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Proprietary Global Macro Research

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MVweekly brief

A fast-track look at Global Macro space for the past week

Week ending 24 Oct 2014

(Published 26 October 2014)

The **MV** weekly stance

Well the equity sell-off is already looking short lived as markets put in another good week to recover losses. Whilst, caution must be maintained, a preference for US equities over Europeans is still very much the play.

KEY HEADLINES FOR THE WEEK

Equity markets across the World continue to recover following the early October sell-off.

Ebola has finally reached New York and the situation in West Africa is still on the rise, whilst Western Governments are slowly increasing their response to what is now a Global situation.

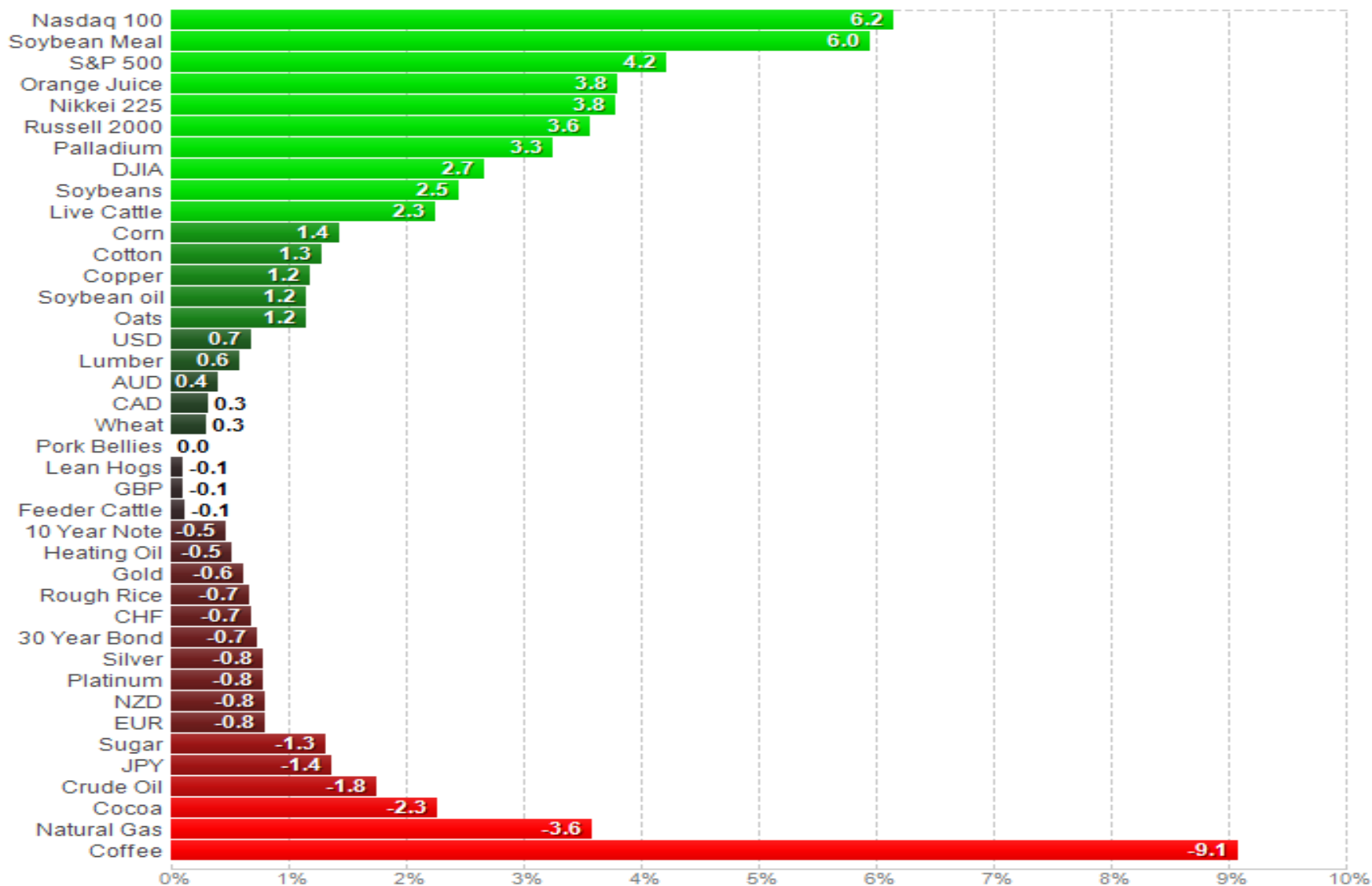
Ukrainians voted today in an election that's being shaped by their nation's conflict with pro-Russian insurgents and Vladimir Putin's land grab in Crimea. Polling stations opened at 8 a.m. and will close at 8 p.m., after which exit polls are due. Backing for billionaire President Petro Poroshenko's party and the Popular Front of his Prime Minister Arseniy Yatsenyuk tops 40 percent, while the Regions Party of deposed leader Viktor Yanukovich isn't running. Poroshenko wants to build a coalition with other pro-European parties. (source: <http://www.bloomberg.com/news/2014-10-25/ukraine-votes-in-wartime-ballot-set-to-back-pro-eu-forces.html>)

