



Creative Global Investments

Morning Market Commentary

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Carlo R. Besenius
Chief Executive Officer
cbesenius@cg-inv.com
+(352) 2625 8640



Creative Global Investments LLC
115 East 57th Street
11th Floor
New York, NY 10022
Tel: 212 939 7256
Mob: 917 301 3734

Creative Global Investments/Europe
5, op der Heed
L-1709 Senningerberg
Tel: +(352) 2625 8640
Mob: +(352) 691 106 969

Objectivity

Integrity

Creativity

As per our 2014 Global Strategy Update, we had been advising clients to increase equity allocations to non-US equities, as our macro economic research work, long-term trend and chart technical analysis was giving us increasing evidence of MSCI EAFE starting to show a better risk-reward profile and signs of outperformance potential versus the S&P 500.

Looking at a long-term chart of the MSCI EAFE ETF (EFA) versus the S&P 500 ETF (SPY), the relative trend of EFA has been charting a significant base-building pattern since mid-2012, ending almost 5 years of relative declines that saw US stocks outpace the rest of the world. Opportunities outside of the US are starting to become apparent. **The MSCI EAFE seasonally outperforms the S&P 500 from February through to April/May.**



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Global Macro Commentary

Upcoming macro data:

- Great Britain Retail Sales for December will be released at 4:30am EST. The market expects a year-over-year increase of 2.6% versus an increase of 2.0% previous.
- China GDP for the Fourth Quarter will be released on Sunday at 9:00pm EST. The market expects a year-over-year increase of 7.6% versus an increase of 7.8% previous. Industrial Production for December is expected to show a year-over-year increase of 9.8% versus an increase of 10.0% previous. Retail Sales for December is expected to show a year-over-year increase of 13.6% versus an increase of 13.7% previous.
- Housing Starts for December will be released at 8:30am. The market expects 0.985M versus 1.091M previous. Building Permits are expected to show 1.015M versus 1.007M previous.
- Industrial Production for November will be released at 9:15am. The market expects a month-over-month increase of 0.3% versus an increase of 1.1% previous. Capacity Utilization is expected to tick up to 79.1% versus 79.0% previous.
- Consumer Sentiment for January will be released at 9:55am. The market expects 83.5 versus 82.5 previous.
- Labor Department's Job Openings and Labor Turnover Survey for November will be released at 10:00am. The market expects Job Openings to show 3.93M versus 3.925M previous.

