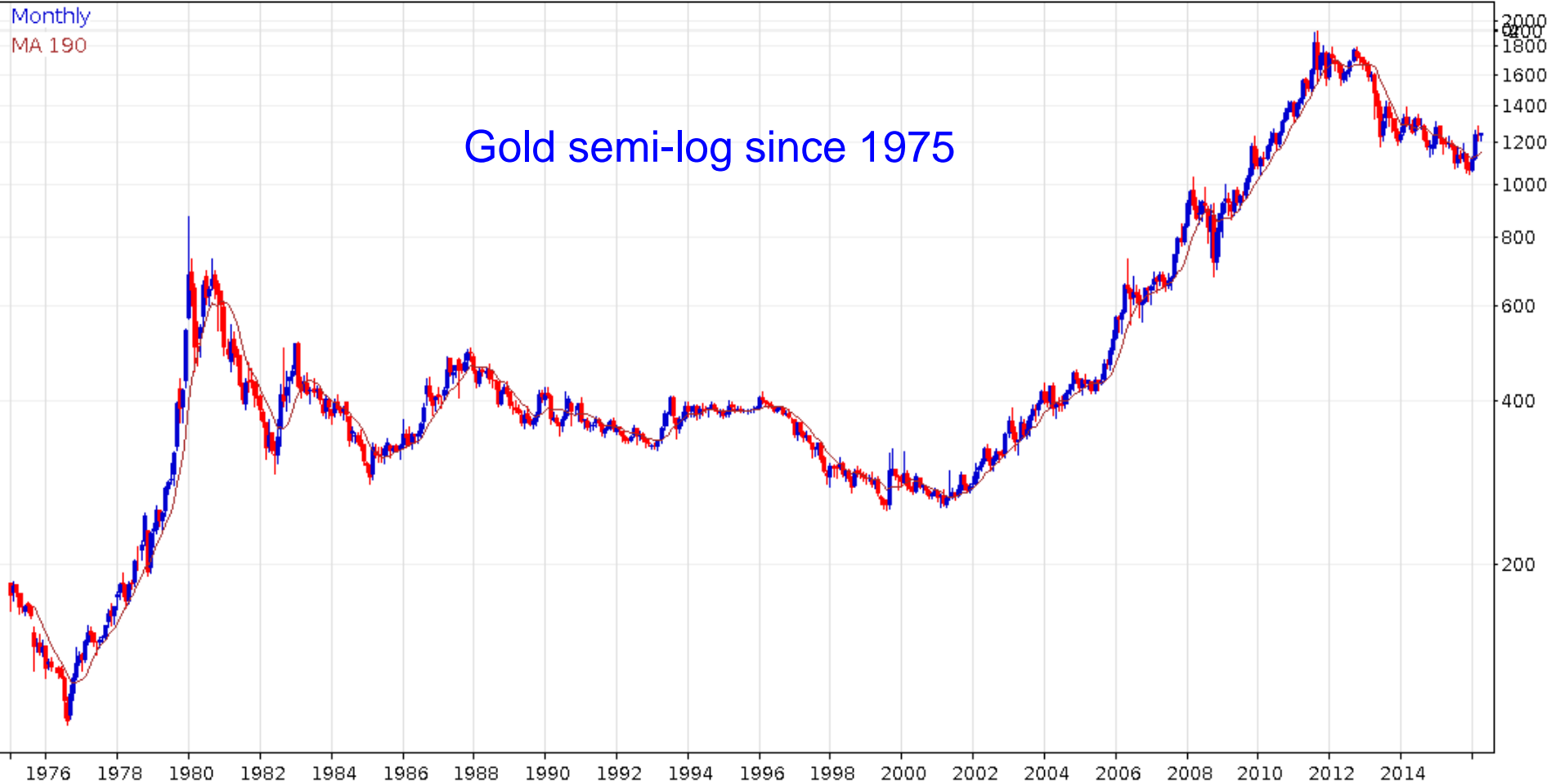
Gold often rises temporarily on fear but is now slowly being remonetized in the eyes of international investors.

In recent years, investors shunned gold due to the Dollar's strength and deflation fears. Today, the \$ is weaker and gradually rising commodity prices will revive inflationary expectations.



Gold (1st mth) (GC1 COMB COMB COMDTY) 1242.50 8.3

2016-04-08





Gold (1st mth) (GC1 COMB COMB COMDTY) 1242.50 20.3

2016-04-08





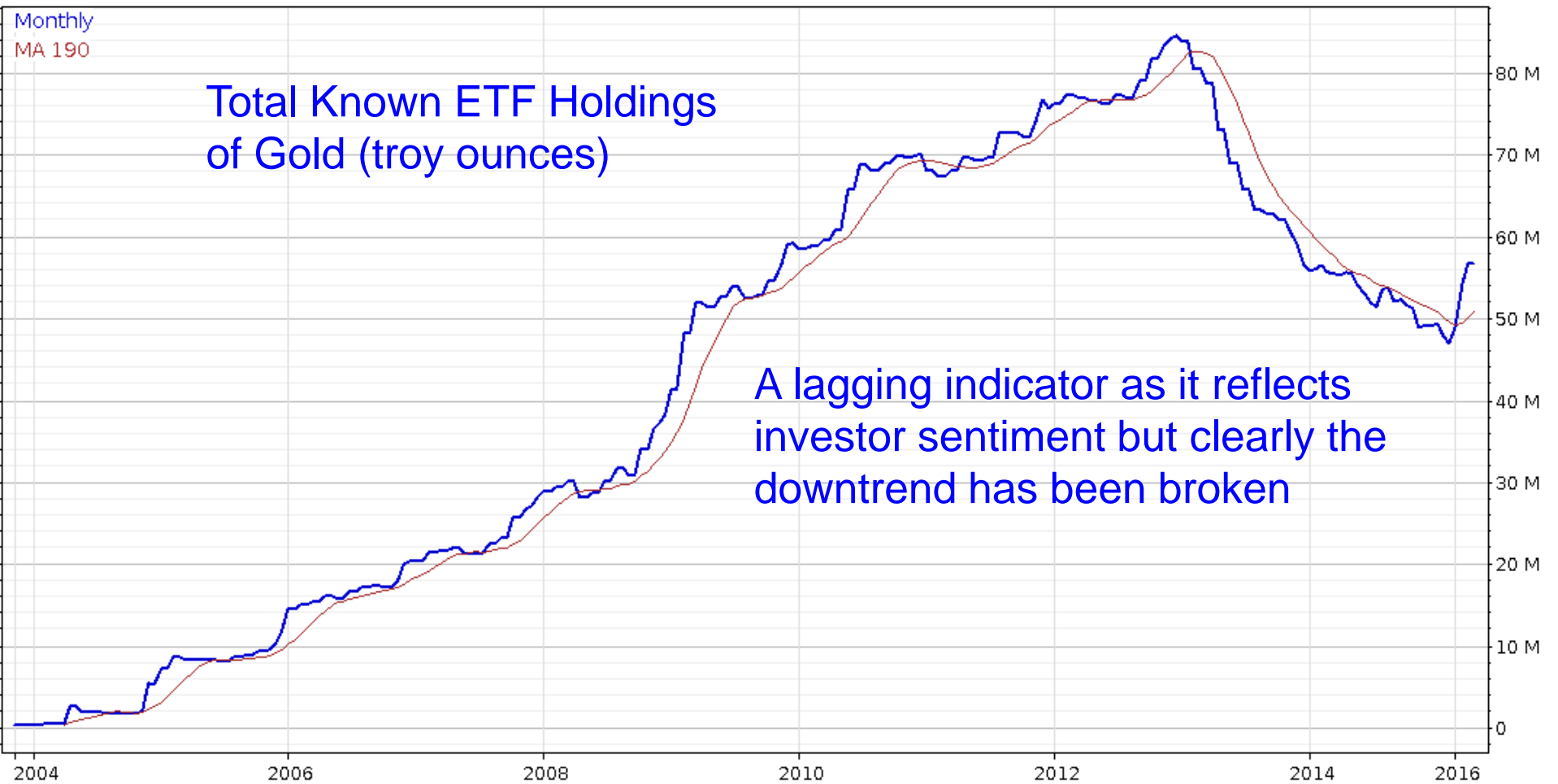
Total Known ETF Holdings of Gold (troy ounces) (ETFGTOTL INDEX) 56721175.00 -53580.0

