



The Markets Now

- **US T-Bonds have ended their secular bull market**
- **Global stock markets are experiencing a corrective phase due to seasonal factors, 'Grexit' fears, and rising Treasury yields**
- **However, stock markets are also cushioned by QE in Japan and the EU, plus China's stimulus.**

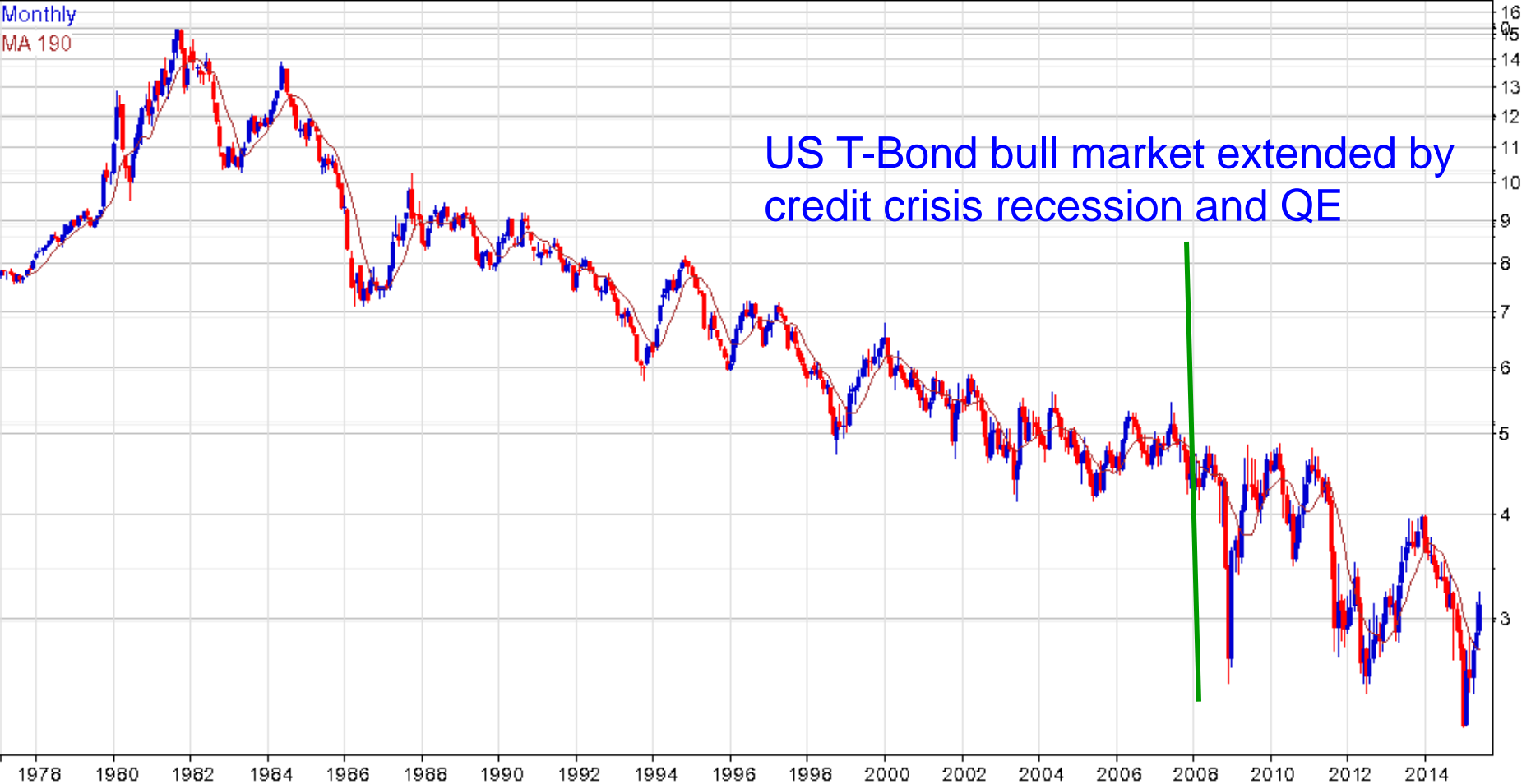
David Fuller – 15th June 2015
fullertreacymoney.com

East India Club – 16 St. James Square
London SW1Y 4LH, UK



US 30yr Treasury Bond Yield (USGG30YR INDEX) 3.103 0.22

2015-06-12





10-Yr T-Bond over last 10 years

US 10yr Treasury Bond Yield (USGG10YR INDEX) 2.3918 -0.02

2015-06-12





Merrill Lynch Treasury 10yr+ Future Total Return Index (MLT1US10 INDEX) 2034.468 4.1

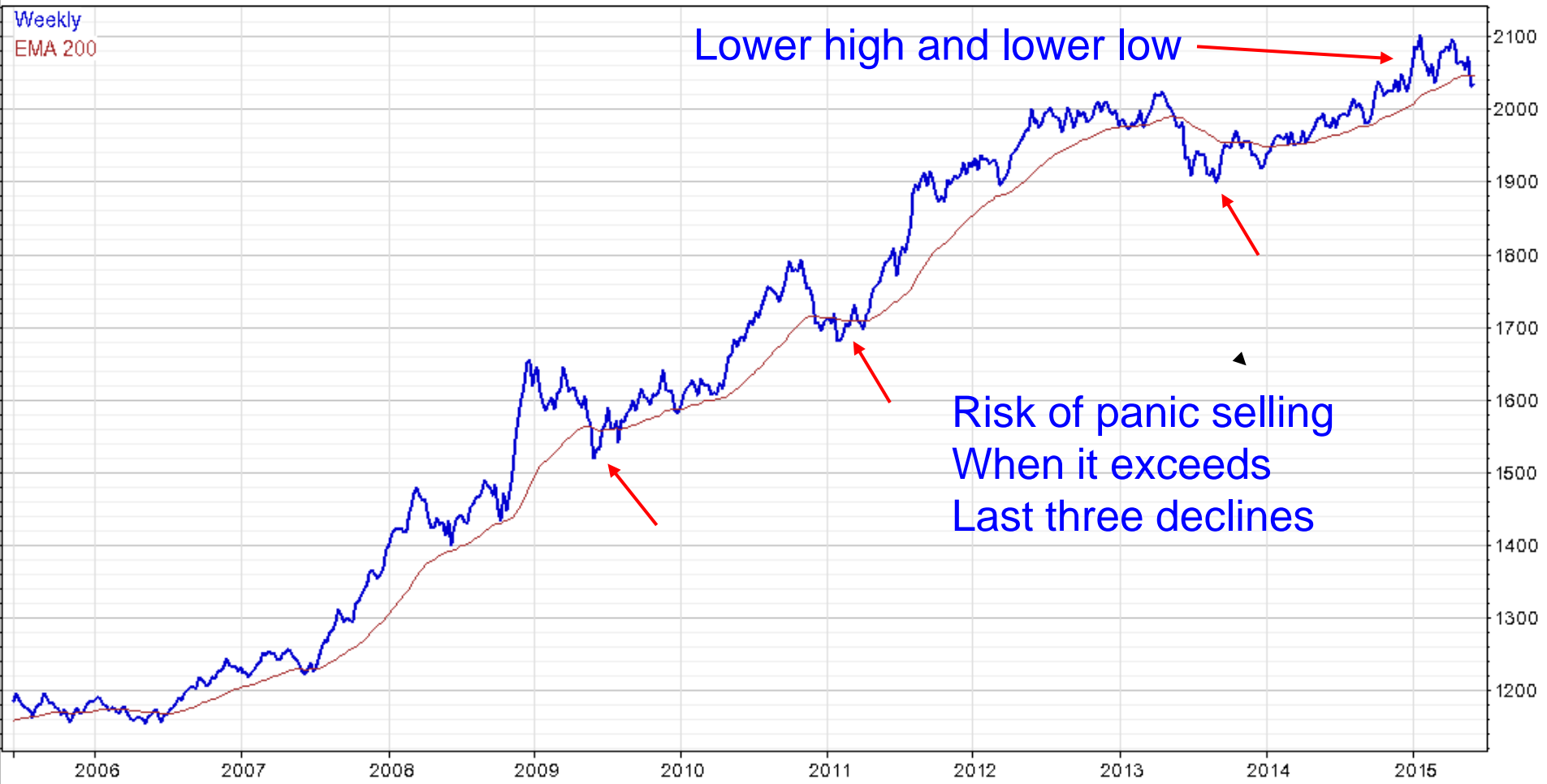
2015-06-11

Weekly

EMA 200

Lower high and lower low

Risk of panic selling
When it exceeds
Last three declines





US 10yr Treasury Bond Yield (USGG10YR INDEX) - US 2yr Treasury Bond Yield (USGG2YR INDEX) 1.702 0.0

2015-06-08

Weekly

Yield curve over 20 years





US 10yr Treasury Bond Yield (USGG10YR INDEX) - US 2yr Treasury Bond Yield (USGG2YR INDEX) 1.698 -0.0

2015-06-08

Weekly

Yield Curve over 10 years





Europe

European stock markets have corrected the previous overbought condition and are currently oversold.

However, the 'Grexit' threat needs to be removed by an acceptable agreement between Greece and its three creditors: the International Monetary Fund, the European Central Bank and the European Commission, before Mario Draghi's €60bn per month QE programme produces another strong rally. Actual 'Grexit' would temporarily deepen the correction.

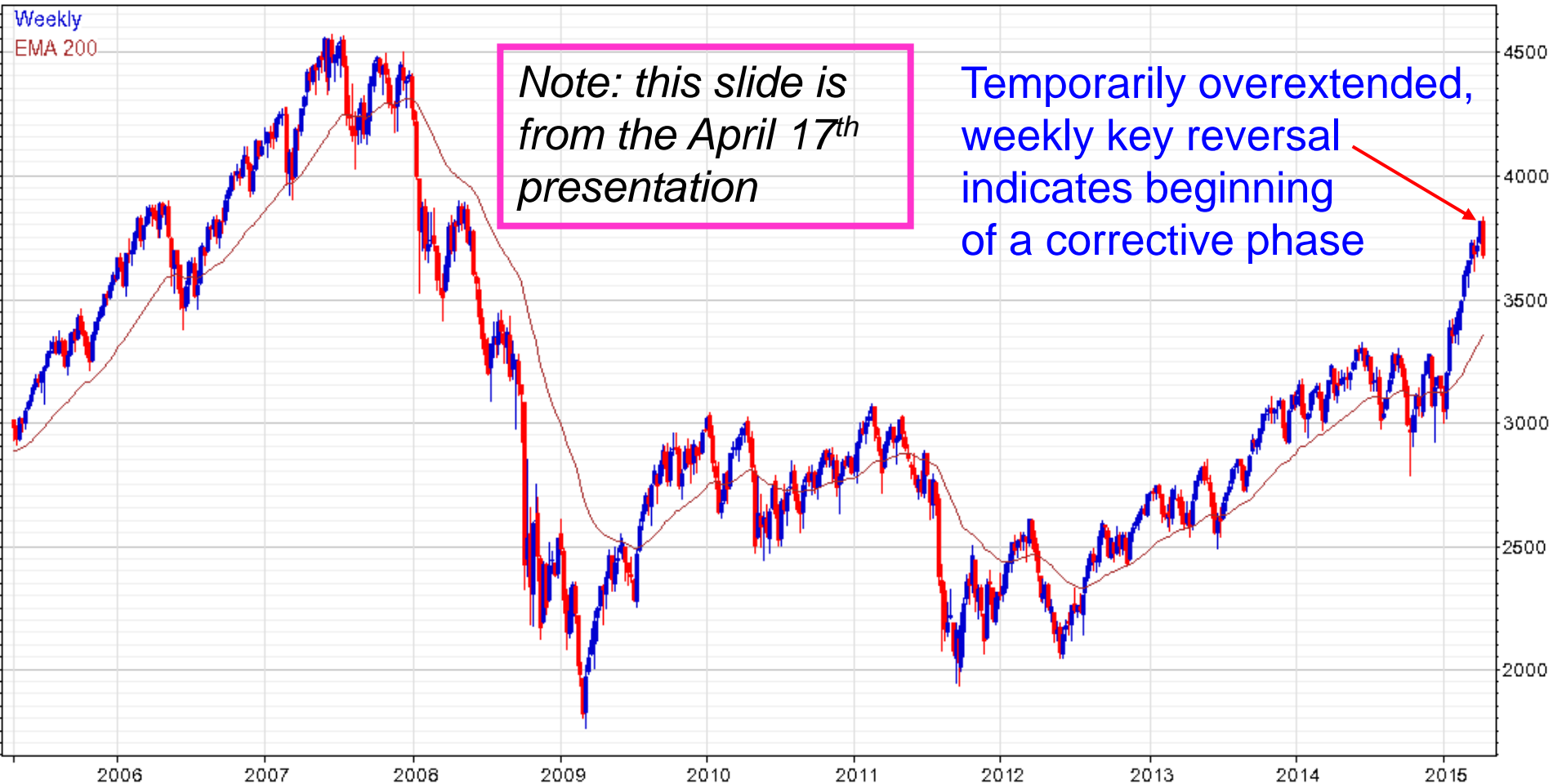
Seasonal factors are less favourable from May through October.



