



Fuller Treacy Money
Global Strategy Service
Empowerment Through Knowledge

Welcome to The Markets Now

January 18th 2016

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Caledonian Club – 9 Halkin Street
London SW1X 7DR, UK



Global Stock Markets

Seven year itch, plus concerns led by China and crude oil?

Cyclical to secular bear markets are lowering valuations

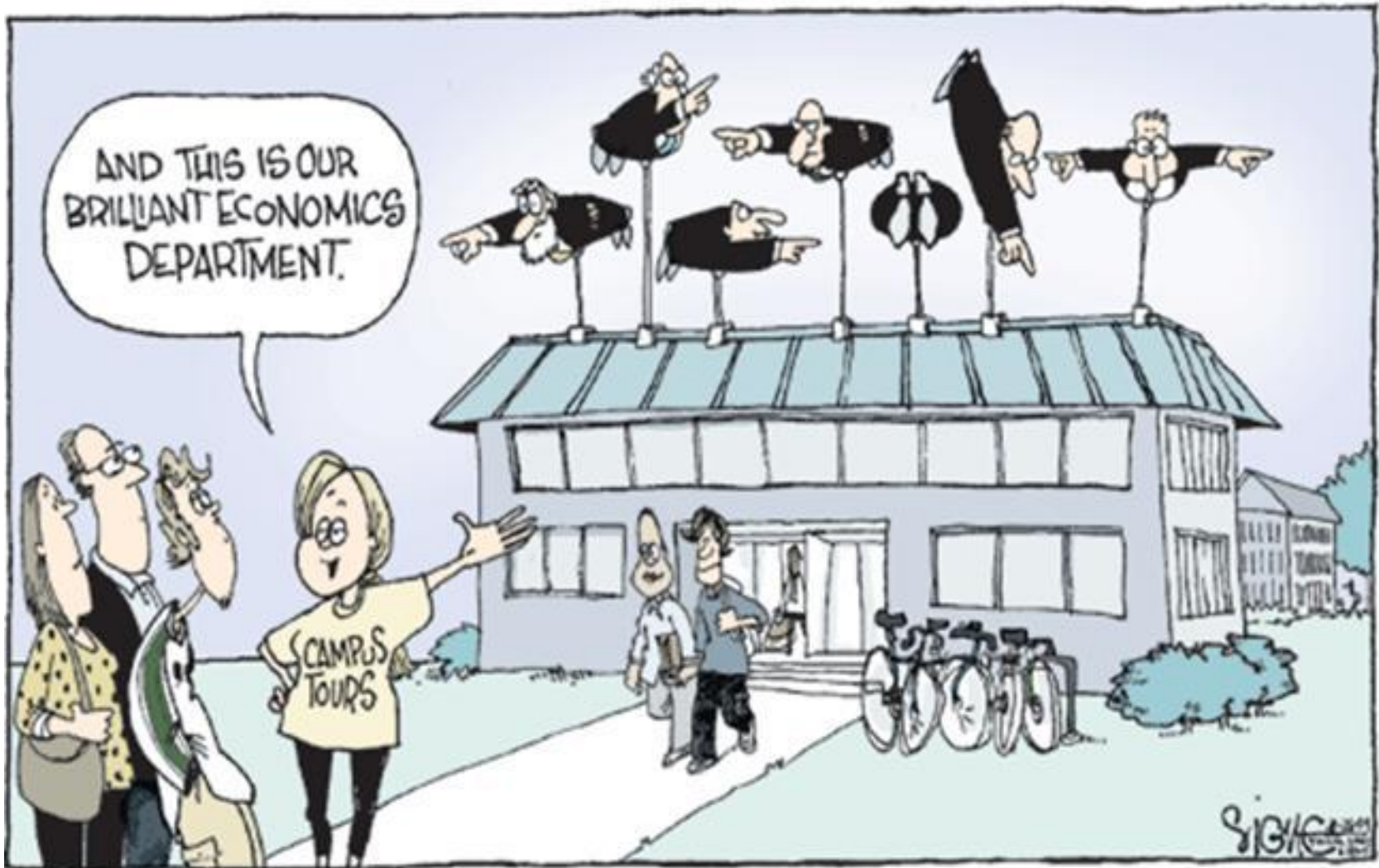
Short-term oversold conditions but top-heavy charts

Rallies to break patterns of lower highs needed to confirm demand is regaining upper hand

US bear markets which are not caused by an inverted yield curve tend to have little economic impact



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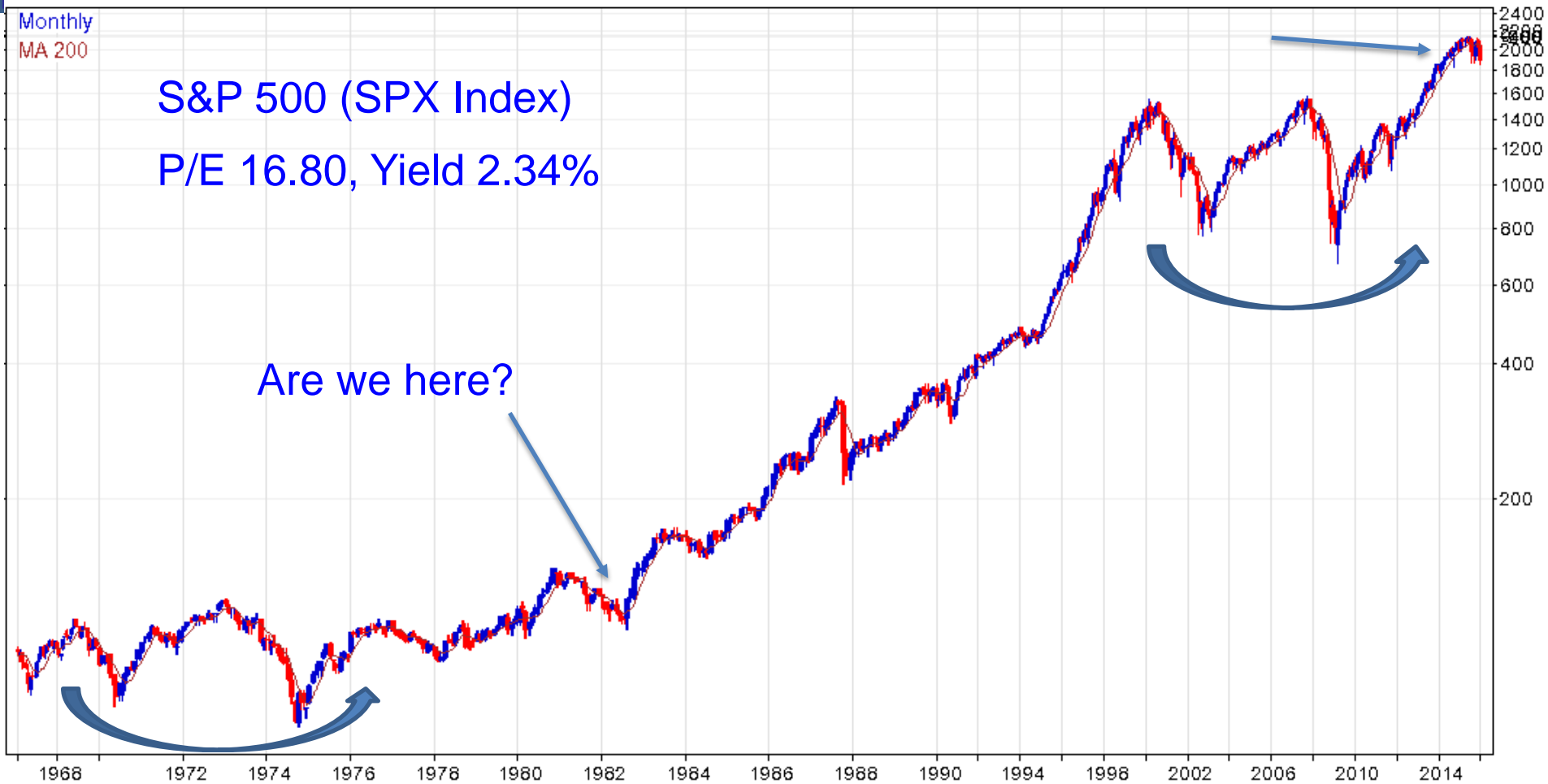
S&P 500 (SPX INDEX) 1880.33 -163.61

2016-01-15

Monthly
MA 200

S&P 500 (SPX Index)
P/E 16.80, Yield 2.34%

Are we here?





S&P 500 (SPX INDEX) 1880.33 -41.7

2016-01-15

Weekly
EMA 200

S&P 500 over 10 years
Lower high, broadening pattern





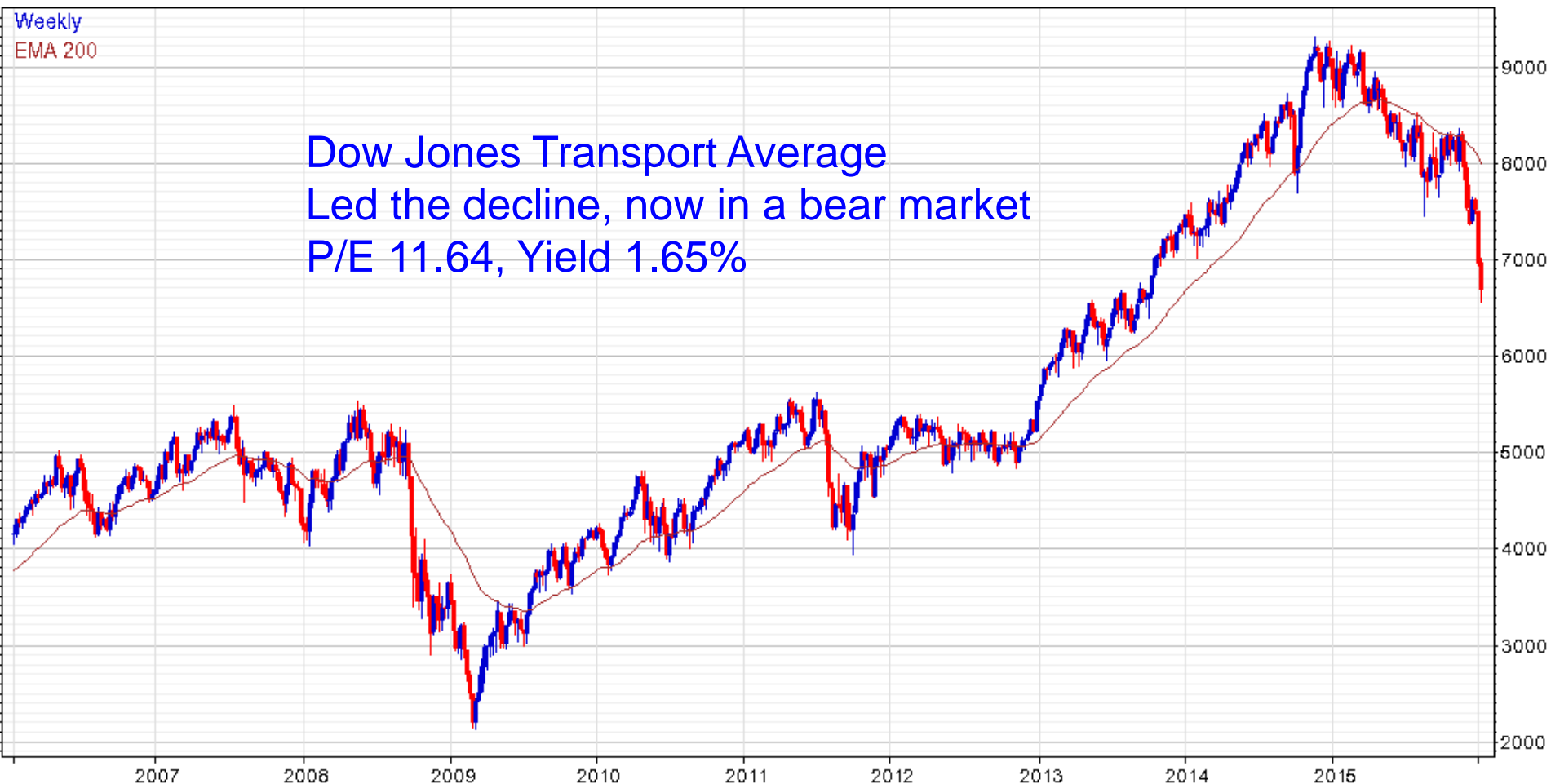
Dow Jones Transport Average (TRAN INDEX) 6689.06 -257.3

2016-01-15

Weekly

EMA 200

Dow Jones Transport Average
Led the decline, now in a bear market
P/E 11.64, Yield 1.65%





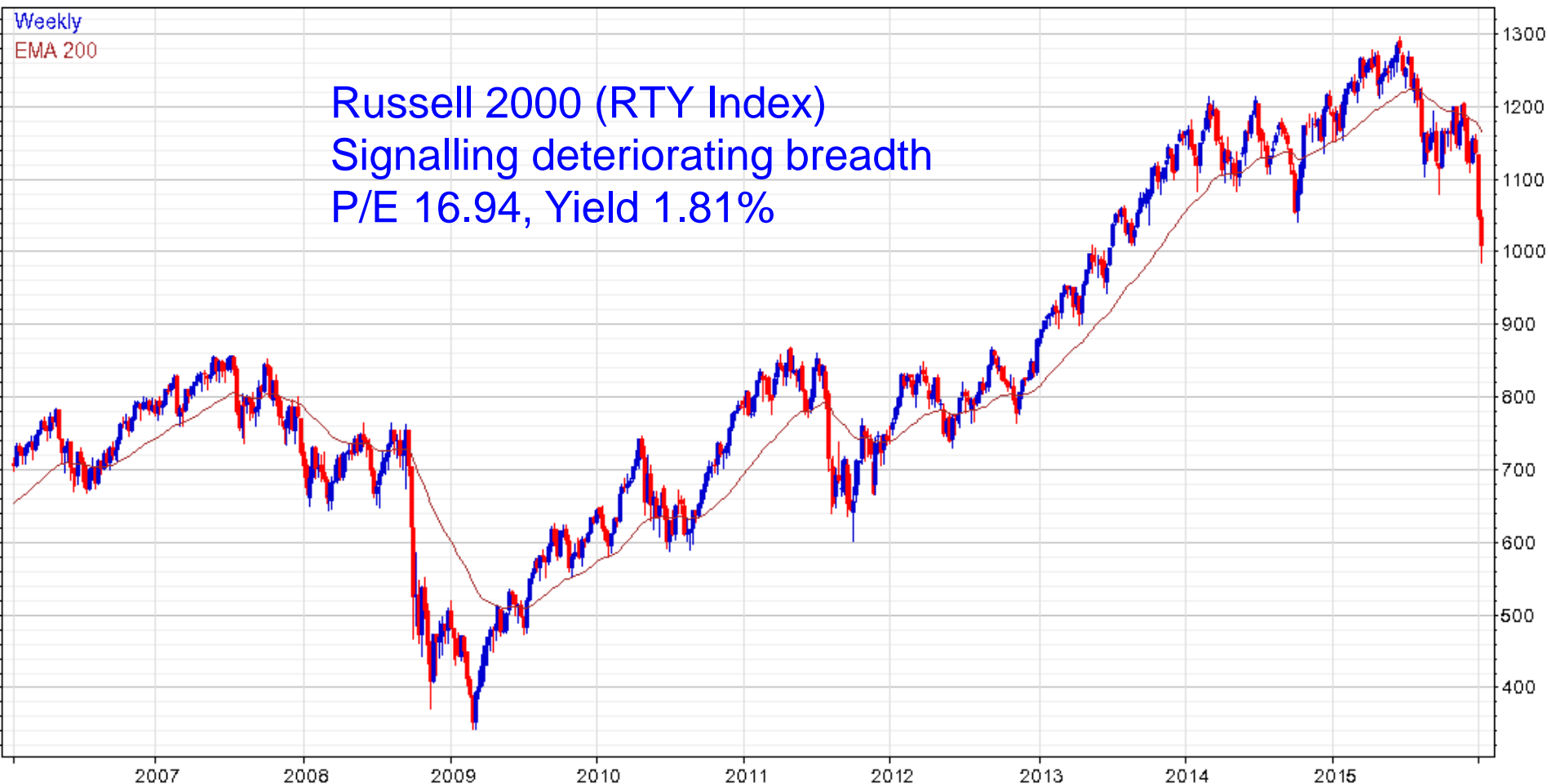
Russell 2000 (RTY INDEX) 1007.725 -38.48

