

Global Seasonal Analysis

Seasonal Trends In Global Financial Markets

April 2017

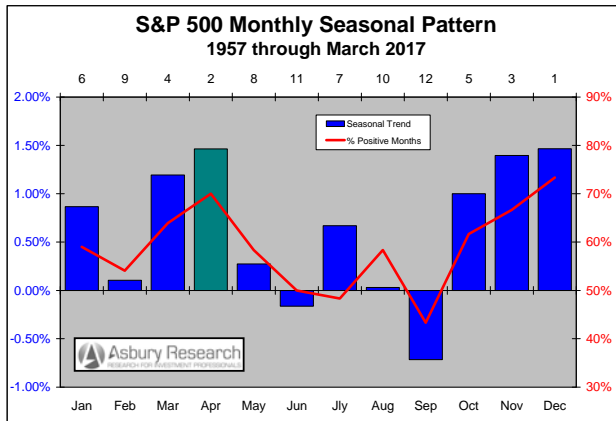
John J. Kosar. CMT
April 6th, 2017

Executive Summary

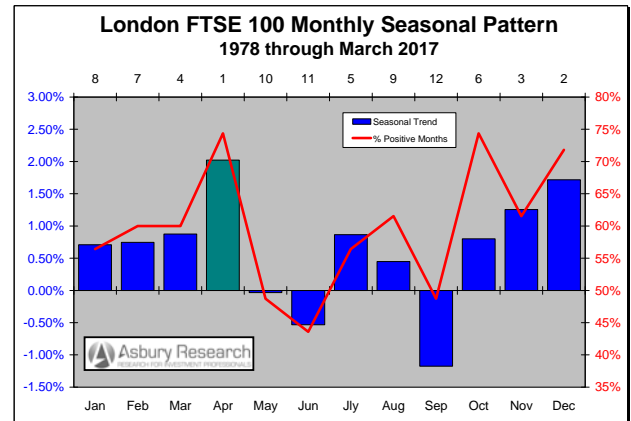
- **Global Equity Prices: NEAR TERM POSITIVE, INTERMEDIATE TERM NEGATIVE.** April represents the end of a two-month period of acute seasonal strength in the US, European and Japanese indexes which either leads into, or marks the beginning of, a gradual decline into the September annual lows.
- **US Interest Rates: NEAR TERM POSITIVE, INTERMEDIATE TERM NEGATIVE.** April is the seasonally strongest month of the year in both 10- and 5-Year Treasury yields, after which 10-, 5- and 2-Year yields gradually decline into their August-September seasonal lows.
- **UK Interest Rates: NEAR TERM POSITIVE, INTERMEDIATE TERM NEGATIVE.** April, the seasonally strongest month of the year for the yield of the 10-Year Euro (formerly German) Bund, represents a strong one-month seasonal improvement over March, the 5th strongest month, but leads a gradual, sustained decline into the October lows.
- **Japanese Interest Rates: NEAR TERM NEGATIVE, INTERMEDIATE TERM POSITIVE.** April, the 2nd weakest month of the year for the yield of the 10-Year Japanese Government Bond (JGB), represents a strong one-month seasonal decline from March, the 3rd strongest month, but precedes a modest four-month recovery into August.
- **The US Dollar: NEAR TO INTERMEDIATE TERM NEGATIVE.** April represents a strong one-month decline in the Dollar versus Europe and Japan that is sandwiched in between seasonal strength in March and May, after which the greenback generally weakens into the 3rd Quarter.
- **Commodities: NEAR TERM POSITIVE, INTERMEDIATE TERM NEGATIVE.** Common to the CRB Index and to crude oil, gold, and copper prices is two months of upcoming seasonal weakness in May and June that are followed by the strongest months of the year between July and September.



