Creative Global Investments

Morning Market Commentary & Weekly Charts

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Objectivity

Integrity

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Eurozone Macro Observations & Commentary

European stocks gained after global regulators eased the leverage-ratio rule for banks. The Basel Committee on Banking Supervision diluted a planned debt limit for banks following a meeting in Switzerland yesterday. The committee said the leverage ratio, which penalizes low-risk financial activities and curtails lending, was adjusted after thoroughly analyzing bank data. Banking stocks posted the second-biggest gain on the Stoxx 600 after the news. Deutsche Bank and Barclays were among the big risers. **We like the EURO STOXX BANKS Index at current levels, and are advising our clients to add towards European Banking stocks.**

Our favorite European Banking Stocks are:

- **Deutsche Bank**
- **Banco Santander**
- **HSBC**

We believe the story happening in Europe has not been fully appreciated. There is still much fear surrounding the Eurozone and whether or not its early economic recovery is sustainable. Right now the main concern seems to be France and its debt load. The theory goes that France will be a drag on the entire region and pull it back into recession, but focusing on one country rather than the bigger picture would be a mistake. Germany, the biggest economy in the region, will continue to lead the way. German November factory orders beat expectations and has seen demand come from both within the region and outside of it, showing that demand abroad is strong as well.

Looking at the sovereign debt yields of the peripheral countries (Portugal, Italy, Ireland, Greece and Spain) one can see that even they are gaining strength. In 2011 and 2012 yields in spiked, as many believed there would be a disorderly collapse of the entire region. But today, yields are close, and in some cases, below pre-crisis levels. Other than Greece, investors in these peripheral countries' debt have had more confidence than most assumed would be the case. Ireland officially exited its bailout program in December and its first post-bailout debt auction occurred last week. Again, demand was strong for Ireland's debt, which was unthinkable just a couple years ago. Bids passed EUR 14 billion for a EUR 3.75 billion lot of 10-year bonds. The average yield was 3.5%

and 3.27% in the secondary market due to the strong demand. That is down from 14% in 2011 and an eight-year low. GDP is also growing, not only in Ireland but Portugal and Spain as well. Essentially, the Eurozone periphery has surpassed anyone's expectations.

Spain was one of the hardest hit economies during the global financial crisis and the following European sovereign debt crises. Before the crises the Spanish economy grew rapidly over many years attracting international investors. As a result of the crises, the economy tanked primarily due to the bursting of the once red-hot real estate industry. Spain was burdened with infrastructure projects like massive airports with no flights, unsold residential apartments and condos, etc. Not surprisingly, investors fled Spanish stocks. After years of low growth, the Spanish economy finally seemed to have turned a corner. Spain's service sector registered its fastest pace of growth in six-and-a-half years in December, fuelling optimism the economy could expand more than expected in 2014. **Last year the IBEX 35 rose 20.9% It is up by 3.80% year-to-date, the best among major European indices. Spanish stocks currently have a dividend yield of 3.9% and a P/E ratio of 19.8 relative to U.S. stocks' yield of 1.9% and P/E of 19.7. Our favorite stocks in Spain are Banco Santander SA, which offers investors a dividend yield of 8.80% and Repsol SA, with a dividend yield of 3.14%**

The recovery in Spain and Europe, as every recovery is, will be choppy and most likely slow. The fact remains, the Eurozone is recovering faster than anyone could have predicted just a couple years ago when there was talk of dismantling the Euro and the region falling apart.

Fourth quarter earnings reports start to trickle in this week. The focus is on the financial services sector. **Economic news this week generally is expected to confirm slow, but steady growth in the US. Anticipation of announcements on share buybacks and dividend increases when fourth quarter results are released is expected to help big cap companies with large cash holdings (in particular big Dow Jones Industrial Average stocks).**

Weekly Investment Conclusion

Short and intermediate technical indicators for most equity markets and sectors are overbought and showing signs of peaking.

Midterm US Presidential Cycle years show that US equity markets show an average correction by the S&P 500 Index of 1.7% in the month of January followed by strength into mid-April. History appears to be repeating itself.

Look for renewed seasonal buying opportunities in economic sensitive sectors following a brief period of weakness into January.

Selected markets like Germany, France, Spain, Japan continue to outperform US benchmarks.