Futures - winners and losers for the week (source: finviz.com)

1 WEEK RELATIVE PERFORMANCE

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finviz.com



Key equity index returns for the past week – largely up and recovering after the sell-off.

(source: Marketwatch.com)

	PRICE		5 DAY CHG
Dow	16,805	+425	2.59%
Nasdaq	4,484	+226	5.30%
S&P 500	1,965	+78	4.15%
GlobalDow	2,471	+61	2.54%
FTSE 100	6,389	+79	1.25%
DAX	8,988	+138	1.56%
CAC 40	4,129	+96	2.38%
FTSE MIB	19,496	+795	4.25%
IBEX 35	10,339	+382	3.84%
Stoxx 600	327	+8	2.61%
Asia Dow	3,021	+70	2.38%
Nikkei 225	15,292	+759	5.23%
Hang Seng	23,302	+279	1.21%
Shanghai	2,302	-39	1.67%
Sensex	26,851	+852	3.28%
Singapore	3,223	+55	1.74%

S&P1200 Global Index – Global equities found buyers re-entering market at the lower bound on the Alpha model and this past week saw additional buying in the market. The bull market remains intact.



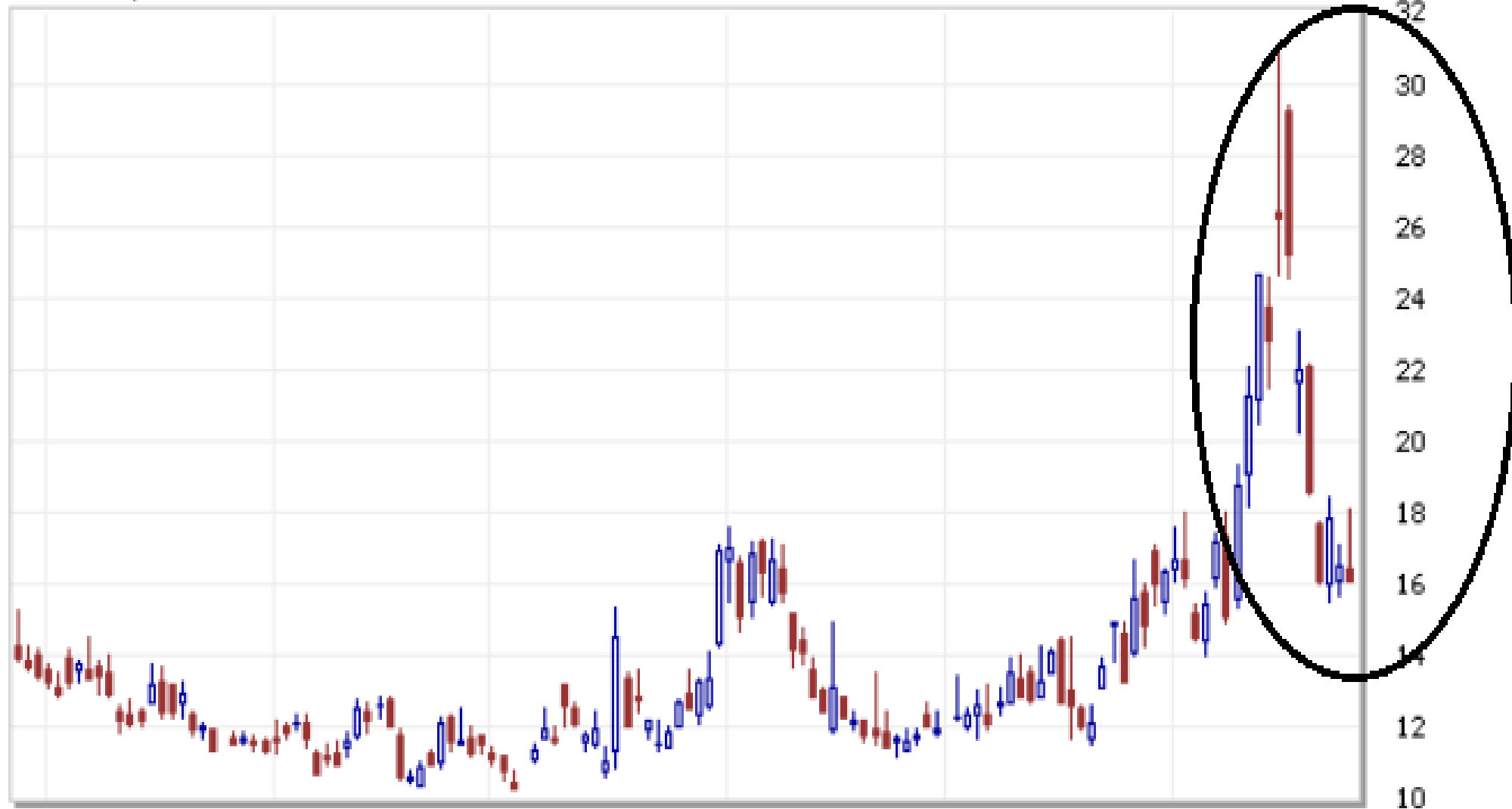
The four headline equity indices in the US have all continued to recover following the October sell-off. This is encouraging and the bull markets are still firmly intact. (source: stockcharts.com – daily data)



