Creative Global Investments

Morning Market Commentary

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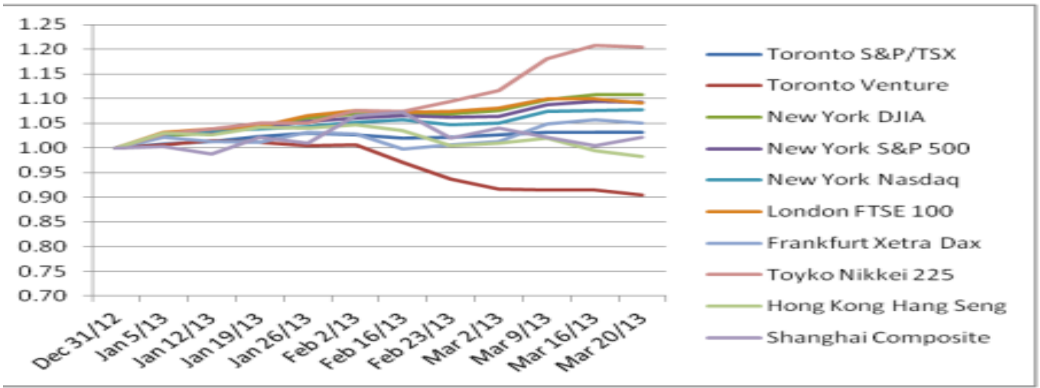
Objectivity

