



# Creative Global Investments

## Morning Market Commentary

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Objectivity

Integrity

Creativity

### Cyprus deal done

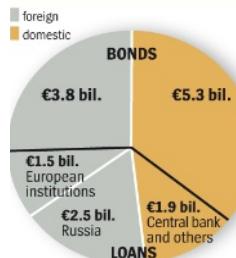
Stocks advanced strongly on Monday morning after 11th-hour talks to save Cyprus from default resulted in a last-minute bailout deal with the Troika. Following a meeting of Eurozone finance ministers that lasted almost 12 hours, Cyprus agreed to a EUR 10bn aid package that doesn't include a controversial across-the-board bank-account tax but involves forcing big losses on uninsured depositors.

Cyprus is about as economically significant as the German city-state of Bremen, and yet the attention of citizens and politicians alike was focused on the debt-ridden country on the continent's periphery last week and through the weekend. Since Cypriot parliament rejected the initial bailout plan, one crisis meeting followed the next in Berlin, Frankfurt and Brussels as concepts were presented, revised, rejected and resubmitted. In the end, the European Central Bank (ECB) imposed an ultimatum on the country. The message from ECB President Mario Draghi was that either Cyprus agrees to the bailout conditions or it could be the first member of the Eurozone to declare a national bankruptcy.

#### Cypriot Debt...

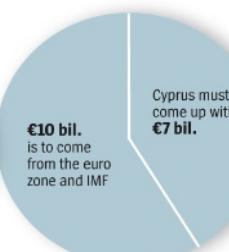
**€15 bil.**

As of the end of 2012



#### ...its financing needs...

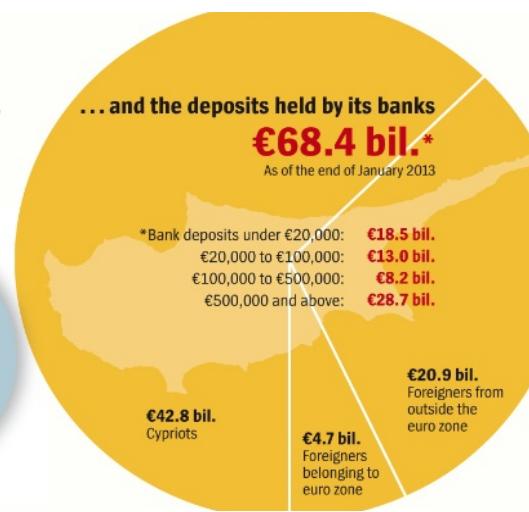
**€17 bil.**



#### ...and the deposits held by its banks

**€68.4 bil.\***

As of the end of January 2013



ECB, Cyprus National Bank

The plan will see Cyprus wind down its largely state-owned Laikabank, the second largest in the country, and move deposits below EUR 100,000 to the Bank of Cyprus to create a 'good bank'. Deposits over EUR 100,000 will be frozen and used to resolve Laiki's debts and recapitalize the Bank of Cyprus.

The agreement reached today on Cyprus provides comprehensive and credible plan to deal with the current economic challenges in the country," said International Monetary Fund (IMF) Managing Director Christine Lagarde. "The plan focuses on dealing with the two problem banks and fully protecting insured deposits in all banks. It addresses upfront the core problem of the banking system through a clear strategy that ensures debt sustainability and does not excessively burden the Cypriot taxpayer. This agreement provides the basis for restoring trust in the banking system, which is key to supporting growth.

