Creative Global Investments

Morning Market Commentary

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Objectivity

Integrity

Creativity

BRIC Development Bank

Leaders of the BRIC nations are meeting in Durban to discuss the formation of a new development bank. The bank would fund infrastructure and development projects throughout the developing nations. Negotiations will focus on where the bank will be based and how much capital it will have. It would be the first formal institution of the Brics group.

Some commentators see the bank as a potential rival to the World Bank. Speaking in Durban before negotiations began in earnest, Russian President Vladimir Putin highlighted the economic success of the five nations. "The common annual economic growth rate in 2012 constituted 4%, in contrast to the 0.7% of the [biggest] seven financial countries," he said. "Russia calls for using the economic potential of Brics more effectively, with the backing of business for increasing the volumes of mutual trade, investment and broadening industrial and technological co-operation.

Certainly, the creation of a Brics development bank [would support] this task. Any such bank would have to work exclusively based on market principles and offer support to the business community of all of our countries. Reports suggest the bank would have access to US$50bn (GBP33bn) in capital.

China and Brazil have also signed a currency swap deal, designed to safeguard against future global financial crises. The pact, first announced last year, will allow their central banks to swap local currencies worth up to Yuan 190bn or Reais 60bn (US$30bn). Officials said this would ensure smooth bilateral trade, regardless of global financial conditions. Along with being the world's second-largest economy, China is also Brazil's biggest trading partner.

If there were shocks to the global financial market, with credit running short, China and Brazil would obtain credit from their biggest international partner, so there would be no interruption of trade. The agreement was signed on the sidelines of the fifth Brics summit. The purpose of this swap is that, independent of the conditions prevailing in the international financial market, we will have $30bn available.

Trade between China and Brazil has grown robustly over the past few years, with volumes rising from $6.7bn in 2003 to nearly $75bn in 2012. A large chunk of this growth has been driven by growing Chinese demand for Brazil's resources, such as iron ore and soy products.

Meanwhile, Brazil has also become a key export market for goods manufactured in China.

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Global Macro Events

Upcoming Macro Events:

- Great Britain GDP for the Fourth Quarter will be released at 5:30am EST. The market expects a year-over-year increase of 0.3%, consistent with the previous report.
- Euro-Zone Economic Sentiment for March will be released at 6:00am EST. The market expects 90.0 versus 91.1 previous. Consumer Sentiment is expected to show –24.0 versus –23.6 previous.
- Canadian Consumer Price Index for February will be released at 8:30am EST. The market expects a year-over-year increase of 0.8% versus an increase of 0.5% previous.
- Japan Retail Sales for February will be released at 7:50pm EST. The market expects a year-over-year decline of 1.3% versus a decline of 1.1% previous.
- Pending Home Sales for February will be released at 10:00am. The market expects a month-over-month decline of 0.7% versus a gain of 4.5% previous.
- Weekly Crude Inventories will be released at 10:30am.

Review of past macro-economic data:

Event	Actual	Forecast	Previous
JPY Small Business Confidence	**49.7**		46
USD Durable Goods Orders	**5.70%**	3.90%	-3.80%
USD Durables Ex Transportation	**-0.50%**	0.50%	2.90%
USD Cap Goods Orders Nondef Ex Air	**-2.70%**	-1.00%	6.70%
USD Cap Goods Ship Nondef Ex Air	**1.90%**	1.50%	-0.70%
USD S&P/CS 20 City MoM% SA		0.75%	0.88%
USD S&P/Case-Shiller Composite-20 (YoY)	**8.08%**	7.85%	6.84%
USD S&P/Case-Shiller Home Price Index	**146.14**	146.17	145.95
USD Consumer Confidence	**59.6**	67.5	68
USD Richmond Fed Manufacturing Index	**3**	6	6
USD New Home Sales	**411K**	420K	431K
USD New Home Sales (MoM)	**-4.60%**	-3.90%	13.10%

EURO Economies

Spanish retail sales fell by 7.9% year-on-year in February (Consensus: -10%).

