Creative Global Investments

Morning Market Commentary

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Objectivity

Integrity

Creativity

China became the world's biggest trader in goods for the first time last year, overtaking the US for all of 2013 and finishing the year with record trade figures in December. Coming fast on the heels of China taking over as the world's largest oil importer, the shift is another milestone as the country takes its place among the world's most powerful nations. Trade with the rest of Asia and increasing flows with the Middle East represent a shift in power away from the US, still the world's largest economy. However, soaring regional tensions around the East China Sea are taking their toll on trade, with as many as 60% of China's corporate leaders unwilling to do business with Japanese firms, according to a new poll. Only 13% of Chinese businessmen said that they were able to separate their work from the current political tensions, while 60% of corporate leaders in South Korea also voiced concern at conducting business with Japanese companies.

Chinese imports of crude oil grew by the least in almost a decade in 2013, new government data show, posing a challenge to exporters from the Middle East to Africa who are competing to sell more oil into the world's second-largest economy.

We are advising clients to allocate new funds towards Chinese equities. As the chart shows, there has been a tug of war between the bulls & bears for over 6 months now, and we believe the $SSEC is ready for a major breakout to the upside in the short term. Our 2014 price target for the $SSEC is 3,000.

Global Macro Commentary

Upcoming macro data:

- Great Britain Industrial Production for November will be released at 4:30am EST. The market expects a year-over-year increase of 3.0% versus an increase of 3.2% previous.
- Canadian Net Change in Employment for December will be released at 8:30am EST. The market expects an increase of 14,100, versus 21,600 previous. The Unemployment Rate is expected to remain steady at 6.9%.
- The Employment Situation Report for December will be released at 8:30am EST. The market expects Non-Farm Payrolls to increase by 200,000 versus an increase of 203,000 previous. Private Payrolls are expected to rise by 189,000 versus 196,000 previous. The Unemployment Rate is expected to remain steady at 7.0%.
- Wholesale Trade for November will be released at 10:00am EST. The market expects a month-over-month increase of 0.5% versus an increase of 1.4% previous.

Past macro-data review:

Event	Actual	Forecast	Previous
CNY Consumer Price Index (YoY)	2.50%	2.70%	3.00%
CNY Producer Price Index (YoY)	-1.40%	-1.30%	-1.40%
GBP Visible Trade Balance (Pounds)	-Â£9439	-Â£9425	-Â£9651
GBP Trade Balance Non EU (Pounds)	-Â£3023	-Â£3500	-Â£3114
GBP Total Trade Balance (Pounds)	-Â£3238	-Â£2300	-Â£3496
EUR Euro-Zone Business Climate Indicator	0.27	0.22	0.31
EUR Euro-Zone Consumer Confidence	-13.6	-13.6	-13.6
EUR Euro-Zone Economic Confidence	100	99.1	98.4
EUR Euro-Zone Industrial Confidence	-3.4	-3	-3.9
EUR German Industrial Production s.a. (MoM)	1.90%	1.50%	-1.20%
EUR German Industrial Production n.s.a. and w.d.a. (YoY)	3.50%	3.00%	1.10%
GBP Bank of England Rate Decision	0.50%	0.50%	0.50%
GBP BOE Asset Purchase Target	375B	375B	375B
USD Challenger Job Cuts (YoY)	-5.90%		-20.60%
USD RBC Consumer Outlook Index	51.5		49.7
EUR ECB Deposit Facility Rate	0.00%	0.00%	0.00%
EUR Marginal Lending Facility	0.75%	0.75%	0.75%
EUR European Central Bank Rate Decision	0.25%	0.25%	0.25%
CAD Housing Starts	189.7K	190.0K	197.8K
CAD New Housing Price Index (MoM)	0.00%	0.10%	0.10%
USD Initial Jobless Claims	330K	335K	345K
USD Continuing Claims	2865K	2850K	2815K
USD EIA Natural Gas Storage Change	-157	-152	-97

US Equities Commentary & Charts

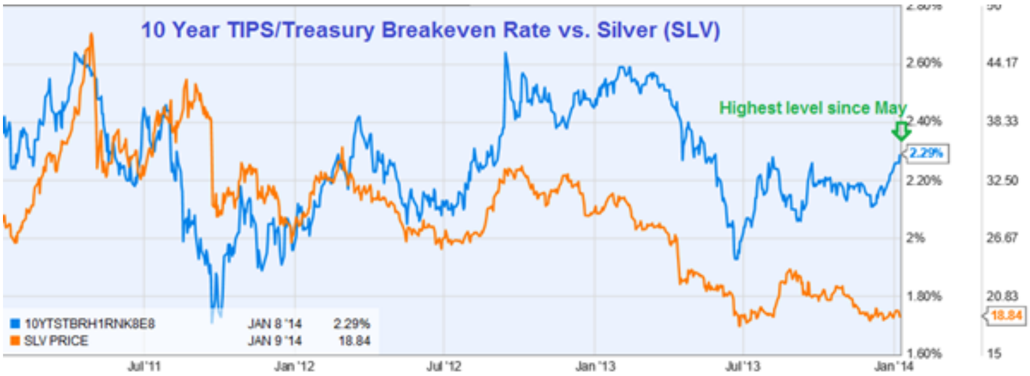
When investors become defensive during periods when seasonal tendencies favor cyclical sectors, a warning signal is provided:

