Creative Global Investments

Morning Market Commentary

Friday, March 1st, 2013

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

Time to go long the EURO again

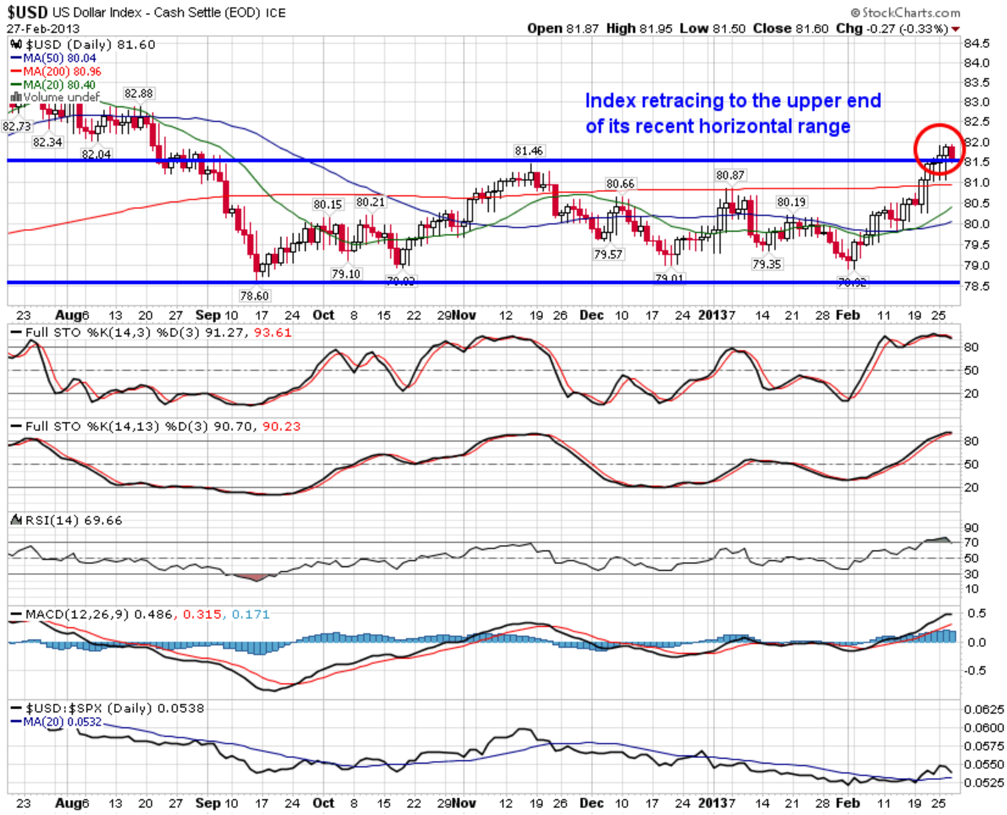
The Euro is in oversold territory. We expect the Euro to reverse it's latest weakness, as the "Italian Job" damage is done, and investors will focus on the macro aspects which matter most at this stage.

The current temporary Euro-weakness has enabled European governments and corporates to initiate hedging positions for the next 18 months, which will ensure their global competitiveness, and so **we are advising investors to buy the Euro at the current levels of 1.30. We maintain our 3 – 6 months price target for the Euro at EUR/US$ 1.38. The Euro typically enters a period of strength form April – July.**

The US$ index DXY declined by one-third of one percent, retesting the recent breakout level of 81.50.

The DXY has strengthened throughout the month, pushing above significant resistance at 81.50, a level that if sustained above could put pressure on stocks and commodities.

Weakness in the Euro has been a significant factor in strength in the US$. The DXY typically peaks around this time of year, declining into Spring.



Global Macro Economics

Upcoming Events:

