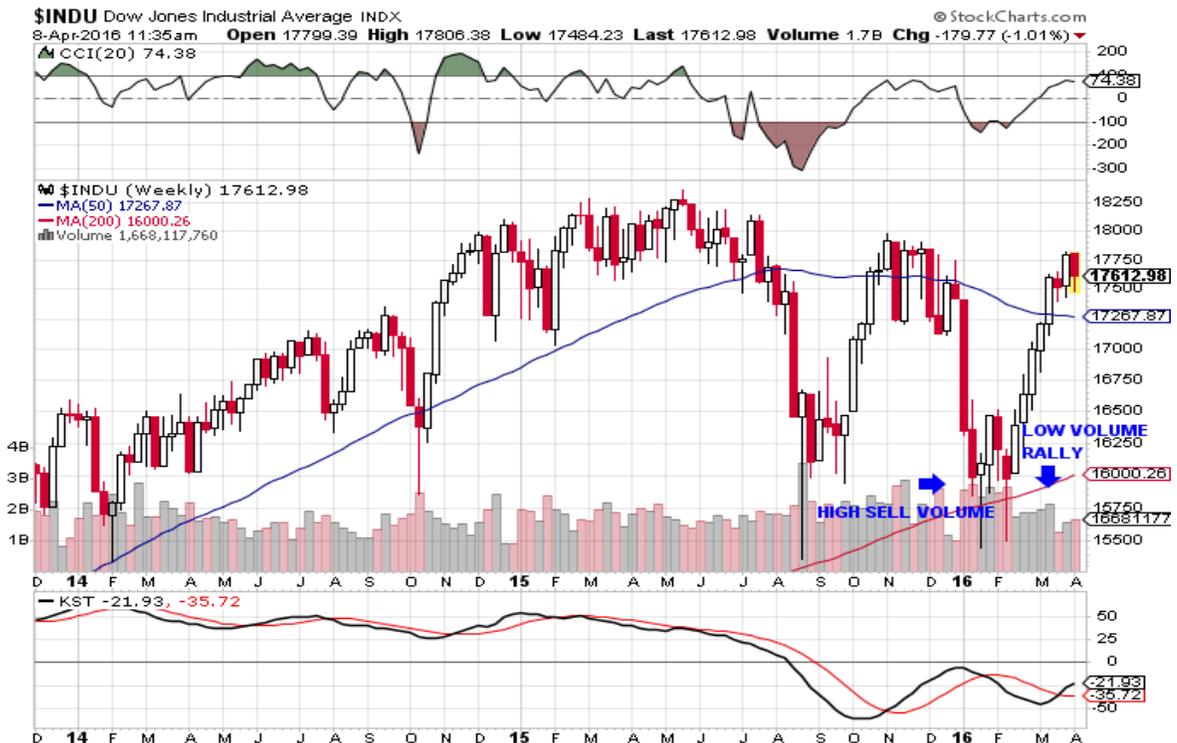


Starboard Weekly Report Ending April 8, 2016 Charts of the Week



These weekly StockChart.com charts represent how oil is responsible for the recent market strength. The top chart is West Texas Crude (WTIC) while the bottom chart is the Dow Jones (INDU).

TECHNICAL

Oil is clearly in an intermediate-term bear market when viewed by the 50 week average versus the 200 day. The volume indicator during the current rally of WTIC is showing that this is a dead cat bounce. This uptick will not continue, which in turn should be the catalyst resumption of the overall market decline that began last May. The weekly Commodity Channel Indicator (CCI) has turned down and in this oil bear market, this is a clear sign of further price decline. The DOW rally has no sustainability since it has been prompted by oil and both have had very little volume on the recent uptick. Also, note how high the volume was during the previous decline. One of the true values of technical analysis is that it allows us to see through artificial hype, such as the past FED interest rate and unemployment propaganda. And now the false inflation façade of an oil price spike will also go away leaving nothing but downside.

FUNDAMENTAL

The old Pavlovian market responses from unemployment numbers and interest rates are starting to lose their steam. The new rally cry is coming from oil but that has no legs, as we can see from the WTIC chart. Therefore, it is a short matter of time before markets continue to drop. In the financial press world, more reporters are talking about the FED influencing the markets; so it is becoming less of a *conspiracy theory* type story. It is also one that is being verified by former FED officials. When markets decline and the FED is no longer able to come to the rescue as the public has come to expect, then we will have a crisis issue with them that will aggravate the downside. You can only fool with the laws of supply demand so long. When the artificial props come down, then the roof caves in.

ASIDE

“The public should begin to understand that there's nothing that comes out of this campaign, or this Obama White House, that they can believe. It truly is all misrepresentation and deception.” John Sununu

At this point, only history will prove Mr. Sununu correct. According to the former Dallas FED Governor Fisher, their only focus in 2009 was to keep stocks up in order to shore up the economy. When we look at the anemic economy vs. the explosive stock market since then, Mr. Sununu may have been on to something.

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