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## Global Macro Events

### Upcoming Macro Events:

- **February Durable Goods Orders** to be released at 8:30 AM EDT on Tuesday are expected to increase 3.8% versus a decline of 4.9% in January. **Ex transportation**, Orders are expected to decline 0.2% versus a gain of 2.3% in January.
- **January Case/Shiller 20 City Home Index** to be released at 9:00 AM EDT on Tuesday is expected to increase to 7.5% on a year-over-year basis versus a gain of 6.8% in December
- **March Consumer Confidence Index** to be released at 10:00 AM EDT on Tuesday is expected to slip to 66.9 from 69.0 in February.
- **February New Home Sales** to be released at 10:00 AM EDT on Tuesday are expected to slip to 426,000 from 437,000 in January
- **Weekly Initial Jobless Claims** to be released at 8:30 AM EDT on Thursday are expected to increase to 338,000 from 336,000 last week.
- **Third estimate of fourth quarter GDP** to be released at 8:30 AM EDT on Thursday are expected to increase to 0.3% from a previous gain of 0.1%.
- **March Chicago PMI** to be released at 9:45 AM EDT on Thursday are expected to slip to 56.5 from 56.8 in February
- **February Personal Income** to be released at 8:30 AM EDT on Friday is expected to increase 0.8% versus a decline of 3.6% in January. February Personal Spending is expected to increase 0.6% versus a gain of 0.2% in January.
- **March Michigan Sentiment** to be released at 9:55 AM EDT on Friday is expected to increase to 72.4 from 71.8 in February.

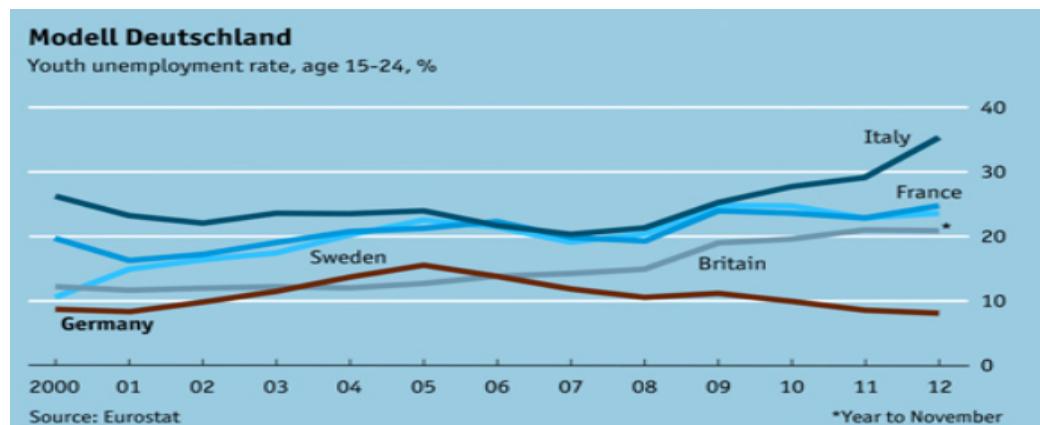
### Review of past macro-economic data:

Event	Actual	Forecast	Previous
CNY MNI March Flash Business Sentiment Indicator	<b>58.39</b>		60.98
EUR German IFO – Business Climate	<b>106.7</b>	107.8	107.4
EUR German IFO – Current Assessment	<b>109.9</b>	110.5	110.2
EUR German IFO – Expectations	<b>103.6</b>	105	104.6

ISTAT's Italian consumer confidence index slid to the 85.2-point level in March, below the previous month's reading of 86 (Consensus: 85.5).

Italy's net trade went into surplus to the tune of €704m in February, versus a deficit EUR 1.49bn one year ago.

German Youth unemployment remains resilient to economic deterioration



Spanish producer prices rose by 0.2% month-on-month in February, after a 1.1% gain in the month before.



## US Economy

The Federal Reserve also revised its index of industrial production and the related measures of capacity and capacity utilization. The revisions showed that the rate of capacity utilization for total industry was 0.8 percentage point lower in the fourth quarter of 2011 and 1.4 percentage points lower in the fourth quarter of 2012 than previously estimated.



## Global Markets Commentary



Sovereign debt yields in the troubled economies on the southern and western periphery of the 17-country euro zone have fallen sharply since then, even though the ECB has not had to follow through on its (conditional) commitment to buy without limit short-term government bonds of countries that apply for and get help from the euro area's main rescue fund. The rally has extended across the spectrum, with a big bounce back in equities.

Despite this return in financial confidence, Europe's real economy remains sick. Forecasts from the IMF in January show euro wide GDP shrinking by 0.2% in 2013, following a contraction of 0.4% in 2012. The economic reverse is much deeper on the periphery of the single-currency club than in its core. The disparity between core and periphery is particularly stark in labor markets. Unemployment in Germany was just 5.3% of the workforce at the end of 2012, whereas in Greece and Spain it was over 26%.