Integrity

Creativity

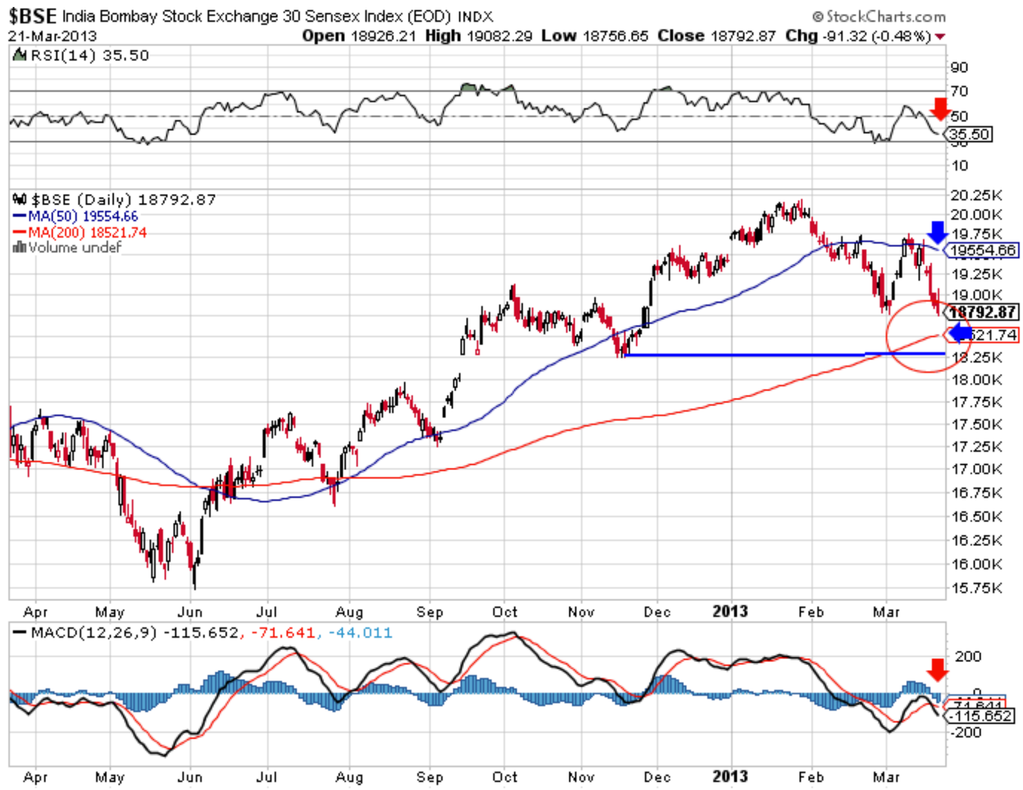
Global Equity Indices YTD

Not a particularly good start for equities in 2013, despite all of the noise in the media. Unless you followed our Q3 2012 and Q4 2012 strategic advice, and overweighed the N-225, the SENSEX and the Shanghai Composite. In 2012 we recognized the 1H peak for equities to have been April 2nd, well ahead of the "Sell in May & Go Away" seasonal action. How will markets behave for 2013?



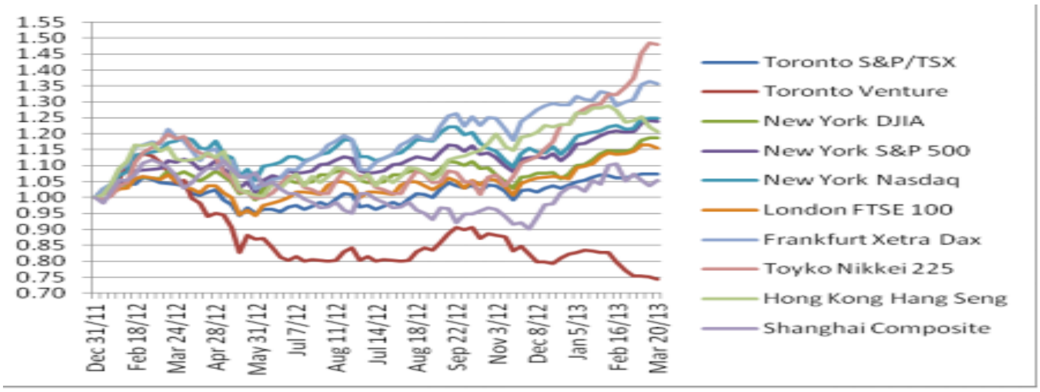
However, except India, 3 (China, Russia, Brazil) of the 4 BRIC countries have fallen below the 20-Month MA level. Shanghai had a big bounce the past days and is back above the 20-dmva, and toying with the 50-dmva.

The SENSEX has formed a perfect head & shoulders top. The low level of the MACD failing to jump back above zero.



If all the BRIC countries are struggling, that is a big concern. Maybe the SENSEX rallies from here. The chart above shows a very important pattern that usually identifies major tops. Taiwan and Singapore are starting to soften on the ETF's. Most of the commodities looked like they were at a pivotal point too, be it related to the US$'s recent temporary strength. The Rest of the World dragged down the US market in 2011. If commodities, and emerging markets are not rallying from here onwards, then we see cause for a softening of US equities in a rather large move down through the summer. $COPPER would suggest the move is to the downside. US housing starts and Transports would suggest the move is to the upside.

We do not say that the trend for global equity markets has reversed, but surely a correction of 5% - 8% is not far ahead, and we are advising our clients to add towards strategic equity positions when it will occur. When looking at aggregate performance since January 1st 2012, the Nikkei 225 is up 48%. In the last three weeks alone, the Nikkei has risen 8%. Frankfurt's Xetra Dax is second best, with a gain of 36%. The Nasdaq is next, followed by the S&P 500.



Global Macro Events

Upcoming Macro Events:

- German IFO Survey for March will be released at 5:00am. The market expects Economic Sentiment to show 107.5 versus 107.4 previous. Current Conditions are expected to show 110.5 versus 110.2 previous. Business Expectations is expected to show 105.0 versus 104.6 previous.

