

Market Roundup:

****We wish to point out that Mithril Asset Management, Mauritius has no affiliation whatsoever with Mithril Capital Management****

Global stock markets were generally up for the week with Asia and the US posting the strongest gains. Europe did its best, but retracted on a reality check from its long running debt crisis.

In anticipation of a conference call between euro zone finance ministers to discuss a bailout plan for Spain, Madrid saw its yields on 10 year bonds rise as high as 7.06%, above the 7% threshold of sustainability.

Indeed on that note, the outcome was positive for Spain, as expected. Ministers agreed to allow the Spanish government to borrow €100bn from euro zone sponsored rescue facilities to inject capital into its troubled banking sector.

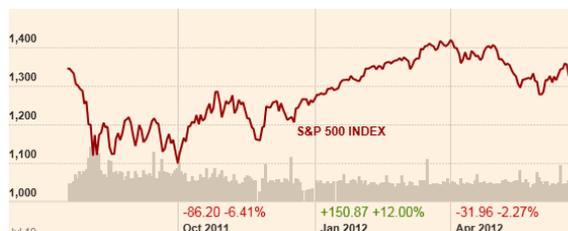
From a US point of view, markets were glued to earnings. Given the market volatility from the last quarter, it is unsurprising that expectation was set low. There were some heavy weights that gave some end-of-week joy to Wall Street. Google saw its shares advance as 2nd quarter results topped estimates. Microsoft also saw upside, however reported a \$6.2bn write down from its online services division.

Treasuries advanced and gold had a pull back as the macro environment pushed USD up against major currencies.

In the UK employment numbers improved thanks in large to the Olympics, which will commence this week.

Market Data (12 month):

S&P 500:



FTSE100:



FTSE Eurofirst 300:



Nikkei 225:



Shanghai Composite:



Source: www.ft.com

Bullish on Beans:

Corn and soybean traders are bullish for a 13th consecutive week on mounting concern that yields will keep dropping amid the worst US drought in a half century. The drought may persist in the Midwest for the rest of the growing season, the US government said this week. Above- average temperatures and below-normal rainfall will continue for the rest of the month.

The 55% jump in corn and 28% gain in soybeans since mid-June may spur another bout of global food-price inflation, after surges in 2008 and 2011 that sparked civil unrest in developing countries in July.

The size of the 2012-13 harvest continues to shrink with little sign of rain or cooling temperatures in the U.S. Therefore fundamentally it's still bullish, even though prices are at record levels.

This particular corner of the commodities arena has seen far stronger returns, whereas traditional asset classes have continued to struggle on the backdrop of macroeconomic instability.

Soybeans advanced 39% to \$16.7275 a bushel on the Chicago Board of Trade this year and reached a record \$16.8275 earlier this week. Corn rose 22% to \$7.855, touching \$7.99 last Wednesday, less than 0.1% below its all-time high. The Standard & Poor's GSCI gauge of 24 commodities rose 0.6% since the start of January and the MSCI All-Country World Index of equities gained 4.6%. Treasuries have returned 2.6%.

Corn Prices:



Soybean Prices:



Source: ETF Trends

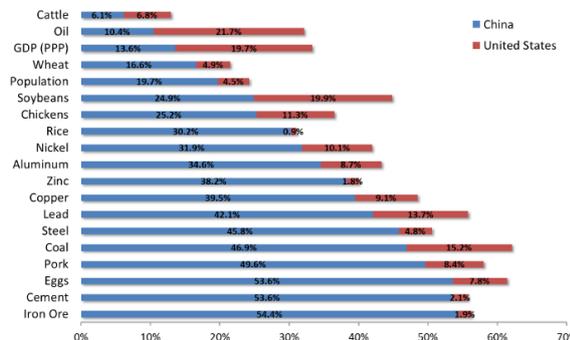
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More than half of the affected US states were in moderate to extreme drought at the end of June, the highest percentage since December 1956, according to the records. Just 31% of the US corn crop was in good or excellent condition as of July 15, the lowest for the date since 1988, according to the U.S. Department of Agriculture. 34% of soybean fields received the top ratings, also the lowest since 1988.

The US Department of Agriculture (USDA) cut its forecast for this year's US corn harvest by 12% to 12.97 bln bushels on July 11, down from a June estimate of 14.79 bln bushels. The agency reduced its soybean projection by 4.8% to 3.05 bln bushels. Morgan Stanley predicted yesterday that corn output would come in lower at 11.89 bln bushels and soybean production at 2.99 bln bushels.

China, as ever, remains the world's trump card and may import a record 61 mln metric tons of soybeans and 5 mln tons of corn in the 2012-13 seasons, the USDA said earlier this month. China still remains the world's biggest soybean consumer and second-largest user of corn after the US. While China's growth will slow to 7-8% this year from 9.2% in 2011, that's still more than double the anticipated expansion globally, according to IMF estimates.

