

PRIVATE WEALTH ADVISORY

A PHOENIX CAPITAL RESEARCH PUBLICATION

AUGUST 8, 2012

Calling Draghi's Bluff

The markets are going bananas over the same tired assumption that Central Bankers have some magic solution up their sleeve.

Over the last five years, market participants have largely operated based on the "Bernanke Put" (the belief that no matter what happens Bernanke will somehow save us). I explained how this was a bluff in last issue of *Private Wealth Advisory*.

However, the ECB's Mario Draghi may have surpassed the Bernanke Put as the biggest bluff in financial history with his claim that the ECB *will* take action and that the action *will* "be enough" to solve the EU Crisis.

Let's consider what the ECB has done so far and whether or not it has worked.

To date, the ECB has:

- 1) Intervened in the sovereign bond markets throughout 2011.
- 2) Launched its LTRO 1 and LTRO 2 schemes which provided over €1 trillion in funds to EU banks.
- 3) Opened up various liquidity windows to EU banks.
- 4) Facilitated bailouts of Greece (2) Portugal (1) Spain (1) Ireland (1) and soon to be Cyprus and Slovenia.
- 5) Ballooned its balance sheet to over €3 trillion Euros (roughly 30% bigger than the German economy, which is the largest single economy in Europe).

Has the EU Crisis been solved by any of these measures? The obvious answer is no. The EU Crisis began in earnest in **January 2010** with Greece. Today, **August 2012**, Greece is *still* an issue and is in fact about to default or leave the EU.

Short-Term Trends

- Markets to top this week or next
- Oversold conditions have been worked off
- We're coming up against resistance

Intermediate Trends

- Grexit, systemic risk to break up the EU before the summer's end.
- US Dollar rally and stock/commodity collapse.
- Massive moves coming in agricultural commodities based on crop shortages

Long-Term Trends

- Global debt implosion.
- Markets to go to new lows either nominally or in terms of purchasing power depending on whether we get hyperinflation or severe deflation.
- Trade wars and very likely REAL warfare

So, one has to ask one's self... if the ECB (along with the IMF and Germany) has thus far *failed* to manage, let alone *solve*, Greece's problems (a country which comprises only 2% of EU GDP and whose bond market was just €350 billion), how is it now going to solve those of Greece, Spain, Ireland, Portugal, Cyprus, and Slovenia all at once?

The answer is obvious: it cannot. Draghi is bluffing

However, for the sake of argument and since I've received so many emails claiming that the ECB has everything under control, let's consider the ECB's options. I can think of just two potential "Hail Mary" moves the ECB could stage to attempt to stop the Crisis. They are:

- 1) Massive money printing and buying of sovereign debt
- 2) The issuance of Euro-bonds along with across the board banking backstops

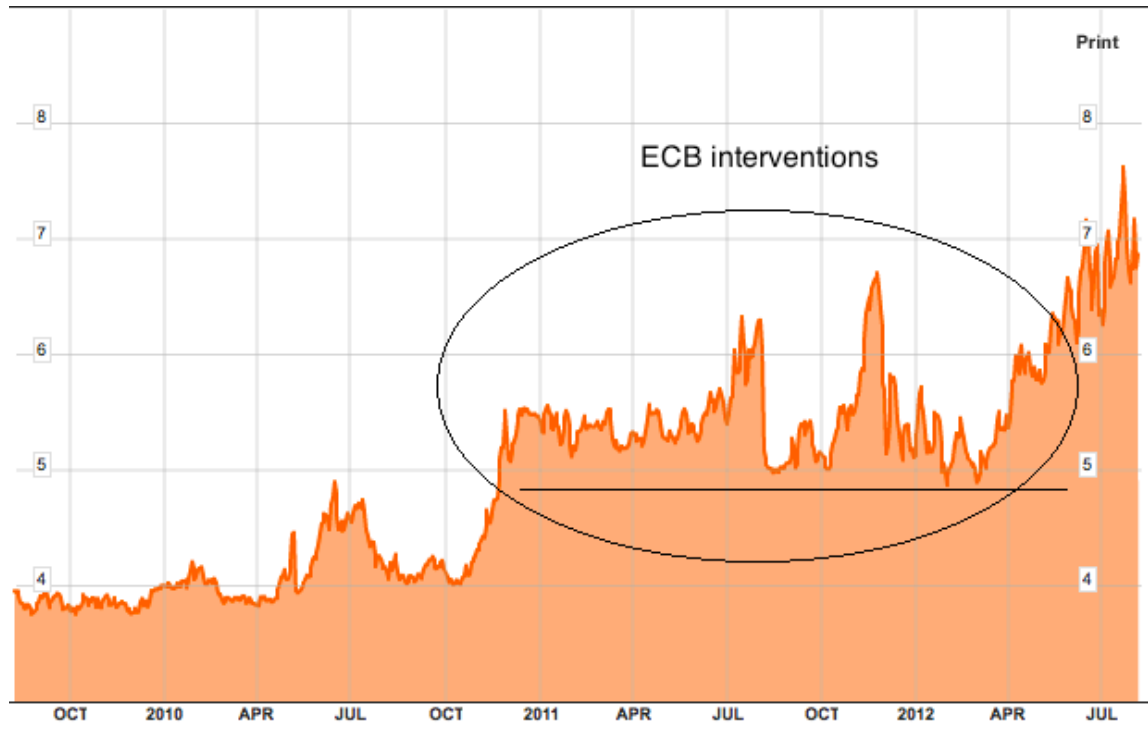
Let's say the ECB opts for #1. First of all, rampant monetization would weaken the Euro dramatically: something I'm not sure the ECB wants to do given that the currency is already on the edge of a cliff:



