



Cornerstone[™]
Global Group
LLC

Meeting of International Stock Exchange Executives Emeriti, Inc.

Sarasota, FL
May 3-5, 2016



Cornerstone[™]
Global Group
LLC

Global Economies and Markets: The End Game

By

Steven M. Shelton MS, MBA, CFP®, CLU, ChFC, TEP, CIMA®, CMT



Cornerstone[™]
Global Group
LLC

Disclaimer

Cornerstone Global Group LLC, 3240 North Lake Shore Drive, Suite 11-D, Chicago Illinois 60657, provides institutional consultancy on financial services marketing, distribution and product/service development to and for institutional use only.

Cornerstone Global Group LLC is also the newsletter publisher of the CGG Global Market Technical Report, CGG Technical Research Notes and other publications, all of which are informational services and may include opinions as to buying, selling, holding various securities, asset allocation and strategies. However, Cornerstone Global Group LLC, its owners, employees and consultants are not investment advisers. At no time may a reader, caller, viewer or consultancy client be justified in inferring that any advice is intended as investment advice or as investment recommendations directed to any particular person or in view of the particular circumstances of any particular person. Investing carries risk of losses, and trading futures or options is especially risky because these instruments are highly leveraged, and traders can lose more than their initial margin funds. Before investing consult with your investment advisor. Additionally, Cornerstone Global Group LLC does not render tax, accounting or legal advice and the information contained in this communication should not be regarded as such. Information provided by Cornerstone Global Group is expressed in good faith but is not guaranteed in any way.

This communication may contain confidential and/or privileged information. If you are not the intended recipient (or have received this communication in error) please notify the sender immediately and destroy this communication. Any unauthorized copying, disclosure or distribution of the material in this communication is strictly forbidden.



Cornerstone™
Global Group
LLC

Governance that Impacts Economies & Mkts

**Government's view of the economy could
be summed up in a few short phrases:**

If it moves, tax it.

If it keeps moving, regulate it.

And if it stops moving, subsidize it.

Former USA President Ronald Reagan (1986)



Cornerstone™
Global Group
LLC

Agenda

- Cycles Refresher
- Equity Markets
- Commodity Markets
- Currency Markets
- USA Debt Markets
- Summary & Conclusions

Institutional Use Only



Cornerstone™
Global Group
LLC

Cycles

Definition:

- An interval of time during which a characteristic, often regularly repeated event or sequence of events occurs

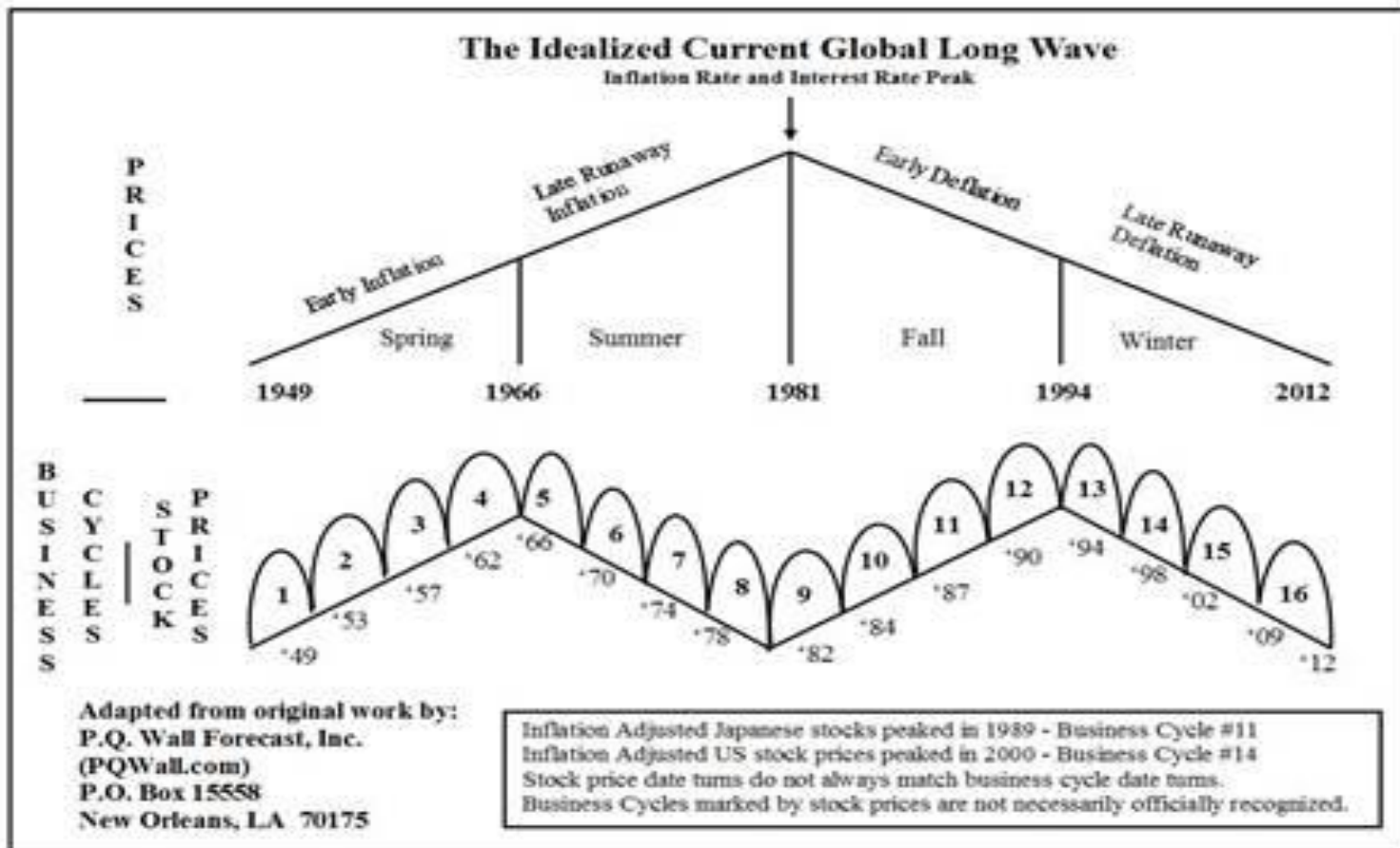
Examples of cyclic “order”; the Science of Prediction

- Tidal
- Lunar
- Economic
- Market



Cornerstone™
Global Group
LLC

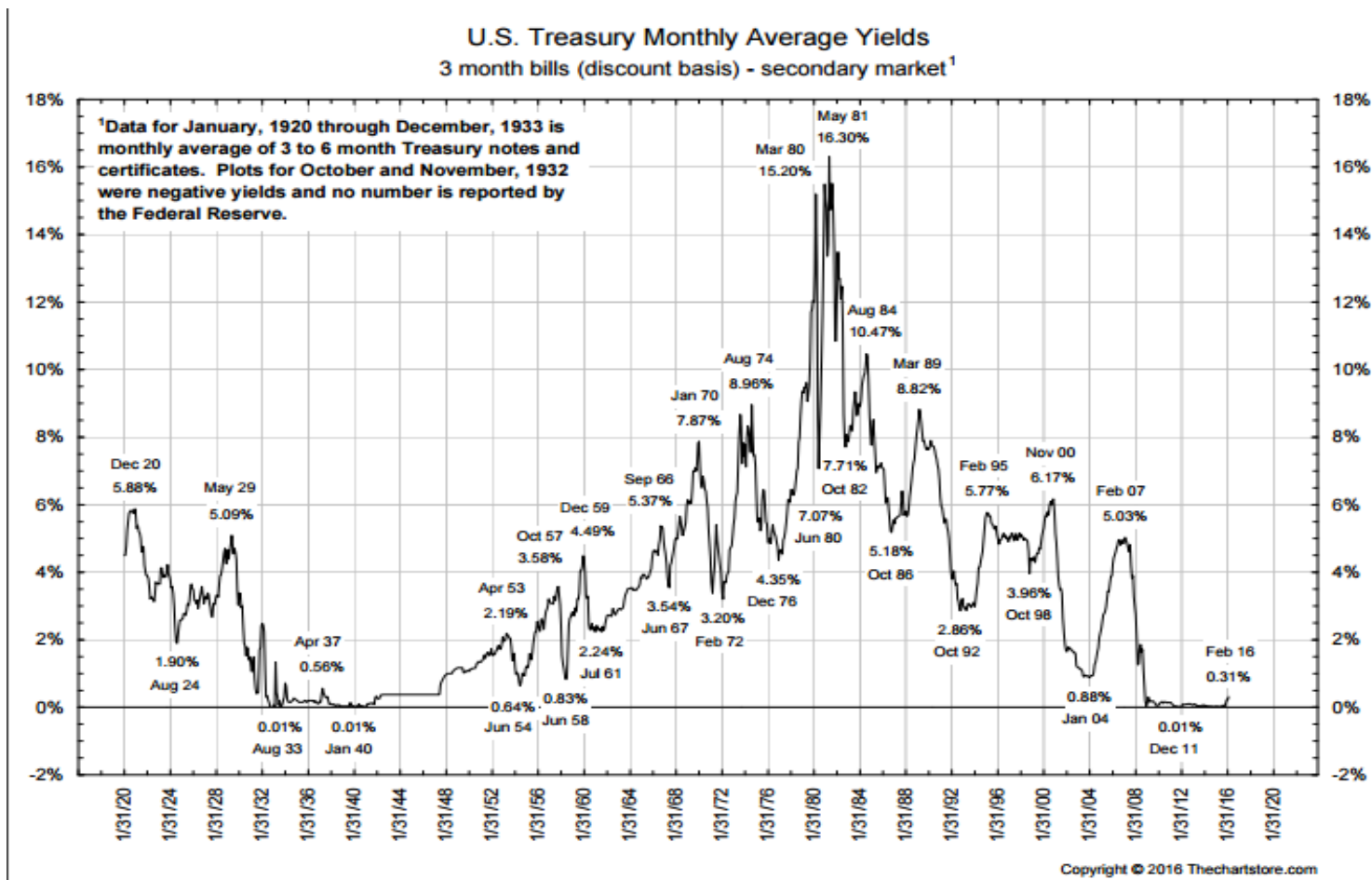
Idealized Long Wave – K Wave – Credit Cycle