- German Retail Sales for January will be released at 2:00am EST. The market expects a year-over-year decline of 0.1% versus a decline of 4.7% previous.
- German PMI Manufacturing for February will be released at 3:55am EST. The market expects 50.1 versus 49.8 previous.
- Euro-Zone PMI Manufacturing for February will be released at 4:00am EST. The market expects 47.8 versus 47.9 previous.
- Great Britain PMI Manufacturing for February will be released at 4:30am EST. The market expects 51.0 versus 50.8 previous.
- Euro-Zone Flash CPI for February will be released at 5:00am EST. The market expects a year-over-year increase of 1.9% versus an increase of 2.0% previous.
- Euro-Zone Unemployment Rate for January will be released at 5:00am EST. The market expects 11.8% versus 11.7% previous.
- Canadian GDP for the Fourth Quarter will be released at 8:30am EST. The market expects an annualized increase of 0.7% versus an increase of 0.6% previous.
- Personal Income for January will be released at 8:30am. The market expects a month-over-month decline of 2.1% versus a gain of 2.6% previous. Consumer spending is expected to show a gain of 0.2%, consistent with the previous report.
- PMI Manufacturing index for February will be released at 8:58am.
- Consumer Confidence for February will be released at 9:55am. The market expects 76.0 versus 76.3 previous.
- ISM Manufacturing Index for February will be released at 10:00am. The market expects 52.8 versus 53.1 previous.
- Construction Spending for January will be released at 10:00am. The market expects a month-over-month increase of 0.6% versus an increase of 0.9% previous.
- Federal Reserve Chairman Ben Bernanke delivers a speech on low long-term interest rates at a San Francisco Fed research conference at 10:00am.
- Motor Vehicle Sales for February will be released throughout the day. The market expects Total Vehicle Sales to show 15.2M versus 15.3M previous

Past data review

Event	Actual	Forecast	Previous
GBP GfK Consumer Confidence Survey	**-26**	-26	-26
JPY Vehicle Production (YoY)	**-9.90%**		-17.20%
JPY Housing Starts (YoY)	**5.00%**	8.80%	10.00%
JPY Construction Orders (YoY)	**-3.70%**		4.80%
JPY Annualized Housing Starts	**0.863M**	0.894M	0.880M
CHF Gross Domestic Product (QoQ)	**0.20%**	0.00%	0.60%
CHF Gross Domestic Product (YoY)	**1.40%**	0.90%	1.20%
EUR German Unemployment Change	**-3K**	0K	-14K
EUR German Unemployment Rate s.a.	**6.90%**	6.80%	6.90%
CHF CPI – EU Harmonized (YoY)	**-0.10%**		-0.30%
EUR Euro-Zone Consumer Price Index (MoM)	**-1.00%**	-1.00%	0.40%
EUR Euro-Zone Consumer Price Index (YoY)	**2.00%**	2.00%	2.00%
CHF CPI – EU Harmonized (MoM)	**-0.50%**		0.10%
EUR Euro-Zone Consumer Price Index – Core (YoY)	**1.30%**	1.50%	1.50%
EUR German Consumer Price Index (MoM)	**0.60%**	0.70%	-0.50%
EUR German Consumer Price Index – EU Harmonized (MoM)	**0.80%**	0.70%	-0.70%
EUR German Consumer Price Index – EU Harmonized (YoY)	**1.80%**	1.70%	1.90%
EUR German Consumer Price Index (YoY)	**1.50%**	1.70%	1.70%
CAD Current Account (BoP) (Canadian dollar)	**-$17.3B**	-$17.0B	-$18.0B
USD Gross Domestic Product (Annualized)	**0.10%**	0.50%	-0.10%
USD Personal Consumption	**2.10%**	2.30%	2.20%
USD Gross Domestic Product Price Index	**0.90%**	0.60%	0.60%
USD Initial Jobless Claims	**344K**	360K	366K
USD Continuing Claims	**3074K**	3143K	3165K
USD NAPM-Milwaukee	**56.5**	52	51.3

USD Chicago Purchasing Manager	**56.8**	54	55.6
USD EIA Natural Gas Storage Change	**-171**	-170	-127
USD Kansas City Fed Manf. Activity	**-10**	-1	-2
NZD Terms of Trade Index (QoQ)	**-1.30%**	1.40%	-3.20%
AUD AiG Performance of Manufacturing Index	**45.6**		40.2
JPY National Consumer Price Index Ex-Fresh Food (YoY)	**-0.20%**	-0.20%	-0.20%
JPY National Consumer Price Index Ex Food, Energy (YoY)	**-0.70%**	-0.70%	-0.60%
JPY Jobless Rate	**4.20%**	4.20%	4.30%
JPY Household Spending (YoY)	**2.40%**	0.40%	-0.70%
JPY National Consumer Price Index (YoY)	**-0.30%**	-0.20%	-0.10%
JPY Capital Spending	**-8.70%**	-7.20%	2.20%
JPY Capital Spending excl Software	**-7.20%**	-6.50%	2.40%

US Equity Markets

Out of Bonds into Equities

Investors should be looking past DC, and the last GDP dive, to coming quarters of growth in the economy.