Ten-year chart of SX5E

2015-04-17

DJ Euro STOXX 50 (SX5E INDEX) 3674.05 -142.71





DJ Euro STOXX 50 (SX5E INDEX) 3502.77 -7.24

DJ Euro STOXX 50

2015-06-12

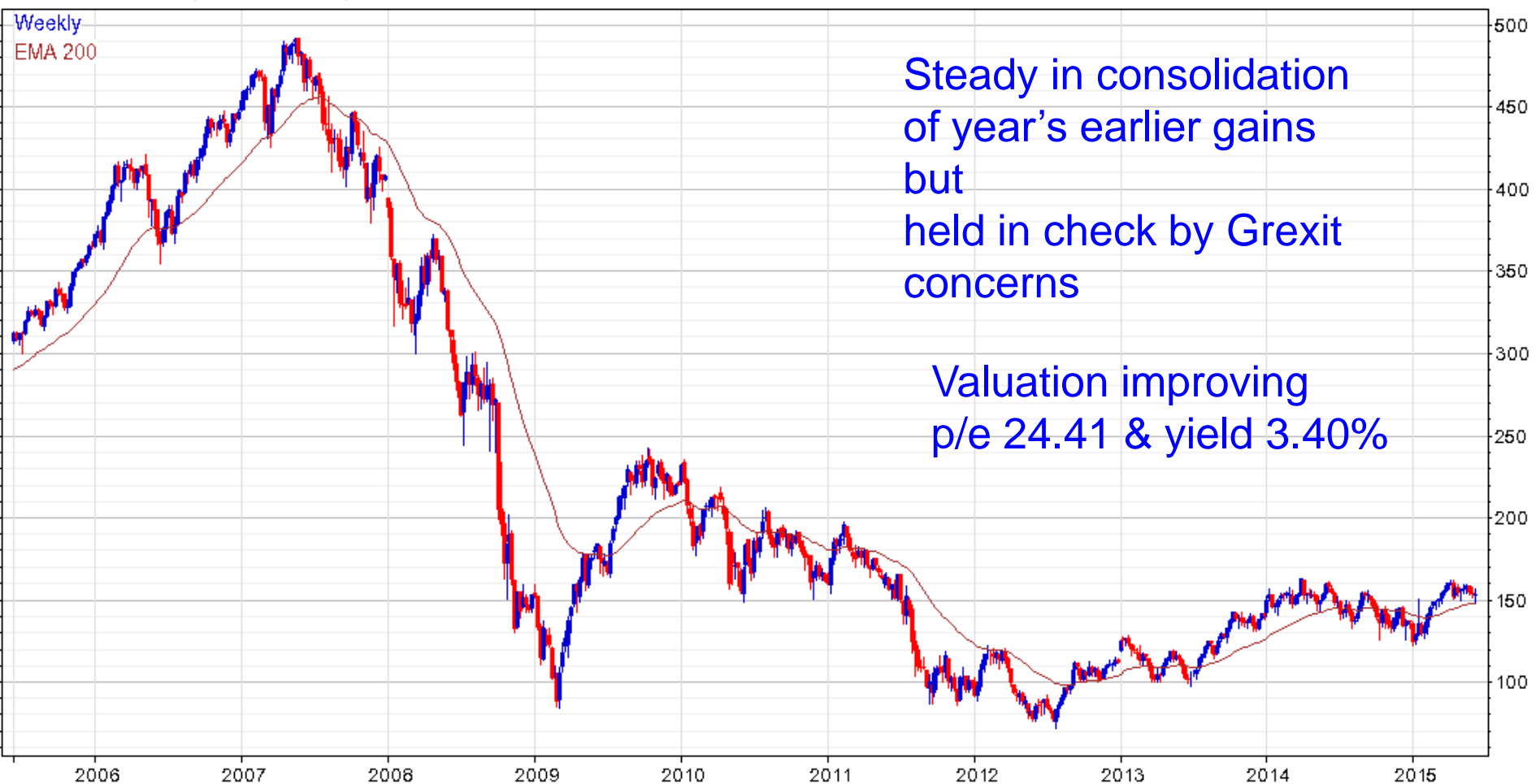




DJ Euro Banks

DJ Euro Banks (SX7E INDEX) 153.32 0.45

2015-06-12





German DAX

Germany (DAX INDEX) 11196.49 -0.66

2015-06-12

Weekly

EMA 200

Valuations have improved
during correction and
oversold near MA
p/e 18:00 & yield 2.67%



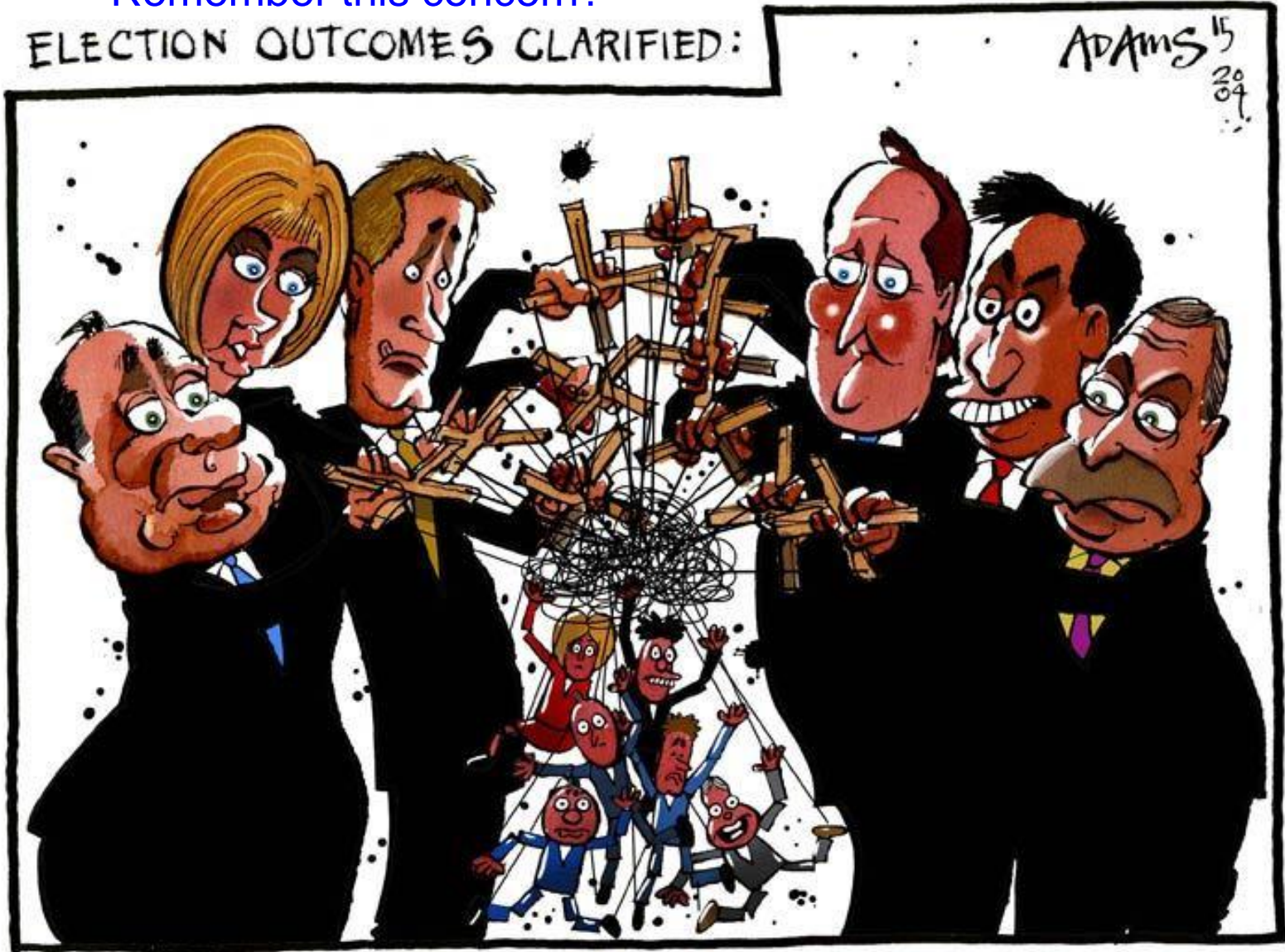


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Remember this concern?

ELECTION OUTCOMES CLARIFIED:

ADAMS 15
2004





FTSE100 (UKX INDEX) 6784.92 -19.68

UK FTSE 100

2015-06-12





Greece

Greece (ASE INDEX) 774.46 -11.65

2015-06-12





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Is this
Greece's
Future
Outside the
Eurozone?



USA

- Pre-Presidential Election year usually ends on a bullish note
- However, valuations are now on the higher side of average
- The US stock market is way overdue a 10% plus correction
- The US Dollar's sharp rise since June 2014 is a headwind
- Fracking slowdown and cold winter slowed GDP growth
- Bearish forecasts continue to abound - contrary indicator?
- Pre-Fed rate hike jitters but this should not be a problem
- US Election result in 2016 should be bullish



S&P 500

S&P 500 (SPX INDEX) 2094.11 1.28

2015-06-12

Weekly
EMA 200

Would have to break 1970
to confirm upside failure

p/e 18.50
yield 2.01%





Nasdaq Composite

Nasdaq Composite (CCMP INDEX) 5051.102 -17.36

2015-06-12





Russell 2000 (RTY INDEX) 1265.022 4.01

Russell 2000

2015-06-12





Transport Average

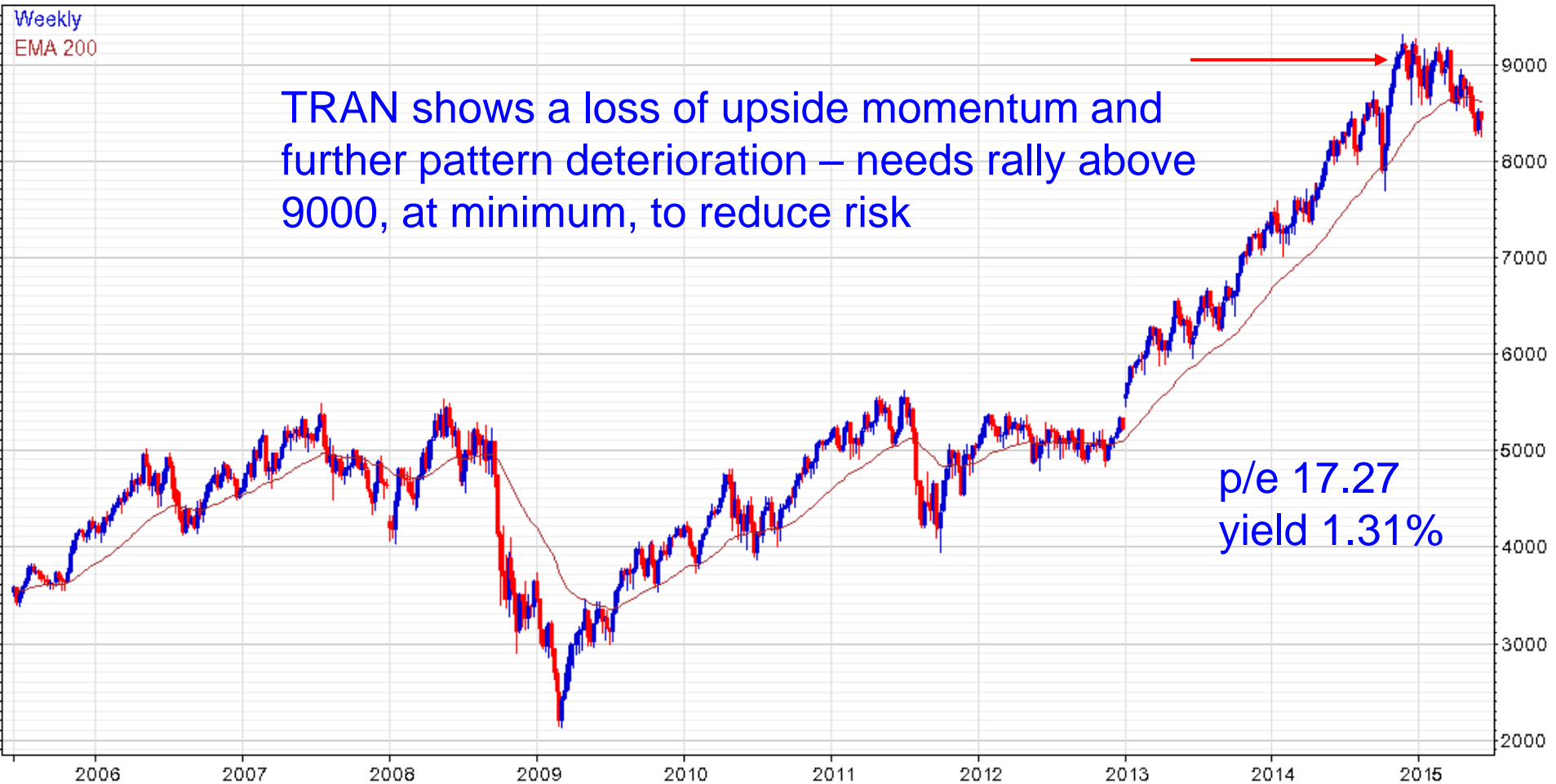
Dow Jones Transport Average (TRAN INDEX) 8416.80 -92.84