2016-01-15

Weekly

EMA 200

Russell 2000 (RTY Index)
Signalling deteriorating breadth
P/E 16.94, Yield 1.81%





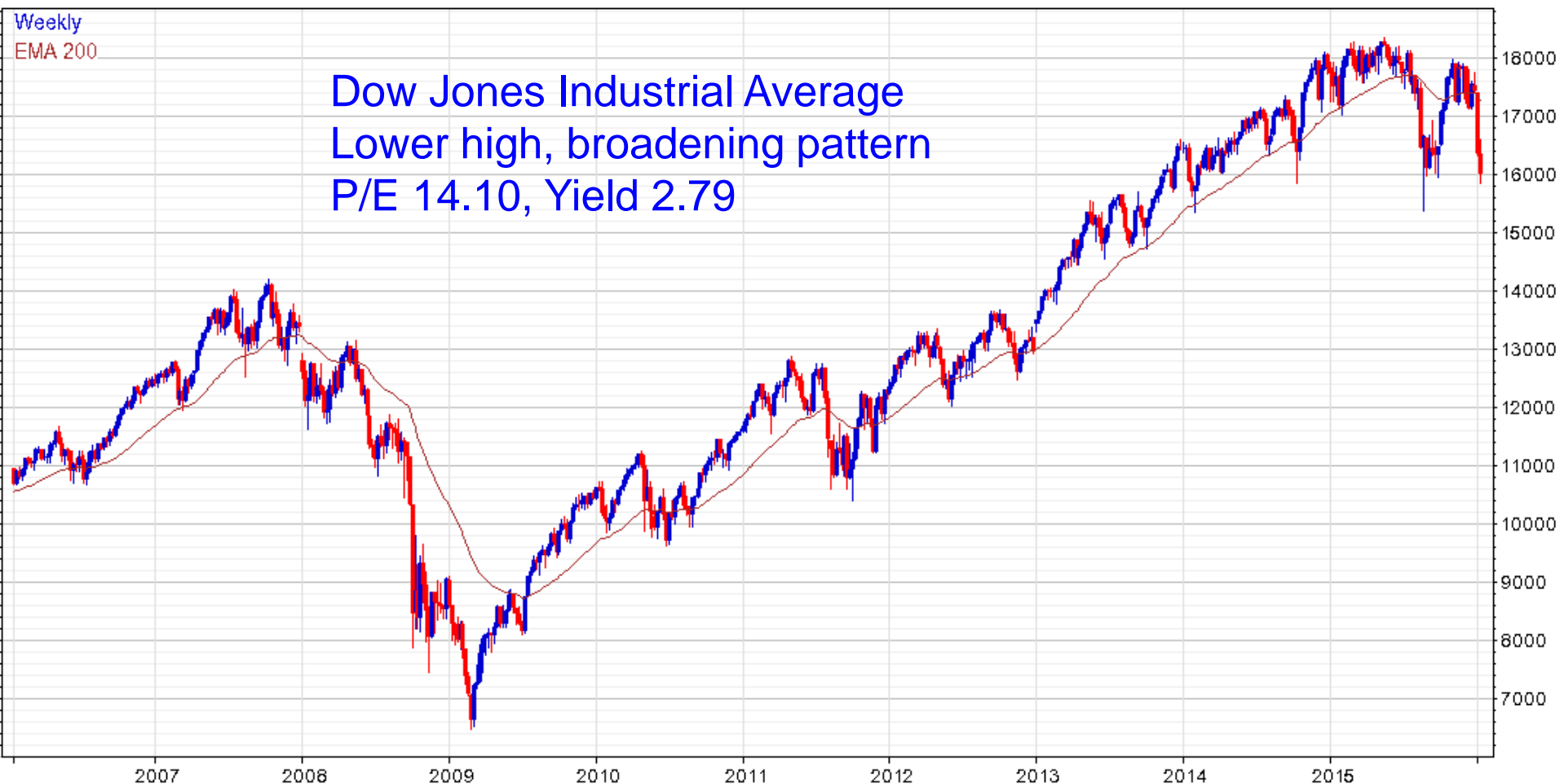
Dow Jones Industrials Average (INDU INDEX) 15988.08 -358.37

2016-01-15

Weekly

EMA 200

Dow Jones Industrial Average
Lower high, broadening pattern
P/E 14.10, Yield 2.79





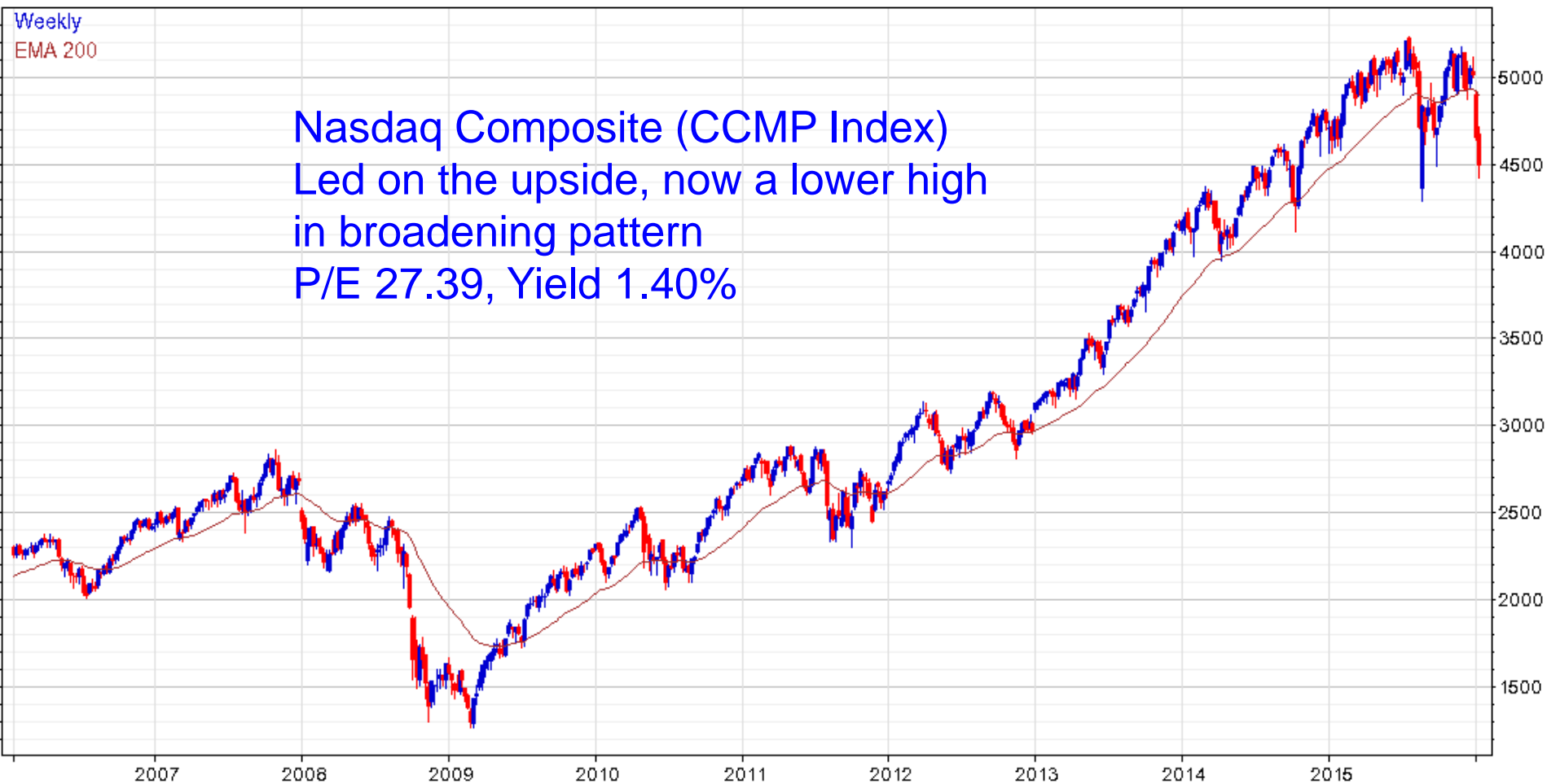
Nasdaq Composite (CCMP INDEX) 4488.417 -155.21

2016-01-15

Weekly

EMA 200

Nasdaq Composite (CCMP Index)
Led on the upside, now a lower high
in broadening pattern
P/E 27.39, Yield 1.40%



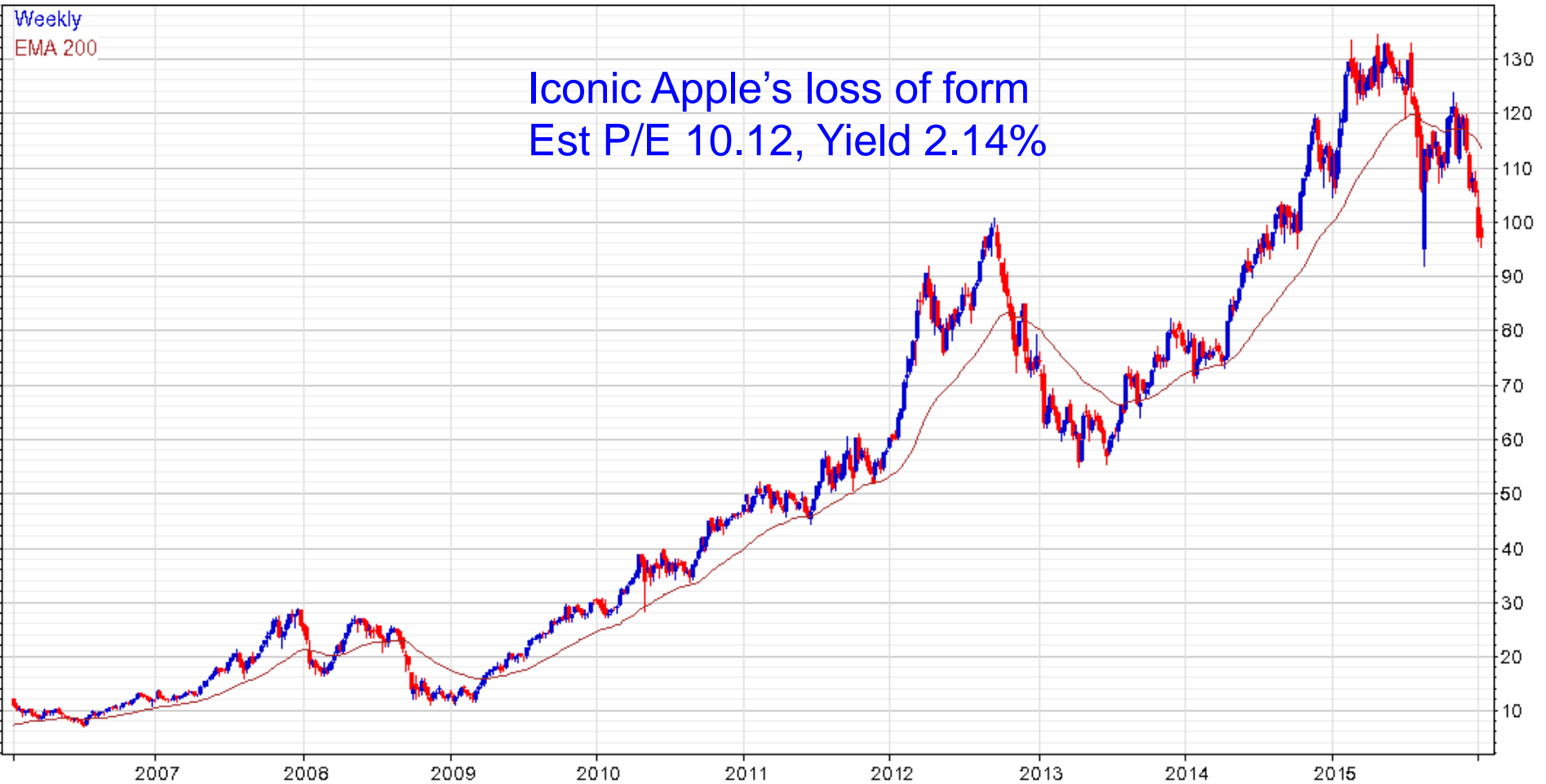


Apple (AAPL US EQUITY) 97.13 0.17

2016-01-15

Weekly
EMA 200

Iconic Apple's loss of form
Est P/E 10.12, Yield 2.14%



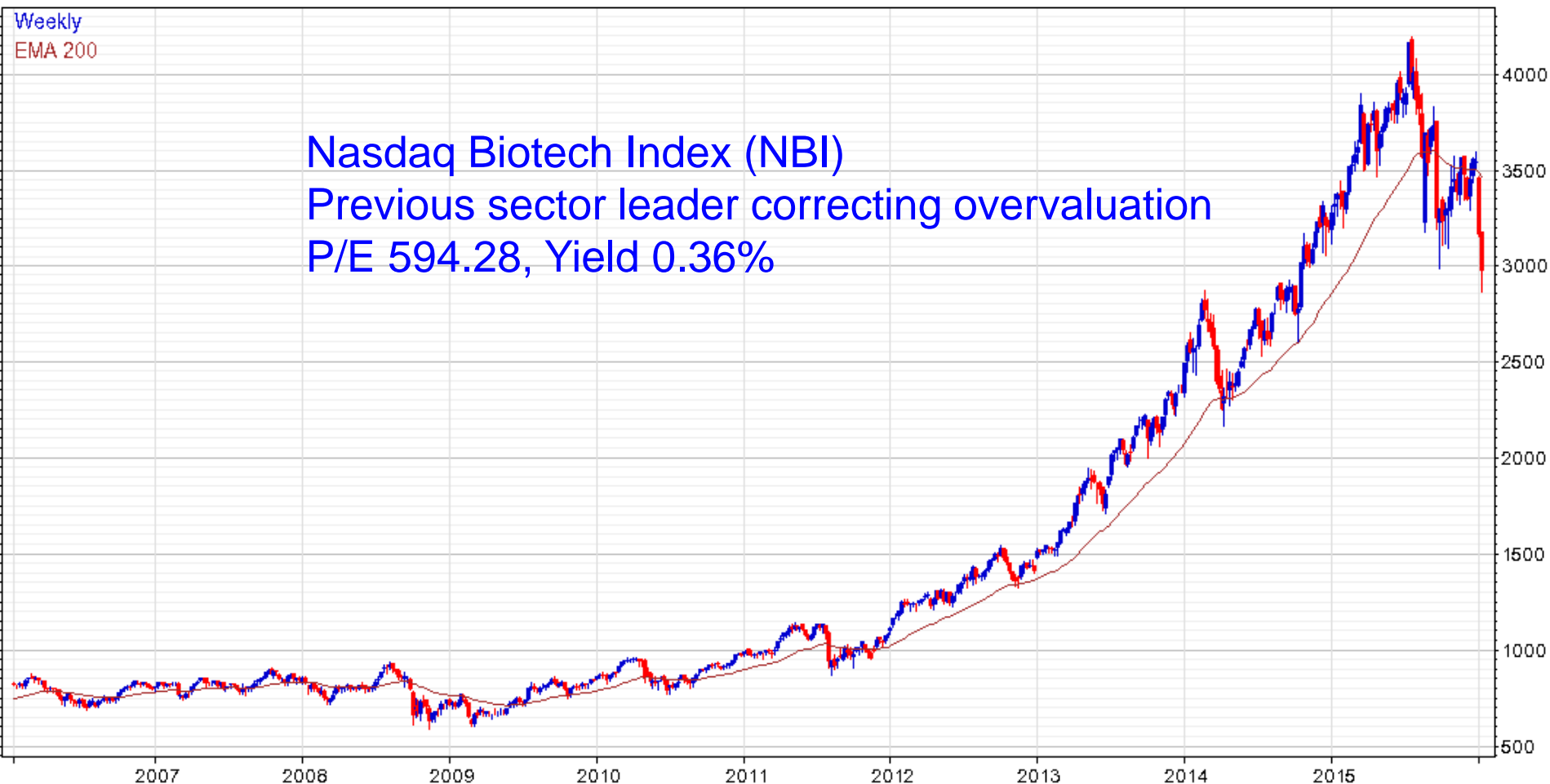


NASDAQ Biotech Index (NBI INDEX) 2972.568 -187.65

2016-01-15

Weekly
EMA 200

Nasdaq Biotech Index (NBI)
Previous sector leader correcting overvaluation
P/E 594.28, Yield 0.36%





MATT



*'They're here. Don't call my
mother The Special One'*



China Shanghai Composite Index (SHCOMP INDEX) 2900.97 -285.44

2016-01-15





Hong Kong China Enterprises (H-Shares) (HSCEI INDEX) 8236.28 -609.61

2016-01-15

Weekly

EMA 200

Hong Kong China Enterprises (H-Shares) (HSCEI Index)

P/E 6.10, Yield 4.79%





India Mumbai (SENSEX INDEX) 24455.04 -479.29

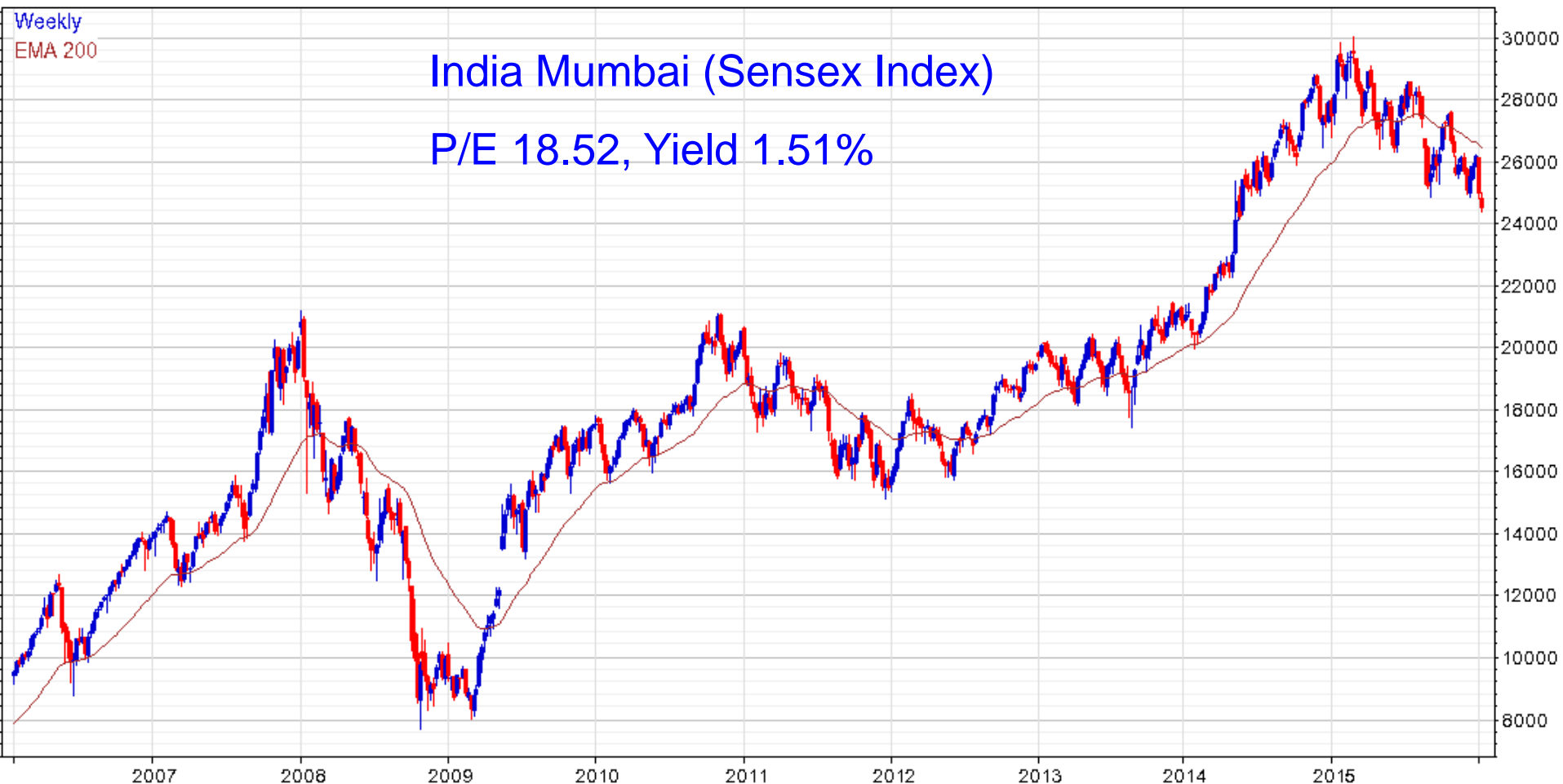
2016-01-15

Weekly

EMA 200

India Mumbai (Sensex Index)

