

Review and Outlook - Commodity & Equity Markets

Commodity Market Returns Impress, but equity market gains in January are worth noting

- Boost Copper 3x Leverage Daily ETP (**3HCL**) was up 11.1% last week. With Copper prices (HG COMEX) pressing near 380c/lb. resistance, there is potential for further rises while the macro outlook depends on the outlook for China.
- Boost Natural Gas 3x Short Daily ETP (**3NGS**) returned 13.4% on the week due to warmer than expected weather. For this week though we favour a correction higher in Natural Gas as range trading dominates.
- US Q4 GDP fell at a -0.1% pace, but durable goods orders and the revisions to previous US employment data bolstered investor sentiment.
- RBA, BoE and ECB rate decisions are worth watching this week – not because they will move on rates but to see if the central banks offer any clues on future moves.

Commodity market returns were in the spotlight last week as Copper prices turned higher while Natural Gas prices fell. Equity markets broadly worked higher as the gains from January continued to impress, which is worth noting. The volatility in the commodity markets may continue over the coming weeks as traders try and price in China growth potential (Copper) and weather related effects (Natural Gas), and these should offer a potential break out trade (Copper) and range trading opportunities (Natural Gas, WTI Oil, Gold and Silver).

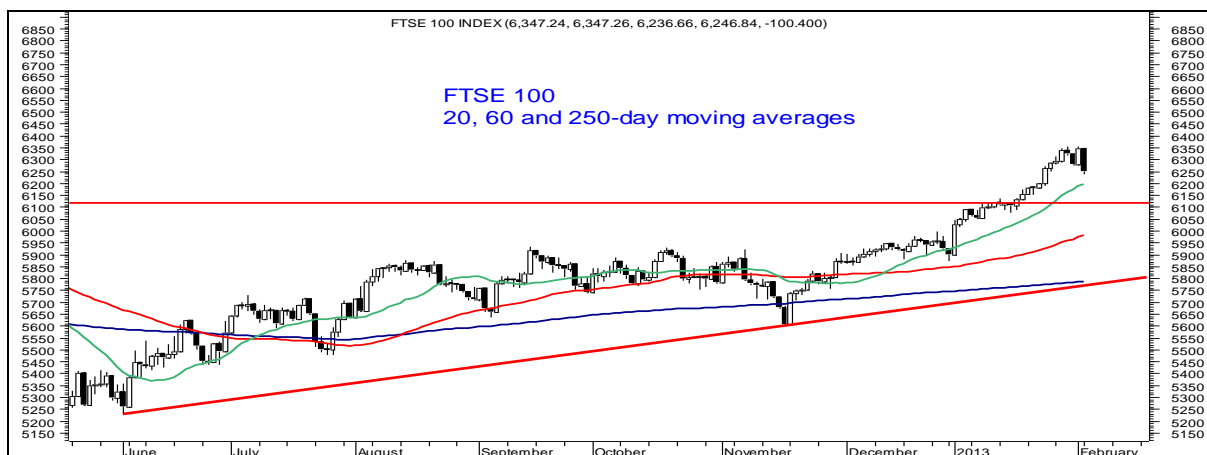
Equity market investors have a 'New Goldilocks' environment to keep in mind as growth is strong enough to keep the consumer spending and bolster corporate profits, but it is not strong enough to make the Fed remove their stimulus measures. As long as the Fed's jobless rate target of 6.5% remains elusive, this means that low rates are set to remain in place for some time. This provides a strong backdrop to equity market investment decision (low rates with no inflation helps stocks to rally, as Fed Chairman Greenspan noted in 1996 in his 'Irrational Exuberance' speech).

The other side of this coin is that prolonged 'easy monetary policies' may drive investor flows into 'safe asset' in the coming weeks (Gold, Silver and to some extent Oil). If growth is propped up and China's economy benefits then Copper prices would be expected to rally ('proxy' trade as an expression of higher industrial demand).

