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## **MCS Market Update**

Good news – MCS is bullish on opportunities in 2013. Some individuals may wonder what changes have occurred in the markets to increase MCS's confidence this year. First and foremost, money printing by the Federal Reserve and the other major central banks including Bank of England, Bank of Japan and the ECB has changed the landscape for investing. Previously the Central Banks have controlled monetary policy through the use of interest rates. The major central banks have added \$10 Trillion to date into the Global Economy. This money printing includes the current mandate by the US Federal Reserve to purchase \$40 billion a month of mortgage backed securities and approximately \$45 billion of treasuries per month. This liquidity, including what has been provided by the other central banks, has resulted in the stabilization of the US stock market. This certainty was not delivered until the Federal Reserve's third Quantitative Easing program (QE3, also dubbed QE unlimited) was announced in September of 2012 and began January 2013. This QE unlimited represents an addition of \$1 Trillion to the US money supply in 2013.

The other clarity involves fiscal policy. Due to the fact that our current politicians band aid each event such as the 2011 debt ceiling debate, the fiscal cliff and now the sequester and the continuation of the debt ceiling debate; one can assume they will continue with politics as usual and our expectations continue to be low for any meaningful and necessary changes.

Despite these longer term problems, the short term for an investing strategy such as ours (that looks to protect your entire principal and invest in low risk environments) is exciting. There are approximately five scenarios that appear at this time to be good opportunities over the next few years. At this time a move into the US Equity market, the Emerging Markets, Gold, China and lastly a move into the Bond Market are all rising significantly in confidence. We fully expect to capitalize on most if not all of these in the next few years, beginning this year.

As with any cycle, the risk shift is occurring that will allow MCS to participate in many more opportunities. Simply put, this will allow more money making opportunities than we have had in the past couple of years when we have been focused on protection of principle due to the uncertainty in the marketplace.

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