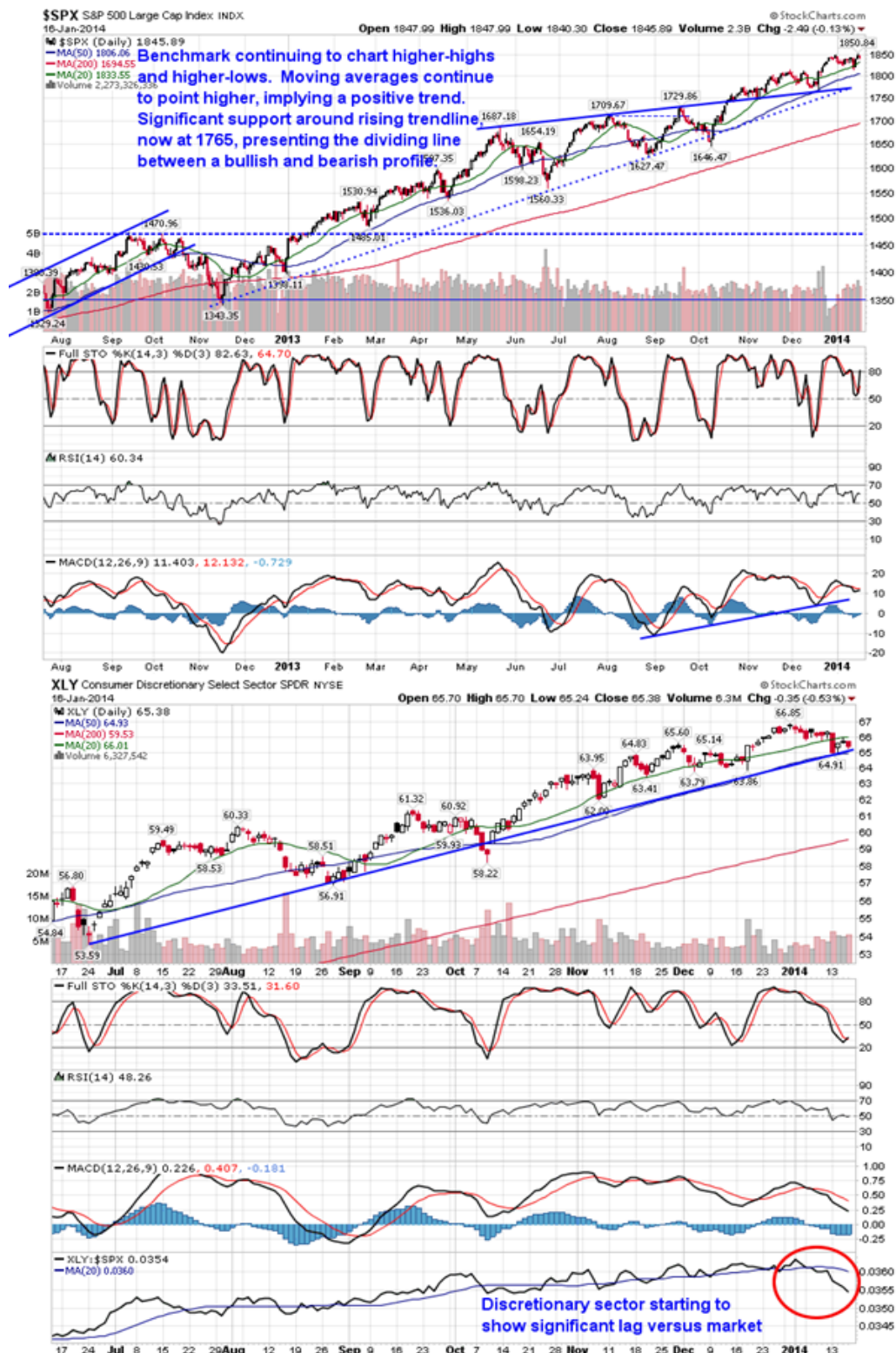
Past macro-data review:

Event	Actual	Forecast	Previous
AUD Employment Change	-22.6K	10.0K	15.4K
AUD Unemployment Rate	5.80%	5.80%	5.80%
EUR German Consumer Price Index (MoM)	0.40%	0.40%	0.40%
EUR German Consumer Price Index (YoY)	1.40%	1.40%	1.40%
EUR German Consumer Price Index – EU Harmonized (MoM)	0.50%	0.50%	0.50%
EUR German Consumer Price Index – EU Harmonized (YoY)	1.20%	1.20%	1.20%
EUR Euro-Zone Consumer Price Index (MoM)	0.30%	0.30%	-0.10%
EUR Euro-Zone Consumer Price Index (YoY)	0.80%	0.80%	0.80%
EUR Euro-Zone Consumer Price Index – Core (YoY)	0.70%	0.70%	0.70%
USD Consumer Price Index (MoM)	0.30%	0.30%	0.00%
USD Consumer Price Index Ex Food & Energy (MoM)	0.10%	0.10%	0.20%
USD Consumer Price Index (YoY)	1.50%	1.50%	1.20%
USD Consumer Price Index Ex Food & Energy (YoY)	1.70%	1.70%	1.70%
USD Consumer Price Index Core Index s.a.	235.5	235.59	235.24
USD Consumer Price Index n.s.a.	233.05	233.066	233.069
CAD International Securities Transactions (Canadian dollar)	8.66B		4.44B
USD Initial Jobless Claims	326K	328K	328K
USD Continuing Claims	3030K	2850K	2856K
USD Philadelphia Fed.	9.4	8.7	6.4
USD NAHB Housing Market Index	56	58	57
USD EIA Natural Gas Storage Change	-287	-300	-157

