Private Wealth Advisory

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Spain Takes Center Stage

Europe is now crumbling before our very eyes. This collapse is occurring in:

1) The political arena (Sarkozy and Merkel's relationship is deteriorating)

2) The banking system (the ECB is in panic mode having seen both its LTRO 1 and LTRO 2 prove to be duds).

3) The sovereign bond market: Spain has stepped center stage in the EU collapse.

We'll tackle each of these in this week's issue.

As I've noted in previous issues of ***Private Wealth Advisory,*** politics, not economics, rule Europe. What I mean by this is that most major decisions in Europe are determined by political agendas that ignore economic and financial realities.

This is at the core of the "welfare state" mentality that permeates Europe as a whole. The EU in general is comprised of an aging population that is more concerned about receiving the pensions/ health benefits/ social payouts that were promised to them by the system than anything else.

As a result of this, EU voters, who determine EU elections, don't take action until what has promised to them comes under threat.

Short-Term Trends

-Options expiration ramp job in stocks
-Spanish stock market and banking system in free fall

Intermediate Trends

-Very very ugly charts indicating European collapse in May-June
-China economic deterioration to affect commodities and global GDP
-US data to reveal weakening economy going into summer
-Euro break-up

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

For this reason, EU political leaders will maintain their agendas regardless of whether said agendas go against financial or economic realities (or common sense for that matter) *until* these agendas begin to have *real* negative consequences for their political careers.

A perfect example of this paradigm in action is German Chancellor Angela Merkel who was relatively "pro-bailout" until German voters began to thrash her political

party in Germany's state elections (March 2011). She then altered her strategy to one of offering to provide bailout funds to Greece and others but only if these EU members met fiscal demands that were so onerous that the likelihood of them accepting the deal was little to none.

As a result of this decision to start playing "hardball," Merkel's political approval ratings shot to their highest levels since her 2009 re-election. At the same time, she was able to maintain her agenda of extending Germany's control over Europe from a fiscal perspective (another plus in the eyes of German voters) without abandoning Germany's allegiance to the Euro which would only turn the rest of the EU against Germany.

Again, politics, not economics, determine policy in the EU.

With that in mind, we need to note that the primary political relationship that has kept the EU afloat over the last two years (that between Angela Merkel of Germany and Nicolas Sarkozy of France) is beginning to deteriorate.

As noted in previous issues of ***Private Wealth Advisory***, Nicolas Sarkozy is currently running for re-election against hard-core socialist François Hollande. And things are not going too well for Sarkozy: most polls show him, at best, neck and neck with Hollande in the first round of elections (April 26) while *every* poll shows him *losing* in the second round (early May).

Merkel and Sarkozy have been the primary political leaders pushing to hold the EU together over the last two years. Indeed, the two were *perceived* to be so close that Merkel actually campaigned for Sarkozy at the beginning of the latter's re-election campaign in France a few months ago.

However, the "politics runs the show in Europe" truism I keep repeating on these pages is now being illustrated by the fact that the Merkel/Sarkozy relationship is rapidly deteriorating… for political reasons.

> **Merkel Braces for Possible Sarkozy Election Defeat (March 30 2012)**
>
> Angela Merkel initially refused to receive French presidential candidate François Hollande when he offered a meeting recently. But as his victory against Nicolas Sarkozy seems more likely, the **German Chancellery has made its first contacts with the Socialist Party politician's camp**. After all, Berlin and Paris must stick together…
>
> German Chancellor Angela Merkel still hopes Sarkozy will ultimately win, having found in him a dependable ally, despite their personality differences. Particularly during the euro crisis, she and Sarkozy have stood side by side, most recently in advocating Merkel's pet project, the European fiscal pact,

which obliges the 25 EU member states who have signed up to pursue greater budget discipline.

Meanwhile, Sarkozy's challenger Hollande has already announced that as president he would immediately try to renegotiate parts of the fiscal pact. From Merkel's perspective, that would be fatal, as it could destabilize the complete financial architecture of the new European Union.