Cornerstone™
Global Group
LLC

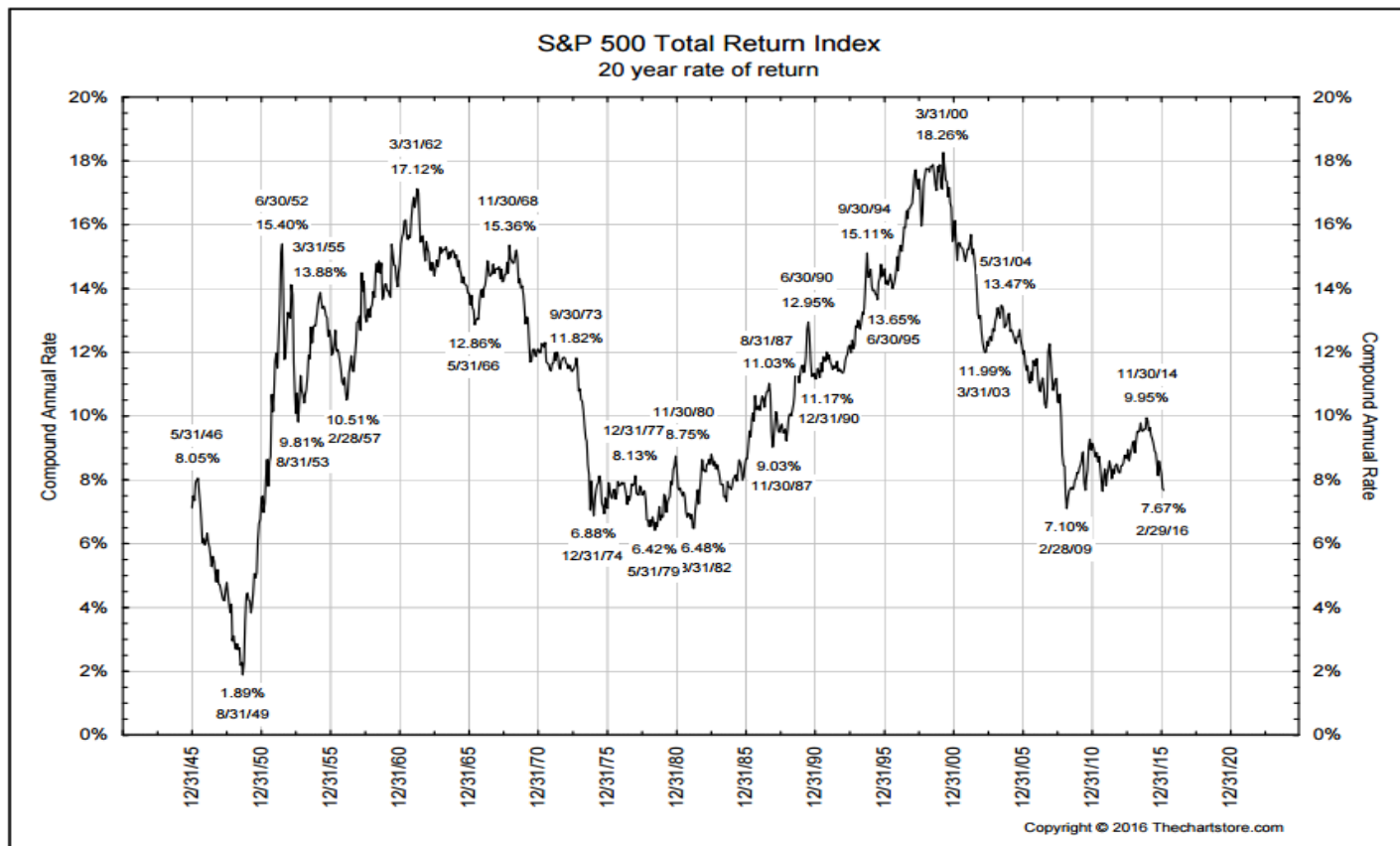
3 month US T-bill Average Yields





Cornerstone™
Global Group
LLC

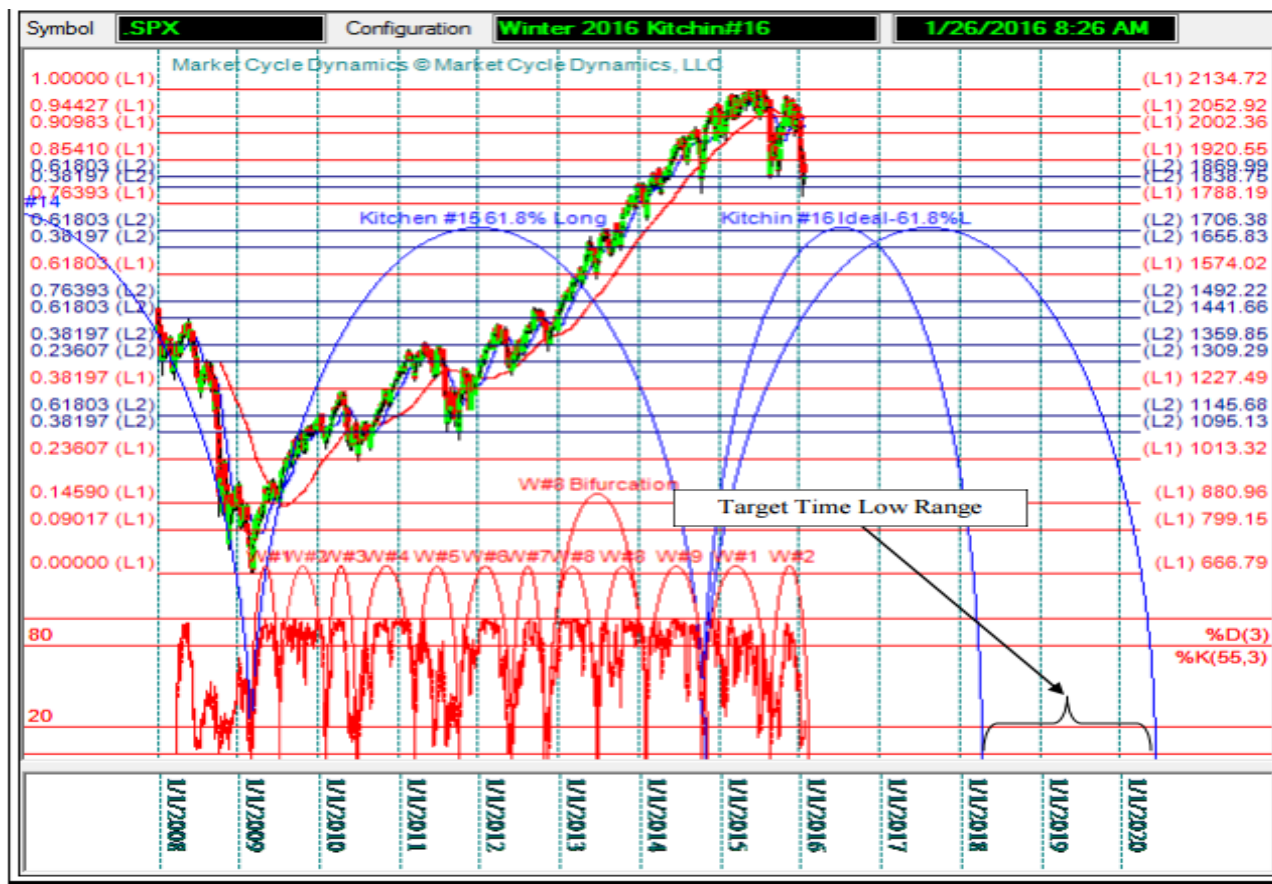
S&P 500 TR 1935 to 2016 – Long Wave





Cornerstone[™]
Global Group
LLC

S&P 500 Kitchen Cycle Projections





Cornerstone™
Global Group
LLC

2011 DJIA Projection, Updated 15 Oct 13





Cornerstone™
Global Group
LLC

DJIA 1693 to Present

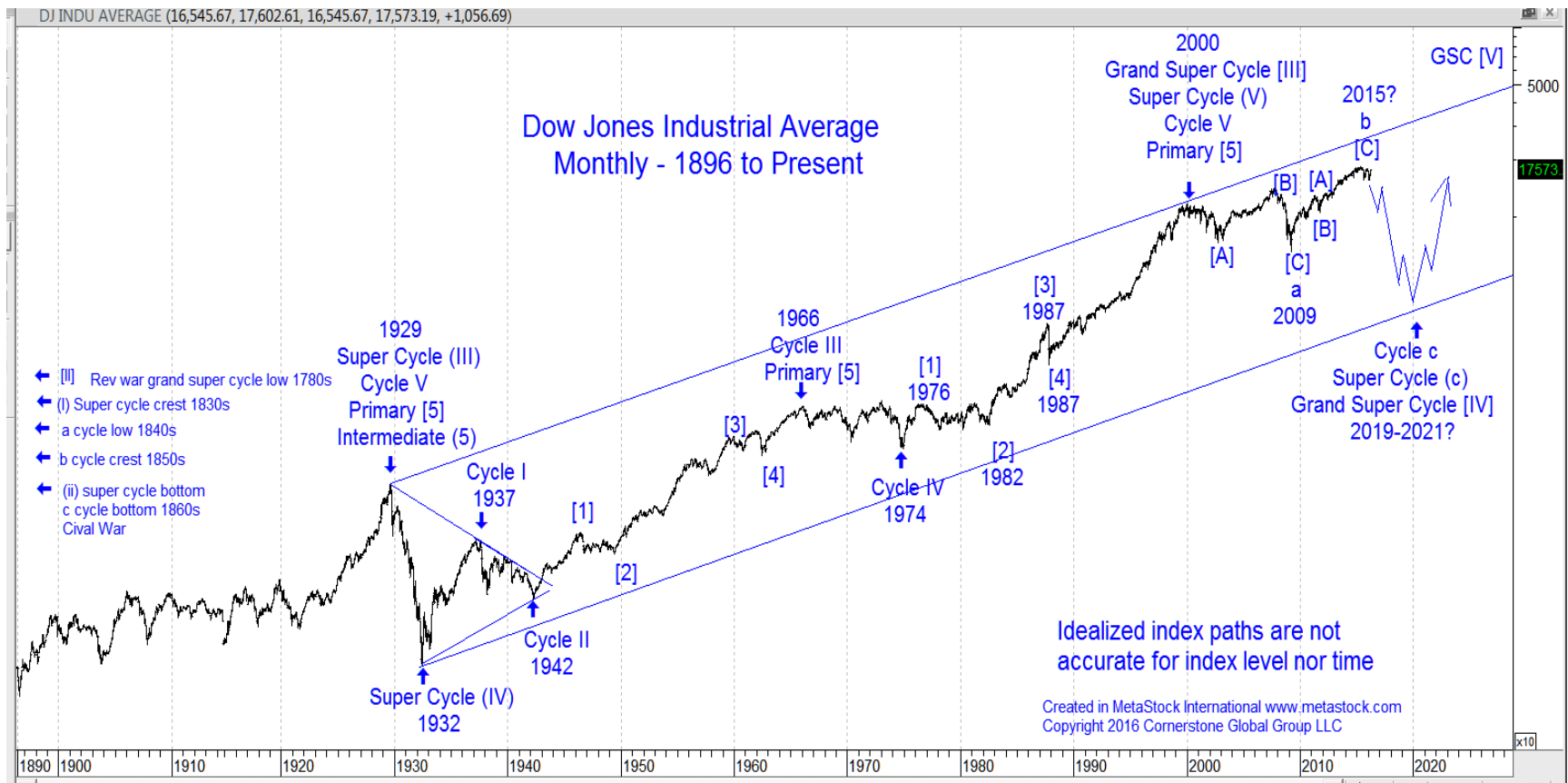


Institutional Use Only



Cornerstone™
Global Group
LLC

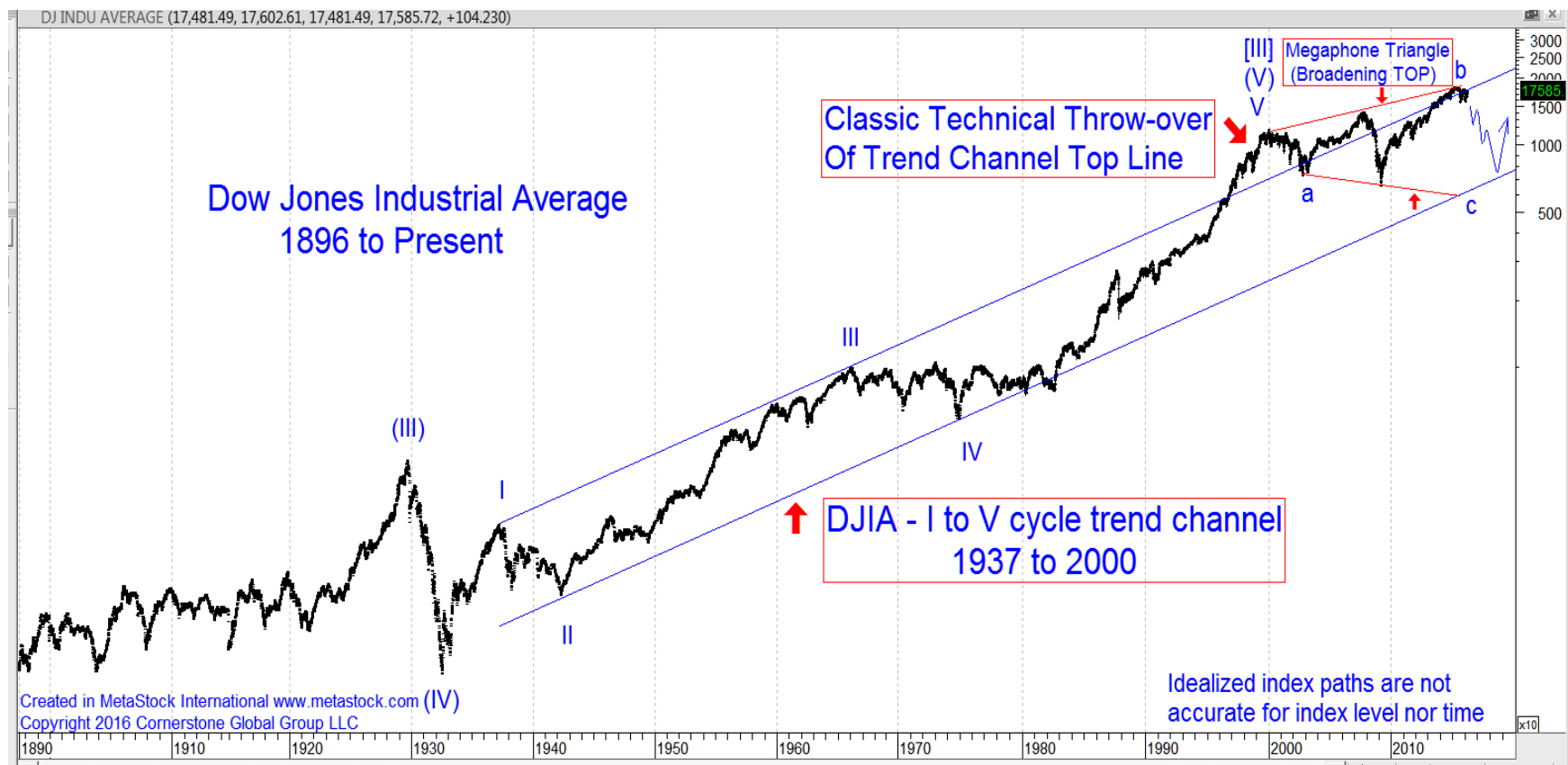
DJIA 1896 to Present





