<u>SHAKIN' ALL OVER: MARKETPLACE CONVERGENCE AND DIVERGENCE</u>

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The Guess Who sing in their love song "Shakin' All Over":
"That's when I get the chills all over me
Quivers down my backbone
I got the shakes in my thigh bone
I got the shivers in my knee bone
Shakin' all over".

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<u>OVERVIEW AND CONCLUSION</u>

Financial wizards not only offer competing opinions regarding past, current, and future trends for stock, interest rate, currency, and commodity marketplaces. Their rhetoric displays diverse viewpoints regarding alleged relationships within and between those categories. For example, within the global stock constellation, various apostles elect to compare the travels of the S+P 500 with those of the Nasdaq Composite or with an emerging marketplace stock benchmark. Alternatively, some visionaries herald their subjective insights and foresights about connections between stocks (such as the S+P 500) and interest rates (such as the United States 10 year government note), perhaps also including the US dollar and the commodities galaxy in their investigations.

Luminaries tell stories offering their cultural perspective regarding apparent convergence and divergence (lead/lag) relationships within and between marketplace domains. Viewpoints regarding convergence and divergence encompass not only price direction (trend), but also the timing (start and end date; duration) of a given move as well as the distance it travelled. In any case, these links (associations; patterns) can alter, sometimes substantially and occasionally permanently. Marketplace history, including that related to convergence and divergence, is not marketplace destiny, whether entirely or even partly.

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History reveals that the S+P 500 and emerging marketplace stocks "in general" (MSCI Emerging Stock Markets Index, from Morgan Stanley; "MXEF") often have had very important trend changes in the same direction "around" the same time.

After establishing important bottoms together in first quarter 2016, the key American stock indices and those of other important advanced nations and the "overall" emerging stock marketplace traded closely together from the directional and marketplace timing perspective. Though the bull moves since first quarter 2016 in these assorted domains did not all voyage the same distance, all were very substantial. Their rallies since around the time of the November 2016 United States Presidential election were impressive. Both emerging marketplace equities and the S+P 500 established important peaks in first quarter 2018 (MXEF 1279 on 1/29/18; S+P 500 2873 on 1/26/18).

Yet whereas since its first quarter 2018 summit prices for the emerging stock marketplace arena have eroded significantly and currently rest at their calendar 2018 lows, the S+P 500 has retraced much of its dive and now (6/15/18 close 2780; stock price data in this essay is through 6/15/18) stands only slightly over three percent from its 1Q18 top. This divergence, though not massive, is noteworthy. A similar but more extreme divergence between these stock benchmarks existed from spring 2011 (and note particularly since around second half 2014) through about May 2015. The S+P 500 kept going up and achieved new highs over its spring 2011 one, but the MXEF failed to do so.

After spring 2015, convergence developed, with a bear trend in the S+P 500 accompanying the existing downhill one in the emerging marketplace stock group. An important factor assisting this was the decisive climb in the broad real trade-weighted United States dollar ("TWD") above its critical resistance around 96.6. A similar convergence is likely to occur in the present MXEF and S+P 500 marketplace relationship, with the significant divergence disappearing and both equity realms falling "together".

US corporate earnings indeed have been quite strong, with share buybacks and mergers and acquisitions robust. Nevertheless, one bearish factor for stocks in the current landscape is the broad real trade-weighted dollar's recent advance over the 96.2/96.6 barrier (compare 2015); also recall the TWD rally beginning in spring 2008 during the 2007-09 global economic disaster). The ascending US yield trend (which began in July 2016, accelerating in 1Q18) has encouraged the TWD's modest rally in the past few months. Trade war talk and potential tariffs probably have assisted the TWD's appreciation. The US is a net importer nation; some exporters (which include many developing nations) may depreciate their currency to maintain market share within the US.

Another bearish sign for both advanced nation and emerging marketplace stocks is the persistent climb in US Treasury yields. Rising global yields alongside a strengthening dollar is especially painful to emerging marketplace countries and thus their stock marketplaces. Many developing nations, including their corporations, have dollar-denominated debt. And underscore in this context another point: for America over the past century, sustained rising yields generally have led to American stock marketplace declines. Given the Federal Reserve Board's ongoing tightening policy (and its normalizing balance sheet, as well as probable willingness to allow some overshooting of its two percent inflation target), growing substantial US federal deficits (aided by tax "reform" legislation enacted in December 2017), substantial US household credit demand, a low unemployment rate, and other factors, US government yields probably will tend to keep rising over the long run. The growing mountain of US public debt, including as a percentage of GDP, also tends to push up interest rates.