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Source: <http://people.hofstra.edu>

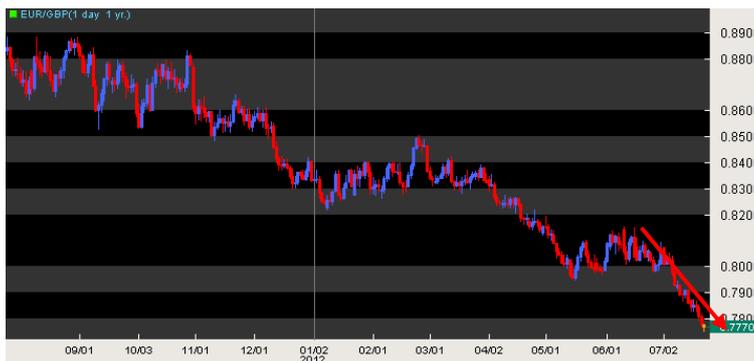
Currencies:

EURUSD



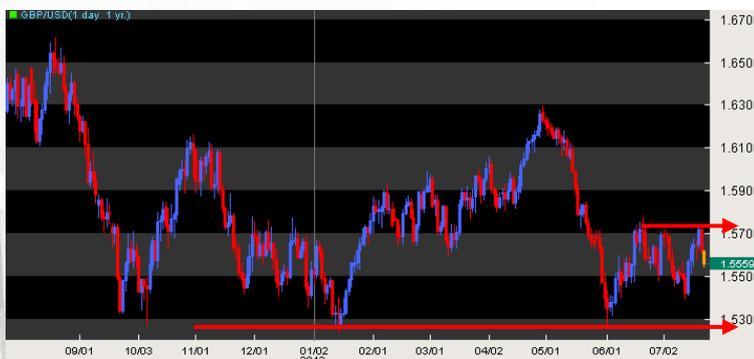
EURUSD continues in downtrend from 1.3300 and the fall extends to as low as 1.2091. Further decline is likely over the next several days, and support would be at 1.2000. Key resistance is now at 1.2350, only break above this level could signal completion of the downtrend.

EURGBP



EURGBP dropped to as low as 0.7770 last week and met mentioned projection level at 0.7812. Bias for the week remains on the downside and further fall could be seen to key support level at 0.7693. On the upside, resistance lies at 0.7828.

GBPUSD



GBPUSD moves sideways in a range between 1.5268 and 1.5776. As long as 1.5776 resistance holds, key support lies at 1.5000. On the upside, a break above 1.5776 will target the 1.6000 zone next.

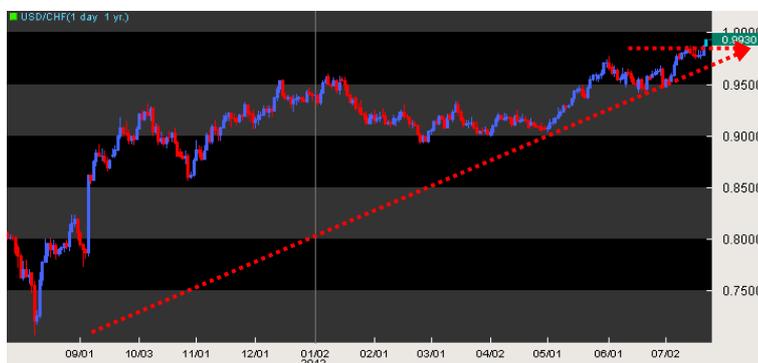
Weekly Investment Bulletin

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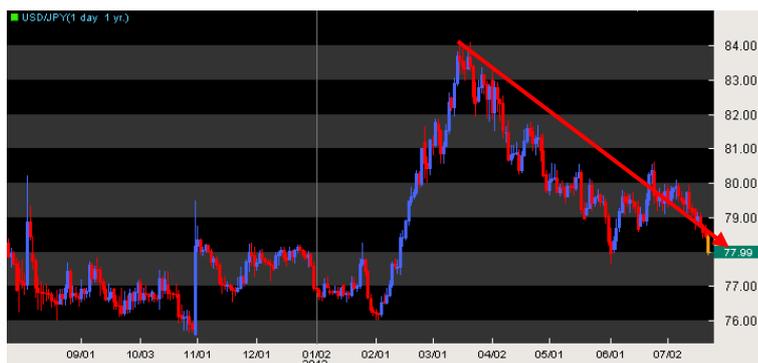


USDCHF



USDCHF's uptrend from 0.9421 extends to as high as 0.9930. Further rise could be expected over the next several days, and next target would be at 1.0000. Key support is at 0.9740, only break below this level could signal completion of the uptrend.

USDJPY



After consolidation earlier this year, USDJPY's downward movement from 84.61 extends to as low as 77.99. Further decline is likely and the next target would be at 76.00 area. Resistance is now at 79.50, a break above could see a rise to 82.00.

USD Weighted Index



As the weakening outlook for the euro-area continues to drag on investor confidence, the USD index bounced sharply and looks likely to carry on into this week. For the near term we will maintain a bullish outlook for the dollar as it continues to hold above the June low.

Gold:



Gold continues in range and a nearer term analysis shows that movement to be narrowing. The coming weeks will be important for gold on a macro level. July 31st will see China manufacturing PMI and August will follow suit with press conferences from the FOMC on August 1st and the ECB the following day. The recent uptick in the Dollar will have jolted any upside in Gold, keeping the market praying for QE3.

Crude:



Crude oil rallied sharply last Thursday for the eighth consecutive session with rising tensions in the Middle East that provoked supply and revived oil disruption fears. The corporate earnings surprises played a significant role in assisting crude higher. The question now is would the Middle East return to push crude oil higher again above \$100 levels? It is a high possibility despite the current economic slowdown, as matters in Syria and Iran play out.

Summary:

The news IMF aid to Greece being halted will not help overall investor sentiment this week and allow US and European markets to take stock following 3 weeks of positive movement. However what could be held back from the IMF would likely be filled in by the ECB or at least one of its crisis battling financing facilities. Having just bailed out the Spanish banking system earlier this week, they could be very busy once again. Greece's new government will present fresh budget cuts to its Troika of inspectors later this week.

The above will send a slight shiver down markets worldwide, keeping investors nervous and facilitate a further advance in the US dollar.

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