Spanish consumer prices dropped to a 2.4% year-on-year rate in March, from 2.8% year-on-year in the month before (Consensus: 2.8%).

GfK's consumer sentiment index for the month of April has remained unchanged, at 5.9.

Italian industrial orders fell by 1.4% month-on-month in January (Consensus: 0.6%).

France's gross domestic product contracted at a 0.3% quarter-on-quarter pace in the fourth quarter of last year.

US Economy

US durable-goods orders climbed in February by the most in five months to 5.7%, according to Commerce Department figures.

The increase in bookings for goods followed a revised 3.8% fall in January. Analysts had predicted a 3.9% jump.

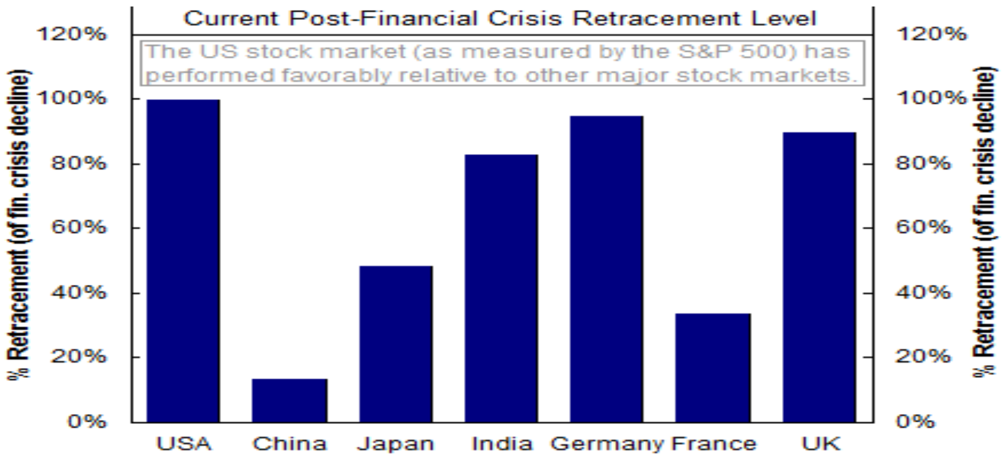
Meanwhile, the S&P/Case-Shiller 20-city home price index showed that prices gained 8.1% in the 12 months ended January, ahead of the 7.9% increase expected and the highest annual rate since the summer of 2006.

Global Markets Commentary

The S&P 500 peaked at 1,565.15 back in October 9, 2007 and troughed at 676.53 back on March 9, 2009. Now, with the S&P 500 is 1,563.77, it has retraced 99.8% of its financial crisis bear market decline.

China (Shanghai Composite), Japan (Nikkei 225), India (S&P BSE Sensex), Germany (DAX), France (CAC 40) and the UK (FTSE 100) are all above their financial crisis lows, however, none of these country indices are currently trading above their respective pre-financial crisis peak (i.e. none are above 100% on today's chart).

It is interesting to note that the US (epicenter of the financial crisis) has outperformed the other major stock market indices while China has lagged.



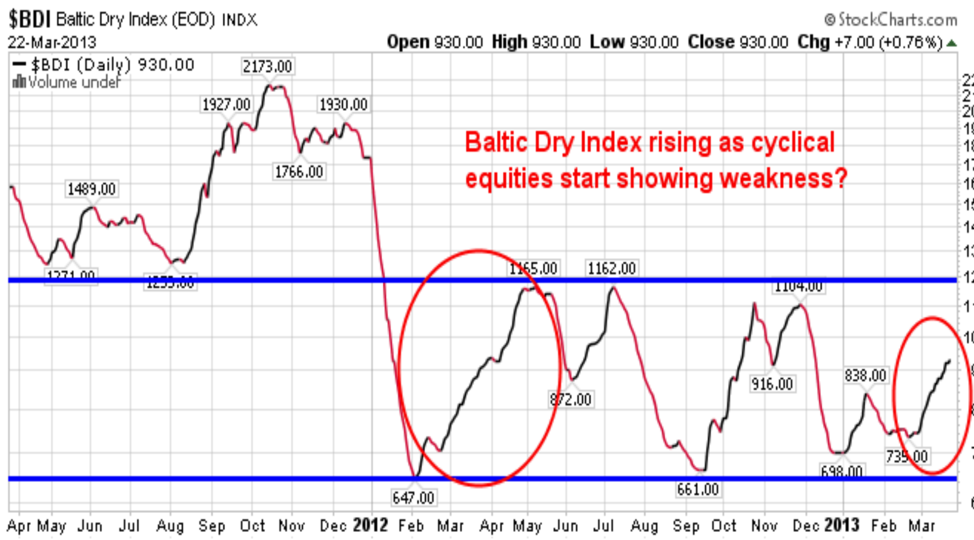
When stocks began to peak from a substantial seasonal run that began in October of that year, the Baltic Dry index is rising as cyclicals, such as energy and materials, are weakening.

