PRIVATE WEALTH ADVISORY

A PHOENIX CAPITAL RESEARCH PUBLICATION JANUARY 9, 2012

The Great Global Rig of 2012 is Ending

Happy New Year!

One of the more difficult items about forecasting in 2012 was the fact that virtually the entire world conspired to create a false sense that all was well for the latter half of the year.

Western political leaders did this for two reasons:

1) To aid the Obama re-election bid.
2) To kick the can regarding various crises down the road.

Regarding #1, the sheer magnitude of the effort to help Obama win re-election is staggering. Europe both postponed key reports and sought to keep things quiet at the behest of the Obama administration.

> The report by the "troika" of Greece's foreign lenders, the European Central Bank, European Commission and the International Monetary Fund, **was expected during October but will now come after November 6. Its findings will decide whether to release further tranches of rescue funds to Athens.**
>
> "**The Obama administration doesn't want anything on a macroeconomic scale that is going to rock the global economy before November 6**," a European Union official said. "**As far as European leaders are concerned, they don't want [Republican candidate Mitt] Romney, so they're probably willing to do anything to help Obama's chances.**
>
> http://www.telegraph.co.uk/finance/financialcrisis/9558771/Greek-troika-report-delayed-by-US-elections.html

In the US, the efforts to rig the economy for political purposes involved putting off lay-offs…

> **The Obama administration issued new guidance intended for defense contractors Friday afternoon, reiterating the administration's position that the companies should not be issuing layoff notices over sequestration.**
>
> **The Labor Department issued guidance in July saying it would be "inappropriate" for contractors to issue notices of potential layoffs tied to**

sequestration cuts. But a few contractors, most notably Lockheed Martin, said they still were considering whether to issue the notices — which would be sent out just days before the November election.

But the Friday guidance from the Office of Management and Budget raised the stakes in the dispute, telling contractors that they would be compensated for legal costs if layoffs occur due to contract cancellations under sequestration — but only if the contractors follow the Labor guidance.

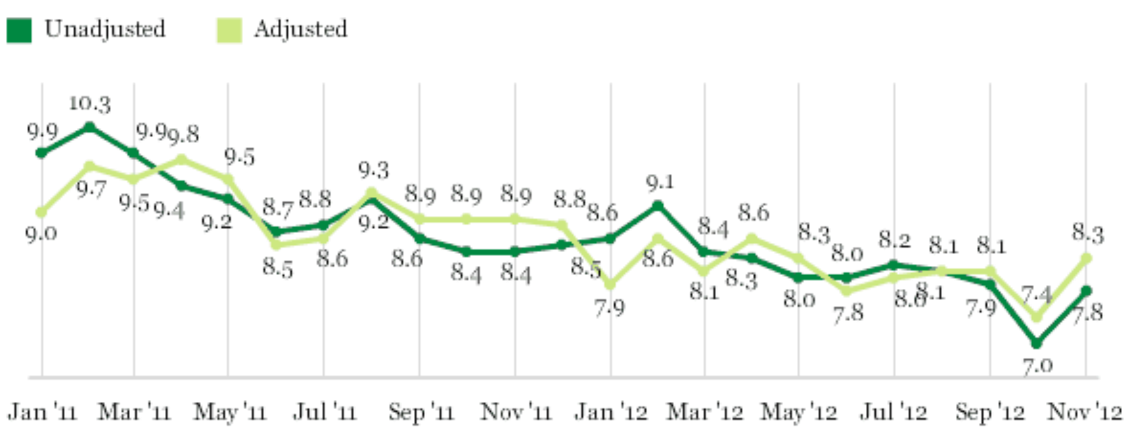
http://thehill.com/blogs/defcon-hill/industry/259305-omb-tells-contractors-once-again-dont-issue-layoff-notices#ixzz2HWmxmwAV

… as well as rigging economic data even more than usual:

> U.S. unemployment, as measured by Gallup without seasonal adjustment, was 7.8% for the month of November, up significantly from 7.0% for October. Gallup's seasonally adjusted unemployment rate is 8.3%, nearly a one-point increase over October's rate.

Gallup Adjusted and Unadjusted Unemployment Rate Trend, January 2011-November 2012

Seasonally adjusted and unadjusted



Gallup Daily tracking; Gallup seasonally adjusts its unemployment data using the BLS seasonal adjustment for the same month in the prior year.