The reignition of the US equity markets has caused the Volatility index to head back down, closing the week at 16.11 - daily data. (source: MarketWatch.com)

VIX Daily —

10/24/2014



The German DAX's is still a big question mark going forwards, but a 15% sell-off has tempted many value players back into the market. The bull market remains intact for now. (MVAalpha weekly data)



















Positive equity markets has resulted in money coming back out of Bonds following a couple of days of panic buying as the equity markets made their respective lows the previous week . (source: finviz.com – daily data)



Key Government Bond market data for the past week. (source: finviz.com)

Major		Actual	Weekly %
Australia	GACGB10	3.30	0.61 %
Brazil	GEBU10Y	12.09	5.50 %
Canada	GCAN10YR	2.00	2.56 %
China	GCHY10YR	3.83	-0.26 %
Euro Area	EUROAREAGI	0.27	8.00 %
France	GFRN10	1.29	-0.77 %
Germany	GDBR10	0.84	2.44 %
India	GIND10YR	8.35	-0.48 %
Italy	GBTPGR10	2.51	1.21 %
Japan	GJGB10	0.47	0.00 %
Russia	RUGE10Y	9.85	0.72 %
United Kingdom	GUKG10	2.22	1.83 %
United States	USGG10YR	2.27	3.65 %

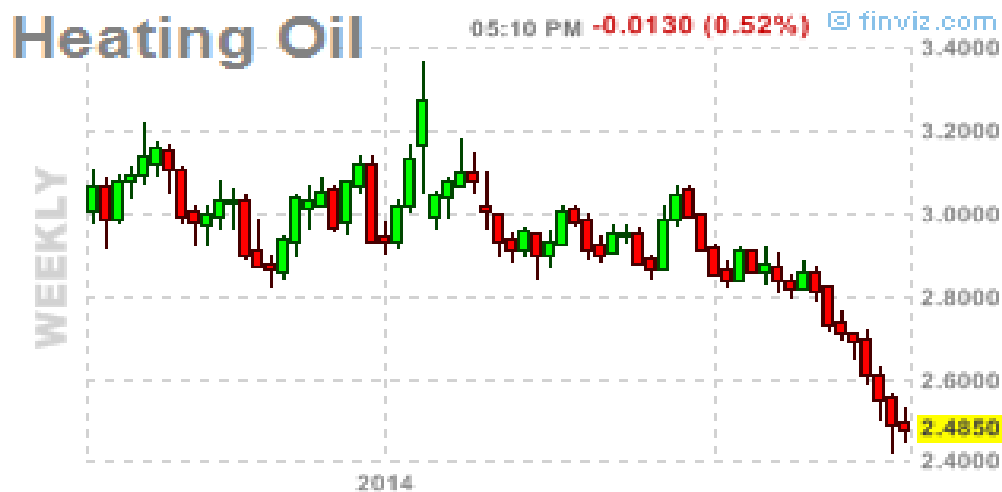
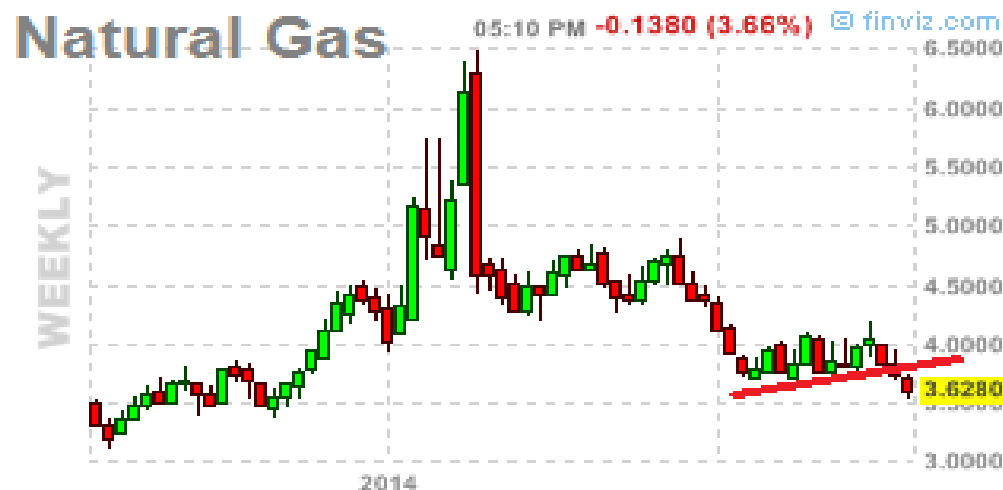
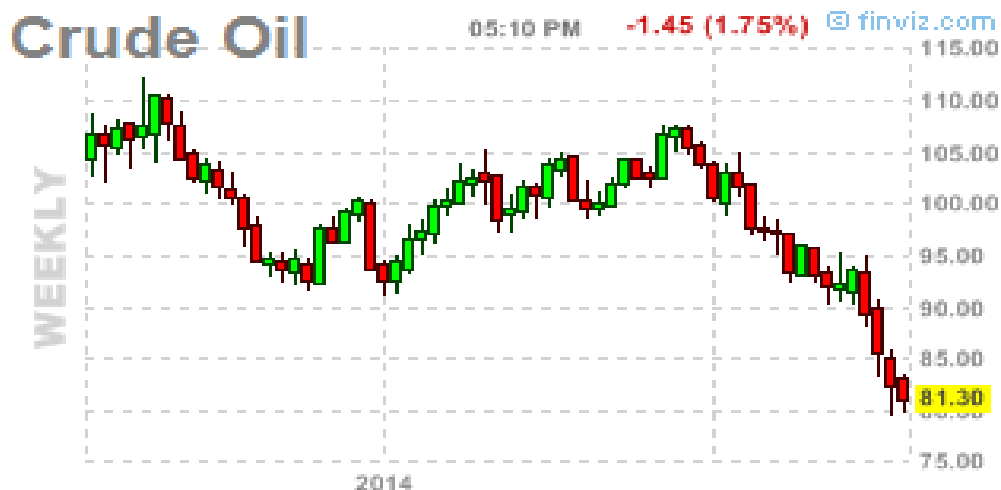
FX majors (source: Bloomberg.com)