The BDI provides an assessment of the price of moving the major raw materials by sea. The diverging activity of the price of shipping materials versus the price of companies valued based upon materials they produce is made without conclusion, other than the fact that underlying fundamental influences that typically drive these cyclical sectors higher at this time of year are still occurring.

Manufacturing and industrial production typically increase into the Spring, driving the BDI higher as more goods are shipped, and customarily giving strength to Materials and Energy.

However, the fading relative performance of these cyclical sectors suggests that investor demand to hold these stocks is clearly absent, despite the positive fundamental influences.

Once again, warning signs are beginning to emerge.



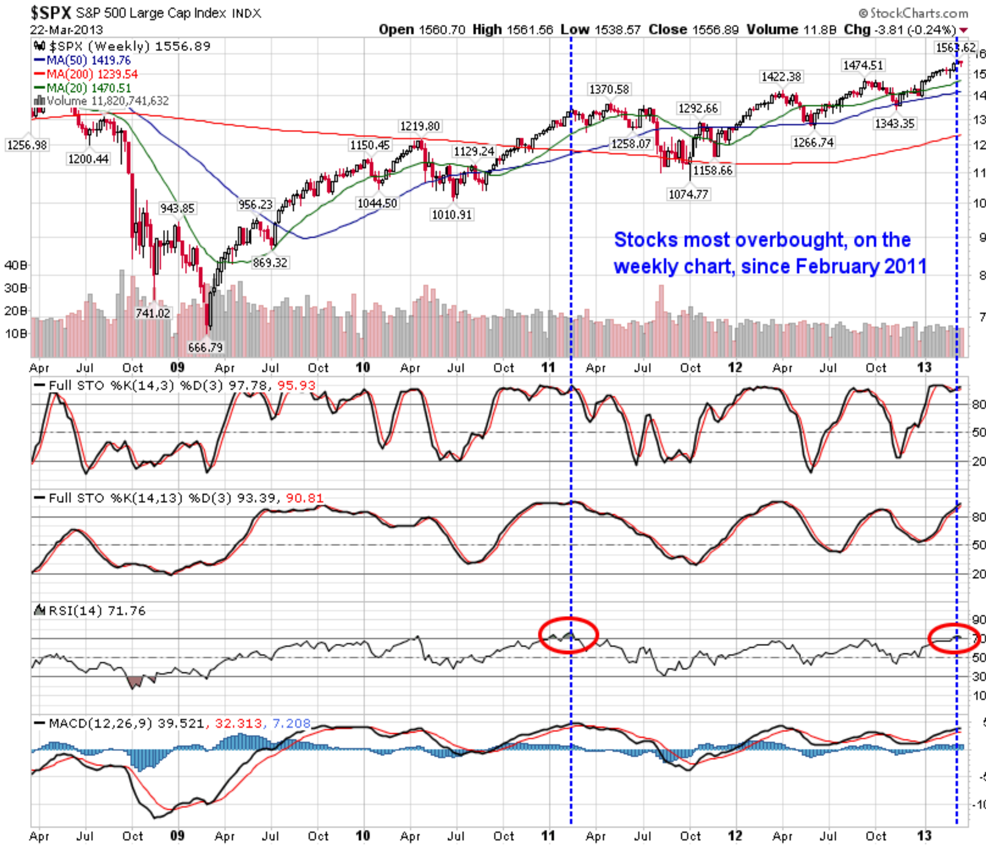
US Markets Charts

The weekly chart continues to show that stocks are the most overbought since February 2011, according to the 14-day RSI.