2016-04-08

Monthly  
MA 190

## Total Known ETF Holdings of Gold (troy ounces)

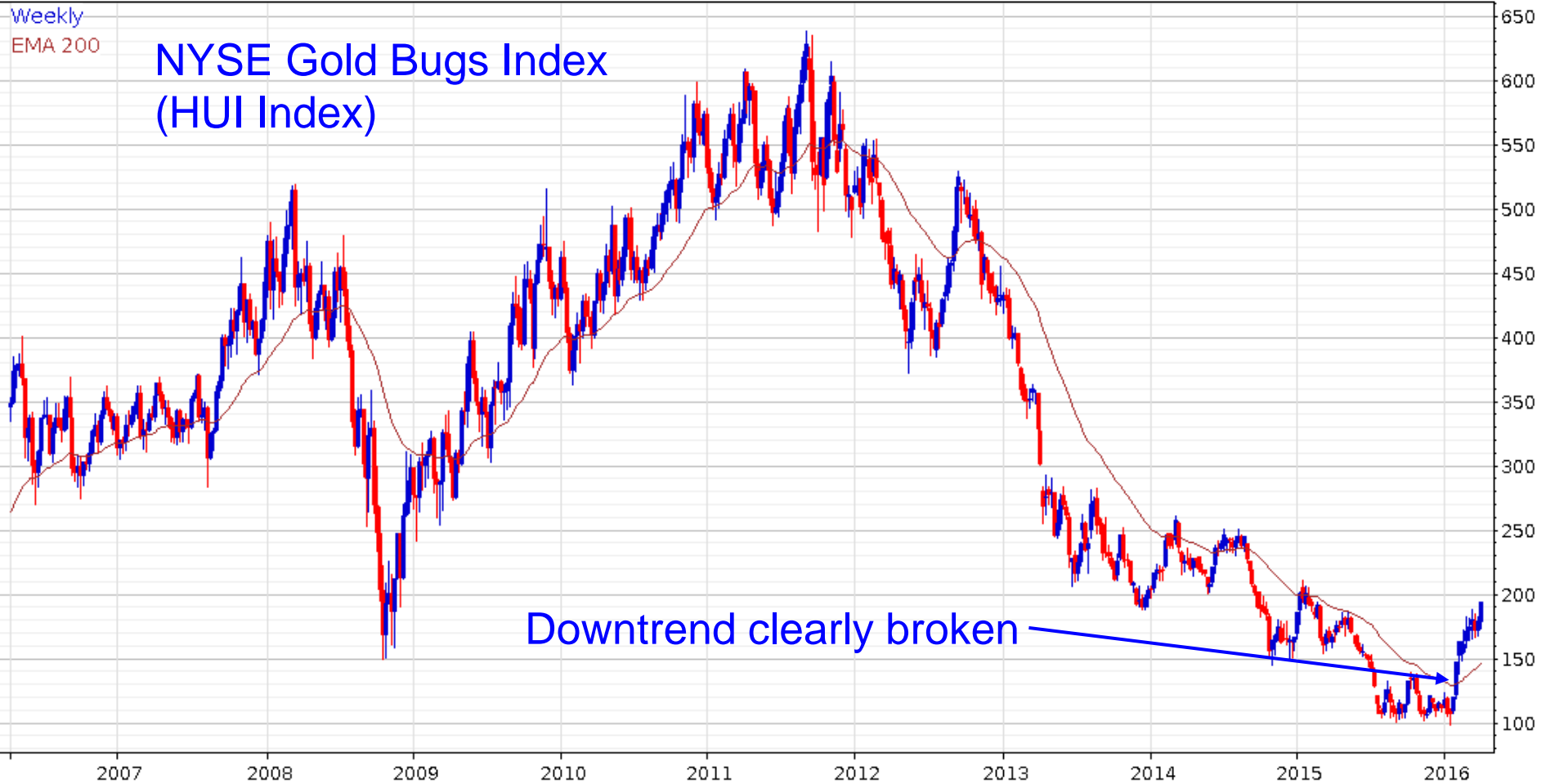
A lagging indicator as it reflects  
investor sentiment but clearly the  
downtrend has been broken





NYSE Arca Gold Bugs Index (HUI INDEX) 194.0665 14.15

2016-04-08





Sibanye Gold Ltd (SBGL US EQUITY) 16.19 1.26

2016-04-11

Weekly

EMA 160

Hot Speculative Gold Shares:

Sibanye Gold (SBGL US)

Est P/E 8.68, Yield 2.89%

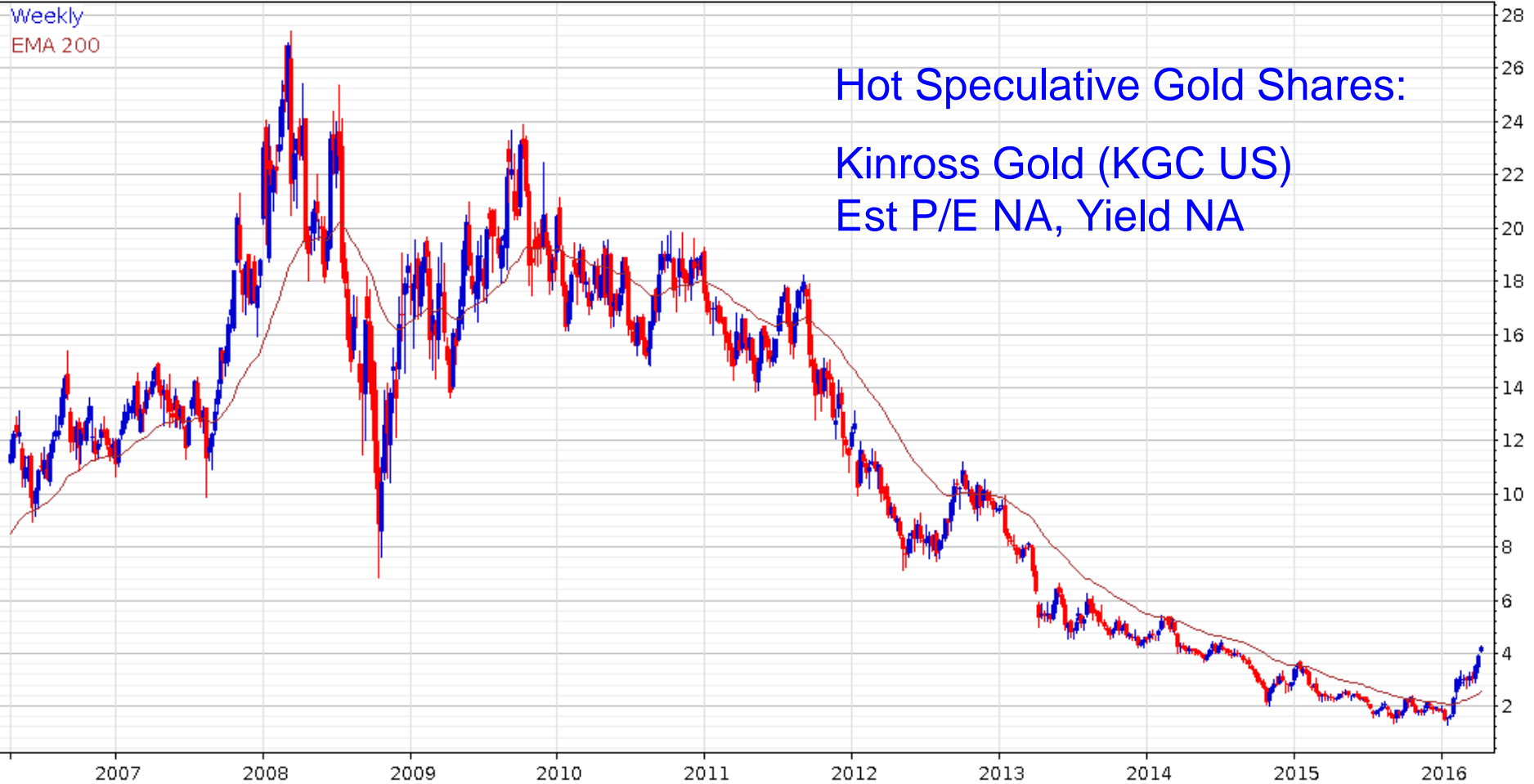






Kinross Gold Corp (KGC US EQUITY) 4.22 0.31

2016-04-11





HARMONY GOLD MNG LTD (HMY US EQUITY) 4.17 0.24

2016-04-11





Silver 1st mth (SI1 COMB COMDTY) 16.222 0.84

2016-04-12

Weekly

EMA 200

Silver is high-beta gold  
and should outperform  
in both directions, once  
sentiment clearly changes