Review of past macro-economic data:

Event	Actual	Forecast	Previous
CNY HSBC Flash Manufacturing PMI	**51.7**	50.8	50.4
JPY All Industry Activity Index (MoM)	**-1.40%**	-1.40%	1.60%
CHF Trade Balance (Swiss franc)	**2.10B**	2.00B	2.12B
EUR French Purchasing Manager Index Manufacturing	**43.9**	44.2	43.9
EUR French Purchasing Manager Index Services	**41.9**	44	43.7
EUR German Purchasing Manager Index Manufacturing	**48.9**	50.5	50.3
EUR German Purchasing Manager Index Services	**51.6**	55	54.7
EUR Euro-Zone Purchasing Manager Index Services	**46.5**	48.2	47.9
EUR Euro-Zone Purchasing Manager Index Manufacturing	**46.6**	48.2	47.9
EUR Euro-Zone Purchasing Manager Index Composite	**46.5**	48.2	47.9
GBP Retail Sales w/Auto Fuel (MoM)	**2.10%**	0.40%	-0.70%
GBP Retail Sales w/Auto Fuel (YoY)	**2.60%**	0.50%	-0.50%
GBP Retail Sales (MoM)	**1.90%**	0.60%	-0.40%
GBP Retail Sales (YoY)	**3.30%**	1.20%	0.50%
USD Continuing Claims	**3053K**	3050K	3048K
CAD Retail Sales (MoM)	**1.00%**	0.90%	-2.30%
CAD Retail Sales Less Autos (MoM)	**0.50%**	0.30%	-1.00%
USD Initial Jobless Claims	**336K**	340K	334K
USD Markit US PMI Preliminary	**54.9**	54.8	54.3
USD House Price Index (MoM)	**0.60%**	0.70%	0.50%
USD Philadelphia Fed.	**2**	-3	-12.5
USD Existing Home Sales	**4.98M**	5.00M	4.94M
USD Existing Home Sales (MoM)	**0.80%**	1.60%	0.80%
USD Leading Indicators	**0.50%**	0.40%	0.50%
USD EIA Natural Gas Storage Change	**-62**	-70	-145
AUD Conference Board Leading Index	**0.20%**		-0.20%

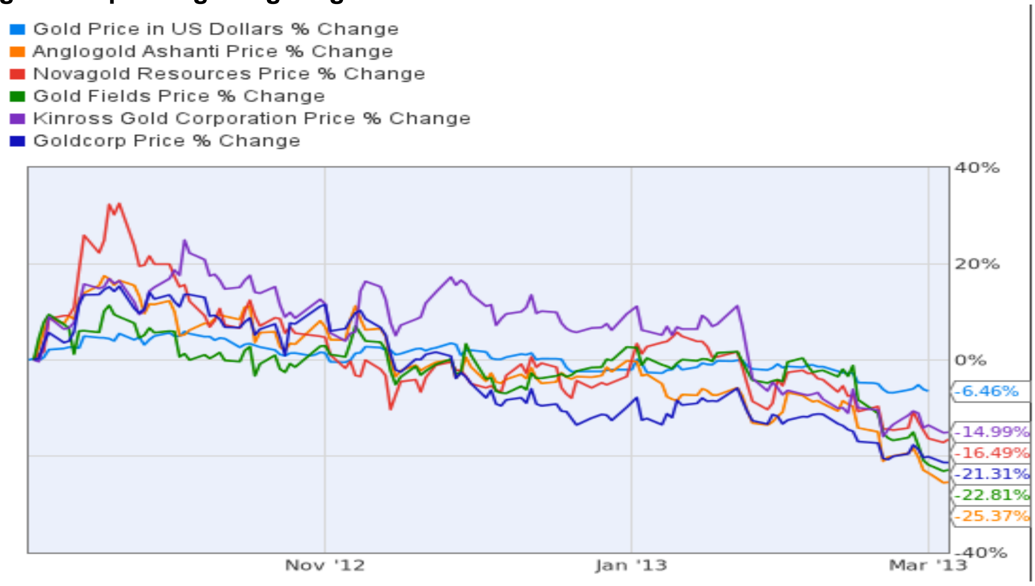
US Market Charts & Commentary

The daily New Lows on the New York Stock Exchange index was at 17 yesterday. That was pretty remarkable because anything below 28 is a positive number. What this is saying is that there was no real panic in the market yesterday, and that says that the market can pop back up after this negativity gets worked off