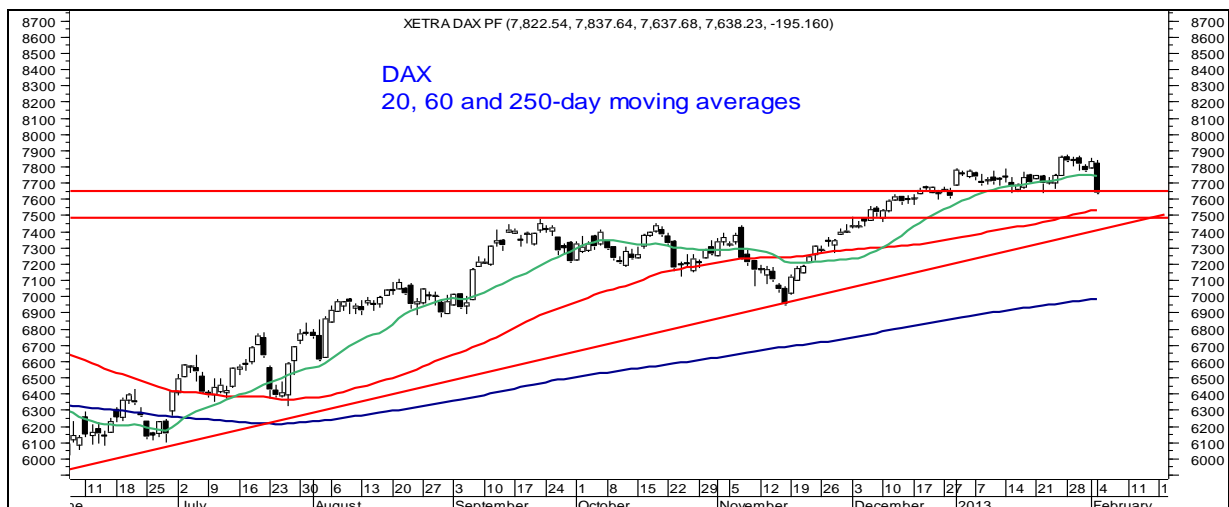
Week Ahead – Equity Markets

Equity markets remain bid, Commodity markets volatile range trading

The **FTSE 100** cleared 6300 last week which leaves resistance at 6377/6400 vulnerable. The sights are shifting to the 2007 high at 6754.10 after this as the soft Q4 GDP reading, sliding GBP and further austerity measures are being put aside by investors. Chart support is at 6200 ahead of the 6150/6130 area and then 6000/5900.

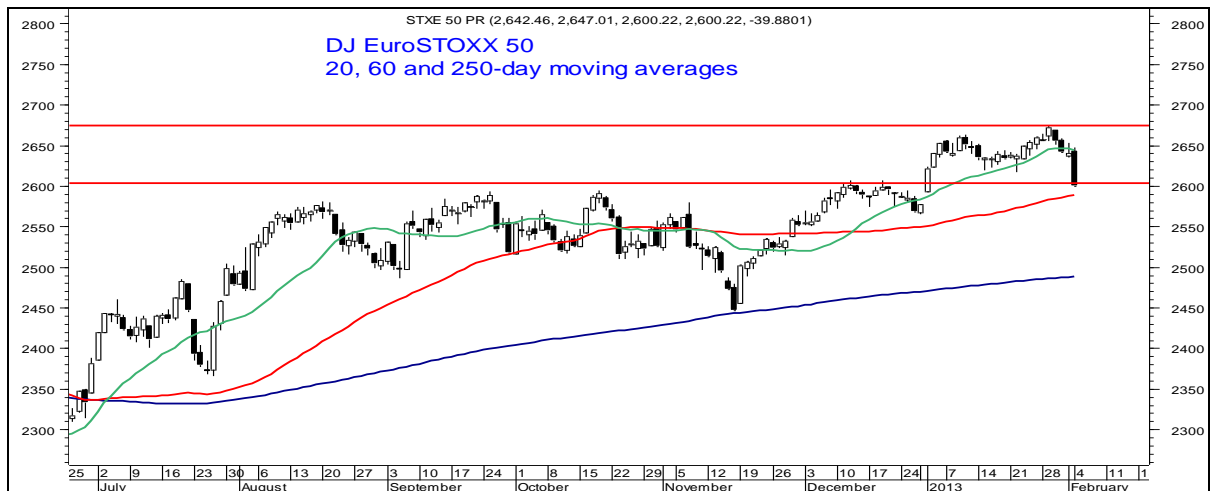


The **DAX** consolidated recent gains last week with the risk of further gains to the 8151.57 all-time highs from 2007 still seen. Chart support is expected at 7635/7600 ahead of 7400. The stunning returns in the second half of 2012 may be difficult to repeat, but pullbacks continue to draw out buyers, which is difficult to fight at the moment.