P/E 18.52, Yield 1.51%





Indonesia (JCI INDEX) 4523.976 -22.31

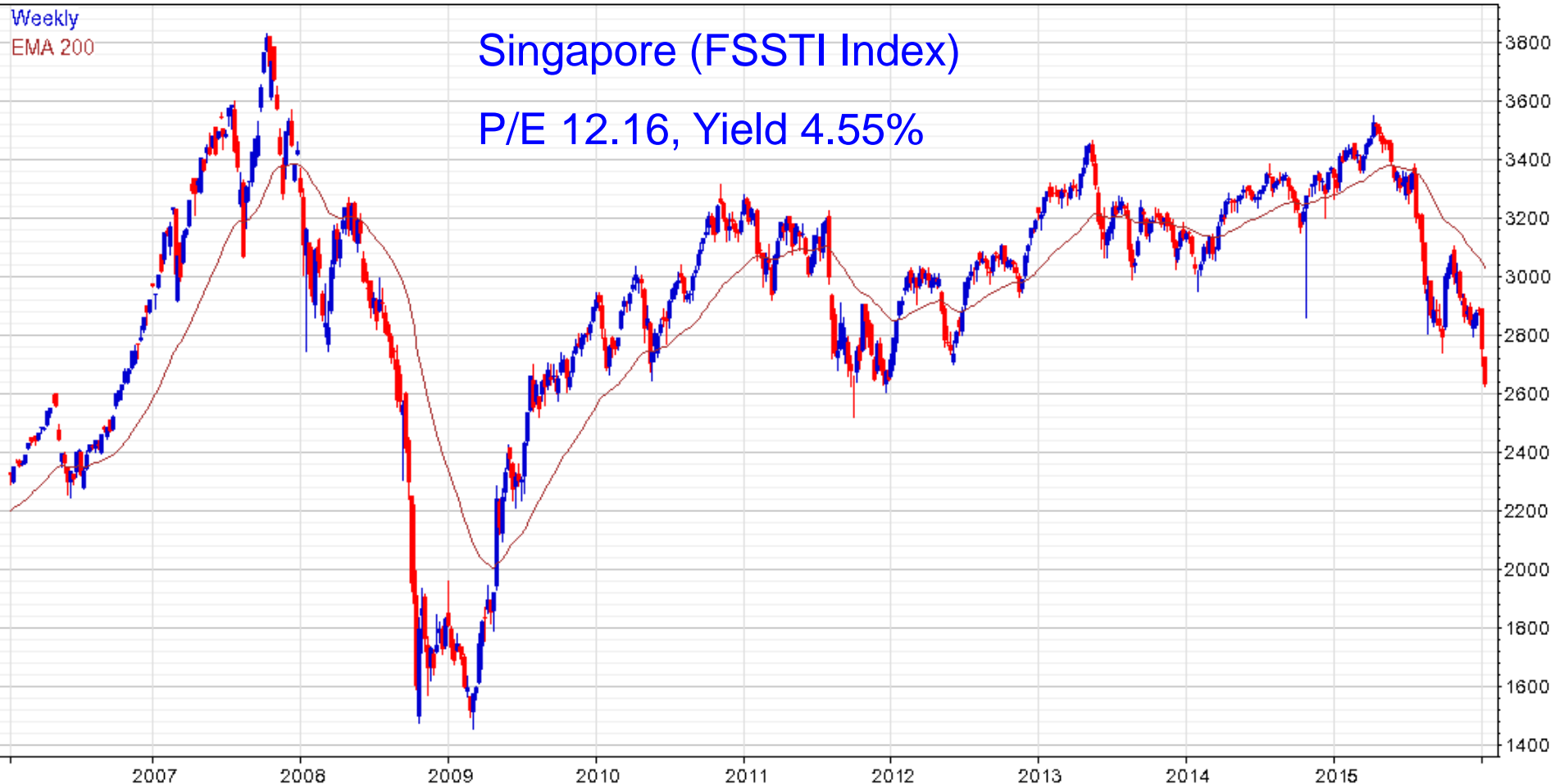
2016-01-15





Singapore (FSSTI INDEX) 2630.76 -120.47

2016-01-15



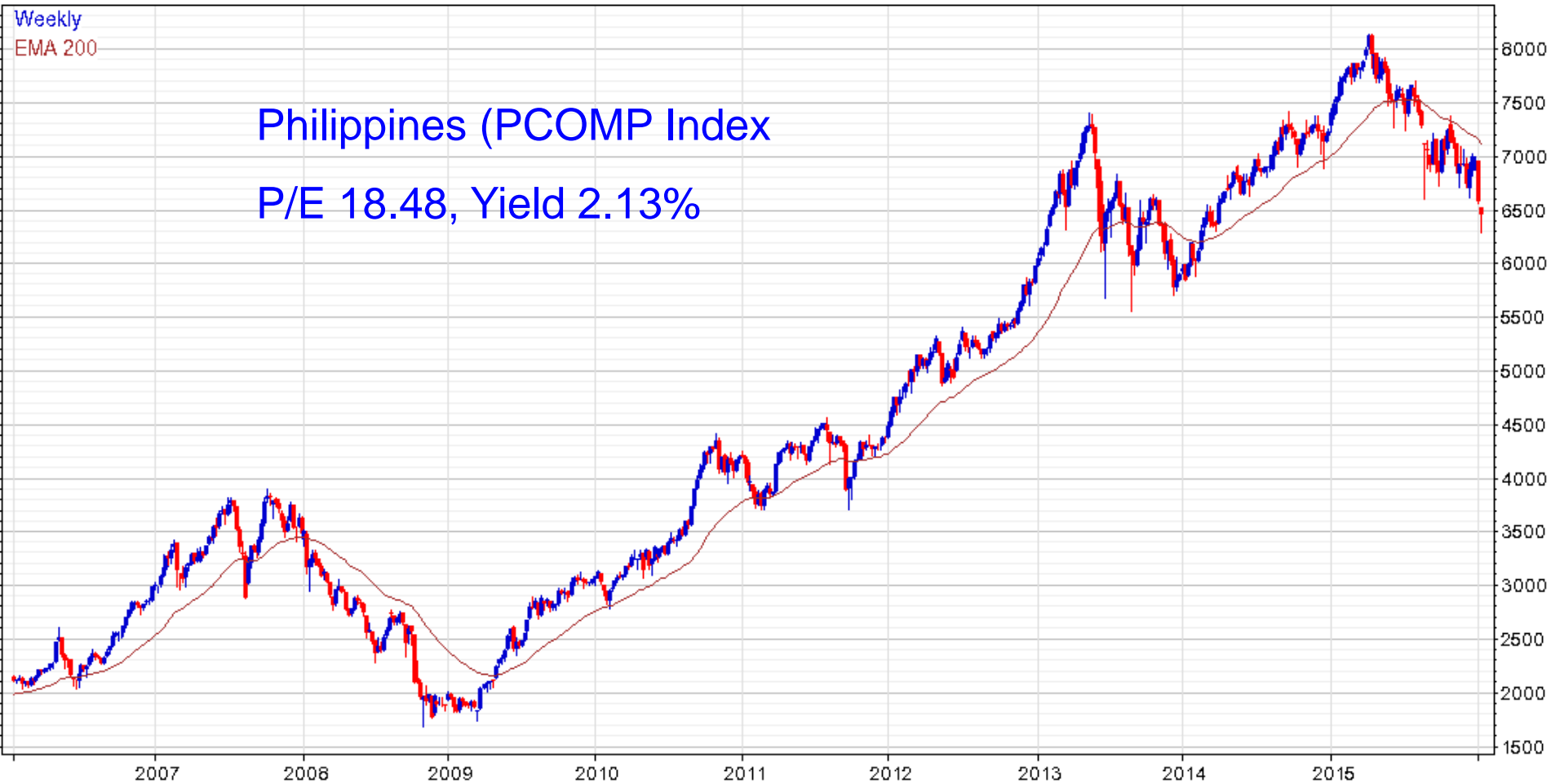


Philippines (PCOMP INDEX) 6449.50 -125.93

2016-01-15

Weekly
EMA 200

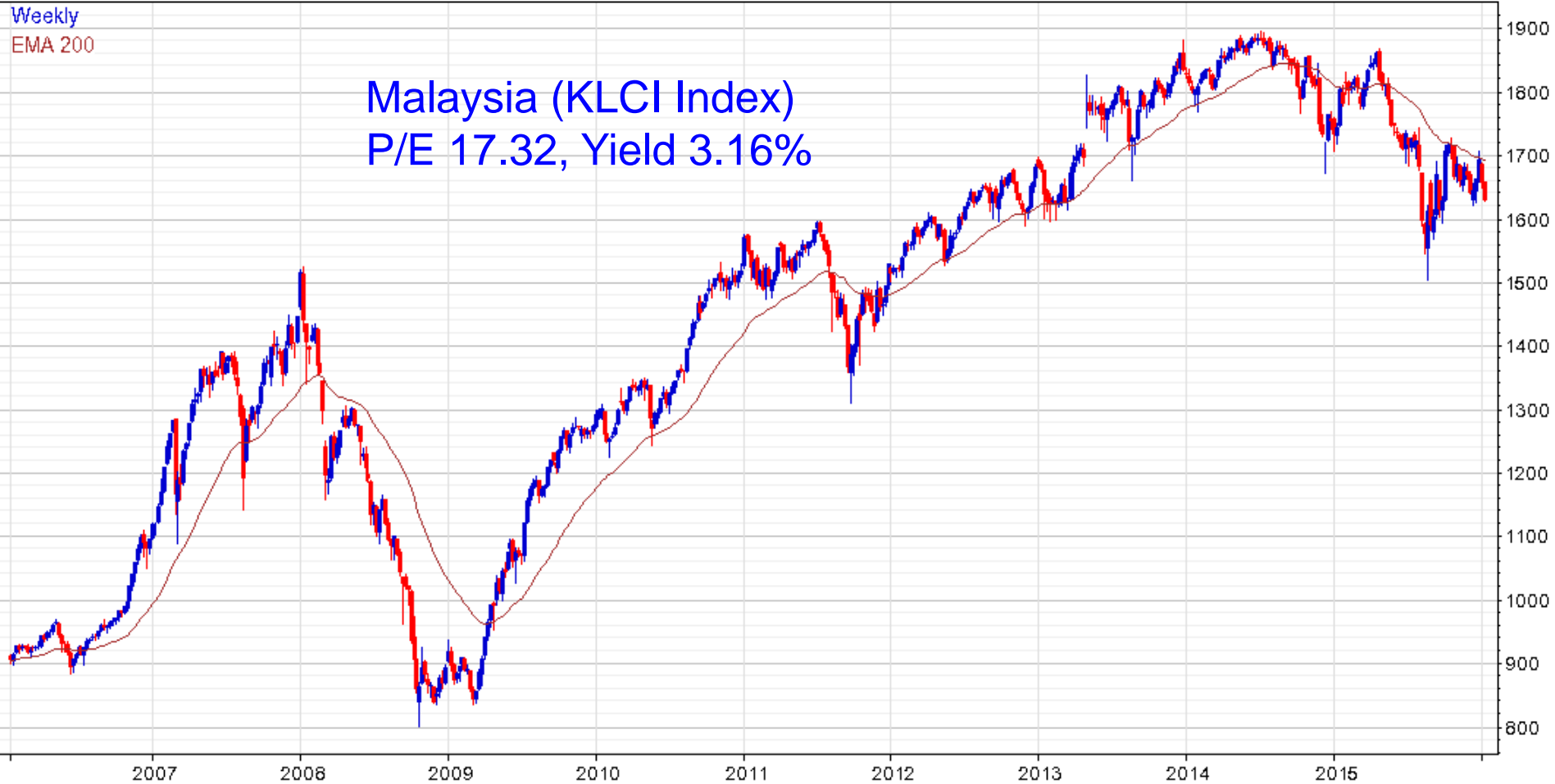
Philippines (PCOMP Index)
P/E 18.48, Yield 2.13%





Malaysia (KLCI INDEX) 1628.55 -29.06

2016-01-15





Taiwan (TWSE Index) 7762.01 -131.96

2016-01-15

Weekly
EMA 200

Taiwan (TWSE Index)
P/E 12.11, Yield 4.35%





Japan Nikkei 225 Index (NKY INDEX) 17147.11 -550.85

2016-01-15





S&P/ASX 200 Index (AS51 INDEX) 4892.801 -98.04

2016-01-15

Weekly
EMA 200

Australia S&P/ASX 200 Index
China's GDP slowdown and weak
resources prices are eroding support
P/E 17.64, Yield 5.33%





Europe

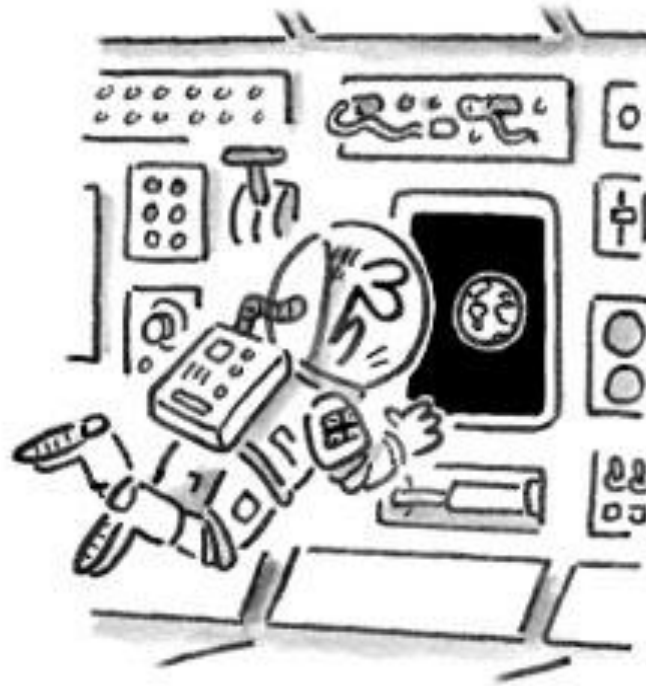
With the European Union's darkening clouds increasingly hanging overhead

Can the migrant crisis fracture the European Union?

Are we for or against Grexit?



