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**Monthly Investment Update - February 2014**

Webster Private Bank is now providing a Monthly Investment Update reflecting our observations of financial markets and its impact to our investment strategy. We address the recent volatility in the financial markets, emerging market performance, and where we're heading in 2014.

**Market Commentary - January 2014**

Webster Private Bank's Chief Investment Strategist, Yves Cochez, provides market commentary on 2013 and what lies ahead for 2014. He offers insightful views on central bank policies, prospects for economic expansion, equity valuations, long term views of international markets and the great rotation out of bonds to equity investments.

**Economic Review by Nick Perna, PhD.**

Webster Private Bank is dedicated to bringing you relevant information on today's economy and financial environment from many sources. To complement Yves Cochez's Market Commentary we are also providing Webster's Economic Review by Nick Perna, PhD.
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Webster Private Bank is now providing a Monthly Investment Update reflecting our observations of financial markets and its impact to our investment strategy. In this month’s update Yves Cochez, Chief Investment Strategist, notes the impact of the so-called "January Effect", recent market volatility (correction or worse), and emerging market turmoil and other issues including:

- Contrary to widespread expectations, Treasury bond yields dropped sharply during January.
- REITs and other interest rate sensitive sectors were supported by declining bond yields.
- As expected, the Fed announced an additional $10 billion reduction in bond purchases.
- The US economy expanded at a 3.2% annualized pace in the 4th quarter of 2013.
- Emerging Market turmoil intensified:
  - Sharp increase in Turkish official interest rates, rate hikes continue in other countries (Brazil, India)
  - Sharp drop for several currencies, in particular ARP (Argentine Peso)
  - Rising angst among investors w/ regards to Current Account deficits and inflation
  - Ongoing tensions in Ukraine and Thailand
  - Bailout of Chinese Trust (Credit Equals Gold Trust) - concerns w/ regards to commitment to reform shadow banking and stability of financial system
- Concerns about slowing growth in China.
- Gold rally - a good hedging strategy going forward?
- Equity markets off sharply.
- Healthy correction or the beginning of something worse?

Click here for the complete report and be sure to contact us with any questions you might have.
Webster Private Bank’s Chief Investment Strategist, Yves Cochez, provides market commentary on 2013 and what lies ahead for 2014. He offers insightful views on central bank policies, prospects for economic expansion, equity valuations, long term views of international markets and the great rotation out of bonds to equity investments. Some highlights:

- While central banks will continue to implement easy monetary policies, the main investment theme will gradually shift away from monetary reflation towards growth.
- Despite tapering, the Fed balance sheet will continue to grow in 2014 and tighter policy settings are not expected until 2015 at the earliest. Other central banks will implement even more aggressive policies.
- The conditions are in place for a broader and stronger economic expansion in coming months. Inflation will however stay subdued.
- The recent equity ‘re-rating’ is primarily a function of receding macro tail risks. While valuations have room to expand further in 2014, earnings growth will be critical for further equity gains going forward.
- International markets are likely to outperform on a combination of more attractive valuations, faster earnings growth and relative change in monetary conditions.
- The great rotation out of bonds and into equities should gather some steam in coming months.

Click here for the complete commentary. Print copies are available upon request.

Yves Cochez joined Webster Private Bank as senior vice president and Chief Investment Strategist in May, 2013. Cochez is responsible for managing the Private Bank’s portfolio management team and setting the overall direction of investment management for its high net worth clients. He is based in Stamford, Conn.

Most recently Cochez has held a number of senior investment positions across the globe with Deutsche Bank Private Wealth Management.

A native of Belgium, Cochez earned his Bachelors and MBA from the Universite Libre de Bruxelles, in Brussels, Belgium. He holds Series 7 and 66 Licenses and is fluent in three languages.
Webster Private Bank is dedicated to bringing you relevant information on today's economy and financial environment from many sources. To complement Yves Cochez's Market Commentary we are also providing Webster's Economic Review by Nick Perna, PhD. Webster Economic Advisor Nick Perna is an MIT-trained economist with expert commentary and a down-to-earth style. Perna analyzes complex economic trends and explains them in everyday language in our bi-monthly newsletter Economic Review.

This edition features the commentary on:

- Looking back and ahead and at less than six degrees of separation.
- Two-bits on Bitcoin.
- The Region: more of same but better
- And more…

Click here for the latest edition of the Economic Review.

Click here for an archive of previous issues of the Economic Review.

The web address for Webster's Economic Review is www.WebsterBank.com/EconomicReview.

Nick Perna is one of the nation's most frequently quoted economists and sought-after lecturer noted for his fun, plain-spoken insights on the economic scene. He graduated from Boston College and has a PhD in economics from MIT. In 1999, he founded Perna Associates, a consulting firm specializing in economic analysis, forecasting and strategy. Before that, Perna was chief economist for Fleet Financial Group, Shawmut Bank and Connecticut National Bank. He was also an economist with General Electric, the Federal Reserve Bank of New York and the President's Council of Economic Advisors in Washington. Perna has taught at Williams College, NYU's Stern School of Business and the Haas School of Business at the University of California. He currently teaches a seminar on the U.S. banking system at Yale University. Within the past several years, Perna has appeared numerous times on the Jim Lehrer NewsHour and other local and national news broadcasts. The Wall Street Journal and Business Week have both cited him as one of the top economic forecasters in the United States.
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