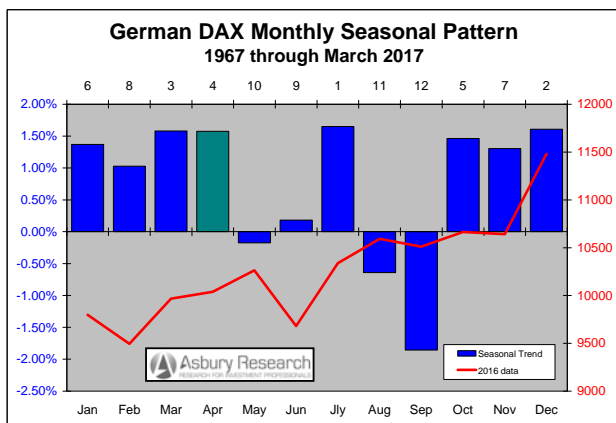
Global Equity Prices



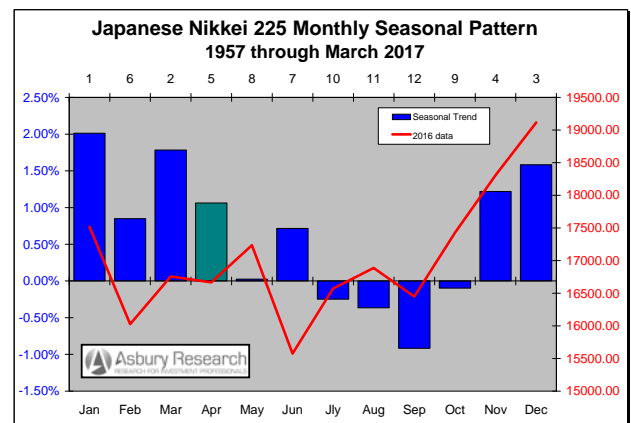
United States: S&P 500 Index



England: FTSE 100 Index



Germany: DAX Index



Japan: Nikkei 225 Index

Analysis & Commentary

The four charts above highlight the seasonal tendencies for the month of April in four major world stock indexes, plus their larger seasonal patterns through the 3rd Quarter. The red lines on the charts plot either 1) the percentage of positive monthly closes during the period displayed or 2) the actual monthly closing levels during 2016.

April represents the end of a two-month period of acute seasonal strength in all four indexes which either leads into, or marks the beginning

of, a gradual decline into the September annual lows.

S&P 500 Monthly Seasonal Pattern Since 1957

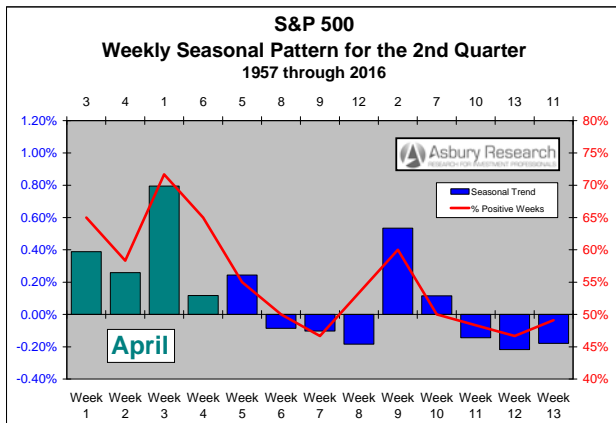
In the S&P 500 Index (SPX, chart at upper left), the green bar highlights April as the 2nd seasonally strongest month of the year based on data since 1957. It represents a modest one-month seasonal improvement over March, the 4th strongest month, and leads into the 5th and 2nd weakest months of the year in May and June.



The height of the green bar on the chart indicates that, on average since 1957, the **S&P 500 has closed 1.46% higher in April**. The red line shows that, also on average since 1957, **SPX has posted a positive April close 65% of the time**, its 2nd highest incidence of a positive close (after December) for any month during this period.

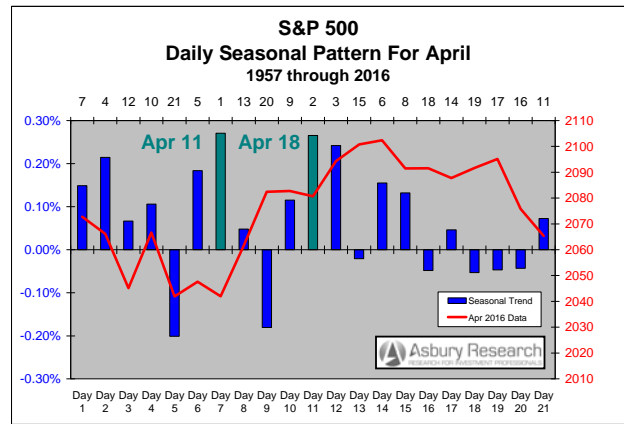
S&P 500 Weekly Seasonal Pattern For Q2 Since 1957

The next chart breaks the seasonal pattern in the S&P 500 down further, into a quarterly time frame via 13 weekly increments, and highlights the month of April in green. The chart shows that **the third week of April (the week of April 17th) is the seasonally strongest of the entire 2nd Quarter**, after which the index gradually weakens into quarter end.



S&P 500 Daily Seasonal Pattern For April Since 1957

The next chart breaks the seasonal pattern down even further, into a monthly time frame via 21 daily increments that plot *the average daily percent change* in the S&P 500 during April since 1957. The chart shows that **Days 7 and 11, April 11th and 18th, are the 1st and 2nd strongest days of the month**.