MATT

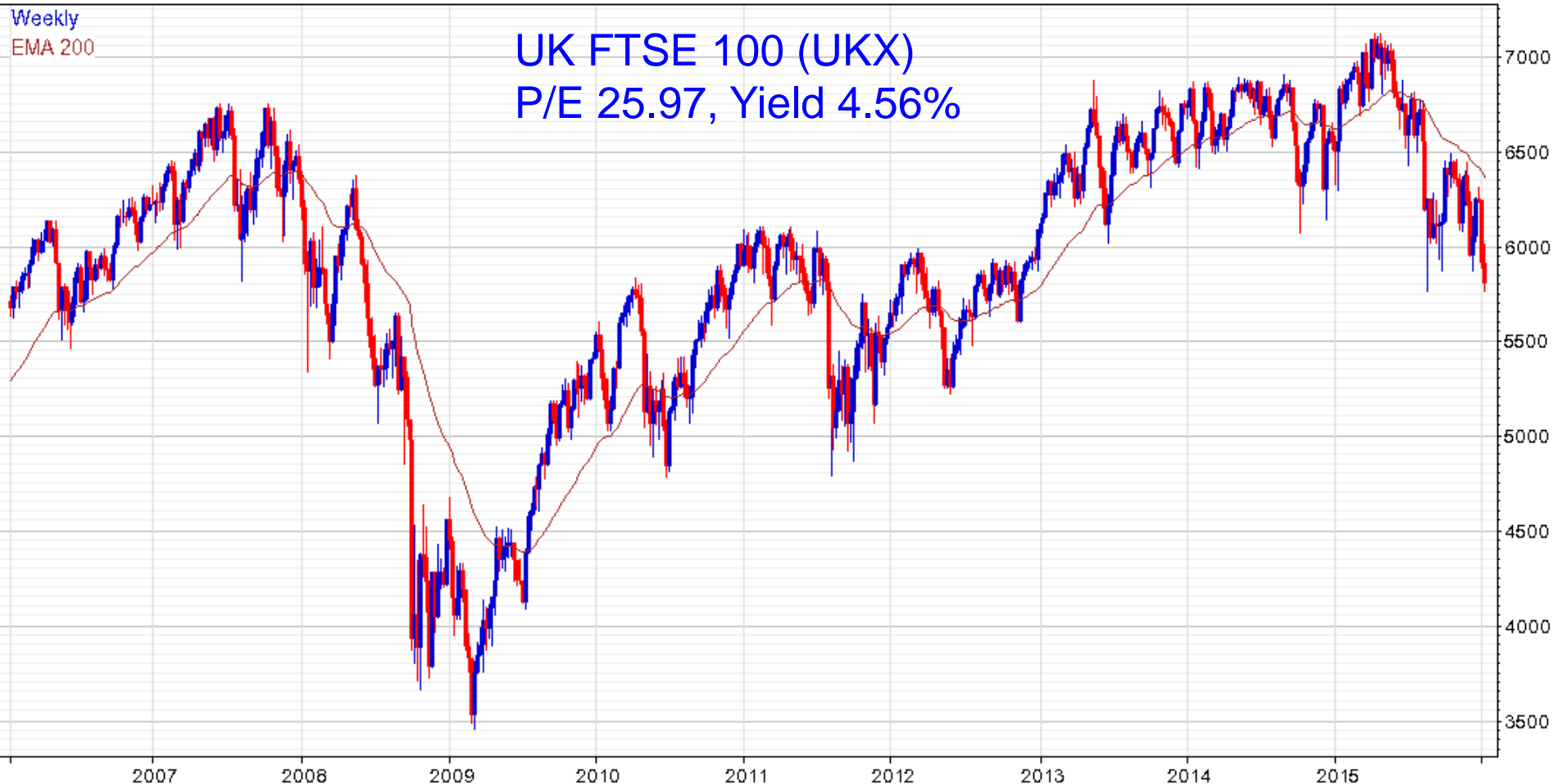


*'From up here the EU concessions
to the UK look absolutely tiny'*



FTSE100 (UKX INDEX) 5804.10 -108.34

2016-01-15





MATT

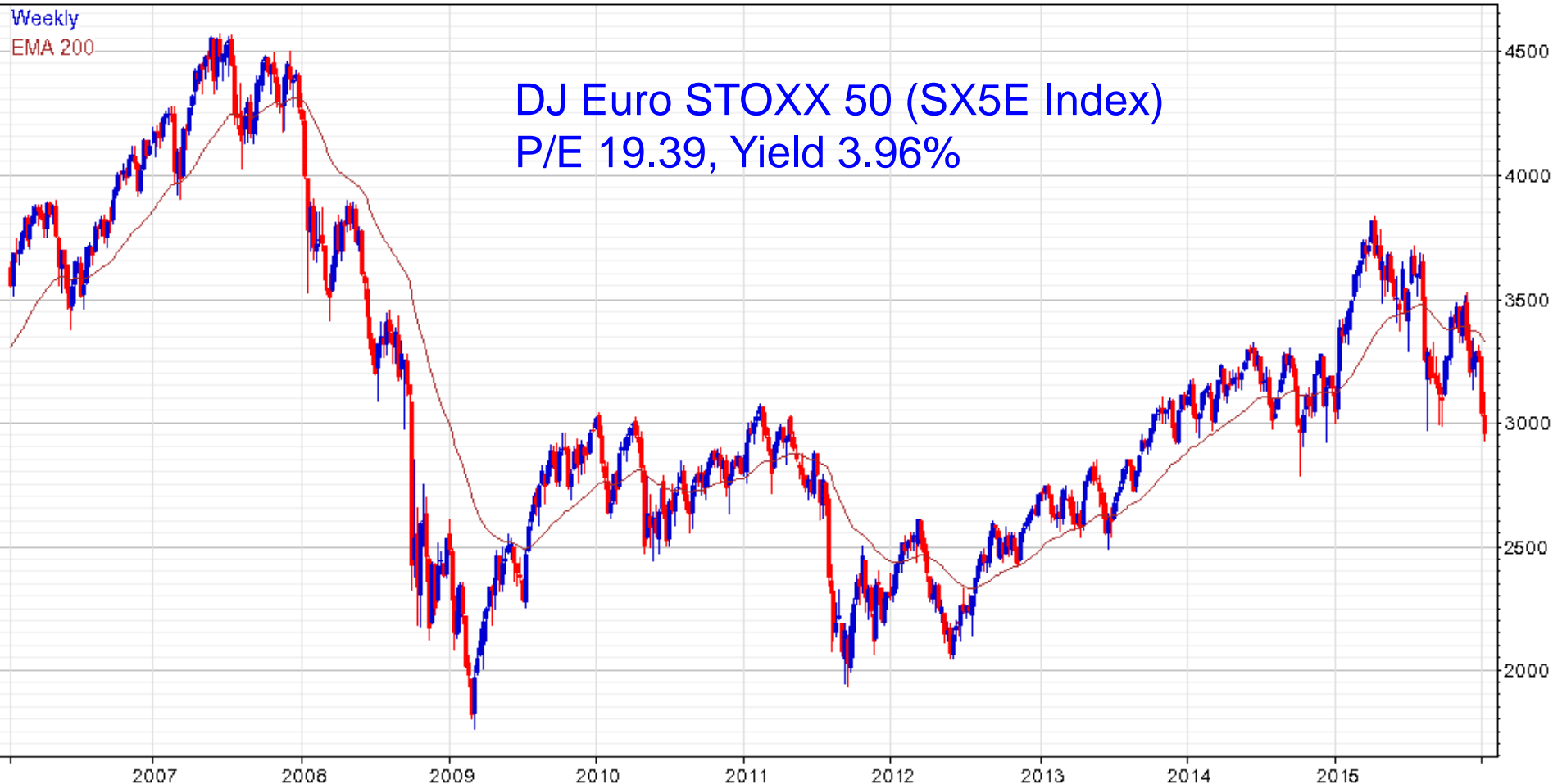


*'You're gay? Thank goodness!
When you said you wanted to come out,
I thought you were talking about the EU'*



DJ Euro STOXX 50 (SX5E INDEX) 2952.48 -80.99

2016-01-15



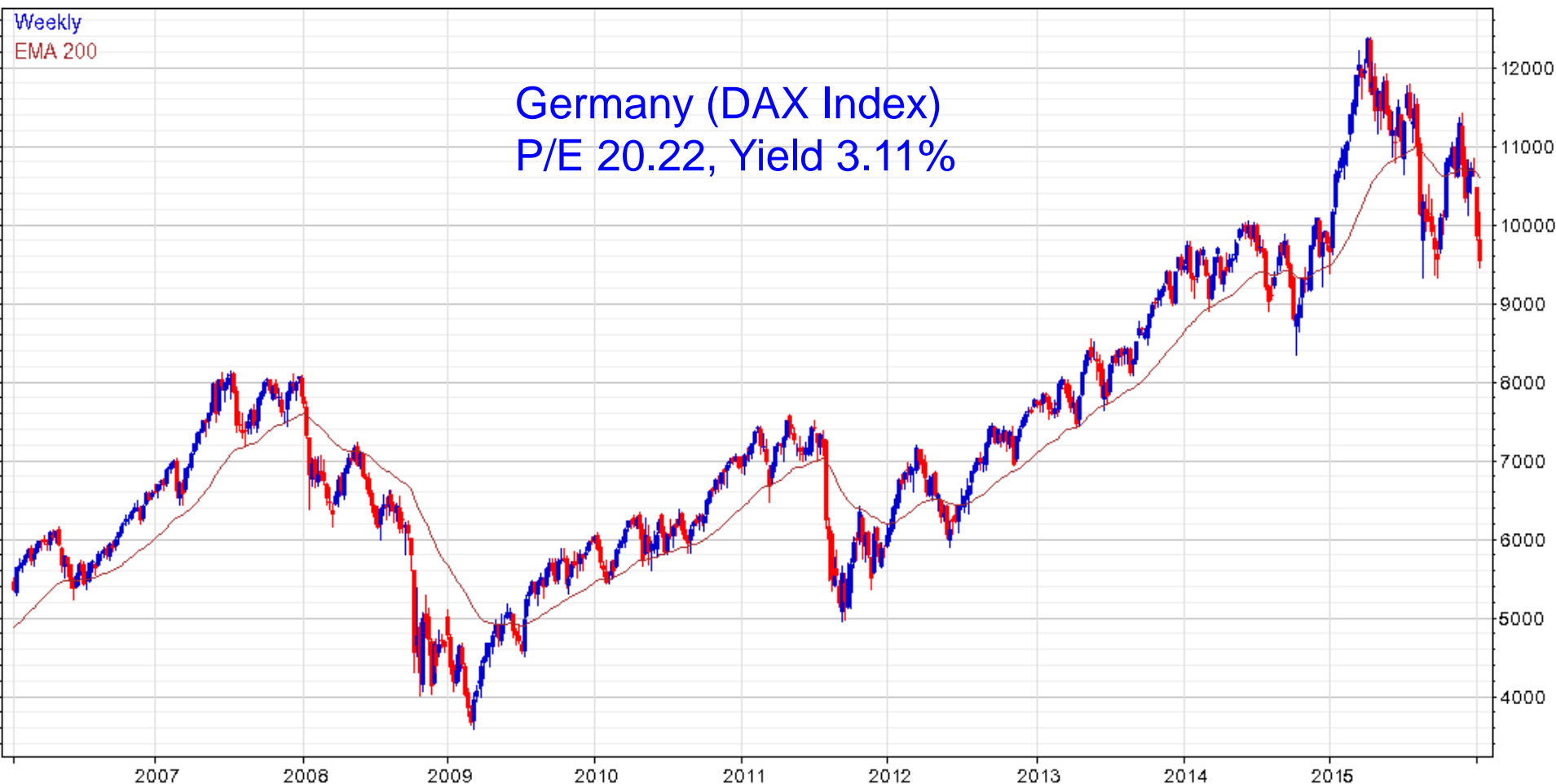


Germany (DAX INDEX) 9545.27 -304.07

2016-01-15

Weekly
EMA 200

Germany (DAX Index)
P/E 20.22, Yield 3.11%





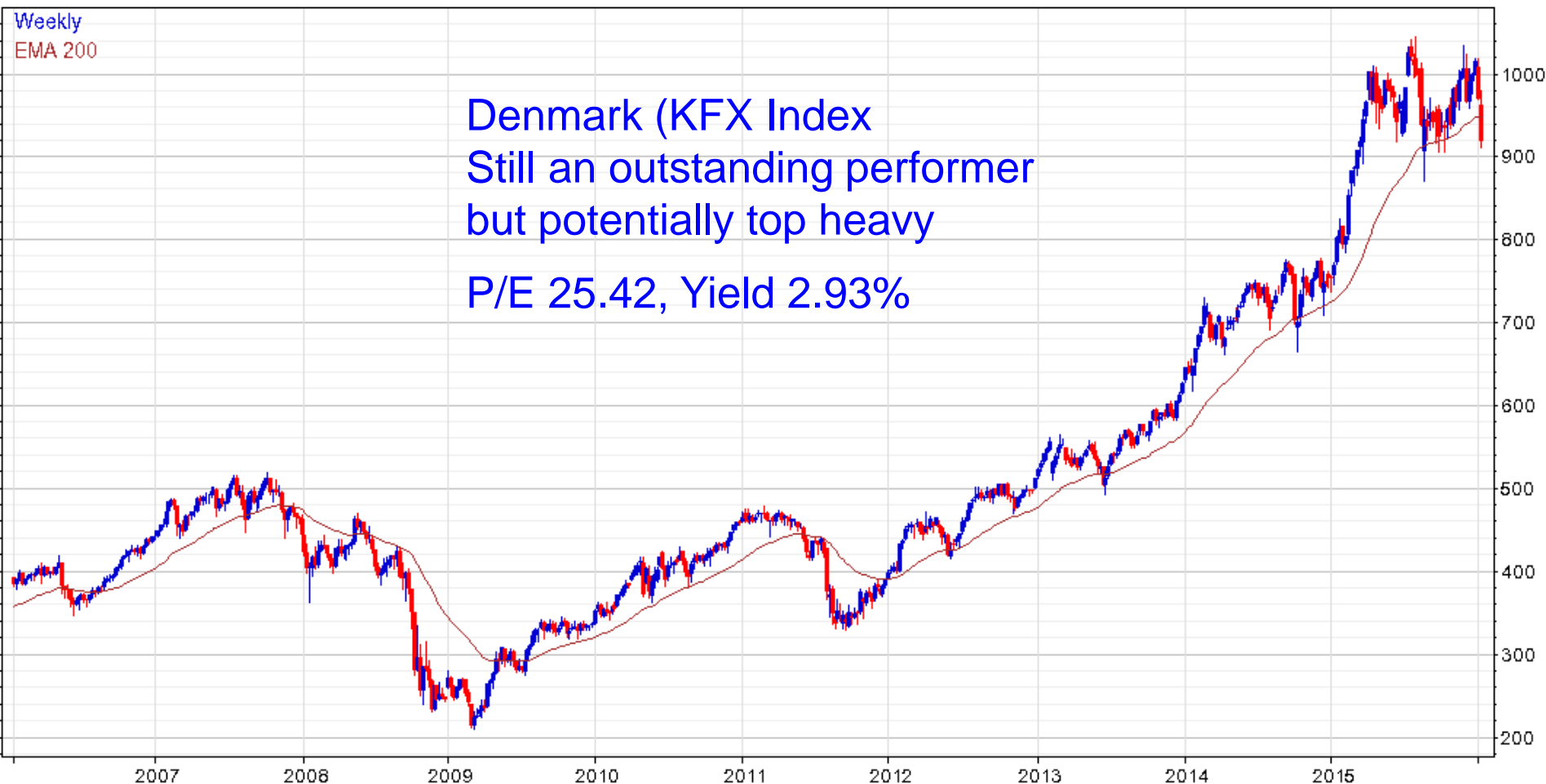
Denmark (KFX INDEX) 919.0839 -50.67

2016-01-15

Weekly

EMA 200

Denmark (KFX Index
Still an outstanding performer
but potentially top heavy
P/E 25.42, Yield 2.93%





The Markets Now

“Buy on the cannons, sell on the trumpets”

Attributed to Nathan Mayer Rothschild (1777-1836) in 1810

“Buy when there’s blood in the streets, even if the blood is your own”

Attributed to Baron Rothschild, cited in *Passport to Profits*, by Mark Mobius

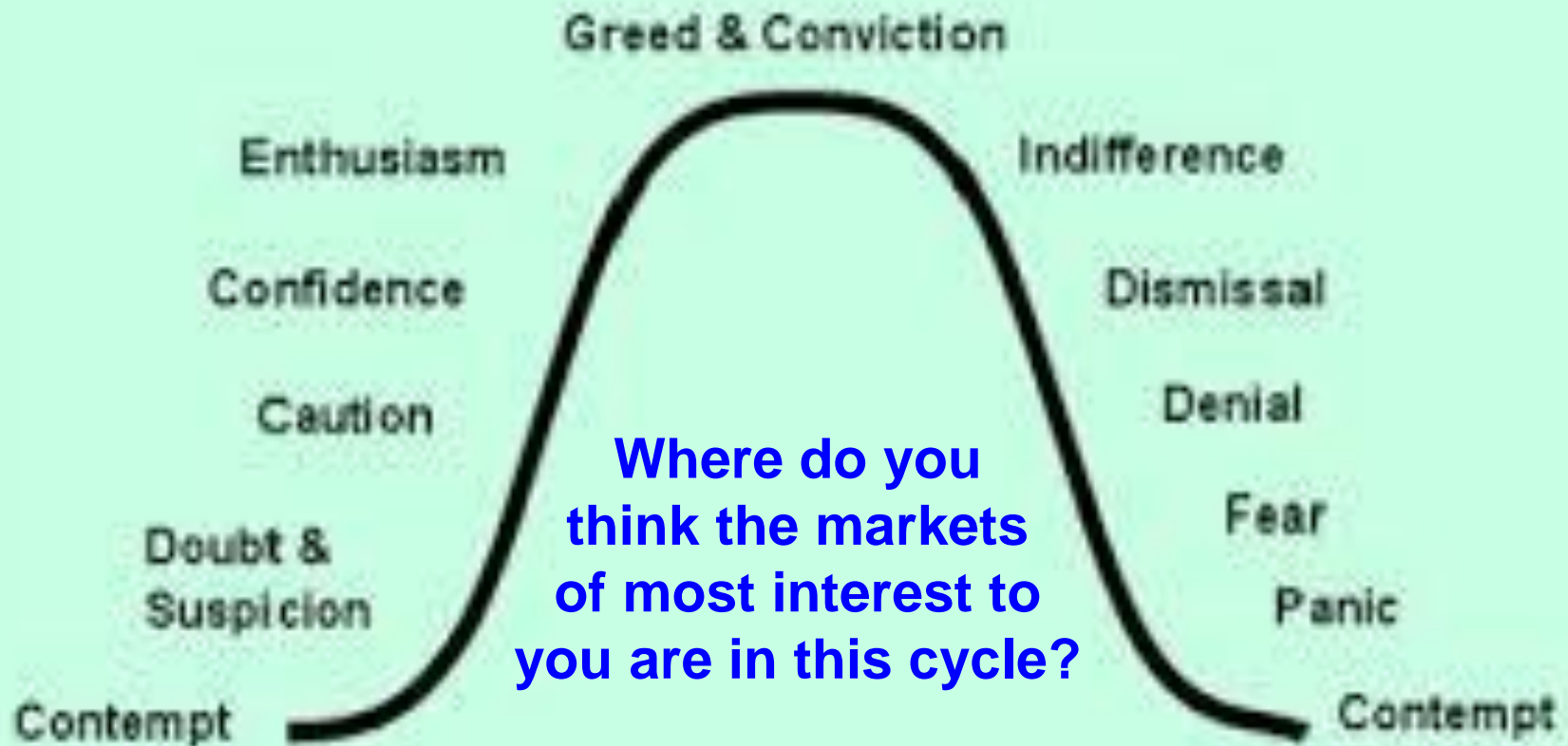
“Be fearful when others are greedy, and be greedy when others are fearful”

Warren Buffett

This slide was appropriate at 28th September, 2015’s Markets Now and again tonight, although we may wish to be a little more cautious this time because of top heavy charts and no evidence just yet that demand is returning



The Investor Psychology Cycle





Primarily Resources Producers

Hit mainly by slump in resources prices due to overproduction,
plus slower global growth and some substitution

Middle East/North Africa wars are a serious crisis

Should eventually benefit from lower costs of production due to
technology, plus supply cutbacks and higher demand over
the next several years

