



MCS Market Update – 4Q 2013

Metropolitan Capital Strategies has not been this excited since 2003. No, it's not because a real robust recovery is in place, but because there are multiple meaningful opportunities with our criteria of low risk that are materializing. Too keep this short we will discuss five briefly. For more in-depth information on these asset classes, please ask to be included on our White Paper list. We have released our Bond White Paper in May of this year and our Gold White Paper last month. These papers provide in depth analysis of the following asset classes and include information to assist investors in navigating the markets over the next few years. Now on to the current opportunities:

Gold – volatility begets opportunity and we finally have volatility in the markets. Gold is in a channel and could be a long or short tactical investment. If it breaks 1400 with a vengeance a long play will ensue. Should it break lower, it will head for the 1100-1200 range as it reacts to the economic news. In the longer term, should inflation rear its head investors should look for a long position.

Bonds – a short position is likely in the near term. Bond yields want to go higher and break through the 3% yield range on the 10-year US Treasury. While bond yields are consolidating, low risk moves may present themselves in the next few years meaning prices on bonds investors are holding should drop in the near term.

Emerging Markets – they are currently in bear territory due to the weak economies and are now suffering from the currency wars due to Quantitative Easing. This is likely to continue and a short is developing. Continued talk of taper and currency wars will escalate this situation. China as an isolated country is on the table as well. China is the second largest economy in the world and the most recent economic numbers have been suspect and subject to revisions.

The US market – while the US market has been disconnected from the stagnant economic situation, the P/E multiple expansion has allowed markets to drift higher. With tapering on the table and additional uncertainty regarding flattening earnings and revenue, this market is a potential investment. The market could drift back down below 1600, perhaps to the mid 1500's, and spike if tapering is held off for a while or at least until we get a new Fed Chairman.

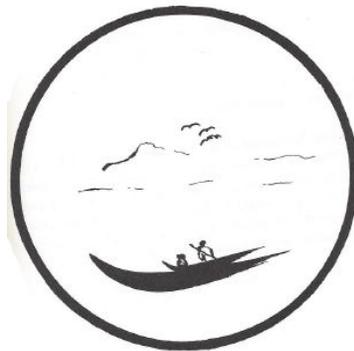
The EAFE – a short is possible, even with the German election results keeping Angela Merkel. The debt problem and recession in Europe is still in force and another move down is not out of the question.

METROPOLITAN CAPITAL STRATEGIES, LLC

A Different Approach to Investing



One of the keys to our strategy is risk management, thus MCS embraces the periods of time when the risk of being exposed to any asset class is lower. With five potential developments looming prior to the end of 2013, we wanted to share our extreme positive outlook for the “making profits” part of the MCS strategy. Even better news is that the above investment opportunities are not isolated to just this year. Many of these asset classes may present multiple times to enter the market with both upside and low risk. It is clear in the near future the Central Bank of the United States called “the Fed” must taper and ultimately exit the easing that has increased their balance sheet to almost 4 Trillion Dollars. Don’t forget, the Chinese word for Crisis is represented by the characters Danger and Opportunity! These are times the MCS strategy flourishes.



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