A confirming sign for equity feebleness in both the S+P 500 and the MXEF likely will be weakness in commodities prices. Commodities often have peaked (bottomed) around the same time as a crucial top (bottom) in important advanced nation or emerging marketplace stocks. However, there have sometimes been lags. Recall that in during the worldwide financial crisis following the glorious Goldilocks Era, commodities "in general" peaked after the S+P 500 and emerging marketplace stocks. The broad Goldman Sachs Commodity Index ("GSCI") has declined since 5/22/18's 498 high.

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For further related marketplace analysis of stock, interest rate, currency, and commodity fields, see other essays such as "Commodity Currencies in Context: a Financial Warning Sign" (5/1/18); "As the Financial World Turns: Commodity and Other Marketplace Domains" (4/2/18); "Global Stock Marketplaces: Winter of Discontent" (3/5/18); "There Will Be Blood: Financial Battlefields" (2/9/18); "Busload of Faith: Financial Marketplaces" (1/15/18); "Marketplace Vehicles: Going Mobile" (12/13/17); "History on Stage: Marketplace Scenes" (8/9/17).

COMMODITY, STOCK, AND US DOLLAR TRENDS SINCE 2007-08

"I'm Going Home" is a lively song by the rock group Ten Years After.

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The following table reviews the broad Goldman Sachs Commodity Index ("GSCI"; which is heavily petroleum weighted), the Bloomberg Commodity Index, emerging stock marketplaces (MSCI Emerging Stock Markets Index, from Morgan Stanley; "MXEF"), the S+P 500, and the broad real trade-weighted dollar ("TWD"; Federal Reserve Board, H.10; March 1973=100, monthly average).

Marketplace pilgrims should analyze commodity, currency (including those of the commodity currency armada), and stock marketplace trends and relationships with interest rate patterns (such as for the US Treasury 10 year note) in mind. For example, recall the UST 10 year note's major yield bottom on 7/6/16 at 1.32 percent. Its yield jumped up from 9/8/17's interim low around two percent, ascending fiercely in first quarter 2018 through major resistance at 2.65pc.

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	Broad GSCI	**Bloomberg Comm. Index**	**Emerging Market Stocks MXEF**	**US Dollar ("TWD")**
Peak 2007-08	894 (7/3/08)	238.5 (7/3/08)	1345 (11/1/07) 1253 (5/19/08)	**Major Low 84.0** **April 2008**

[Remember the blessed Goldilocks Era and its dreadful aftermath. The MXEF's peak occurred prior to that in the commodities complex, but its May 2008 interim high occurred close in time to the high in commodities in general. The S+P 500's major peak on 10/11/07 at 1576 likewise preceded that in commodities in general, but its 5/19/08 interim top at 1440 was fairly close in time to those in the GSCI and BCI. So were the even lower S+P 500 tops of 8/11/08 (1313) and 9/19/108 (1265).

During this international financial crisis period, the broad real TWD established a major high in March 2009 at 96.6, alongside the S+P 500's 3/6/09 major bottom at 667. The broad GSCI major bottom was 2/19/09's 306. The MXEF's mournful decline reached its floor at 446 on 10/28/08, with its final low alongside that in the S+P 500 at 471 on 3/3/09.]

Peak 2011	762 (4/11 and 5/2/11)	175.7 (4/25/11)	1212 (4/27/11)	**Major low 80.2** **July 2011**

[The S+P 500 established an interim high 5/2/11 at 1371, tumbling to 1075 on 10/4/11 before resuming its gigantic bull move.

The broad GSCI established a pattern of descending interim tops after attaining its spring 2011 peak. This pattern (sequence) of highs within the commodity complex over the 2011-14 span is relevant to the emerging stock marketplace patterns which to some extent coincided with them. Notable broad GSCI highs also were 3/1/12's 717, 9/14/12's 699, 2/13/13's 682, and 8/28/13's 675, as well as 6/23/14's crucial drop-off point at 673.

After crashing to its major trough around 80.2 in July 2011, the TWD walked sideways within a narrow path for about the next three years. Its high over that span was June 2012's 85.9.]