Even so there has also been more rebalancing in the periphery than is generally appreciated. Current-account deficits, which had ballooned in the first decade of the Euro, have narrowed in countries like Portugal and Spain. Ireland's has returned to surplus. Primary budget balances (i.e., before interest) have improved, with deficits shrinking and Italy's returning to surplus.

Despite these improvements, government debt levels are now worryingly high in the periphery, with debt burdens (i.e., as a share of GDP) above 100% in Greece, Italy, Ireland and Portugal. Greece's remains exceptionally high, at 178% of GDP, despite a bond buyback late last year and the write-down of over half of privately held debt in March 2012. But other European governments, to whom Greece now owes over half of its debt, have eased the effective burden by lowering interest rates and extending the maturities of their loans.

## US Weekly Charts

The VIX Index gained 2.27 (20.09%) last week.



All three of the US' major market indices ended Friday higher, buoyed by encouraging international trends and a surge in positive corporate results. **The Dow Jones Industrials ended the day up 0.63% at 14,512 while the Nasdaq Comp jumped 0.70% to 3,245 and the S&P 500 climbed 0.72% to 1,557.**

The S&P 500 Index slipped 3.81 points (0.24%) last week.

Intermediate trend is 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.



The index remains intermediate overbought and trending down.

Percent of S&P 500 stocks trading above their 50 day moving average fell last week to 83.40% to 75.20%.



Percent of S&P 500 stocks trading above their 200 day moving average slipped last week to 88.00% from 89.00%.

The index remains intermediate overbought.



Bullish Percent Index for S&P 500 stocks slipped last week to 82.40% from 84.40%, but remained above its 15 day moving average.

The Index remains intermediate overbought.



Intermediate trend remains up. The Average 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 and showing early signs of rolling over.**

**The Dow Jones Industrial Average eased 2.08 points (0.02%) last week.**



The Index remains intermediate overbought and is showing signs of rolling over.

**Bullish Percent Index for the Dow Jones Industrial stocks slipped last week to 86.67% from 90.00% and slipped below its 15 day moving average.**



The Dow Jones Transportation Average fell 93.41 points (1.49%) last week.

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

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

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



The Index remains intermediate overbought.

Bullish Percent Index for NASD Composite stocks increased last week to 67.43% from 67.18% and remained above its 15 day moving average.



The NASDAQ Composite Index eased 4.07 points (0.13%) last week.

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

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

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



The Russell 2000 Index eased 6.21 points (0.65%) last week.

Intermediate trend remains up. Resistance may be forming at 954.00. The Index remains above its 20, 50 and 200 day moving averages.

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

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



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

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

Short-term momentum indicators are trending down.

The S&P Energy Index slipped 5.60 points (0.96%) last week.



The Philadelphia Oil Services Index fell 10.08 points (4.04%) last week.

Intermediate trend changed from up to down when the Index briefly dropped below 235.43.

The Index fell below its 20 and 50 day moving averages.

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

Short-term momentum indicators are trending down.



Short-term trend changed from down to up on a move above 360.27. The Index remains above its 20 day moving average.

Strength relative to gold changed from negative to neutral.

Short-term momentum indicators are trending up.

The AMEX Gold Bug Index added 7.56 points (2.15%) last week.



## Canadian Markets weekly charts

Bullish Percent Index for TSX Composite stocks slipped last week to 66.53% from 66.94%, but remained above its 15 day moving average.

The Index remains intermediate overbought



The TSX Composite Index slipped 72.67 points (0.57%) last week.

Intermediate trend remains up. Resistance is forming at 12,904.71. The Index slipped below its 20 day moving average, but remains above its 50 and 200 day moving averages.

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

Short-term momentum indicators are trending down.



The index remains intermediate overbought and trending down.

Percent of TSX stocks trading above their 50 day moving average slipped to 50.00% from 53.31%.



Percent of TSX stocks trading above their 200 day moving average slipped last week to 63.22% from 61.57%.

The index remains intermediate overbought.



## Asian Markets weekly charts

The Nikkei Average fell 148.58 points (1.77%) last week.

Intermediate trend remains up. The Average 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 and showing early signs of peaking.



The Shanghai Composite Index gained 49.88 points (2.19%) last week.