GALLUP

> http://www.gallup.com/poll/159104/unadjusted-unemployment-shoots-back.aspx

This rigging is not unusual to the Obama administration. Historically incumbents do everything they can to make the economy look better to aid their re-election bids. However, what is striking is the sheer magnitude of the rigging that went into helping the Obama re-election bid. EU leaders, the ECB (the OMT), the US Federal Reserve (QE 3), the Bureau of Labor Statistics, and others were all in on the strategy.

Several months ago when it was revealed that Europe was trying to keep things quiet for the Obama re-election, we asked, "just what was promised in return?"

We are now beginning to get a sense of this.

> **Britain risks damaging its relationship with America and being sidelined in the international community if it leaves the European Union, the Obama administration publicly warned today**.
>
> "We value a strong UK voice in a strong European Union," the US State Department's Philip H Gordon, the Assistant Secretary for European and Eurasian Affairs, said starkly during a visit to London to meet ministers yesterday.
>
> "**We have a growing relationship with the EU as an institution, which has an increasing voice in the world, and we want to see a strong British voice in that EU. <u>That is in America's interests</u>. We welcome an outward-looking EU with Britain in it."**
>
> A British exit from the EU would not enhance the "special relationship" in any way, he said. America would continue to forge stronger links with member countries of the EU which it sees as having **"a growing voice in the world and a critical partner on global issues".**
>
> http://www.independent.co.uk/news/uk/home-news/obama-administration-warns-britain-to-stay-in-the-european-union-8444789.html

Bear in mind, that the largest recipients of US bailouts were in fact *foreign* banks based in Europe. Also bear in mind that the biggest beneficiaries of QE 2 were European banks. With Europe having done its part to help Obama stay in office, we can expect more pro-Europe announcements and interventions coming from the White House in the coming months.

To be clear, we do not meant to imply that Europe conspired to keep things calm just for Obama's benefit. Indeed, with Europe's banking system on the verge of total collapse last summer, EU officials were looking for *any* excuse to sweep things under the rug.

However, these efforts, like all cover-ups, will not last. Indeed, by the look of things, Europe's banking system is breaking down again.

> **Bankia's shareholders have received a nasty new year's surprise. They may lose most of their investments or even all of them says the Spanish bank rescue fund in its latest report**.
>
> According to FROB, the Fund for Orderly Bank Restructuring, **Bankia has a <u>negative value of 4.2 billion euros</u>, and its parent group BFA is 10.4 bn in the red.**
>
> Valuation is key in the recapitalisation of Spain's banking system, weighed down by massive bad loans accumulated in a property bubble that burst in 2008. Bankia/BFA is set to receive 18 bn euros of European aid, and become the country's biggest bailout recipient.
>
> http://www.euronews.com/2012/12/27/bankia-worthless-says-new-report/
>
> **Greece's four largest banks need to boost their capital by 27.5 billion euros ($36.3 billion)** after taking losses from the country's debt swap earlier this year, the largest sovereign restructuring in history.
>
> National Bank of Greece SA, the country's biggest lender, needs to raise 9.8 billion euros, according to an e-mailed report by the Athens-based Bank of Greece (TELL) today. Eurobank Ergasias SA (EUROB) needs 5.8 billion euros, Alpha Bank (ALPHA) needs 4.6 billion euros and Piraeus Bank SA (TPEIR) needs 7.3 billion euros, according to the report. **Total recapitalization needs for the country's banking sector amount to 40.5 billion euros, the report said**.
>
> http://www.bloomberg.com/news/2012-12-27/greek-bank-capital-needs-at-eu27-5-billion-bank-of-greece-says.html

The above articles tell us point blank that Europe's banking crisis is neither fixed nor even close to over.

Consider the article on Spain.

A little known fact about the Spanish crisis is that when the Spanish Government merges troubled banks, it typically swaps out depositors' savings for *shares* in the new bank.

So… when the newly formed bank goes bust, "poof" your savings are GONE. Not gone as in some Spanish version of the FDIC will eventually get you your money, but gone as in gone forever.

This is why Bankia's collapse is so significant: in one move, former depositors at seven banks just lost virtually <u>everything</u>.

In the case of Greece, the above article needs some perspective. Sure, €27.5 billion sounds like a lot of money, but just how big is it relative to Greece's banks.