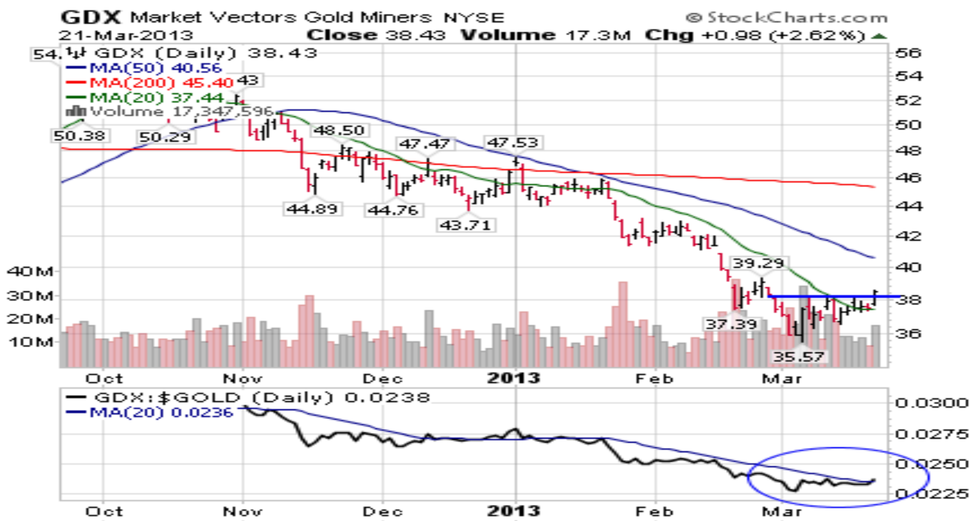
The SPX seems to look for a lower open today, and continue its overbought correction towards the bottom of the recent trading range.

Sentiment on Thursday, as gauged by the put-call ratio, ended bullish at 0.86. Despite recent volatility and uncertainty within the market, investors have refrained from accumulating downside put-protection to the same degree as what was witnessed in February. A bullish trend has become evident since the end of February.

Gold & Gold stocks seem to become more positive, with the risk-on trade for global equities getting long in the tooth.



Gold equity ETFs are also breaking above short term trading ranges and are starting to show positive performance relative to gold.



Currencies

The EUR/USD closed the week at 1.3070, around 70 pips, or 0.75% above Monday's opening price. It was the first positive week after three negative weeks, and the EUR/USD has turned positive on the monthly chart after the February collapse.

Gold's sideways move should be judged against a backdrop of the US$, which has rallied 5% in the last six weeks. The fact that gold prices did not experience a further leg lower is supportive of a bullish gold view, in my eyes. I see the dollar going lower, and gold higher, in the near term. The US$ index is testing a key pivot point in the FX market (20-day MA). If this level fails to hold, the US$ could drop to its 50% Fibonacci retracement, taking March futures back down to 81.00. This move would stimulate the gold market, I'd expect.

Our forecasts for the value of the US$ over the past several years has been based on my expectation that the economic policy of the United States government is one of substantial credit inflation, a credit inflation that would outstrip the credit inflation of most other areas of the world. This policy of sustained credit inflation was begun in the early 1960s and was continued up into the Great Recession and beyond. This policy of sustained credit inflation resulted in the United States floating the US$ in 1971 and then resulted in the continued decline in the value of the US$, with two exceptions, until late 2007. The two exceptions are the period of the Volcker credit squeeze in the 1979-1985 period, and the Rubin budget surplus in the late 1990s.