	Broad GSCI	Bloomberg Comm. Index	Emerging Market Stocks MXEF	US Dollar ("TWD")
2014 High	673 (6/23/14)	138.7 (4/29/14)	1104 (9/4/14)	September 2014's 86.2 moved over 85.9, June 2012's interim ceiling

[The S+P 500's heavenly rally over its spring 2011 interim high diverged for about four years from the trends in emerging equity realms and commodities, which failed to exceed their 2011 summits.

The substantial rally in the broad real trade-weighted United States dollar ("TWD") that embarked in mid-2011 eventually played a key part in encouraging (confirming) and accelerating bear movements in emerging marketplace stocks and commodities "in general". The broad real trade-weighted dollar's sharp climb from its September 2014 level interrelated closely with the bearish commodity and emerging marketplace stock tumbles, and ultimately with a vicious fall in the S+P 500 and other OECD (advanced nation) stocks.

In September 2015, the broad real TWD averaged 97.5; after dipping to 96.6 in October 2015, it thereafter leaped over March 2009's critical 96.6 summit, attained around the close of the horrifying 2007-09 global economic disaster.

Trading devotees should keep in mind, including for the current overall marketplace context, this TWD ascent in late 2015 above its critical March 2009 resistance for trends in commodities and emerging marketplace stocks, as well as for the S+P 500. This dollar climb helped propel the S+P 500 downhill following 5/20/15's 2135 pinnacle in conjunction with the emerging stock marketplace and commodity trends. The MXEF drop-off point was 4/27/15's 1069 (compare calendar 2018's recent MXEF levels around 1100). The nominal broad TWD, unlike the broad real TWD, has daily data (Federal Reserve, H.10). Its 5/15/15 interim low at 112.7 shortly preceded the 5/20/15 S+P 500's interim top at 2135.]

First Quarter 2016 Low	268 (1/20/16)	72.3 (1/20/16)	687 (1/21/16)	**Key interim TWD top**: 101.1 (Jan 2016) [Fell to 96.3 Apr 2016]

[The major trough in the S+P 500 (1/20/16 at 1812, 2/11/16 at 1810) likewise occurred in 1Q16 alongside that in the MXEF and commodities. The nominal broad TWD built a temporary ceiling on 1/20/16 at 125.8.]

1Q 2017 Interim Top	409 (2/13/17)	89.5 (1/17/17) 89.4 (2/10/17) [Prior: 90.3 on 6/9/16]		**Major TWD High** 103.2 (Dec 2016)/ 103.1 (Jan 2017)

The nominal broad TWD made its tops on 12/28/16 at 128.9 and 1/3/17 at 128.8.

[Observers should stress that the December 2016/January 2017 pinnacle in the broad real TWD occurred alongside strength (the first quarter 2017 high) in the commodities sector. Therefore a "strong" US dollar does not necessarily (always) associate with ("equal") "weak" commodity prices. And likewise a weak (or weakening) TWD does not necessarily connect with (result in) strong commodity prices. Even if "all else equal", TWD depreciation generally is bullish for commodities (in dollar terms), don't forget early 2017 to mid-2017.]

	Broad GSCI	**Bloomberg Comm. Index**	**Emerging Market Stocks MXEF**	**US Dollar ("TWD")**
Mid-2017 Interim Low	351 (6/21/17)	79.3 (6/22/17)	1000 (6/15/17)	TWD descended in first half 2017.

[The MXEF made interim lows around the time of America's November 2016 election. Recall 837 on 11/14/16 and 840 on 12/23/16. The S+P 500 election period low was 11/4/16's 2084. Significantly, the MXEF's bull move accelerated in mid-2017, as did that in the GSCI and the BCI. Recall MXEF lows on 5/18/17 at 985, 6/15/17 at 1000, and 6/21/17's 1002 (7/7/17 also 1002). The S+P 500 similarly soared. Remember its take-off points at 2406 on 6/29/17 and 2417 on 8/21/17.]

The TWD stayed steady during second half 2017 (low was September's 95.1, inched up to 96.9 in November 2017), but averaged around 96.3, right around critical support from 96.2 to 96.6. The broad real TWD high during the global financial disaster was March 2009's 96.6. Don't overlook the 96.3 minor low in April 2016 and the 96.6 October 2015 take-off point.