Intermediate trend remains down. The Index moved above its 20 day moving average.

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

Short-term momentum indicators are trending up.



The Australia All Ords Comp. Index fell another 148.53 points (2.90%) last week.

Intermediate trend changed from up to neutral on a break below 4,994.80. The Index also fell below its 20 and 50 day moving averages.

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

Short-term momentum indicators continue to trend down.



## European Market weekly charts

The DAX fell by 73 points last week.

The DAX index short-term technical are positive, RSI, MACD and both 50-dmva and 200-dmva are still sloping upwards.

We keep our long-term price target of 9,600 for the DAX.



The Athens Index lost 29.89 points (3.11%) last week.

Intermediate trend is down. The Index remains below its 20 and 50 day moving averages.

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

Short-term momentum indicators continue to trend down.



iShares on the Europe 350 Index fell \$0.50 (1.23%) last week.

Intermediate trend remains down. Units moved below their 20-day moving average, but remain above the 50 and 200 day moving averages.

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

Short-term momentum indicators are trending down.

European and UK Banks had a better performance year in 2012, and in the very beginning of 2013, but their improved core profits were eaten up by fines and other exceptional items, leaving them down on 2011. In terms of their reputations, 2012 was a tough year.

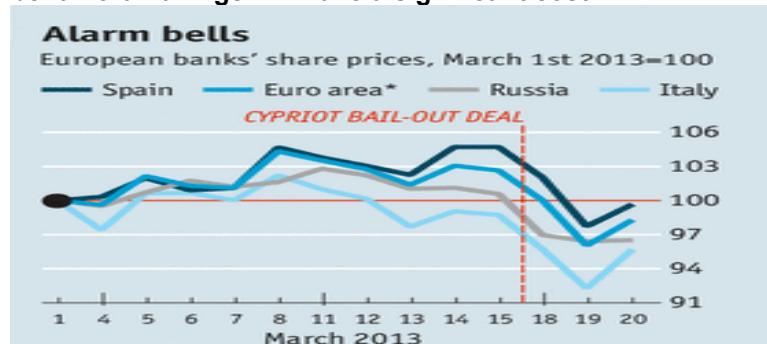
This is why it is so important for them to address cultural and ethical perceptions and issues.

Restoring customer trust is critical.



The major UK banks saw a 45% rise in core profits in 2012, but that hike was wiped out by a mix of regulation and their own mistakes, such as for Barclays, HSBC, Lloyds Banking Group, RBS and Standard Chartered. The banks' combined core profits last year were GBP 31.5 bn. But this was eliminated by the cost of past mistakes and increased creditworthiness of their own debt. This development meant that the major banks actually saw their statutory profits slump 40% on the previous year, at GBP 11.7 bn. The banks were hit by PPI costs of GBP 7.4 bn. up from GBP 5.7bn in 2011, The necessary changes to address conduct and behavioral failings will have a significant cost" In addition, there were other fines and penalties from regulators and redress provisions" of GBP 4.7 bn, and a GBP 12.8 bn accounting hit for losses caused by the revaluation of "own debt, reflecting the credit markets' more positive view on bank issuers and interest rate movements".

Better credit performance has meant that impairment charges have continued to fall with continued low interest rates enabling the majority of customers to pay their mortgages and even reduce their credit exposures. Stronger investment banking results have meant that revenues were generally up, especially in rates businesses, helped in large part by more positive sentiment surrounding the future of the Eurozone. Overall, European and UK banks have made progress. They have strengthened their balance sheets and made strides to bolster their capital. They are improving in their essential function of providing support to businesses and promoting economic growth. However, the necessary changes to address conduct and behavioral failings will have a significant cost.



