



PRIVATE WEALTH ADVISORY

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Market Update: Sell GE Update on FXP

Dear Subscribers

General Electric (GE) announced last week that it would be selling GE Capital. This move is a sound one. GE Capital is the derivatives/ financials segment of GE. **This is the segment that nearly took GE down in 2008.**

We're now in another bubble in financial assets and derivatives. So GE is selling at the top. And it's returning as much as \$90 billion of the returns to shareholders.

As I've noted before, the economy is weakening. GE's remaining business segments will be impacted by this. Now is an excellent time to sell. We're up 18% on this position.

Action to Take: Sell General Electric (GE)

I also wanted to take a moment to discuss our **UltraShort China ETF (FXP)**, position.

China is in an epic bubble. The FXI chart (the ETF for which FXP returns 200% of the inverse) **is positively vertical. The last time FXI moved like this was in 2007-2008 right before the bubble burst.**



In investing, there are two types of losing positions:

1. Positions where you are simply wrong.
2. Positions where your thesis is correct, but you are early.

When it comes to dealing with #2, you have to rely on smart position sizing. Usually this means letting the position run and then adding to your position to average in a better entry point.

FXP is #2. We know China is in a bubble. We also know how this will turn out (CRASH). As I write this, FXI is a mere 10% or so from the peak of its 2007 top.

My plan for FXP is plan is to have us sit on this position until China peaks. We'll then add to our FXP position to average in a better price and make even MORE gains when the inevitable collapse happens.

I continue to watch the markets closely and will issue an update if anything changes. You'll next hear from me this Wednesday in our Weekly Market Update.

Best Regards

Graham Summers

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