1Q 2018 High	466 (1/25/18)	91.2 (1/25/18)	1279 (1/29/18)	**TWD broke 96.2/96.6:** Jan 2018 94.6
	498 (5/22/18)	91.9 (5/24/18)		

[The S+P 500's 2873 pinnacle occurred 1/26/18, alongside that in emerging marketplace stocks.

The broad real trade-weighted US dollar's bear move from its major top at 103.2 in December 2016/103.1 in January 201 moved beneath critical support around 96.2 to 96.6 (and underneath September 2017's minor low at 95.1) at 94.6 in January 2018 (8.3 percent fall).

The TWD break under the 96.2/96.6 support in first quarter 2018 occurred alongside the jump at that time in UST 10 year yields above the 2.65 percent ceiling. Note the weakness beginning in 1Q18 in the S+P 500 (1/26/18 high at 2873; lower top 3/13/18 at 2802) and other important global stock marketplaces, not only in the MXEF.

Significantly, the TWD has advanced since January 2018, rallying beyond 96.6 to reach 98.0 in May 2018, a 3.6 percent appreciation.

The nominal broad TWD has daily data; this weathervane peaked with 12/28/16's 128.9 (1/3/17 at 128.8). It descended to 116.7 on 9/8/17. After a brief rally, its decline resumed, establishing its recent low around 115.2 on 1/25/18 and 2/1/18 (alongside the highs in the S+P 500 and MXEF), a 10.6 percent drop from its December 2016/January 2017 summit. The high since then is 6/15/18's

123.9 (H.10 data through 6/15/18), a 7.6pc climb from the 1Q18 trough (has stayed above 119.0 since 4/23/18).]

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[Note the timing linkage between the broad GSCI and S+P 500 in the past couple of years. Not only did they make major lows around the same time in first quarter 2016 (broad GSCI at 268 on 1/20/16; S+P 500 on 1/20/16 at 1812 and 2/11/16 at 1810). They both accelerated upward in their bull moves around the same time in mid-year 2017; the GSCI low was 351 on 6/21/17, with that in the S+P 500 6/29/17's 2406 (8/21/17 at 2417). The GSCI's initial 2018 high at 466 on 1/25/18 aligned with summits in the S+P 500 (1/26/18) and MXEF (1/29/18). The broad GSCI slumped from its initial high at 466 on 1/25/18 to about 425 on 2/9/18, the BCI to 85.3 that day. Compare the time of the S+P 500's low, 2/9/18 at 2533. Although the GSCI thereafter has hopped over its 1Q18 interim top, it thus far has not done so by much (498 on 5/22/18).

The significantly more substantial rally in the GSCI relative to the BCI since their 1Q16 bottoms reflects the greater share of the petroleum complex within the GSCI.

Compare the timing of commodity index highs in May 2018 with interim tops in European stock marketplaces such as the SXXP, DAX, and FTSE as well as Japan's Nikkei.

The GSCI's slump from its May 2018 plateau (6/15/18 close 464) now threatens to break under its 1Q18 elevation. The BCI's 6/15/18 height is beneath its 1Q18 crest.

Underline the resurrection in petroleum prices since their major bottom in 1Q16 and their meteoric rise from their mid-year 2017 depth. For example, Brent/North Sea crude oil (ICE, nearest futures continuation) made a major low at $27.10/barrel on 1/20/16. Its 1/13/17 interim high was $58.37. After falling to $44.35 on 6/21/17, Brent made an initial top at $71.28 on 1/25/18 alongside stocks. Though it plummeted to $61.76 on 2/13/18 (its timing neighboring the S+P 500's low), it leaped to $80.50 on 5/17/18 ($80.49 on 5/22/18). Compare the timing of the May 2018 high in Brent with the interim ones in the broad GSCI and European and Japanese stocks.]

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[What does the "overall" failure of the effective exchange rates for commodity currencies "in general" to strongly advance alongside the commodities complex (particularly since mid-2017 and especially in recent months) indicate? The inability of the commodity currencies in general to make new highs in calendar 2018 dramatically over (if at all) over their first quarter 2017 elevation is a warning sign that commodities in general probably will begin to slump in the relatively near future. Given the tendency of the CC EER group as a whole to establish important highs around the time of highs for commodities in general (and for CC EERs to reach key bottoms around the time of lows for commodities), a decline (even if relatively minor) for the CC EER fraternity probably would warn (confirm) that a peak in commodities is in place or near in time.]