2015-06-12

Weekly
EMA 200

TRAN shows a loss of upside momentum and further pattern deterioration – needs rally above 9000, at minimum, to reduce risk

p/e 17.27
yield 1.31%

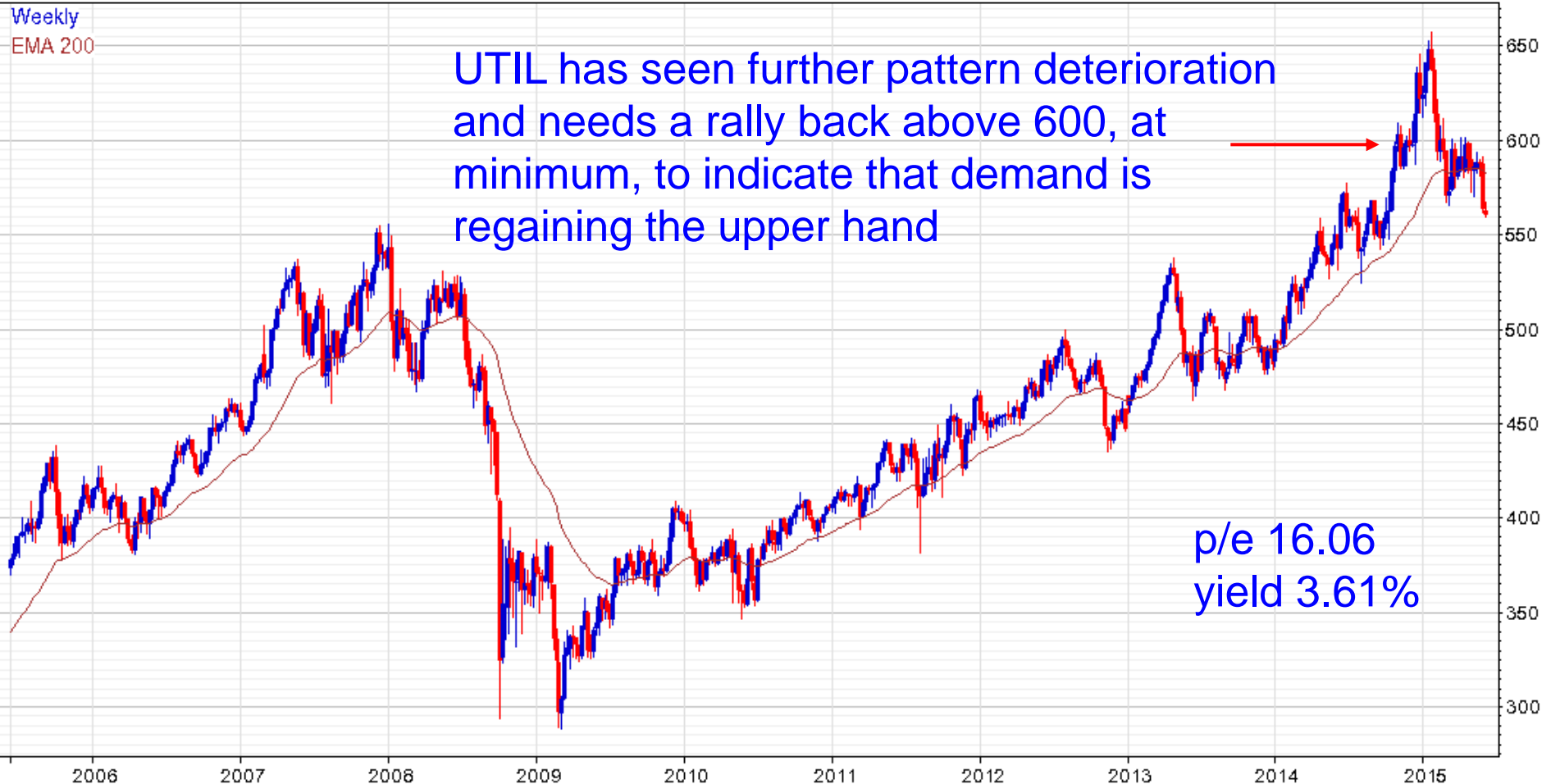




Utilities

Dow Jones Utilities Average (UTIL INDEX) 560.53 -2.42

2015-06-12





NASDAQ Biotech Index (NBI INDEX) 3806.388 -36.05

Biotech Index

2015-06-12





Illumina

Illumina Inc (ILMN US EQUITY) 215.27 5.06

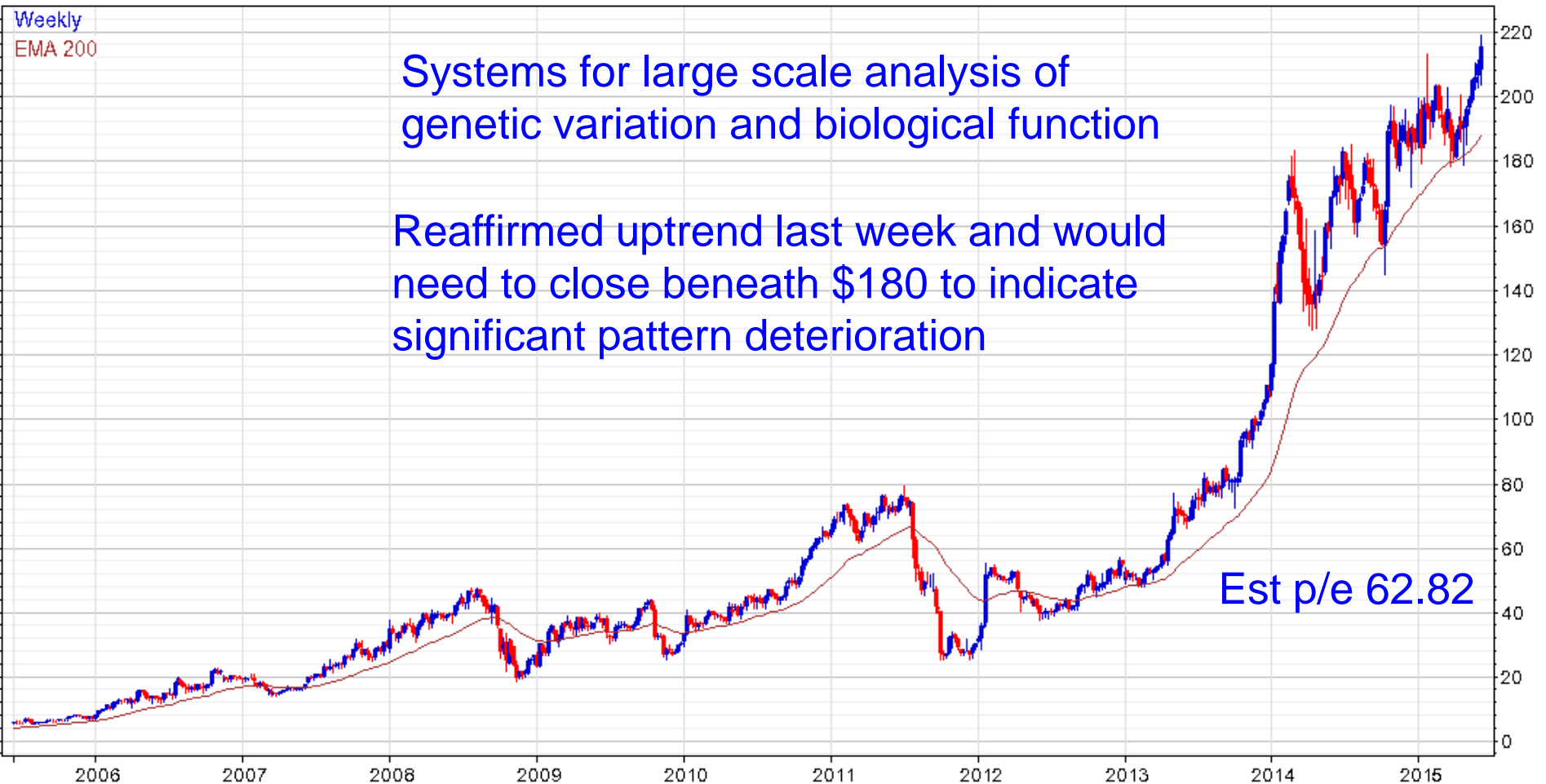
2015-06-12

Weekly
EMA 200

Systems for large scale analysis of genetic variation and biological function

Reaffirmed uptrend last week and would need to close beneath \$180 to indicate significant pattern deterioration

Est p/e 62.82





Gilead Sciences

Gilead Sciences Inc (GILD US EQUITY) 117.66 3.7

2015-06-12

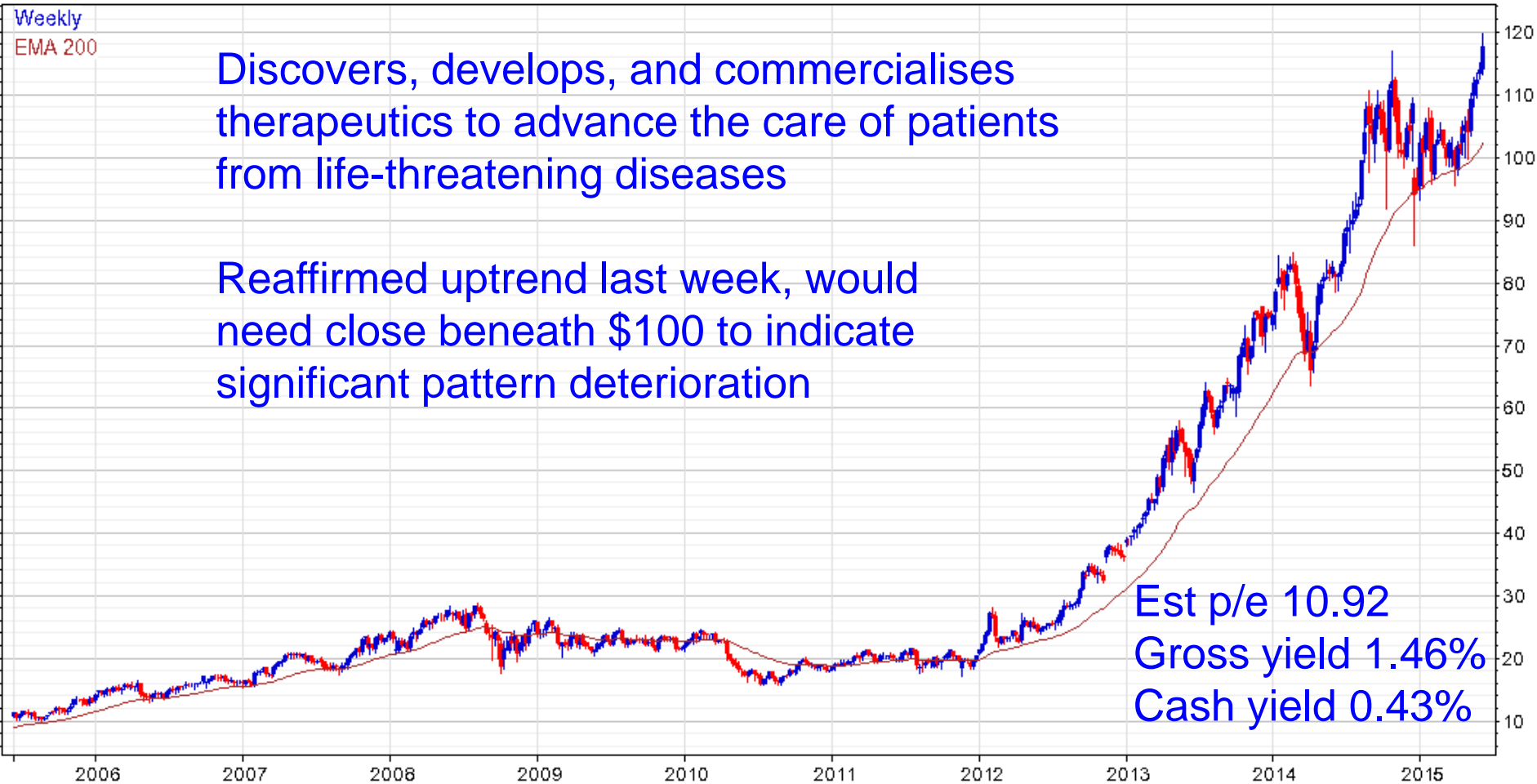
Weekly

EMA 200

Discovers, develops, and commercialises
therapeutics to advance the care of patients
from life-threatening diseases

