

Starboard Weekly Report Ending July 10, 2015

StockChart.com Charts of the Week



The top chart is the Short MSCI Emerging Market Index (EUM) ETF.
The bottom chart is the Short MSCI EAF A Index (EFZ) that is Japan and Europe.

TECHNICAL

We own these two inverse securities shown in the charts above and they have gotten very strong with the current news concerning Greece, China and Puerto Rico. The EUM chart is in a clear up trend in the CCI & TSI supporting charts and it has broken out of a previous high made in March. The only missing attribute is the 50 day trading over the 200. With the current way it's trading though, it appears to be only a matter of time.

The EFZ is an inverse that represents the international developed world. It is showing that the reverse movement is not quite as bullish as the Emerging World EUM chart, and although not as strong, it clearly is a positive chart picture. EFZ should only get stronger as more sovereign debt issues unfold.

FUNDAMENTAL

My long term investment plan was to exit the US markets and concentrate on buying foreign equities, with an emphasis on Emerging Markets. While looking to employ this strategy I kept seeing more risk in the foreign markets despite better individual company fundamentals. The problem was macro risk due to excessive sovereign debt and therefore determined that many emerging countries, along with most of Europe and Japan, had worst debt issues than America. Therefore, it made more sense to try and profit from the downside. The whole world is over leveraged in a declining economic environment and thus there are many countries that will suffer Greek like problems dealing with their excessive indebtedness. From a foreign macro standpoint, investing today does not provide sufficient reward for the risk that one must take. That is why I chose the negative approach in buying inverse securities. The long term plan is to redeploy this money into foreign markets after we have profited from what I perceive as considerable downside for the entire foreign market sector.

ASIDE

"It is the debtor that is ruined by hard times." Rutherford B. Hayes

Debt is not wealth and the sooner our World leaders learn that, then the safer it will be to invest for the longer term.

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Please note: It is the client's responsibility to notify us of any changes that would influence their financial needs.