US STOCKS

Bob Dylan sings in "Tangled Up in Blue":
"But me, I'm still on the road
Headin' for another joint
We always did feel the same

We just saw it from a different point
Tangled up in blue".

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American stock indices "in general" inspire a great variety of assortment of competing sermons regarding them, including reasons for their past, present, and future levels and trends. Many of these descriptions and analyses regarding broad benchmarks such as the S+P 500, Dow Jones Industrial Average, and Nasdaq Composite appear relatively unique to the United States. However, economic regions and financial marketplaces around the world have increasingly intertwined during the course of globalization in recent decades, and especially during the past several years.

Therefore the directional travels (bull and bear adventures) of America's stock marketplace increasingly have tended to parallel those of other significant advanced countries and regions. In recent years, the trends of emerging marketplace stocks "in general" increasingly have interconnected with those of leading advanced nations. Consequently, narratives, explanations, and prophecies regarding a broad "national" stock marketplace indicator such as the S+P 500 often involve those of equity signposts elsewhere (as well as interest rate, currency, and commodity movements).

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History underscores that across the fields of these stock marketplace yardsticks, the timing of key price turns and the duration and extent (percentage distance travelled) of very important trend moves are not always exactly the same or extremely close.

The following table includes two United States stock marketplace benchmarks, the S+P 500 and Nasdaq Composite. It shows several important points in their journeys over the past few years. The timing of their critical trend changes or accelerations from within a given pattern tend to be quite similar. Compare their percentage ascents. Underscore not only the massive bull rally since first quarter 2016, but also the impressive fervent charge upward following Trump's 11/8/16 election victory up to 1Q18's top.

	S+P 500	**Nasdaq Composite**
1Q16 Bottom	1812 (1/20/16) 1810 (2/11/16)	4210 (2/11/16)
Mid-Year 2016 Low	1992 (6/27/16) [S+P 500 high 8/25/16 at 2194]	4574 (6/27/16)
2016 Election Period Low	2084 (11/4/16)	5034 (11/4/16)
High to Date Since 1Q16	2873 (1/26/18)	7769 (6/14/18)

	S+P 500	Nasdaq Composite
Percent Rally From 1Q16 Low To 2018 High	58.7pc	84.5pc
Percent Climb Since US Election Low To 2018 High	37.9pc	54.3pc
Low Since 1Q18 High	2533 (2/9/18)	6631 (2/9/18)
Percent Fall Since 2018 High	11.8pc	[still close to 6/14/18 level]

[The Nasdaq Composite's initial high on 1/26/18 at 7506 coincided in timing with the peak in the S+P 500. The Nasdaq slipped 11.7 percent from its 1/26/18 high to its 2/9/18 low at 6631.

However, in the past few months, the Nasdaq's price move has diverged a bit from that of the S+P 500. The Nasdaq index achieved a new high at 7638 on 3/13/18 (the S+P 500 made a minor top at that day, at 2802). Although the Nasdaq index slipped 10.9 percent to a low of 6806 on 4/2/18, it (unlike the S+P 500) made a new high over its 1Q18 apex, reaching 7769 on 6/14/18.

How significant is this new high in the Nasdaq Composite for the S+P 500 trend? Is this divergence between the S+P 500 an omen indicating that the S+P 500 probably will exceed its 1Q18 top?

Since the mid-June 2018 Nasdaq high stretches only 3.5pc over its 1/26/18 top, the divergence probably is not of great importance. Although the technology sector nowadays often may lead the so-called overall US stock marketplace, it does not inevitably (or inexorably) do so. Besides, the tech field obviously is not the whole stock world. Moreover, the major upward trend in US Treasury yields is bearish for US (and other) stocks (including the Nasdaq sector), as is the recent climb in the broad real trade-weighted dollar above key resistance at 96.2/96.6. Also keep in mind the bear trend in emerging marketplace stocks since 1Q18, as well as the inability of many advanced nation stock realms (see below for Europe and Japan) to climb (or sustain moves over) their 1Q18 summits. Thus the S+P 500 probably will continue to decline. If the S+P 500 manages to surpass its January 2018 high, it probably will not do so by much.