Reaffirmed uptrend last week, would
need close beneath \$100 to indicate
significant pattern deterioration

Est p/e 10.92
Gross yield 1.46%
Cash yield 0.43%





Celgene

Celgene Corp (CELG US EQUITY) 111.32 0.6

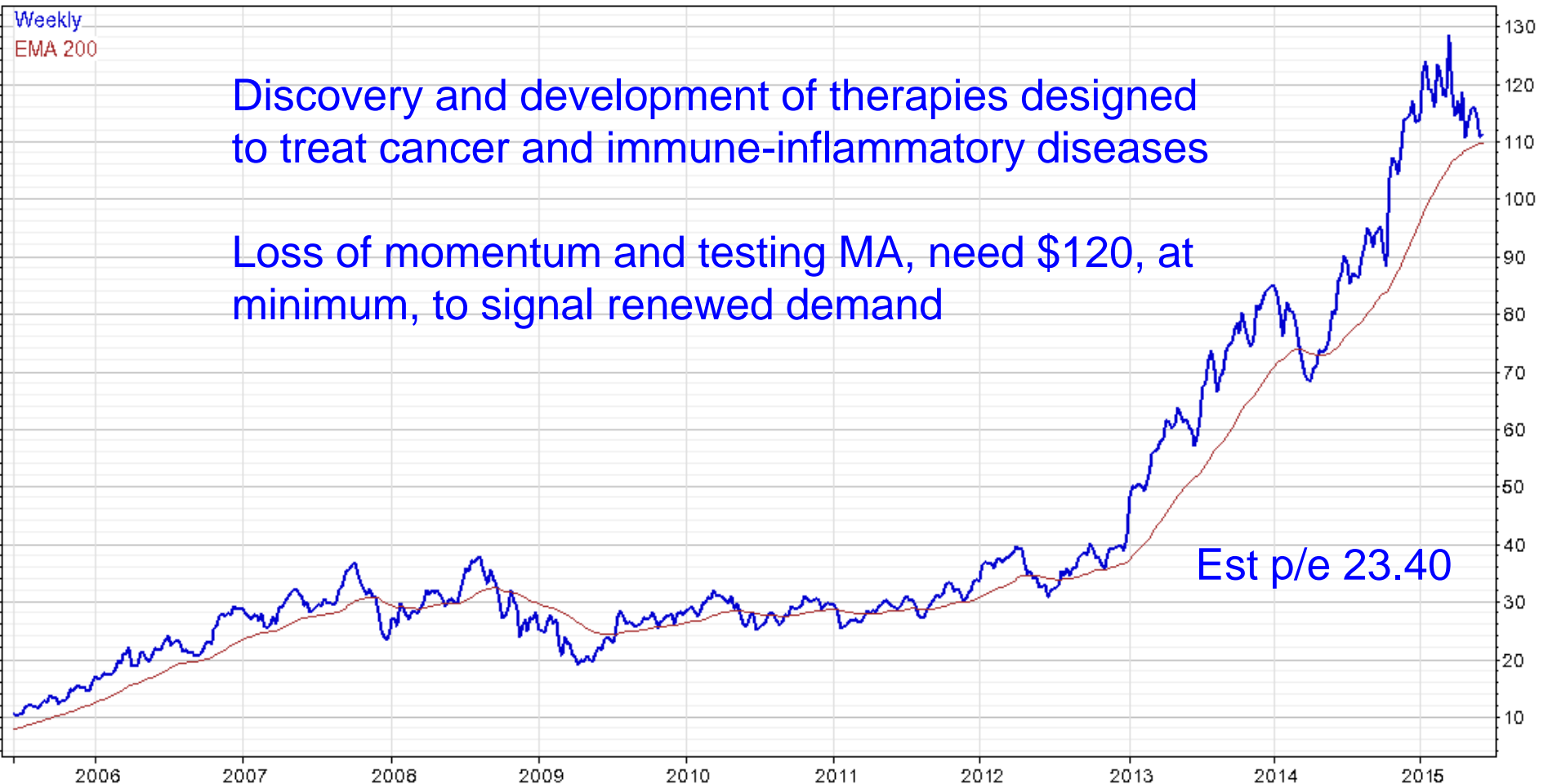
2015-06-12

Weekly
EMA 200

Discovery and development of therapies designed to treat cancer and immune-inflammatory diseases

Loss of momentum and testing MA, need \$120, at minimum, to signal renewed demand

Est p/e 23.40

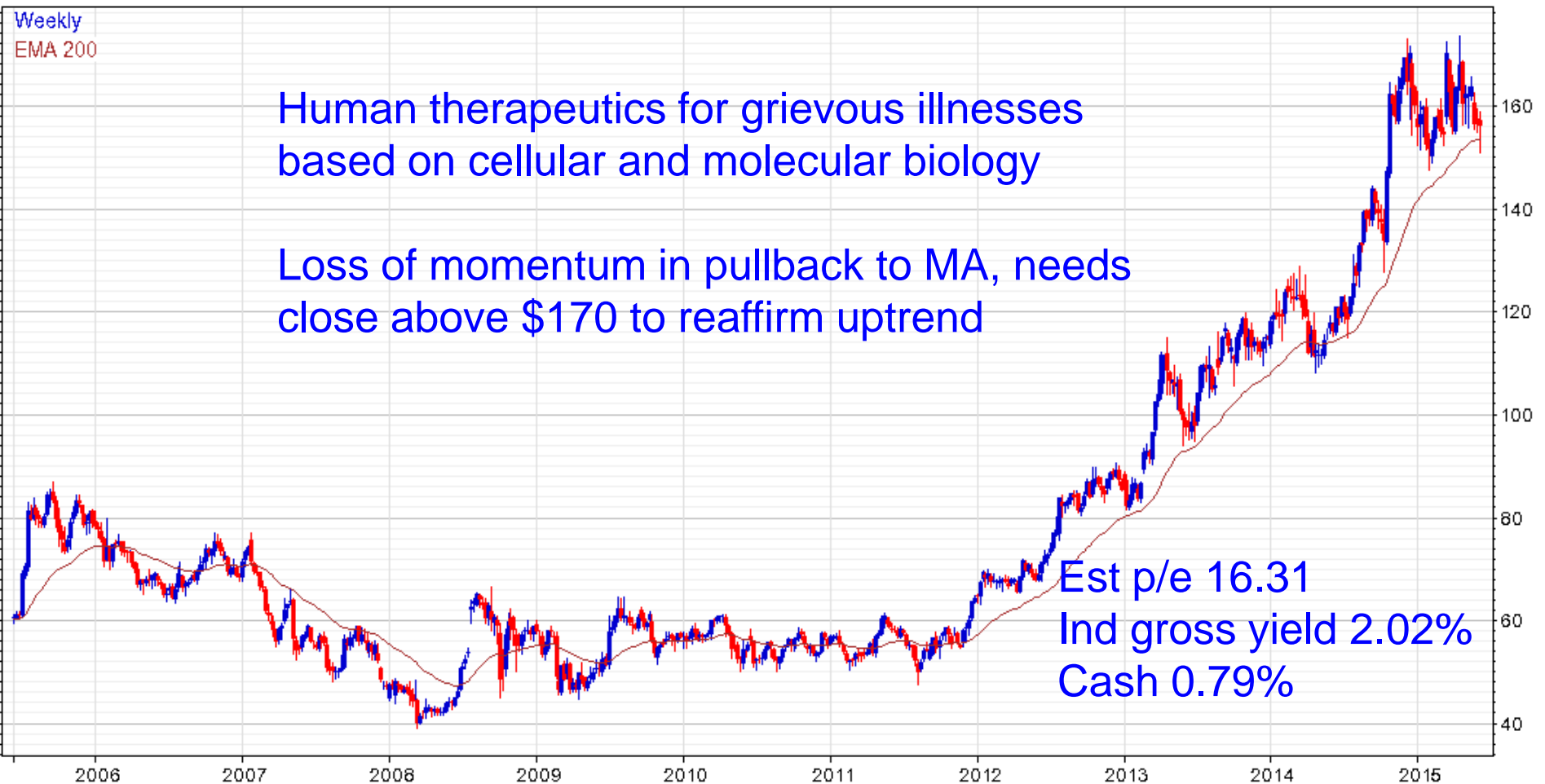




Amgen

Amgen Inc (AMGN US EQUITY) 156.12 -1.13

2015-06-12





Biogen

Biogen Inc (BIIB US EQUITY) 388.77 0.91

2015-06-12

Weekly
EMA 200

Neurology, oncology, and immunology for multiple sclerosis, non-Hodgkin's lymphoma, rheumatoid arthritis, Crohn's disease and psoriasis

Pullback to MA following overextension, needs at least \$410 to indicate renewed demand

Est ple 23.28





Bio-Techne Corp (TECH US EQUITY) 99.34 0.59

Bio-Techne

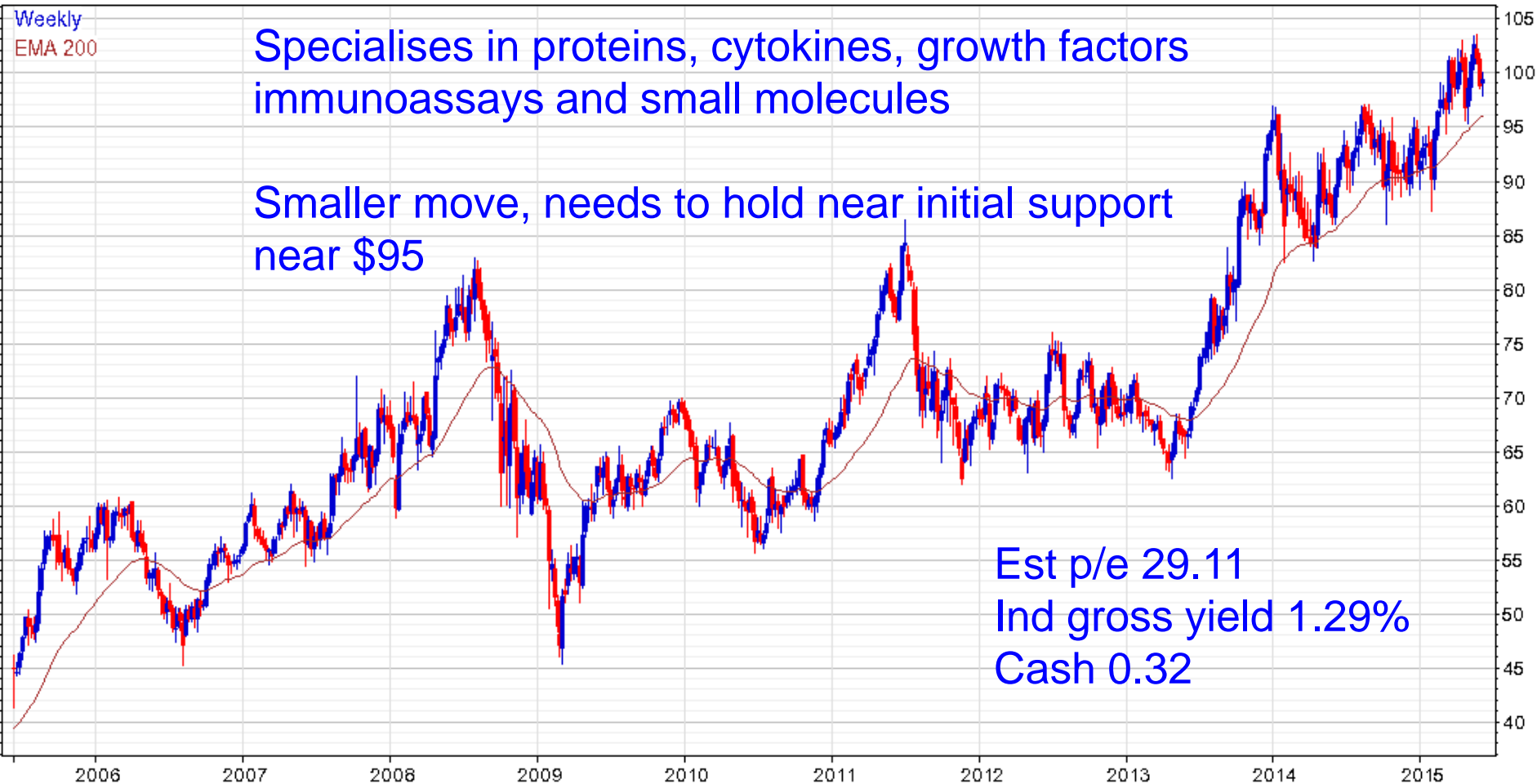
2015-06-12

Weekly
EMA 200

Specialises in proteins, cytokines, growth factors
immunoassays and small molecules