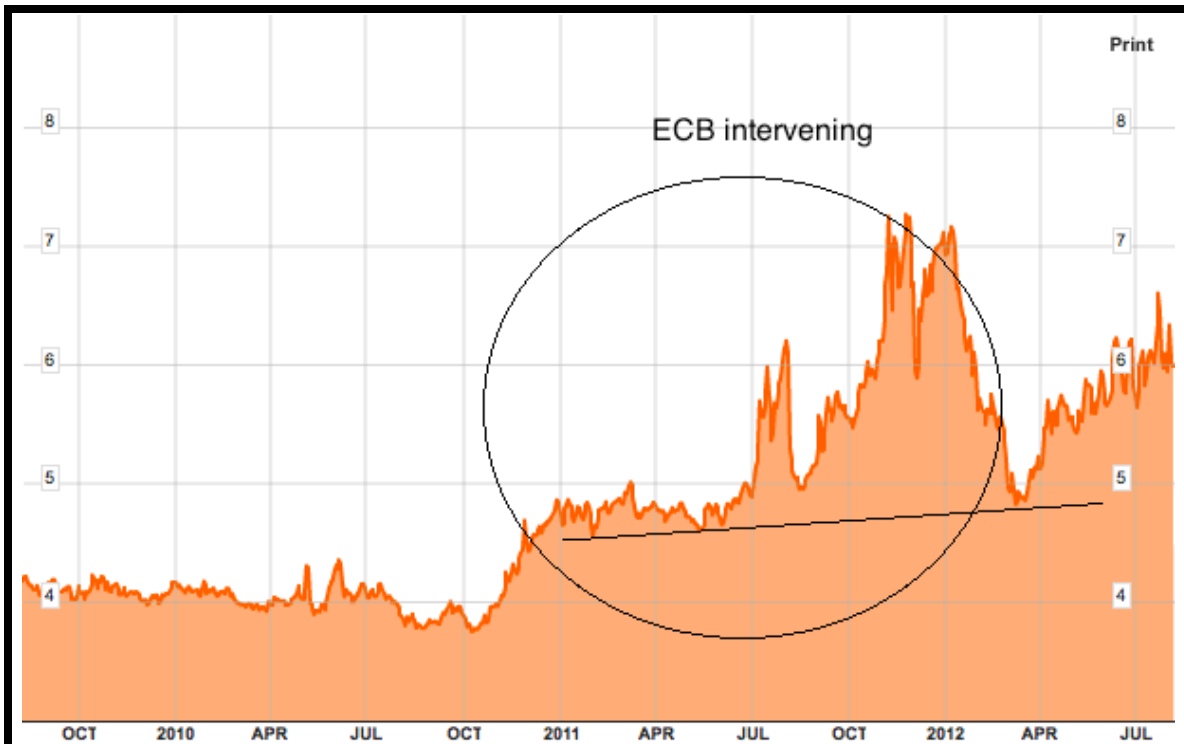
Secondly, this policy would almost certainly result in Germany threatening to, if not outright leaving the Euro. We've already seen multiple German officials leave the ECB based on its monetary profligacy. Moreover, Germany knows all too well how monetization of debts pans out: Weimar. According to a recent poll, 69% of Germans are worried about inflation. Do you think they'd let Merkel permit the ECB to go on a money-printing rampage?

Finally, we need to consider that the ECB was intervening in both the Italian *and* the Spanish sovereign bond markets on a weekly if not daily basis in the fall of 2011.

In the case of Spain, the ECB was never able keep the 10-year's yields at 5% for long. In fact, despite aggressive intervention, the ECB lost control of the Spanish 10-year several times last year.



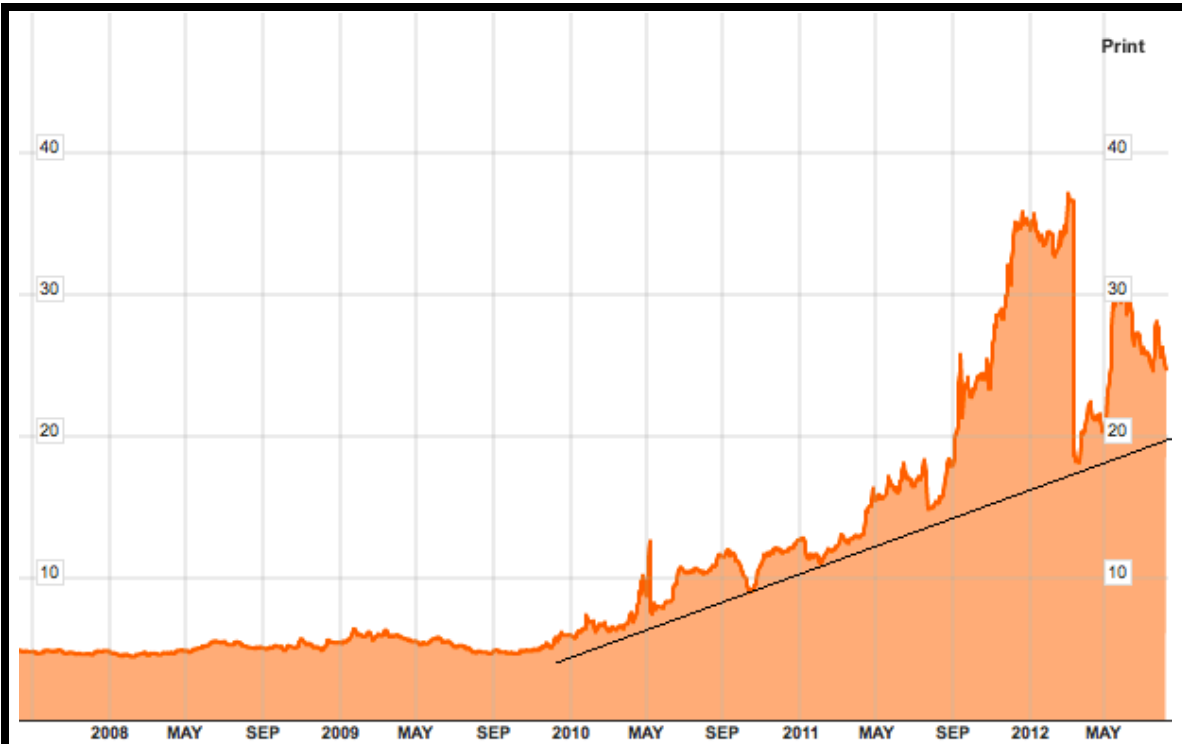
The situation was even worse in Italy where the ECB couldn't even get the 10 year's yield to flatline (the general trend remained upwards). In this case the ECB also lost control of the bond market several times.