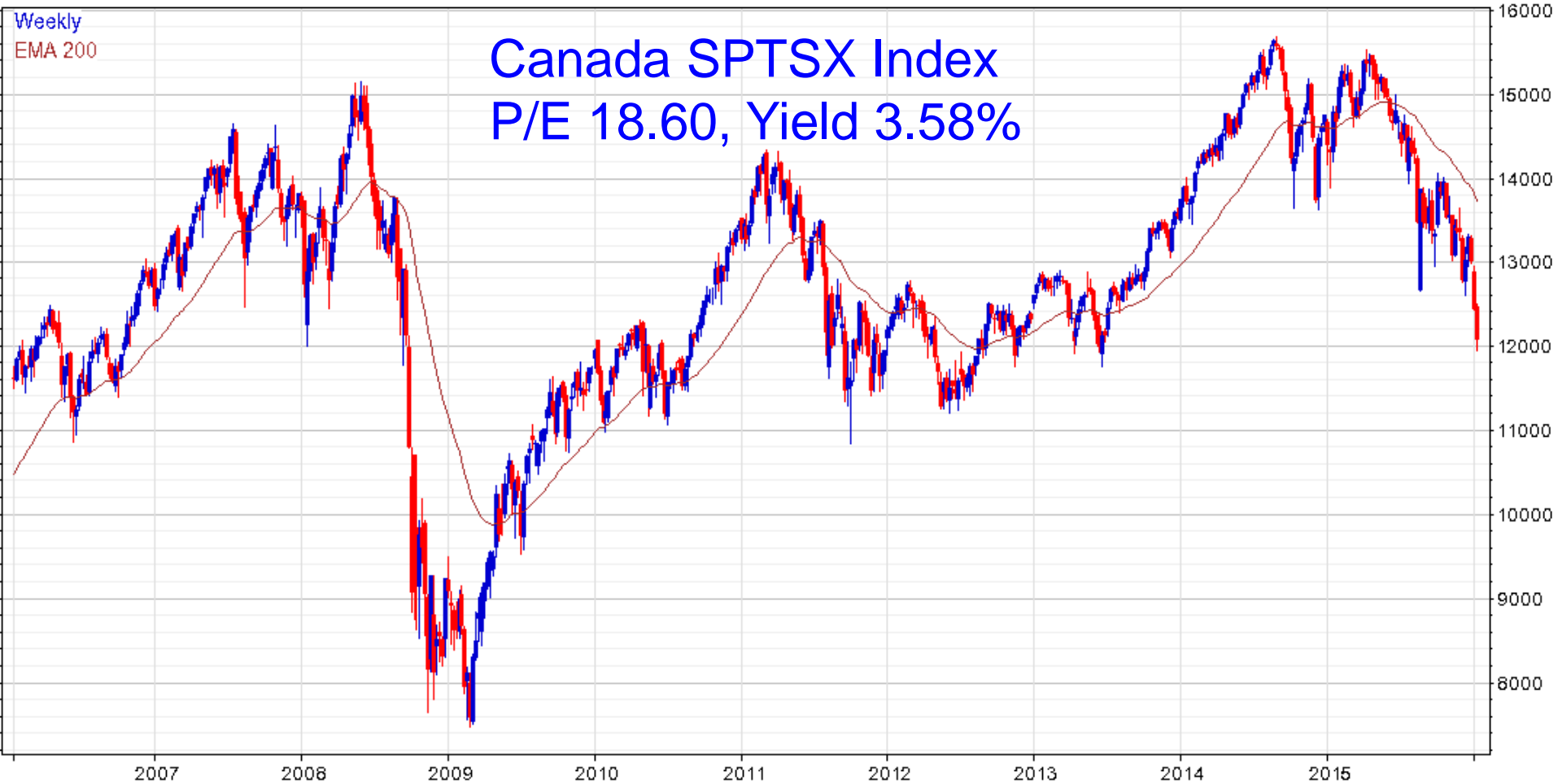


Canada (SPTSX INDEX) 12073.46 -371.99

2016-01-15

Weekly
EMA 200

Canada SPTSX Index
P/E 18.60, Yield 3.58%





Brazil iBovespa index (IBOV Index) 38569.13 -2043.08

2016-01-15





Russia RTS \$ Index (RTSI\$ INDEX) 652.98 -83.84

2016-01-15

Weekly
EMA 200

Russia (RTSI\$ Index)
P/E 7.07 & Yield 5.19%

Perpetual governance problems
but would benefit from a partial
recovery in oil prices

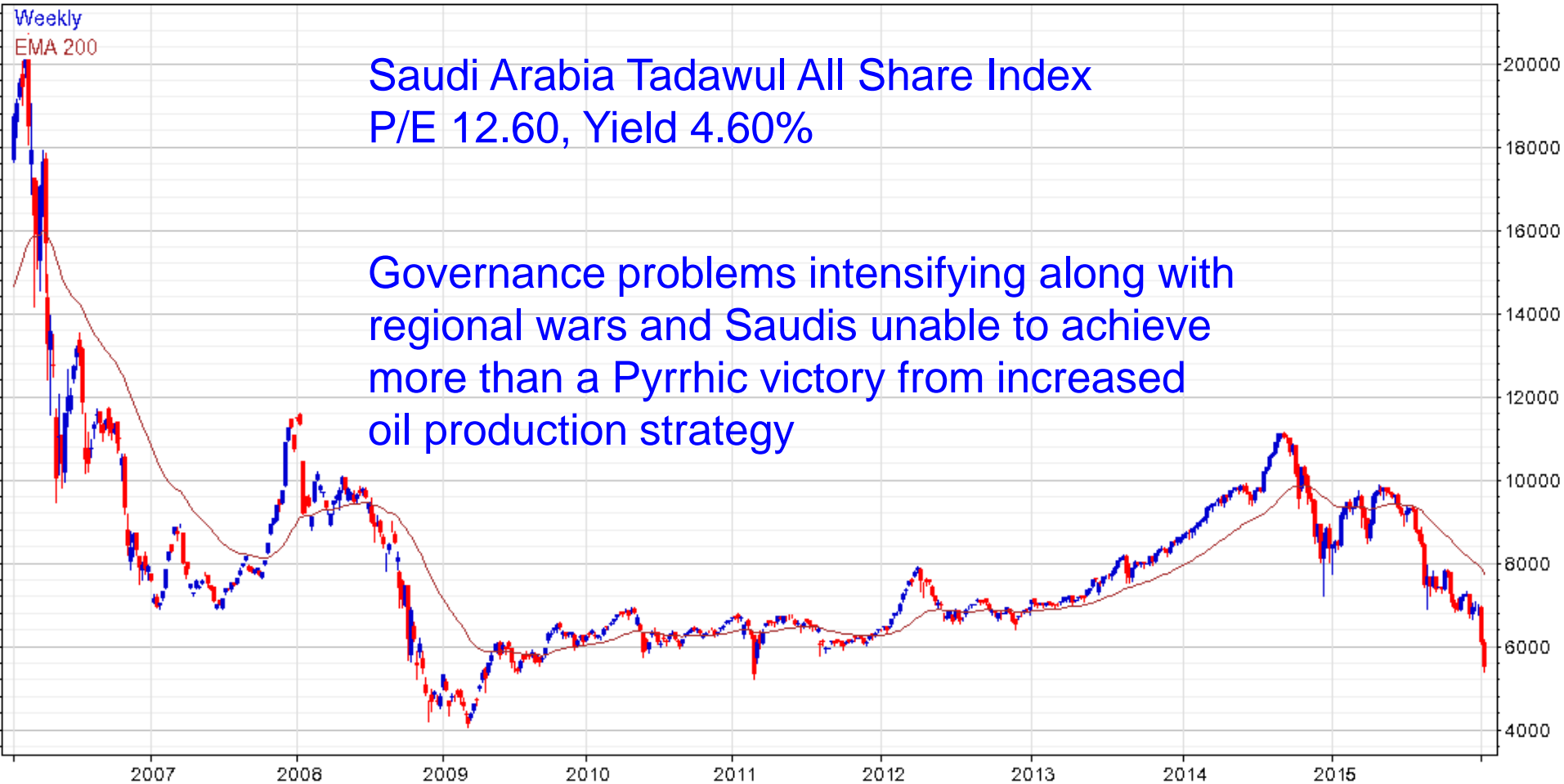




Weekly
EMA 200

Saudi Arabia Tadawul All Share Index P/E 12.60, Yield 4.60%

Governance problems intensifying along with regional wars and Saudis unable to achieve more than a Pyrrhic victory from increased oil production strategy





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Yield Curve & US 10-Yr Treasuries

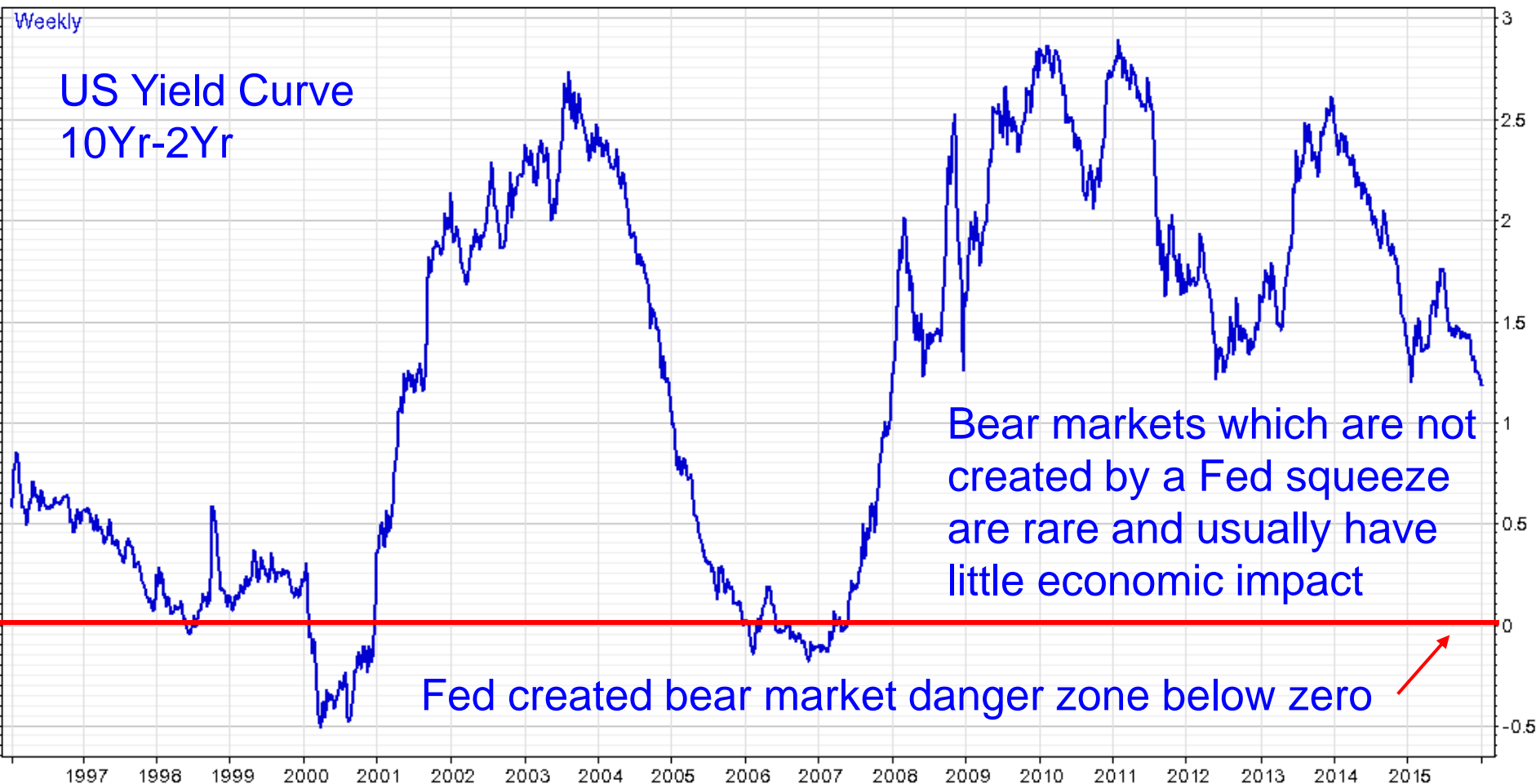


US 10yr Treasury Bond Yield (USGG10YR INDEX) - US 2yr Treasury Bond Yield (USGG2YR INDEX) 1.185 0.0

2016-01-15

Weekly

US Yield Curve 10Yr-2Yr





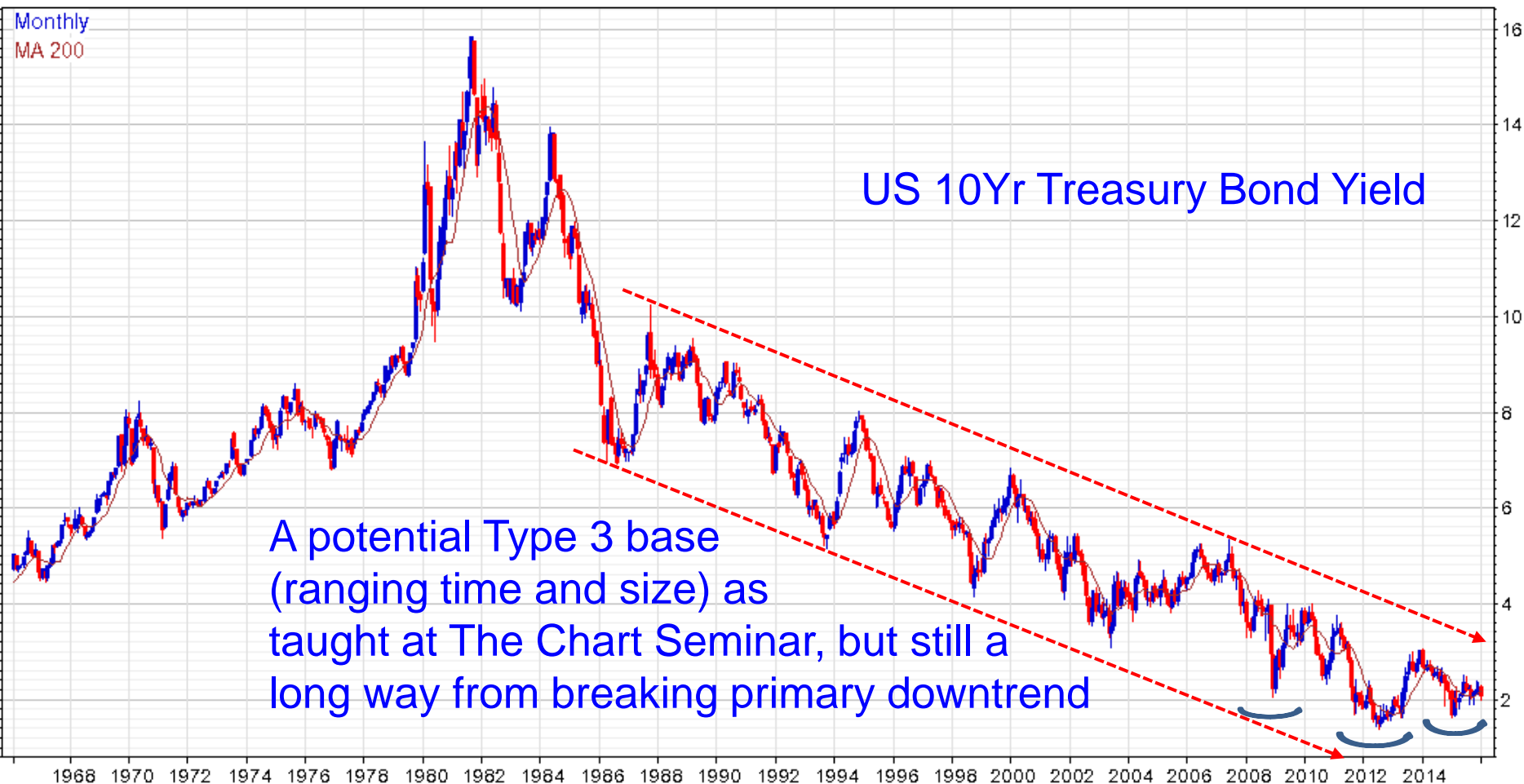
US 10yr Treasury Bond Yield (USGG10YR INDEX) 2.0347 -0.23

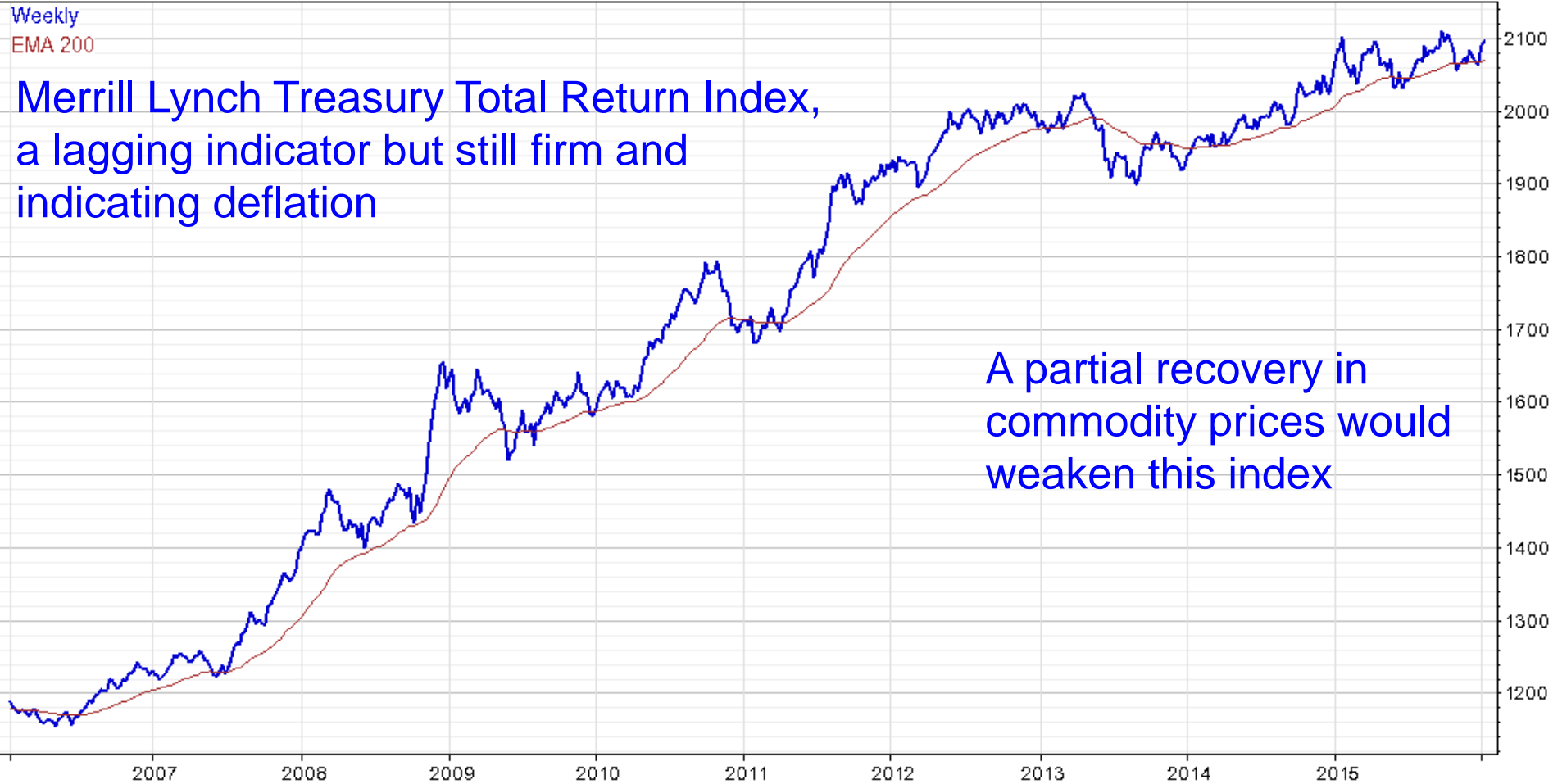
2016-01-15

Monthly
MA 200

US 10Yr Treasury Bond Yield

A potential Type 3 base
(ranging time and size) as
taught at The Chart Seminar, but still a
long way from breaking primary downtrend