Smaller move, needs to hold near initial support
near \$95

Est p/e 29.11
Ind gross yield 1.29%
Cash 0.32





Apple

Apple (AAPL US EQUITY) 127.17 -1.48

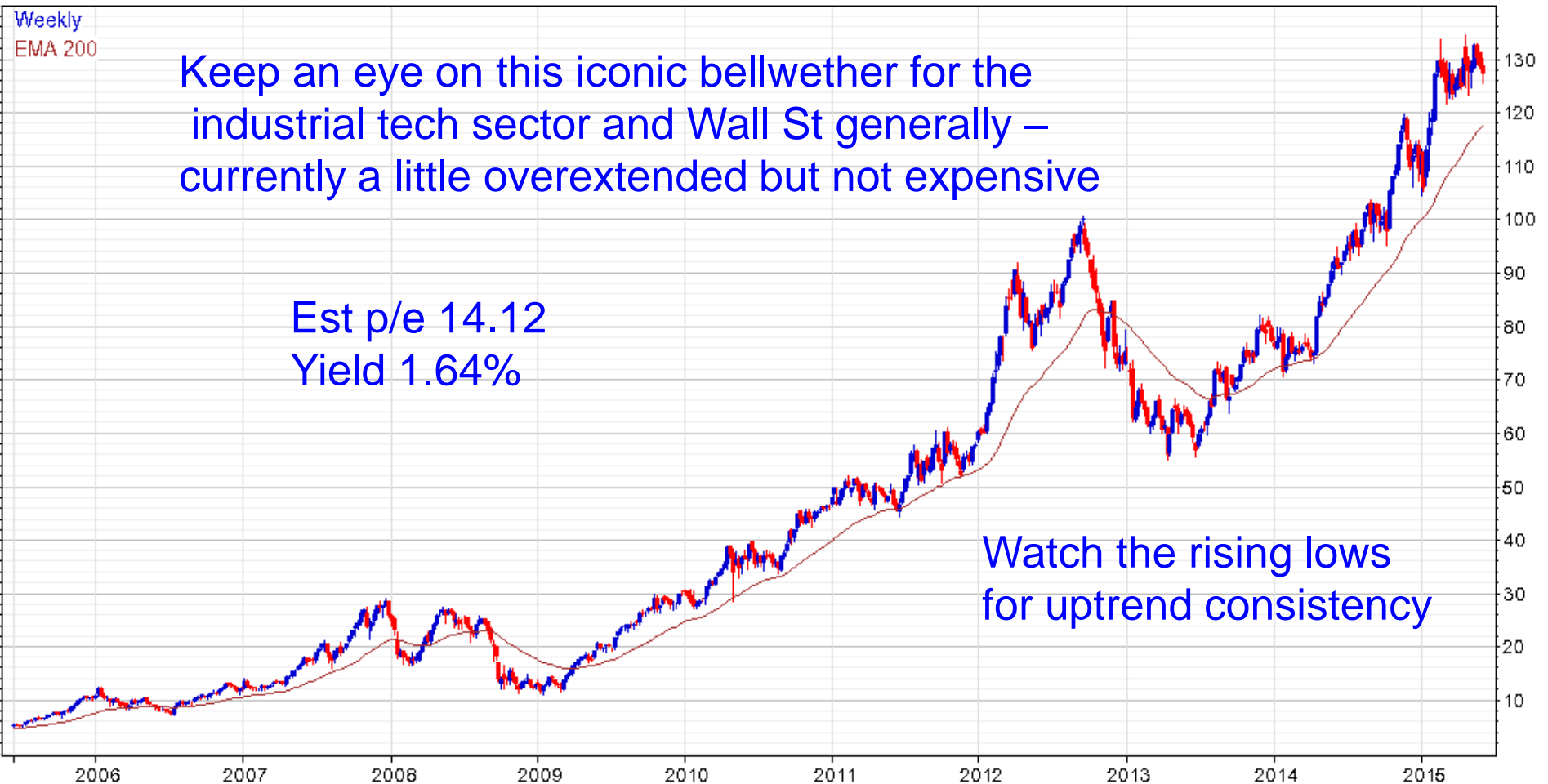
2015-06-12

Weekly
EMA 200

Keep an eye on this iconic bellwether for the industrial tech sector and Wall St generally – currently a little overextended but not expensive

Est p/e 14.12
Yield 1.64%

Watch the rising lows for uptrend consistency





OEX Volatility Index (VIX)

2015-06-12

OEX Volatility Index (VIX) (VIX INDEX) 13.78 -0.43





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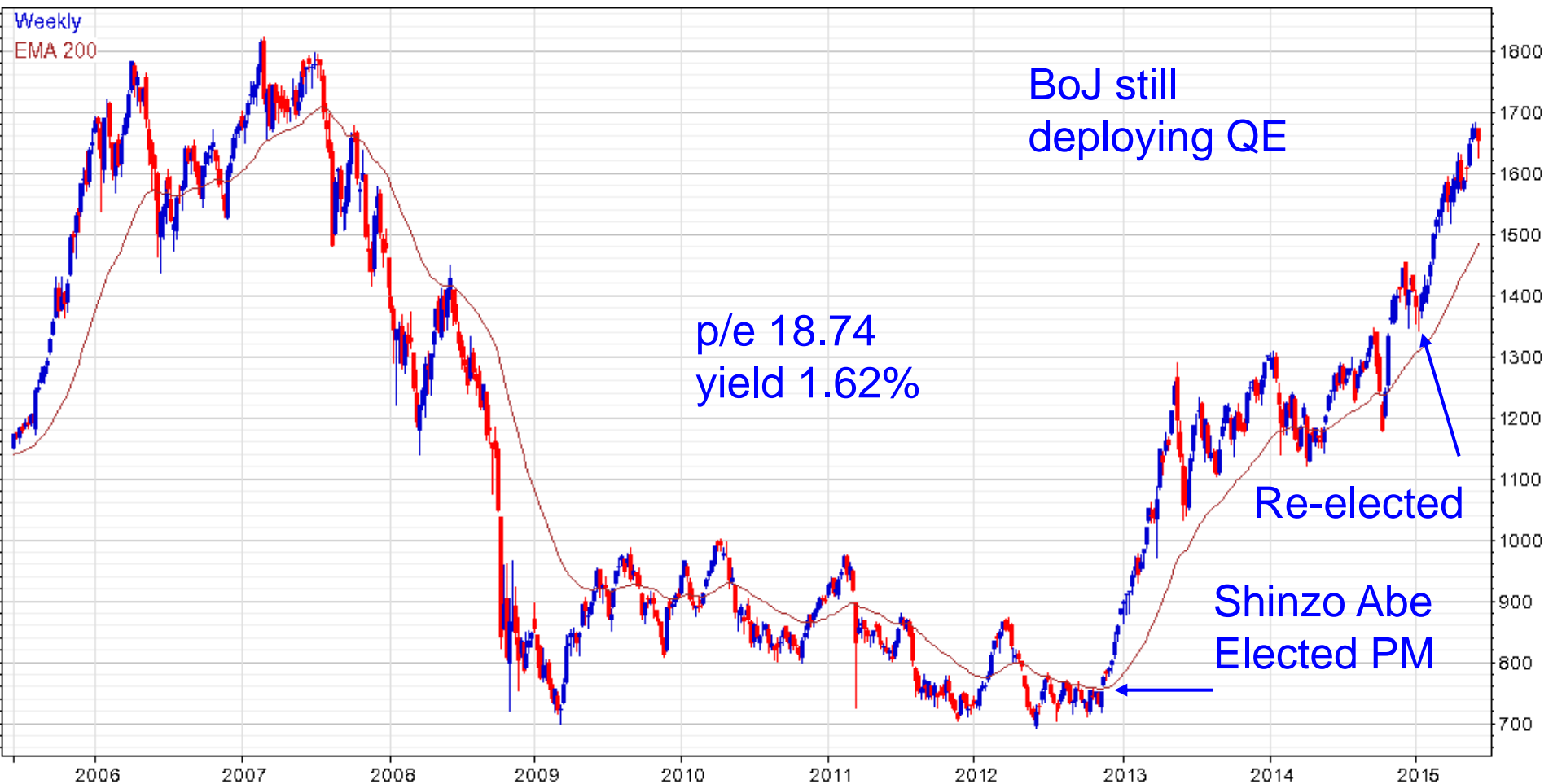
Shinzo Abe and the BoJ
have the right policies
for Japan's economic recovery
and a long-term bull market