US Equities Commentary & Charts

Defensive sectors (Utilities, Health Care, and Consumer Staples) all posted gains on the day, gold posted marginally positive returns, and bonds ended higher on the day. **One of the risks to the seasonal investing strategy over the next few months is that a period of risk-aversion materializes, whereby bonds, gold, and defensive equities outpace broad equity markets, forcing investor rotation from cyclical assets to alternate allocations.** A risk-off period doesn't necessarily mean lower stock prices, but it could imply that some of the drivers of performance of broad market benchmarks may take a backseat role.

Seasonally, from late January through to the beginning of May, high-beta, cyclical equities typically dominate, posting gains on average and outperforming broad market benchmarks, such as the S&P 500.



The consumer discretionary sector has been one of the best performing segments of the market for well over a year. However, the XLY has been underperforming since December.

The Consumer Discretionary sector remains in a period of seasonal strength that runs through to April.

Shares of Citigroup and Goldman Sachs declined by 4.35% and 2.00%, respectively, falling back towards rising intermediate trendlines.

Significant moving averages (20, 50, and 200-day) continue to point higher, implying positive short, intermediate, and long-term trends.

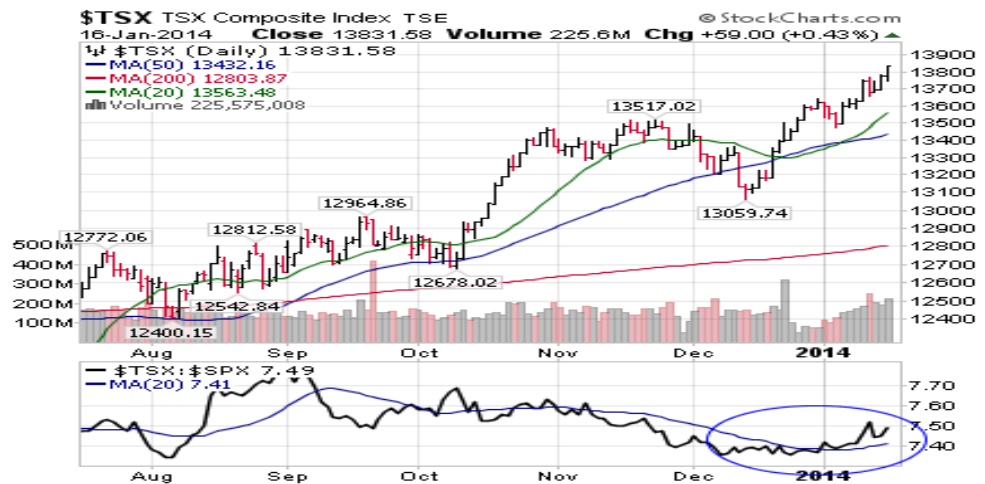


Financial stocks, including Goldman Sachs and Citigroup, remain in a period of seasonal strength through to April.



Canadian Equity Market Commentary & Charts

The TSX Composite Index continues to outperform the S&P 500 Index.



Leading the TSX Composite Index is the TSX Mines and Metals Index and its related ETFs.