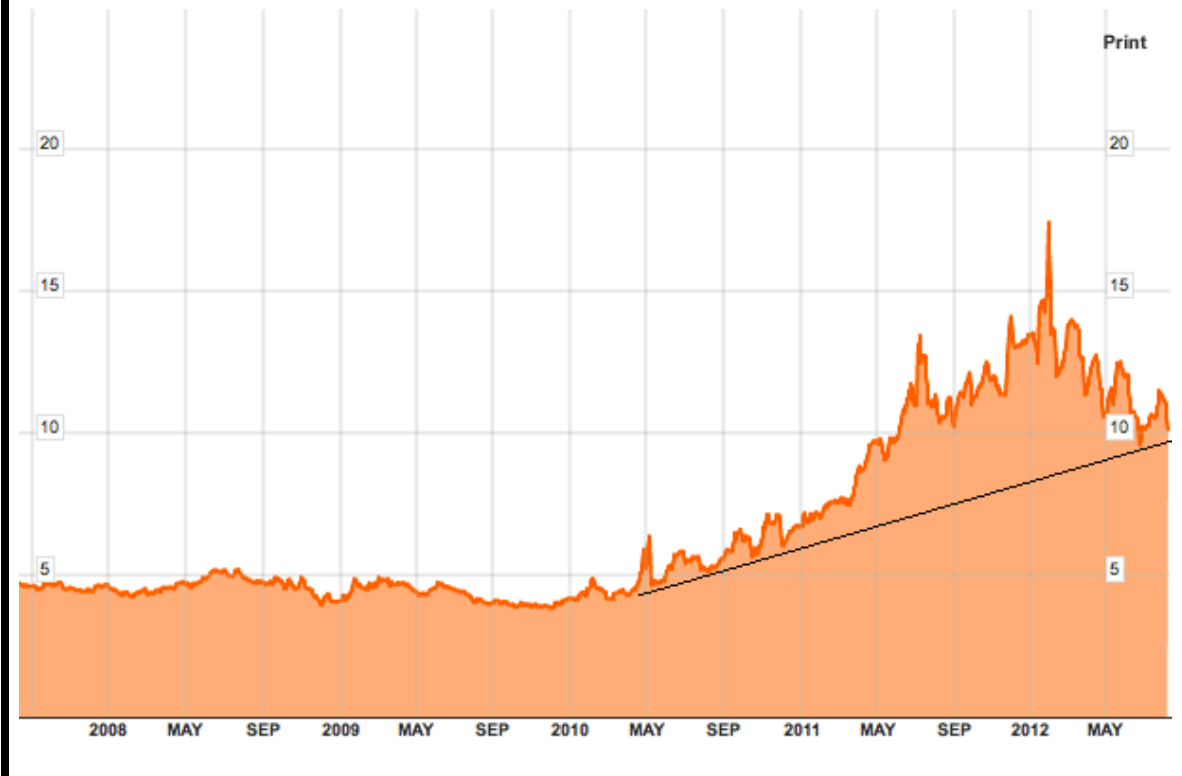
So... the idea that the ECB can suddenly just hit print and monetize everything to stop the EU crisis is *extremely* problematic. Aside from the fact that it would kick the Euro off a cliff, it would have dire ramifications for EU/ German relations (a situation that is already troublesome as now both Greek and Italian newspapers are referring to Merkel and Germany as Nazis). Finally, it's not even clear that this policy would *work*.

Indeed, let's take a look at the ten-year bond yields for the countries that the ECB has "helped" so far.

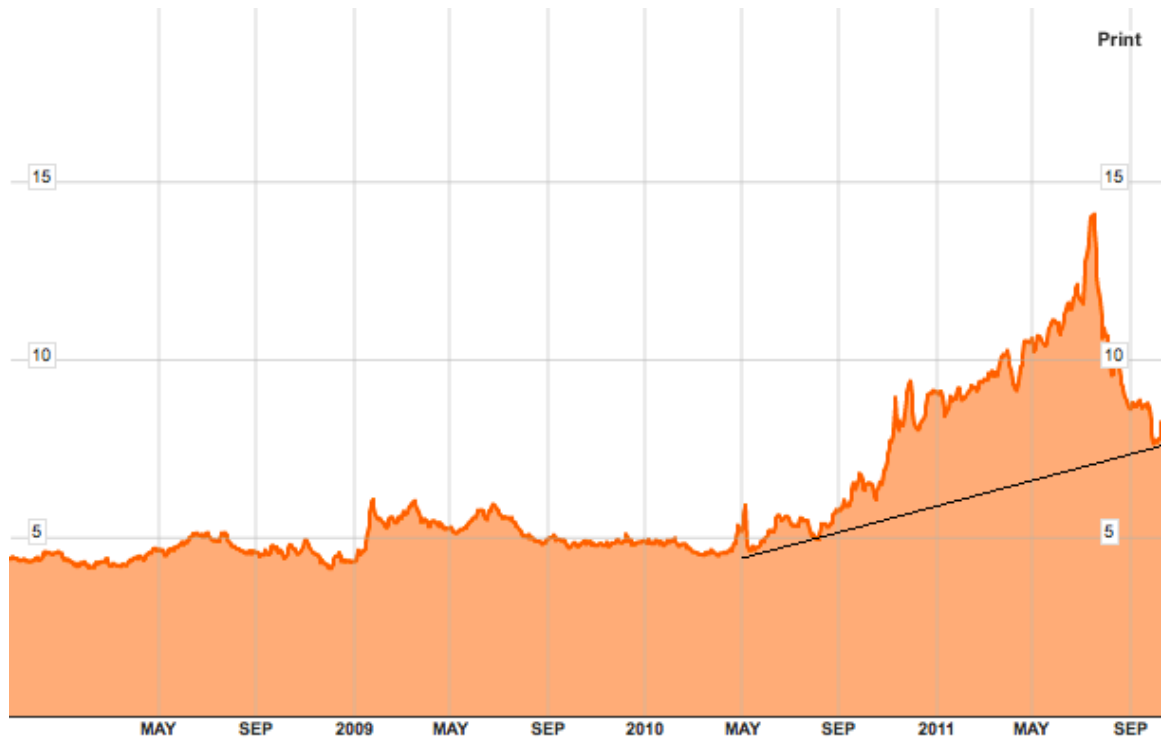
Greece: the biggest "success" here has been getting the 10-year's yield down from 30+% to 25%. Remember that a yield of 7% is usually indicative of "game over." Greece ten-year yield remains at nearly FOUR TIMES that level.