Japan Topix (TPX INDEX) 1651.48 -15.58

Topix

2015-06-12





Topix

Japan Topix (TPX INDEX) 1651.92 -21.73

2015-06-15

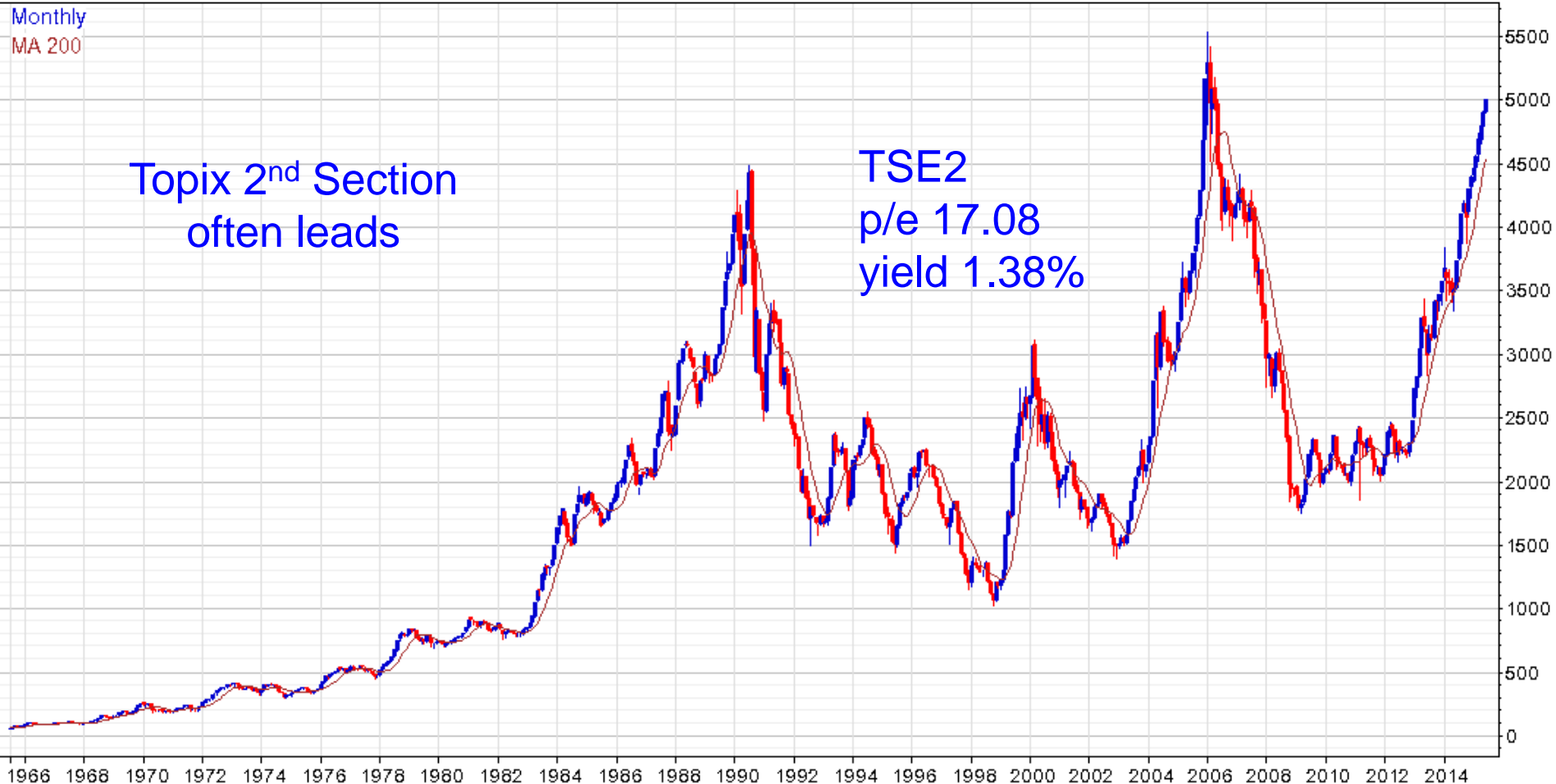




Topix 2nd Section

Topix 2nd Section (TSE2 INDEX) 4996.22 97.4

2015-06-15





Fanuc

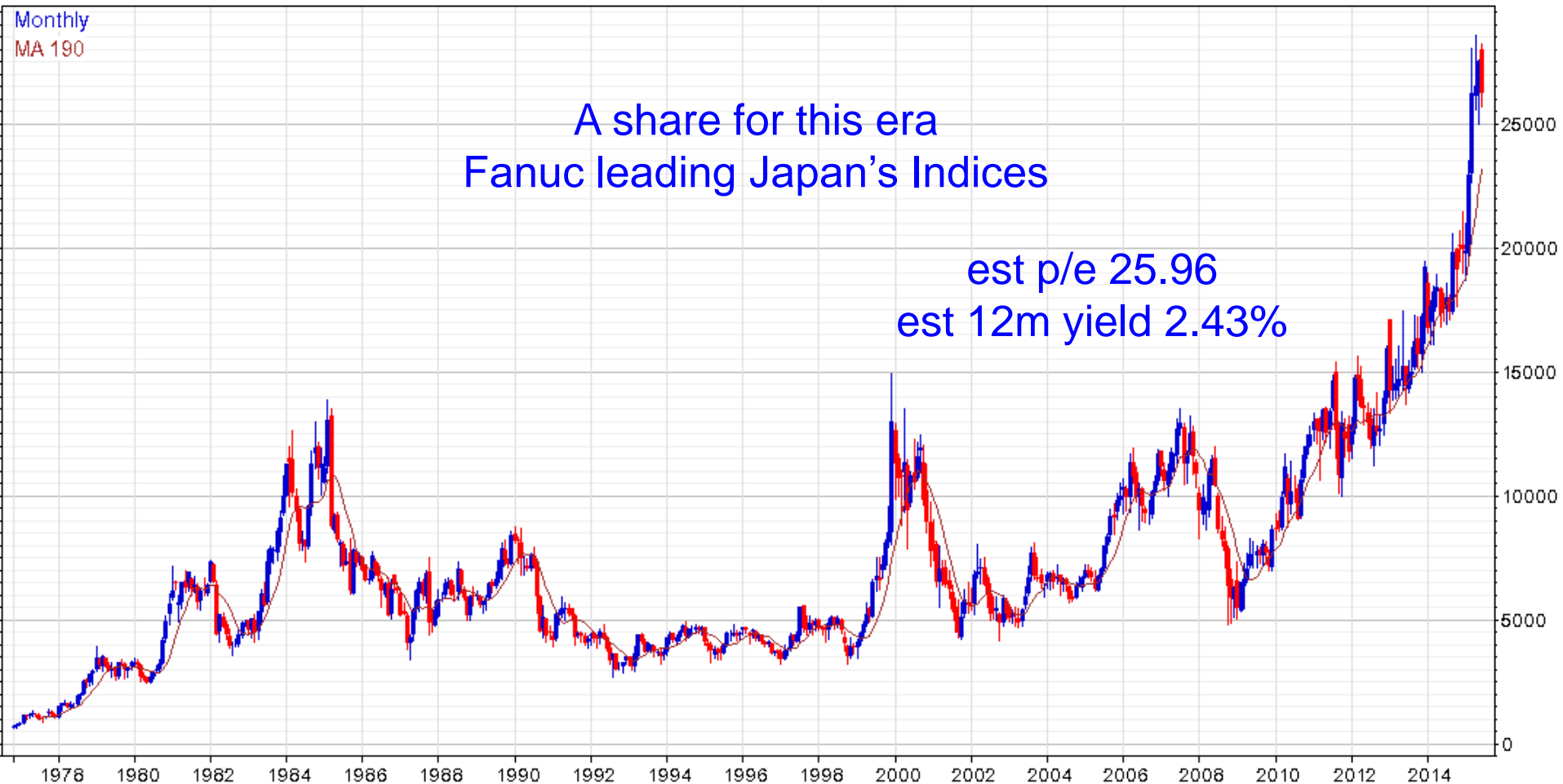
Fanuc Ltd (6954 JP EQUITY) 26215.00 -1325.0

2015-06-15

Monthly
MA 190

A share for this era
Fanuc leading Japan's Indices

est p/e 25.96
est 12m yield 2.43%





India Mumbai (SENSEX INDEX) 26586.55 161.25

India Mumbai Sensex

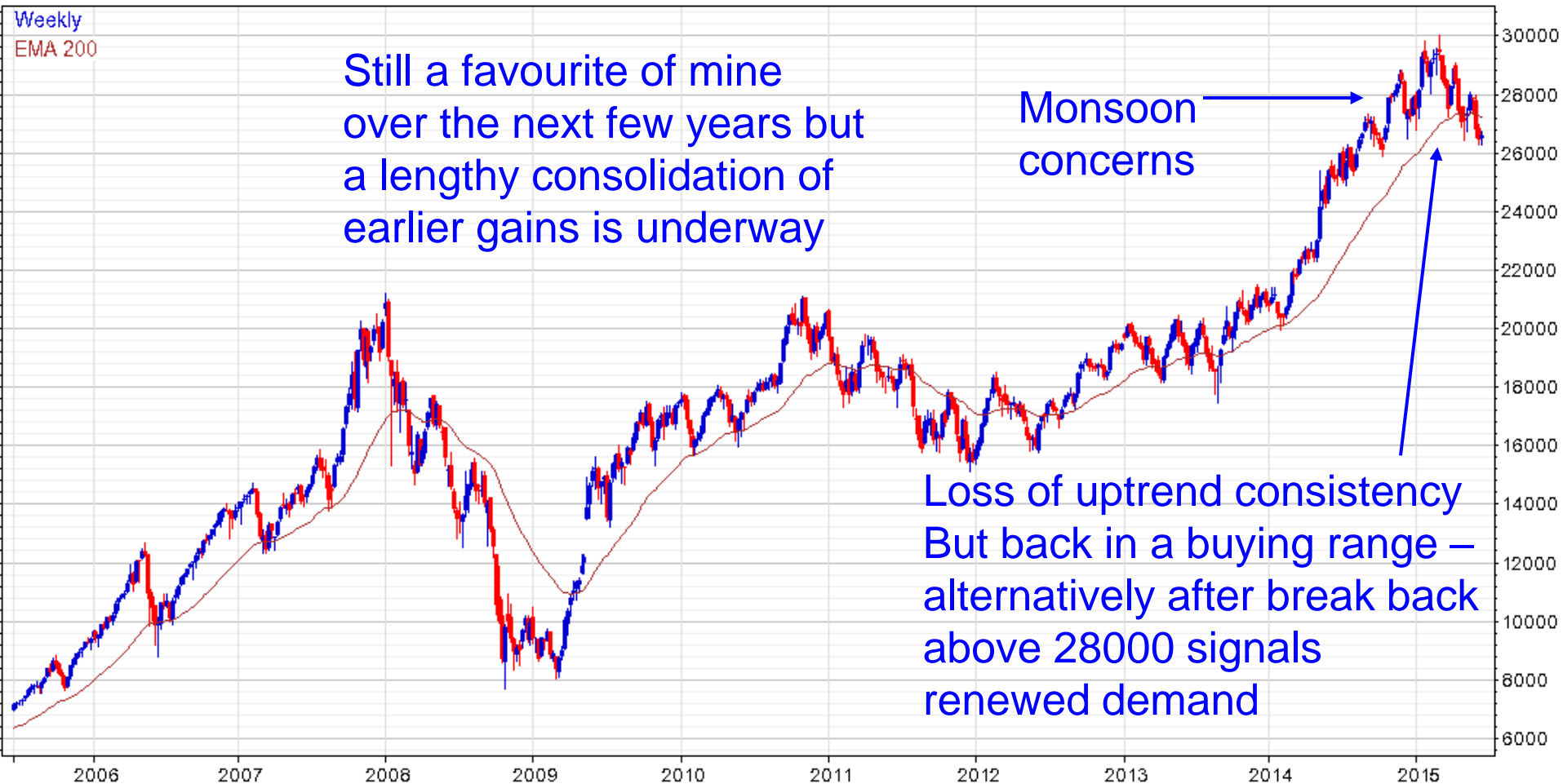
2015-06-15

Weekly
EMA 200

Still a favourite of mine
over the next few years but
a lengthy consolidation of
earlier gains is underway

Monsoon
concerns

Loss of uptrend consistency
But back in a buying range –
alternatively after break back
above 28000 signals
renewed demand