	 USD	 EUR	 JPY	 GBP	 CHF	 CAD	 AUD	 HKD
 USD	–	1.2671	0.0092	1.6090	1.0504	0.8898	0.8793	0.1289
 EUR	0.7893	–	0.0073	1.2698	0.8291	0.7022	0.6946	0.1017
 JPY	108.1600	137.0400	–	174.0270	113.6230	96.2970	95.1160	13.9431
 GBP	0.6216	0.7875	0.0057	–	0.6529	0.5533	0.5467	0.0801
 CHF	0.9519	1.2062	0.0088	1.5316	–	0.8476	0.8368	0.1227
 CAD	1.1231	1.4232	0.0104	1.8074	1.1802	–	0.9872	0.1449
 AUD	1.1365	1.4415	0.0105	1.8305	1.1936	1.0110	–	0.1465
 HKD	7.7573	9.8291	0.0717	12.4806	8.1491	6.9023	6.8245	–

Weekly FX charts - the US Dollar had a positive week and we wait to see where the next push goes, with the opposites likely to do the inverse. (source: finviz.com - weekly data)



ENERGY: the Energy markets are still under persistent selling pressure, with Natural Gas breaking through the discussed level. Cheaper Oil will play nicely into the hands of the US, as it means cheaper fuel for Businesses and Consumers and at the same time, a heavy penalty on Russia who are very dependent on energy revenues. (source: finviz weekly data)



METALS – largely trading water to see what the US Dollar does next. **\$1180 is still critical for Gold.**
(source: finviz weekly data)



Thank you for reading

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