Bloomberg Base Metals 2-mth Index (CMDIBAS3 INDEX) 142.22 -2.91

2016-04-08





LME Tin Spot (LMSNDY COMDTY) 16911.00 168.0

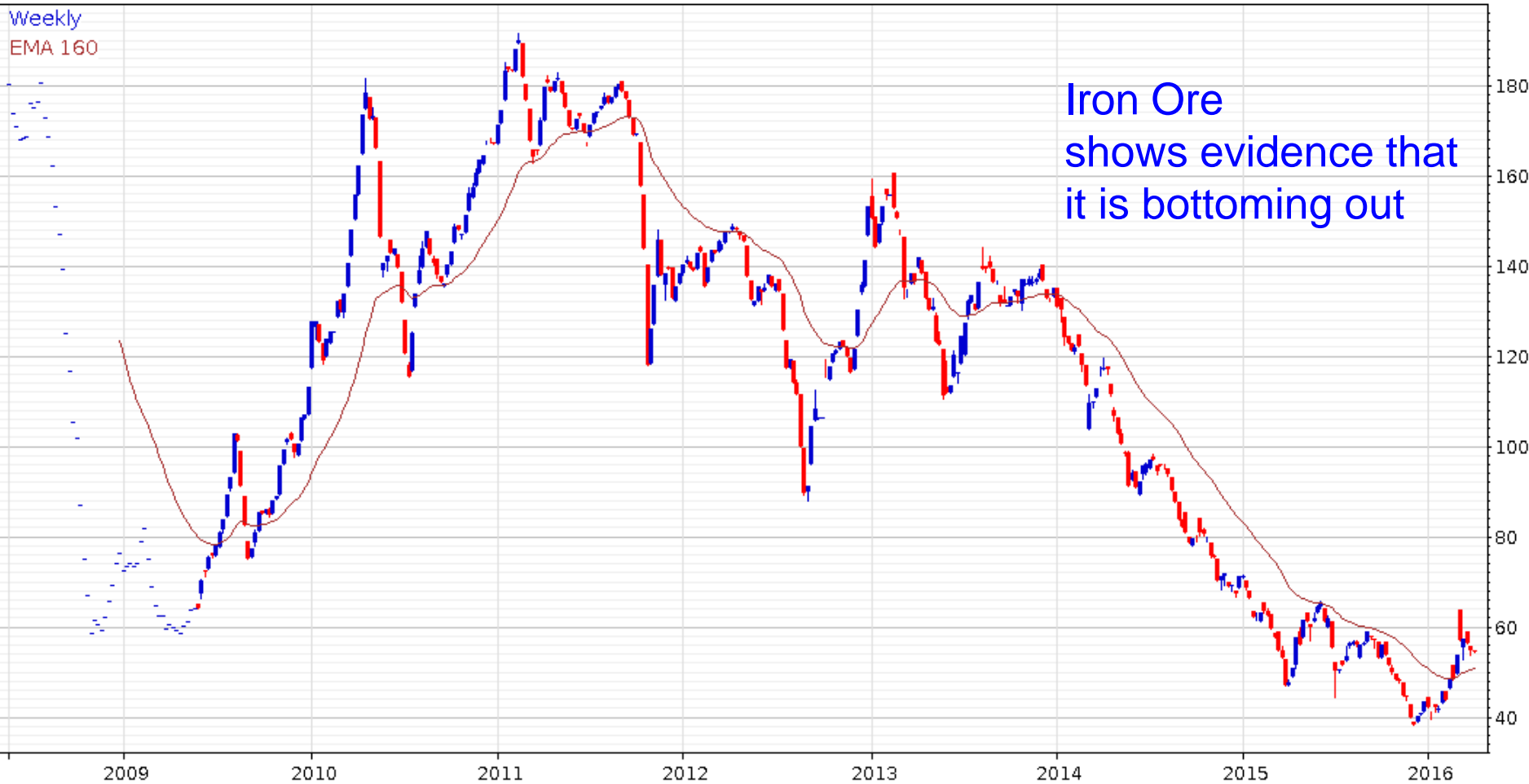
2016-04-08





Iron Ore (China import Fines 62% Fe per dry metric tonne) (MBIO62DA Index) 54.57 -0.23

2016-04-06





Blackrock World Mining Trust (BRWM LN EQUITY) 226.75 13.75

2016-04-12







# Are US 10-year Treasury Bonds a bubble?

No, if you expect deflation and minimal GDP growth to persist for many more years.

Yes, if you think global GDP growth and/or inflationary pressures will rise over the next few years.

Common sense suggests government bond yields will not sustain record low yields beyond the lengthy medium term.



US 10yr Treasury Bond Yield (USGG10YR INDEX) 1.7167 -0.05

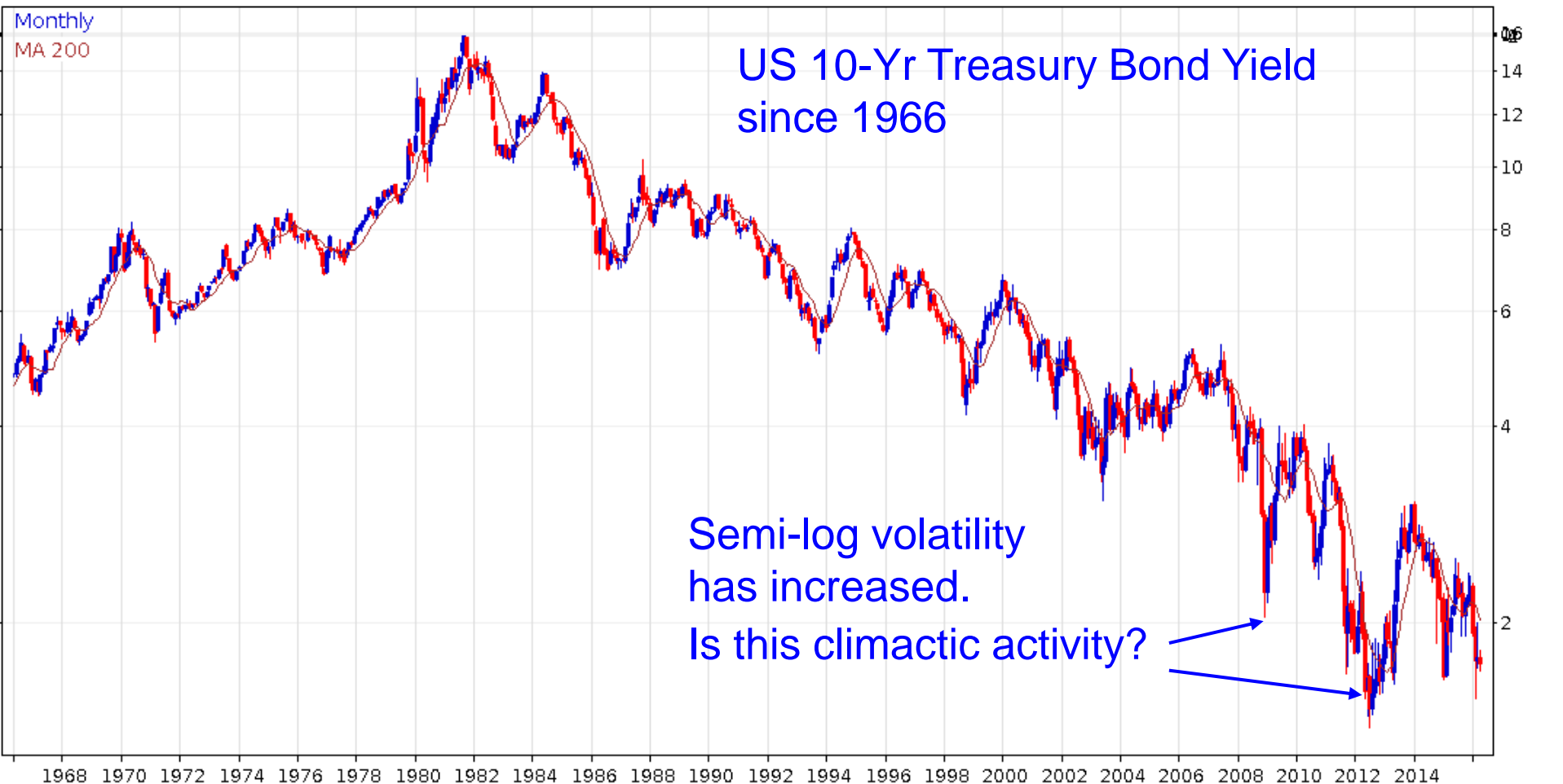
2016-04-08

Monthly  
MA 200

## US 10-Yr Treasury Bond Yield since 1966

Semi-log volatility  
has increased.

Is this climactic activity?