The entire capital base of the Greek banking system is only *€22 billion.*

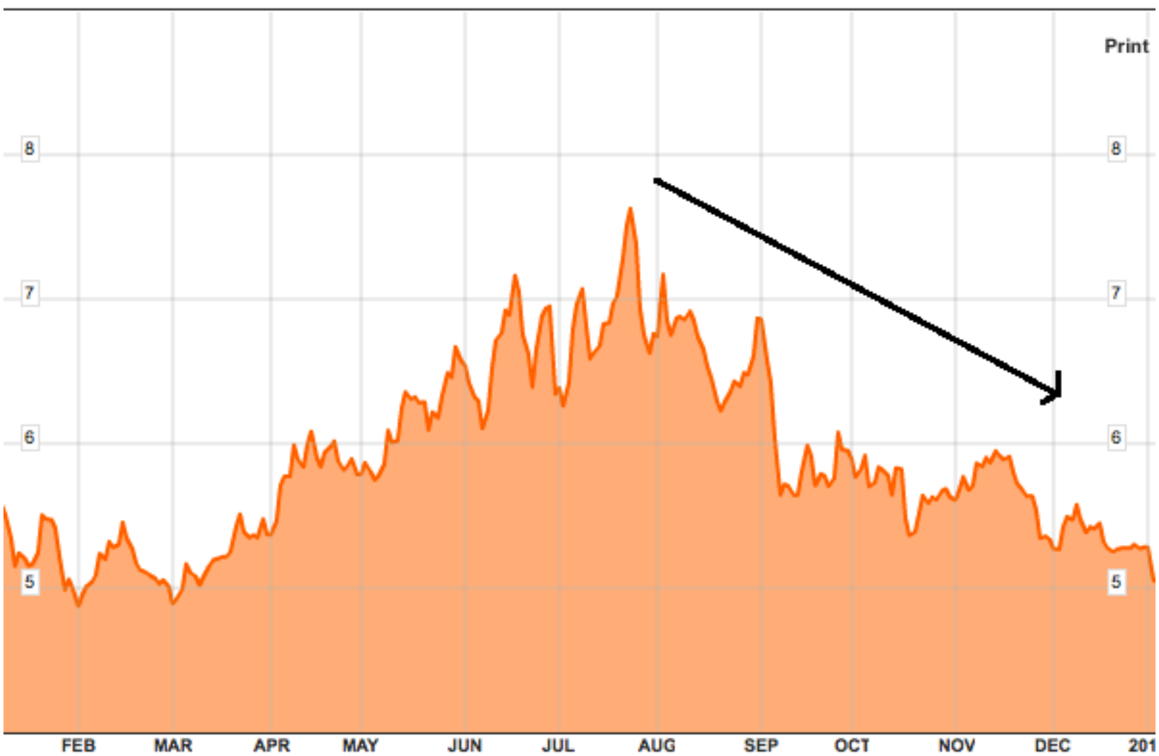
By saying that Greek banks need €27.5 billion Greece is essentially admitting that is needs to recapitalize its <u>entire banking system</u>. Also, you should know that Greek banks are *still* sitting on €46.8 billion in bad loans.

There is a word for a banking system with a capital base of €22 billion and bad loans of €46.8. It's *INSOLVENT.*

We get other signs that Europe is ready to fall back into the abyss from recent revelations concerning Spain's sovereign bonds.

In July 2012, Spain's ten year bond yield hit 8% even though Spain had already been granted a €100 billion bailout by the EU and the ECB had *also* promised to provide unlimited bond buying.

As a point of reference, remember that any yield over 7% is *GAME OVER* as far as funding your debt.



Then, starting in August 2012, Spain's ten-year bond yields magically began to fall. Since that time, they've plunged to just 5%.

The reason for this drop in yields?

It's not that Spain's finances improved (its Debt to GDP ratio hit 85% this year and is on track to reach 90% by the end of 2013). Nor is it that Spain's economy is recovering (unemployment reached a new record in 3Q12).

It's not also that investors are less worried about Spain and have decided to buy Spanish debt (Spain just staged a terrible bond rally in early December).

So why were Spanish yields falling?

Spain has been using up its Social Security fund to buy its own debt.