Cornerstone™
Global Group
LLC

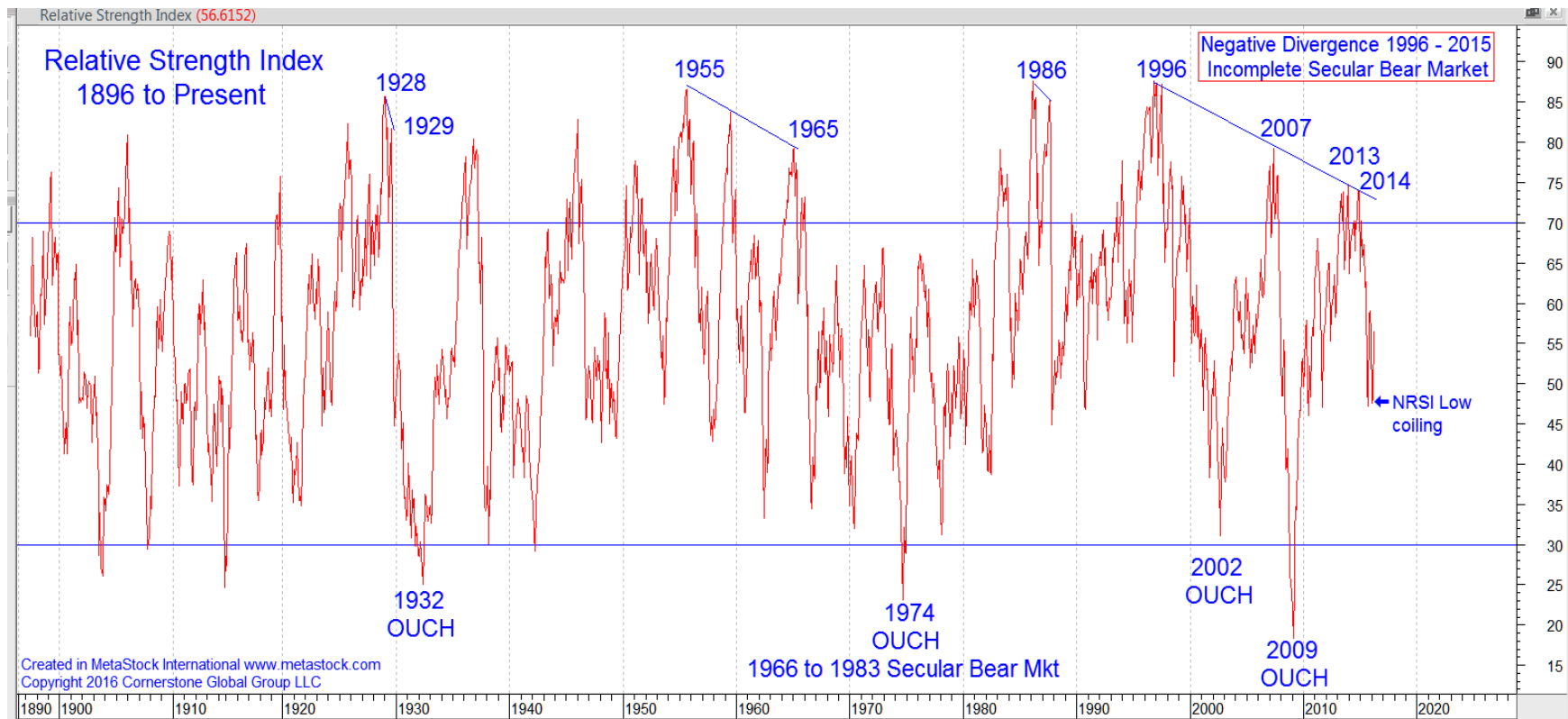
DJIA 1937 Trend Channel





Cornerstone™
Global Group
LLC

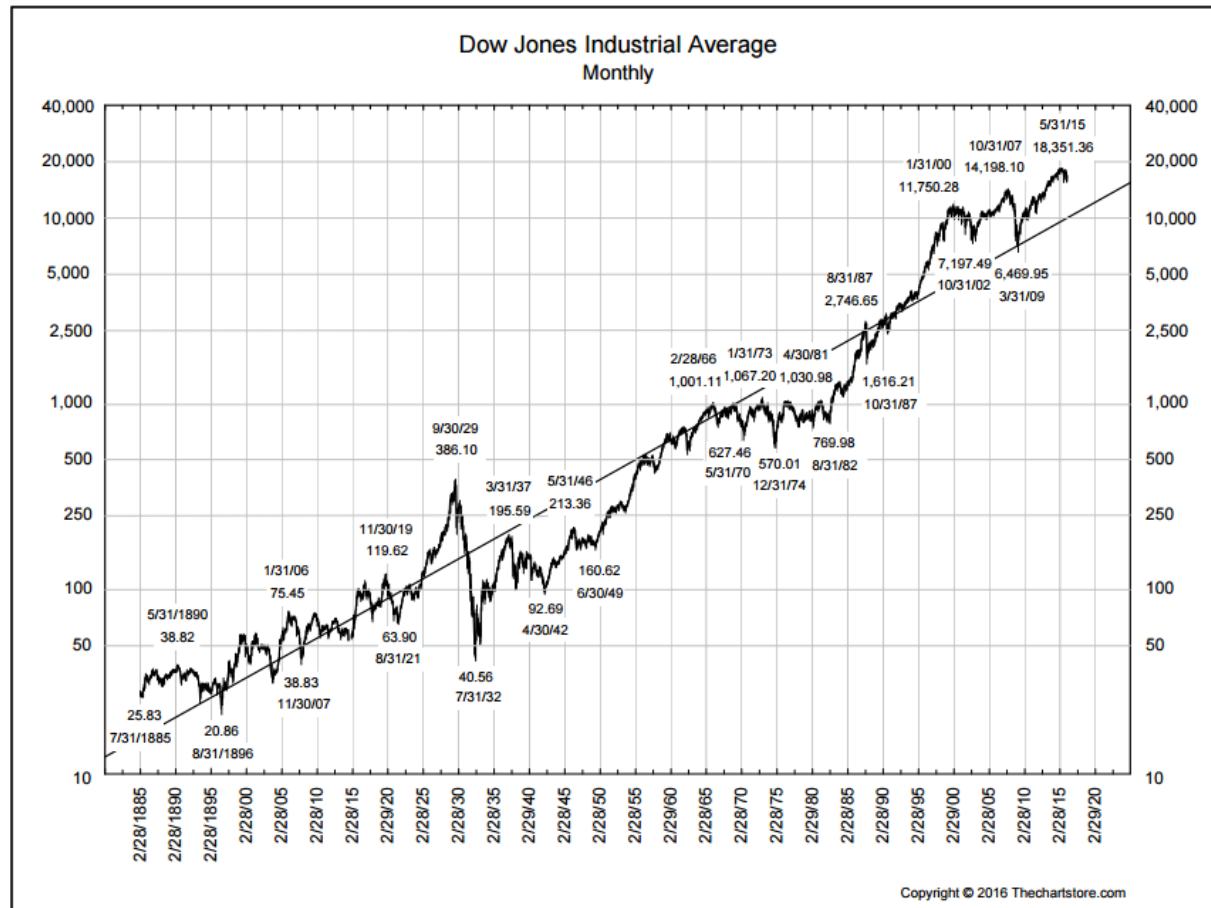
DJIA Relative Strength Index 1896 - Present





Cornerstone™
Global Group
LLC

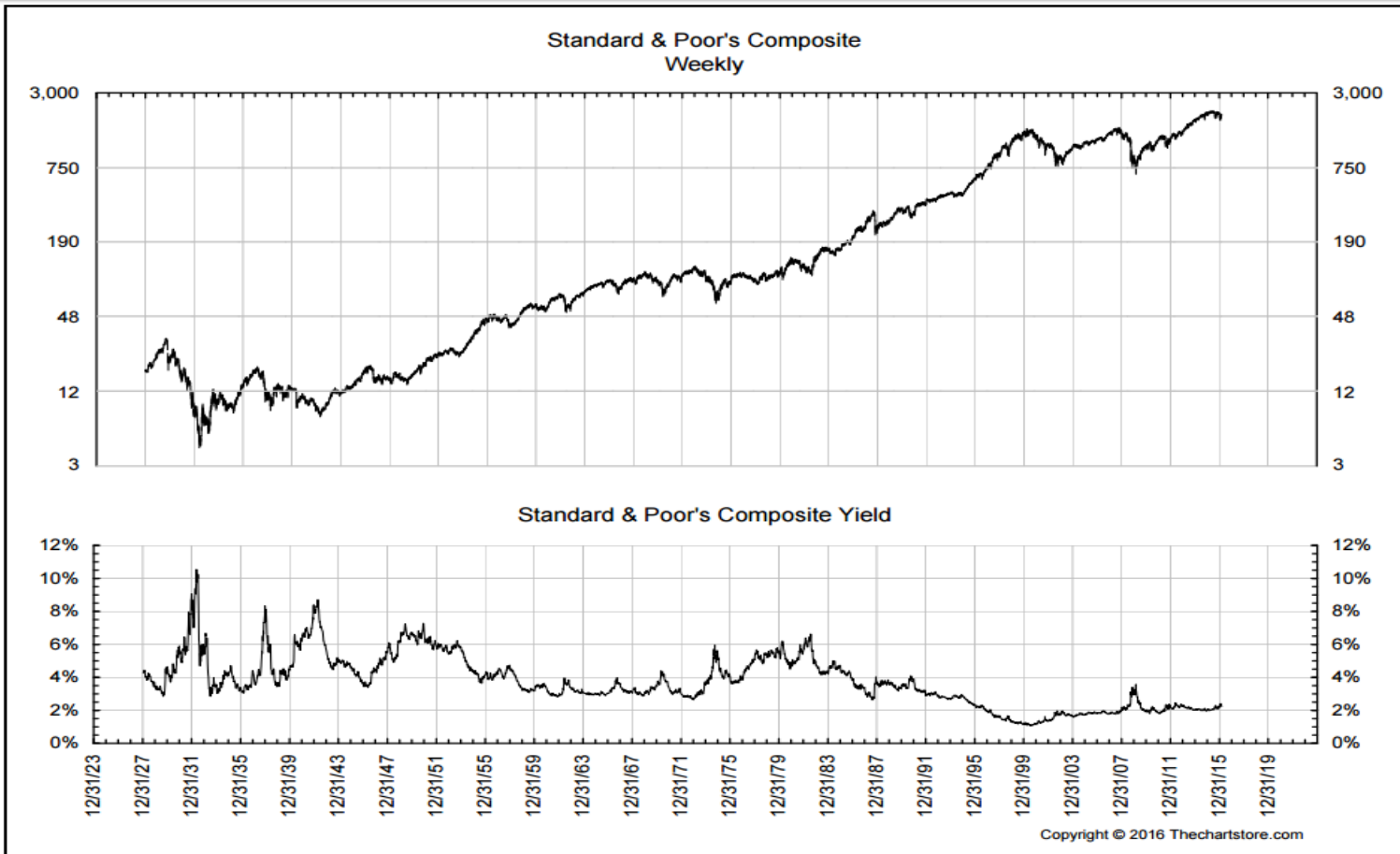
DJIA 1885 Reversion to the Mean Average





Cornerstone™
Global Group
LLC

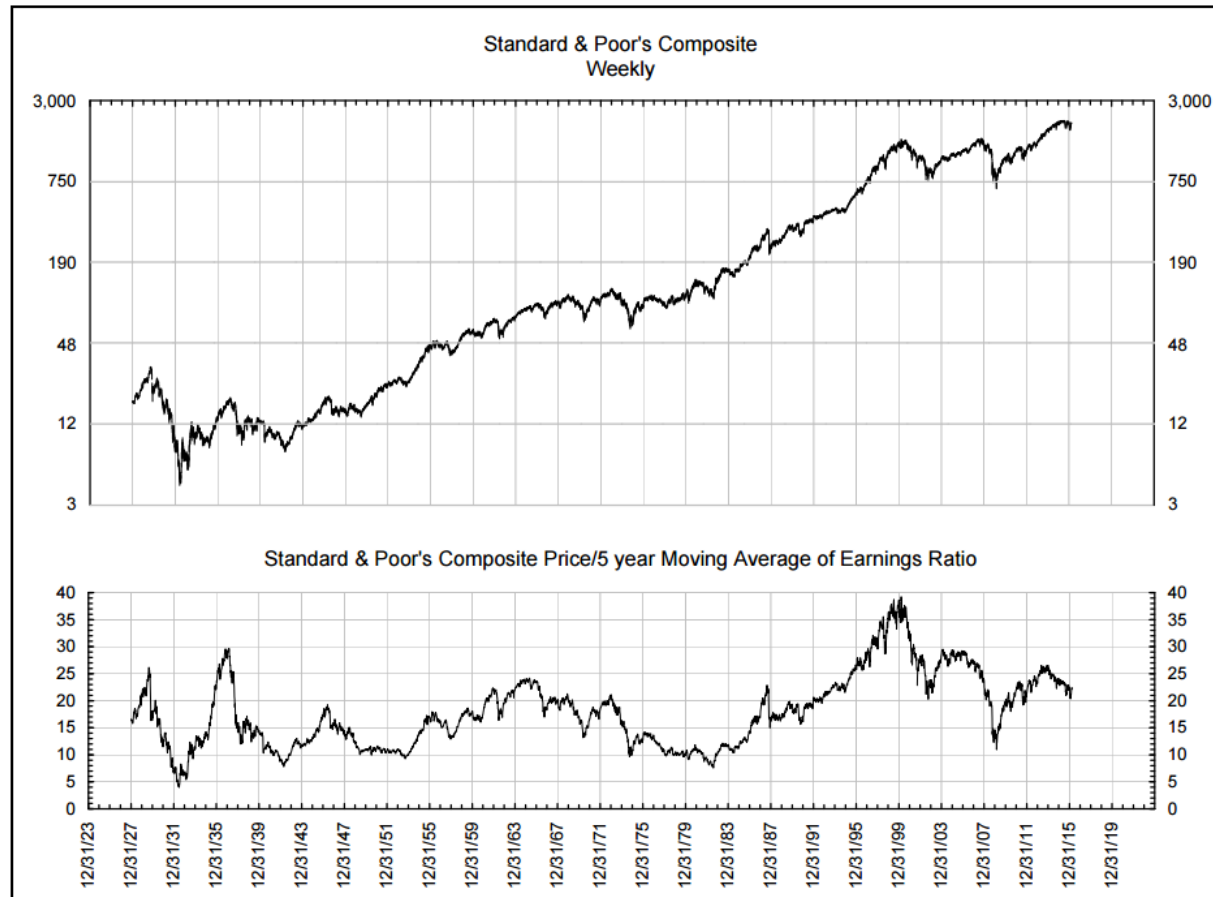
S&P Composite Yields 1927-2014





Cornerstone[™]
Global Group
LLC

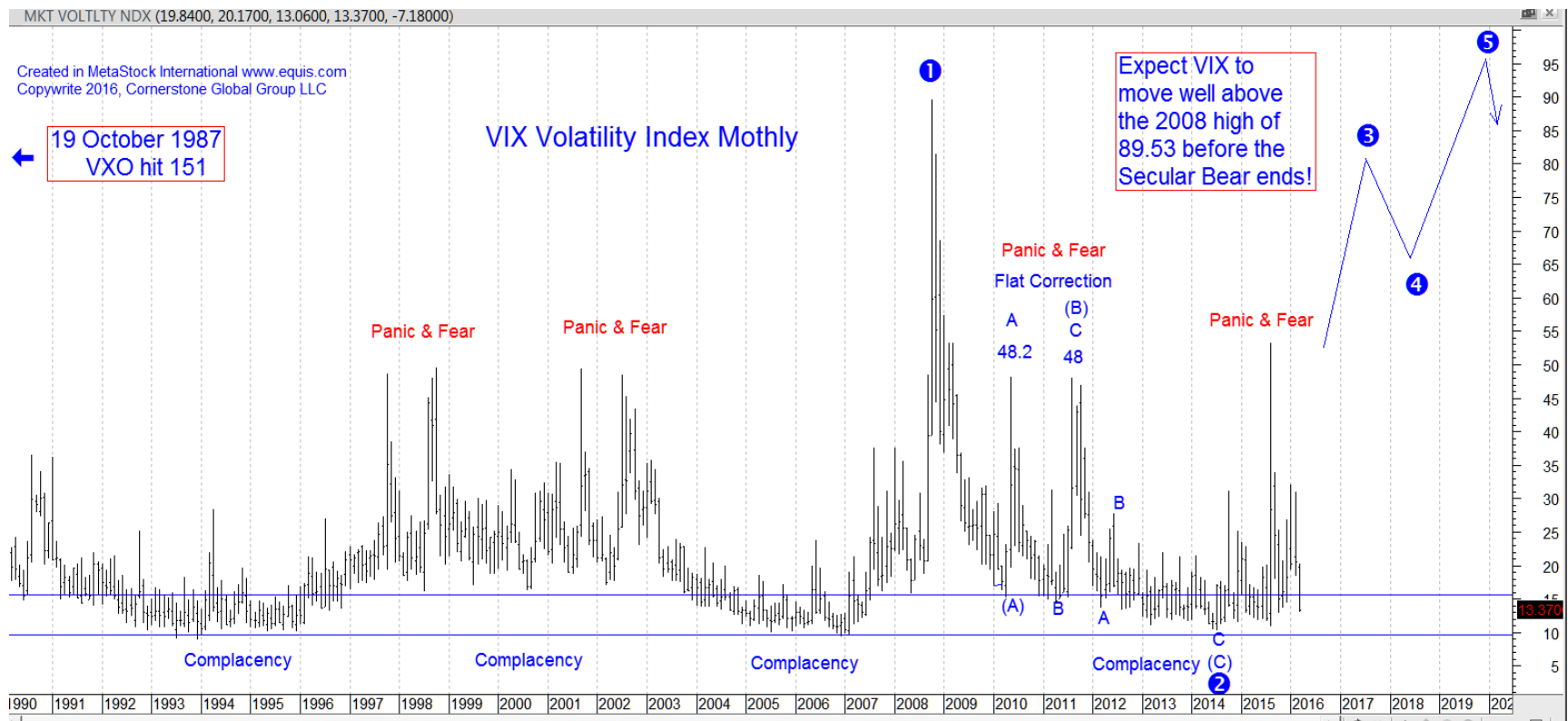
S&P Price/5 year Moving Ave. Earnings Ratio