We advise clients to add towards favorite sectors, which continue to show seasonal strength, such as:

- **Automotive OEM's and suppliers**
- **Industrials**
- **White metals**
- **Base and precious Metals**
- **Biotech**
- **Medical Devices**
- **Health Care Services**
- **Small Cap**
- **Software**
- **Semiconductors**

Global Macro Commentary & Events

Upcoming Macro Events:

- **December Retail Sales** to be released at 8:30 AM EST on Tuesday is expected to remain unchanged from November versus a gain of 0.7% in October. **Excluding Auto Sales**, December Retail Sales are expected to increase 0.4% versus a gain of 0.4% in November.
- **November Business Inventories** to be released at 10:00 AM EST on Tuesday are expected to increase 0.3% versus a gain of 0.7% in October.
- **December Producer Prices** to be released at 8:30 AM EST on Wednesday are expected to increase 0.3% versus a decline of 0.1% in November. **Excluding food and energy**, PPI is expected to increase 0.1% versus a gain of 0.1% in November.
- **January Empire Manufacturing Index** to be released at 8:30 AM EST on Wednesday is expected to increase to 3.5 from 1.0 in December.
- **The Fed Beige Book** is scheduled to be released at 2:00 PM EST on Wednesday
- **Weekly Jobless Claims** to be released at 8:30 AM EST on Thursday are expected to increase to 333,000 from 330,000 last week.
- **December Consumer Prices** to be released at 8:30 AM EST on Thursday are expected to increase 0.3% versus no change in November. **Excluding food and energy**, CPI is expected to increase 0.2% versus a gain of 0.2% in November
- **January Philadelphia Fed Index** to be released at 10:00 AM EST on Thursday is expected to increase to 8.0 from 6.4 in December.
- **December Housing Starts** to be released at 8:30 AM EST on Friday are expected to slip to 986,000 from 1,091,000 in November
- **December Industrial Production** to be released at 9:15 AM EST on Friday are expected to increase 0.3% versus a gain of 1.1% in November. **December Capacity Utilization** is expected to increase to 79.1% from 79.0 in November.
- **January Michigan Sentiment Index** to be released at 9:55 AM EST on Friday is expected to increase to 83.0 from 82.5 in December.

Review of past macro-economic data:

Event	Actual	Forecast	Previous
CNY Imports (YoY)	8.30%	5.00%	5.30%
CNY Exports (YoY)	4.30%	5.00%	12.70%
CNY Trade Balance	$25.64B	$32.15B	$33.80B
JPY Leading Index	110.8	110.8	109.8
JPY Coincident Index	110.5	110.6	110.4
GBP Industrial Production (MoM)	0.00%	0.40%	0.20%
GBP Industrial Production (YoY)	2.80%	3.00%	2.60%
GBP Manufacturing Production (YoY)	2.80%	3.30%	2.60%
GBP Manufacturing Production (MoM)	0.00%	0.40%	0.20%
GBP Construction Output s.a. (MoM)	-4.00%	0.80%	2.00%
GBP Construction Output s.a. (YoY)	2.20%	7.50%	5.10%
USD Change in Manufacturing Payrolls	9K	15K	31K
USD Average Hourly Earnings (YoY)	1.80%	1.90%	2.00%
USD Average Weekly Hours All Employees	34.4	34.5	34.5
USD Change in Household Employment	143		958
USD Underemployment Rate	13.10%		13.10%
USD Labor Force Participation Rate	62.80%		63.00%
CAD Unemployment Rate	7.20%	6.90%	6.90%
CAD Net Change in Employment	-45.9K	14.1K	21.6K
USD Change in Nonfarm Payrolls	74K	197K	241K
USD Change in Private Payrolls	87K	200K	226K
USD Two-Month Payroll Net Revision	38K		
USD Unemployment Rate	6.70%	7.00%	7.00%
USD Average Hourly Earnings (MoM)	0.10%	0.20%	0.20%
CAD Participation Rate	66.4	66.4	66.4
GBP NIESR Gross Domestic Product Estimate	0.70%		0.80%
USD Wholesale Inventories	0.50%	0.40%	1.30%
USD IBD/TIPP Economic Optimism	45.2	46	43.1
USD Wholesale Trade Sales (MoM)	1.00%	0.70%	1.10%