equity market weakness typically follows.

Intermediate relative trends continue to favor cyclical assets, particularly Industrials and Financials.

Stocks ended mixed yesterday, just one day before the always-important employment report due to be released this morning at 8:30am. Estimates continue to call for an increase in payrolls of 200,000 following a report from ADP on Wednesday that provided a similar read. The reaction to the report, whether it is a miss or a beat, always remains questionable as investors come to a consensus as to how the number will impact future Fed decisions.

Inflation expectations, as gauged by the 10 Year TIPS/Treasury Breakeven Rate, ticked up on the session to the highest level since May as investors start to believe that the Fed will remain accommodative until inflation moves back towards its long-term target.



Yesterday's trading held a very defensive tone, despite the mixed trading activity. Health Care, Utilities, and Consumer Staples all topped the leaderboard as investors sought defensive, low beta allocations. As reported yesterday, some health care stocks, such as medical equipment and biotechnology, seasonally perform well into February. Consumer Staples and Utilities, however, are seasonally the weakest sectors during the first quarter.

Retailers fell yesterday as chain store sales and a few earnings results were released. Sears Holding, Family Dollar, Limited Brands, and Bed Bath & Beyond all provided lowered earnings forecasts, leading to declines in the shares of each stock. Investors remain concerned about compressed margins following excessive promotions during the holiday season, which failed to draw the desired sales. The relative trend of the S&P Retail Index is showing signs of trending lower for the first time in over a year.

The index peaked just after the US Thanksgiving holiday, a typical scenario from a seasonal perspective.

A lower intermediate high is now apparent, suggesting a change of trend from positive to negative. The next period of seasonal strength for the retail industry runs from around the end of January through to mid-April.

However, recent weakness is presently not encouraging for the seasonal trend ahead.

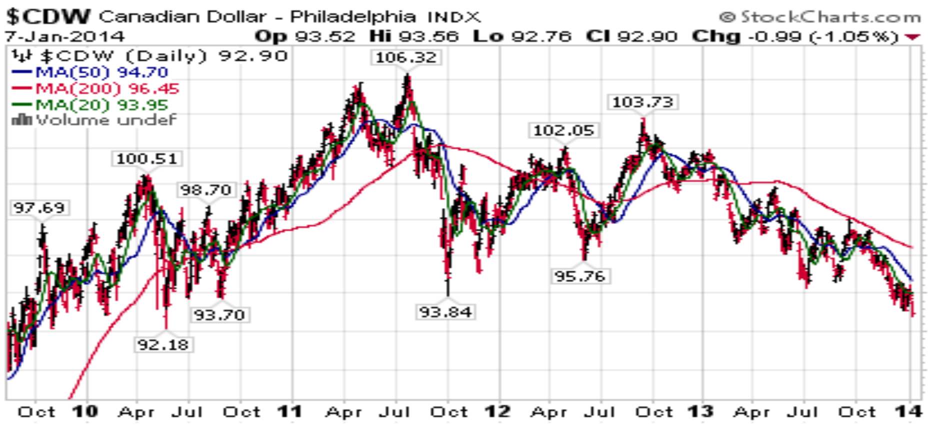
Currencies Commentary & Charts

The US$ index is showing continued signs of temporary strength, however, we do believe that the current "US$ love affair" will be of a short duration (seasonal strength should fade by mid-late March) and we are advising our clients to use the current period of strength of the US$ and diversify deeper into cheaper foreign equity indices, sectors & stocks, as they offer significantly greater total return opportunities at significantly lower risks than their US peers.

Short-term technical indicators are bullish for the $USD, MACD and RSI are both showing gaining momentum, and we see the $USD to potentially test the 82.6 level.

Longer term, however, we maintain our $USD 12 months price target of .75

The Canadian Dollar fell to a 42 month low on Wednesday.



Metals Commentary & Charts

Silver, which is currently within its period of seasonal strength, has shown a positive correlation to inflation expectations over recent years; some catch-up in the price of silver to the recent uptick in inflation expectations may be in order.