JII

JPMorgan Indian Investment Trust (JII LN EQUITY) 488.75 -23.75

2015-06-12





China Shanghai A-Shares (SHASHR INDEX) 5302.775 -108.09

SHASHR

2015-06-15

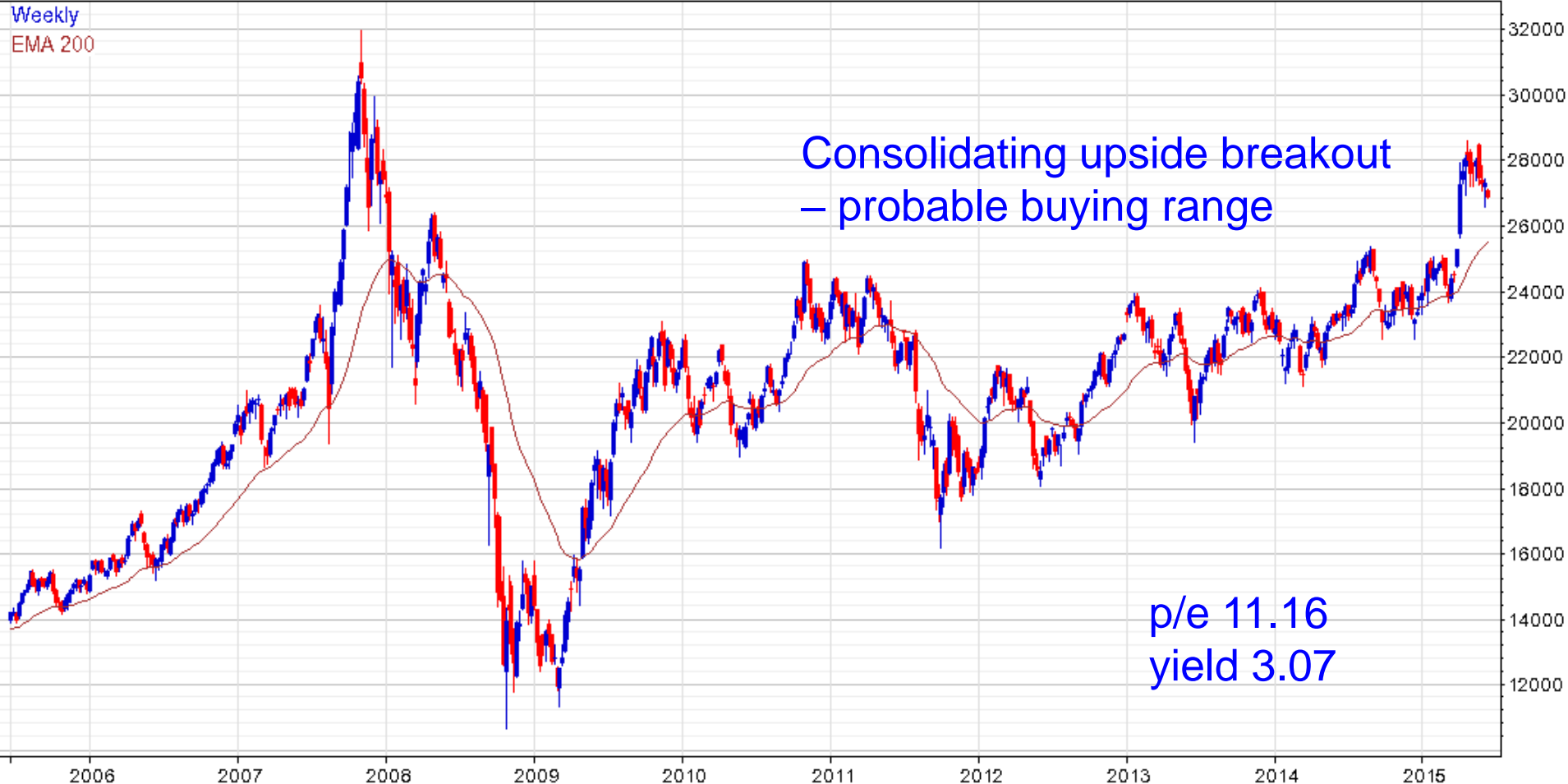




Hong Kong HSI

Hong Kong (HSI INDEX) 26861.81 -418.73

2015-06-15





Hong Kong China Enterprises (H-Shares) (HSCEI INDEX) 13622.76 -361.24

Hong Kong HSCEI

2015-06-15

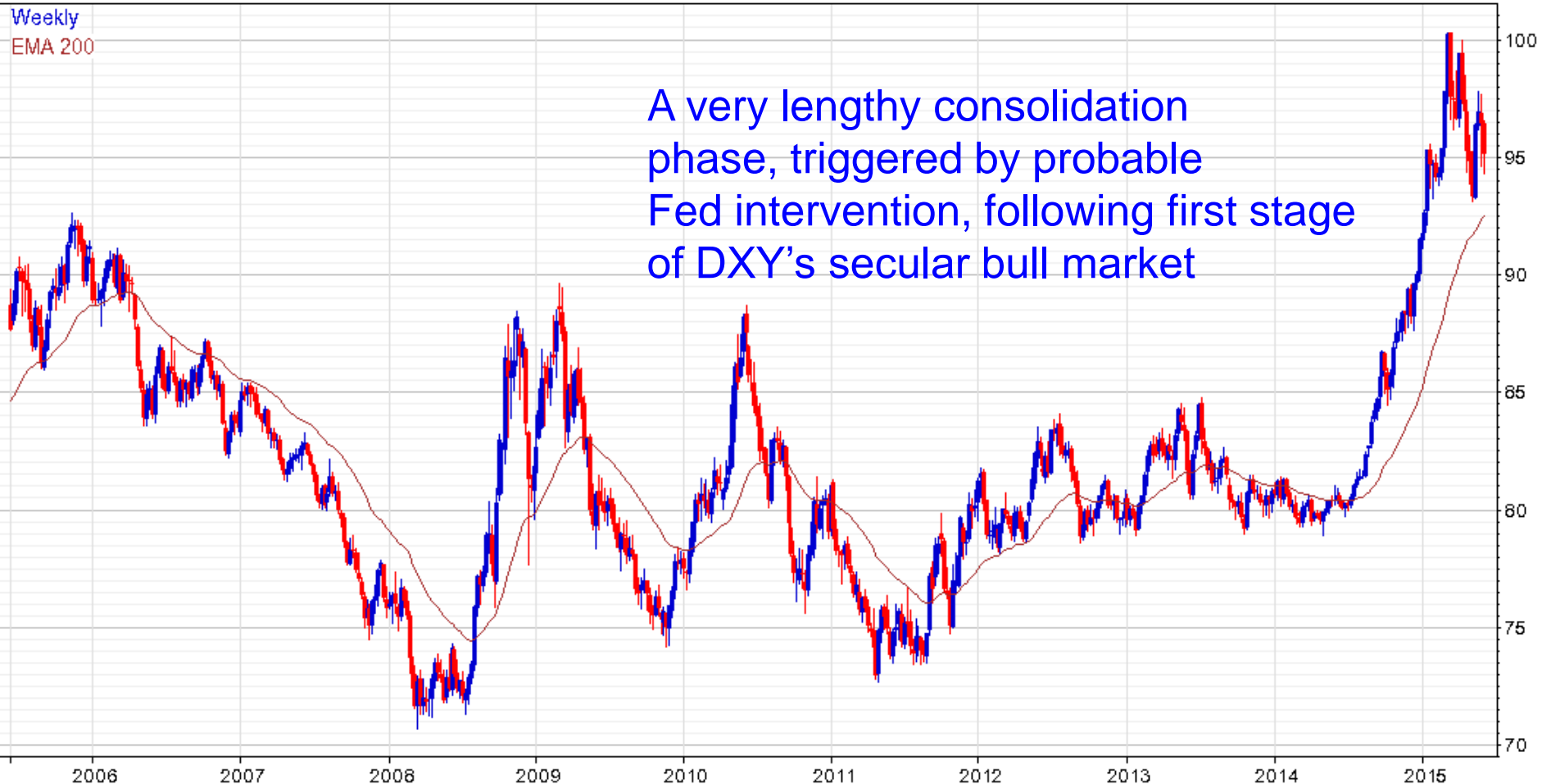




Dollar Index

Dollar Index (DXY INDEX) 95.137 -1.27

2015-06-12





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Many thanks for your interest!
Any questions?

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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 relative the last several trading ranges
- 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



Deflation?

- My view: Much of today's deflation is largely positive, at least for corporations, because it is caused by technological innovation. For instance, better technology enables companies to produce improved products, at lower prices, in greater volume, while increasing profits due to increased sales.
- Destructive deflation is generally described as a vicious cycle of falling prices, wages and output. It is particularly bad for indebted governments, corporations and people who lose jobs or scope for salary increases.



Bullish Points for Stock Markets

- S&P up 15.3% on average 6 months after mid-term election
- Global monetary policy is still extremely accommodative
- Central banks are worried about deflation, not inflation
- Capitalism increasingly dominates on a global basis
- Globalisation spurs rapid emerging market development
- Growth in middleclass consumers surges, led by Asia-Pac



PRESIDENTIAL CYCLE: S&P 500 Price Returns by Half

S&P 500® Average % Price Changes and Frequencies of Advance During the Eight Six-Month Periods Within the Presidential Cycle (10/31/44-9/29/14)

Pres. Cycle	Nov.-April		May-Oct.	
	Avg. %	FoA	Avg. %	FoA
Year 1	3.4	72%	3.0	67%
Year 2	4.3	56%	(1.2)	50%
→ Year 3	15.3	94%	2.1	65%
Year 4	5.3	88%	1.7	76%
All Years	7.0	77%	1.4	64%

Source: S&P Capital IQ. Indexes are unmanaged, statistical composites and it is not possible to invest directly in an index. The returns shown do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause actual and back tested performance to be lower than the performance shown. Returns exclude dividends. Past performance is no indication of future results.



Long-term bull factors for stock markets

- Accommodative monetary policies, until growth accelerates
- An accelerating rate of technological innovation
- Lower energy prices in real terms, thanks to innovation
- The triumph of capitalism, both democratic & authoritarian
- Globalisation, hastening development of emerging markets
- Middleclass growth in emerging markets
- Continued growth in the global population

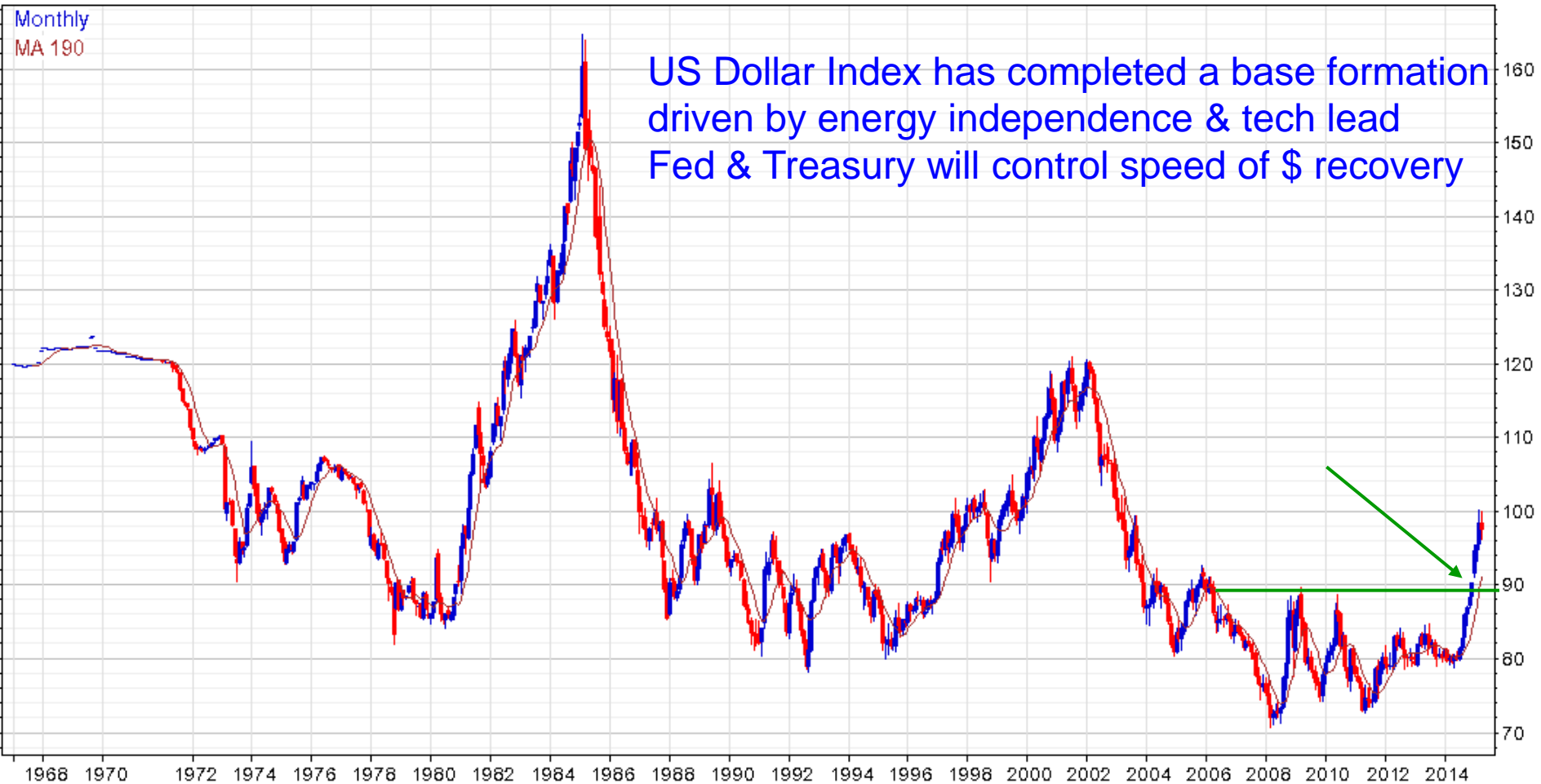


Dollar Index (DXY INDEX) 97.40 -1.02

2015-04-17

Monthly
MA 190

US Dollar Index has completed a base formation
driven by energy independence & tech lead
Fed & Treasury will control speed of \$ recovery





