

## **Martone Capital Management: Weekly Investment Commentary (2/20/2013)**

As was the case the prior week, last week saw little price change in US financial markets as investors are apparently taking a breather to digest some mixed economic news.

The US economy is continuing to grow slowly, with the data vacillating between positive and negative news. The good news last week came in the form of evidence that the labor market continues to heal. On Thursday, initial jobless claims plunged to 341,000, significantly below the level of the prior week and below the one-year average.

Last week, we discussed a potential economic risk in the form of weak spending and the recent data we have seen confirms that spending has been slowing. This is primarily due to the increase in payroll taxes that took effect at the beginning of the year.

Outside of the United States, the trends are quite similar. Most areas of the world (developed markets in particular) are struggling through slow growth, although China has been regaining some of its old swagger. While it hardly comes as a surprise, Europe's economy continues to struggle. Even Germany, which had been one of the few bright spots in Europe, showed an economic contraction in the fourth quarter of 2012, with economic growth falling by 0.6%, its sharpest contraction since the first quarter of 2009.

The bottom line to us is that while overall global growth is likely to be marginally better in 2013 than it was in 2012 (thanks largely to a resurgent China), investors should be prepared for ongoing fits and starts in the pace of growth. Among developed markets, we expect US growth will outpace growth in Europe and Japan, but even in this case the United States is likely to have a slow start to the year.

This material is distributed by Martone Capital Management, Inc. and is for information purposes only. No part of this document may be reproduced in any manner without the written permission of Martone Capital Management, Inc. Martone Capital Management, Inc. does not represent that the information is accurate or complete and it should not be relied on as such. It is provided with the understanding that no fiduciary relationship exists because of this report. Opinions expressed in this report are the opinions of

Martone Capital Management, Inc. and are subject to change without notice. Martone Capital Management, Inc. assumes no liability for the interpretation or use of this report. Investment conclusions and strategies suggested in this report may not be suitable for all investors and consultation with a qualified investment advisor is recommended prior to executing any investment strategy. All rights reserved.