US 10yr Treasury Bond Yield (USGG10YR INDEX) 1.7167 -0.05

2016-04-08

Monthly  
MA 200

## US 10-Yr Treasury Bond Yield since 1966

Arithmetic scale does not  
show increased volatility,  
so not necessarily climactic



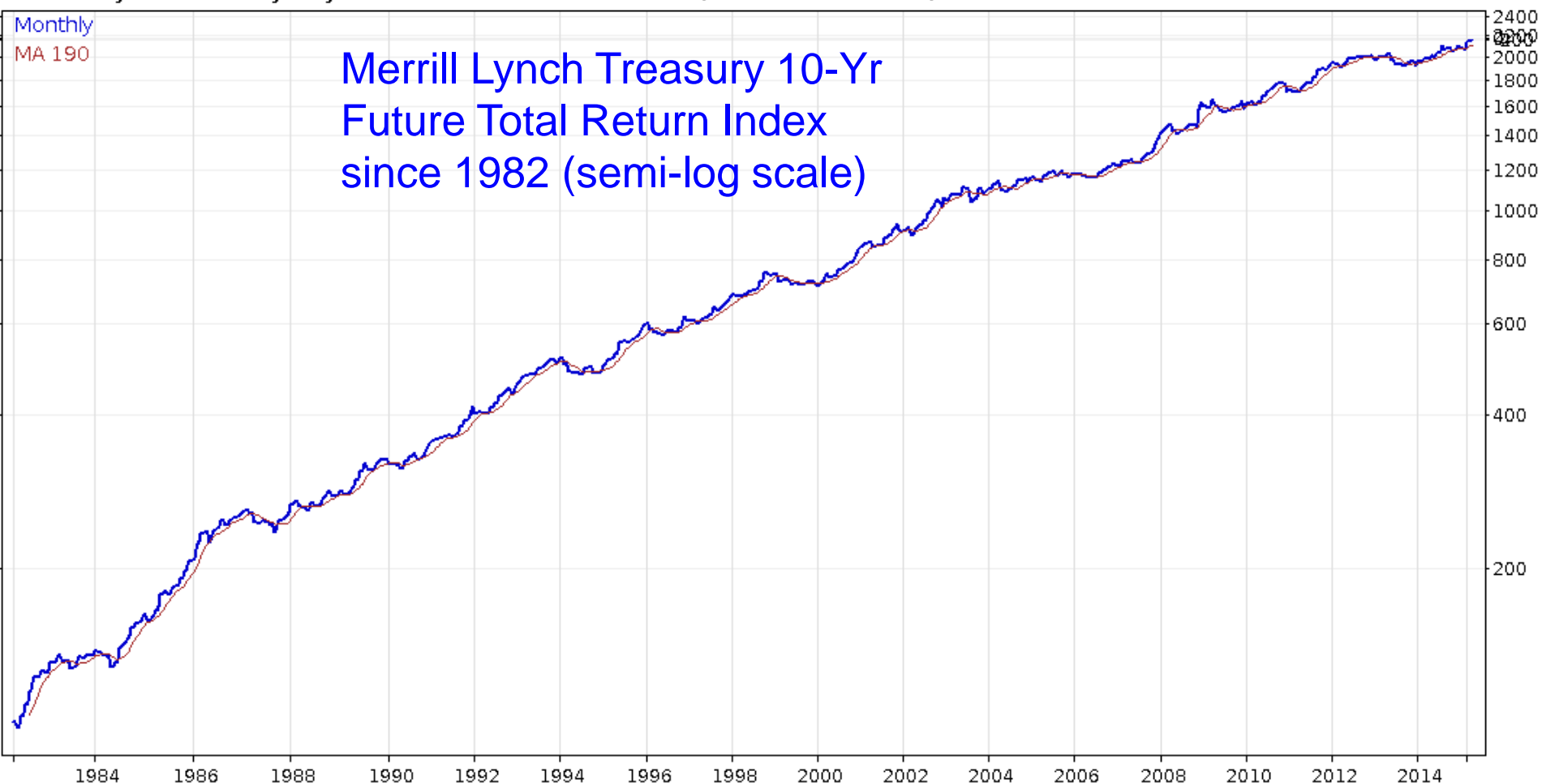


Merrill Lynch Treasury 10yr+ Future Total Return Index (MLT1US10 INDEX) 2159.772 14.28

2016-04-07

Monthly  
MA 190

## Merrill Lynch Treasury 10-Yr Future Total Return Index since 1982 (semi-log scale)



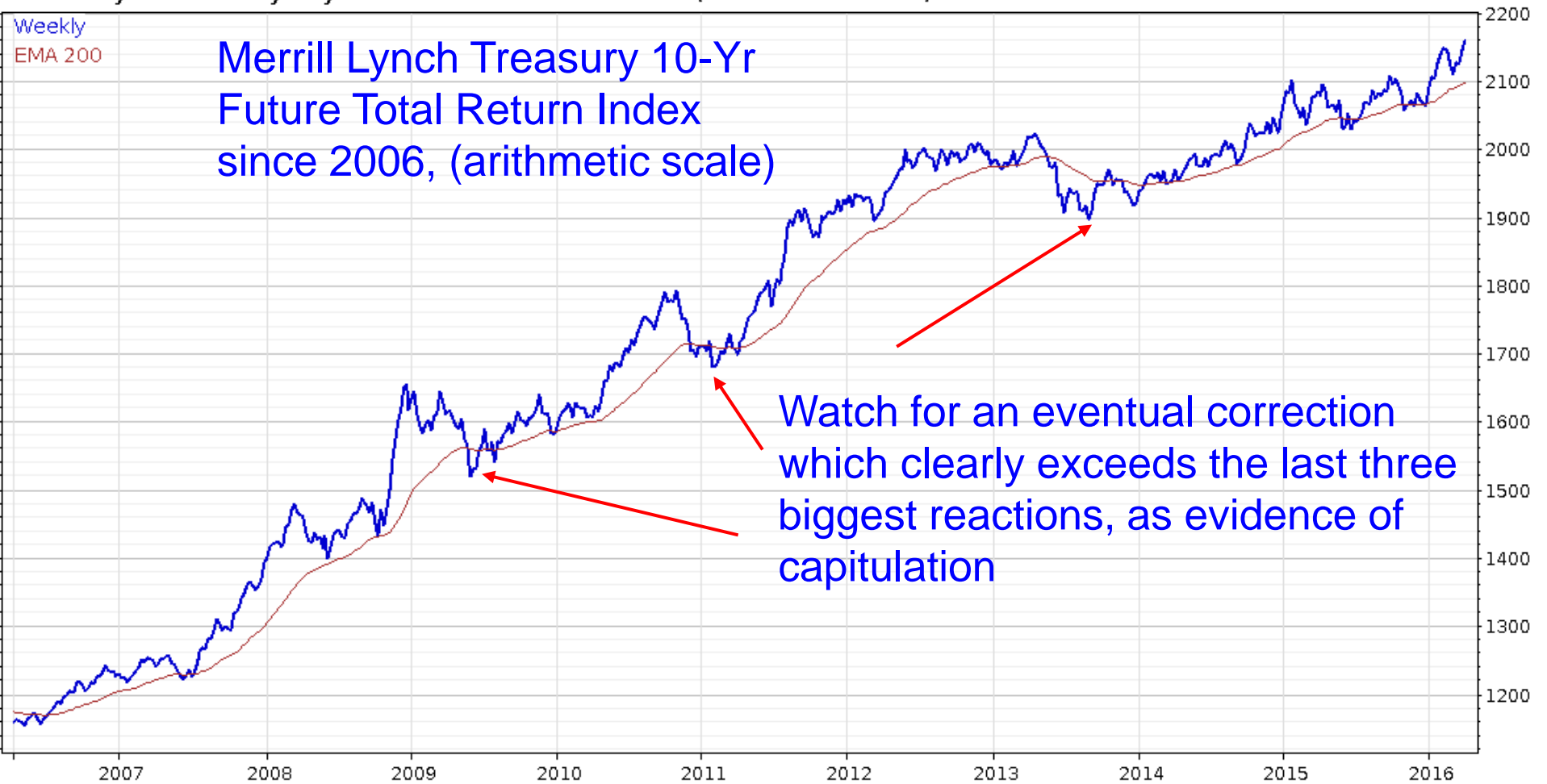


Merrill Lynch Treasury 10yr+ Future Total Return Index (MLT1US10 INDEX) 2159.772 15.81

2016-04-07

Weekly  
EMA 200

## Merrill Lynch Treasury 10-Yr Future Total Return Index since 2006, (arithmetic scale)





# Global Stock Markets

A number of recoveries from bear market lows

Wall Street is short-term overbought in upper side of ranges

A number of other stock markets are short-term overbought

US corporate profits are declining, on average, for a third straight quarter and valuations are not cheap

Contra-cyclical commodity shares are now outperforming



S&P 500 (SPX INDEX) 2041.99 -17.75

2016-04-11

Monthly  
MA 200

S&P 500 (SPX Index)  
P/E 18.74, Yield 2.19%

Is this cycle  
repeating above?