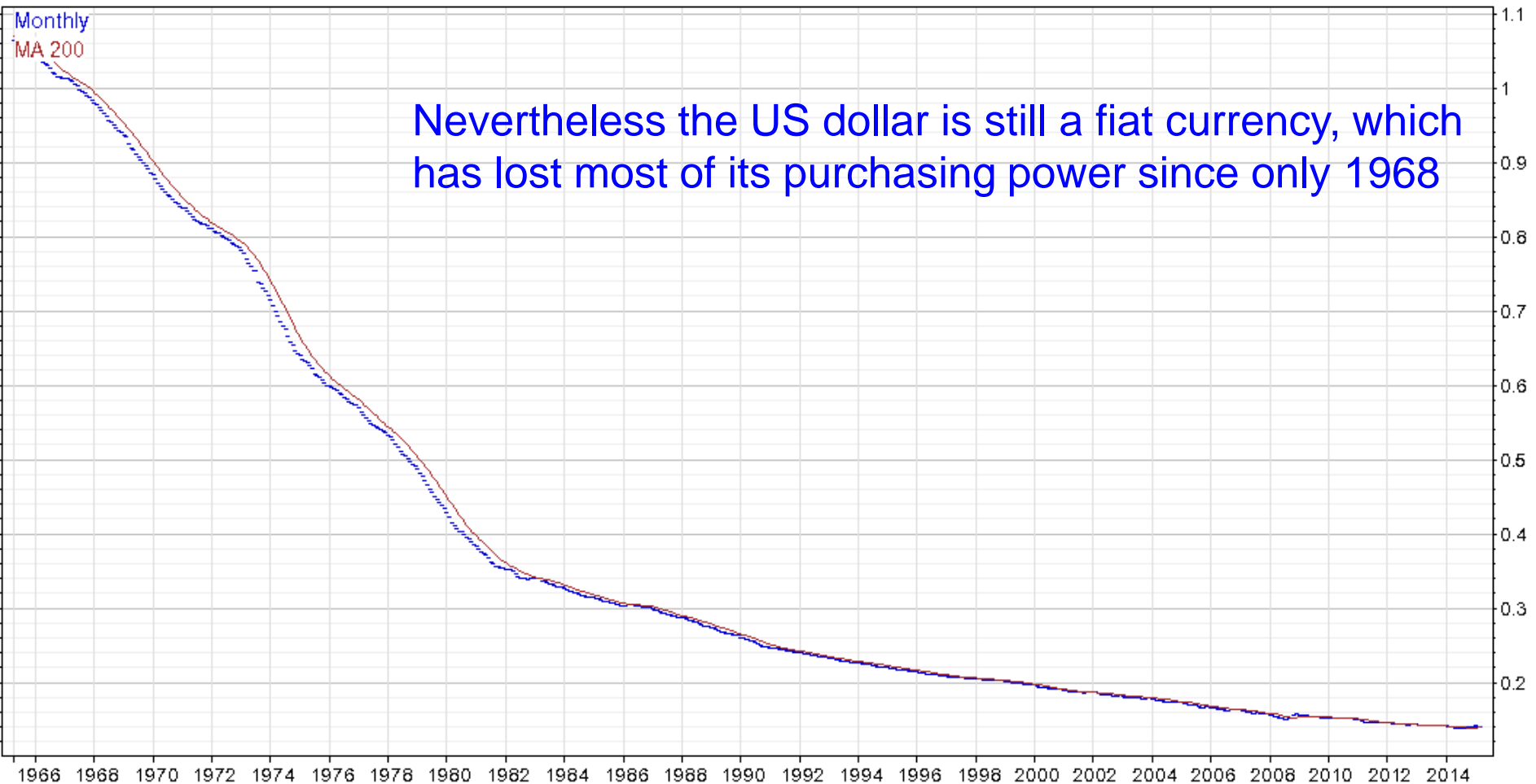
Dollar Index (DXY INDEX) 97.40 -2.0

2015-04-17





US Dollar Purchasing Power (PPCD1967 Index) 0.141 -0.0





London Spot Gold (GOLDS COMDTY) 1204.28 -3.3

2015-04-17

Weekly
EMA 200

Gold is hard money, albeit with a fluctuating price, just like anything else which can be bought or sold.

1. Traders mostly short
2. ETF long holds of gold still liquidating
3. Indians & Chinese buying
4. Testing range lows
5. Gold needs a weaker Dollar





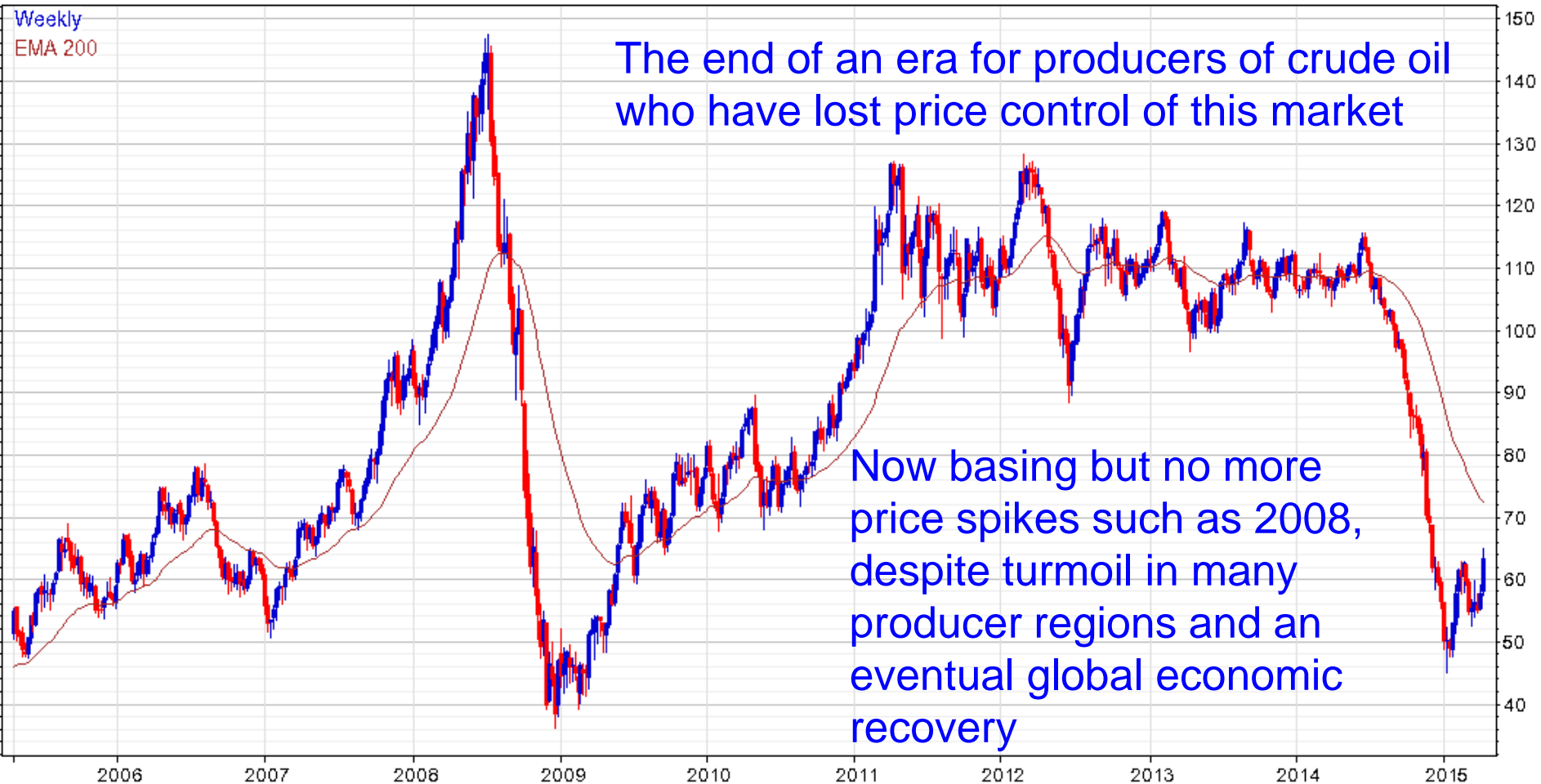
Brent Crude Oil (CO1 COMB COMDTY) 63.45 5.58

2015-04-17

Weekly
EMA 200

The end of an era for producers of crude oil
who have lost price control of this market

Now basing but no more
price spikes such as 2008,
despite turmoil in many
producer regions and an
eventual global economic
recovery





GRAB

.DOW/GOLD U Index

96 Actions

97 Edit

G 2 - VERY LONG TERM

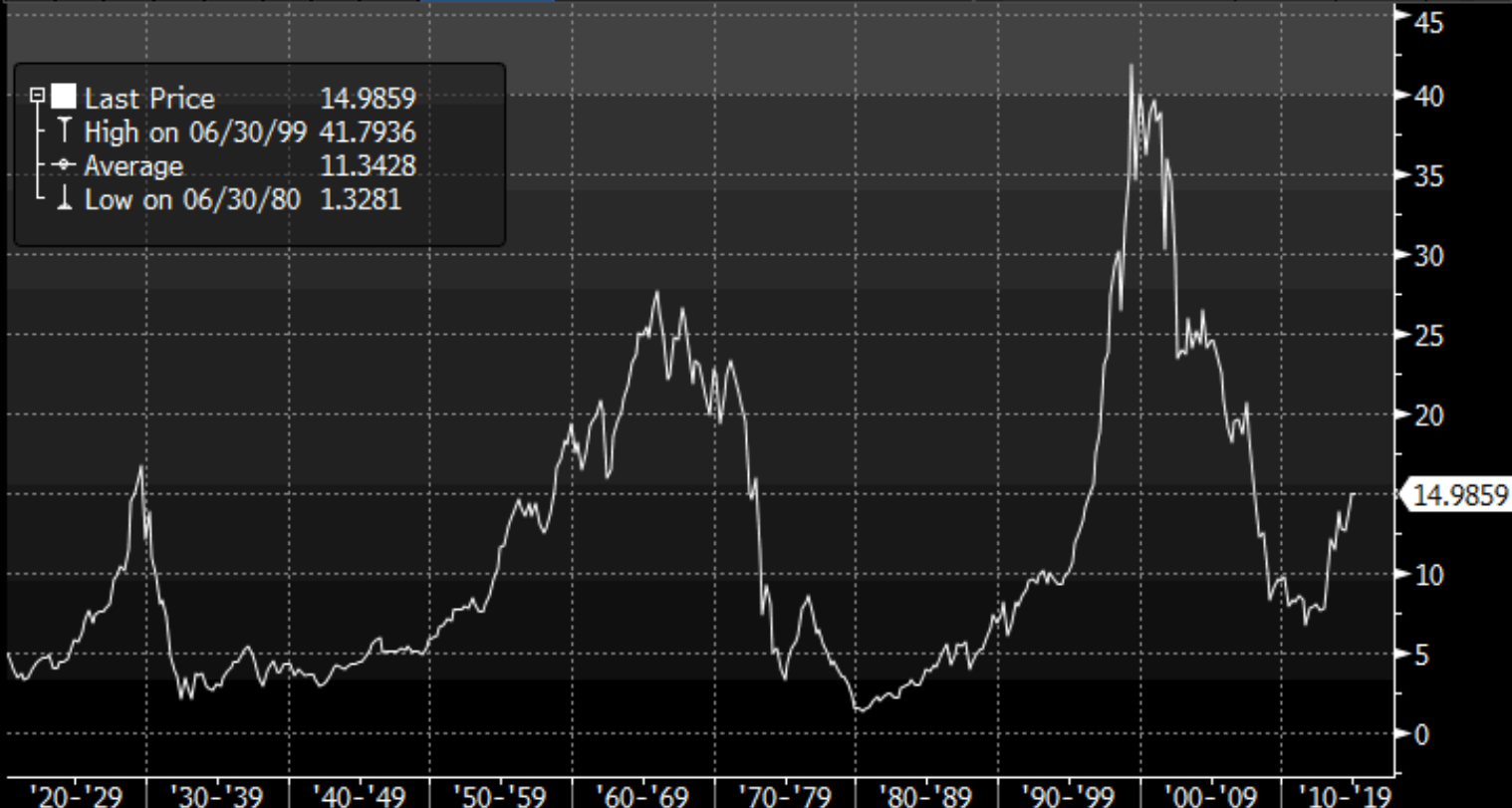
.DOW/GOLD U Index : DOW/GOLD

Quarterly 3/31/1920-2/23/2015

1D 3D 1M 6M YTD 1Y 5Y Max Quarterly

Security/Study

■ Last Price	14.9859
┆ High on 06/30/99	41.7936
⊕ Average	11.3428
┆ Low on 06/30/80	1.3281



Gold remains out of favour with Western Investors who are mainly in stocks & bonds



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**Is this what
a bear market
feels like?**

**We are not there yet;
in Wall Street terms
this cyclist is about to
resume climbing the
hill, exercising his pet
bear in the process**