## Global Fixed Income Markets

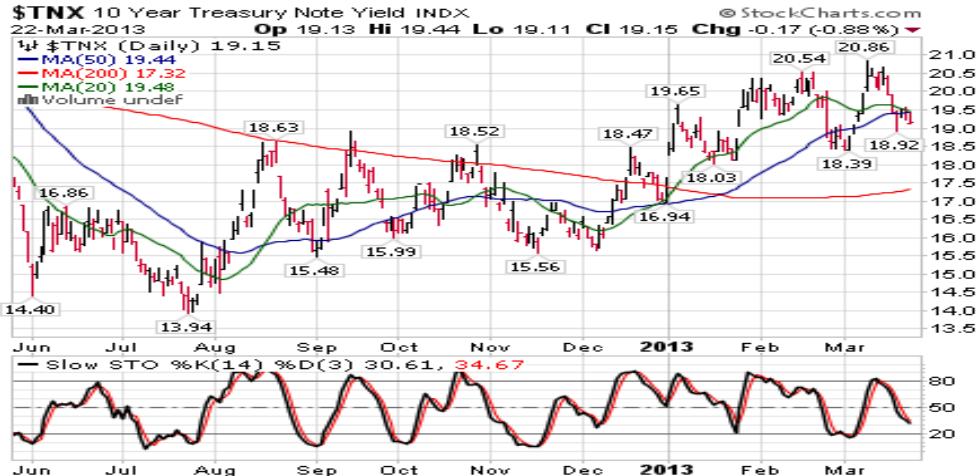
### EURO Bonds

German 10y	1.37	-0.01	0.88%
Italy 10yr	4.45	-0.02	0.43%
Spain 10yr	4.88	+0.03	0.61%
UK 10yr	1.86	+0.01	0.45%

### US Bonds

The yield on 10 year US Treasuries slipped 8.1 basis points (4.06%) last week.

The yield fell below its 20 and 50 day moving averages. Short-term momentum indicators have rolled over from overbought levels.



The long term Treasury ETF gained \$1.57 (1.36%) last week.

The price moved above its 20 and 50 day moving averages on Friday.



## Currencies

The Euro added 0.76 (0.58%) last week.

Intermediate trend remains down. The Euro remains above its 200 day moving average and below its 20 and 50 day moving averages.

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



The US\$ added 0.40 (0.49%) last week.

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

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



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 recovering from oversold levels.



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

Intermediate trend remains up. The C\$ remains above its 20 day moving average.

Short-term momentum indicators have recovered to neutral levels.



## Commodities

The CRB Index fell 1.74 points (0.59%) last week.

Intermediate trend is down. The Index moved above its 20 day moving average.

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



Intermediate downtrend was confirmed on a move below \$3.473. 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.



Lumber fell 420.21 (5/01%) last week.

Intermediate trend remains up. Lumber fell below its 20 day moving average.

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



The Grain ETN added \$0.56 (1.07%) last week.

Intermediate trend changed from down to up on a move above \$52.61.

The ETN remains above its 20 day moving average and moved above its 50 day moving average.

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



The Agriculture ETF lost \$1.25 (2.28%) last week.

Intermediate trend remains down. Units remain below their 20 and 50 day moving averages.

Strength relative to the S&P 500 Index remains negative. Short-term momentum indicators are trending down.



## Gold & Precious Metals

Gold gained \$14.90 per ounce (0.94%) last week.

Intermediate trend is down. Resistance at \$1619.70 per ounce is being tested. Gold remains above its 20 day moving average.

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

Short-term momentum indicators are trending up



Silver slipped \$0.18 per ounce (0.28%) last week.

Intermediate trend remains down. Support is at \$27.92 and resistance is at \$29.35. Silver remains below its 20, 50 and 200 day moving averages.

Strength relative to Gold remains negative.

Short-term momentum indicators are trending up.



Intermediate trend changed from neutral to negative on a break below \$1,564.00 per ounce.

Strength relative to gold has turned negative.

Platinum fell \$8.00 per ounce (0.50%) last week.



Palladium dropped \$9.45 per ounce (1.23%) last week.



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

Strength relative to gold changed from positive to neutral.

## Oil, Gas & Energy

**Gasoline prices fell \$0.09 per gallon (2.87%) last week.**

Intermediate trend changed from up to down on a break below \$3.059. Gasoline remains below its 20 day moving averages.

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



**Crude Oil gained \$0.35 per barrel (0.37%) last week.**

Intermediate trend remains down. Support has formed at \$89.33. Crude remains below its 50 day moving average and above its 20 and 200 day moving averages.

**Short-term momentum indicators are trending up.**

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



Intermediate uptrend was confirmed on a move above \$4.00. 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.**

**Natural Gas added another \$0.11 per MBtu (2.86%) last week.**



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