PRIVATE WEALTH ADVISORY

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Unlimited Folly

The sheer amount of major developments in the world is growing so rapidly it's difficult to even keep up. In the last month alone we've seen:

1) The Fed and ECB announced open-ended monetary policies
2) Anti-Americanism on the rise in the Middle East along with outright attacks on US embassies
3) China and Japan approaching armed and possibly economic warfare (China has threatened to dump Japan's bonds)
4) Growing tension between the US and China

On top of this we've got a US Presidential election in just 50 days.

It's an almost impossible amount of items to keep track of, so for clarity's sake I'm going to use this issue to focus on two key items:

1) The recent coordinated Central Bank intervention in the form of the ECB's "unlimited" bond purchases and the Fed's "open-ended" QE 3 program.

2) The inflation unleashed by these programs.

Regarding #1, the key take-away point is that the ECB and US Federal Reserve attempted "shock and awe" tactics with their latest announcements by throwing out words such as "unlimited" and "open-ended."

The implication here was that the Central Banks would do *everything* they could to prop up the financial markets. However, as has been the case with every Central Bank intervention, there are unintended consequences.

The first unintended consequence concerns the fact that both programs are essentially a form of "intervention to infinite." The problem with this is that the

Short-Term Trends
-The inflation trade is in full effect.
-Precious metals and commodities to rally, stocks to likely top out.

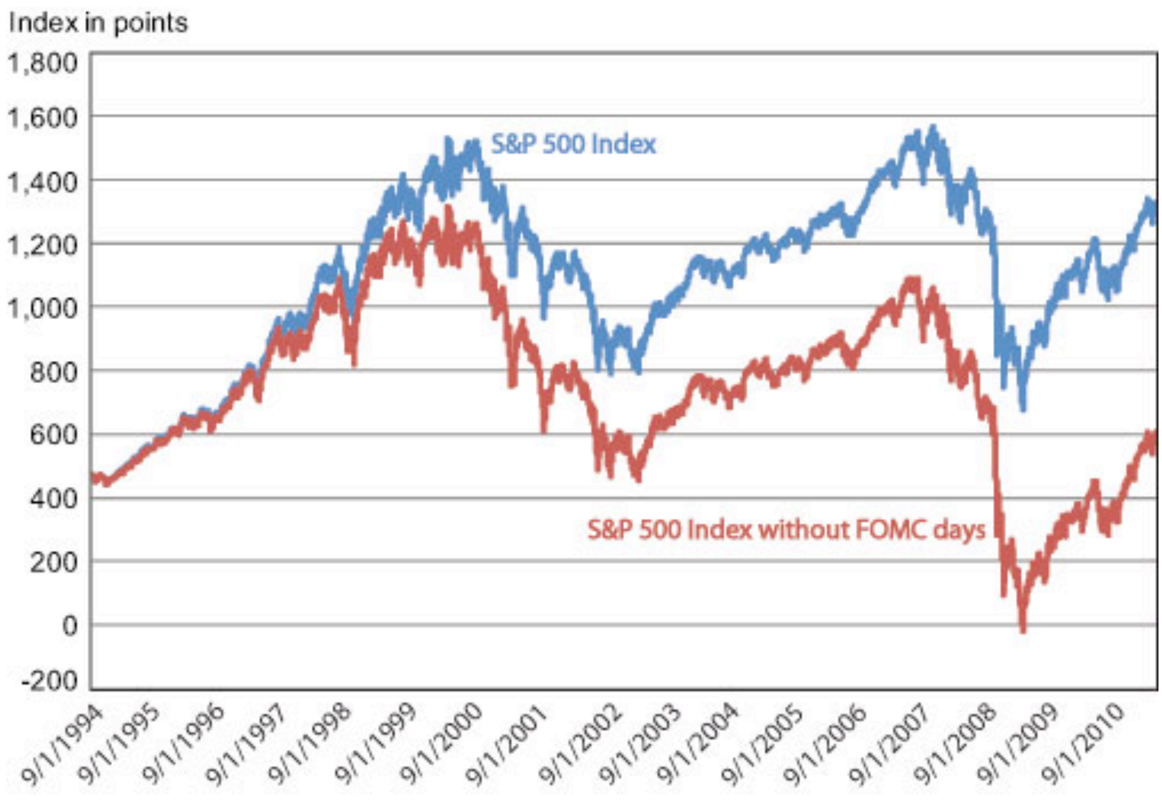
Intermediate Trends
-Global economic contraction to accelerate.
-A possible Crisis/Crash event based on any number of issues that are currently in the works.