If so, the S&P will  
first move somewhat  
lower, with valuations  
improving, before  
eventually resuming  
the secular uptrend





S&P 500 (SPX INDEX) 2041.99 -5.61

2016-04-11

Weekly

## S&P 500 Index

Testing resistance in  
upper side of lengthy  
trading range





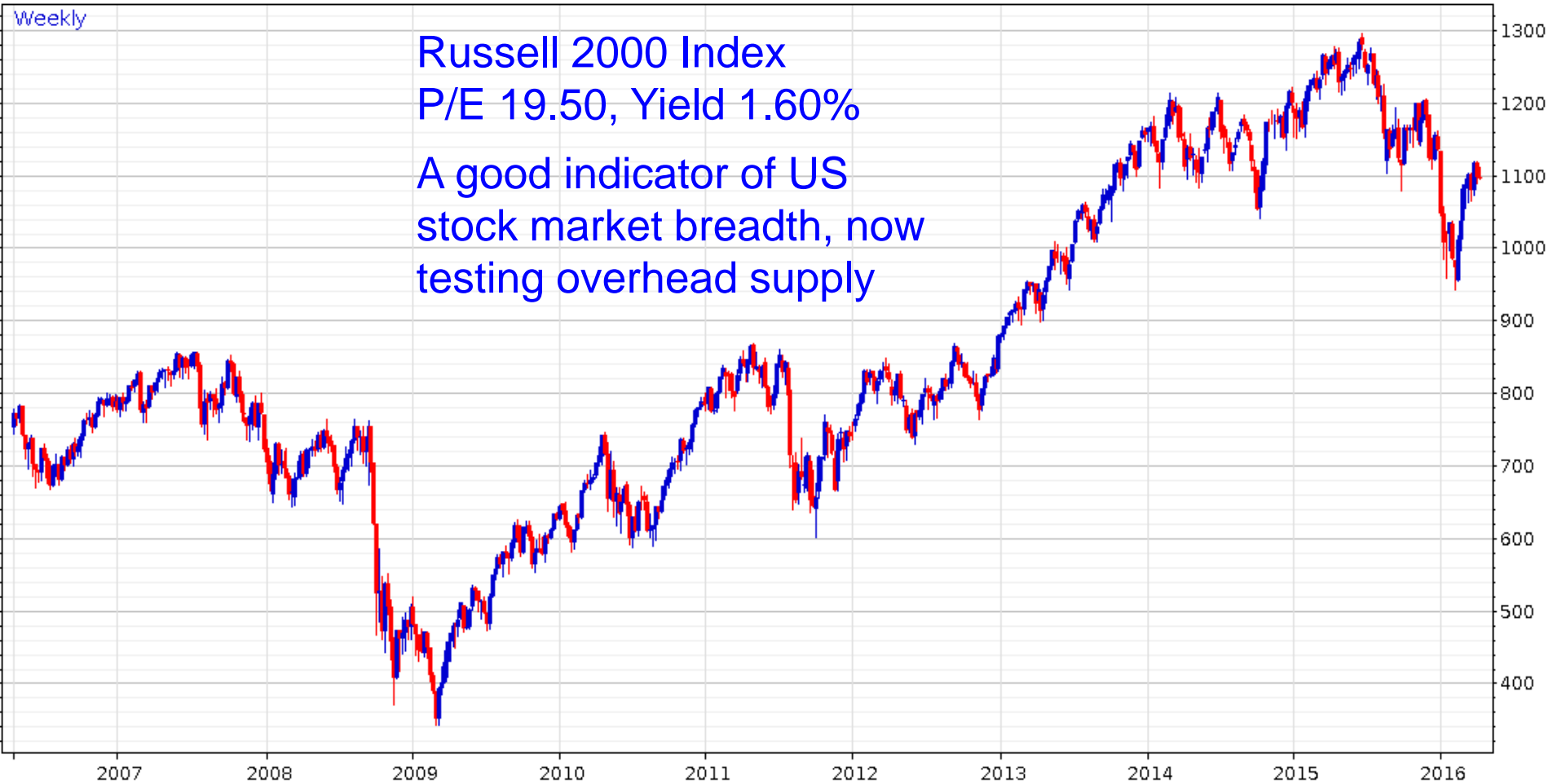


Russell 2000 (RTY INDEX) 1094.342 -2.97

2016-04-11

Weekly

Russell 2000 Index  
P/E 19.50, Yield 1.60%  
A good indicator of US  
stock market breadth, now  
testing overhead supply





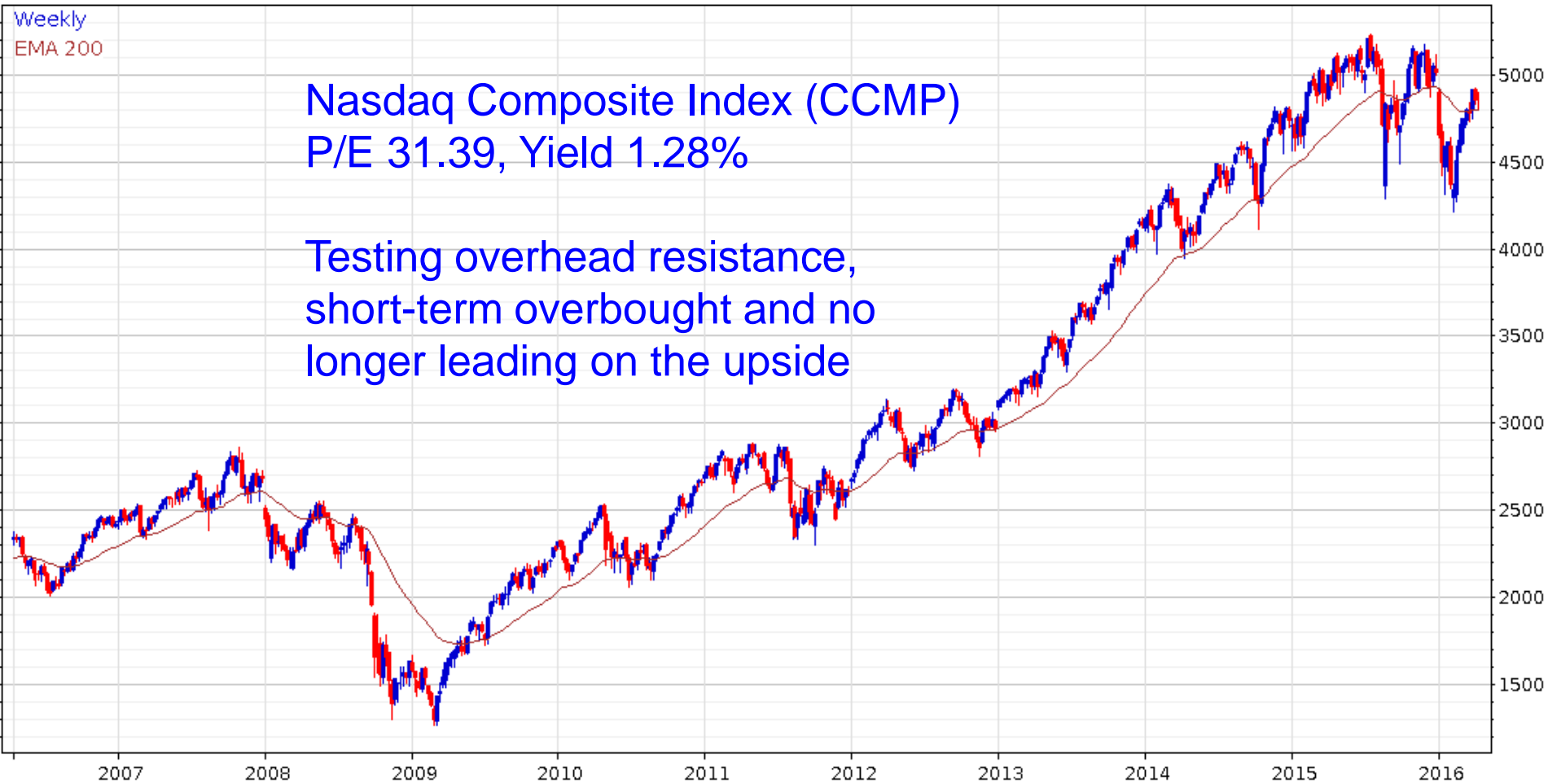
Nasdaq Composite (CCMP INDEX) 4872.091 21.4