With the durability of this recovery now benefiting from the resurgence in housing, today we can probably ignore the White House showdown and focus on the manufacturing and construction data.

It's time to get in, slowly at first and with judicious use of stop-loss orders.

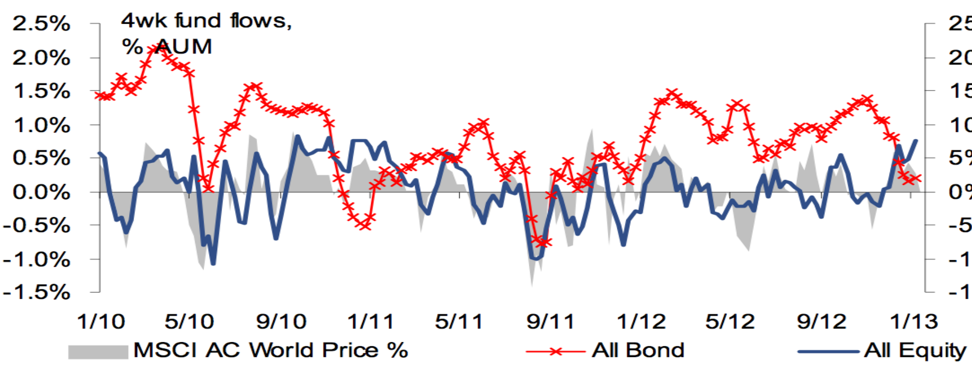
But, it's time to get in and build a huge portfolio over the next year, because 2013 is the beginning of a unique generational opportunity.

We are probably close to the end of a 30-year bond market bull stampede. It clearly is too late to get into bonds now. Even if you got into bonds in the past couple of years and made some money, it's not worth getting in now with yields at record lows. How much lower could rates go? The risk- reward parameters that govern good investments just aren't there.

We identified last August as the pivotal point where institutional investors started to shift out of Bonds into Equities. Current dividend discount models suggest that a shift of bonds into equities can last for a long time, and will flood money into stocks, and given corporations' strong competitive positions and robust balance sheets. Stocks, and we mean stocks across the globe, are probably going to face another quarter, maybe two, of waffling over the US debt ceiling, and China, and Europe, and everything else they've been fretting about. But still, they rose last year in the face of the same fears.

In the 3rd week in January, US data shows US$22.2 BN flowed into mutual funds and ETFs. That's the second- largest weekly flow on record. Of that total, US$8.9 BN flowed into equity mutual funds, which is the most since March of 2000 and the fourth- largest weekly inflow on record.

Figure 2. Weekly Bond vs. Equity Fund Flows



Source: EPFR Global, Citi Research

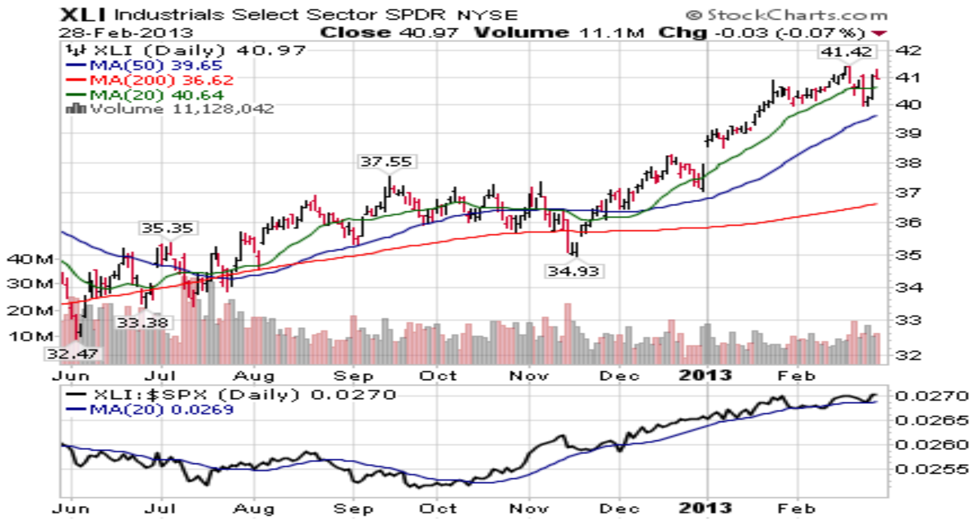
Global equities have higher dividend yields than government bonds, particularly in over 67% of the worlds' economy, namely the US, Europe, Japan. Dividend yields for US equities are near 2%, for European Equities they are close to 4%.