Long-Term Trends
-Global debt implosion/ higher interest rates.
-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

primary driver of stock prices over the last three years has been *the anticipation* of more monetary stimulus from Central Banks.

Indeed, the New York Fed itself has openly admitted that were it to remove the market moves that occurred around Fed FOMC meetings (the times when the Fed announced new programs or hinted at doing so), the S&P 500 would be at 600 today:

The S&P 500 Index with and without the Twenty-four Hour Pre-FOMC Returns



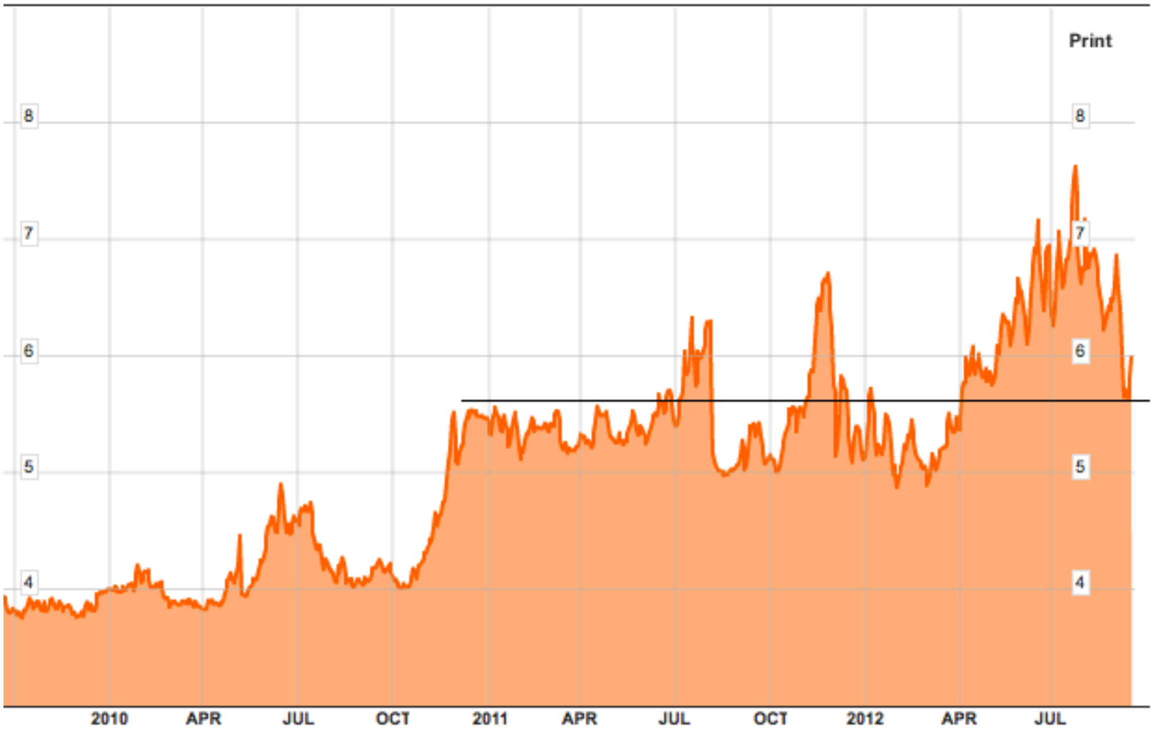
Source: Thomson Reuters Tick History.

Note: The sample period is 1994 to 2011.

So, by announcing programs that will be *on going* in nature, both the ECB and the Fed have *removed* the anticipation of future Central Bank intervention from investors' psychologies. This could become highly problematic, especially if these latest announcements turn out to be duds.

Speaking of which…

Spain's ten-year bond yield has broken back above 6%. Indeed, if you analyze the Spanish ten-year yield chart from a technical analysis perspective, you'd say that it's bounce off former resistance (indicating that it's now support) and is ready for the next leg up (north of 7% again).



To see Spain's sovereign bond yields rising like this *after* the ECB announced it would essentially provide "unlimited" buying as support is simply stunning. Why would Spain be imploding like this when the ECB announced it would do everything possible to keep Spanish bond yields low?