2016-04-12

Weekly  
EMA 200

**Nasdaq Composite Index (CCMP)**  
P/E 31.39, Yield 1.28%

**Testing overhead resistance,  
short-term overbought and no  
longer leading on the upside**





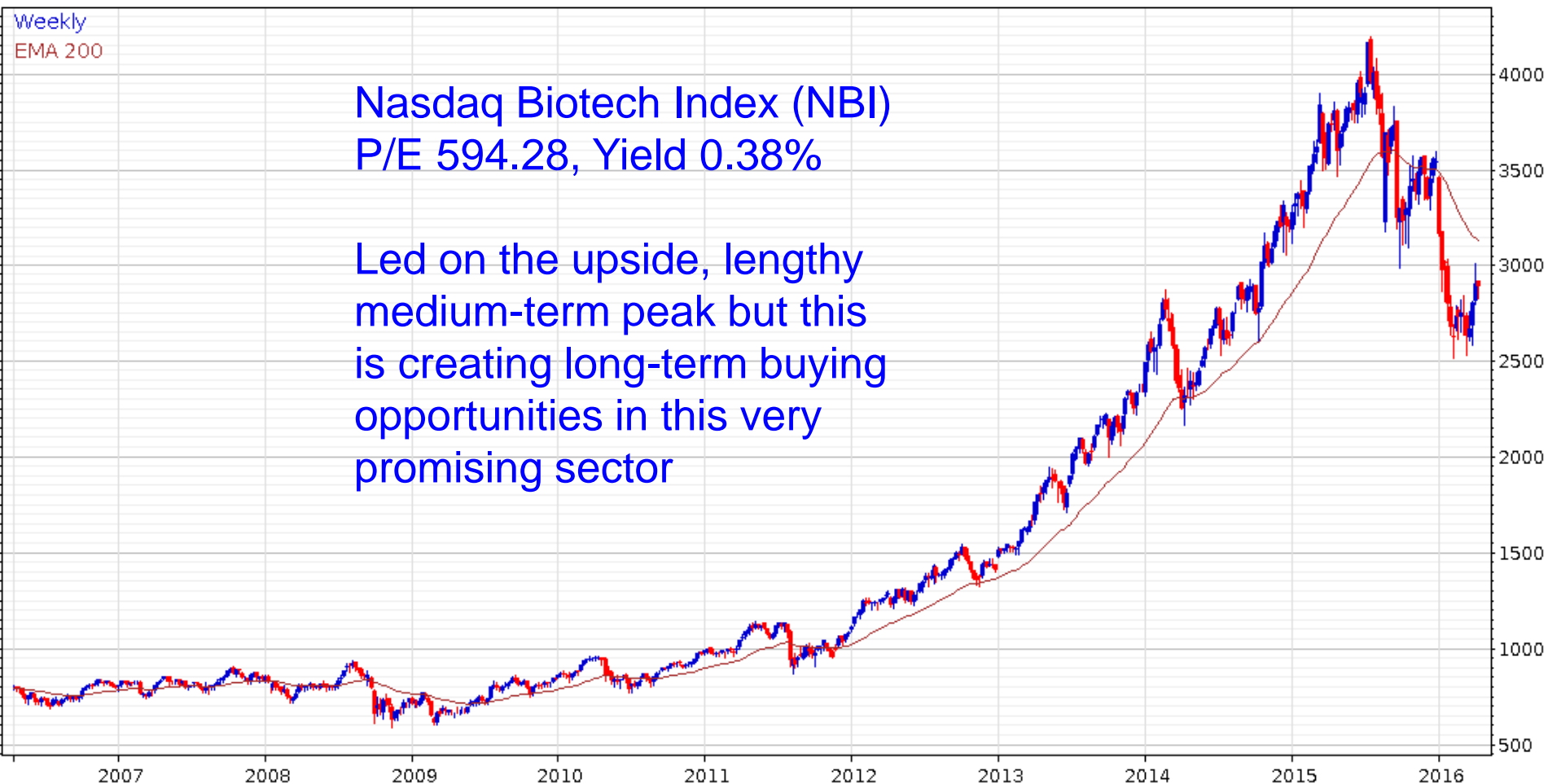
NASDAQ Biotech Index (NBI INDEX) 2885.916 -15.61

2016-04-12

Weekly  
EMA 200

Nasdaq Biotech Index (NBI)  
P/E 594.28, Yield 0.38%

Led on the upside, lengthy  
medium-term peak but this  
is creating long-term buying  
opportunities in this very  
promising sector





Apple (AAPL US EQUITY) 110.44 1.78

2016-04-12

Weekly

EMA 200

'Iconic' Apple (AAPL)  
Est P/E 12.28, Yield 1.86

Medium-term peak and  
currently underperforming  
but not expensive





China Shanghai Composite Index (SHCOMP INDEX) 3066.638 81.68

2016-04-13





Japan Nikkei 225 Index (NKY INDEX) 16381.22 559.7

2016-04-13

Weekly  
EMA 200

Japan Nikkei 225 (NKY)  
P/E 18.54, Yield 1.85%

Enigmatic but attempting to  
build support after cyclical  
bear trend





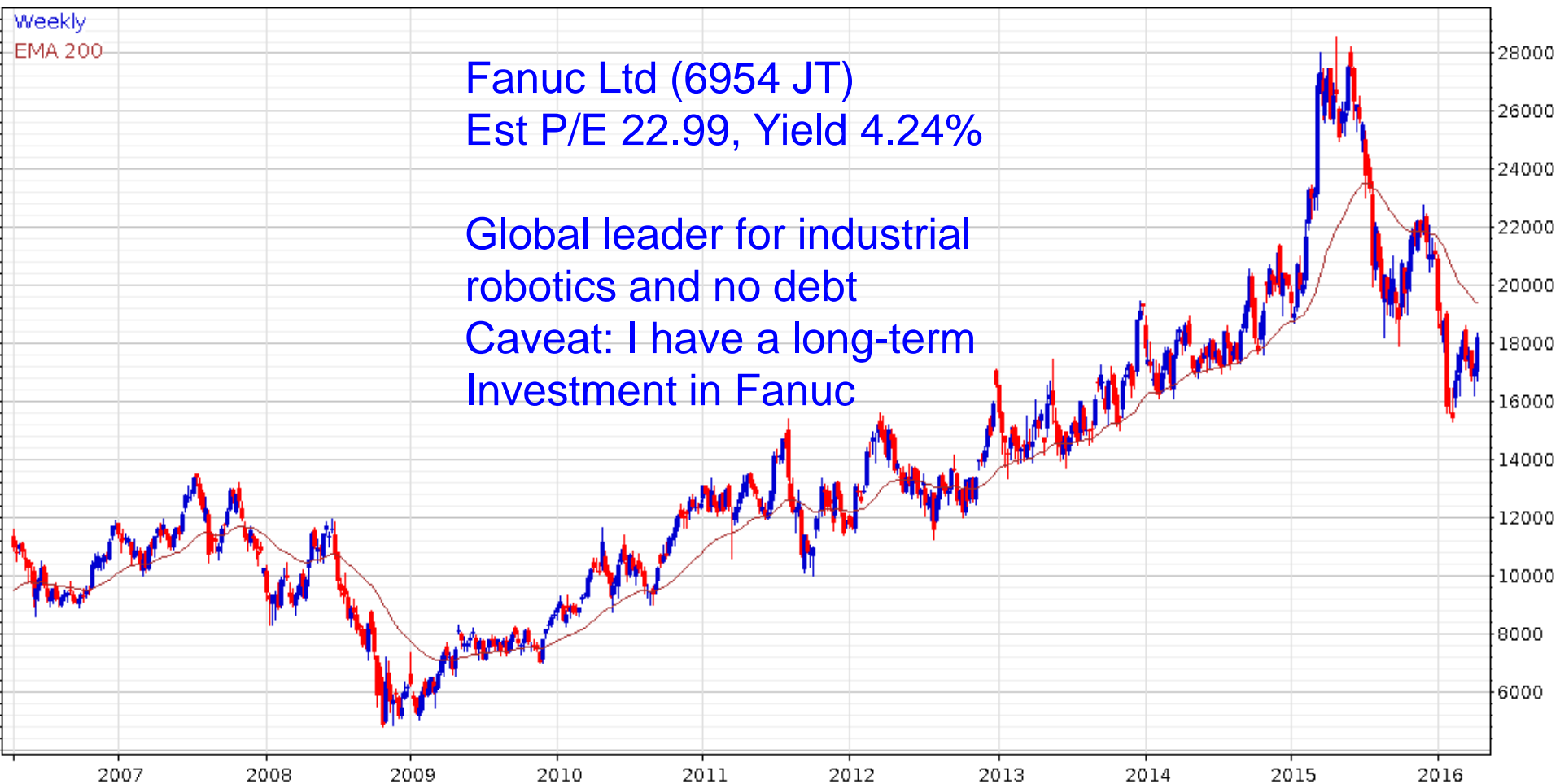
Fanuc Ltd (6954 JP EQUITY) 18235.00 1130.0

2016-04-13

Weekly  
EMA 200

Fanuc Ltd (6954 JT)  
Est P/E 22.99, Yield 4.24%

Global leader for industrial  
robotics and no debt  
Caveat: I have a long-term  
Investment in Fanuc