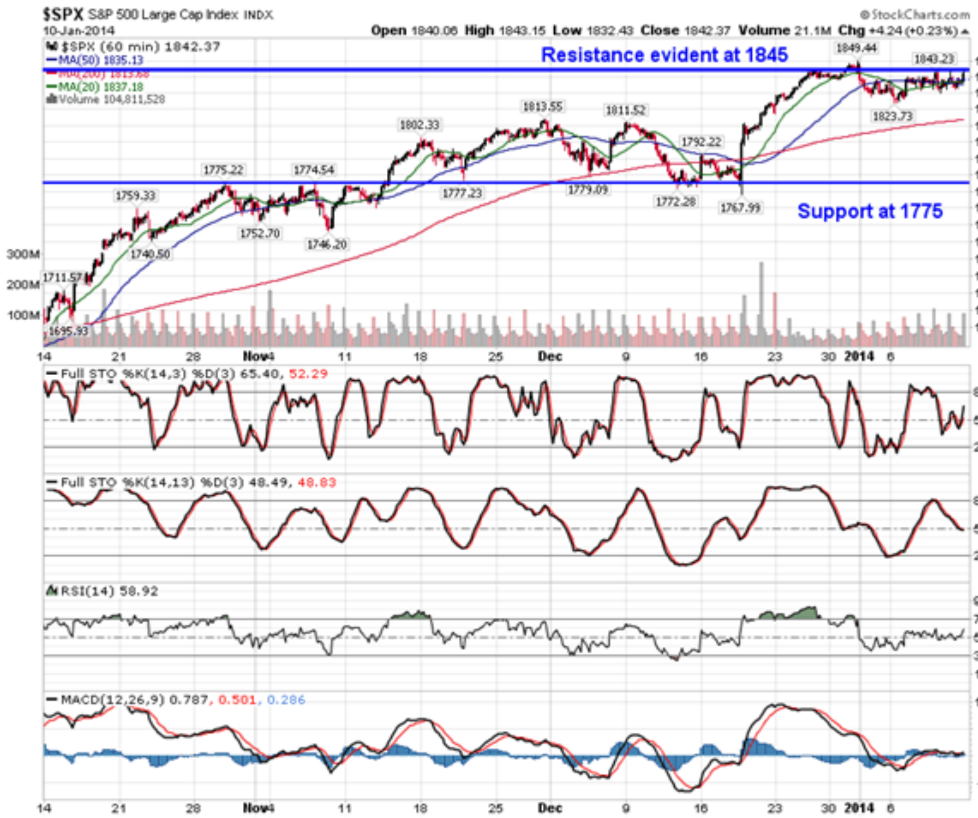
US Market Commentary & Weekly Charts

The S&P 500 remains in a flat range that has defined trading activity since 2014.

Resistance is evident at 1845, which is constraining the intermediate upside momentum and leaving the door open to a more substantial pullback toward support at 1775.

The long-term trend of the market remains positive, defined by a series of higher-highs and higher-lows.

Volatility remains typical surrounding first quarter earnings season, which just began last week; the next sustained seasonal up-leg for equities begins closer to the end of February.



Equity markets, reaction was prominent in interest rate sensitive stocks as treasury yields took a nosedive. Bonds seasonally decline between now and April, placing pressure on interest rate sensitive stocks into the month of March.

Homebuilding stocks conclude their period of seasonal strength at the beginning of February.

REITs begin a period of seasonal strength not long after the seasonal trend for homebuilders end Real Estate Investment Trusts, or REITs, seasonally gain from March through to May.

REITs, Utilities, and Homebuilding stocks were all up over 1% on the session due to the decreased cost of borrowing.

Each of these sectors are showing signs of charting a short-term low around present levels, despite seasonal tendencies that are generally negative for these stocks that derive their value based on the trend of bond yields.

The VIX Index fell 1.61 (11.70%) last week.

The Index once again trades below its 20, 50 and 200 day moving averages.

The S&P 500 Index added 11.00 points (0.60%) last week.

Trend remains up. The Index remains above its 20, 50 and 200 day moving averages.

Short term momentum indicators are overbought and showing early signs of rolling over

Percent of S&P 500 stocks trading above their 50 day moving average increased last week to 74.80% from 71.60%.

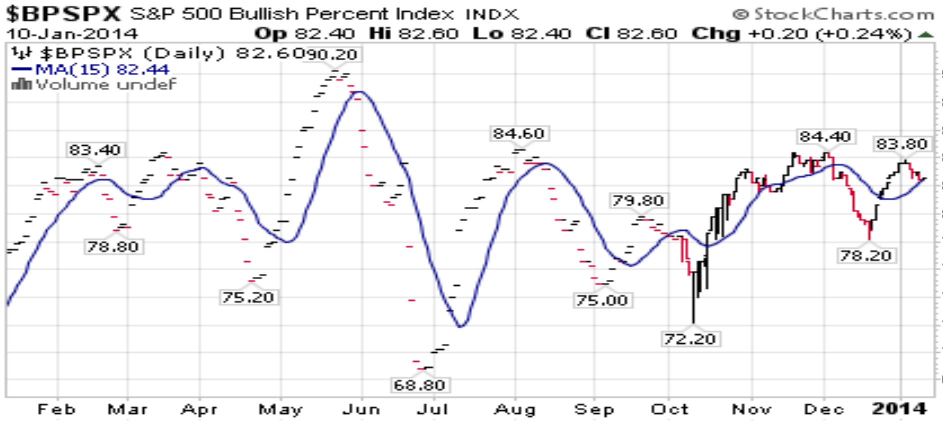
The index remains intermediate overbought.

Percent of S&P 500 stocks trading above their 200 day moving average increased last week to 82.80% from 81.80%.

The index remains intermediate overbought.

Bullish Percent Index for S&P 500 stocks slipped last week to 82.60% from 83.60%, but remained above its 15 day moving average.

The Index remains intermediate overbought.



The Dow Jones Industrial Average slipped 32.95 points (0.20%) last week.