> **Spain has been quietly tapping the country's richest piggy bank, the Social Security Reserve Fund, as a buyer of last resort for Spanish government bonds**, raising questions about the fund's role as guarantor of future pension payouts.
>
> Now the scarcely noticed borrowing spree, carried out amid a prolonged economic crisis, is about to end, because there is little left to take. **At least 90% of the €65 billion ($85.7 billion) fund has been invested in increasingly risky Spanish debt, according to official figures, and the government has begun withdrawing cash for emergency payments.**
>
> http://online.wsj.com/article/SB10001424127887323374504578217384062120520.html

This is precisely what we mean when we say the system was rigged in the second half of 2012. Spain, a country that is totally bankrupt and likely heading for its own version of the Arab Spring (things are so bad that Spaniards have begun self-immolating just as they did in Tunisia right before that country suffered a societal breakdown) managed to fool the world into believing that things had improved by raiding its social security fund to buy its own debt.

As we said at the beginning of this issue, the rigging that occurred in the second half of 2012 was simply staggering. But it will end. Our view is that we have perhaps another month or so left at the most before things begin to get ugly again.

Indeed, Germany, the supposed savior of the EU, is already flashing warning signals.

> **German exports fell sharply in November, hit by the economic weakness in the eurozone.**

Its exports fell 3.4% from October, on a seasonally adjusted basis, official figures showed. <u>Compared with a year earlier, exports were unchanged.</u>

Germany's imports in November were also lower, down 3.7% from the month before.

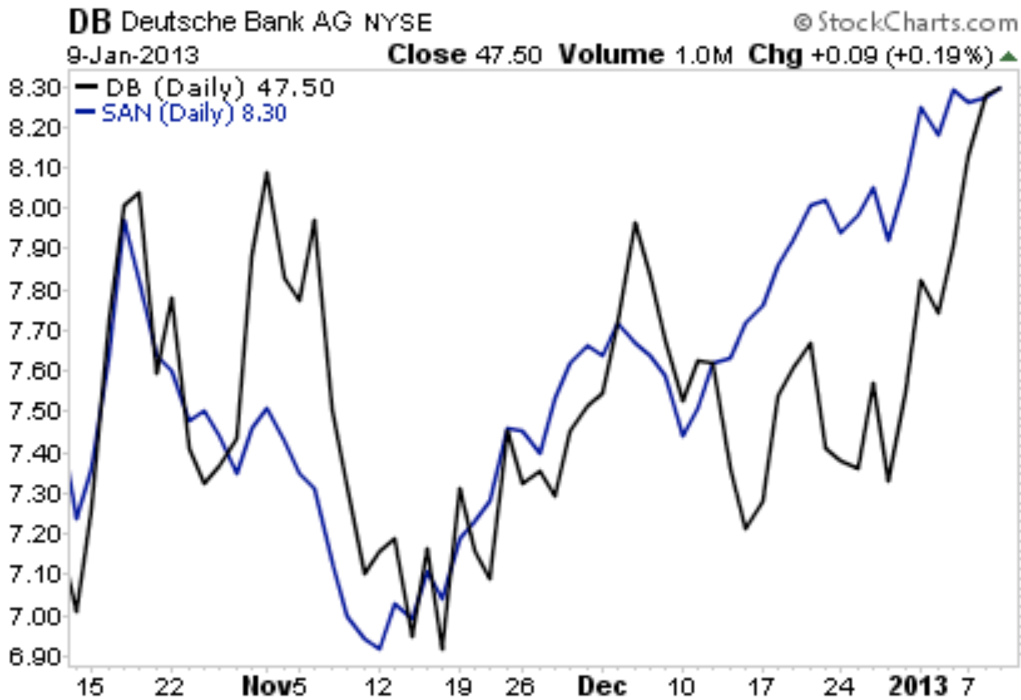
The country is the world's second-biggest exporter after China. About 60% of Germany's exports go to other nations within the European Union.

Economist Christian Schulz, of Berenberg Bank, said: "Germany is suffering from the euro crisis - directly through falling demand and indirectly through weak confidence which weighs on investments."