Portugal: the big success here was getting the ten-year's yield down from 15% to 10%. At these levels, Portugal will not be able to meet interest payments and will soon need a second bailout (just like Greece).



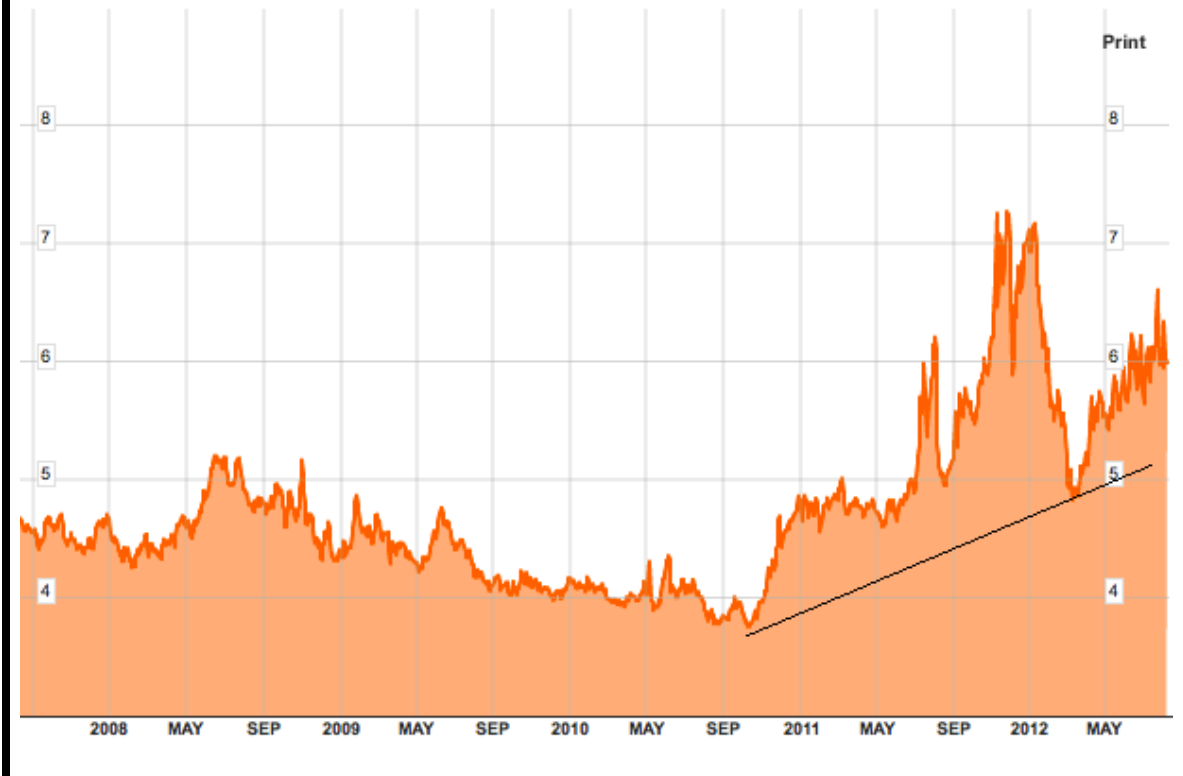
Ireland: the big success here was getting the ten-year's yield down from 15% to 8%. Again, 7% is the "end game" level. And after a bailout the best Ireland can muster is 8%?!?



Spain: the sovereign crisis really just picked up steam here in 2012. And despite a bailout as well as numerous liquidity provisions, Spain's ten-year yield is hanging around 7% (and destined to go much higher if Ireland and Greece are any example to go by).



Italy: this is arguably the best chart of the bunch, largely because Italy hasn't yet formally requested a bailout. However, despite this, the uptrend in the ten-year's yield remains firmly in tact and we're going to be hitting 7% and higher in the coming months.



So... no matter what some “guru” or expert wants to claim, the ECB’s efforts to control the EU sovereign debt crisis so far have been anything but successful. Those countries that were earliest to ask for help (Greece, Portugal, and Ireland) remain *IN* sovereign bond crises with their ten year bonds all yielding 8% or higher. Those countries that have just *joined* the sovereign debt crisis (Spain and Italy) have ten-year bonds that are at or nearing 7% yields and heading higher.

So the next time someone tells you that the ECB can just hit “print” and monetize sovereign bonds to control the EU Crisis, show them these charts and ask them to explain how this time would be different. The ECB has been monetizing bonds ever since 2010. It has not only failed to control the sovereign debt crisis for any individual country, but it has failed to stop the sovereign debt crisis from *spreading to larger countries*.

Now let’s consider the ECB’s second “Hail Mary” option: the issuance of Euro-bonds and across the board backstopping of EU banking deposits.

For starters, Angela Merkel has said that there will not be Euro-bonds for “as long as [she] live[s].” This is not a bluff. The issuance of Euro-bonds goes against the German constitution. If Merkel were to even consider this option she would likely be kicked out of office (remember she’s up for re-election next year).

This would also result in Germany losing its AAA credit status. Germany is already approaching the dreaded Debt to GDP level of 90%. And thanks to nearly €1 trillion in back-door bailouts to Europe, the country is already on the hook for potentially tens if not hundreds of billions of Euros worth of losses: money Germany doesn’t have.