Investment Implications & Strategy

These monthly, weekly and daily charts collectively suggest a potential near to intermediate term selling opportunity, on strength, on or around April 11th or early in the week of April 18th with a strategy of covering the position during June and/or September weakness.



London FTSE 100 Monthly Seasonal Pattern Since 1978

In the London FTSE 100 Index (chart at upper right on Page 2), the green bar highlights April as the seasonally strongest month of the year based on data since 1978. It represents a significant one-month improvement over March, the 4th strongest month, but leads into the 3rd and 2nd *weakest* months of the year in May and June.

The height of the green bar indicates that, on average since 1978, **the FTSE has risen by 2.02% in April**. The red line shows that, also on average since 1978, **FTSE has posted a positive April close 73% of the time** which, along with October, is its highest incidence of a positive close for any month during this period.

German DAX Monthly Seasonal Pattern Since 1967

The green bar in the chart at lower left on Page 2 shows that April is the 4th seasonally strongest month of the year in the DAX, based on data since 1967. It leads into a very choppy seasonal period for the DAX that includes the 3rd and 4th weakest months in May and June, the strongest month of the year in July, and the two weakest months in August and September.

The height of the green bar indicates that, on average since 1967, the **DAX has closed 1.57% higher in April**. The red line plots the DAX's monthly closing levels during 2016.

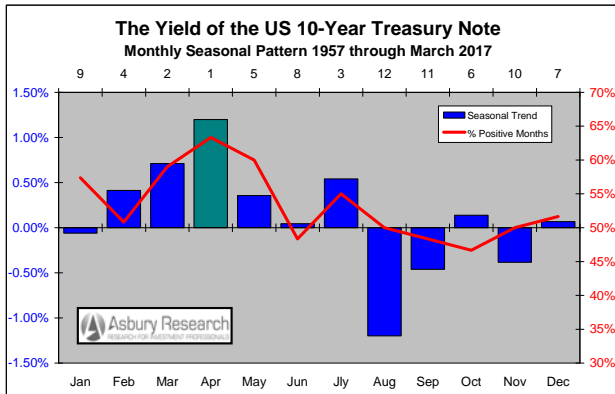
Japanese Nikkei 225 Monthly Seasonal Pattern Since 1957

The green bar on the chart at lower right on Page 2 highlights April as the 5th seasonally strongest month of the year in the Japanese Nikkei 225 Index based on data since 1957. It represents a modest one-month decline from March, the 2nd strongest month, and marks the beginning of a gradual seasonal decline into the weakest month of the year, September.

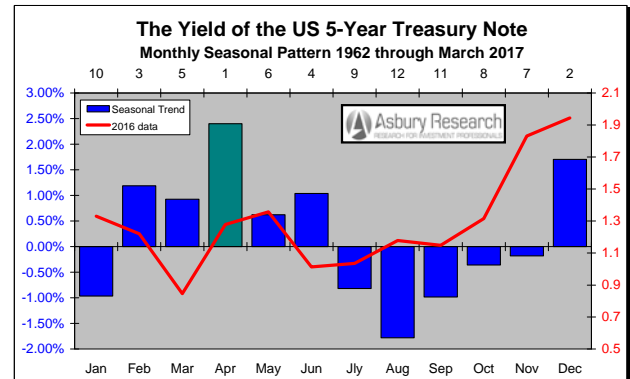
The height of the green bar on the chart indicates that, on average since 1957, the **Nikkei 225 has risen by 1.06% in April**. The red line plots the Japanese index's monthly closing levels during 2016.



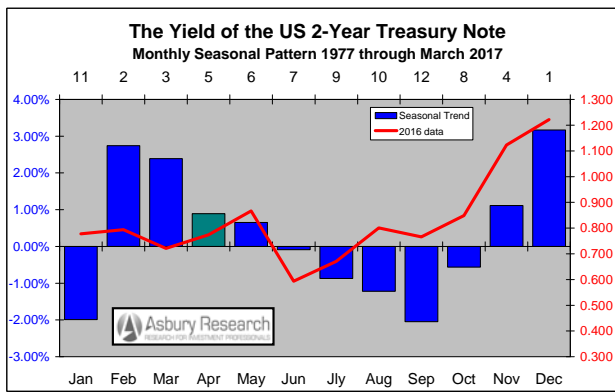
Global Interest Rates (United States)



United States: 10-Year Treasury Yield



United States: 5-Year Treasury Yield



United States: 2-Year Treasury Yield

Analysis & Commentary

The blue bars and colored highlights on the charts above display the seasonal tendencies for the month of April in the yield of the US 10-, 5-, and 2-Year Treasury Note, as well as their broader seasonal trends into the 3rd Quarter. The red lines plot either 1) the percentage of positive monthly closing yields during the period displayed or 2) the actual monthly closing yields during 2016.