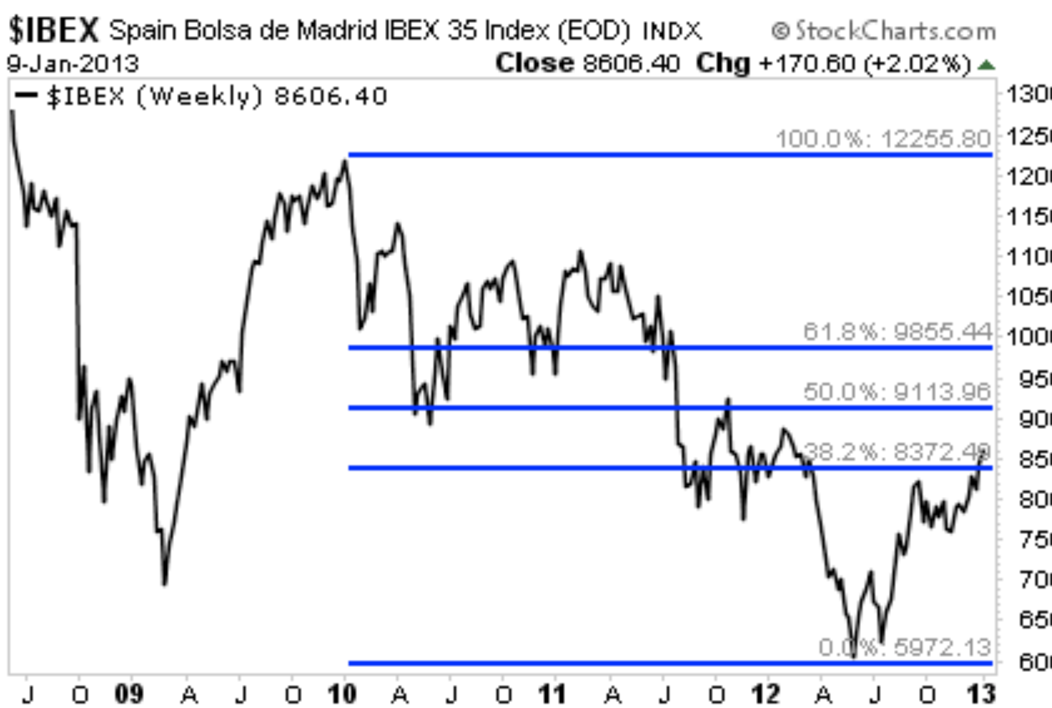
http://www.bbc.co.uk/news/business-20943286

We would watch German Deutsche Bank (DB) and Spanish Bank Santander (SAN)'s relative performance closely. Whenever SAN begin to diverge strongly downward from DB, Spain will be back in the cross hairs.

This move was what predicted the EU breakdown last summer. Note how SAN's share price (blue line) began to fall sharply while DB's continued to rally. What followed wasn't pretty.



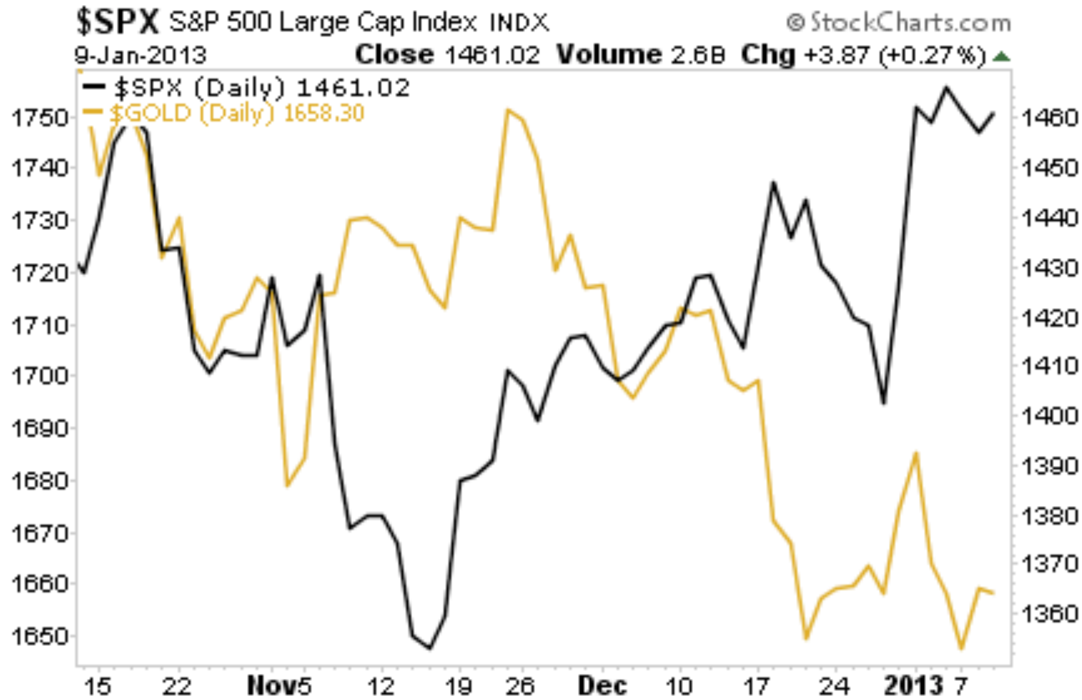
Indeed, the Spanish Ibex's rally as a whole is long of tooth. We've just retraced a little over 38.2% of the drop since the 2010 peak when the EU Crisis first began. When you consider just how much effort went into getting a rally of even this size (a €100 billion bailout and promises of unlimited bond buying from the ECB), you get a sense of just how bad things are in Spain.