As for backstopping EU deposits... no entity on earth has the capital to do this. Total Eurozone deposits stand at €15 trillion. Even deposits at the current EU “problem” countries (Spain, Italy, Portugal and Ireland) are €5.5 trillion. That’s nearly TWO TIMES the size of the ECB’s balance sheet and over FOUR TIMES the size of the various EU bailout funds (the EFSF and ESM, the former of which only has €65 billion in capital left by the way).

Again, in very plain terms, NO ENTITY on planet earth has the money needed to backstop banking deposits for the PIIGS, let alone the entire EU. So scratch that idea off the list.

What does this leave?

It leaves us precisely where we are today. Where is that?

Bailout Entity	Remaining Firepower
EFSF bailout fund	€65 billion
ESM	€700 billion assuming Germany and Italy ratify it (they haven't yet)
IMF	€38 billion (maybe)
ECB	Technically, the ECB could print a couple hundred billion Euros, but doing so would have severe political and monetary ramifications so this option is questionable.
Germany	If it ratifies the ESM it's on the hook for €190 billion Euros as well as the nearly €1 trillion it's committed to EU bailouts already. German GDP is only €2. 89 trillion. So the country is already getting close to its own solvency crisis.

The above is not opinion or idle conjecture; these are all verifiable facts, which is why I believe Mario Draghi is bluffing when he says the ECB can act and that its actions be "enough."

Indeed, as a merely philosophical inquiry, ask yourself, when has a Central Banker said "believe me," and proven to be correct about anything in the last five years?

With that in mind, I believe the markets are in the process of topping this week. Let's first look at Spain, which is the canary in the coalmine for the global markets.



The daily chart has worked off all of its oversold status and is now bordering on overbought (based on a bluff from a Central Banker mind you, not a change in Spain's fundamentals). The Ibx is now coming up against resistance as well as its downward sloping trendline. The RSI is at resistance as well.

The big picture here is even more indicative of a top that will soon be followed by a collapse:

\$IBEX (Spain Bolsa de Madrid IBEX 35 Index (EOD)) INDX © StockCharts.com
7-Aug-2012 **Close** 7211.10 **Chg** +455.40 (+6.74%) ▲



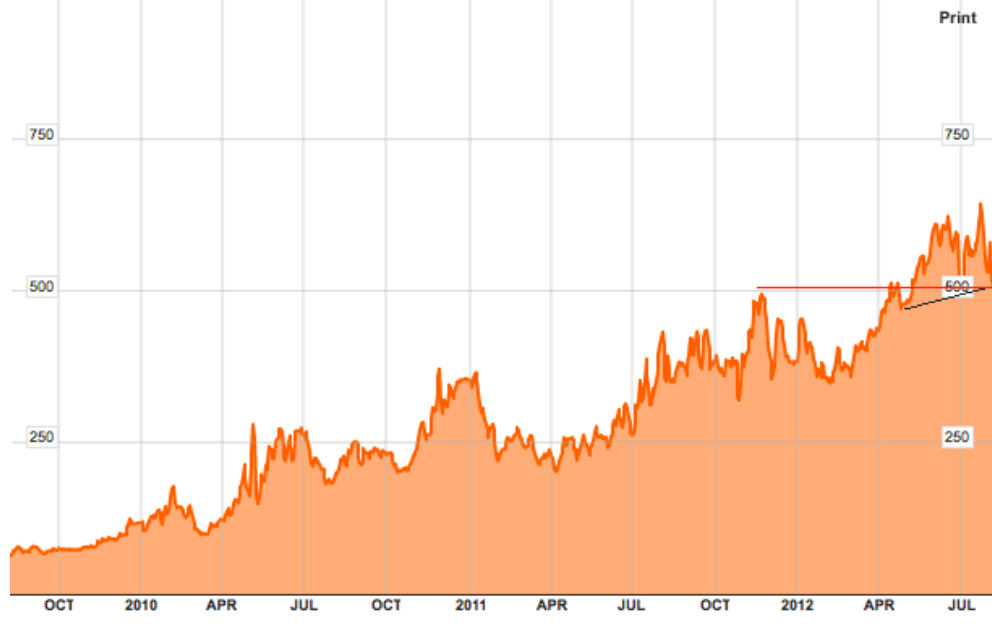
Every rally since the 2006 peak has seen a lower RSI. This is NOT indicative of much greater gains to the upside, let alone a new bull market beginning. My view is that the Ibox should top out this week. What follows will be a break of the neckline of the massive Head and Shoulders pattern (blue) that we've been noting for the last several months.

With that in mind, I would double down (meaning double your position) on our Spain ETF (EWP) SHORT.

Action to Take: Double Down on your Spain ETF (EWP) SHORT.

Some of you have written in saying it's difficult to short this position (as well as EWI and some of our other positions). I've found that Ameritrade, Optionsxpress, and Interactive Brokers can short all or some of these securities to varying degrees. Of the bunch Interactive Brokers seems to have been the most effective.

On a final note for Spain, its Credit Default Swaps (essentially bets that it will default) remain in a clear uptrend and are primed for another burst upwards: this doesn't indicate that the markets believe Spain will be "saved."



The story is virtually identical for Italy: both the ETF's share price and its RSI are coming up against resistance on the daily chart.



The same goes for Italy's big picture weekly chart: MASSIVE divergence on the RSI coupled with resistance. We should see a top form soon followed by a break of the large Head and Shoulders pattern we've been watching.



With that in mind, I would double down (meaning double your position) on our Italy ETF (EWI) SHORT.

Action to Take: Double Down on your Italy ETF (EWI) SHORT.

As was the case for Spain, Italy's CDS are also primed for another spike upwards:



The situation is quite similar in France:



In the big picture here, we're not as close to triggering the massive Head and Shoulders pattern as we are for Spain and Italy (but we'll get there eventually):



With that in mind, I would double down (meaning double your position) on our France ETF (EWQ) SHORT.

Action to Take: Double Down on your France ETF (EWQ) SHORT.