Conditions.

As I've noted (and 99% of market analysts ignored), the new ECB program will involve the ECB buying unlimited amounts of bonds *only* if the countries that are seeking help meet certain financial "conditions."

Spain doesn't want conditions for two reasons:

1) It would implode the already fragile Spanish economy even further
2) It would open Spain's cooked books for the whole world to see

Regarding #1, Spain has seen how "conditions" affected Greece's economy. With Spanish total unemployment already at 25% and youth unemployment above 50%, the last thing Spanish politicians want is to impose limits on social spending/ welfare programs.

Regarding #2, every single banker and politician in Spain is *highly* incentivized to not let anyone take a peek into the true nature of the Spanish banking/ financial system. The reason?

Spain's been cooking its books for years. And the reality is that the country in far worse shape than anyone has admitted. Case in point, the country just *discovered* another €28 billion in debt on its books. One wonders what else is hidden in the darkness of Spain's officials "numbers."

We get a few hints from various sources. One of them is Spain's Prime Minister Rajoy text to his finance minister that the cost of a Spanish bailout would be closer to €500 billion (this occurred right before the initial €100 billion Spanish bailout).

Another item concerns Spain's banks' capital needs. As I've noted recently, Spaniards pulled €75 billion out of the Spanish banks in July. If that's not crazy enough for you, **consider that Spaniards have taken out roughly 17% of total bank deposits in Spain <u>since the year began</u> (just nine months).**

There is a full-scale bank-run underway in Spain, and the Spanish banks are in BIG trouble as a result.

Over the last year, the primary buyers of Spanish sovereign debt have been Spanish banks. However, now that the banks are facing bank runs, they've become net *sellers* of Spanish bonds, dumping €16 billion this year (€5.4 billion of this was in July alone).

So who will be buying Spanish bonds?

Apparently no one but the ECB. And the ECB will only do this if Spain agrees to austerity measures… which Spain doesn't want. Talk about a mess.

A few other items of note: Spain has regional elections on October 12. Prime Minister Rajoy will likely try to drag out presenting his new budget (or seeking additional funds from the ECB) until after this. But with €30 billion in Spanish sovereign debt due in October, that month has the potential for some real fireworks for Spain and, by extension, the EU.

Long-term, there are essentially three primary outcomes for Spain:

1) Spain goes the "Greek route" of agreeing to austerity measures in exchange for bailouts (which will implode the economy).
2) Prime Minister Rajoy refuses to impose austerity measures and is removed/ replaced by an EU technocrat who is pro-austerity measures (like Italy experienced last year)
3) Spain defaults/ leaves the EU.

I cannot say which one of these options will prove to be the case. All I *can* say is that Spain is facing a massive funding shortfall combined with a severe bank run. This will not end well.

The two items to watch for signs that Spain (and by extension the EU) is back in major trouble are:

1) Spanish ten year bond yields to hit 7%
2) The Spanish Ibex to fall back below its long-term trendline.

Whenever either one of these items happen, Spain will be back in Crisis mode. At that point Europe will be in big trouble again. However, for now the markets seem content to ignore the afore-mentioned issues.

We also need to keep out eyes on the Euro. By the look of things, this rally is peaking. We'll be back in Crisis mode when we break down below 130 again.

On the other side of the pond, the US Federal Reserve has *failed* miserably to generate an economic recovery, despite spending trillions of Dollars in bailouts and expanding its balance sheet to $2.8 trillion in size (it was just $800 billion before the Crisis):

1) Median income today is lower than it was during at the end of 2009 (when the recession supposedly ended)

2) The percentage of Americans on food stamps has increased from 11% to nearly 15%

3) The average unemployment duration has increased from 30 weeks to nearly 40 weeks

4) The civilian employment to population ratio hasn't budged

I don't see any of the above pointing towards a "recovery." To top it off, the ECRI (which is a much better predictor of recessions than the National Bureau of Economic Research or NBER) **believes that the US re-entered a recession in June**.

And this is happening at a time when inflation is soaring due to the Fed's money printing/ loose monetary policies. Agricultural commodities have risen some 20% since the last recession supposedly "ended." Over the same time, Oil has risen by nearly $30 per barrel.