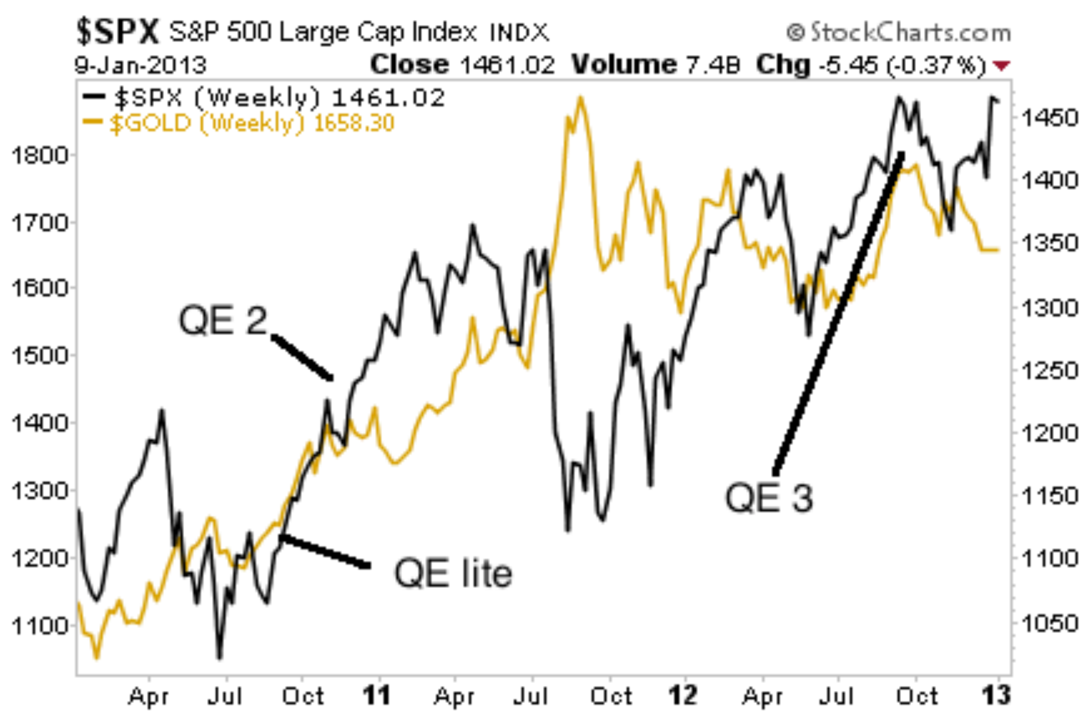
We could see a final push to perhaps 9000 here (coinciding with SAN hitting $9 per share or so). After that, we'd look for the EU Crisis to begin anew.

At that point, we would recommend a number of new short positions to profit from a European implosion.

Elsewhere in the financial world, Gold and the S&P 500 have begun to diverge sharply with Gold falling while stocks rally.