But her hands are tied. The Chancellery seems to have resigned itself to accepting Hollande as the French leader, if necessary. The important Berlin-Paris alliance must continue to function.

And hence the first tentative ties are being forged between Hollande's and Merkel's camps. They are, of course, off the record and are only currently conducted through working-level channels. After all, anything else would seem a tad strange, after the chancellor took a clear stance in support of Sarkozy in the French election campaign. Merkel still has no plans to meet personally with Hollande, even though the Socialist candidate officially requested a meeting. SPIEGEL recently reported that Merkel and other conservative EU leaders had even jointly discussed boycotting Hollande during the campaign.

http://www.spiegel.de/international/europe/0,1518,824873,00.html

As the above story notes, at the end of March, the Merkel camp began contacting the Hollande camp behind the scenes, even though Merkel was publicly calling for a boycott of Hollande in the French elections.

Part of this decision to contact Sarkozy's competitor is just plain common sense due to the fact that every poll shows Hollande the winner in the second round of French elections. Merkel needs to be on good terms with *whoever* wins the election if she has any chance of continuing her pro-austerity measures campaign.

However, another part of Merkel's decision to establish contact with Hollande is based on Sarkozy proving that politics trumps everything, including relationships with political leaders who have backed him in his bid for re-election.

To whit, on March 11 (a few weeks before Merkel reached out to Hollande) Sarkozy openly called for the renegotiation of the Schengen Treaty: the treaty that established the 26-nation EU as a "borderless" entity in which individuals could move from one country to another with little difficulty and which also made trade among EU members easier.

Sarkozy did this in an attempt to gain votes from the French political right for which the flow of immigrants into France is a primary concern (ironically Sarkozy himself is the son of an immigrant). However, his rhetoric has severely damaged his

relationship with Germany, the latter being the largest exporter in Europe. Indeed, Germany, more than any other EU member has benefitted the most from the Schengen Treaty: in 2011 German exports hit a record €1 trillion+ with a trade surplus of €158 billion.

Sarkozy further damaged his relationship with Germany last week when he began pushing for the ECB to promote "growth" agenda, AKA inflation: Germany's biggest nightmare.

> **Sarkozy Campaign Speech Targets ECB's Role**
>
> French President Nicolas Sarkozy, speaking to the biggest rally of his re-election bid, said the European Central Bank should do more to promote economic growth, reviving an issue he raised in his 2007 campaign.
>
> "On the question of the **ECB's role in boosting growth**, we French are going to open the debate," Sarkozy told a crowd today in central Paris that his aides estimated at more than 100,000. "**If Europe is not going to sink in the international economy, it must renew with growth."...**
>
> "Europe must cut its debts, it has no choice," Sarkozy said. "But between deflation and growth, it has no choice either. **If it chooses deflation, it will disappear."**
>
> http://www.businessweek.com/news/2012-04-15/sarkozy-campaign-speech-targets-ecb-s-role-in-boosting-growth

This is verbal equivalent of Sarkozy throwing Merkel under the bus. As noted in previous issues of ***Private Wealth Advisory,*** Germany's #1 concern with the ECB's policies is their inflationary impact.

Indeed, Merkel is already beginning to feel political heat from German voters due to rising inflation in Germany:

> **German union sticks to demand for pay rise**
>
> Germany's powerful industrial union this weekend warned the country's manufacturers to take its 6.5 per cent pay demand seriously after public sector workers abandoned a similar claim and accepted a considerably more moderate wage rise for the year.
>
> Detlef Wetzel, deputy chairman of IG Metall, said the union would call for one-day strikes from early May if employers did not make a satisfactory offer. After years of restraint it was "the workers' turn" to profit from Germany's buoyant economy, he said.

http://www.ft.com/intl/cms/s/0/04ed661e-7bf8-11e1-9100-00144feab49a.html#axzz1sJ52WDyD

Inflation May Drive Germany Out of the Eurozone

It's hard to see a way out of this conflict. While peripheral Europe flounders under austerity and giant debt loads, Germany flourishes. Unemployment has fallen to 5.8%, creating a scarcity of workers that has attracted large-scale net migration under the EU's freedom of movement rules.