Nothing so far in Washington, DC, has caused us to change minds in terms of the effort of the United States government to continue its policies of credit inflation out into the future. But when it comes to the value of a currency in terms of other currencies, everything is relative. And, the markets seem to be currently saying that investors believe that over the next year or so they expect the governments of Japan, the United Kingdom, and the Eurozone to expand credit at a pace that exceeds that of the United States. Will this be the case for the longer run?

In recent years the United States would probably take back its leadership in credit inflation. Because of this we predict further decline in the value of the US$.
The Euro gained 0.76 (0.58%) last week.

Intermediate trend remains neutral. The Euro remains below its 20 and 50 day moving average.

Short-term momentum indicators are recovering from oversold levels.

The US$ Index fell 0.64 (0.77%) last week with most of the decline occurring on Friday.

Intermediate trend is up. The Index remains above its 20, 50 and 200 day moving averages.

Short-term momentum indicators have started to roll over from overbought levels.

The Japanese Yen added 0.86 (0.83%) last week.

Intermediate trend remains down. The Yen remains below its 20, 50 and 200 day moving averages.

Short-term momentum indicators are showing early signs of recovery from an oversold level.

The C$ added 0.93 cents (0.96%) last week.

Short-term trend changed from down to up on a move above 97.78.

The C$ moved above its 20 day moving average on Friday.

Short-term momentum indicators are recovering from oversold levels.

Commodities Weekly Charts

The CRB Index added 2.06 points (0.70%) last week.

Intermediate trend remains down. The Index moved above its 20 day moving average and trades just below its 50 and 200 day moving averages.

Short-term momentum indicators are recovering from oversold levels.

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

Copper added $0.01 per lb. (0.28%) last week.

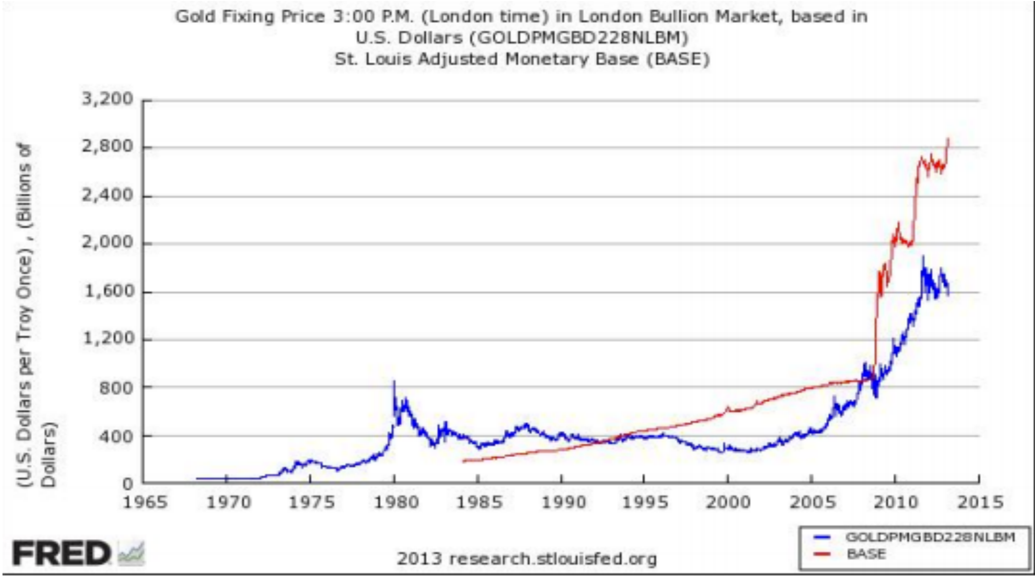
Intermediate trend is down. Copper remains below its 20, 50 and 200 day moving averages.

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

Short-term momentum indicators are oversold and showing signs of recovery.