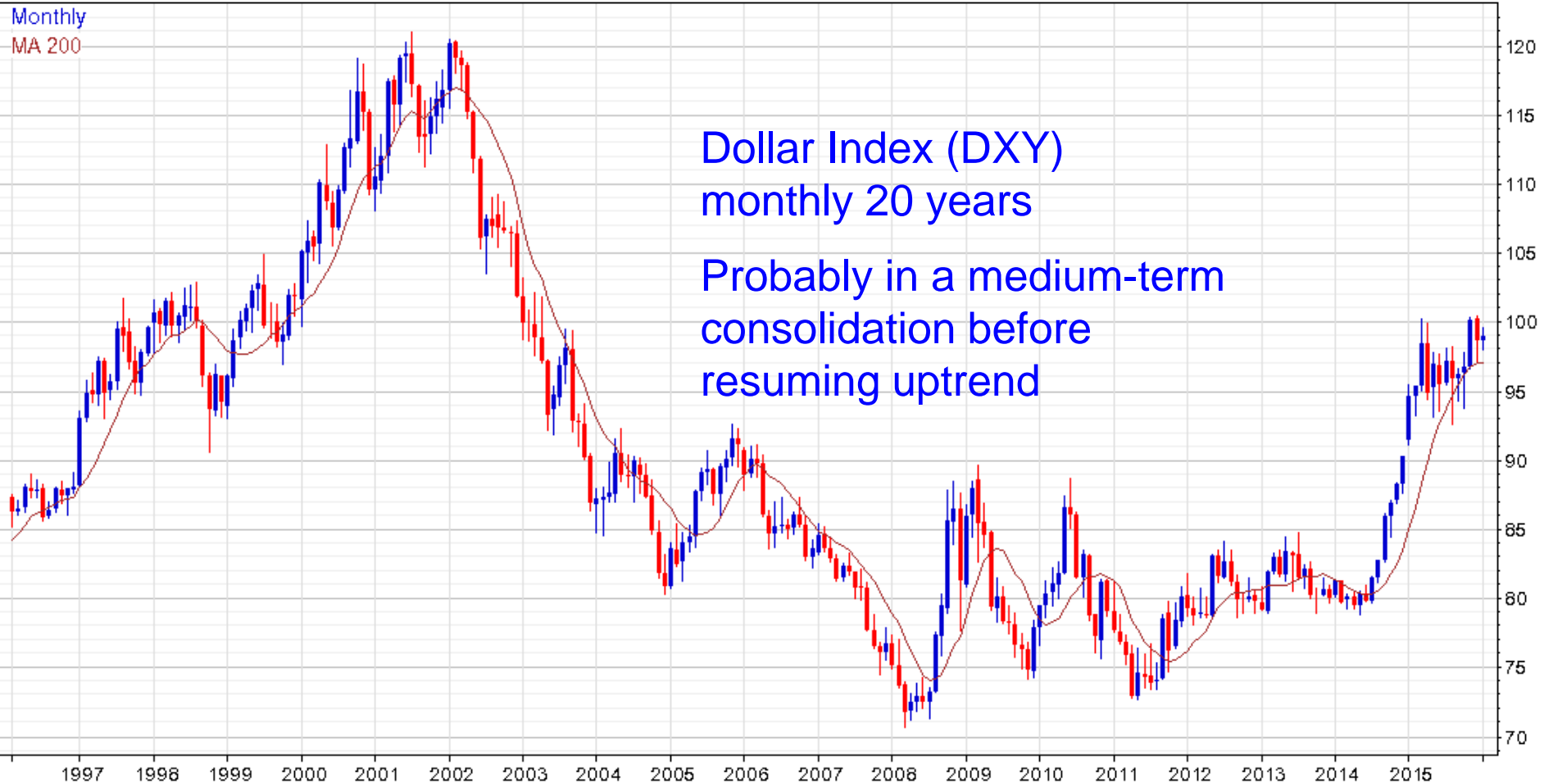
US Dollar Index

A bull market is underway



Dollar Index (DXY INDEX) 98.945 0.26

2016-01-15





Dollar Index (DXY INDEX) 98.945 0.67

2016-01-15

Weekly

EMA 200

Dollar Index (DXY) weekly 10 years

US Treasury intervention on
behalf of the Federal Reserve
has most likely occurred
to delay the next advance

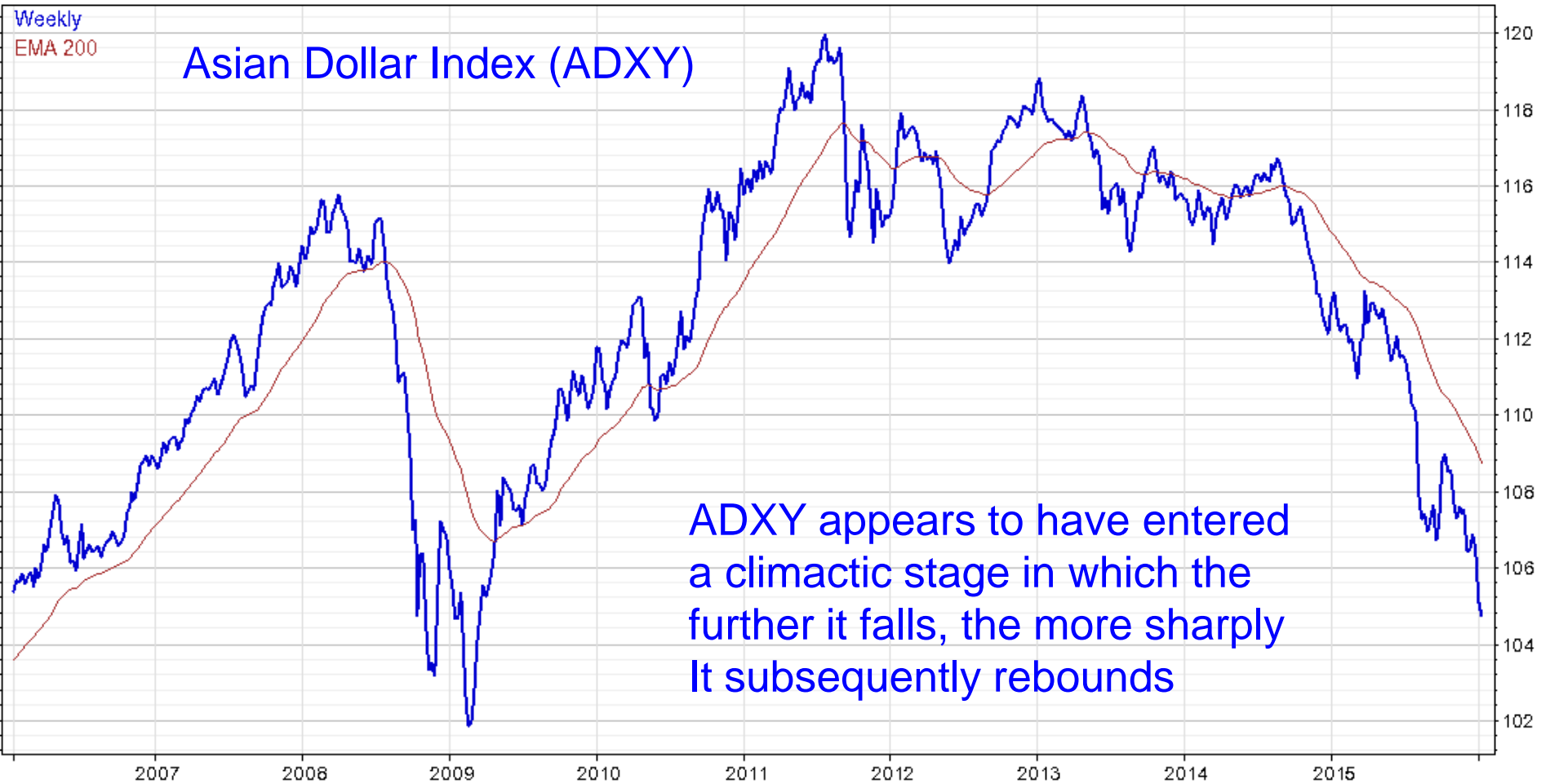




Weekly

EMA 200

Asian Dollar Index (ADXY)



ADXY appears to have entered a climactic stage in which the further it falls, the more sharply it subsequently rebounds



Commodities

Most industrial resources, including precious metals, are in the region of their bear market lows but the strong Dollar is a headwind

The timing of recoveries depends largely on supply cutbacks and to a lesser extent, increasing demand

For agricultural commodities, the key variable is always crop yields



blomborg Industrial Metals Index (BCOMIN INDEX) 84.5825 -5.86

2016-01-15

Monthly
MA 200

Bloomberg Industrial Metals Index

Trending lower and becoming
overextended following break
Of 2009 lows – heading towards
2002-2003 trough?





blomberg Industrial Metals Index (BCOMIN INDEX) 84.5825 -2.3

2016-01-15





Brent Crude Oil (CO1 COMB COMDTY) 28.94 -4.61

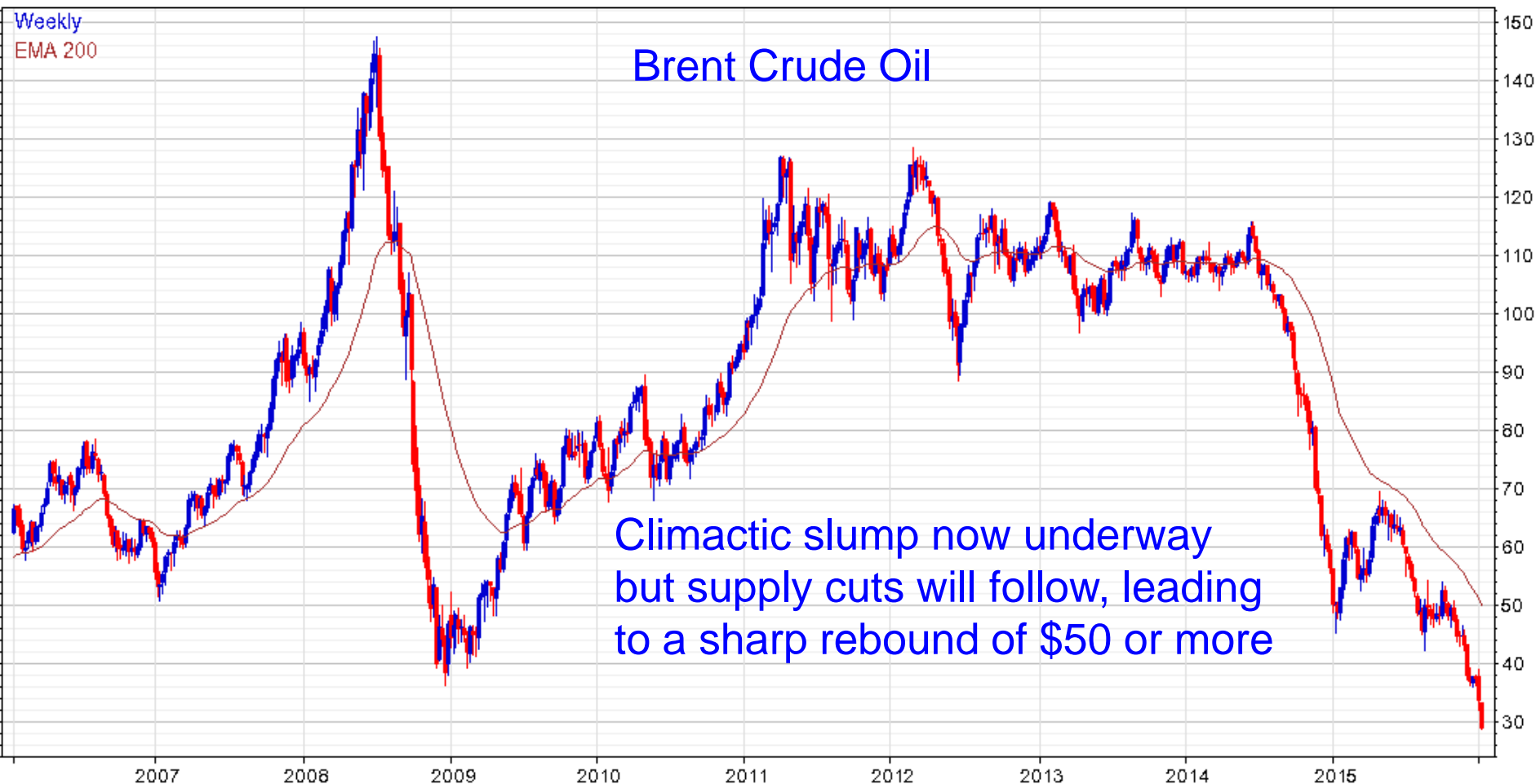
2016-01-15

Weekly

EMA 200

Brent Crude Oil

Climactic slump now underway
but supply cuts will follow, leading
to a sharp rebound of \$50 or more