The result: **surging demand for housing, especially in the urban areas. The rate of price increase as calculated by BulwienGesa AG for 125 towns and cities was 5.5% last year, considerably higher than in 2010**, which showed a significant 2.5% gain over the prior year. That's not much by the standards of the pre-crisis U.S., **but blazing for Germany**.

Meanwhile, wages and salaries per employee rose more sharply in 2011 than at any time since 1993, according to the Bundesbank report. Add to that a recent deal giving Germany's two million public sector workers a 6.3% wage increase for the next two years and you get fuel being added to a slow-burning fire.

http://blogs.wsj.com/marketbeat/2012/04/13/inflation-may-drive-germany-out-of-the-eurozone/

So for Sarkozy to suddenly switch gears, suggest that the ECB should focus on "growth" and that "deflation" is the biggest threat to the EU has literally put Germany in a no-win situation regarding the French elections: either a socialist who wants to dismantle Merkel's new EU fiscal pact wins… or Sarkozy wins and starts siding more with the ECB, thereby alienating Germany and Merkel.

Either way, Germany's campaign for austerity in the EU just lost its biggest ally. How exactly this will play out is unclear, but it will not be conducive to the Euro lasting in its current form much longer: aside from the fact that the EU banking system is on the verge of collapse and Spain (a country too large to bailout) has now stepped to the center stage of the EU crisis, Germany is finding itself increasingly alone in its moves to rein in the ECB's monetary profligacy.

As you all know, I believe that if push comes to shove, Germany will leave the Euro rather than face inflation. On that note, inflation is rearing its head in Germany, and both front-runners in the French election are now firmly in the "inflate or die" monetary camp. This does not bode well for the EU.

As for the European banking system, things continue to worsen by the day. The biggest indicator of this is the Euro itself:

The only reason that the Euro remains this elevated is because EU banks are selling off assets to raise capital (buying Euros). Indeed, the banks *have* to do this due to the fact that many of them are facing bank runs (the PIIGS and France in particular). Another reason for banks to be selling assets and buying Euros pertains to the upcoming increased capital requirements they face (Basel III becomes effective January 2013).

Moreover, the EU is currently drafting even more stringent capital requirements for EU banks:

> **Proposed E.U. Bank Laws Tougher Than Basel Rules**
>
> The European Union may be planning to get even tougher on bankers than the Basel Committee on Banking Supervision. **A parliamentary draft of a proposed law provides for higher capital reserves and lower bonuses.**
>
> Bloomberg reported Friday that the draft, prepared by Othmar Karas, an Austrian lawmaker **guiding the adoption of global bank-capital and liquidity rules, could provide for regulators to impose capital surcharges of as much as 10% of a bank's assets, weighted for risk. That could result in core capital reserve requirements of up to 17%.**
>
> http://www.advisorone.com/2012/04/13/proposed-eu-bank-laws-tougher-than-basel-rules

The above story is more a political gesture than anything else: there is no way on earth EU banks could meet these capital requirements as most of them are insolvent.

However, the story *does* reveal that the political climate *is* changing in Europe. This ties in with my analysis of the French elections above. Whether this climate will be more or less pro-inflation remains to be seen. But the most important item to note is that the primary political relationships (those between France and Germany as well as Germany and the ECB) are breaking down. None of this is Euro positive.

Looking at the chart, regardless of EU banks buying the Euro, the EU currency is in BIG trouble having broken back down into the primary downward trending channel that has dominated its action the Euro crisis began.