Having looked at individual EU markets, let's take a look at the Euro itself:



FXI (iShares FTSE China 25 Index Fund) NYSE

© StockCharts.com

8-Aug-2012 3:14pm

Last 35.26 Volume 27.9M Chg +0.46 (+1.31%) ▲



Brazil: ditto.

EWZ (Brazil iShares) NYSE

© StockCharts.com

8-Aug-2012 3:29pm

Last 55.07 Volume 31.9M Chg +1.59 (+2.97%) ▲



Once we take out 50 here we're going to 40 VERY quickly.

Russia:



I would double down (meaning double your position) here.

Action to Take: Double Down on your Russia ETF (TRF) SHORT.

And finally the Emerging Markets ETF (EEM) itself:



We've covered a lot of ground thus far. The primary points are this:

- 1) The recent rally in stocks is based on a central banker bluff, not any real changes in the situation in Europe (both EU bonds and Credit Default Swaps indicate more trouble is ahead).
- 2) The rally has worked off the oversold conditions and we're now coming up against major resistance both in European markets and their emerging market counterparts.

Now that we've gotten that out of the way, we need to address a MAJOR situation that is developing: the drought in the US and its impact on US crops.

The US is experiencing its worst drought since 1956. Altogether 63% of the lower US 48 states are experiencing a drought. As a result of this, the USDA has said that 50% of the US's corn crop will be in poor to very poor condition.

What does this mean? That the US will have a very VERY low corn crop. This in of itself is bad. But when you consider that corn supplies are at their lowest levels in 17 years, you've got a recipe for a serious corn shortage.

Few people understand how large a part of the US industrial food chain is tied to corn.

Corn feeds the chickens, pigs, cows, turkeys, and lambs that are the primary sources of meat in the US. It also now feeds the most common fish in the US diet (catfish, tilapia, and salmon), all of which have been genetically engineered to eat the vegetable.

Corn feeds the chickens that provide us with eggs. It also feeds the cows that provide us with dairy products (butter, yogurt, milk, cheese). Even if you avoid milk and drink soda or beer, you're still drinking corn in one form or another: virtually all sodas contain high fructose corn syrup, while the alcohol in beer is fermented from glucose that originated in corn.

Corn is in margarine, coffee sweetener, icing, gravy, hot sauce, mayonnaise, soups, cake mixes, snacks foods, salad dressings, frozen waffles, and on and on. If you eat produce in any form, it's likely got corn in or on it: corn was in the pesticide, the cardboard in which it was shipped, even the wax applied to its surface to give it a sheen.

Step away from the food section in a supermarket and you're still surrounded by corn. Corn is in toothpaste, disposable diapers, matches, trash bags, disposable batteries, make up, even magazines covers (again the sheen).

According to Michael Pollan, author of *The Omnivore's Dilemma*, corn is in roughly 25% of all items located in your average grocery store. So a corn shortage means BIG TROUBLE for the US when it comes to food.

The situation is equally gloomy for soybeans, the second largest produced crop in the US: today inventories are at their lowest levels in 32 years. And the current drought has resulted in 39% of this year's soybean crop being in poor to very poor condition.

What does this all mean? That we're likely heading into a food crisis in the US regarding corn and soybeans.

With that in mind, it's time to cover our **Rogers Agriculture ETN (RJA) SHORT**. We initially opened this position based on the threat of deflation to the financial markets. However, at this point deflationary threats for agricultural commodities sector have been rendered moot by the laws of supply and demand courtesy of the worst drought in over 50 years.

Action to Take: Cover your Rogers Agriculture ETN (RJA) SHORT.

Thus ends our winning streak. We've gone over a year without closing a single loser. But the situation in agricultural commodities cannot be ignored, Indeed, both corn and soybeans look poised for MASSIVE gains in the coming months.



With that in mind, we're opening several new plays to profit from this trend.

The first is the CORN ETF (CORN).

Action to Take: Buy the Corn ETF (CORN)

The second is the Soybean ETF (SOYB).

Action to Take: Buy the Soybean ETF (SOYB)

I'm watching this situation closely and will post updates as needed. But I would urge all of you to re-read the *Protect Your Family* report on the **Private Wealth Advisory** website, particularly the portion about stockpiling food. If the above charts are anything to go by, the US may very well face a food crisis at the very same time that Europe is facing a banking crisis.

This is nothing to sneer at or ignore. Please prepare yourself and your loved ones accordingly.

This concludes this week's issue of *Private Wealth Advisory*. I realize that the last two weeks have done some serious damage to our portfolio. Paper losses are very difficult to swallow, especially when the markets move as aggressively as they have in the last few weeks.

However, when we step back and maintain our cool, it is clear that nothing has really changed about the EU's financial condition. No new funds have been created. No new capital has been found. Indeed, it's now clear that there simply isn't enough money *anywhere* in the EU (or the world for that matter) to solve Europe's problems.

Thus, we can safely conclude that this move was based on Mario Draghi's bluff that he has everything under control. If you'll recall from 2008, we have many sharp rallies then too, usually based on some threat of intervention and fueled by short-covering (just like this latest rally).

So I expect the market to top this week or next. What follows will be a very VERY sharp collapse in stocks and commodities (with the exception of agricultural commodities which are beginning a new bull market).

I continue to watch the markets closely and will issue updates as needed. Otherwise you'll next hear from me on Wednesday August 22 after the market closes.

Until then...