April is the seasonally strongest month of the year in both 10- and 5-Year Treasury yields,

after which the yields of all three maturities gradually decline into their August-September seasonal lows.

US 10-Year Yield Monthly Seasonal Pattern Since 1957

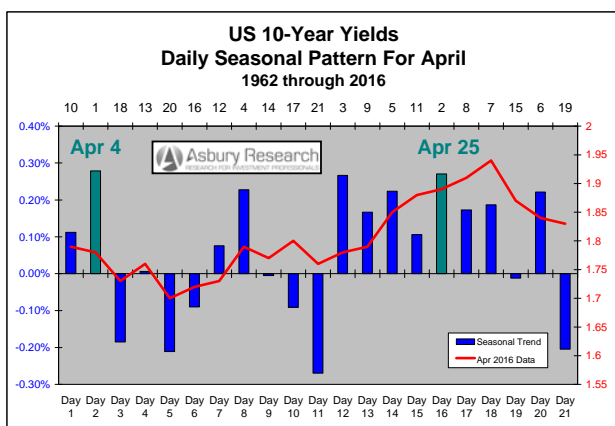
The green bar in the chart at upper left highlights April as the seasonally strongest month of the year in the yield of the US 10-Year Treasury Note based on data since 1957. However, it leads into a sustained seasonal decline that begins in May, the 5th strongest month, and culminates with the two seasonally



weakest months of the year, August and September.

The height of the green bar indicates that, on average since 1957, **the yield of the 10-Year has risen by 1.20% in April.** The red line shows that, also on average since 1962, **these yields have posted a positive April close 63% of the time,** their highest incidence of a positive close for any month during this period.

US 10-Year Yield Daily Seasonal Pattern For April Since 1962



The 21 columns in the chart above display the daily seasonal pattern, based on *the average daily percent change*, in the yield of the 10-Year Treasury Note during the month of April since 1962. The green column shows that **these yields seasonally peak for the month on Days 2 and 16, which are April 4th and 25th this year.**

Investment Implications & Strategy

These monthly and daily charts collectively suggest a potential intermediate term buying opportunity in long dated Treasury prices, on weakness on or around April 4th and 25th as yields peak for the month, with a strategy of closing out the position during acute August-September yield weakness.

US 5-Year Yield Monthly Seasonal Pattern Since 1962

The green bar on the chart at upper right on the previous page shows that April is also the seasonally strongest month of the year in the yield of the 5-Year Treasury Note, based on data since 1962. Like the 10-Year, April immediately precedes a gradual seasonal decline into August and September, which are the 5-Year's 1st and 2nd weakest months of the year.

The height of the green bar indicates that, on average since 1962, **5-Year Treasury yields have risen by 2.40% in April.** The red line plots these yields' monthly closing levels during 2016.

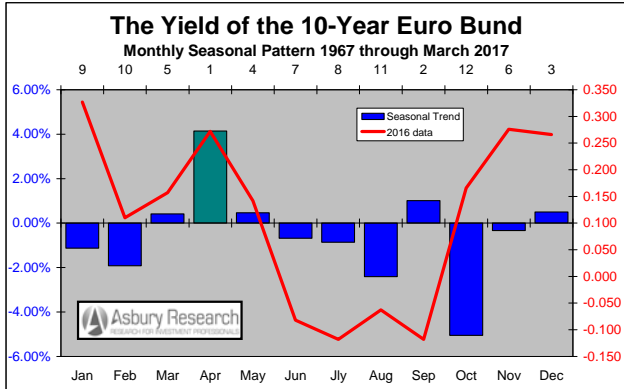
US 2-Year Yield Monthly Seasonal Pattern Since 1977

The green bar on the chart at lower left on the previous page shows that April is the 5th seasonally strongest month of the year in the yield of the 2-Year Note based on data since 1977. Unlike the 5- and 10-Year maturities, April represents the beginning of the overall seasonal decline into the September lows following two months of acute seasonal strength in February and March, which are the 2nd and 3rd strongest months.

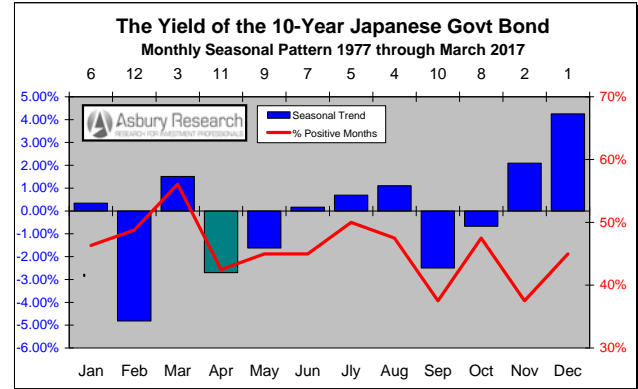
The height of the green bar indicates that, on average since 1977, **the yield of the 2-Year has risen by 0.90% in April.** The red line plots the monthly closing levels in these yields during 2016 and shows that they loosely tracked their long term seasonal pattern last year.