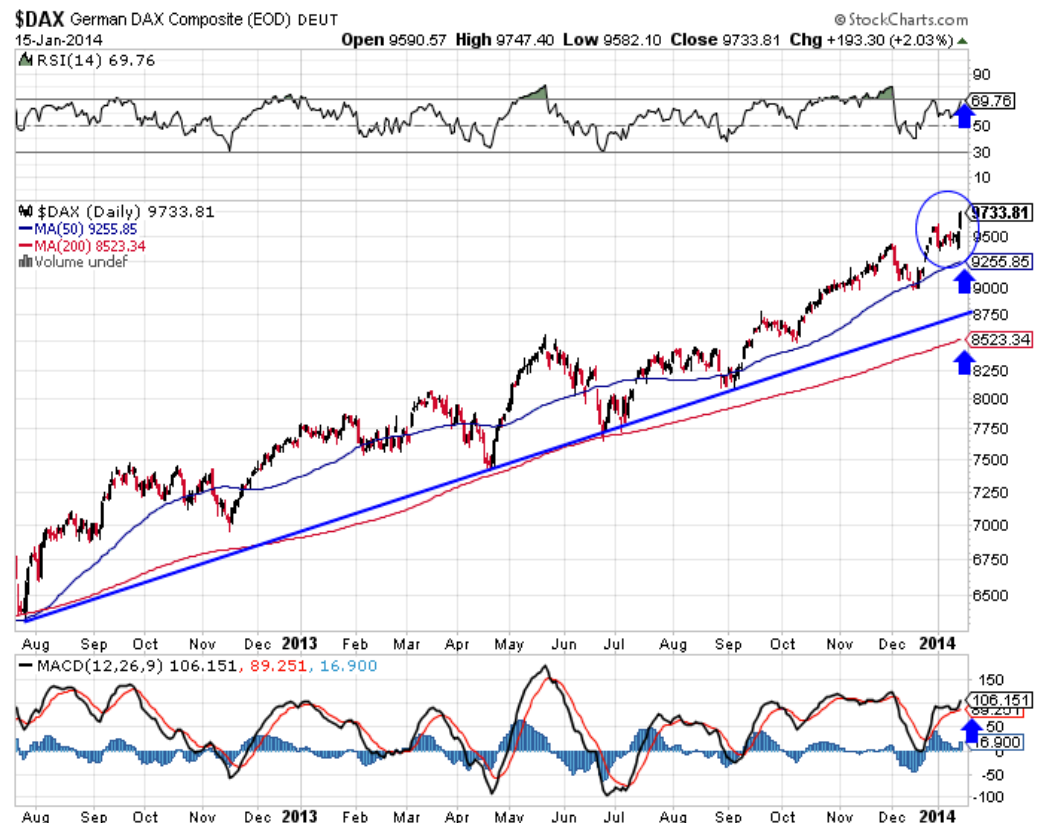
European Equities Commentary & Charts

Germany, Spain and Italy are leading markets in Europe.

The short-term technicals for the DAX 30 are positive. RSI, TSI, MACD and 50day and 200-day MVA's are all rising.

We see the next psychological 10,000 level as a minor resistance point.

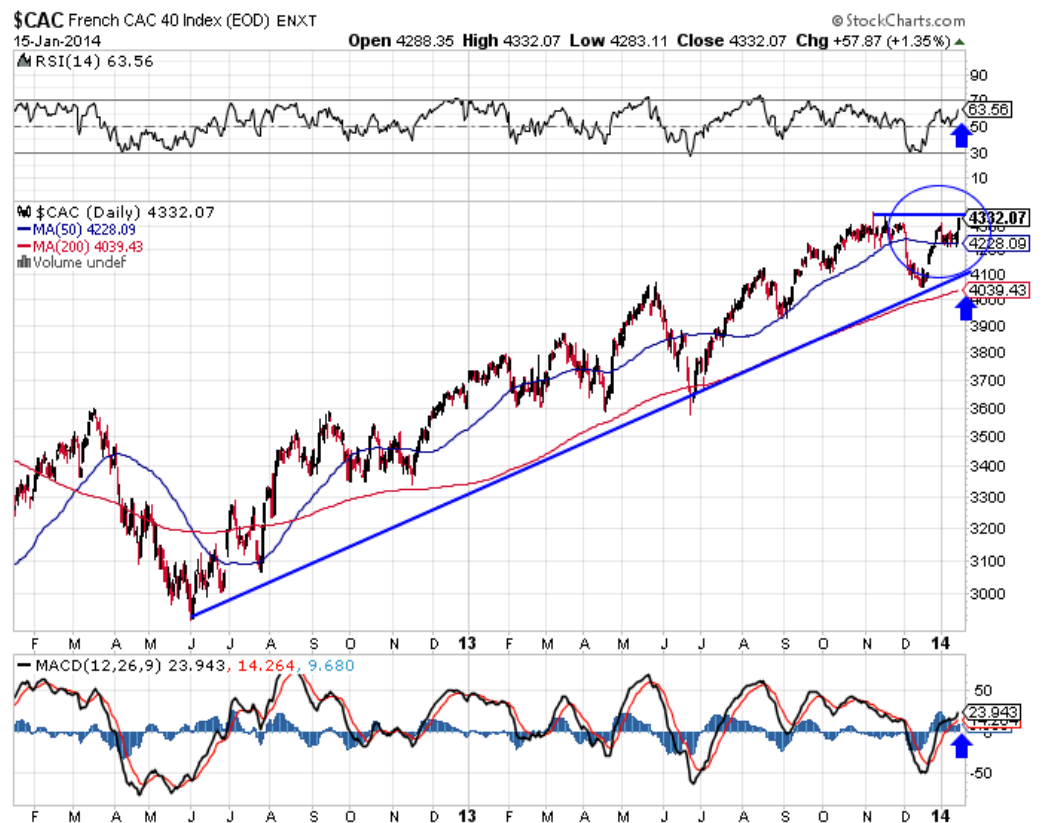
We maintain our 2014 price target of 12,000 for the DAX 30.