Stocks have been known to correct shortly following similar extreme readings, as buyers are exhausted at the market peak.

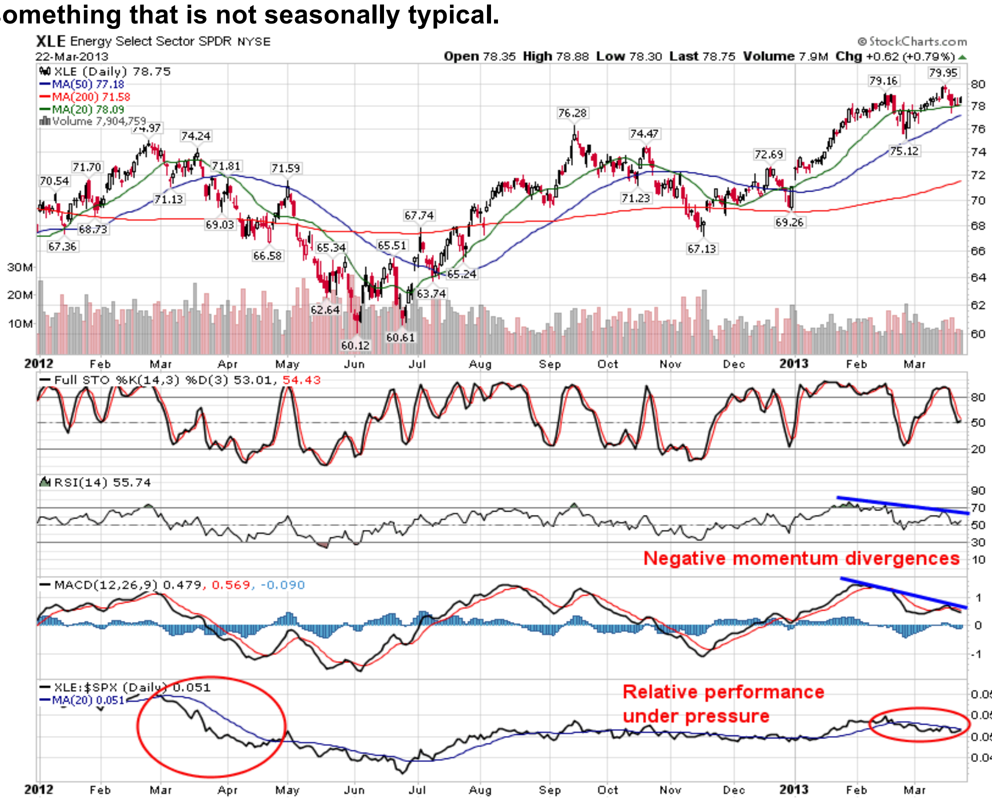
Major weekly moving averages, including the 20, 50, and 200 day, continue to point higher, implying a positive trend. Any top derived around this point is likely to be a process ranging for at least a couple of weeks as positive momentum gradually fades.

As mentioned last week, we are likely in the late innings of this intermediate rally that began in November of 2012.



Energy and Materials are presently the weakest sectors relative to the market, something that is not seasonally typical.

Underperformance of cyclical sectors is typically a warning sign for equity markets weakness ahead.