Gold & Precious Metals

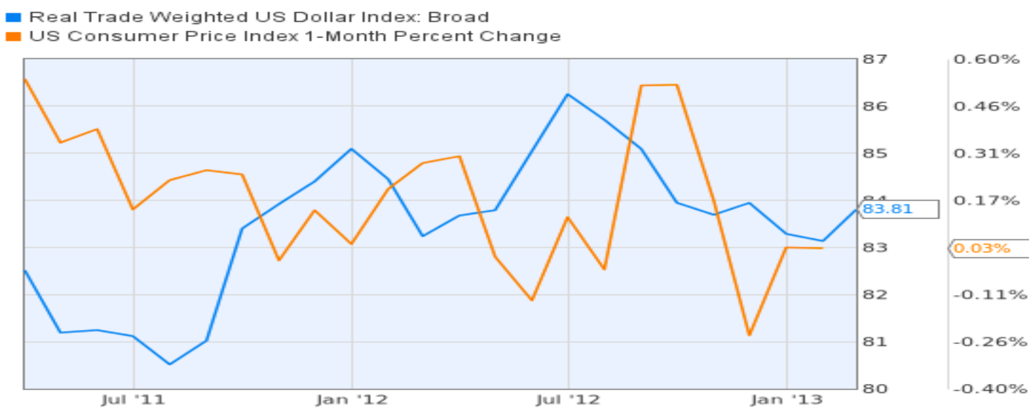
Gold rose to a new two-week high in early US trading Wednesday (March 13) amid rising expectations of additional central bank stimulus. Then Gold got a further boost from a bigger-than-expected rise in US import prices, which jumped 1.1% in February. The rise in import prices was the largest in six months, driven by rising petroleum prices. Prices were unchanged in February ex-petroleum. Nonetheless, with the Fed pumping U$$ 85 billion in new money into the system each and every month, there are many investors looking for any signs of inflation. Gold, of course, is the classic hedge against price risks.



Beyond easy monetary policy, central bank demand for gold has been risisng, and we think this will continue in the coming years, which will lend Gold further support. Data from the World Gold Council shows that official reserves of global central banks have grown from $2 trillion in 2000 to more than US$12 trillion in 2012. During this same twelve-year period, the data shows significant shifts away from the US$, while the share of "other" currencies in reserve composition has tripled in absolute terms since 2008.

We think that Gold could remain amongst the best long-term investments, largely because he expects that the recession fighting programs of governments around the world will eventually fuel inflation and weaken currencies.

Of particular interest is the ongoing move out of US$ and the increased appetite for gold. In February, the WGC reported that central banks added 534.6 tons of gold to reserves in 2012, the most since 1964.
Building gold reserves in tandem with new alternatives is an optimal strategy as central banks remain under allocated to gold, and many attractive alternatives are either too small or, as is the case with the renminbi, not yet open to broader international participation.



Gold added $14.30 per ounce (0.91%) last week.

Intermediate trend is down. Support has formed at 1,554.30 per ounce. Gold moved above its 20 day moving average.

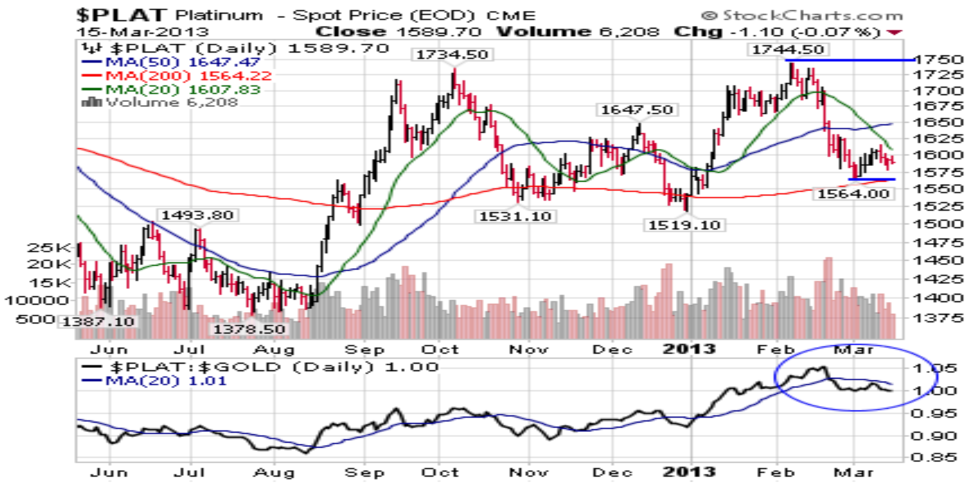
Strength relative to the S&P 500 Index remains negative.