Copper (CMX) (HG1 COMB COMDTY) 194.35 -7.85

2016-01-15



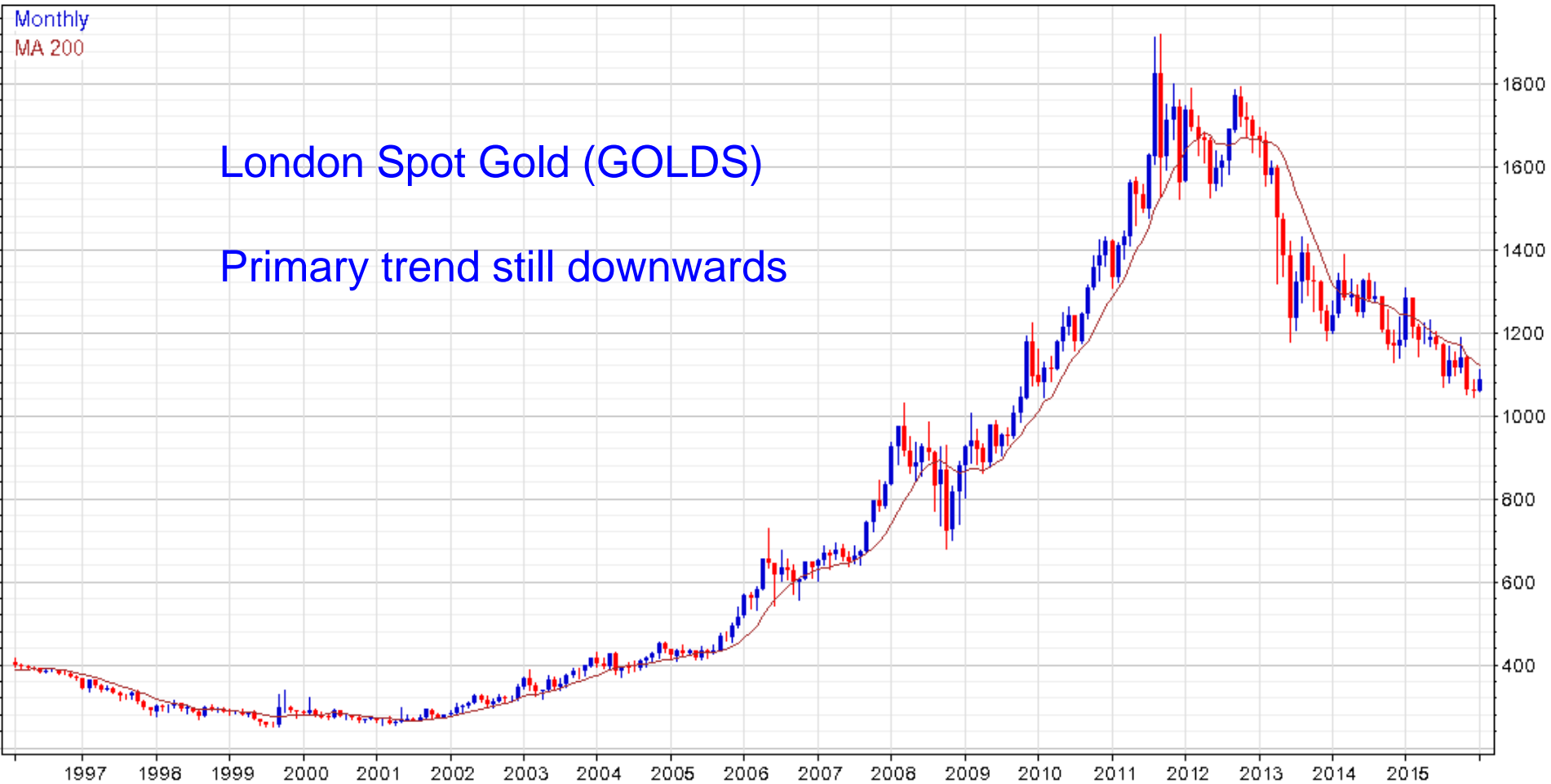


London Spot Gold (GOLDS COMDTY) 1088.88 27.46

2016-01-15

Monthly
MA 200

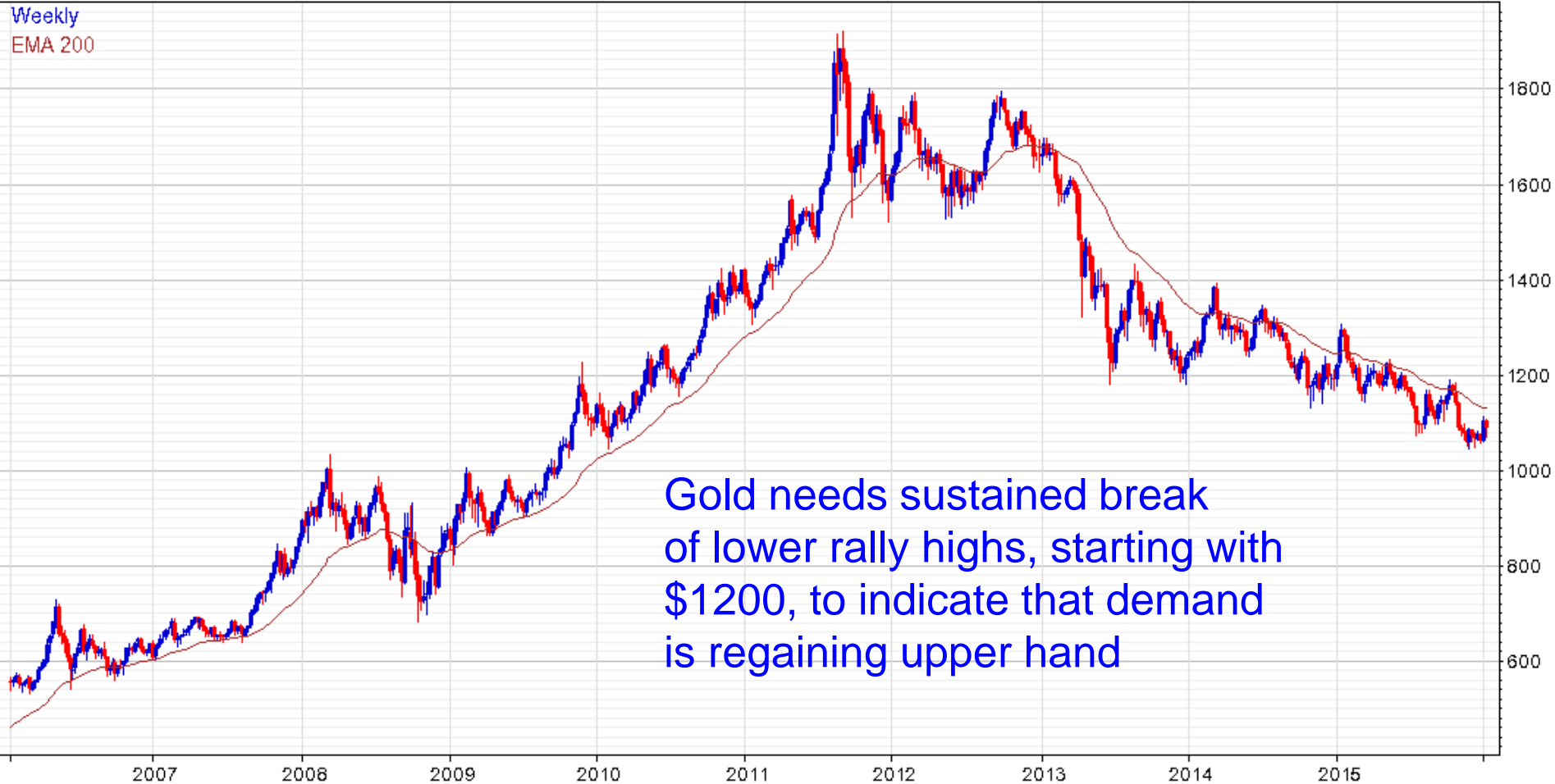
London Spot Gold (GOLDS)
Primary trend still downwards





London Spot Gold (GOLDS COMDTY) 1088.88 -15.17

2016-01-15





Silver 1st mth (SI1 COMB COMDTY) 13.896 -0.02

2016-01-15

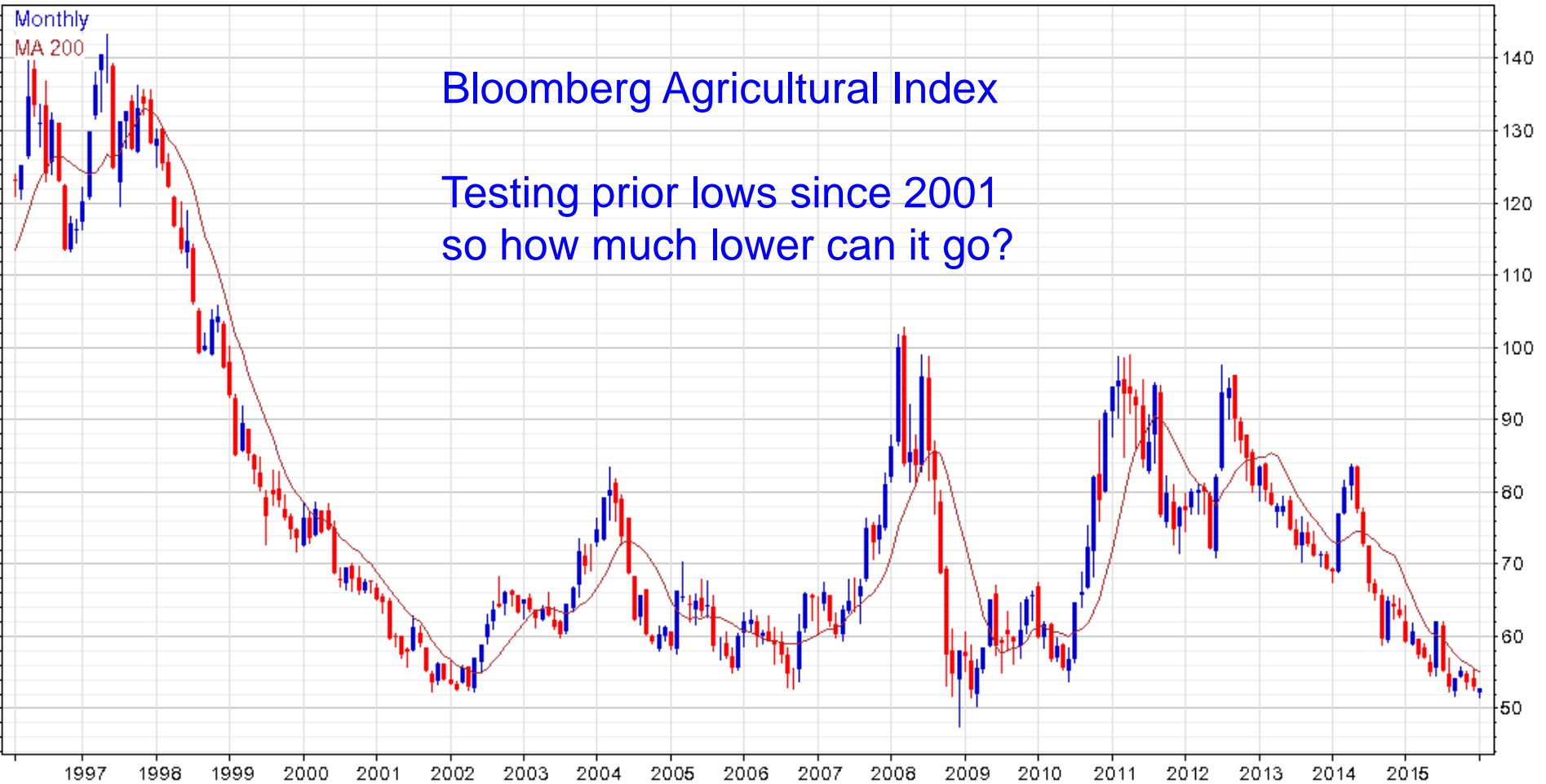
Weekly

EMA 200

Silver is high-beta gold and will lead on the upside as precious metals eventually recover

Rangy downtrend is slowing but still intact







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Many thanks for your interest!
Any questions?

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China Shanghai A-Shares (SHASHR INDEX) 3239.04 -6.07

2015-09-25





Hong Kong (HSI INDEX) 21186.32 -734.51

2015-09-25

Weekly

EMA 200

HSI (p/e 9,03 & yield 4.04%)

Deeply oversold, excellent medium
to longer-term recovery prospects

Climactic low on 25/08 only
slightly exceeded to date





India Mumbai (SENSEX INDEX) 25616.84 -246.66

2015-09-28





S&P/ASX 200 Index (AS51 INDEX) 5042.11 -128.39

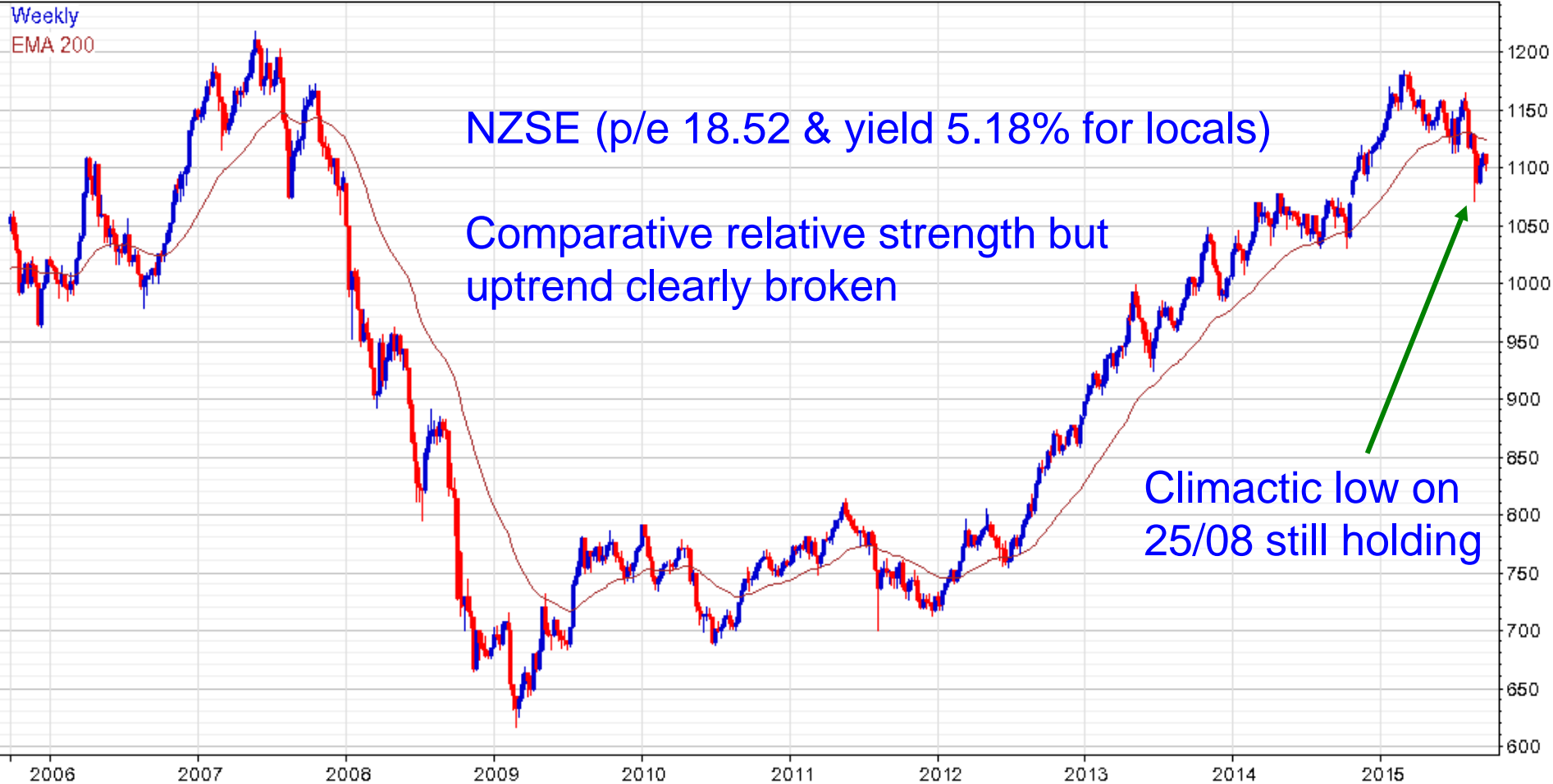
2015-09-25





New Zealand All Share (NZSE INDEX) 1103.223 -8.04

2015-09-25





Japan Nikkei 225 Index (NKY INDEX) 17880.51 -189.7

2015-09-25





Topix 2nd Section (TSE2 INDEX) 4538.28 -24.86

2015-09-25





European Union

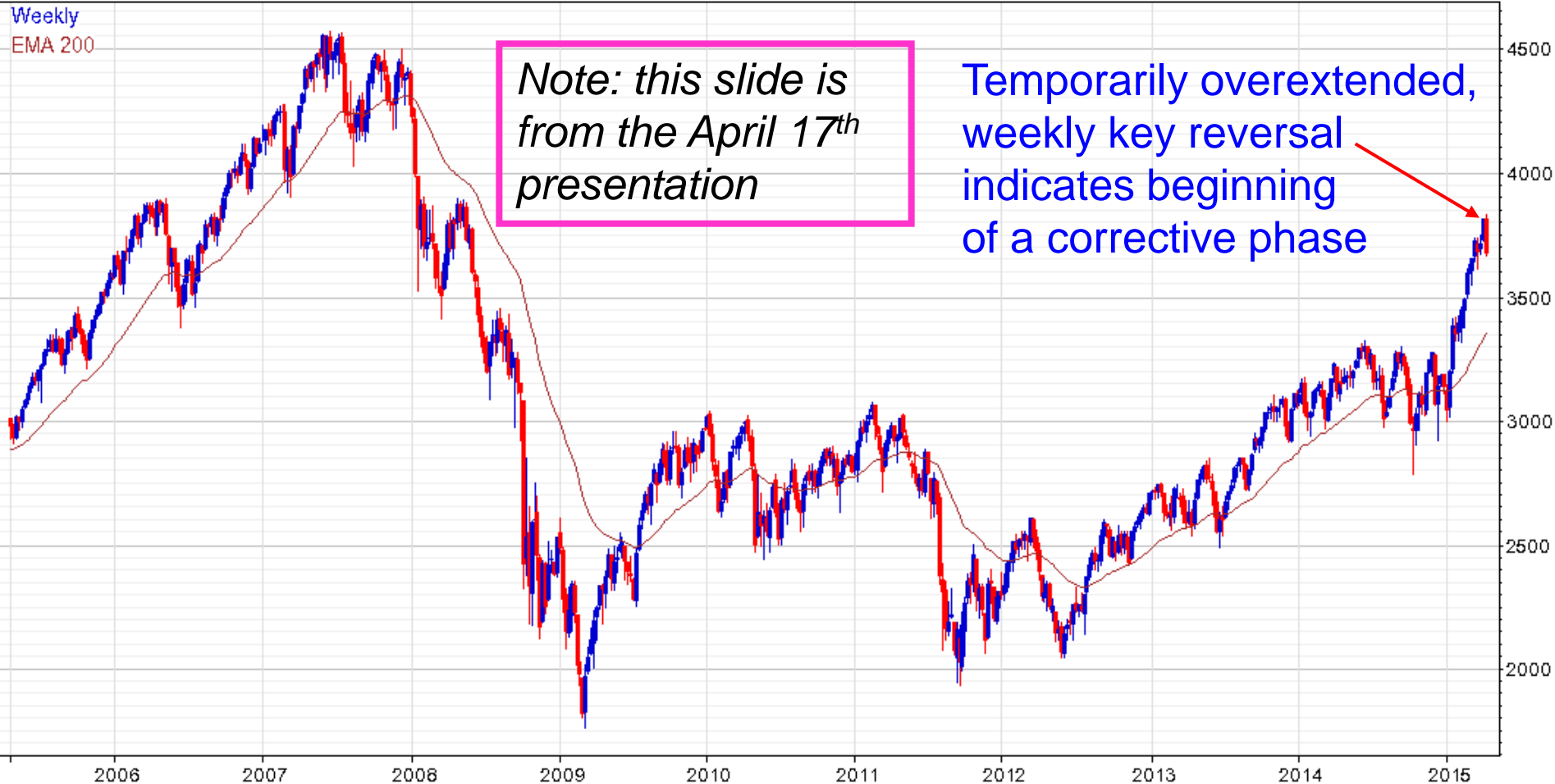
- 1) Variousy roiled by Putin, Sanctions, Grexit, Brexit, slow GDP growth, high unemployment, political dissatisfaction, rule by unelected EU commissioners, a divisive and out of control migrant crisis, and now the diesel emissions scandal
- 2) Share valuations are competitive and QE continues