You'll note that the only period in the last four years in which the Euro wasn't within this channel was during the early 2011 euphoria in which everyone thought that Greece had been saved and that the EU Crisis was contained. Once talk of a second Greek bailout began, we were back into the "crisis channel" (blue lines). We've since attempted to break out of it again and failed indicating that the EU crisis is far from over.

Indeed, once we take out critical support at 130, we will be well on our way to triggering a head and shoulders pattern with a downside target below parity with the US Dollar.

This move will coincide with EU markets falling across the board. On that note, Italy is now well on its way towards breaking through its massive Head and Shoulders pattern:

France’s stock market is doing the same for its own Head and Shoulders pattern:

However, one market takes the cake when it comes to being downright horrifying. That chart is the Spanish Ibex, which has now broken its 15-year trendline as Spain takes center stage in the EU Crisis.

This is quite possibly the ugliest chart in the markets. It signals that the Spanish Ibex could easily drop to 5,000 in the coming months. Moreover, it signals that the EU has at most a month and possibly just a few weeks before the Crisis accelerates.

To fully understand just why Spain is such a catastrophe, we need to understand Spain in the context of both the EU and the global financial system.

The headline economic data points for Spain are the following:

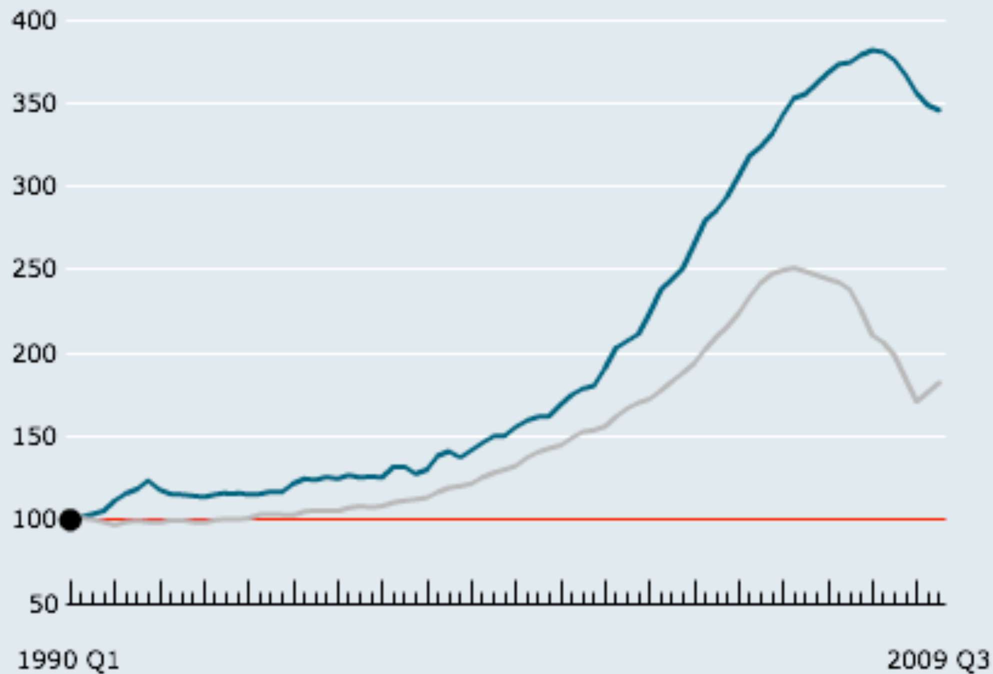
- Spain's economy (roughly €1 trillion) is the fourth largest in Europe and the 12th largest in the world.
- Spain sports an official Debt to GDP of 68% and a Fiscal Deficit between 5.3-5.8% (as we'll soon find out the official number)
- Spain's unemployment is currently 24%: the highest in the industrialized world.
- Unemployment for Spanish youth is 50%+: on par with that of Greece

On the surface, Spain's debt load and deficits aren't too bad. So we have to ask ourselves, "Why is unemployment so high and why are Spanish ten year bills approaching the dreaded 7%?" (the level at which Greece and Portugal began requesting bailouts).