Global Interest Rates, cont. (Europe & Japan)



Europe: 10-Year Euro Bund Yield



Japan: 10-Year Japanese Govt. Bond Yield

Euro Bund 10-Year Yield Monthly Seasonal Pattern Since 1967

The green bar on the chart above highlights April as the seasonally strongest month of the year for the yield of the 10-Year Euro (formerly German) Bund based on data since 1967. It represents a strong one-month seasonal improvement over March, the 5th strongest month, but – similar to the US market – leads a gradual, sustained decline into the October lows.

The height of the green bar indicates that, on average since 1967, **Bund yields have risen by 4.15% in April**. The red line plots these yields' monthly closing levels during 2016, which pretty closely tracked their long term seasonal trend.

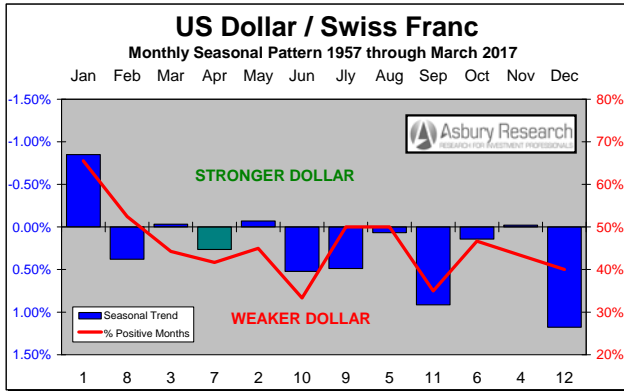
Japanese Government Bond 10-Year Yield Monthly Seasonal Pattern Since 1977

The green bar in the chart above highlights April as the 11th seasonally strongest or 2nd weakest month of the year for the yield of the 10-Year Japanese Government Bond (JGB) based on data since 1977. It represents a strong one-month seasonal decline from March, the 3rd strongest month, but precedes a modest four-month recovery into August, the 4th strongest month.

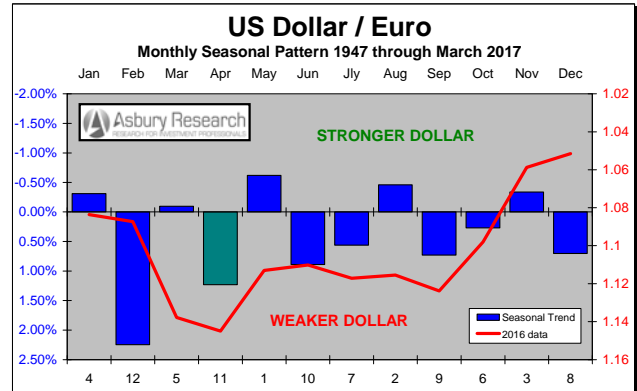
The depth of the green bar indicates that, on average since 1977, **10-year JGB yields have declined by 2.70% in April**. The red line shows that, also on average since 1977, **these yields have posted a negative April close 57% of the time**.



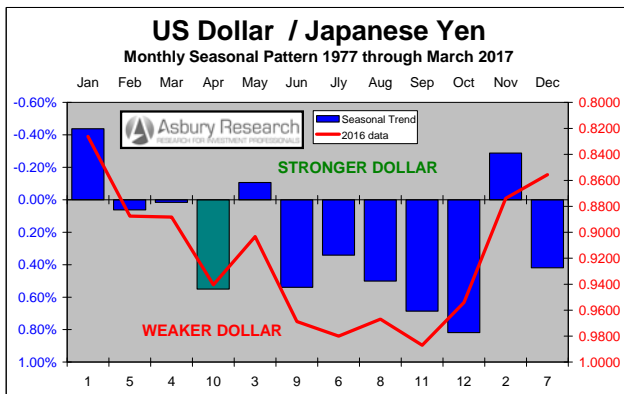
Global Foreign Exchange Rates



US Dollar / Swiss franc



US Dollar / Euro



US Dollar / Japanese yen

Analysis & Commentary

The charts above highlight the seasonal tendencies for the month of April in the US Dollar versus Europe and Japan, as well as the greenback’s seasonal trend into the 3rd Quarter. The red lines plot either 1) the percentage of positive monthly closes by the US currency during the period displayed or 2) its actual monthly closing levels during 2016.