There's a word for an economic contraction marked by high inflation: it's called stagflation, and the US is in it big time.

On that note, the US Dollar has been collapsing over the last few months. It is now clinging to support by its fingernails.

If we take out this line, then there isn't much support until we get to the long-term trendline that has supported the US Dollar's bull market since 2008:

A falling Dollar will unleash yet *another* string of unintended consequences of QE 3: **a falling Dollar will crush European and Asian exporters.**

Over 50% of Germany's economy is based on exports. So if the US Dollar continues to fall, Germany's economy will implode. This in turn will put Europe in an even bigger bind as its primary backstop, Germany, will be facing a serious recession at the very time that Spain and Italy start asking for bailouts (sometime in the next 3-4 months).

In China, a falling Dollar will have a similar impact on its already fragile economy (see last issue for more information on China's hard landing). Indeed, Fed Ex's recent conference call gave some key insights into the real state of affairs in China.

> **Frederick W. Smith - Founder, Executive Chairman, Chief Executive Officer and President [of Fed Ex]**
>
> I can tell you this on China. **The locomotive that has driven China's growth is its export industries**. And with the situation in Europe and, to a lesser degree, in North America, that is a significant issue for the Chinese economy. Now the **consumer consumption in China is not increasing at a significant rate, contrary to everybody's hopes**. While exports from, say, the United States into China have grown, they are dwarfed by the exports from China into the United States. And as the big economies in Europe and the U.S. have grown or contracted -- grown at a far lesser rate or, in the case of certain European countries, have contracted, that's reflected in the numbers in China. And you can't escape that. **I've been somewhat amused watching some of the China observers, I think, completely underestimate the effects of the slower exports on the overall China economy.**
>
> http://seekingalpha.com/article/873681-fedex-management-discusses-q1-2013-results-earnings-call-transcript?part=single

With roughly 30% of its population living off $2 a day or less, China is facing mass civil unrest from rising food prices. This greatly limits the Chinese government's ability to deal with its economic contraction by printing money. So China is in *real* trouble.

Indeed, the Chinese stock market is predicting an epic collapse:

Once we take out that lower trendline, the China bull market is over. Timing this will be crucial but it's quite possible this happens before the end of the year.

A final and arguably the most serious consequence of the Fed's announcement of QE 3 is that it has brought Treasuries to the verge of collapsing:

The significance of this chart *cannot* be overstated. The Fed bought 77% of ALL Treasury issuance in 2011. **If Treasuries start to collapse in spite of this massive support from the Fed then it's GAME OVER for Fed intervention (and for the US's debt bubble as well).**

Again, the Fed is buying nearly ALL of the US's debt issuance. If Treasuries collapse in this environment, we are heading into MAJOR inflation and very possibly hyperinflation. Indeed, all historical hyperinflationary episodes have come from Central banks monetizing their country's deficits. This policy is sustainable until the Government/ country loses credibility in the bond market (its sovereign bonds collapse) at which point a currency crisis/hyperinflation begins.

Let me be clear: if US Treasuries collapse, then the US has lost credibility in the global markets and we're going to face a currency Crisis. I am not saying that this *will* happen right now. Europe could always implode first, buying the US some time**. But at some point the US debt situation will lead to a Crisis. And the Fed is pushing us ever closer to this with QE 3.**

However, regardless of whether we ever face hyperinflation, one thing is certain: inflation ***is already*** a reality in the world and it will be getting worse going forward.

With that in mind I highly suggest getting more exposure to Gold and Silver. When Gold breaks above resistance (the red line) on a weekly basis, we're going to new highs.

The same goes for Silver:

In terms of what to buy, I *strongly* urge you to own actual physical bullion.

In terms of actual gold coins, there are three coins that comprise the bulk of the bullion market. They are Kruggerands, Canadian Maple Leafs, and American Gold Eagles. I've been told to avoid Maple Leafs by both a trader and a bullion dealer as they can easily be scratched which damages the gold and reduces the coin's value.

In terms of silver, the easiest way to get it is via pre-1965 coins (often termed "junk" silver). You can also get silver one-ounce rounds (coin-like medallions) and 10-ounce bars. Or you can buy Silver Eagles coins.

I cannot tell you which dealer to go with, but look for someone who's been dealing for years (not a newbie). You should ALWAYS ask for references from the dealer (former clients you can talk to about their purchases/ experiences).