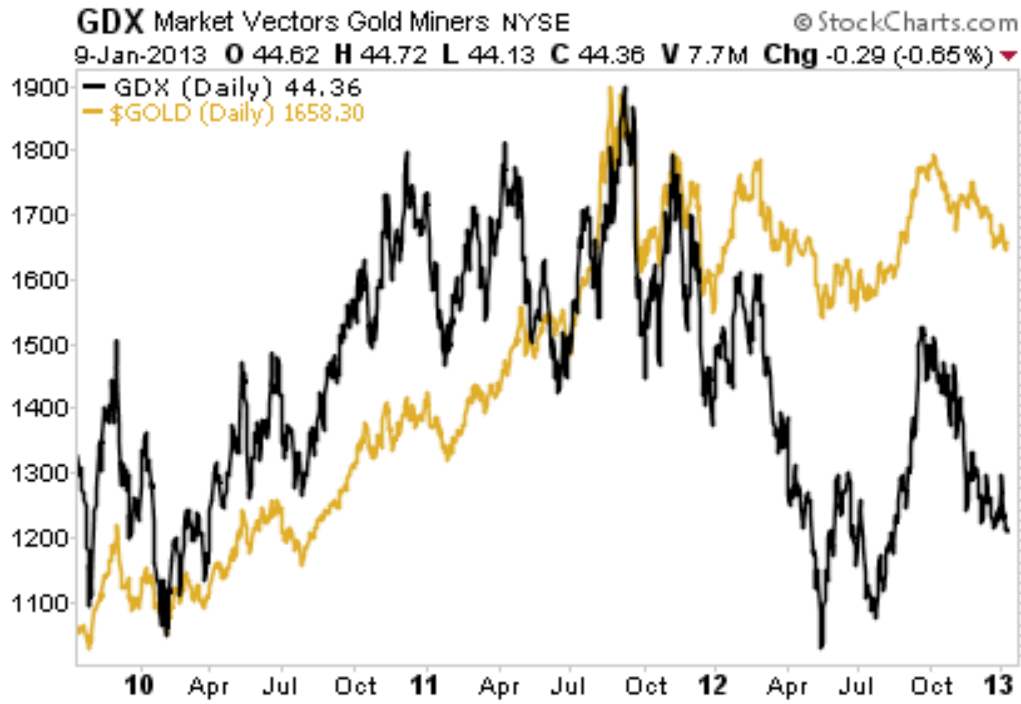


This divergence is extraordinary given that the Fed announced both QE 3 and QE 4 in the last three months. As the below chart indicates, after every major policy announcement going back to QE 2, stocks and Gold have staged similar reactions. This latest divergence is the *first* time Gold has dropped while stocks have rallied after the Fed announced a new round of QE.



Since the Great Crisis began in 2008, Gold has lead stocks. This would suggest stocks are due for a sharp correction, with the S&P 500 going to 1,400 or even 1,350. When this hits it will be time to go short the US indexes.

Speaking of divergences, Gold miners diverged sharply from Gold in 2012.



One of these assets needs to play catch up. Either Gold collapses to $1400 per ounce or Gold Miners catch a bid. With the mining complex approaching oversold status as a whole, we believe it will be the latter.

Some other popular delusions to be aware of for 2013:

Popular Delusion #1: The investment world believes China will engage in another massive round of stimulus.

This will not be the case. China's new ruling party has stated point blank that the country will not be engaging in rampant stimulus (for the obvious reasons of rising inflation):

> This may sound like an oxymoron, **but China's new Communist government is turning away from financial stimulus to help its slow-moving economy.**
>
> **During the party's two-day Central Economic Work Conference this weekend, party leader Xi Jinping said the country would essentially not be pursuing high growth rates through stimulus.** That doesn't mean that Beijing has turned sour on fixed asset investments on things like roads, bridges and

subways. They're still going through with major urbanization projects. But whenever the economy is slowing, **the new leaders say they will be less likely to prime the pump.**

http://www.forbes.com/sites/kenrapoza/2012/12/17/reform-minded-china-shuns-stimulus/

China's market has rallied over 16% in the last month on the belief that China will engage in another large-scale stimulus plan… despite China's leaders stating they will not. This has the makings of a very nasty correction. We'll be on the lookout for when it hits and will issue a trade alert when it's time to go short.

Popular Delusion #2: Japan's new leadership will be able to kick of even more aggressive monetary intervention.

Truth be told, Japan is on the cusp of the mother of all debt implosions. Case in point, Japan's Yen is thought to be a safe haven. With that in mind, it's critical to note that when the EU Crisis hit in mid-2012, the Yen *fell*. Indeed, it has now taken out its trendline:

The Yen is now oversold and due to bounce. Once that bounce finishes, it's time to go short here. And we expect Japan to enter a sovereign debt crisis within the next 12 months,

Popular Delusion #3: The US bond bubble will not burst in 2013.

It's become increasingly common to see calls for the US bond bubble and economy to implode this year. To be clear, the US's financial situation is terrible. But it is *nothing* compared to the financial situation in Europe, Japan, and China.

Europe has not recapitalized its banks. Many of its countries' entire banking systems are insolvent. The EU banking system as a whole is leveraged at 26 to 1 (Lehman was at 30 to 1 when it went bust). Even Germany's banking system is in worse shape than the US's (the US recapitalized its banks following the 2008 crisis. Europe. including Germany, has not).