Best Regards

Graham Summers

Watch List (Positions we are close to opening)

Investment	Symbol
JP Morgan (SHORT)	JPM
Bank of America (SHORT)	BAC
Conoco Phillips (SHORT)	COP
Exxon Mobil (SHORT)	XOM
Total SA (SHORT)	TOT
British Petroleum (SHORT)	BP
Apple	AAPL

OPEN POSITIONS

Inflation Portfolio (OPEN BUYS NOW)

Company	Symbol	Buy Date	Buy Price	Current Price	Gain/Loss
Gold bullion	N/A	3/17/10	\$1,120	\$1,615.00	44%
Silver bullion	N/A	3/17/10	\$17.50	\$27.99	60%
Centamin Mining	CEE.TO	5/25/11	\$2.01	\$1.01	-50%

Deflation Portfolio (OPEN BUYS NOW)

Company	Symbol	Buy Date	Buy Price	Current Price	Gain/Loss
Dollar ETF	UUP	5/23/11	\$21.79	\$22.64	4%
Rydex Strengthening Dollar 2x Strategy	RYSDX	12/14/11	\$14.39	\$14.28	-1%
HSBC* (short)	HBC	12/14/11	\$37.07	\$44.06	-10%
UltraShort Gold ETF**	GLL	12/14/11	\$19.61	\$17.28	-12%
UltraShort Brazil+	BZQ	5/23/12	\$85.47	\$69.68	-18%
UltraShort Emerging Markets++	EEV	5/23/12	\$31.33	\$26.72	-15%
UltraShort Euro ETF	EUO	6/25/12	\$21.45	\$21.84	2%
EU Financials ETF (SHORT)	EUFN	6/25/12	\$14.59	\$15.77	-7%
UltraShort China ETF++++	FXP	6/25/12	\$28.97	\$24.76	-15%
Russia ETF (SHORT)	TRF	6/25/12	\$13.21	\$14.56	-9%
Goldman Sachs (SHORT)	GS	6/25/12	\$91.22	\$102.50	-11%
Citigroup (SHORT)	C	7/11/12	\$25.87	\$28.86	-10%
Spain ETF (SHORT)	EWP	7/25/12	\$20.15	\$24.52	-18%
Italy ETF (SHORT)	EWI	7/25/12	\$9.49	\$11.31	-16%
France ETF (SHORT)	EWQ	7/25/12	\$18.18	\$20.49	-11%
UltraShort Russell 2000 ETF	TWM	7/25/12	\$32.51	\$29.93	-8%
UltraShort S&P 500	SDS	7/25/12	\$16.09	\$14.57	-9%
UltraShort Consumer Goods	SZK	7/25/12	\$18.24	\$16.88	-7%
Corn ETF	CORN	8/8/12	\$51.61	NEW	BUY!
Soybean ETF	SOYB	8/8/12	\$26.05	NEW	BUY!

- Opened 12/14/11 at 11:13AM, averaged in second prices on 1/27/12
- ** Opened 12/14/11 at \$19.76 averaged in second price of \$19.46 on 5/23/12 at 11:50AM
- + Averaged in second price of \$78.31 on July 5 2012 at 10:57AM
- ++ Averaged in second price of \$28.24 on July 5 2012 at 10:57AM
- ++++ Averaged in second price of \$26.77 on July 5 2012 at 10:57AM

RECENTLY CLOSED TRADES

Investment	Symbol	Buy Date	Buy Price	Avg. Price	Sell Date	Sell Price	Gain/Loss
Rogers Agricultural ETN	RJA	6/12/12	\$8.19	\$8.79	8/8/12	\$9.80	-10%
		7/5/12	\$9.39				

Previous Closed Positions

Investment	Symbol	Buy Date	Buy Price	Avg. buy price	Sell Date	Sell Price	Gain
UltraShort Euro ETF	EUO	7/28/11	\$17.32		9/12/11	\$18.87	9%
UltraShort China ETF	FXP	8/9/11	\$36.58	\$34.63	9/21/11	\$37.60	9%
(Added to)		9/2/11	\$32.68				
UltraShort Emerging Markets ETF	EEV	8/9/11	\$40.30	\$37.27	9/21/11	\$39.60	6%
(Added to)		9/2/11	\$34.23				
UltraShort Brazil ETF	BZQ	8/9/11	\$23.40	\$20.72	9/21/11	\$21.90	6%
(Added to)		9/2/11	\$18.03				
IamGold	IAG	5/25/11	\$20.95		9/21/11	\$23.10	10%
UltraShort Russell 2000 ETF	TWM	8/9/11	\$62.75	\$57.36	9/22/11	\$58.79	2%
(Added to)		9/2/11	\$51.97				
UltraShort Real Estate ETF	SRS	8/9/11	\$19.50	\$17.31	9/22/11	\$17.33	0%
(Added to)		9/2/11	\$15.11				
UltraShort Financials ETF	SKF	8/9/11	\$88.73	\$82.59	9/22/11	\$87.63	6%
(Added to)		9/2/11	\$76.44				
UltraShort	FXP	9/28/11	\$41.04		9/30/11	\$45.02	10%

China ETF							
UltraShort Emerging Markets ETF	EEV	9/28/11	\$42.90		9/30/11	\$46.00	7%
UltraShort Brazil ETF	BZQ	9/28/11	\$24.07		9/30/11	\$26.28	9%
Bank of American (Short)	BAC	9/28/11	\$6.46		10/3/11	\$6.06	6%
Citigroup (Short)	C	9/28/11	\$26.84		10/3/11	\$24.90	7%
Goldman Sachs (Short)	GS	9/28/11	\$98.97		10/3/11	\$93.60	5%
JP Morgan (Short)	JPM	9/28/11	\$31.64		10/3/11	\$30.19	5%
Bank of America (Short)*	BAC	11/1/11	\$6.48		11/14/11	\$6.09	6%
Citigroup (short)*	C	11/1/11	\$29.19		11/16/11	\$27.46	6%
Goldman Sachs (Short)*	GS	11/1/11	\$106.64		11/14/11	\$98.73	8%
JP Morgan (Short)	JPM	11/1/11	\$32.65		11/17/11	\$30.84	6%
Deutsche Bank (Short)*	DB	11/1/11	\$37.45		11/21/11	\$34.90	7%
Santander (Short)*	STD	11/1/11	\$7.91		11/17/11	\$7.32	8%
HSBC (Short)*	HBC	11/1/11	\$42.03		11/16/11	\$38.95	8%
UltraShort Emerging Markets ETF*	EEV	11/1/11	\$34.78		11/21/11	\$38.12	10%
UltraShort Real Estate ETF*	SRS	11/1/11	\$40.09		11/21/11	\$44.03	10%
UltraShort Financials ETF*	SKF	11/1/11	\$65.13		11/21/11	\$71.41	10%
UltraShort Emerging Markets ETF*	EEV	11/1/11	\$34.78		11/23/11	\$39.50	14%
UltraShort Brazil ETF*	BZQ	11/1/11	\$19.04		11/23/11	\$21.37	12%
UltraShort Real Estate ETF*	SRS	11/1/11	\$40.09		11/23/11	\$46.04	15%
UltraShort Financials ETF*	SKF	11/1/11	\$65.13		11/23/11	\$75.23	16%
UltraShort Brazil ETF*	BZQ	11/1/11	\$19.04		11/25/11	\$22.40	18%
UltraShort Real Estate ETF*	SRS	11/1/11	\$40.09		11/29/11	\$44.45	11%