Some warning signs to avoid are dealers who try to store your bullion. NEVER, I repeat, NEVER store your bullion with someone else. ALWAYS store it yourself. Also, be sure to talk to the dealer for some time and ask him or her numerous questions about the industry, the coins, etc. (feel free to test him or her on the information I've provided you with e.g. the three most liquid Gold coins, etc.). If they can answer everything you ask in a knowledgeable fashion, their references check out, and you verify everything they say with a 3rd party, you should be OK.

Personally I have placed orders with Camino Coins in California. They've been dealing bullion for over 50 years and I've been very happy with their services. I receive NO compensation in any form for mentioning them here. They're just dealers from whom I have personally bought bullion and trust.

Camino Coins
1301 Broadway
Burlingame, CA 94010
Phone: 800-348-8001 or 650-348-3000
Fax: 650-401-5530

As I mentioned early this week, I'm building a Special Inflation portfolio for us. The first two investments were detailed in Monday's update. They are the Rogers Agricultural ETN (RJA) **which we HAVE bought** and Vista Gold (VGZ) **which we have NOT bought.**

Indeed, VGZ is extremely overbought and needs to cool down before I'd recommend it:

I'll send out an alert when it's time to buy. I'm looking for VGZ to correct to $3.75 or so first.

Another inflation investment I'm looking at First Majestic Silver (AG).

At a market cap of $2.6 billion AG is one of the largest pure Silver plays in the world. The company has four producing Silver mines in Mexico with an annual production rate of over seven million ounces of year.

This is a growth play *and an* asset play. Regarding growth, production has doubled since 2006 and is expected to double again by the end of 2014. Despite this growth, the company has managed to keep its production costs below $9 per ounce.

If it can maintain these margins (pretty likely) while growing production (the company is completely unhedged), the company's 2013 profits could be well north of $200 million in 2013 (making it trade at a forward P/E of less than 13… an astonishing valuation for a Silver producer)

As an asset play, AG has proven and probable reserves are north of 5.4 million ounces with another **127 million ounces** in measured and indicated reserves. So this is also an asset play as AG's P&P reserves alone are worth many multiples of the company's current market cap.

Best of all, AG's business is located in Mexico, so political risk is relatively low.

However, currently, AG is sharply overbought. I'd look for a correction back down to $22 per share before I recommend this company. **DO NOT buy this company now. I'll send out an alert when it's time.**

A third inflation investment is actually already in our portfolio: Centamin Mining (CEE.TO).

Centamin is based in Egypt. So there is political risk here. However, what's extraordinary is despite all of the upheaval in Egypt over the last two years, **Centamin has not only maintained support but has in fact broken its downward trendline and is on the verge of breaking above resistance:**

As soon as we clear $1.50 here, I'd recommend buying CEE.TO again.

CEE.TO is primarily an asset play: the company has 10.1 million ounces of Gold in proven and probable reserves, which, as an unhedged company is worth over $17 billion with Gold over $1,700 per ounce.

CEE.TO's entre market cap is just over $1.5 billion.

And CEE.TO is already producing. The company plans on producing 250,000 ounces of Gold in 2012. It will eventually grow production to 450,000-500,000 ounces per year by 2015. Its 2012 production costs were just $550 per ounce and as I mentioned before, the company is completely unhedged.

Don't rush out and buy CEE.TO. I'll issue an alert when it's time.

On a final note, I wanted to make something very clear regarding the investments recommended in this newsletter.

Private Wealth Advisory is an investment research newsletter. I do not manage money nor do I broker deals. All I do is provide you with the best investment research I can.

Consequently it is up to each one of you to decide how much of your capital to invest in these investments**. I cannot control this in any way**. However, I would strongly urge you NOT to put large portions of your portfolio into any single investment whether it be something I recommend on these pages… or anything else for that matter.

Putting a large percentage of your portfolio (anything over 5%, is to me, a large amount… but your personal decision is ultimately yours) puts you at risk of a damaging loss. I do my absolute best to present you the best ideas I can, but there is no guarantee that I won't be wrong sometimes (much as I was wrong about QE 3).