- Corporations have never been in our 30 years experience of professional investing in better financial shape.
- Labor costs are well under control and given what may be a stubborn and structurally high unemployment rate, pressure from labor costs are unlikely.
- Fast evolving technology will keep pressure on labor costs, and keep labor cost inflation in check, be due to software programs or robotics, technology is making labor a continuously smaller piece of input costs.
- Corporations are much more diversified then ever, international and US corporations across the world are all globally diversified in terms of not only where they sell their products, but also where they manufacture them.
- Low interest rates have not only allowed corporations to retool their balance sheets, they have allowed them to raise huge amounts of capital for expansion, dividends, rainy day funds, or whatever corporate needs arise.
- American nonfinancial corporations sitting on almost US$2 trillion of cash and liquid instruments. According to the IRS, which tracks worldwide holdings of US corporations, Fed data underestimates the true amount of corporate cash, which the IRS suggests is three times what the Fed reports.
- European companies, ex-financials are also having all time high cash levels on their balance sheet

US Equities Sector Observations

The NYSE Cyclical index remains in seasonal period of strength until April.

The industrial SPDRs moved above the 20 day moving average as seasonal influences remain positive until early May.



European Bonds

Yields in Italy recently broke above an intermediate declining trend line and a short-term trend of higher-highs and higher-lows has emerged, influencing a risk-off sentiment amongst equity investors.

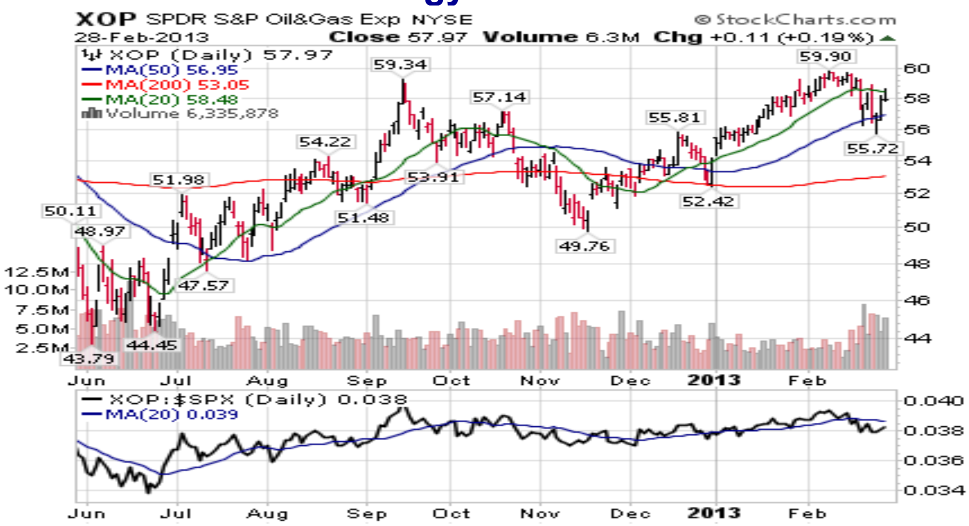
Recall that the yield on Italian debt hit a low in March of 2012, moving higher into the summer, pressuring equity markets in the process. This inverse correlation between bond yields in struggling Euro-zone countries and the equity market warrants close monitoring.

Gold & Precious Metals

Palladium's seasonal influences are positive until mid-April.

Oil and Gas remains seasonal influences are favorable until mid-April.

Oil & Energy & Natural Gas



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

Steve Gluckstein, Head of Research
sgluckstein@cg-inv.com
office: 212 939 7256
mobile: 732 768 8843
New York, NY, USA

Sabine CJ Blümel, Head of Global Automotive Research
sblumel@cg-inv.com
office: +44 (7785) 301588
London, UK

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

Trish Twining, Managing Director of Sales
ttwining@cg-inv.com
office: 7817710117
Boston, MA, USA

Allison M Cimon, Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

Gary Schieneman, Managing Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA

Jennifer Crisman, COO
jcrisman@cg-inv.com
office: +(352) 26 25 86 40
Luxembourg/Europe