



## DAILY SURVIVAL GUIDE

**BBG Tip of the Day: WHIS <go>**

*WHIS lets you predict certain economic releases and with a little luck you may be one of the few on Bloomberg's League of Champions*

**Quote of the Day:**

"I am concerned that a lack of cooperation could trouble how our partners see our will and desire to remain in the central core of the European Union and the euro."

– George Papandreou, after winning the Greek confidence vote, November 2011

**MRA Daily:** Available via email and on our MRAD page on Bloomberg.

**Flow Recap:** [http://www.macroriskadvisors.com/layout/pdf/20120206\\_FR.pdf](http://www.macroriskadvisors.com/layout/pdf/20120206_FR.pdf)

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### Daily Risk Metrics

Below we summarize the performance of popular risk assets relative to the SPX and the VIX. We provide the changes in popular risk assets and how each has performed relative to the SPX and the VIX. We use a 20-day beta to the SPX and VIX to determine whether the asset has under or outperformed in the context of this beta. We view the band of "expected" performance as +/- one standard deviation.

#### Market Moves and Implied Volatility Moves (Relative Performance Calculated Using 20 day Beta)

	Price	1d % chg	Out / Underperforming Relative to SPX
<b>SPX</b>	1344.9	1.46%	
<b>Crude</b>	97.84	1.54%	Outperforming SPX
<b>Gold</b>	1726.33	-1.89%	Underperforming SPX
<b>Euro</b>	1.3158	0.11%	Underperforming SPX
<b>US 10yr Fut</b>	131 11/32	-0.64%	Expected

Implied Volatility	1m I-Vol	1d chg (pts)	Out / Underperforming Relative to VIX
<b>VIX (S&amp;P 500)</b>	17.10	-0.88	
<b>OVX (Crude)</b>	30.71	-1.10	Underperforming VIX
<b>GVZ (Gold)</b>	21.05	-0.88	Underperforming VIX
<b>EVZ (Euro)</b>	12.55	-0.13	Outperforming VIX
<b>US 10yr Fut 1m ATM</b>	5.01	0.42	Outperforming VIX

<p><b>THE FED</b></p>	<p><b>Fed Likely to Retain Stance on Low Rates</b></p> <p>Source: WSJ</p> <p>A few more months of strong jobs reports like the one released Friday, and the Federal Reserve might need to draw up a new game plan. For now, though, Fed Chairman Ben Bernanke seems unlikely to rewrite his script for the central bank.</p> <p>The Fed said after its Jan. 25 meeting that it expected to keep short-term interest rates pinned near zero until at least late 2014, an ultra easy-money policy meant to spur borrowing, spending, investment and broader economic growth.</p> <p>Mr. Bernanke, at a press conference after the meeting, strongly suggested the Fed might do even more—such as add to its portfolio of mortgage-backed securities to push down mortgage rates—if the economic outlook doesn't improve or if inflation slows much more.</p> <p>Link: <a href="http://online.wsj.com/article/SB10001424052970204662204577201403437636864.html?mod=WSJ_hp_LEFTWhatsNewsCollection">http://online.wsj.com/article/SB10001424052970204662204577201403437636864.html?mod=WSJ_hp_LEFTWhatsNewsCollection</a></p>
<p><b>EUROZONE</b></p>	<p><b>Greek Wrangling Bodes Ill for Lisbon</b></p> <p>Source: WSJ</p> <p>Greece may breathe a sigh of relief when—or if—it finally completes its long-delayed debt restructuring next week.</p> <p>But the plodding negotiations have been bad news for another country: Portugal, whose creditors fear they may be force-fed the same difficult debt restructuring terms that are on the table for the Greeks.</p> <p>The Greece deal still isn't done, and Friday there were more signs of delay. Greek Finance Minister Evangelos Venizelos said the two sides had "resolved a number of issues but critical issues remain open." Euro-zone finance ministers postponed a planned Monday meeting till Wednesday, Mr. Venizelos said.</p> <p>Link: <a href="http://online.wsj.com/article/SB10001424052970203711104577200270096116032.html?mod=WSJ_hp_LEFTWhatsNewsCollection">http://online.wsj.com/article/SB10001424052970203711104577200270096116032.html?mod=WSJ_hp_LEFTWhatsNewsCollection</a></p>
<p><b>US BANKS</b></p>	<p><b>Share Prices Signal Optimism for US Banks</b></p> <p>Source: FT</p> <p>The S&amp;P financials sector in the US has begun trading above the book value of its assets for the first time since July in a sign of a turn in investor sentiment towards banks.</p> <p>Historically, if bank shares have traded below one times their book value, they have attracted buying from value-hunting investors. If US financial shares trade above a book value of one, analysts say it means investors are valuing the sector at more than the sum of its stated assets.</p> <p>Link: <a href="http://www.ft.com/intl/cms/s/0/893d8882-4ea7-11e1-ada2-00144feabdc0.html#axzz1almlGfz">http://www.ft.com/intl/cms/s/0/893d8882-4ea7-11e1-ada2-00144feabdc0.html#axzz1almlGfz</a></p>
<p><b>EUROPEAN BANKS</b></p>	<p><b>Europe's Banks Face Challenge on Capital</b></p> <p>Source: FT</p> <p>The European Banking Authority is to challenge a significant proportion of the capital restructuring plans put forward by the continent's leading banks to meet tough new capital requirements, say three people familiar with the process.</p>