Ten-year chart of SX5E

2015-04-17

DJ Euro STOXX 50 (SX5E INDEX) 3674.05 -142.71





DJ Euro STOXX 50 (SX5E INDEX) 3113.16 -44.14

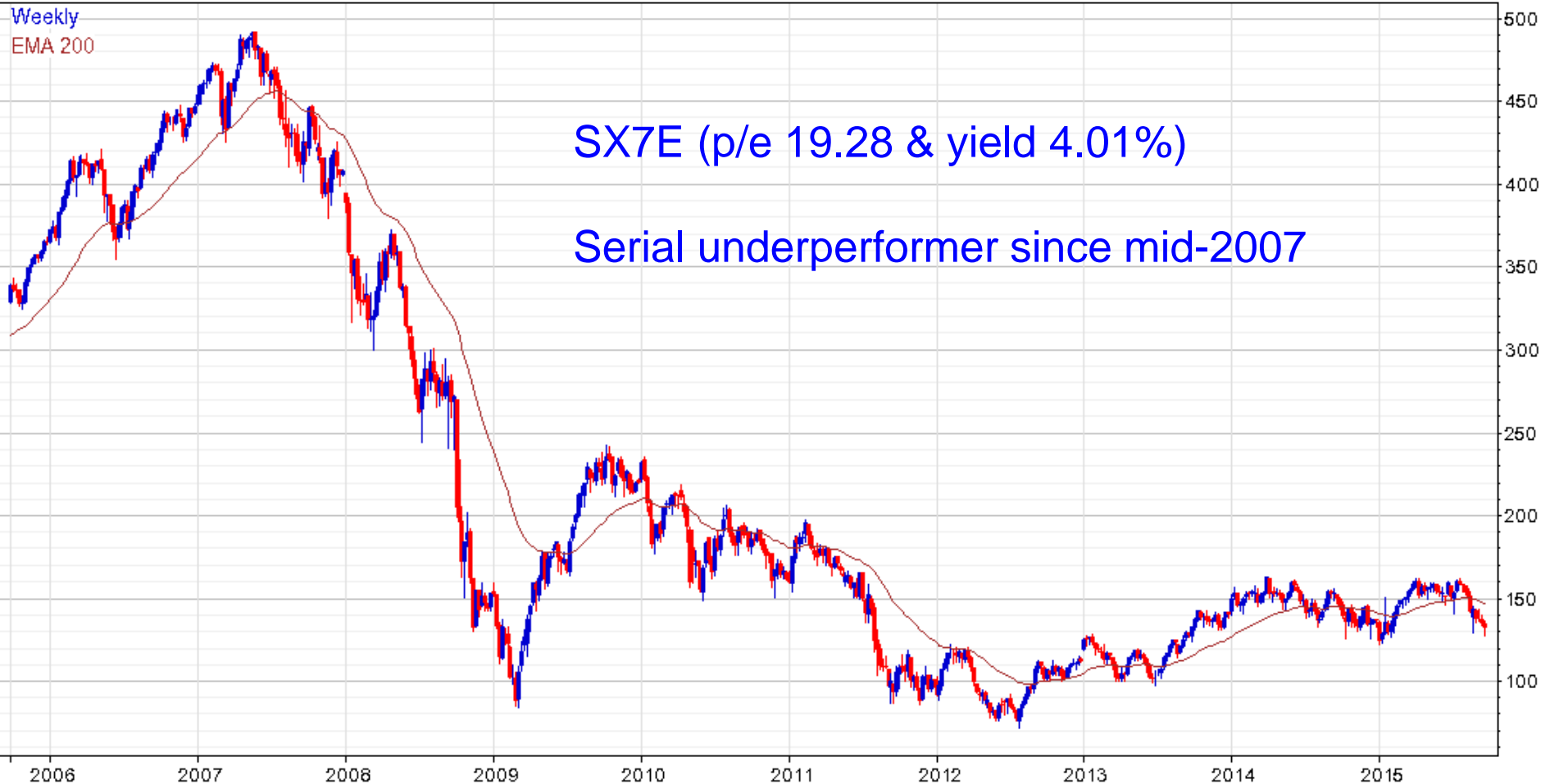
2015-09-25





DJ Euro Banks (SX7E INDEX) 131.84 -2.93

2015-09-25





Germany (DAX INDEX) 9688.53 -227.63

2015-09-25





FTSE100 (UKX INDEX) 6109.01 4.9

2015-09-25





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A few graphs of global
economic performance
which may be of interest



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.



ECB Increasing Stimulus

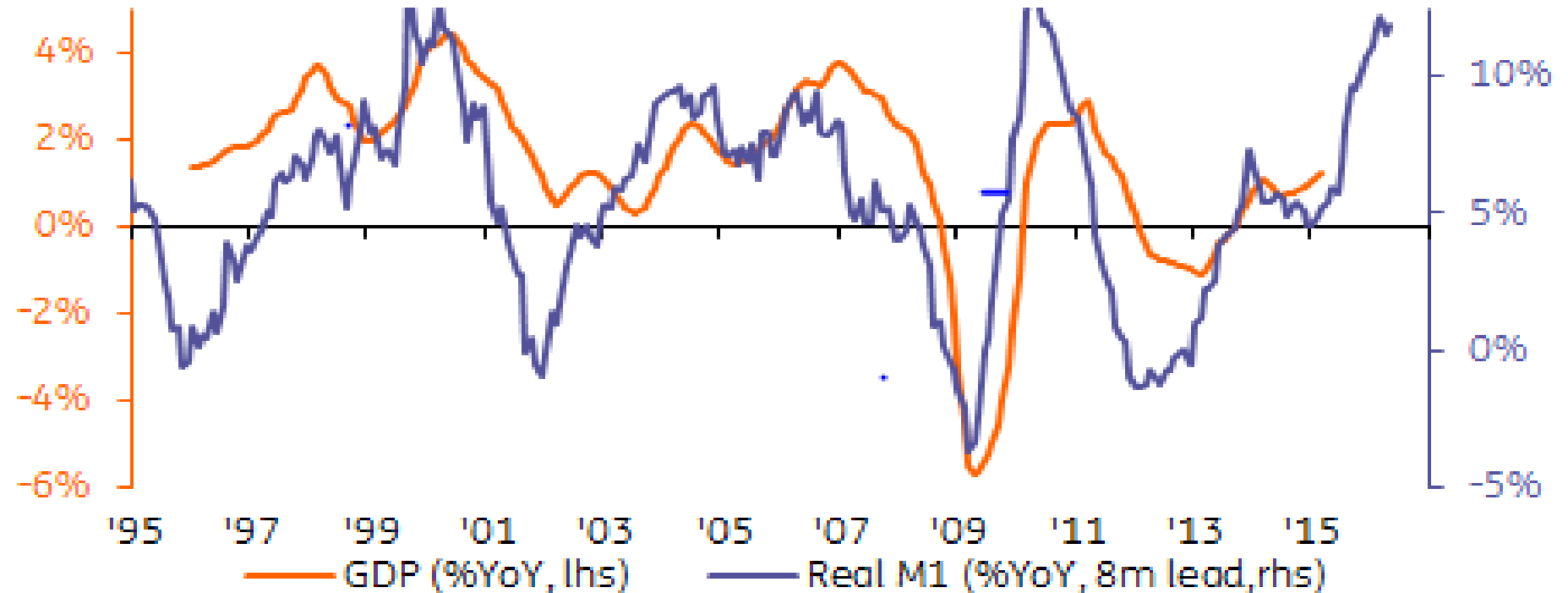
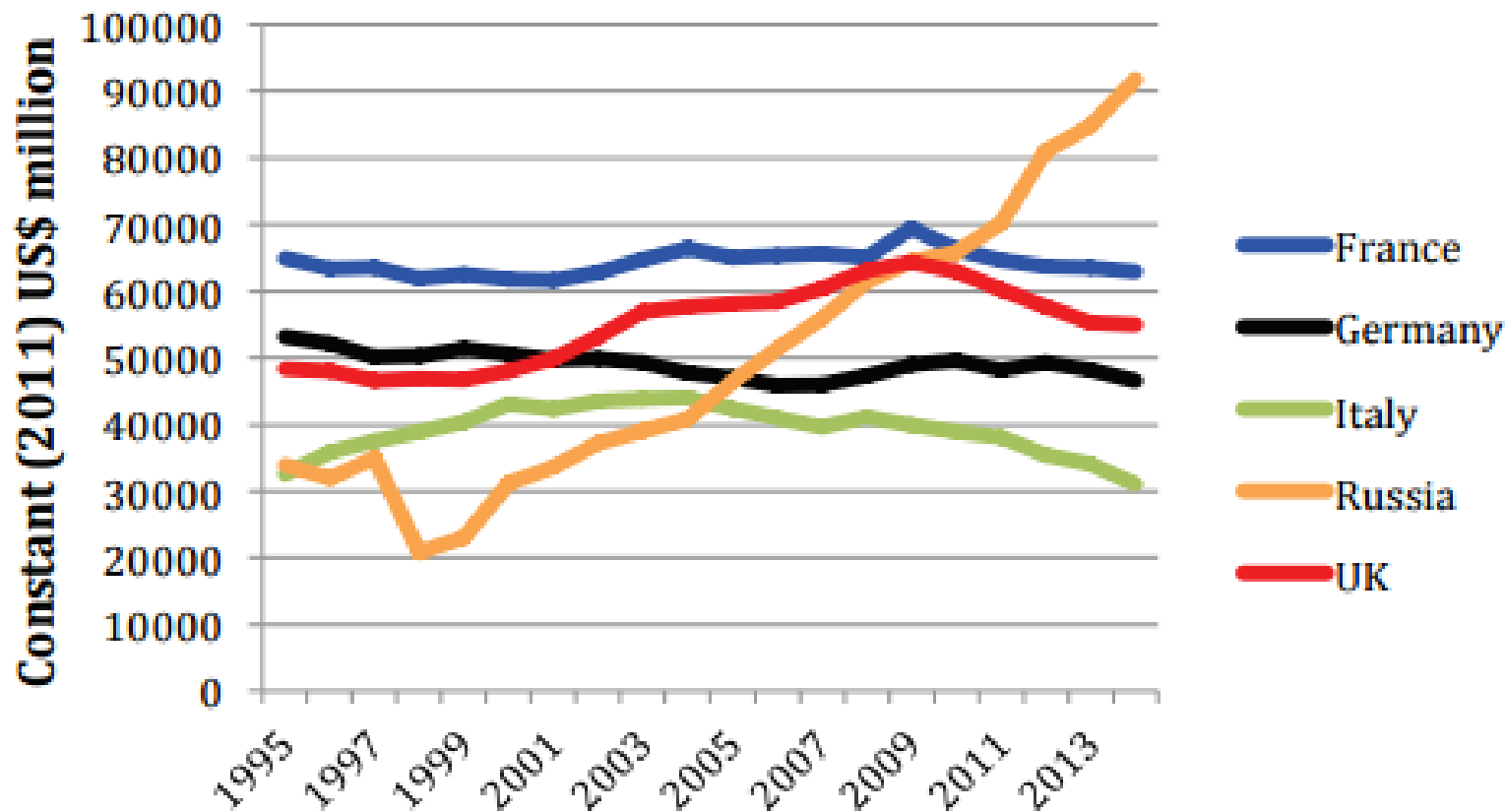




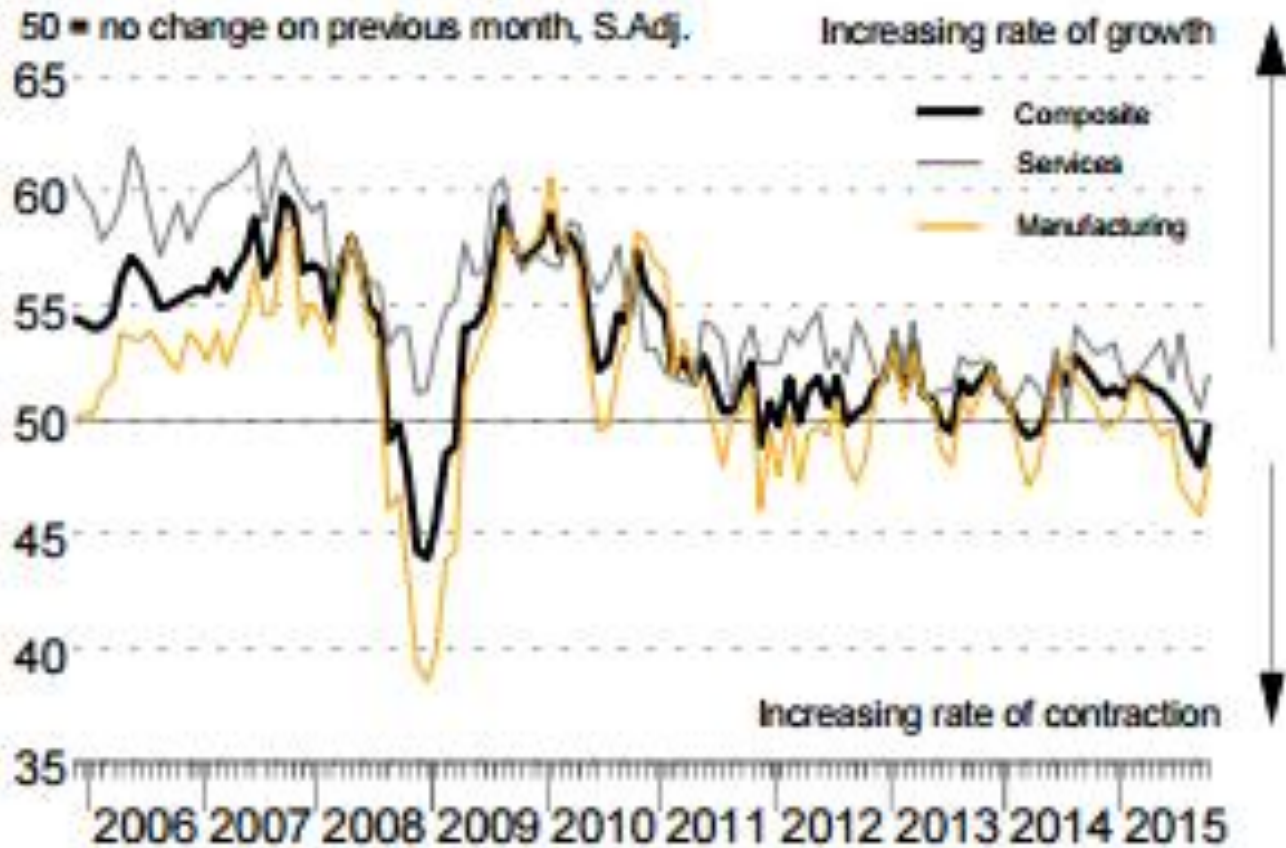
Figure 1. Military expenditure of Russia and major West European countries 1995-2014





Green Shoots Reappearing?

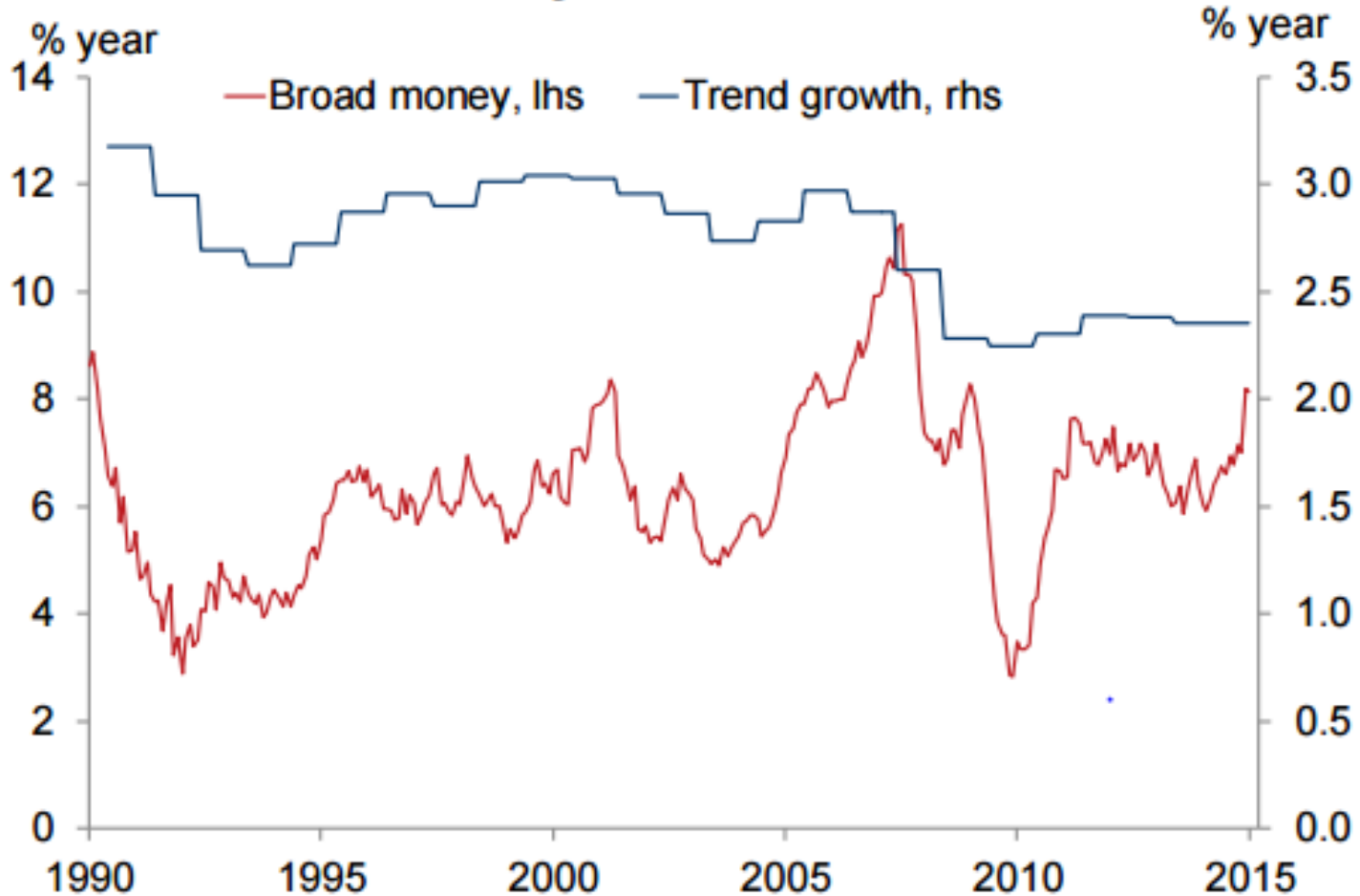
Caixin China Output PMI



Sources: Markit, Caixin *



World: Broad money



Source : Oxford Economics/Haver Analytics



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