Common to the Dollar versus both Europe and Japan is that April represents a strong one-month decline sandwiched in between seasonal strength in March and May, after which the

greenback generally weakens into the 3rd Quarter.

USDCHF Monthly Seasonal Pattern Since 1957

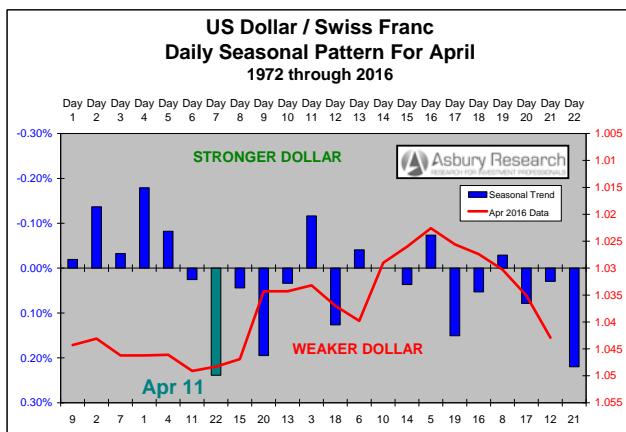
The green bar in the chart at upper left highlights April as the 7th seasonally strongest month of the year for the US Dollar versus the Swiss franc based on data since 1957. It represents a one-month seasonal decline sandwiched in between the greenback’s 3rd and 2nd strongest months of the year in March and May after which gradually increasing weakness emerges from June through year end.



The depth of the green bar shows that, on average since 1957, the **US Dollar has underperformed the franc by 0.26% in April**. The red line shows that, also on average since 1957, **the dollar has underperformed the franc in April 58% of the time**.

USDCHF Daily Seasonal Pattern For April Since 1972

The 21 columns in the next chart display the daily seasonal pattern in Dollar/Swiss, based on its average daily percent change during the month of April, since 1972. The red line plots the daily closing levels in USDCHF during April 2016.



The green bar shows that **the Dollar seasonally bottoms for the month versus the franc on Day 7 or April 11th**.

Investment Implications & Strategy

These monthly and daily data suggest a potential near term buying opportunity in USDCHF, on weakness, on or around April 11th, with a strategy of closing out the position during May seasonal strength.

USDEUR Monthly Seasonal Pattern Since 1947

The green bar on the chart at upper right on the previous page highlights April as being the 11th seasonally strongest or 2nd weakest month of the year for the US Dollar versus the euro (formerly German Mark) based on data since 1947. It represents a strong one-month seasonal decline from March, the 5th strongest month, but leads into the greenback's strongest month of the year in May.

The depth of the green bar shows that, on average since 1947, the **US Dollar has underperformed the euro by 1.23% in April**. The red line plots USDEUR's monthly closing levels in 2016.

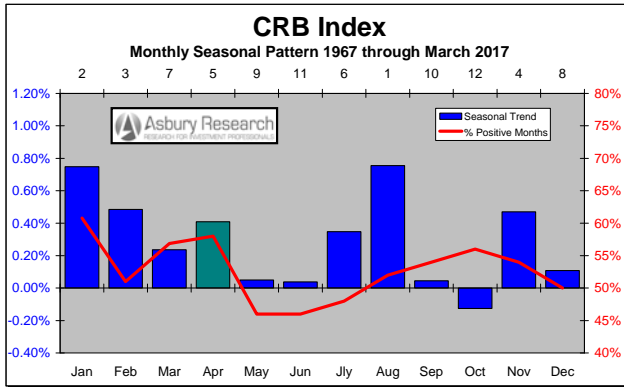
USDJPY Monthly Seasonal Pattern Since 1977

The green bar in the chart at lower left on the previous page identifies April as the 10th seasonally strongest or 3rd weakest month of the year for the US Dollar versus the Japanese yen based on data since 1977. It represents the beginning of a sustained period of steadily increasing Dollar weakness than runs through October, interrupted by just one month of seasonal strength in May.

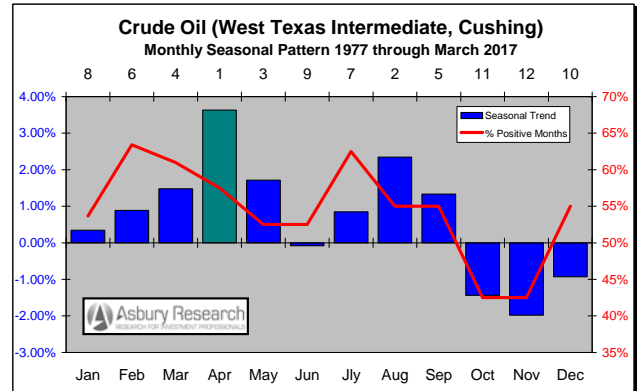
The depth of the green bar shows that, on average since 1977, the **US Dollar has underperformed the yen by 0.55 in April**. The red line, which plots the monthly closing levels in USDJPY during 2016, shows that the US currency closely tracked its long term seasonal trend versus Japan last year.