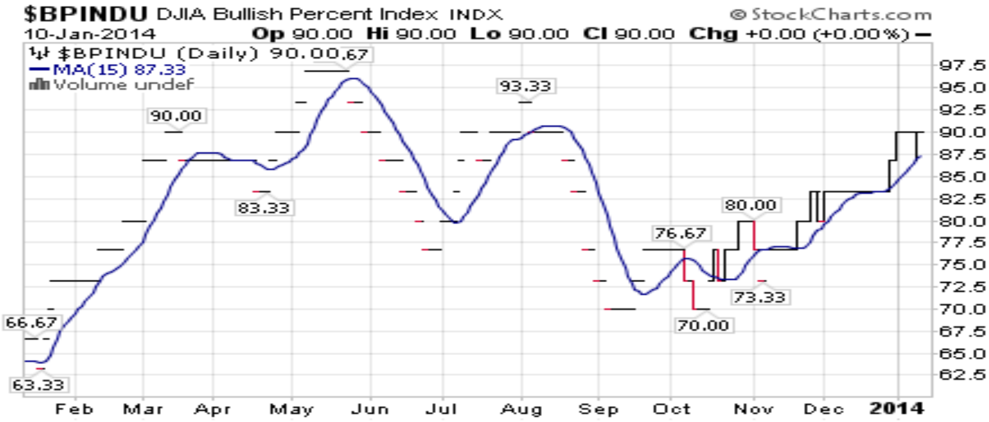
Trend remains up. The Average remains above its20, 50 and 200-day moving averages.

Strength relative to the S&P 500 Index changed from positive to neutral.

Short-term momentum indicators have rolled over from overbought levels.

Bullish Percent Index for Dow Jones Industrial Average stocks was unchanged last week at 90.0% and remained above its 15 day moving average.

The Index remains intermediate overbought.



The Dow Jones Transportation Average gained138.66 points (1.89%) last week.

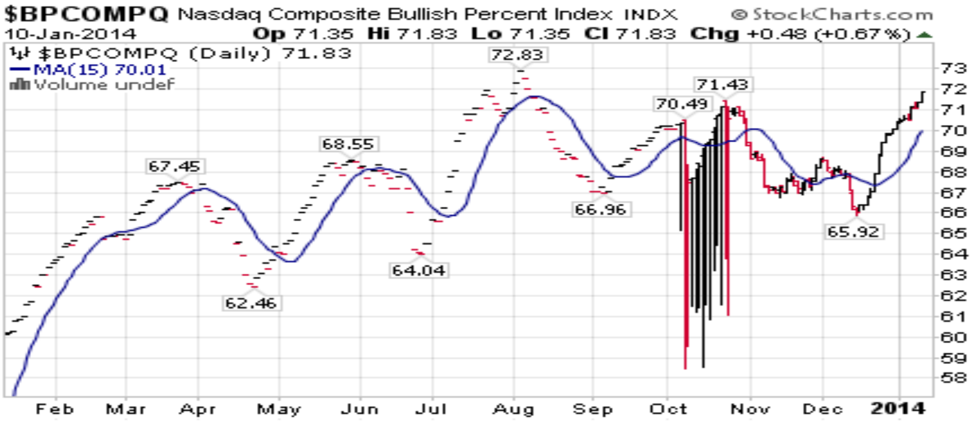
Trend remains up. The Average remains above its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 changed from neutral to positive.

Short-term momentum indicators remain overbought.

Bullish Percent Index for NASDAQ Composite stocks increased last week to 71.83% from 70.58% and remained above its 15 day moving average.

The Index remains intermediate overbought.



The NASDAQ Composite Index gained 42.76 points (1.03%) last week.

Trend remains up. The Index remains above its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index improved to positive from neutral.

Short-term momentum indicators are overbought and showing early signs of peaking.

The Russell 2000 Index gained 8.44 points (0.73%) last week.

Trend remains up. The Index remains above its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators have rolled over from overbought levels.

The S&P Energy Index added 0.30 (0.05%) last week.

Trend remains up. The Index remains above its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index changed from neutral to negative.

Short-term momentum indicators are trending down.

The Philadelphia Oil Services Index added 0.86 points (0.31%) last week.

Trend remains neutral. The Index moved above its 20 day moving average on Friday.

Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators are mixed.

The AMEX Gold Bug Index added 0.78 (0.38%) last week.

Trend remains down. The Index remains above its 20 day moving average.

Strength relative to the S&P 500 Index remains positive.