Silver is currently attempting to bottom around $19, holding a low that was charted in the summer of this year.

How investors interpret the Feds reaction to Friday's employment report will determine the success of the seasonal silver trade, which runs through February

Metals, including Silver, Platinum, Palladium, and Copper, seasonally gain at this time of year with positive tendencies persisting through to March. An increase in industrial and manufacturing demand at the start of the year fuels the gains in these inputs to production. However, strength across each of the industrial metals varies when looking at the technical profiles.

Each metal is testing some sort of declining trendline resistance, an important hurdle in the way of the positive seasonal trends ahead.

Platinum and Palladium have just recently started to show signs of outperformance.

Copper continues to show the best profile, at present, having outperformed the S&P 500 for the past month. Aside from the economic data, strength in the US$ and inflation remain key influencing factors for the seasonal metal trade, which remains in the early stages.

The price of Copper is presently testing a point of support at $3.35, representing broken resistance from the summer months.

Oil & Energy Commentary & Charts

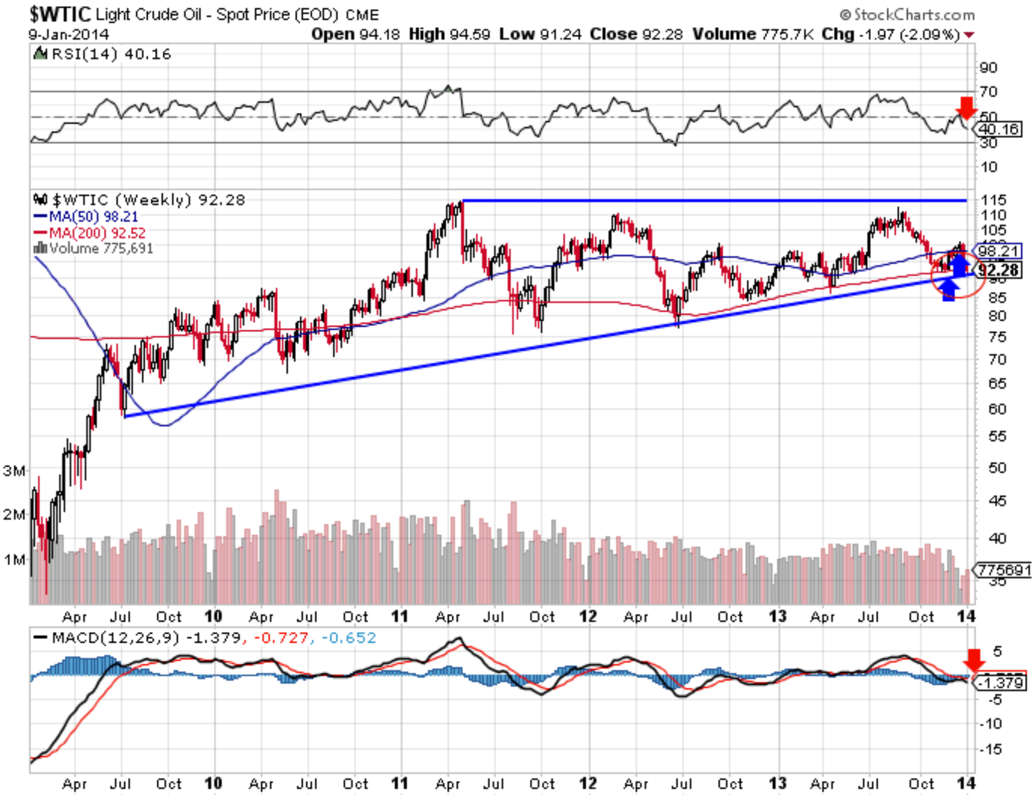
Crude oil prices broke to a seven-month low.

Natural Gas broke below a short-term head and shoulders pattern

Coal stocks were particularly hard hit.

Oil seasonally gains between the end of February and May as supplies decrease leading into the summer driving season.

Oil is testing the lower limit of a long-term rising trend channel, now around $92.50. Horizontal support around $92 is also being tested. A break below $92 would put the long-term positive trend at risk, potentially impacting the seasonal trend ahead.



Natural Gas has not continued to perform as we anticipated, despite record low temperatures for North America and Canada and extreme heat for Australia. One would think with the record inventory declines and an improving situation for LNG exports, that Natural Gas would continue to soar.

Nat Gas is at an important level on the chart to see if it can move into a new trading range above previous resistance.

Short-term indicators like MACD and RSI are pointing towards lower prices, support at the 50-dayMVA US$ 4.00.

We remain bullish on Nat Gas with our 9 – 12 months price target of US$ 6.50.

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