India Mumbai (SENSEX INDEX) 25626.75 952.91

2016-04-1

Weekly

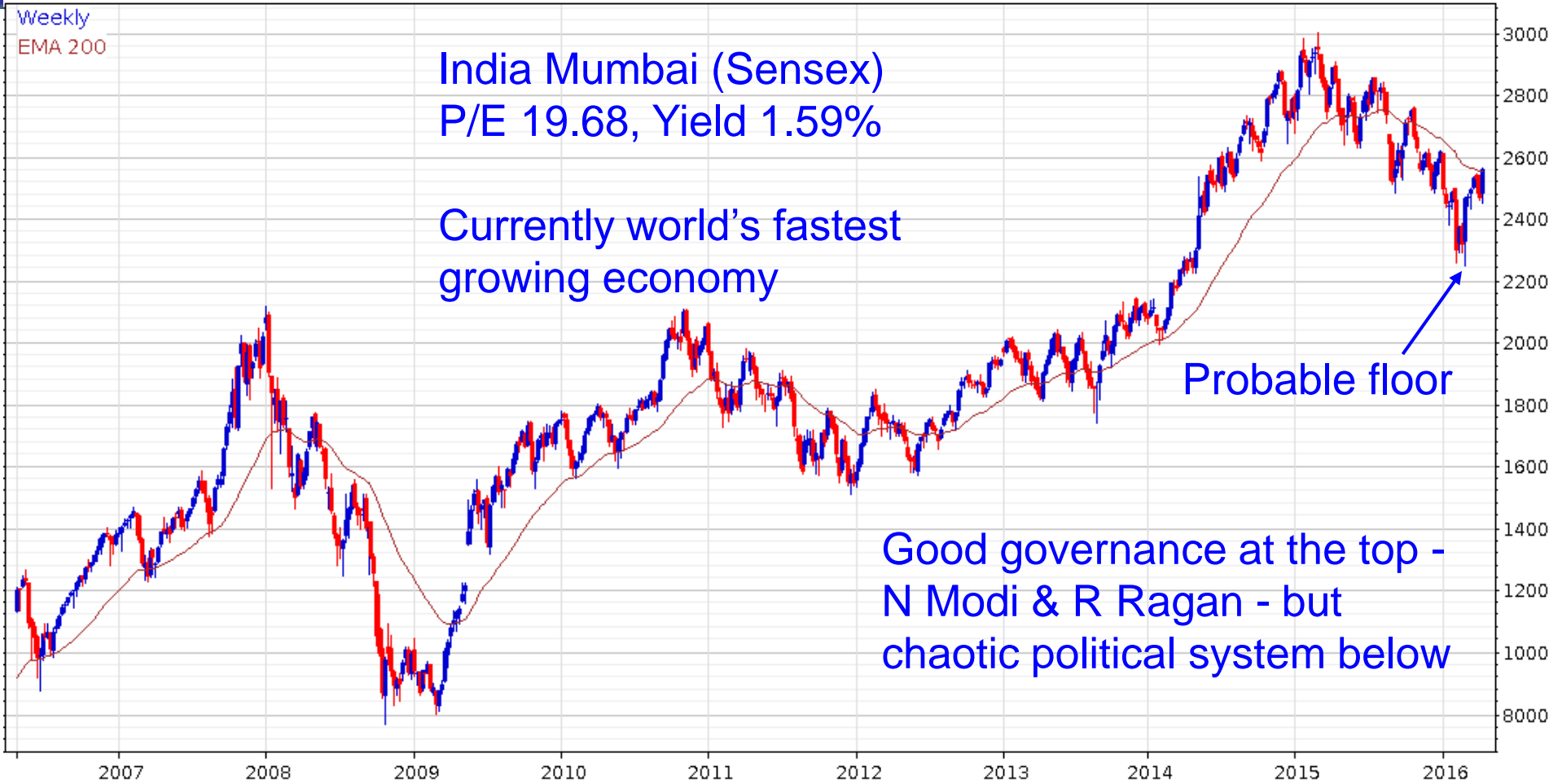
EMA 200

India Mumbai (Sensex)  
P/E 19.68, Yield 1.59%

Currently world's fastest  
growing economy

Probable floor

Good governance at the top -  
N Modi & R Ragan - but  
chaotic political system below