Cornerstone™
Global Group
LLC

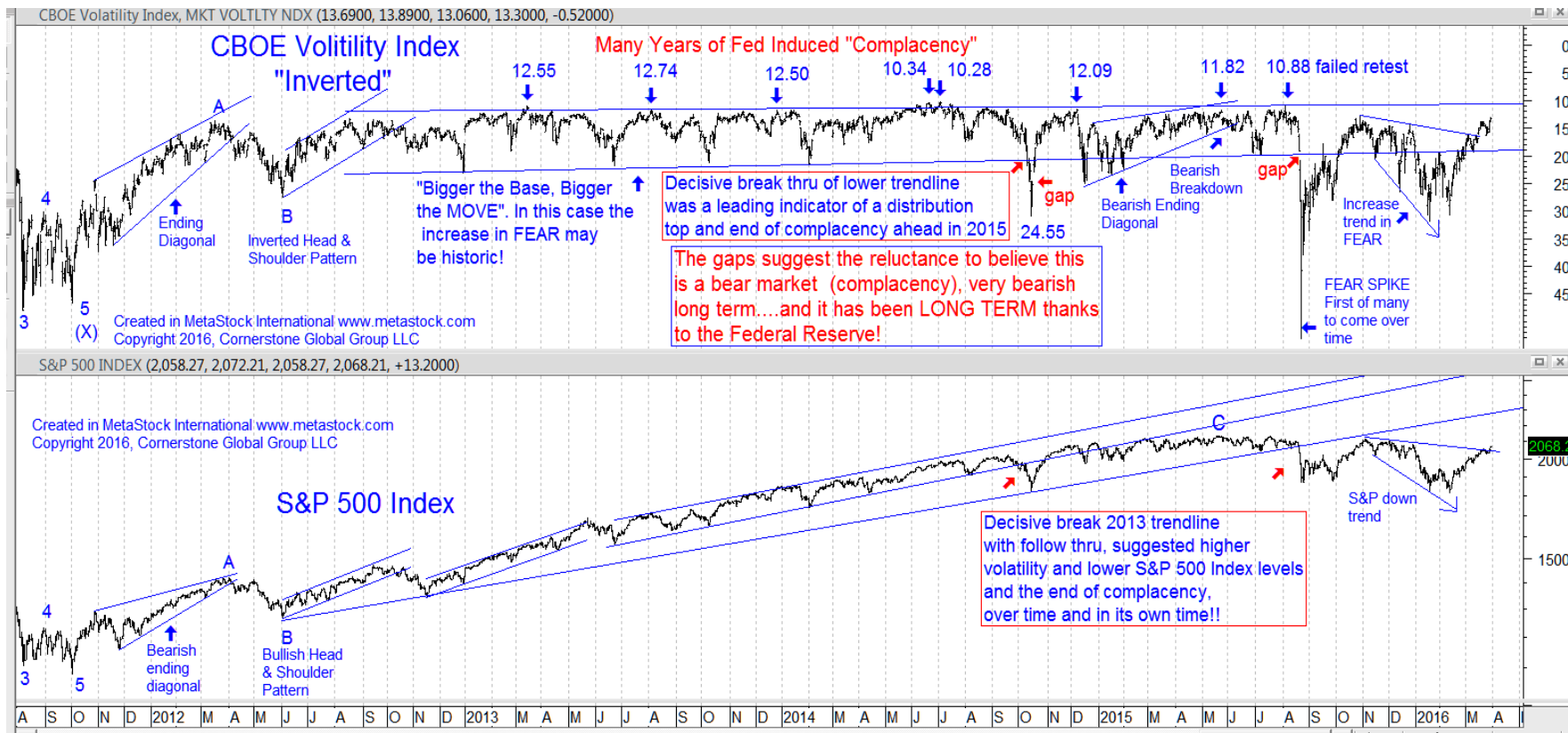
VIX Volatility Index Monthly





Cornerstone™
Global Group
LLC

Confirming indicator: Inverted VIX vs S&P





Cornerstone™
Global Group
LLC

Equity Markets

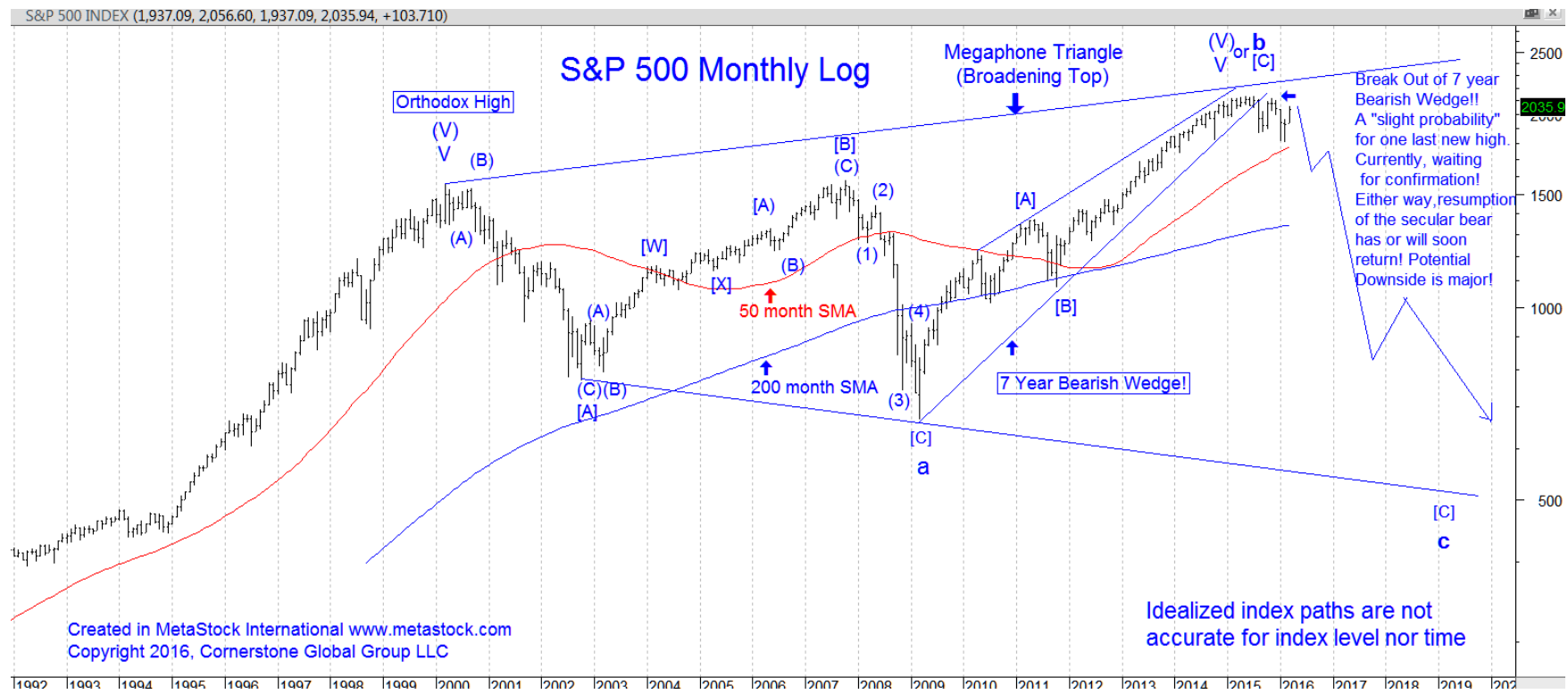
- S&P 500
- DAX
- FTSE 100
- Euro Stoxx 50
- Greece
- Russia RTS
- Australia
- Shanghai
- Bovespa