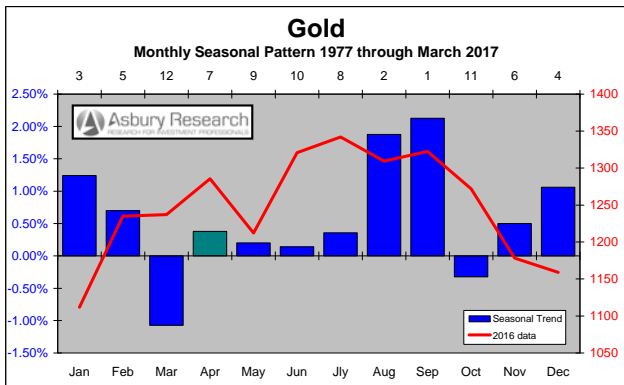
Commodity Prices



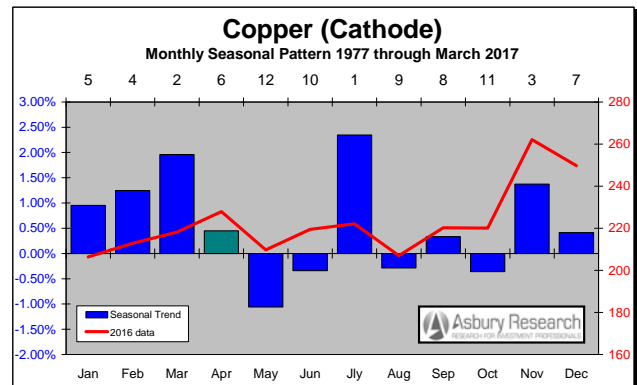
CRB Index



Crude Oil (West Texas Intermediate)



Gold



Copper

Analysis & Commentary

The charts above highlight the seasonal tendencies for the month of April in three key commodity prices and one broad commodity index, plus their larger seasonal patterns into the 3rd Quarter. The red lines plot either 1) the percentage of positive monthly closes during the period displayed, or 2) the actual monthly closing prices during 2016.

Common to all is two months of upcoming seasonal weakness in May and June that are followed by the strongest months of the year between July and September.

CRB Index Monthly Seasonal Pattern Since 1967

The Thomson Reuters/Jefferies CRB Commodity Index is a weighted average of 19 commodities including aluminum, cocoa, coffee, copper, corn, cotton, crude oil, gold, heating oil, lean hogs, live cattle, natural gas, nickel, orange juice, silver, soybeans, sugar, unleaded gas, and wheat. The CRB has historically been viewed by investors as a bellwether of market-based inflation.

The green bar in the chart at upper left shows that April is the 5th seasonally strongest month of



the year in the CRB Index based on data since 1967. It represents the second of a five-month period of overall seasonal weakness that extends through July.

The height of the green bar on the chart indicates that, on average since 1967, the **CRB has risen by 0.41% in April**. The red line shows that, also on average since 1967, **the CRB has posted a positive March close 58% of the time**, its second highest incidence of a positive close for any month during this period.

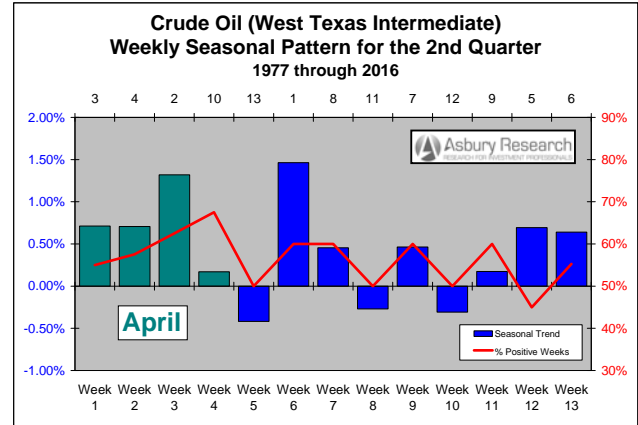
Crude Oil Monthly Seasonal Pattern Since 1977

The green bar on the chart at upper right on the previous page highlights April as the seasonally strongest month of the year for West Texas Intermediate crude oil prices based on data since 1977. It represents the midpoint of a three-month period of seasonal strength that extends through May and also includes the 3rd and 4th strongest months of the year, after which the index historically declines into the 4th Quarter.