For the S+P 500, a five percent slip from 2873 is 2729, a 10pc fall (correction) 2586. Many guides define a stock marketplace bear trend as a tumble of 20 percent or more from a significant top. A 20pc decline from 2873 gives 2298, a 33pc crash equals 1913.

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Recall not only the major bottom in the UST 10 year note around 1.32 percent on 7/6/16, but especially underline for global stock marketplaces the yield climb from its 9/8/17 interim trough at just over two percent. The UST 10 year note yield broke out in first quarter 2018 above critical resistance at 2.65pc. The UST 10 year yield recently advanced over 1/2/14's 3.05pc barrier, reaching 3.13pc on 5/18/18. Though the 10 year's yield has not yet sustained a move over

January 2014's height (fell to 2.76pc on 5/29/18; and though "flights to quality" into UST have not been abolished), it remains above 2.65pc.

EMERGING STOCK MARKETPLACES

As a guide to emerging marketplace stocks in general, use the MSCI Emerging Stock Markets Index (from Morgan Stanley; "MXEF"). MXEF price trends in recent years often have tended to move similarly to those of the US and other developed countries. In comparing and assessing stock trends across various equity playgrounds, watch the timing of price turns for (within) the "overall" price trends of the assorted marketplaces.

Even if over a given time span the overall major trend direction between two marketplaces is diverging to some extent, key price shifts in the same direction within those individual trends nevertheless may occur around the same time. Recall the S+P 500 and MXEF price shifts from spring 2011 through spring 2015. And convergence may eventually replace such divergence. Recall the ensuing subsequent decline by both benchmarks to their 1Q16 bottoms.

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Since first quarter 2016's dreary depths, and especially after around America's November 2016 Presidential election, emerging stock marketplaces generally rallied joyously alongside the S+P 500 and its domestic comrades such as the Dow Jones Industrial Average. The MXEF's unhappy decline after late January 2018 paralleled those in advanced nations. China's widely-watched Shanghai Composite Index has influenced (reflected; confirmed) stock trends in important developed (OECD) nations.

	Emerging Market Stocks (MXEF)	**China Shanghai Composite Index**
2015 High	1069 (4/27/15) [1104; 9/4/14]	5178 (6/12/15)
1Q16 Bottom	687 (1/21/16) 708 (2/12/16)	2638 (1/27/16) 2639 (2/29/16)
Mid-Year 2016 Low	788 (5/20/16)	2781 (5/26/16) 2808 (6/24/16)
2016 Election Period Low	837 (11/14/16) 840 (12/23/16)	[NA; no notable interim lows around the time of US 11/8/16 election; 11/8/16 close 3148]
High to Date Since 1Q16	1279 (1/29/18)	3587 (1/29/18)

	Emerging Market Stocks (MXEF)	China Shanghai Composite Index
PC Rally From 1Q16 Low To 1Q18 High	86.2pc	36.0pc
PC Climb Since US Election Low To 1Q18 High	52.8pc	[29.0pc rally since May 2016 low]
Low Since 1Q18 High	1110 (5/30/18) 1111 (6/15/18)	3009 (6/15/18)
Percent Fall Since 1Q18 High	13.2pc	16.1pc

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[The MXEF's 1Q18 highs remain intact (as do those of most of Europe, Japan, and Canada). Whereas America's S+P 500 has approached its 1Q18 high, and the Nasdaq Composite has exceeded it, the MXEF and Shanghai Composite are under their February 2018 depths. The MXEF low on 2/9/18 was 1136 (the comparable S+P 500 low occurred 2/9/18 at 2533). The MXEF highs since 2/9/18 were 1229 on 2/27/18 and 1228 on 3/13/18. The Shanghai Composite fell to 3063 on 2/9/18. It marched upward and reached 3336 on 2/26/18 and 3334 on 3/13/18. However, it since has drifted lower, reaching 3009 on 6/15/18. Remember the S+P 500's interim highs on 2/27/18 (at 2789) and 3/13/18.

The China renminbi cross versus US dollar low since US November 2016 election is 6.965 on 12/16/16, before Trump's inauguration. The subsequent high in the renminbi was 3/27/18's 6.243. Amid tariff and trade feuds with America, the low thereafter (through 6/15/18) occurred with 6/15/18's 6.439.]