Institutional Use Only



Cornerstone™
Global Group
LLC

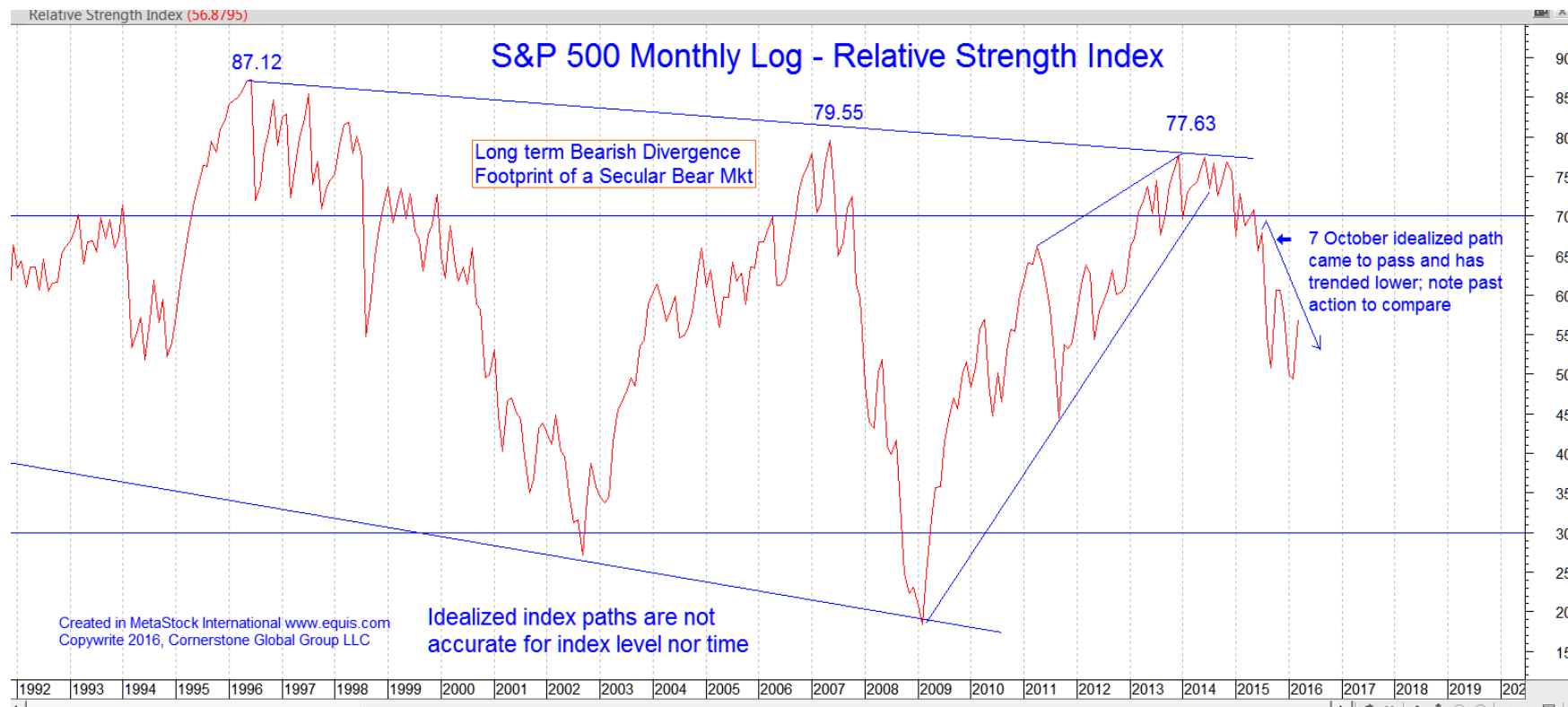
Equity Markets – S&P 500





Cornerstone™
Global Group
LLC

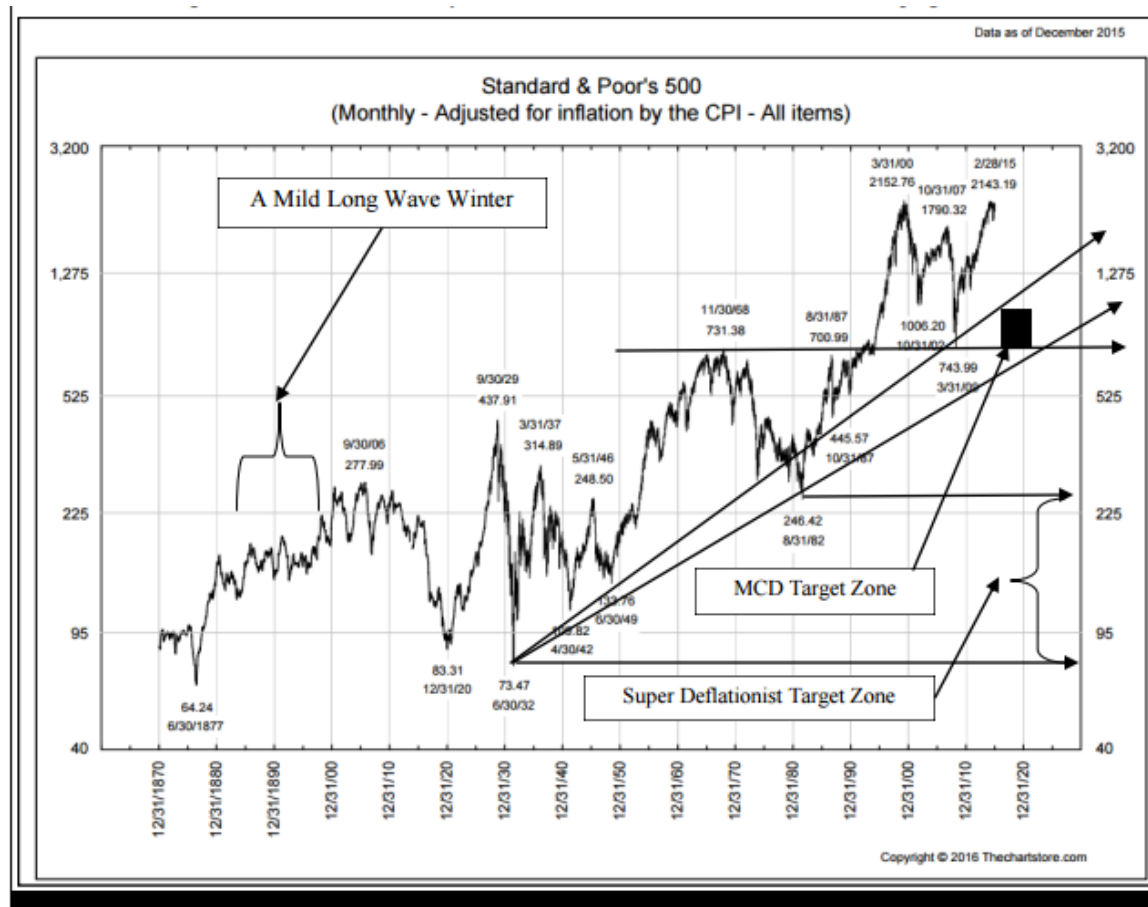
Bear Market Footprint - Incomplete





Cornerstone™
Global Group
LLC

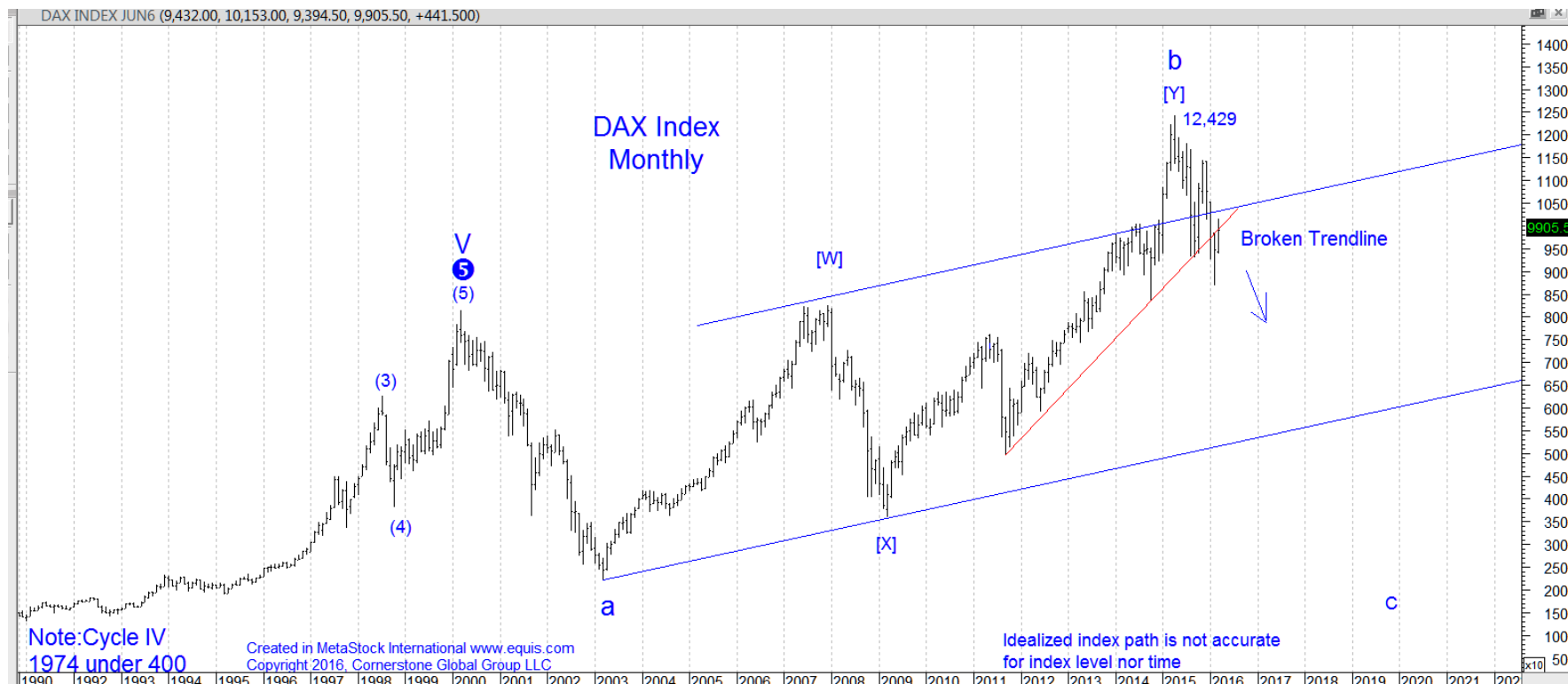
How Low Could the S&P 500 Index Go?