Week Ahead – Equity Markets

The **EuroSTOXX 50** did see a corrective drop late last week, but this may be retraced for a challenge of 2754 again (30 January high). The next layer of chart resistance is at the pullback high of 2887, while support is at 2611/2600 ahead of 2427/2400.



In the US the **NASDAQ 100** ended the week on a strong note and further gains to 2878.37 (21 September 2012 peak) may attract. The focus will be on index heavyweight Apple which has lagged lately, and support at 2719 and then 2703/2700 in the index is important to hold in order to avoid a deeper pullback to chart support at 2600 and lower.



Week Ahead - Equity & Commodity Markets

The **Russell 1000** ended the week with new post-2009 slump highs posted on Friday, leaving the 2007 all-time high at 858.63 attracting next. Further gains may be seen to 920 if 858.63 gives way. Chart support is at 821/813 which will be important to monitor ahead of 771, the 250-day moving average.



In **Gold** the consolidation that persisted last week may be difficult to shake off, leaving a broad \$1,680/oz to \$1,700/oz range top in place, with buyers below \$1,660/oz to \$1,650/oz supporting the yellow metal. There is a risk that a turn below \$1,650/oz will be seen again to leave support at \$1,625/oz to \$1,600/oz under pressure again as a medium term top may unfold. On the upside though gains above \$1,700/oz would be expected to see Gold rise back to \$1,754/oz and even \$1,800/oz – the bigger range top. While this is possible, favouring trading the short term range between \$1,700/oz and \$1,625/oz instead.

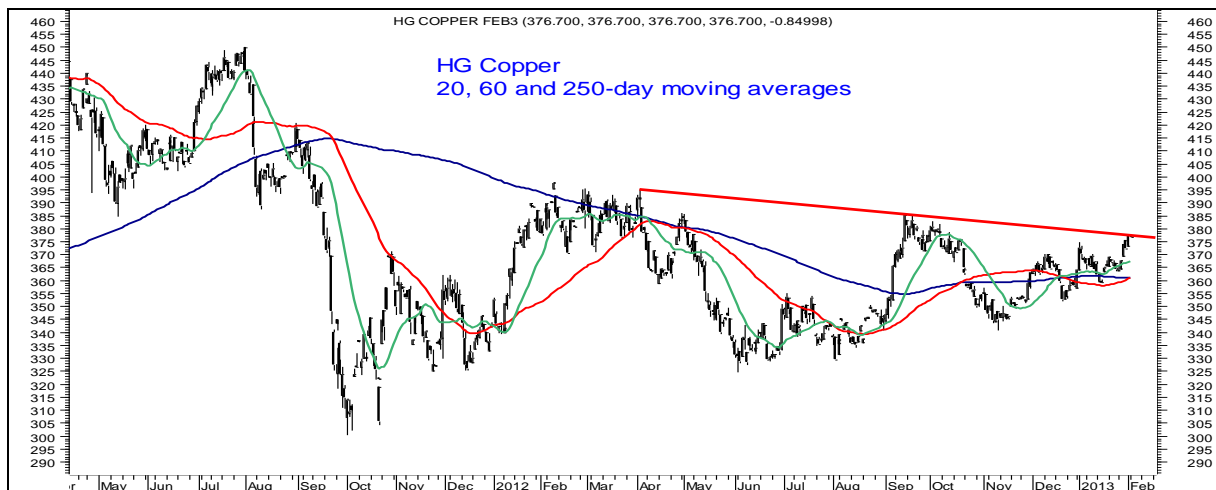


Week Ahead – Commodity Markets

Silver prices consolidated above the 250-day moving average (\$31.05/oz) for the most part last week, and this could be setting the stage for a rally to \$33.55/oz resistance (trendline). Use a turn above the latter as the spark for gains to \$35.36/oz (01 October 2012 peak) if seen. If the range trading persists here as well though then upticks would be expected to remain capped for a pullback to \$31.05/oz and then \$30.73/oz. A turn below the latter would leave losses to \$29.20/oz area support to follow and is worth watching.