The height of the green bar indicates that, on average since 1977, **crude oil prices have risen by 3.63% in April**. The red line shows that, also on average since 1967, crude oil has posted a positive April close 58% of the time.

Crude Oil Weekly Seasonal Pattern For Q2 Since 1977

The next chart (next column) breaks the seasonal pattern in crude oil prices down further, into a quarterly time frame via 13 weekly increments with April highlighted in green. The chart shows that the first three weeks of April are the 3rd, 4th, and 2nd strongest of the entire 2nd Quarter, after which oil prices historically collapse into late April/early May.



Investment Implications & Strategy

Combined, these monthly and weekly data suggest a potential near term selling opportunity, on strength, during the week of April 17th (the 3rd week of April) with a strategy of covering the position on weakness during the last week of April and/or first week of May.

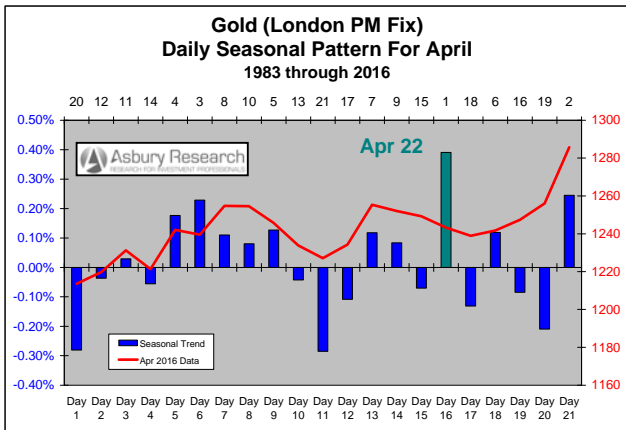
Gold Monthly Seasonal Pattern Since 1977

The green bar on the chart at lower left on the previous page shows that April is the 7th seasonally strongest month of the year for gold prices based on data since 1977. It represents a modest one-month recovery from the weakest month of the year, March, after which more seasonal weakness ensues through July.

The height of the green bar indicates that, on average since 1977, **gold prices have risen by 0.38% in April**. The red line plots gold prices' monthly closing levels in 2016.



Gold Daily Seasonal Pattern For April Since 1982



The 21 columns on the chart above display the daily seasonal pattern in gold prices, based on the *average daily percent change* during the month of April, since 1983. The red line plots the daily closing prices during April 2016. The green column shows that **gold prices historically peak for the month on Day 16 or April 22nd**.

Investment Implications & Strategy

Combined, these monthly and daily data suggest a potential intermediate term selling opportunity on strength on or around April 22nd with a strategy of covering the position on May-July seasonal weakness.

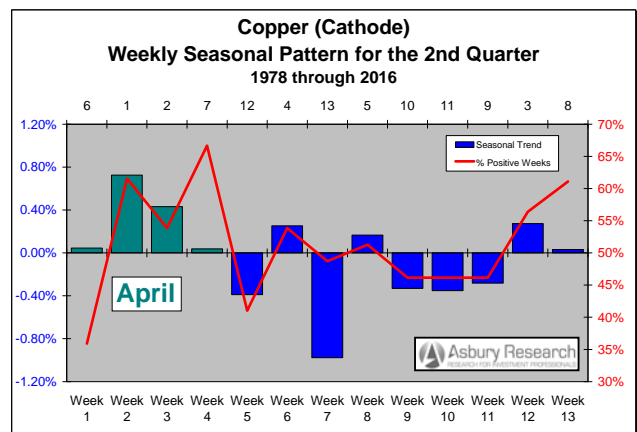
Copper Monthly Seasonal Pattern Since 1977

The green bar on the chart at lower right on Page 10 highlights April as the 6th seasonally strongest month of the year for copper cathode (mined copper ore) prices based on data since 1977. It represents a segue between the 2nd strongest month of the year, March, and the 1st and 3rd weakest months of the year, May and June.

The height of the green bar indicates that, on average since 1977, **copper prices have risen by 0.45% in April**. The red line plots copper prices' monthly closing levels in 2016.

Copper Weekly Seasonal Pattern For Q2 Since 1978

The next chart breaks the seasonal pattern in copper prices down further, into a quarterly time frame via 13 weekly increments with the month of April highlighted in green. The chart shows that **the second and third weeks of April are the 1st and 2nd strongest of the 2nd Quarter**, after which prices historically collapse into mid May.



Investment Implications & Strategy

Combined, these monthly and quarterly data suggest a potential near term selling opportunity, on strength, during the weeks of April 10th and 17th, with a strategy of covering the position during acute mid May weakness.

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