Cornerstone™
Global Group
LLC

Equity Markets – DAX

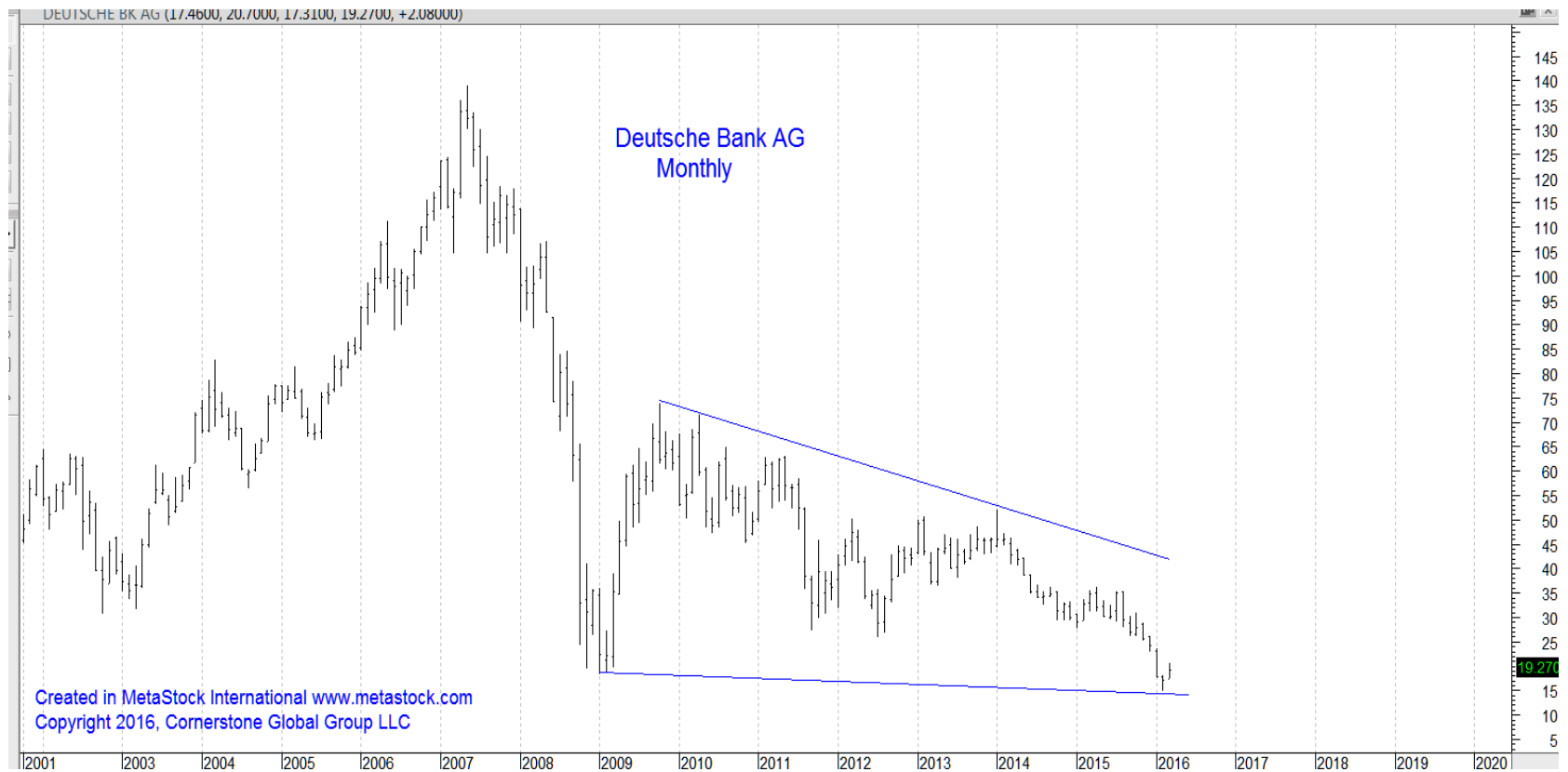


Institutional Use Only



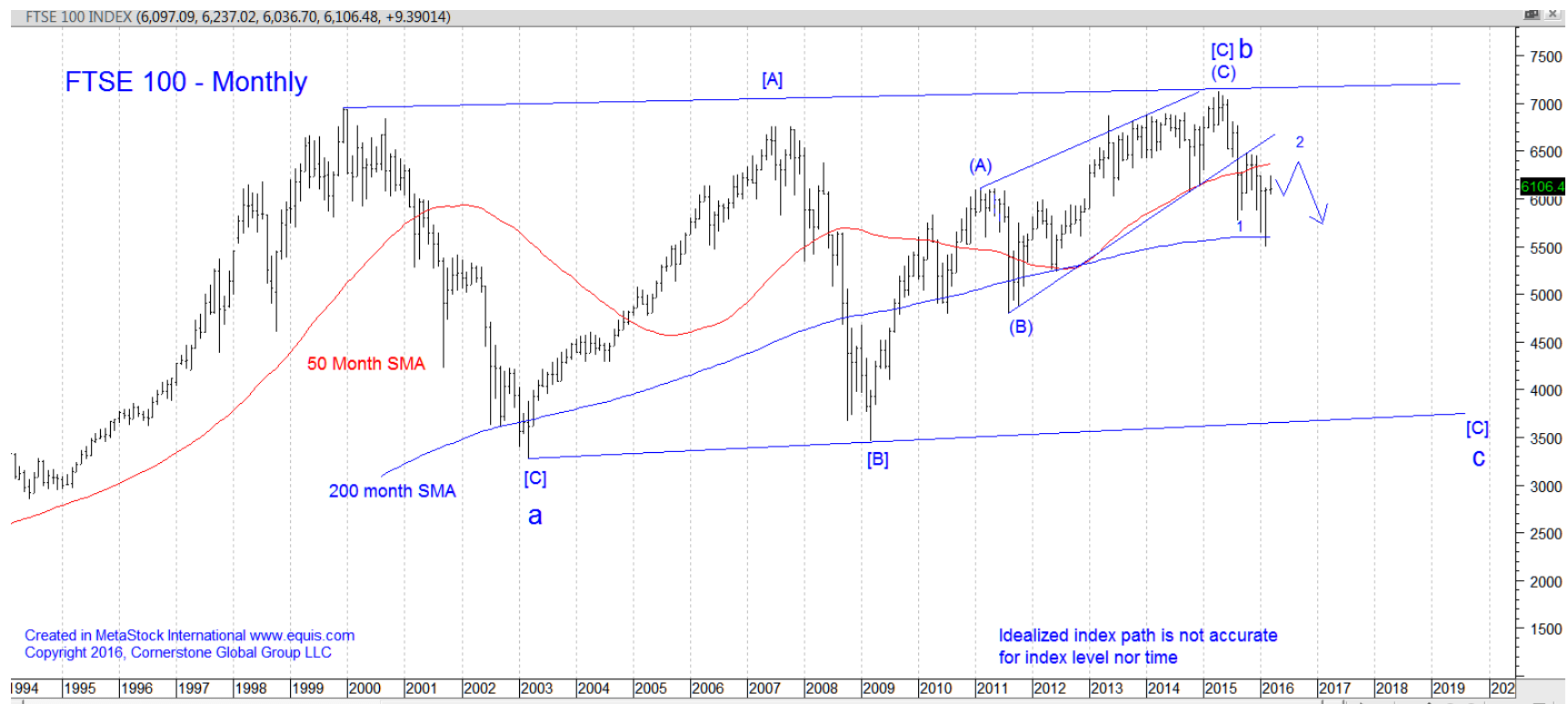
Cornerstone™
Global Group
LLC

Deutsche Bank Monthly



Institutional Use Only

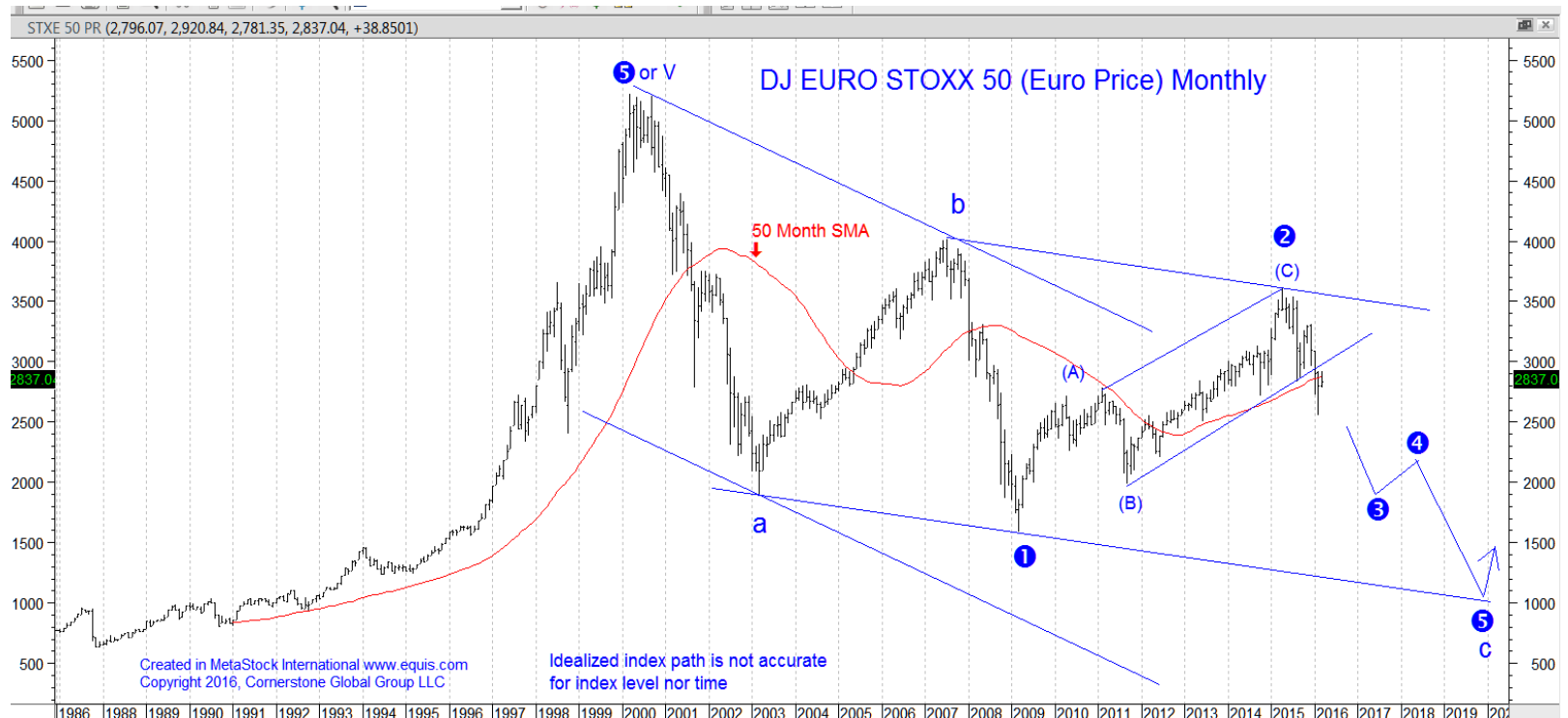
Equity Markets – FTSE 100





Cornerstone™
Global Group
LLC

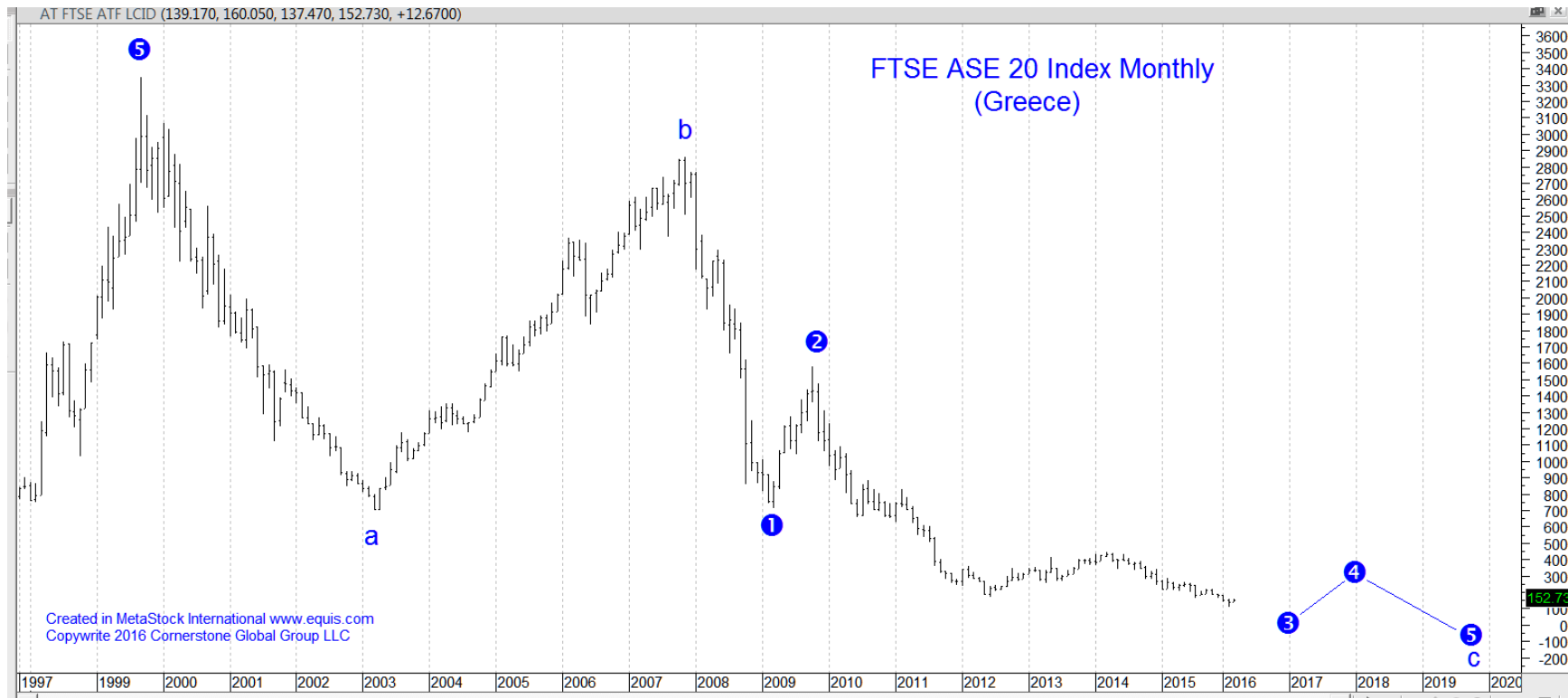
Equity Markets – Euro Stoxx 50





Cornerstone™
Global Group
LLC

Equity Markets – Greece

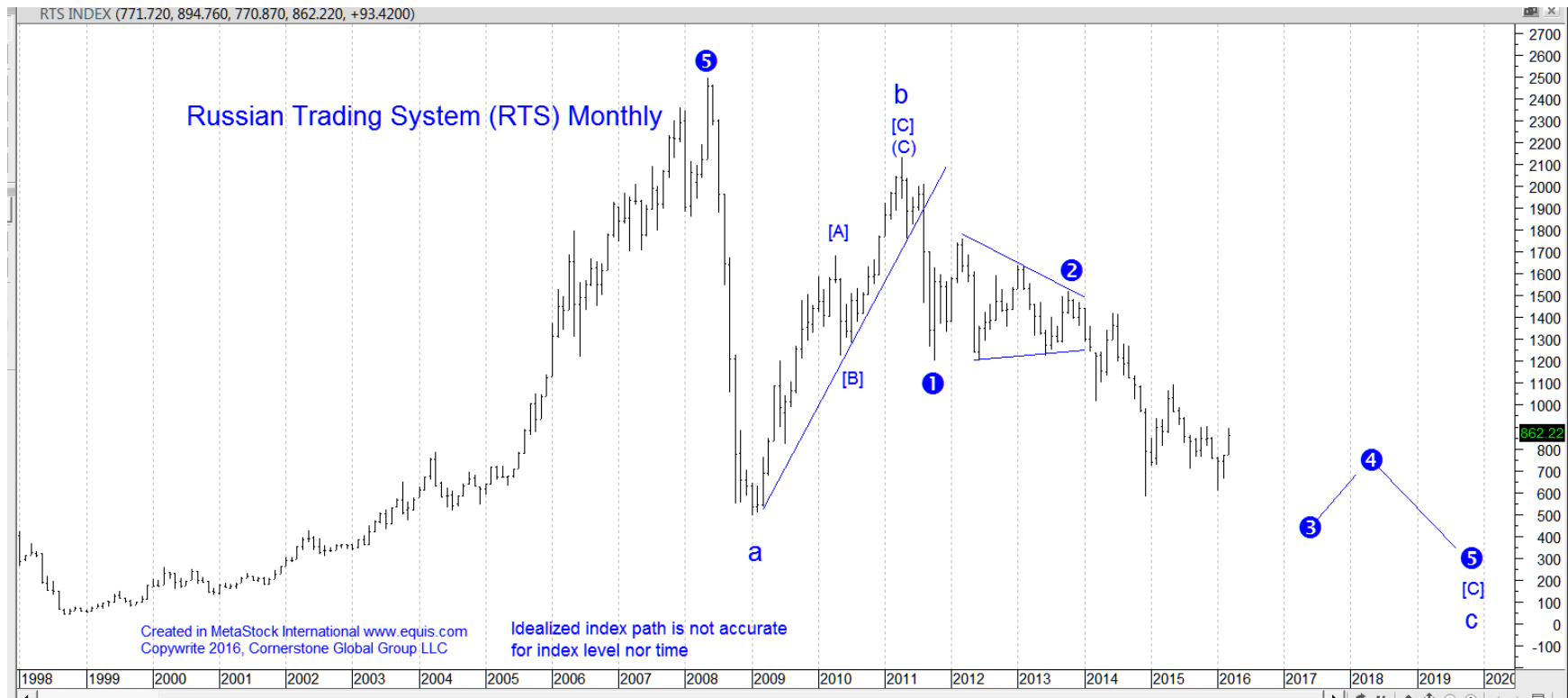


Institutional Use Only



Cornerstone™
Global Group
LLC

Equity Markets – Russia - RTS



Institutional Use Only



Cornerstone™
Global Group
LLC

Equity Markets – Shanghai

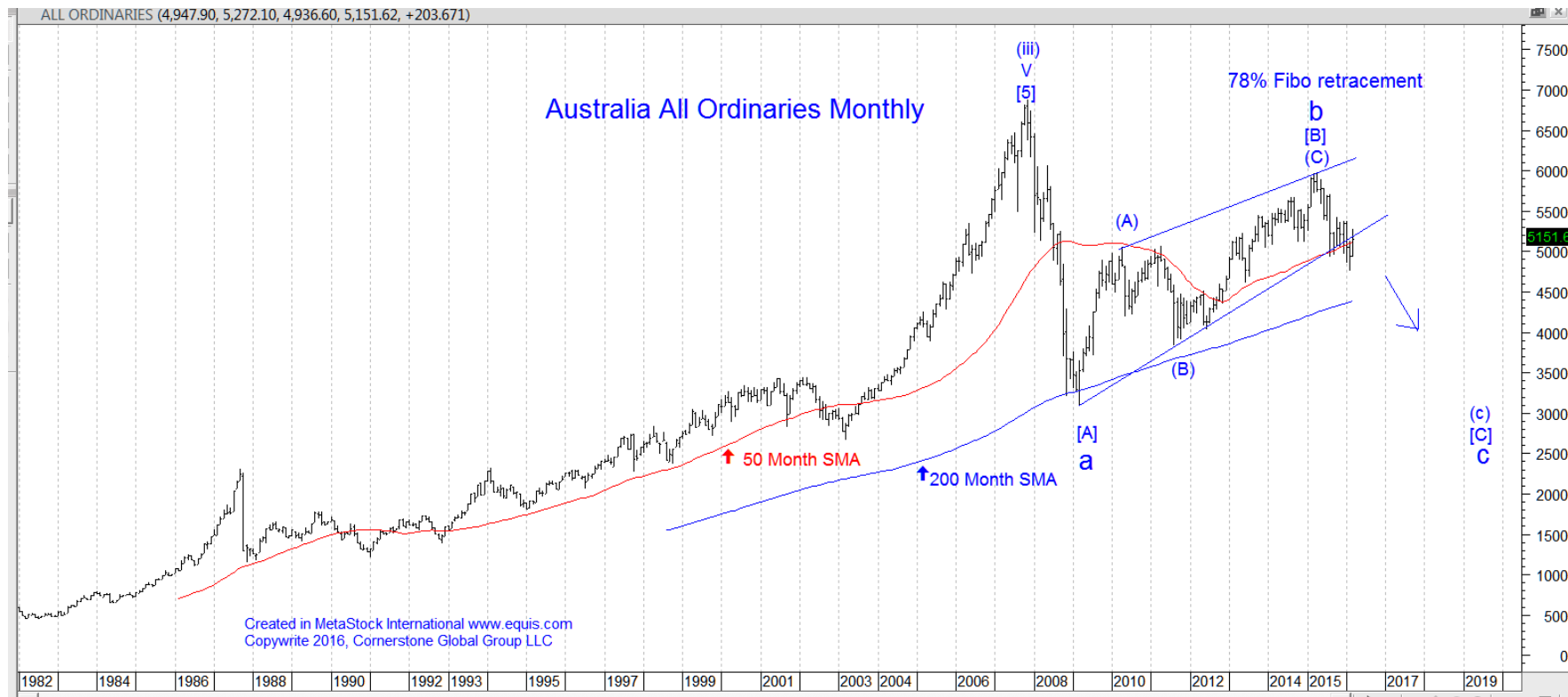


Institutional Use Only



Cornerstone™
Global Group
LLC

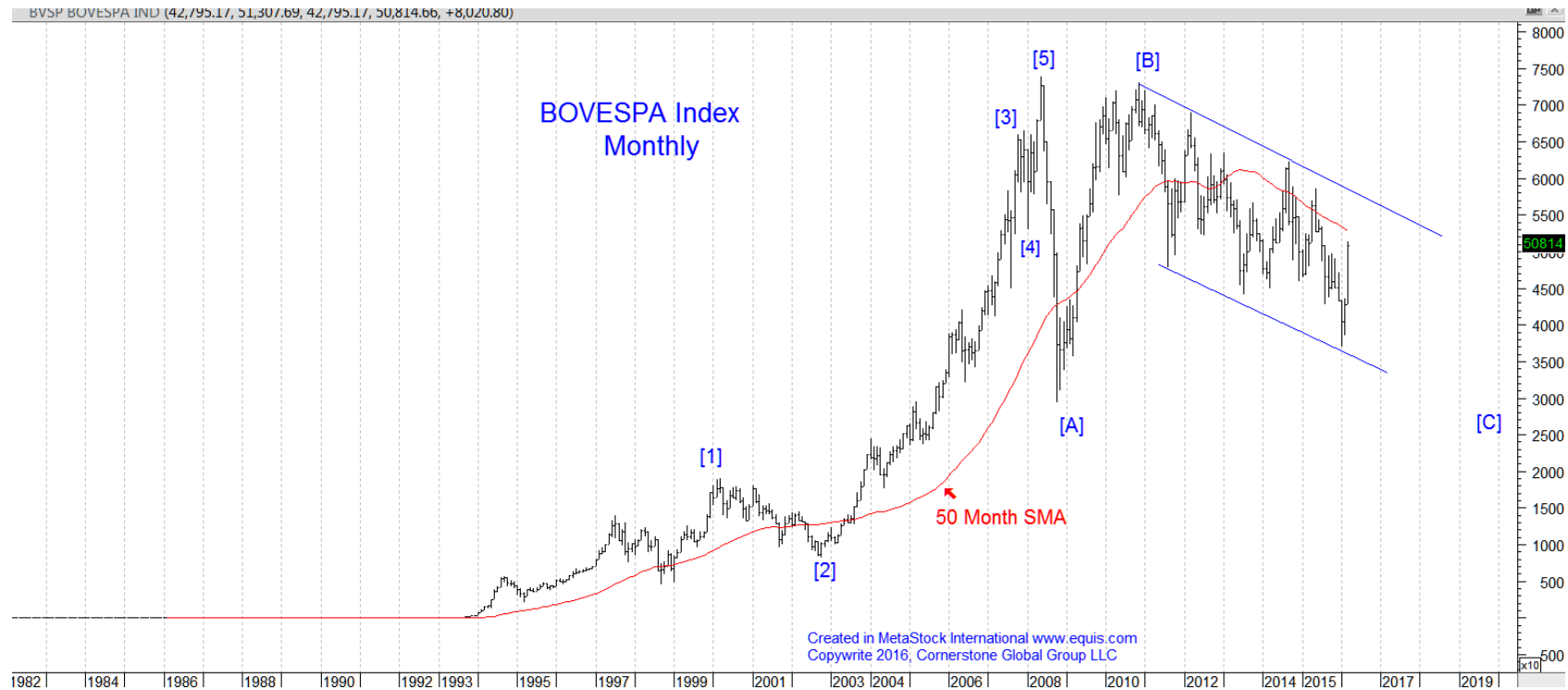
Equity Markets – Australia





Cornerstone™
Global Group
LLC

Equity Markets - Bovespa





Cornerstone™
Global Group
LLC

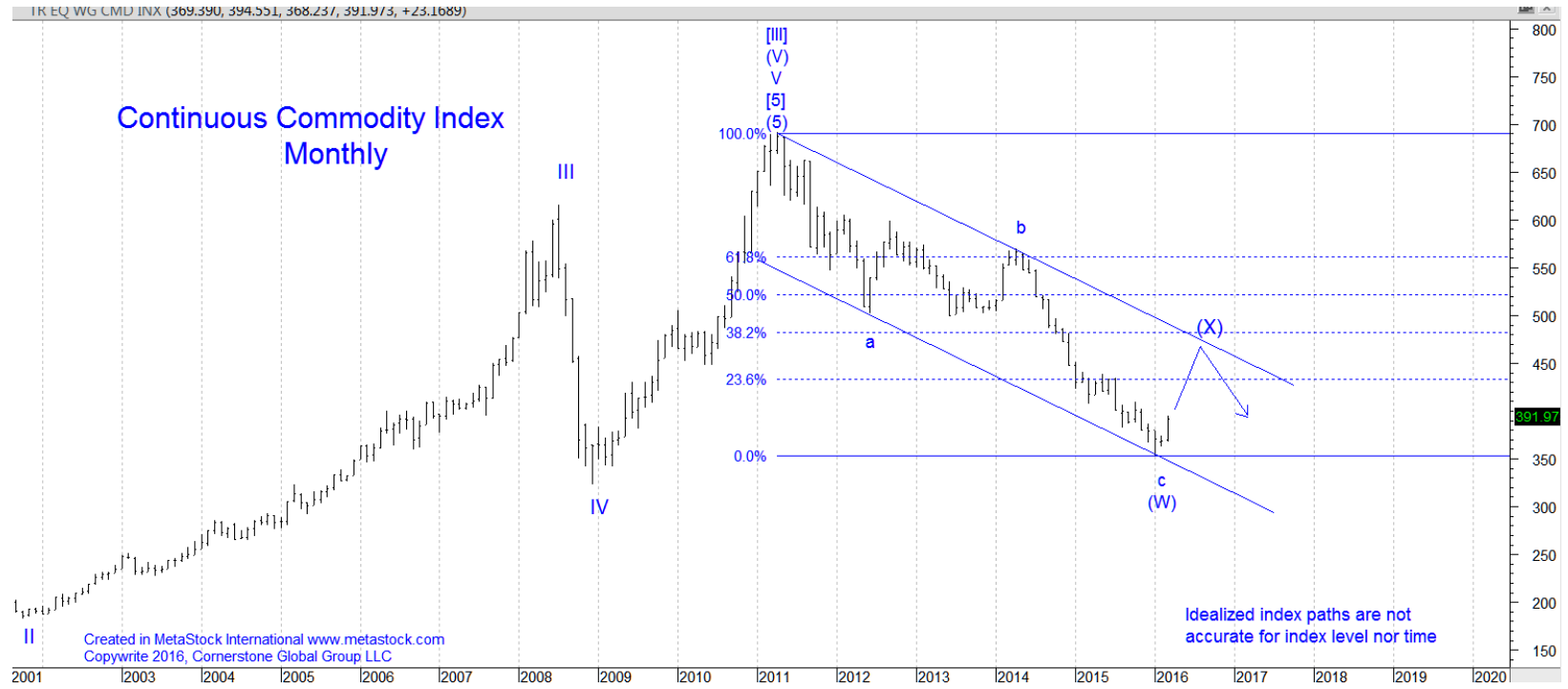
Commodity Markets

- Continuous Commodity Index (CCI)
- West Texas Crude Oil (WTI)
- Comex Gold
- Baltic Dry Index (BDI)