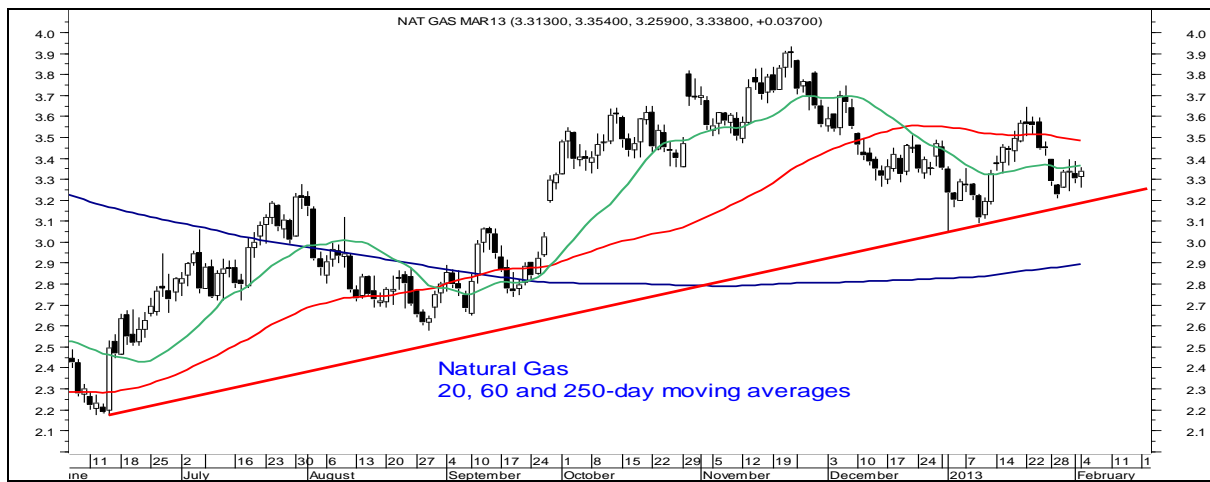


Copper prices (HG COMEX) are pressing near 380c/lb. resistance, which will serve as the technical confirmation for further gains to 385c/lb. and even 400c/lb. further out. Dips are seen finding support at 371c/lb. to 364c/lb. Use the latter as the level to break for a slide to 351.75c/lb. and even 348c/lb. rising line support if broken.

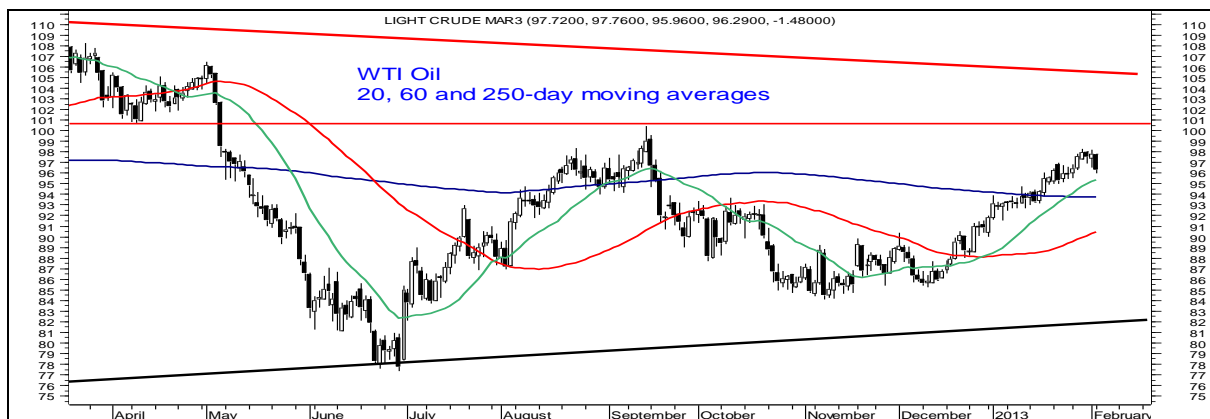


Week Ahead - Commodity Markets

Natural Gas (NG) fell on the back of milder weather expectations in key parts of the US last week but the pullback is expected to remain limited. This should see strong chart support at \$3.05 per mio btu hold, with early support at \$3.207 per mio btu to \$3.193 per mio btu expected to be difficult to break ahead of this. Upticks to \$3.50 per mio btu and even \$3.645 per mio btu are open on a range trade if support holds and should attract.