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# Nordic Stock Markets



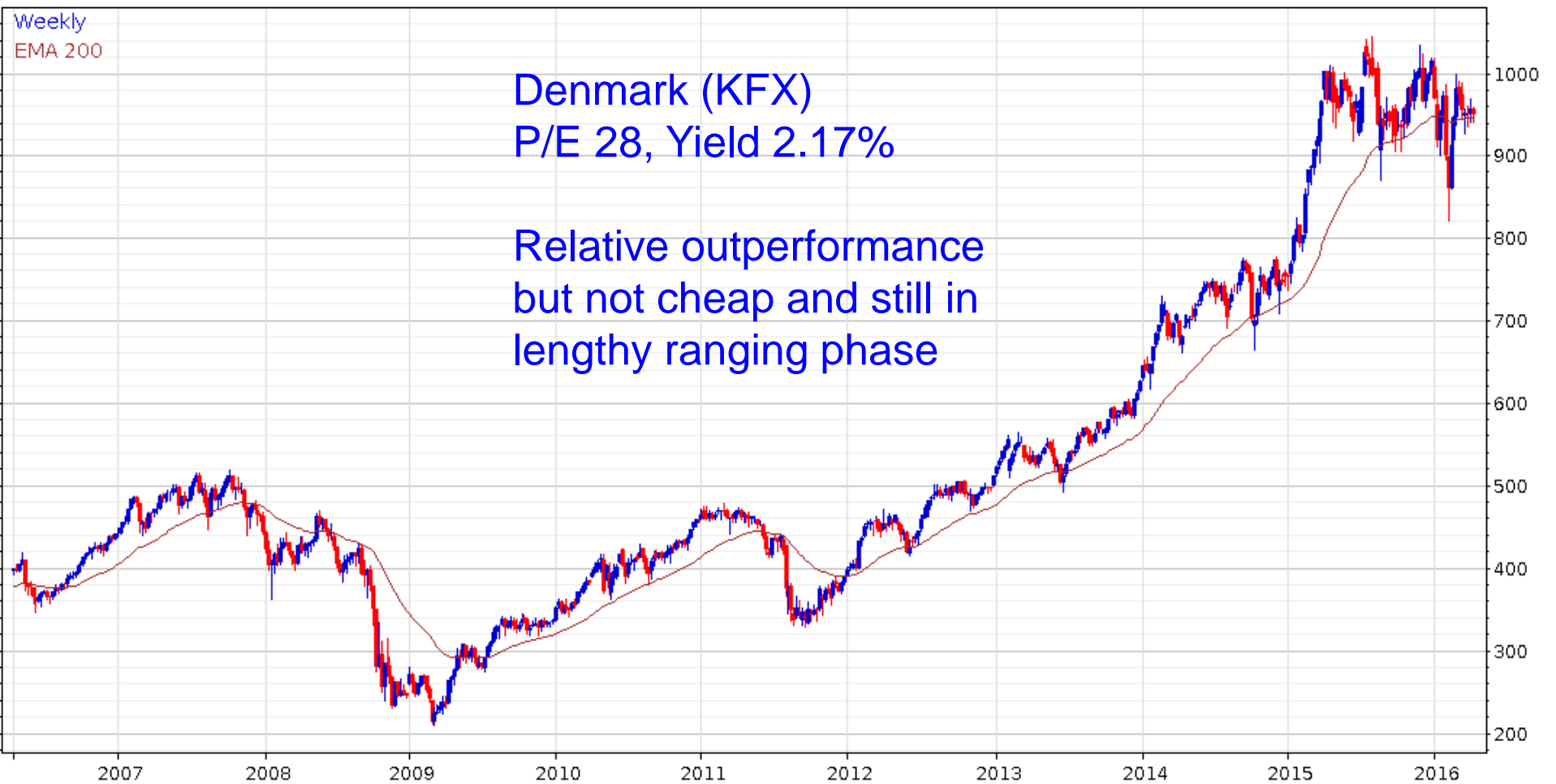
Denmark (KFX INDEX) 949.433 -7.47

2016-04-13

Weekly  
EMA 200

Denmark (KFX)  
P/E 28, Yield 2.17%

Relative outperformance  
but not cheap and still in  
lengthy ranging phase





Finland (HEX INDEX) 7970.278 138.91

2016-04-13

Weekly  
EMA 200



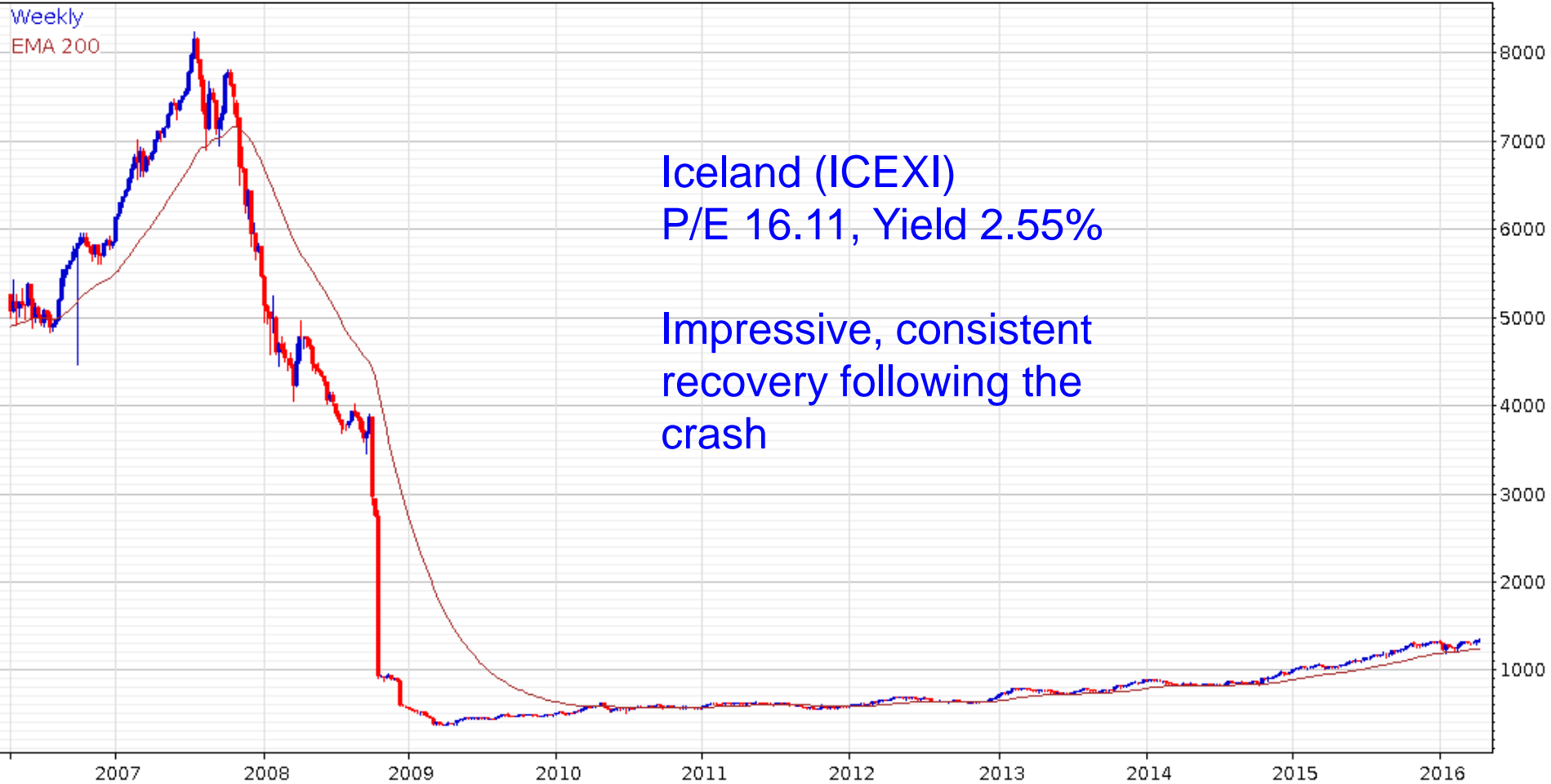
Finland (HEX)  
P/E 17.31, Yield 4.09%

Possibly recovering, needs  
to confirm by breaking  
above last high



Iceland (ICEXI INDEX) 1344.661 8.81

2016-04-13



Iceland (ICEXI)  
P/E 16.11, Yield 2.55%

Impressive, consistent  
recovery following the  
crash



Iceland (ICEXI INDEX) 1344.661 8.81

2016-04-13

Weekly

EMA 200

Iceland (ICEXI)  
resuming uptrend





Norway (OBX INDEX) 528.35 22.98

2016-04-13





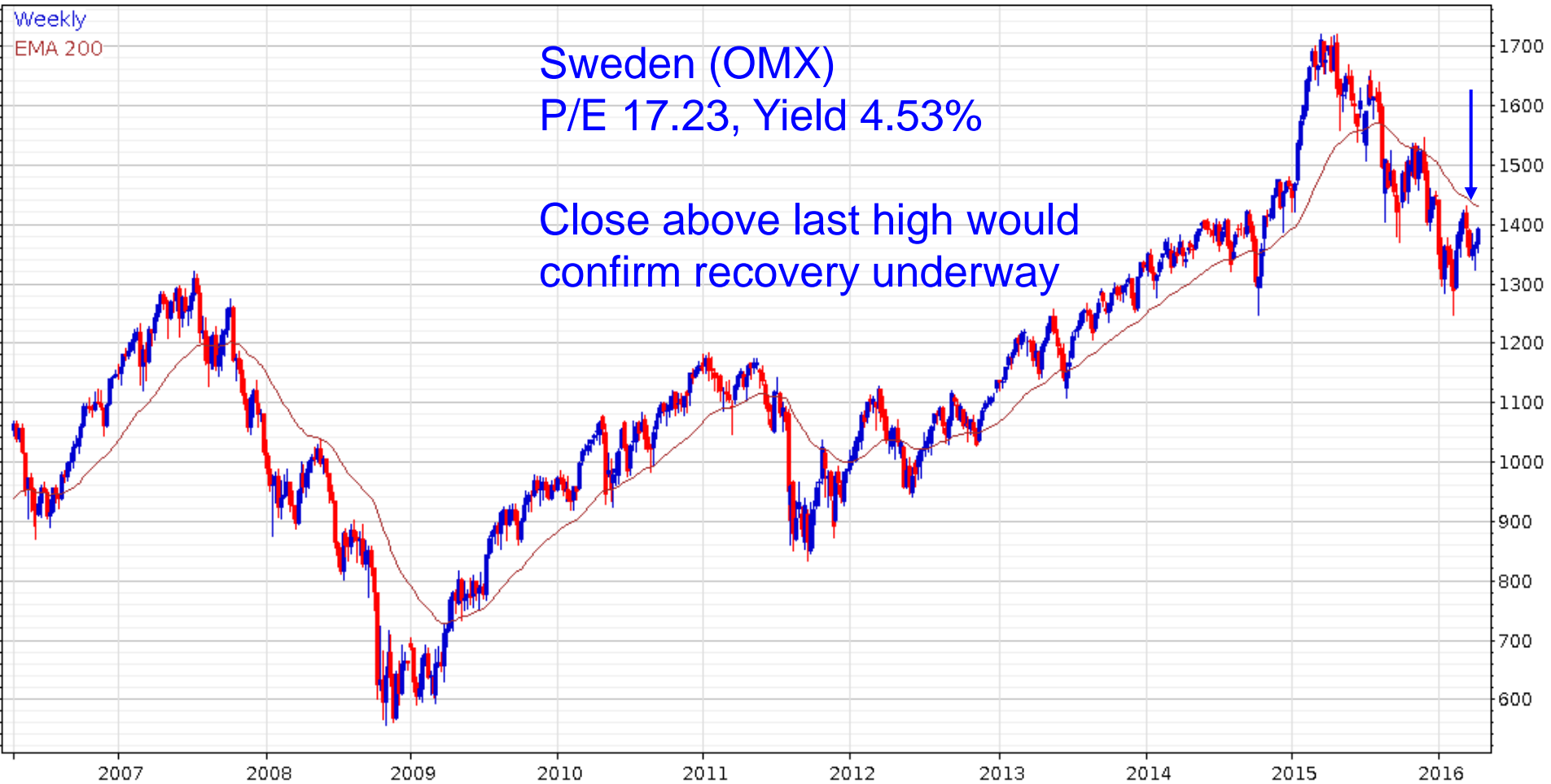
Sweden OMX Index (OMX INDEX) 1392.59 27.64

2016-04-13

Weekly  
EMA 200

Sweden (OMX)  
P/E 17.23, Yield 4.53%

Close above last high would  
confirm recovery underway





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**Many thanks for your interest!**  
**Any questions?**

**Please visit our site:**  
**[www.fullertreacymoney.com](http://www.fullertreacymoney.com)**





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GERMANY'S OPEN DOOR POLICY...



ADAMIS 16  
14-03





## Technical warning signs to watch for among indices

- Trend acceleration relative to 200-day moving averages
- Declining market breadth (fewer shares rising)
- Failed upside breakouts from trading ranges
- Loss of uptrend consistency characteristics
- Churning price action relative to recent trading ranges
- Breaks of 200-day moving averages
- Broadening patterns for trading ranges following uptrends
- 200-day moving averages turn downwards
- Resistance is encountered beneath declining 200-day MAs
- Previous rising lows are replaced by lower rally highs
- Indices fall faster than they rose to their highs