China's true Debt to GDP is over 200%. Already in a hard landing, the country is now facing several *major* problems, namely looming water and agriculture crises, food inflation and accompanying civil unrest, and the potential of armed conflict with Japan.

Moreover, the belief that China will shift over to a consumer economy is misguided. Consumption has increased by 9% per year in China for *30 years now*. The China consumer is not somehow dormant. And as more and more manufacturing firms leave China for more stable markets (Apple, Ford, GE, Bridgestone, have all announced they are moving facilities back to the US), China will be facing rising unemployment.

Finally, and most critically, financial institutions are desperate for high-grade collateral in the form of quality sovereign bonds. Say what you will about the US, it remains the most liquid market for debt in the world. And if you had a choice between lending money to the US, Japanese, any European, or the Chinese Government, the US is the obvious answer.

This is not to say the US is in great shape. Instead, we would argue that the US is the least ugly of the major debt markets. The US bond bubble will burst at some point. But it will likely not do so in 2013.

To conclude, the world Central Banks and EU politicians have done everything imaginable to postpone the EU crisis. They're now out of options. The EU crisis will very likely erupt anew in the first half of 2013. Meanwhile Japan is waiting in the wings.

For now, the best thing to do is stay calm and wait. Once things begin to accelerate it will be time to make some serious money.

Best Regards

Phoenix Capital Research

PS. We will be assessing the US debt ceiling debacle in an update to you next week.

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	$1,656.00	48%
Silver bullion	N/A	3/17/10	$17.50	$30.36	73%
Corn ETF	CORN	8/8/12	$51.61	$43.51	-16%
Rogers Agriculture ETN	RJA	8/17/12	$9.80	$8.94	-9%
Vista Gold	VGZ	9/24/12	$3.66	$2.58	-30%
First Majestic Silver	AG	10/1/12	$23.17	$20.05	-13%
Soybeans	SOYB	12/17/12	$25.18	$23.75	-6%

*** Averaged in second price of $1.64 on October 17, 2012.**

Deflation Portfolio (OPEN BUYS NOW)					
Company	**Symbol**	**Buy Date**	**Buy Price**	**Current Price**	**Gain/ Loss**
Dollar ETF	UUP	5/23/11	$21.79	$22.02	1%
Rydex Dollar 2x Strategy	RYSDX	12/14/11	$14.39	$13.53	-6%
UltraShort Euro ETF	EUO	6/25/12	$21.45	$19.40	-10%
Russia ETF (SHORT)	TRF	6/25/12	$13.21	$14.85	-7%
Italy ETF (SHORT)	EWI	9/28/12	$12.03	$13.80	-12%
France ETF (SHORT)	EWQ	9/28/12	$20.98	$23.34	-9%
Spain ETF (SHORT)	EWP	11/14/12	$26.93	$31.18	-16%
Apple (SHORT)	APPL	12/19/12	$518.83	$517.10	0%

RECENTLY SOLD POSITIONS					
Company	**Symbol**	**Buy Date**	**Buy Price**	**Current Price**	**Gain/ Loss**
Ultralong Financials	UYG	12/17/12	$66.81	$70.76	**6%**
European Financials ETF	EUFN	12/17/12	$19.48	$20.07	**3%**
UltraShort Gold ETF	GLL	12/17/12	$60.94	$64.51	**6%**
UltraShort Silver ETF	ZSL	12/17/12	$44.75	$47.38	**6%**
Peru ETF	EPU	11/28/12	$44.18	$46.56	**5%**

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%
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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%
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UltraShort	FXP	11/1/12	$32.64	$27.93	5/17/12	$30.89	11%

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(Added to)		1/27/12	$23.22				
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(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%
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%
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%
Centamin Mining	CEE.TO	5/25/11	$2.01	$1.83		$0.97	-47%
			$1.64				
BNP Paribas (SHORT)	BNPQY	11/14/12	$25.11			$28.88	-15%
Societe General (SHORT)	SCGLY	11/14/12	$6.17			$7.81	-27%
Santander (SHORT)	SAN	11/14/12	$6.99			$7.81	-12%
BNP Paribas (SHORT)	BNPQY	11/14/12	25.11			$28.88	-15%
UltraShort Consumer Goods	SZK	7/25/12	$72.96			$62.09	-15%
UltraShort China ETF	FXP	6/25/12	$31.17	$28.97		$18.64	-36%

			$26.77					
UltraShort Consumer Goods	SZK	7/25/12	$72.96				$62.09	-15%

- **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