



Vantage *point*

**MARKET OUTLOOK: CAUTIOUS
STRATEGY: MAINTAIN DEFENSIVE STANCE**

Investors got a semblance of hope as equities staged a rally late last week, most notable of which is Japan's 1-day, 6% rally last Friday. This bullishness came on the back of the possibility of more stimulus in Europe and Japan, care of ECB President Mario Draghi and BOJ Governor Haruhiko Kuroda.

Draghi said that "we have plenty of instruments" while Kuroda stated that "we can expand or further strengthen QQE in many ways." Once again, central banks came to the rescue with this coordinated language and stimulus actions. Now, we have to monitor who will prevail - the central banks or the risks that we face, such as weakness in China, low oil prices and the strong dollar.

With confidence partially restored, crude oil was also up sharply, rising by more than 20% from the lows set last week. This contributed to the bullishness of investors who continue to treat oil as a proxy for global growth.

That said, it remains to be seen if this rally can be sustained in the face of the many risks facing us in 2016. We continue to look for signs of stabilization in the market. Until we see enough of these, we will continue to maintain our defensive stance.



TRADING STRATEGY

Source: Bloomberg



After falling by double-digit percentages at the start of the year, global equities have rallied off the lows. With the road ahead still fraught with risk, we continue to maintain a defensive stance.

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