Short-term momentum indicators are recovering from oversold levels.

Intermediate trend is neutral.

Platinum remains below its 20 and 50 day moving average.

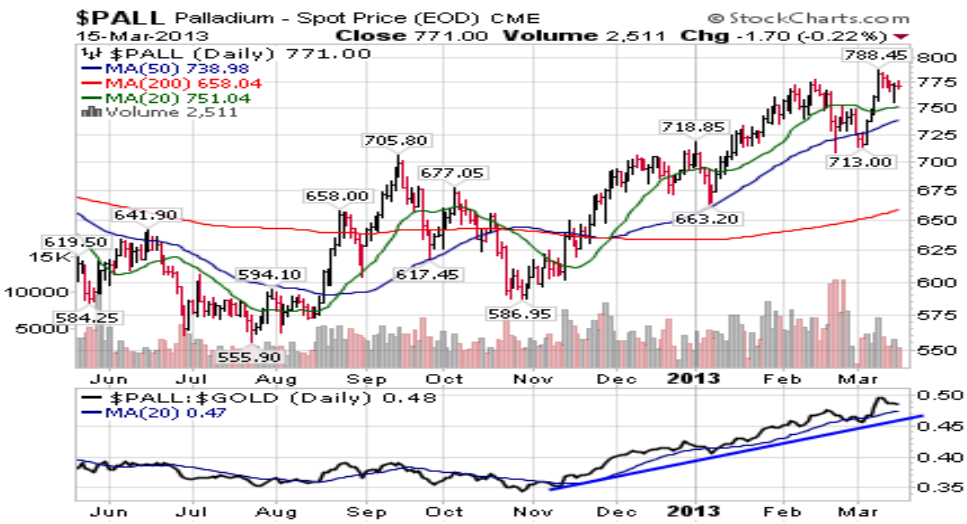
Strength relative to Gold remains neutral.



Palladium fell $11.75 per ounce (1.50%) last week.

Intermediate trend is up. Palladium remains above its 20, 50 and 200 day moving averages.

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



Oil, Gas & Energy

The price of natural gas has been out-performing oil over the past four weeks. If recent trends can be sustained, then the average price for 2013 could get back to 2010 levels. If so, this could give continuing momentum to those beaten-down natural gas stocks that are starting to show some life.

Intermediate trend changed from neutral to up on a break above $3.64. Gas 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.

For quite a while, natural gas performed so badly, with the price beaten down because of the tremendous new supplies found in the United States, and which are accessible because of evolving fracking techniques. As a substitute, especially for coal, natural gas all of a sudden came into sharp focus. After hitting a low of US$1.84 mmbtu last April, the price has more than doubled and currently (March 14) sits at US$3.74 mmbtu.

Natural Gas gained another $0.21 per MBtu (5.79%) last week.

Gasoline fell $0.06 per gallon (1.87%) last week.

Intermediate trend remains up. Gas remains above its 50 and 200 day moving averages, but slipped below its 20 day moving averages.

Strength relative to the S&P 500 Index is neutral/negative.

Crude oil gained $1.41 per barrel (1.53%) last week.

Intermediate trend is down. Support is at $89.33. Crude moved above its 20 day moving average on Friday.

Strength relative to the S&P 500 Index is negative, but showing signs of change.

Short-term momentum indicators are recovering from oversold levels.

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