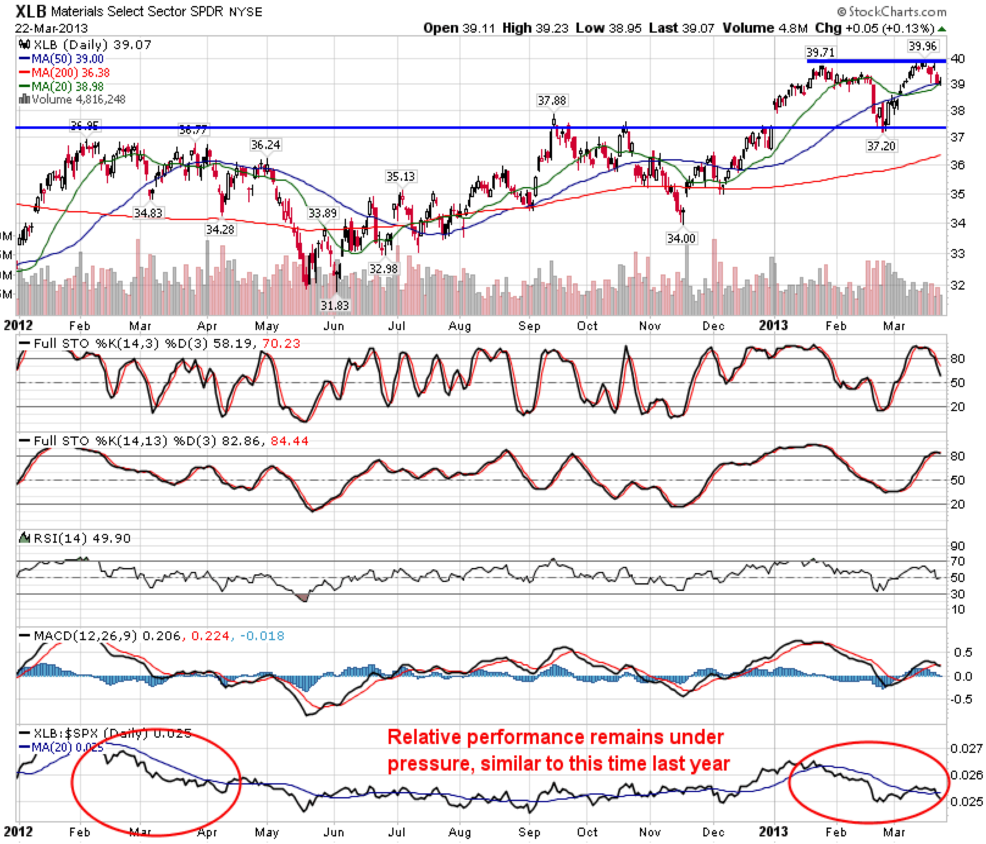
Defensive and cyclical stocks topped the list of outperformers on the day, creating a mixed picture for risk-sentiment.

However, the recent short-term trend has been outperformance in Consumer Staples and Health Care as the uncertainty in Europe spooks investors out of risk assets.

A similar result was realized in April of last year, following substantial equity market returns, as investors de-risked sooner than the typical "Sell in May" date.

Key cyclical sectors, such as Energy and Materials, average strong gains between February and May.

Equities weakened over the two-month period that followed.



Cracks in the seasonally strong period for equities are becoming increasingly evident, which could bring upon the conclusion to the period of seasonal strength for equities earlier than typical, perhaps in April.

The US technology Sector's (XLK) technical outlook has started to roll over.

XLK units remain above the 20, 50 and 200-day moving averages.

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

Short term momentum indicators are overbought and rolling over.

The NASDAQ 100 has been forming a Head & Shoulder pattern; we now see risks of very bad downside implications.

Four weeks ago, we have been pointing out the important test level that the NASDAQ 100 has been facing, and since then a Head & Shoulders pattern did form, consequently, we now see risks of very bad downside implications.

Hence, not only AAPL, but also stocks like ORCL, MSFT and even GOOG are showing early indications of rolling over, and we can see a trading opportunity in shorting the NDX at current levels, with our sh-t price target for the NDX of 2,600.

With AAPL -0.80% still commanding a large percentage of the Nasdaq 100 , the short trade is in AAPL.

Now after it completed it's 10 % recovery from its lows of US$418, we are advising to short AAPL, with our next price target being US$ 380, then over the 9 – 12 months time period, we stick to our AAPL price target of US$ 320.

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