Everyone one gets it wrong sometime, including the greatest investors in history (guys like Soros, Tudor Jones, and even Buffett have all lost hundreds of millions at various times). Case in point, ***Private Wealth Advisory*** managed to go a full year (July 2011-July 2012) without closing a single loser… we then suffered 13 losers in a row.

By not putting too much of your capital into any single position, you minimize the risk of losing a lot of money if your thesis turns out to be wrong. So again I urge you NOT to put a large percentage of your portfolio into any specific investment.

I also want to reiterate that how much you choose to invest and *when* you choose to invest in anything I recommend is entirely up to you. I will always work to provide you with the best ideas possible in the timeliest manner.

However, in the end you are responsible for your investment decision. I'm giving you ideas, but I am not responsible for your portfolio. If I were, it would cost a heck of a lot more than $300 or so a year.

I just wanted to make all of this clear because I feel (based on some emails that we've received) that sometimes people lose perspective on these things.

In closing, thank you so much for your business and for reading ***Private Wealth Advisory***.

Sincerely,

Graham Summers

Watch List (Positions we are close to opening)

Investment	Symbol
Vista Gold	VGZ
First Majestic Silver	AG
Centamin Mining (second buy)	CEE.TO

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	$1,774.00	58%
Silver bullion	N/A	3/17/10	$17.50	$34.78	99%
Centamin Mining	CEE.TO	5/25/11	$2.01	$1.50	-25%
Rogers Agriculture ETN	RJA	8/17/12	$9.80	$9.82	0%
Corn ETF	CORN	8/8/12	$51.61	$50.82	-2%

Deflation Portfolio (OPEN BUYS NOW)

Company	Symbol	Buy Date	Buy Price	Current Price	Gain/ Loss
Dollar ETF	UUP	5/23/11	$21.79	$21.67	-1%
Rydex Dollar 2x Strategy	RYSDX	12/14/11	$14.39	$13.14	-9%
UltraShort Euro ETF	EUO	6/25/12	$21.45	$19.51	-9%
UltraShort China ETF++++	FXP	6/25/12	$28.97	$24.51	-15%
Russia ETF (SHORT)	TRF	6/25/12	$13.21	$15.89	-14%
UltraShort Consumer Goods	SZK	7/25/12	$18.24	$15.86	-13%

++++ Averaged in second price of $26.77 on July 5 2012 at 10:57AM

RECENTLY CLOSED POSITIONS (Sold 9/30/2012 at 2:59PM)

Company	Symbol	Buy Date	Buy Price	Sell Price	Gain/ Loss
HSBC* (short)	HBC	12/14/11	$37.07	$46.34	-14%
UltraShort Brazil+	BZQ	5/23/12	$85.47	$65.74	-23%
UltraShort Emerging Markets++	EEV	5/23/12	$31.33	$24.72	-21%
EU Financials ETF (SHORT)	EUFN	6/25/12	$14.59	$18.16	-24%
Goldman Sachs (SHORT)	GS	6/25/12	$91.22	$119.99	-32%
Citigroup (SHORT)	C	7/11/12	$25.87	$34.08	-32%
Spain ETF (SHORT)	EWP	7/25/12	$20.15	$29.42	-32%
Italy ETF (SHORT)	EWI	7/25/12	$9.49	$13.19	-27%
France ETF (SHORT)	EWQ	7/25/12	$18.18	$22.14	-14%
UltraShort Russell 2000 ETF	TWM	7/25/12	$32.51	$25.75	-21%
UltraShort S&P 500	SDS	7/25/12	$16.09	$13.41	-17%
Credit Suisse (SHORT)	CS	8/22/12	$19.07	$22.46	-18%

- **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

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 China ETF	FXP	9/28/11	$41.04		9/30/11	$45.02	10%
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	EEV	11/1/11	$34.78		11/23/11	$39.50	14%

Markets ETF*							
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 China ETF*	FXP	11/1/12	$32.64	$27.93	5/17/12	$30.89	11%
(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	SAN	5/30/12	$5.25	$5.77	7/20/12	$5.20	11%

(SHORT)							
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%
Rogers Agricultural ETN	RJA	6/12/12	$8.19	$8.79	8/8/12	$9.80	-10%
			$9.39				
Soybeans ETC	SOYB	8/8/12	$26.03		8/23/12	$27.80	7%
UltraShort Gold	GLL	12/14/11	$19.76	$19.61	9/5/12	$15.58	-21%