OTHER ADVANCED NATION STOCKS

The SXXP, German DAX, UK FTSE, Canada's SPTSX, and Japan's Nikkei are eminent participants in the army of advanced nation stock marketplaces. The SXXP is the STOXX Europe 600 European Stocks Index. The SPTSX is Canada's S+P/Toronto Stock Exchange Composite Index.

Despite their diverse geographic locations, survey the maneuvers and the timing of noteworthy turning points of these stock yardsticks over the past few years in the context of American and emerging stock marketplace travels.

Several crucial global stock benchmarks have not exceeded (or stayed above) very important prior tops. This is a bearish warning sign for global equity signposts in general. It indicates the S+P 500 probably will not venture above its 1Q18 peak.

For example, the Europe SXXP's rally from its 1Q16 trough did not surpass its spring 2015 peak. Despite its gigantic leap from its major bottom in 1Q16, the MXEF (unlike the S+P 500) never surpassed its magnificent Goldilocks Era record, 11/1/07's 1345. The Shanghai Composite stands well beneath its lofty mid-June 2015 ceiling.

The MXEF lurks well under its 1Q18 high. In addition, the SXXP, German DAX, Canada's SPTSX, and Japan's Nikkei have not exceeded their 1Q18 elevation, and the UK FTSE, after edging over its 1Q18 top, now stands beneath it.

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	Europe 600 SXXP	**German DAX**	**UK FTSE**	**Canada SPTSX**	**Japan Nikkei**
2015 High	415.2 (4/15/15)	12391 (4/10/15)	7123 (4/27/15)	15685 (9/3/14)	20953 (6/24/15)

[Recall the S+P 500's important interim peak on 5/20/15 at 2135.]

	Europe 600 SXXP	**German DAX**	**UK FTSE**	**Canada SPTSX**	**Japan Nikkei**
1Q16 Bottom	302.6 (2/11/16)	8699 (2/11/16)	5500 (2/11/16)	11531 (1/20/16)	14866 (2/12/16)
Mid-Year 2016 Low	307.8 (6/27/16)	9214 (6/27/16)	5789 (6/24/16)	13536 (5/9/16)	14864 (6/24/16)
2016 Election Period Low	327.0 (11/9/16)	10175 (11/9/16)	6677 (11/4/16)	14498 (11/4/16)	16112 (11/9/16)
High to Date Since 1Q16	403.7 (1/23/18)	13597 (1/23/18)	7904 (5/22/18)	16421 (1/4/18)	24129 (1/23/18)

[The 1Q18 highs for these marketplaces have remained unbroken thereafter, with the exception of the FTSE. The FTSE's 5/22/18 high at 7904 exceeded 1/12/18's 7793 top by merely 1.4 percent, and the FTSE is back under its 1Q18 high. Thus the divergence by the FTSE within the European stock array probably is unimportant. Watch to see if the FTSE continues to declines alongside other nations following its 5/22/18 top.

Canada climbed to 16352 as of 6/14/18, but it has not yet edged over its 1Q18 barrier.]

	Europe 600 SXXP	**German DAX**	**UK FTSE**	**Canada SPTSX**	**Japan Nikkei**
PC Rally From 1Q16 Low To 2018 High	33.4pc	56.3pc	43.7pc	42.4pc	62.3pc
PC Climb Since US Election Low To 2018 High	23.5pc	33.6pc	18.4pc	13.3pc	49.8pc [62.3pc since June 2016]

Low Since 1Q18 High	362.0 (3/26/18)	11727 (3/26/18)	6867 (3/26/18)	14786 (2/9/18)	20347 (3/26/18)
Percent Fall From 1Q18 High	10.3pc	13.8pc	11.9pc	10.0pc	15.7pc

[The SXXP low on 2/9/18 was 367.5.

Note the late May 2018 highs in the SXXP and other European stock marketplaces alongside those in the broad GSCI and BCI (GSCI high 5/22/18 at 498, BCI top 5/24/18 at 91.9). The SXXP high at 397.9 occurred on 5/22/18, the DAX high 13204 on 5/22/18, with FTSE's on 5/22/18 at 7904. Also, the Nikkei high since its March 2018 low is 5/21/18's 23050. If the Nasdaq Composite and the Canadian stock marketplace begin to decline from their mid-June 2018 highs, historians may link these to declines to the declines in commodities in general.]

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