Cornerstone™
Global Group
LLC

Commodity Markets – CCI

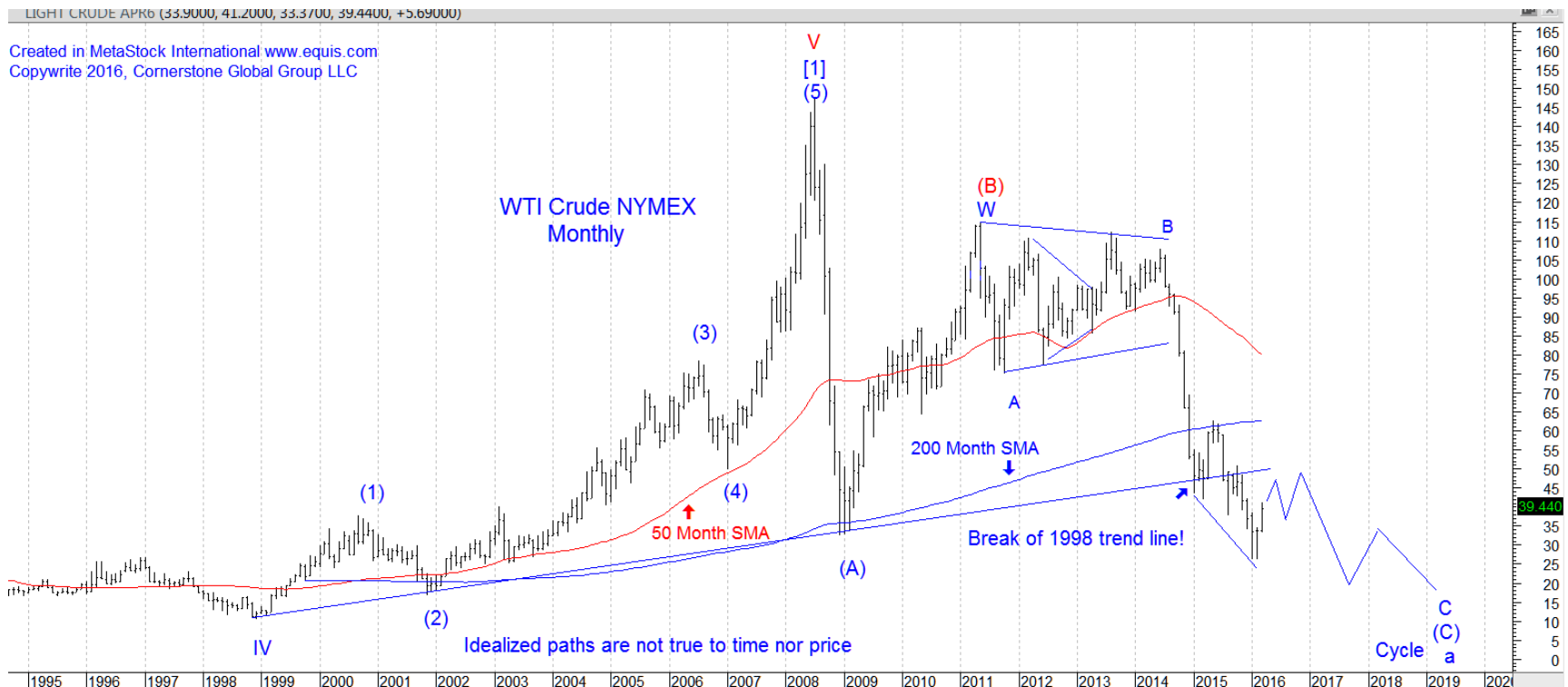


Institutional Use Only



Cornerstone™
Global Group
LLC

Commodity Markets – West Texas Crude Oil





Cornerstone™
Global Group
LLC

Commodity Markets – Comex Gold

100 OZ GOLD MAR6 (1,256.20, 1,256.20, 1,214.20, 1,221.40, -32.4000)

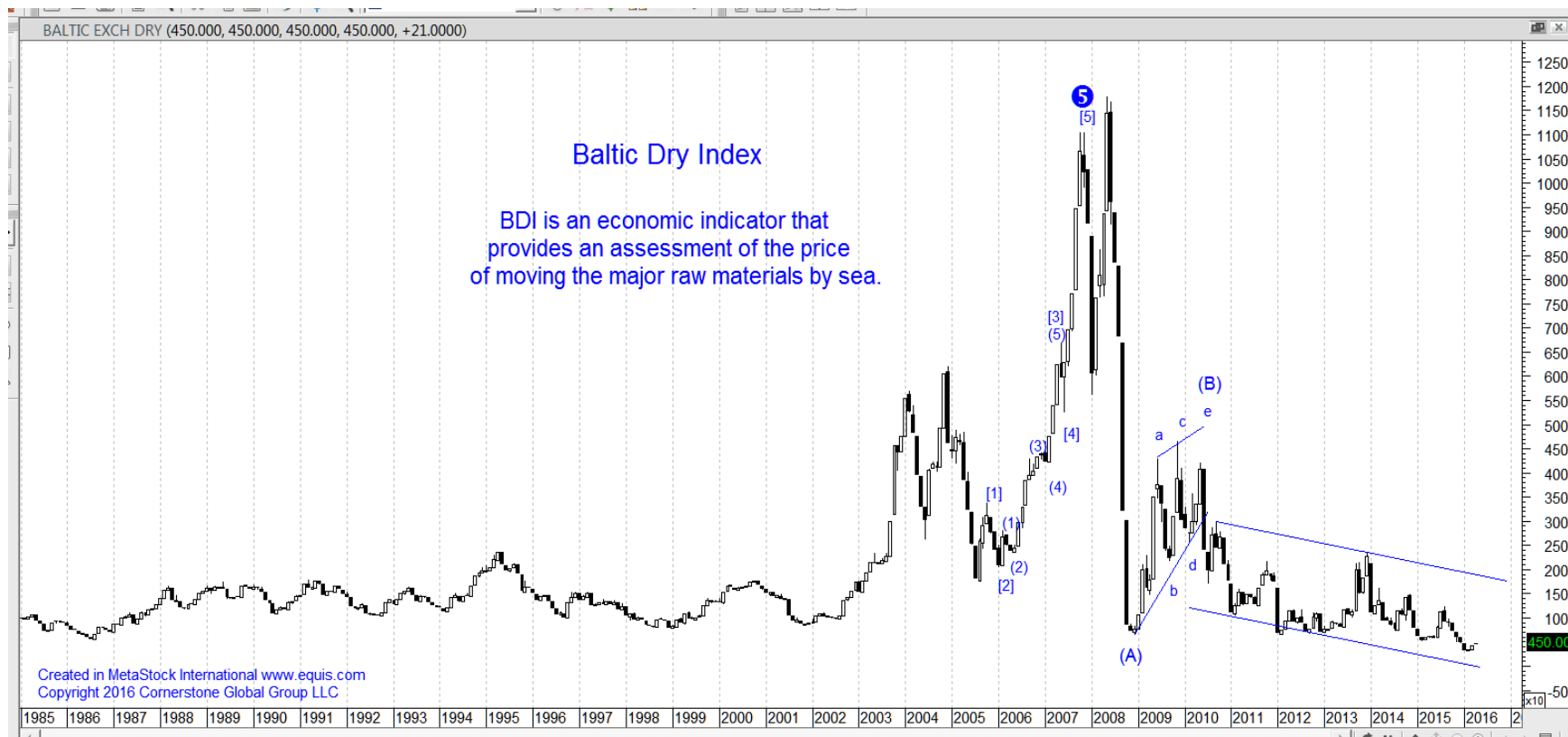


Institutional Use Only



Cornerstone™
Global Group
LLC

Commodity Markets – Baltic Dry Index



Institutional Use Only



Cornerstone™
Global Group
LLC

Currency Markets

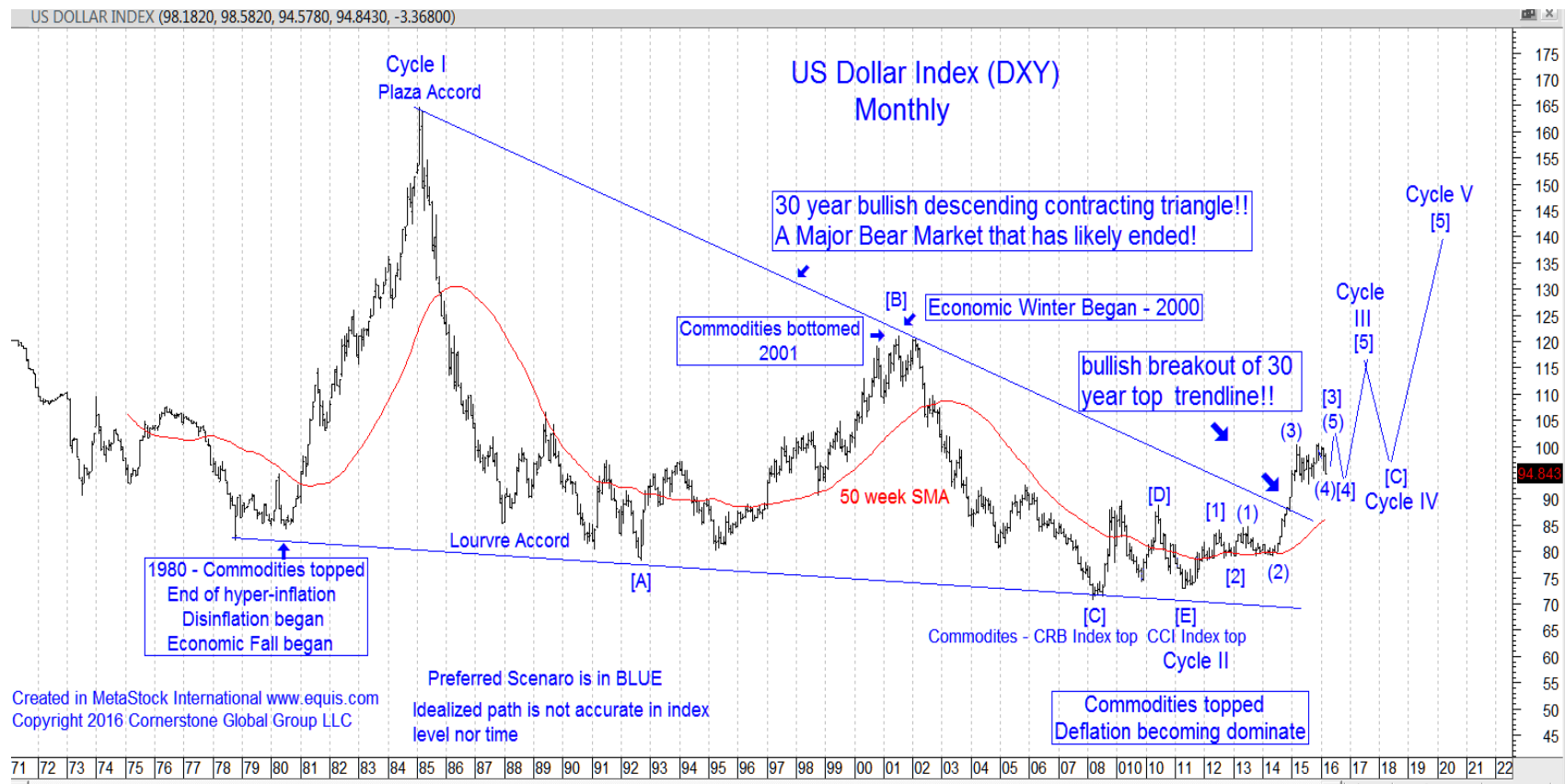
- US Dollar Index (DXY)
- US Dollars per Euro
- US Dollars per GBP
- Chinese Yuan per US Dollars