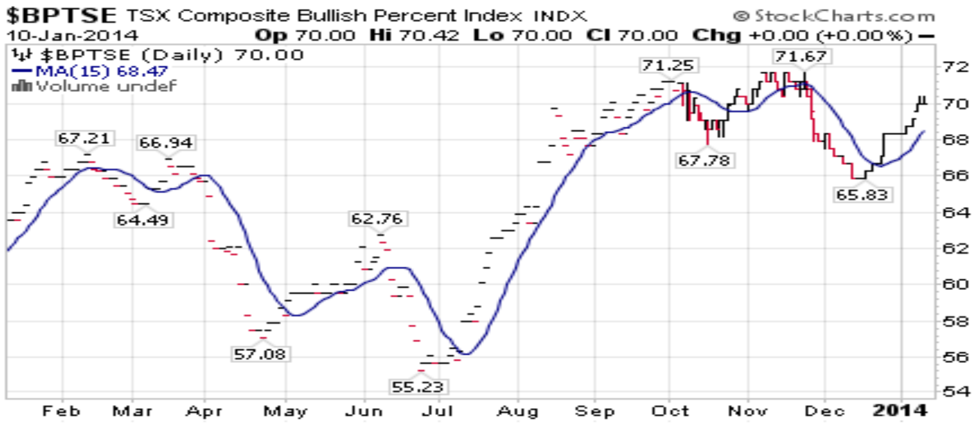
Strength relative to Gold is neutral.

Short-term momentum indicators are trending up.

Canadian Markets Commentary & weekly charts

Bullish Percent Index for TSX Composite stocks increased last week to 70.00% from 68.75% and remained above its 15 day moving average.

The Index remains intermediate overbought.



The TSX Composite Index added 198.66 points (1.47%) last week.

Trend is up. The Index closed at a 2.5 year high. The Index remains above its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index remains positive.

Short-term momentum indicators are overbought.

Percent of TSX Composite stocks trading above their 50 day moving average increased last week to 65.55% from 60.08%.

The index remains intermediate overbought.

Percent of TSX Composite stocks trading above their 200 day moving average increased last week to 67.23% from 64.71%.

The index remains intermediate overbought.

Asian Markets Commentary & weekly charts

The Nikkei Average fell 379.25 points (2.33%) last week.

Trend is up. The Average remains above its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index changed from positive to neutral.

Short-term momentum indicators have rolled over from overbought levels.

The Shanghai Composite Index fell 69.94 points (3.36%) last week.

Trend remains down. The Index remains below its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index remains negative.

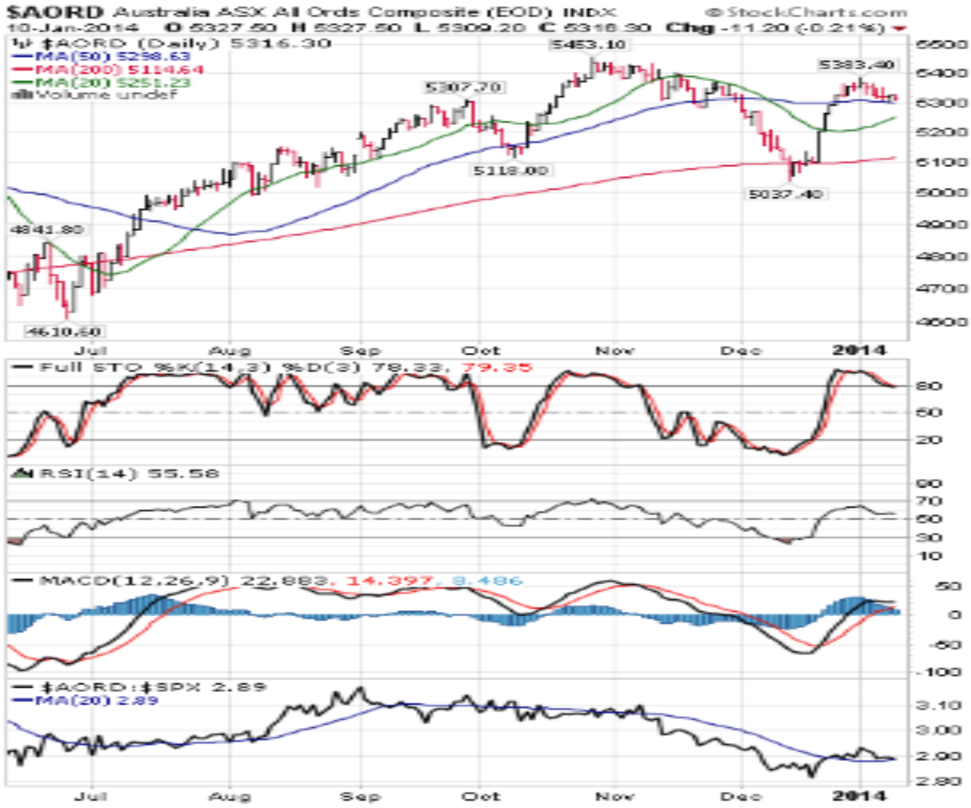
Short-term momentum indicators are oversold, but have yet to show signs of bottoming.

The Australia All Ords Composite Index slipped 35.50 points (0.66%) last week.

Trend remains neutral. The Index remains above its 20 and 50 day moving averages.

Strength relative to the S&P 500 Index changed from positive to neutral.

Short-term momentum indicators are overbought and showing early signs of rolling over.