UltraShort Financials ETF*	SKF	11/1/11	\$65.13		11/29/11	\$71.47	10%
UltraShort Emerging Markets ETF*	EEV	1/1/11	\$34.78		12/14/11	\$37.16	7%
Ultrashort Silver ETF	ZSL	12/14/11	\$15.57		12/28/11	\$17.60	13%
UltraShort Euro ETF	EUO	9/12/11	\$19.13		1/5/12	\$20.80	9%
Ultrashort Silver ETF	ZSL	3/6/12	\$10.27		3/15/12	\$10.75	5%
MSCI Euro Financial Fund (Short)	EUFN	3/21/12	\$18.37		3/29/12	\$17.48	5%
BNP Paribas (Short)	BNPQY.PK	3/21/12	\$24.99		3/29/12	\$23.70	5%
Societe General (Short)	SCGLY.PK	3/21/12	\$6.34		3/29/12	\$5.83	9%
Credit Agricole (Short)	CRARY.PK	3/21/12	\$3.27		3/29/12	\$3.08	6%
Societe General (Short)	SCGLY.PK	3/21/12	\$6.34		4/2/12	\$5.64	12%
Credit Agricole (Short)	CRARY.PK	3/21/12	\$3.27		4/2/12	\$2.97	10%
MSCI Euro Financial Fund (Short)	EUFN	3/21/12	\$18.37		4/3/12	\$17.34	6%
BNP Paribas (Short)	BNPQY.PK	3/21/12	\$24.99		4/3/12	\$22.78	10%
Santander (Short)	STD	12/14/11	\$7.11	\$7.63	4/4/12	\$7.21	6%
(Added to)		1/27/12	\$8.15				
BNP Paribas (Short)	BNPQY.PK	4/13/12	\$19.96		4/23/12	\$18.73	6%
Societe General (Short)	SCGLY.PK	4/13/12	\$4.67		4/23/12	\$4.38	6%
Credit Agricole (Short)	CRARY.PK	4/13/12	\$2.55		4/23/12	\$2.33	9%
UltraShort Brazil ETF	BZQ	5/2/12	\$16.26		5/10/12	\$17.85	10%
Deutsche Bank (Short)	DB	12/14/11	\$35.33	\$39.89	5/15/12	\$37.24	7%
(Added to)		1/27/12	\$44.44				
Santander (Short)	STD	4/13/12	\$6.44		5/15/12	\$5.85	9%
MSCI Euro Financial Fund (Short)	EUFN	4/13/12	\$16.19			\$14.88	8%
UltraShort	FXP	11/1/12	\$32.64	\$27.93	5/17/12	\$30.89	11%

China ETF*							
(Added to)		1/27/12	\$23.22				
UltraShort Materials ETF*	SMN	11/1/12	\$20.23	\$17.48	5/17/12	\$19.00	9%
(Added to)		1/27/12	\$14.73				
Barclays (Short)	BCS	12/14/11	\$10.65	\$12.37	5/18/12	\$11.28	10%
(Added to)		1/27/12	\$14.09				
UltraShort Russell 2000 ETF	TWM	5/16/12	\$33.53		5/21/12	\$34.88	4%
Spain iShares (Short)	EWP	5/2/12	\$25.16		5/21/12	\$23.56	6%
UltraShort Euro ETF	EUO	1/27/12	\$19.78		5/23/12	\$21.32	8%
Banco Sabadell (Short)**	SAB.MC	5/16/12	\$1.55		5/29/12	\$1.34	14%
Banco Popular (Short)**	POP.MC	5/16/12	\$2.00		5/29/12	\$1.63	19%
BNP Paribas (Short)***	BNPQY. PK	5/16/12	\$16.59		5/30/12	\$15.51	7%
Credit Agricole (Short)***	CRARY. PK	5/16/12	\$1.90		5/30/12	\$1.76	7%
National Bank of Greece (Short)	NBG	5/16/12	\$1.55		5/30/12	\$1.45	6%
Credit Suisse (Short)	CS	5/30/12	\$19.34		6/14/12	\$18.02	7%
PowerShares Double Short Oil	DTO	6/12/12	\$53.78		6/21/12	\$58.93	10%
Junior Gold Miners ETF	GDXJ	6/12/12	\$21.10		6/21/12	\$19.52	8%
Deutsche Bank (SHORT)	DB	6/25/12	\$34.23		7/13/12	\$31.38	9%
Santander (SHORT)	SAN	5/30/12	\$5.25	\$5.77	7/20/12	\$5.20	11%
Average In		7/9/12	\$6.29				
Spain ETF (SHORT)	EWP	6/12/12	\$23.28		7/20/12	\$21.39	9%
Italy ETF (SHORT)	EWI	7/11/12	\$10.61		7/23/12	\$9.52	11%
Credit Suisse (SHORT)	CS	6/25/12	\$18.09		7/23/12	\$16.46	10%
UBS (SHORT)	UBS	7/11/12	\$10.79		7/23/12	\$9.90	9%
Barclays (SHORT)	BCS	7/11/12	\$10.25		7/24/12	\$9.42	9%

Societe General (Short)	SCGLY. PK	5/16/12	\$4.00		7/24/12	\$3.64	9%