	<p>The regulator said in December that 30 banks needed to boost capital by an aggregate €15bn to reach a 9 per cent target for core tier one capital, a key measure of financial strength.</p> <p>Link: <a href="http://www.ft.com/intl/cms/s/0/def333ee-4e90-11e1-ada2-00144feabdc0.html#axzz110iHLtF9">http://www.ft.com/intl/cms/s/0/def333ee-4e90-11e1-ada2-00144feabdc0.html#axzz110iHLtF9</a></p>
<b>THE FED</b>	<p><b>The Fed Votes No Confidence</b></p> <p>Source: WSJ</p> <p>Federal Reserve Chairman Ben Bernanke told lawmakers last week that fiscal policy should first "do no harm." The same can be said of monetary policy. The Fed's prolonged, "emergency" near-zero interest rate policy is now harming our economy.</p> <p>The Fed policy has resulted in a huge infusion of capital into the system, creating a massive rise in liquidity but negligible movement of that money. It is sitting there, in banks all across America, unused. The multiplier effect that normally comes with a boost in liquidity remains at rock bottom. Sufficient capital is in the system to spur growth—it simply isn't being put to work fast enough.</p> <p>Link: <a href="http://online.wsj.com/article/SB10001424052970204740904577197374292182402.html?mod=rss_opinion_main">http://online.wsj.com/article/SB10001424052970204740904577197374292182402.html?mod=rss_opinion_main</a></p>
<b>ECONOMY</b>	<p><b>The Reality of American Decline</b></p> <p>Source: FT</p> <p>Imagine a scenario where China became the top dog, he says. Would it uphold the system that got it there? Mr Kagan answers by way of a fable. A frog agrees to carry a scorpion on his back across the river on the promise he will not be stung. "How can I sting you when I would also drown?" asks the scorpion. As the frog drowns, it asks why the scorpion broke its word: "Because I am a scorpion," comes the reply.</p> <p>With that Mr Kagan pretty much dismisses two generations of China strategy. The wealth China has earned by global integration, and the numbers lifted from poverty, may in the end count for little against its true nature, he suggests. Which brings us back to the main quandary: the book's real target is American declinists; yet America's declinist-in-chief loves its thesis. Who knows, perhaps it is one of those instances of co-option at which presidents excel. In which case, it is fair to ask who is carrying whom?</p> <p>Link: <a href="http://www.ft.com/intl/cms/s/0/8268fb6e-4e65-11e1-aa0b-00144feabdc0.html#axzz11bfjvDHH">http://www.ft.com/intl/cms/s/0/8268fb6e-4e65-11e1-aa0b-00144feabdc0.html#axzz11bfjvDHH</a></p>
<b>HOUSING</b>	<p><b>Developments Get Back to the Plan</b></p> <p>Source: WSJ</p> <p>On Tuesday, bulldozers rumbled to a start and launched the construction of Great Park Neighborhoods, a 2,000-acre master-planned community in Irvine, Calif.</p> <p>At a cost of \$1.4 billion and with ambitions to build 10,700 homes over the next 10 years, it is one of the largest residential-construction projects to break ground since the housing crash. The development, conceived in 2005, had been on hold since the financial crisis. The first phase, which includes 726 single-family detached homes surrounded by exercise trails, is expected to start selling this year.</p> <p>As more financing and private-equity investments begin to flow into residential real estate, some</p>

mothballed development plans like Great Park are being revitalized.

Link: [http://online.wsj.com/article/SB10001424052970203920204577195201936849424.html?mod=ITP\\_businessandfinance\\_0](http://online.wsj.com/article/SB10001424052970203920204577195201936849424.html?mod=ITP_businessandfinance_0)