Oil prices (WTI) continued to eke out gains last week and a probe of \$100.42/bbl, the front month contract peak from 14 September 2012 may be seen. If this remains a range trade though then a drop back to \$93.67/bbl (250-day moving average) would be expected to follow, with some potential to \$90/bbl and lower then seen. A break above \$100.42/bbl though would leave gains above \$106/bbl at risk next.



Source: Redtower Asset Management, Boost, Bloomberg, Reuters as of 4 Feb 2013

The returns for Boost ETPs and ETCs are based on primary market closing prices and are given in the base currency of each index. The returns may rely in part on back-tested prices prior to the inception of some ETPs. Back-tested returns are those relying on prices which precede Dec 4th 2012 for ETPs referencing the FTSE 100, Dec 7th for the DAX, Dec 10th for EURO STOXX 50, Russell 100 or NASDAQ-100, and Dec 17th for the commodities. Past performance and back-tested performance are not indicators of future performance.

Contact Information

If you would like further information about Boost ETP's product range or any of the content within this fact sheet, please contact us:

 +44 (0)20 3515 0050

 info@boostetp.com

 www.boostetp.com

Disclaimer

This communication has been provided by Boost ETP LLP which is an appointed representative of Mirabella Financial Services LLP which is authorised and regulated by the Financial Services Authority. The products discussed in this document are issued by Boost Issuer PLC (the "Issuer") in accordance with the Prospectus published on the Central Bank of Ireland's website. The Central Bank of Ireland has certified that the Prospectus of the Issuer has been drawn up in accordance with the Directive 2003/71/EC. The Prospectus will be passported from Ireland into the United Kingdom. Please read the Prospectus before you invest in any Exchange Traded Products ("ETPs").

Neither the Issuer nor Boost ETP LLP is acting for you in any way in relation to the investment to which this communication relates, or providing investment advice to you. The information is not an offer to buy or sell or solicitation of an offer to buy or sell any security or investment. As no recommendations can be provided you are advised to seek your own independent legal, investment and tax or other advice as you see fit. The value of an investment in ETPs may go down as well as up and past performance is not a reliable indicator of future performance. An investment in ETPs is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks. An investment in an ETP tracking a daily leveraged or daily short index is intended for financially sophisticated investors only who wish to take a short term view on the underlying index. As a consequence, Boost ETP LLP is not promoting or marketing Boost ETPs to Retail Clients. However, you may consult your financial advisor if you wish to invest in ETPs.

Important Notice

This commentary is for information only and the comments and forecasts are intended to be of a general nature and are current as at the date of issue. Redtower Research and Redtower Asset Management take no responsibility for any individual investment decisions based thereon. Redtower Asset Management provides this data on the understanding that the data is sourced from the public domain or authorised sources, and that while Redtower Asset Management will endeavour to ensure that the accuracy of the data in our reports, no responsibility is taken for any errors in the data and no responsibility or liability of any sort is taken for any losses that you or your company may incur, either directly or indirectly, through the use of this information. Redtower Asset Management is registered in Scotland, registered office: Crystal Valley, Fettercairn, Kincardineshire, Scotland AB30 1DU, registered number is SC325065. VAT registration no. 751 6880 11. Regulated by the Financial Services Authority (FSA), no. 473656

Source: Redtower Asset Management, Boost, Bloomberg, Reuters as of 4 Feb 2013

The returns for Boost ETPs and ETCs are based on primary market closing prices and are given in the base currency of each index. The returns may rely in part on back-tested prices prior to the inception of some ETPs. Back-tested returns are those relying on prices which precede Dec 4th 2012 for ETPs referencing the FTSE 100, Dec 7th for the DAX, Dec 10th for EURO STOXX 50, Russell 100 or NASDAQ-100, and Dec 17th for the commodities. Past performance and back-tested performance are not indicators of future performance.