European Markets Commentary & weekly charts

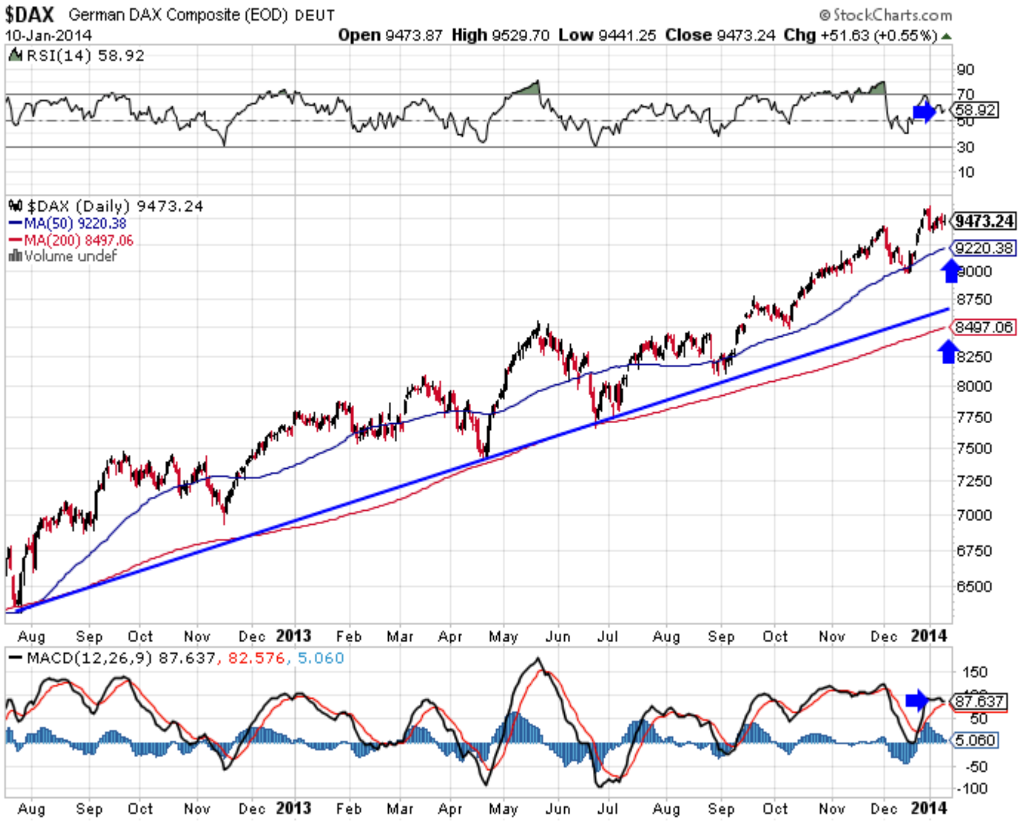
The DAX 30 added 56 points last week.

Trend remains up. The DAX 30 remain above the 20, 50 and 200-day moving averages.

Strength relative to the S&P 500 Index changed from neutral to positive.

Short-term momentum indicators have rolled over from overbought levels.

We maintain our short term target of 10,300



The CAC 40 added 28 points last week.

Trend remains up. The CAC 40 remain above the 20, 50 and 200-day moving averages.

Strength relative to the S&P 500 Index changed from neutral to positive.

Short-term momentum indicators have rolled over from overbought levels.

We maintain our short-term target of 4,500.

The IBEX 35 added 346 points last week.

Trend remains up. The IBEX 35 remain above the 20, 50 and 200-day moving averages.

Strength relative to the S&P 500 Index changed from neutral to positive.

Short-term momentum indicators have rolled over from overbought levels.

We maintain our short-term target of 11.600.

The FTSE 100 added 9 points last week.

Trend remains up. The FTSE 100 remain above the 20, 50 and 200-day moving averages.

Strength relative to the S&P 500 Index changed from neutral to positive.

Short-term momentum indicators have rolled over from overbought levels.