The short-term technicals for the CAC 40 are positive. RSI, TSI, MACD and 50day and 200-day MVA's are all rising.

The current resistance level of 4,335 should be broken, and then the CAC could be on its way to 4,500 in the short-term.

We maintain our 2014 price target of 5,000 for the CAC 40.



The short-term technicals for the IBEX 35 are positive. RSI, TSI, MACD and 50day and 200-day MVA's are all rising.

The current resistance level of 10,525 should be broken, and then the Ibex 35 could be on its way to 11,500 in the short-term.

We maintain our 2014 price target of 12,500 for the IBEX 35.



Fixed Income Commentary & Charts

The iShares 20-Year Treasury Bond Fund (TLT) is giving the appearance of a significant double bottom pattern, suggesting a bounce from support may be underway, potentially drawing equity investors back to the fixed income asset class, perhaps for a brief period of time.

Bond prices seasonally decline through to April as riskier assets attract investor demand, however, the path of least resistance for the bond market appears to be higher.



Oil Commentary & Chart

Oil is showing signs of halting its recent slide, setting up the potential for upside during the period of seasonal strength in energy stocks and commodities ahead.

The price of Crude Oil seasonally gains from mid-February through to May and recent lows may be sufficient to provide the launching point for the trade ahead; Oil has held predominantly above \$91 for the past year, supporting the commodity numerous times at this level.

Technical indicators are currently hinting of improving momentum.

We maintain our \$112 - \$115 price target for WTI for 2014.



Carlo R Besenius, CEO & Head of Global Strategy

cbesenius@cg-inv.com

office: +(352) 26 25 86 40

mobile: +(352) 691 106 969

Luxembourg/Europe

Sabine CJ Blümel, Head of Global Automotive Research

sblumel@cg-inv.com

office: +44 (7785) 301588

London, UK

Trish Twining, Managing Director of Sales

ttwining@cg-inv.com

office: 7817710117

Boston, MA, USA

Gary Schieneman, Managing Director,
Global Accounting and Finance

gschieneman@cg-inv.com

office: 917-868-6842

New York, NY, USA

Steve Gluckstein, Global Strategist

sgluckstein@cg-inv.com

office: 212 939 7256

mobile: 732 768 8843

New York, NY, USA

Marc Peters, Head of Global Industrial Strategy

mpeters@cg-inv.com

office: +(352) 26 25 86 40

mobile: +352 621 36 44 50

Luxembourg/Europe

Allison M Cimon, Director of Sales & Technology

amcimon@cg-inv.com

office: 646 228 4321

Boston, MA, USA

Jennifer Crisman, COO

jcrisman@cg-inv.com

office: +(352) 26 25 86 40

Luxembourg/Europe

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