Institutional Use Only



Cornerstone[™]
Global Group
LLC

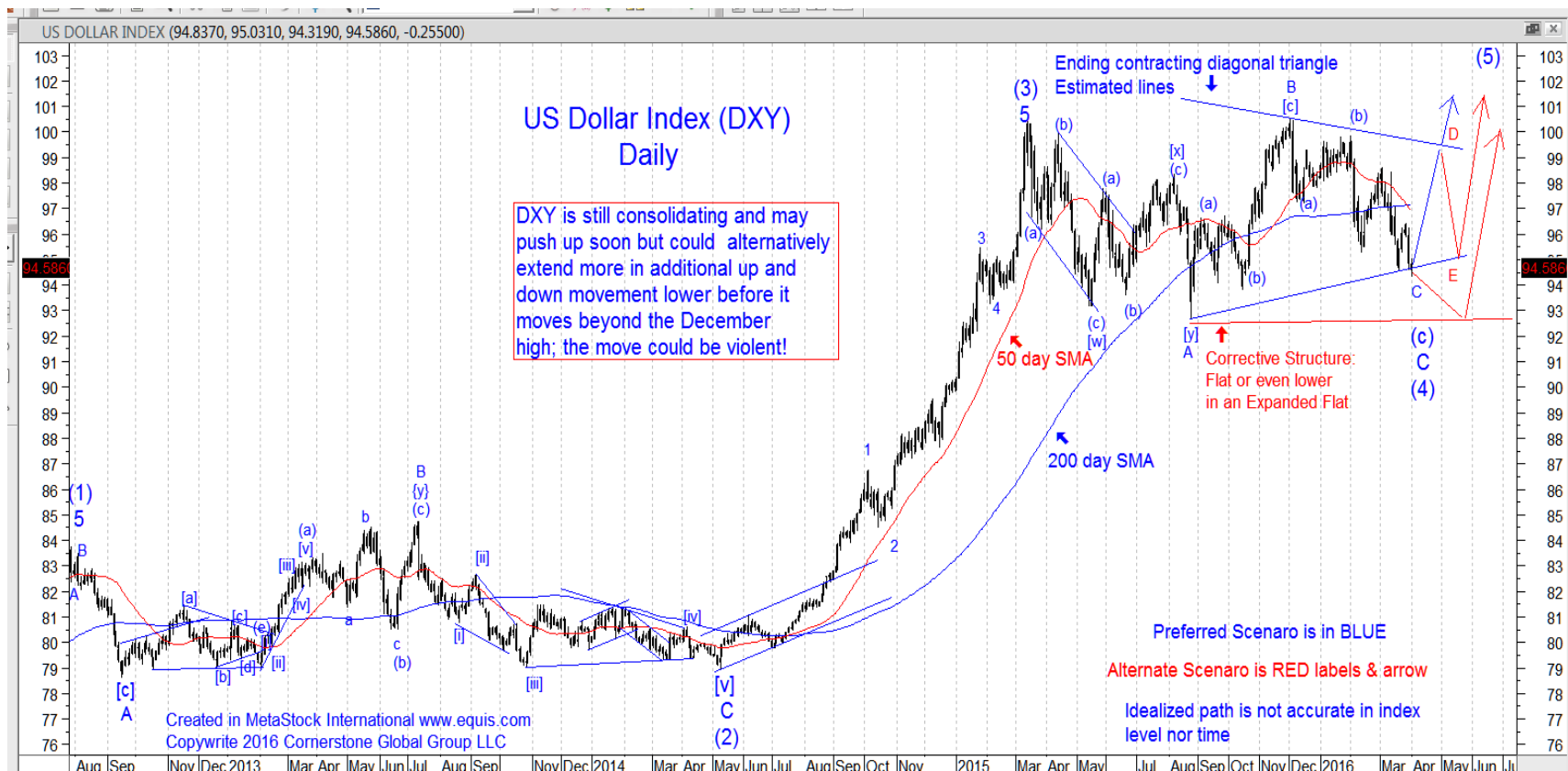
Currency Market – US Dollar Index - DXY





Cornerstone™
Global Group
LLC

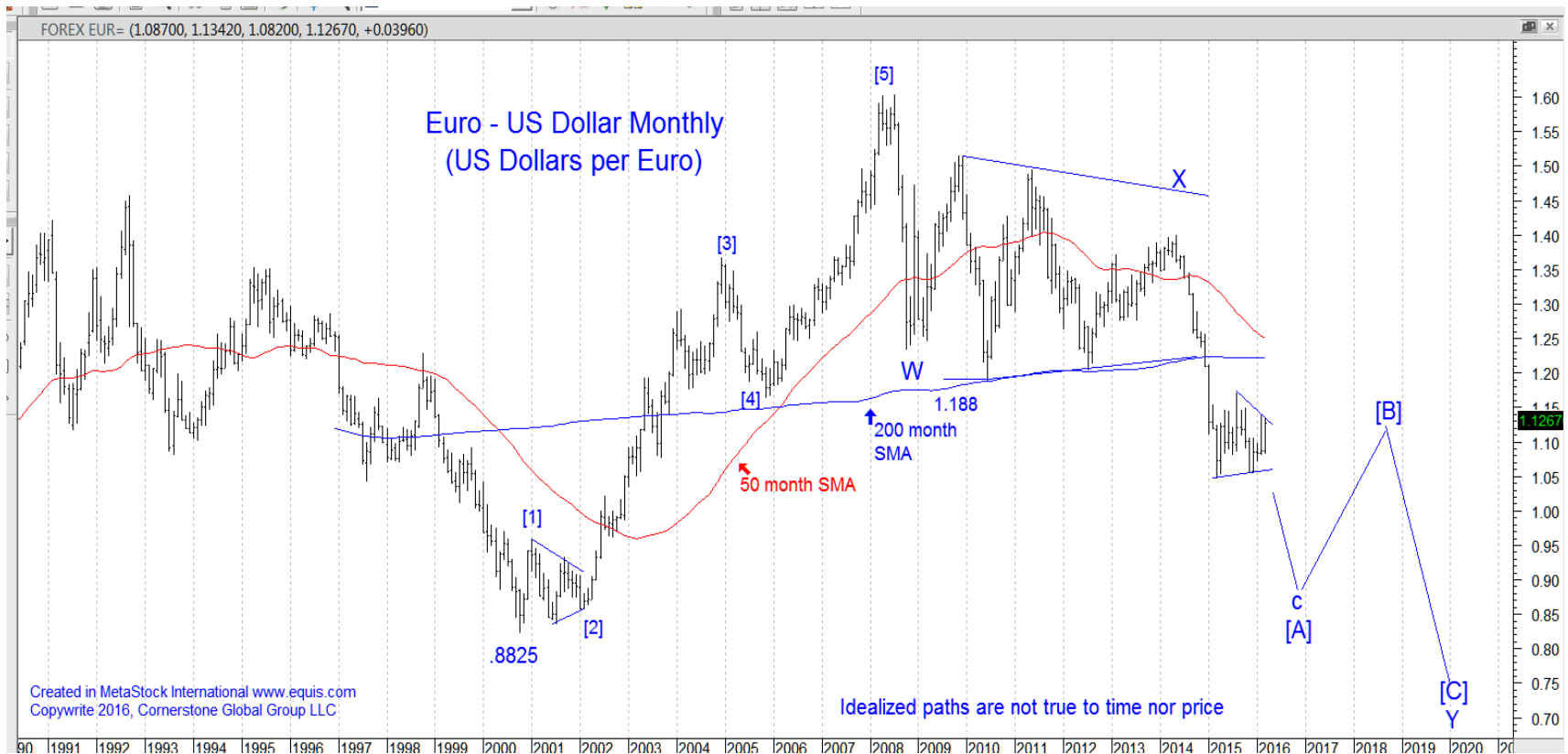
Currency Market – US Dollar Index - Daily





Cornerstone™
Global Group
LLC

Currency Market – USD per Euro





FOREX GBP= (1.43590, 1.43720, 1.41690, 1.42150, -0.01430)

UK Pound Sterling - US Dollar
Monthly
(US Dollars Per GB Pounds)

Created in MetaStock International www.equis.com
Copyright 2016, Cornerstone Global Group LLC

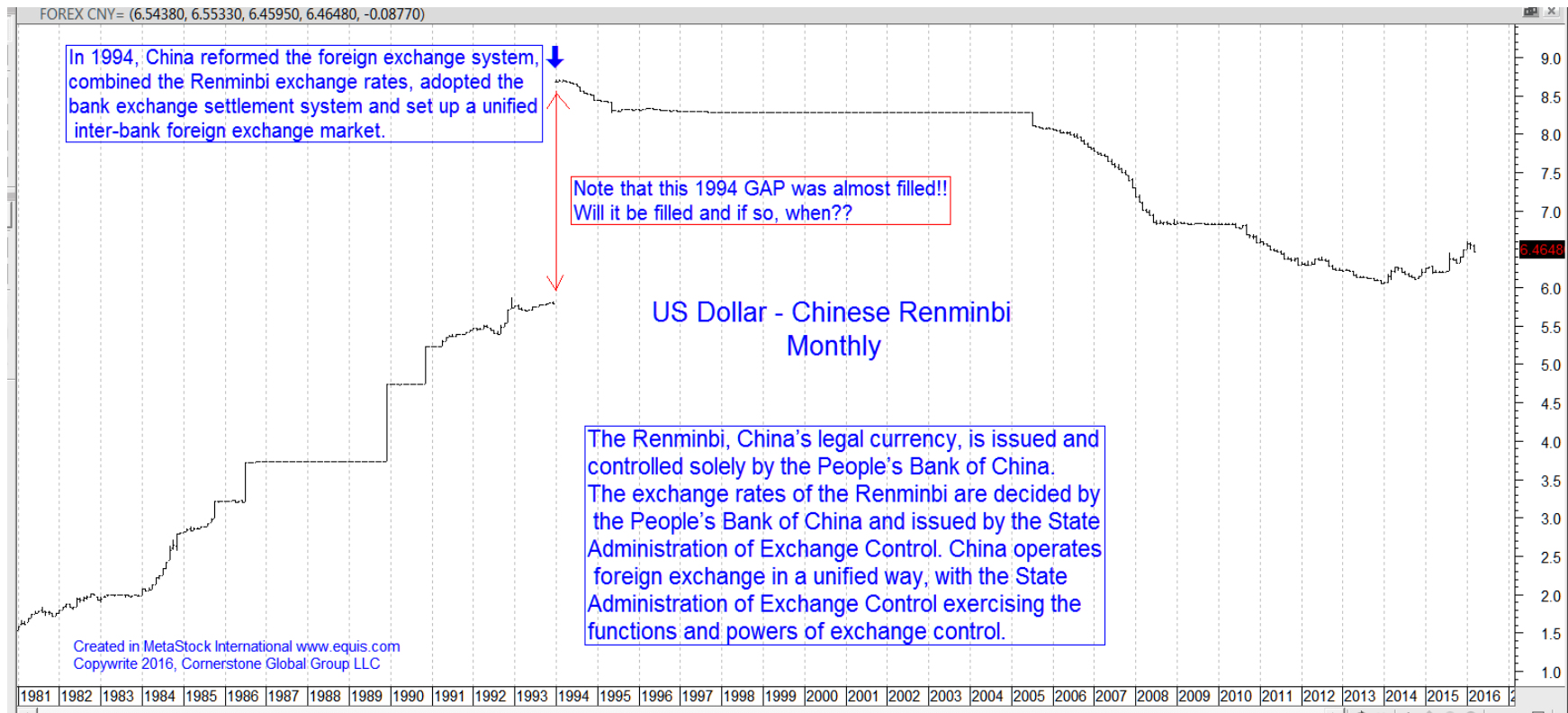
Idealized index paths are not accurate
for index level nor time

4215



Cornerstone™
Global Group
LLC

Currency Markets – Chinese Yuan per USD





Cornerstone™
Global Group
LLC

US Debt Market

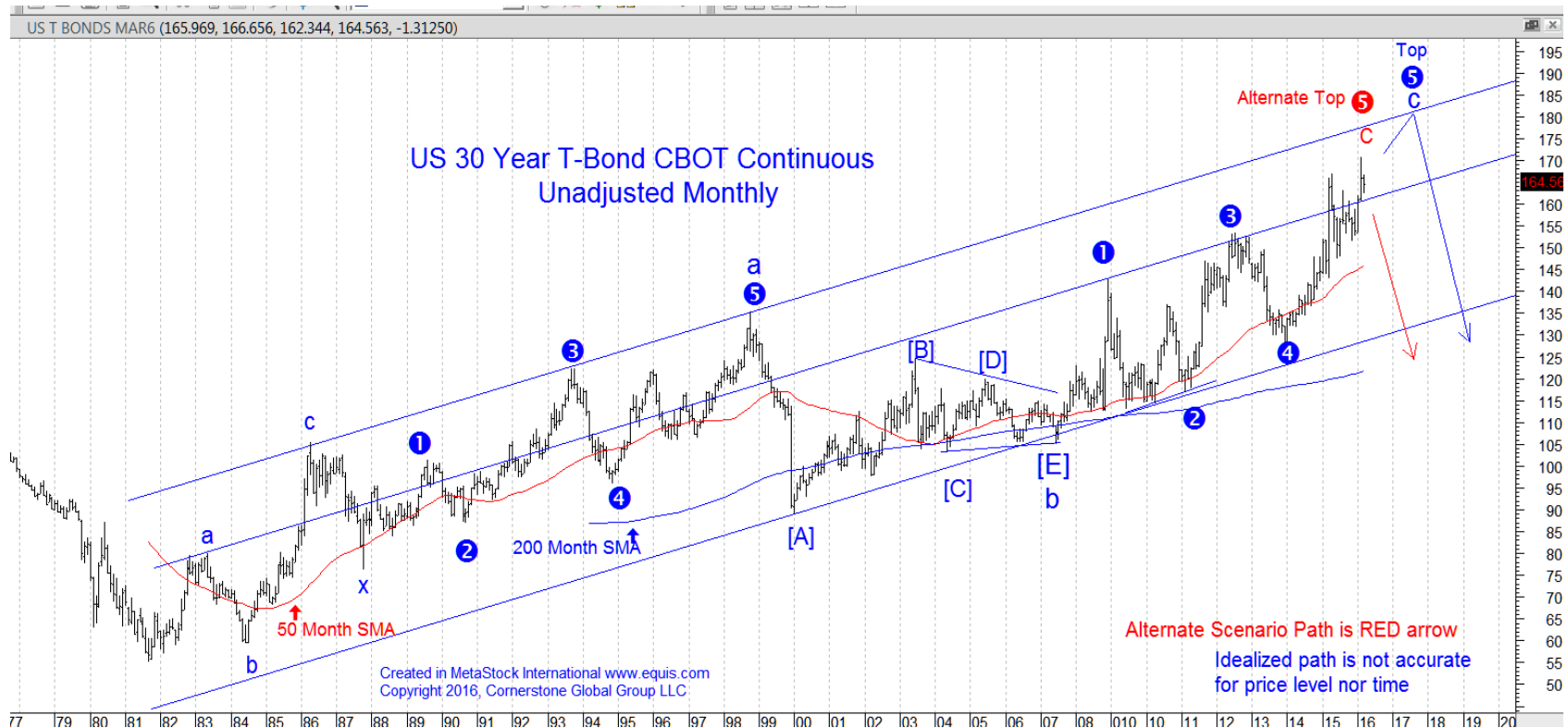
- US 30 Year Treasury Bond

Institutional Use Only



Cornerstone™
Global Group
LLC

US Debt Market – US 30 Year T-Bond





Cornerstone™
Global Group
LLC

Intermarket Conclusion – End Game!

Probability Expectations:

- Commodities indices to correct up then lower
- US Dollar Index higher after consolidation
- USA and European equities lower
- Weakness in many Emerging Markets until bottom
- US Bond yields bottoming after potential “shocks”
- Global equities to bottom 2019-2020
- Economies bottom later, great BOOM lies ahead



Cornerstone™
Global Group
LLC

Fed going to return to .9 Trillion Bal Sheet?

I remember coffee for 5 cents and brand new automobiles for \$600. The value of money will continue to go down. Over the past 50 years we lived through the best time of human history. It is likely to get worse. I recommend you to prepare for worse, because pleasant surprises are easy to handle



Cornerstone™
Global Group
LLC

Take Away Summary

“The trend is your friend until it ends and they all end. However, the end is but the beginning of a new trend! Opportunity Abounds!”



Cornerstone[™]
Global Group
LLC

Global Economies and Markets: The End Game

By

Steven M Shelton MS, MBA, CFP®, CLU, ChFC, TEP, CIMA®, CMT



Cornerstone™
Global Group
LLC

An Observation To Ponder.....

Mr. Global Market always pushes to the surface in due course and majestically reveals what he truly is. It is vain to stop or try to drive him back from his natural cyclical tendencies. He breaks through every man made obstacle, pushes onward and at last makes himself a trend that is visible to all, a testimony to the folly of all those who attempt to stop him”

Steven Shelton 14 July 2015