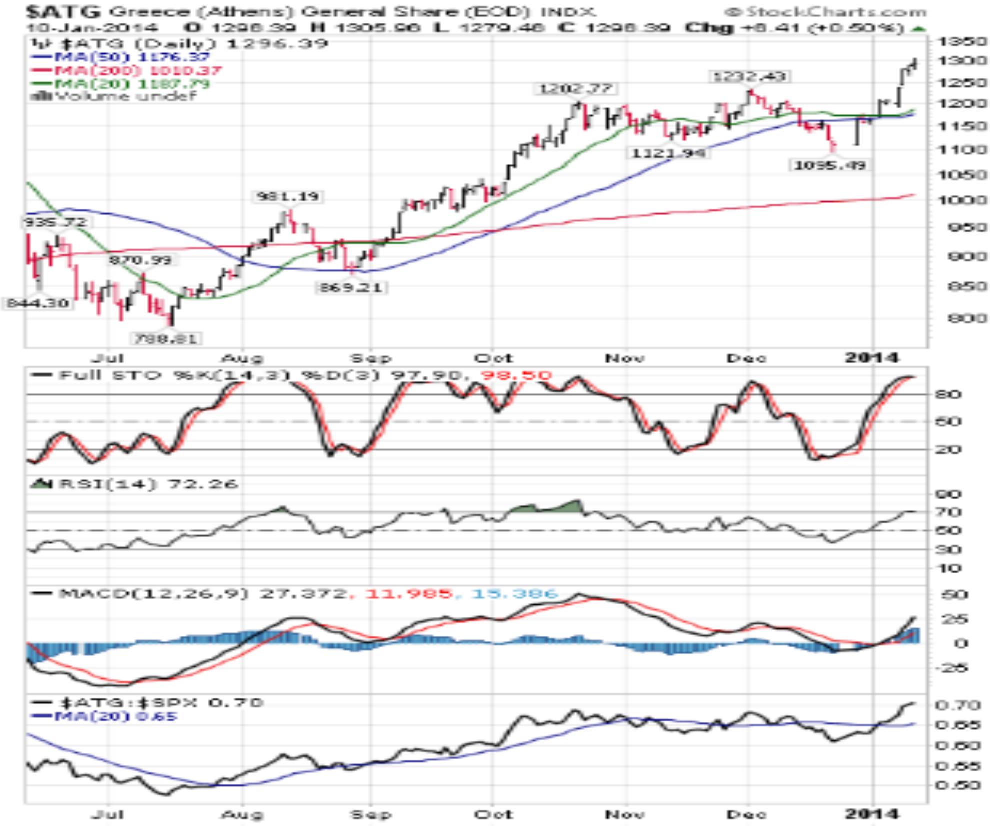
We raise our short term target to 7,500

The Athens Index surprisingly gained 98.88 points (7.54%) last week.

Trend changed from neutral to up on a move above 1,232.43. The Index remains above its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index improved to positive to neutral.

Short-term momentum indicators are overbought.



iShares Europe 350 units added $0.82 (1.77%) last week.

Trend remains up. Units remain above the 20, 50 and 200-day moving averages.

Strength relative to the S&P 500 Index changed from neutral to positive.

Short-term momentum indicators have rolled over from overbought levels.

Fixed Income Markets Commentary & weekly charts

US Bonds

Bond prices broke out above the intermediate trend, offering the potential for a higher longer-term low that could suggest a more substantial change in direction of the beaten up fixed income asset class.

Momentum indicators, including MACD and Stochastics, recently provided "buy" signals.

Bonds seasonally decline between now and April, placing pressure on interest rate sensitive stocks into the month of March.

Yield on 10 year Treasuries fell 13.5 basis points (4.51%) last week.

Yield dropped below its 20 day moving average on Friday.

Short-term momentum indicators are trending down.

The long term Treasury ETF gained $2.42 (2.19%) last week.

Units moved above their 20 and 50 day moving averages on Friday.

Currencies Commentary & weekly charts

The Euro gained 0.78 (0.57%) last week.

Trend remains up. The Euro remains below its 20 day moving average.

Short-term momentum indicators are mixed.

The US$ Index slipped 0.29 (0.36%) last week. More than the entire decline occurred on Friday following release of the disappointing December US jobs report.

Trend remains neutral. The Index remains above its 20 and 50 day moving averages.

Short-term momentum indicators are mixed.

The Japanese Yen added 0.73 (0.77%) last week.

Trend remains down. The Yen moved above its 20 day moving average on Friday.

Short-term momentum indicators are recovering from oversold levels.

The C$ plunged US 2.27 cents (2.41%) last week.

Trend remains down. The Canuck Buck remains below its 20, 50 and 200 day moving averages.

Short-term momentum indicators are deeply oversold, but have yet to show signs of bottoming.

Commodities Commentary & weekly charts

The CRB Index slipped 1.41 points (0.40%) last week.

Trend changed from neutral to negative on a move below 272.36.

The Index remains below its 20, 50 and 200 day moving average.

Strength relative to the S&P 500 Index remains negative.

Copper slipped $0.01 (0.30%) last week.

Trend remains up. Copper closed at its 20 day moving average.

Strength relative to the S&P 500 Index changed from positive to negative.

Short-term momentum indicators are trending down.

Lumber added $6.40 (1.77%) last week.

Trend remains up. Lumber remains below its 20-day moving average.

Strength relative to the S&P 500 Index changed from negative to neutral.

The Grain ETN fell $0.19 (0.44%) last week.

Trend remains down. Units remain below their 20-day moving average.

Strength relative to the S&P 500 Index remains negative.

The Agriculture ETF added $0.07 (0.13%) last week.

Trend remains up. Units remain above their 20-day moving average.

Strength relative to the S&P 500 Index remains neutral.

Short-term momentum indicators are trending down.

Gold & Precious Metals Commentary & weekly charts

Gold gained $9.70 per ounce (0.78%) last week with more than the entire gain occurring on Friday following release of the December US employment report.

Trend remains down. Gold remains above its 20 day moving average.

Strength relative to the S&P 500 Index remains neutral.

Short-term momentum indicators are trending up.

Silver added $0.05 per ounce (0.25%) last week.

Trend remains negative. Silver remains above its 20 day moving average and moved above its 50 day moving average on Friday.

Strength relative to the S&P 500 Index changed from positive to neutral.

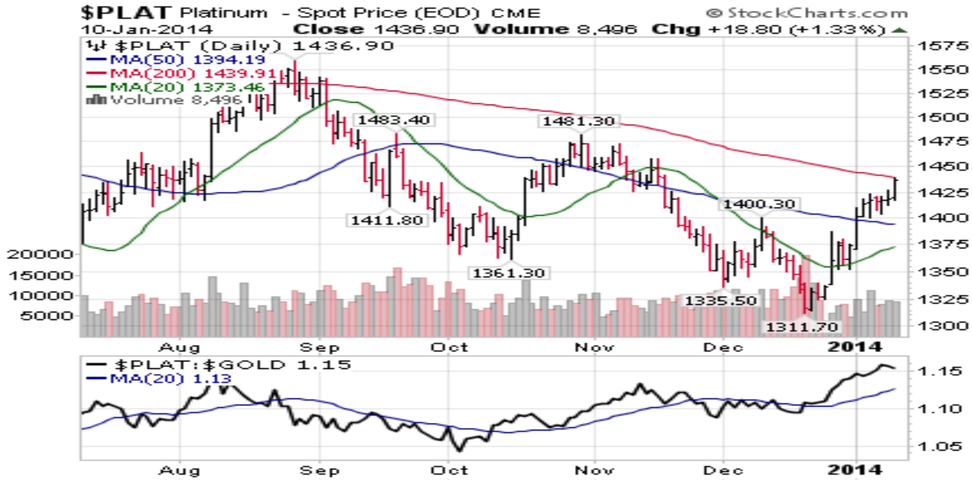
Strength relative to Gold changed from positive to neutral.

Short-term momentum indicators are trending up.

Platinum gained another $23.50 per ounce (1.66%) last week.

Trend remains neutral. Platinum remains above its 20 and 50 day moving averages.

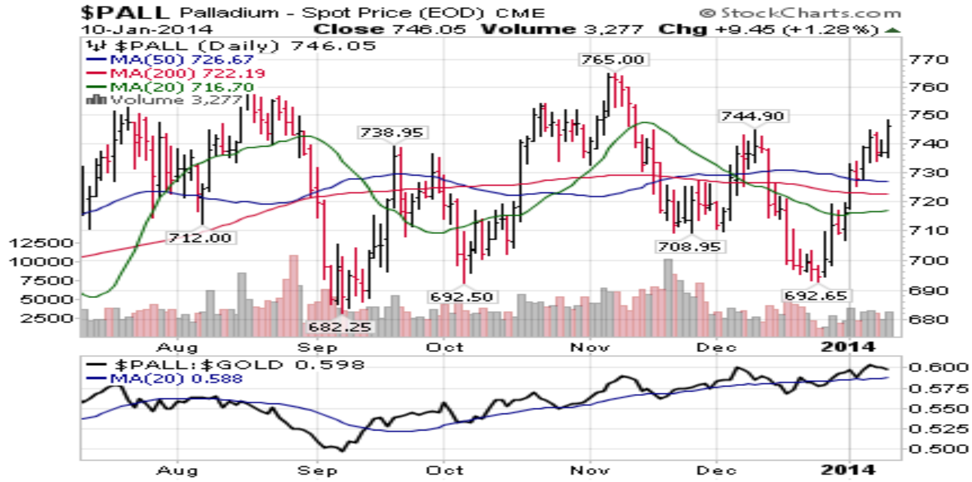
Strength relative to the S&P 500 Index and Gold remains positive.



Palladium added $18.45 per ounce (2.54%) last week.

Trend changed from down to neutral on a move above $744.90. Platinum trades above its 20 day MA.

Relative strength remains positive.



Oil, Gas & Energy Commentary & weekly charts

Crude Oil fell $1.53 per barrel (1.62%) last week.

Trend changed from neutral to negative on a move below $91.77. Crude remains below its 20, 50 and 200 day moving averages.

Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators are oversold.

Natural Gas fell $0.27 per MBtu (6.25%) last week.

Short-term trend turned down (head and shoulders pattern) on a move below $4.20. Intermediate trend remains up.

Nat Gas remains below its 20 day moving average.

Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators are trending down.

Gasoline slipped $0.01 per gallon (0.38%) last week.

Trend remains up. Gasoline remains below its 20 and 200 day moving average.

Strength relative to the S&P 500 Index remains negative.

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