The answer to these questions lies within the dirty details of Spain's economic "boom" of the 2000s as well as its banking system.

For starters, the Spanish economic boom was a housing bubble fueled by Spain lowering its interest rates in order to enter the EU, not organic economic growth.

Moreover, Spain's wasn't just *any* old housing bubble; it was a mountain of a property bubble (blue line below) that made the US's (gray line below) look like a small hill in comparison.



In the US during the boom years, it was common to hear of people quitting their day jobs to go into real estate. In Spain the boom was so dramatic that students actually dropped out of school to work in the real estate sector (hence the sky high unemployment rates for Spanish youth).

Spanish students weren't the only ones going into real estate. Between 2000 and 2008, the Spanish population grew from 40 million to 45 million (a whopping 12%) as immigrants flocked to the country to get in on the boom. In fact, from 1999 to 2007, **the Spanish economy accounted for more than ONE THIRD of all employment growth in the EU.**

This is Spain, with a population of just 46 million, accounting for OVER ONE THIRD of the employment growth for a region of 490 million people.

This, in of itself, set Spain up for a housing bust/ banking Crisis worse than that which the US faced/continues to face. Indeed, even the *headline* banking data points for Spain are staggeringly bad:

- Spanish banks just drew €227 billion from the ECB in March: up almost 50% from its February borrowings
- Spanish banks account for 29% of total borrowings from the ECB
- Yields on Spanish ten years are approaching 7%: the tipping point at which Greece and other nations have requested bailouts

As bad as these numbers are, they greatly *underestimate* just how ugly Spain's banking system is. The reason for this is due to the structure of the Spanish banking industry.

Spain's banking system is split into two tiers: the large banks (Santander, BBVA) and the smaller, more territorial cajas.

The caja system dates back to the 19th century. Cajas at that time were meant to be almost akin to village or rural financial centers. As a result of this, the Spanish country is virtually saturated with them: there is approximately one caja branch for every 1,900 people in Spain. In comparison there is one bank branch for every 3,130 people in the US and one bank branch for every 6,200 people in the UK.

Now comes the bad part…

Until recently, the caja banking system was **virtually unregulated**. Yes, you read that correctly, until about 2010-2011 there were next no regulations for these banks (which account for 50% of all Spanish deposits). They didn't have to reveal their loan to value ratios, the quality of collateral they took for making loans… or anything for that matter.

As one would expect, during the Spanish property boom, the cajas went nuts lending to property developers. They also found a second rapidly growing group of borrowers in the form of Spanish young adults who took advantage of new low interest rates to start buying property (prior to the housing boom, traditionally Spanish young adults lived with their parents until marriage).

In simple terms, from 2000 to 2007, the cajas were essentially an unregulated banking system that leant out money to anyone who wanted to build or buy property in Spain.

Things only got worse after the Spanish property bubble peaked in 2007. At a time when the larger Spanish banks such as Santander and BBVA read the writing on the wall and began slowing the pace of their mortgage lending, the cajas went "all in" on the housing market, offering loans to pretty much anyone with a pulse.

To give you an idea of how out of control things got in Spain, consider that in 1998, Spanish Mortgage Debt to GDP ratio was just 23% or so. By 2009 it had more than tripled to nearly 70% of GDP. By way of contrast, over the same time period, the US

Mortgage Debt to GDP ratio rose from 50% to 90%. Like I wrote before, Spain's property bubble dwarfed the US's in relative terms.

The cajas went so crazy lending money post-2007 that by 2009 **they owned 56% of all Spanish mortgages**. Put another way, over HALF of the Spanish housing bubble was funded by an unregulated banking system that was lending to anyone with a pulse who could sign a contract.

Indeed, these banks became so garbage laden that a full 20% of their assets were comprised of loan *payments* being made by property developers. Mind, you, I'm not referring to the loans *themselves* (the mortgages); I'm referring to loan *payments*: the money developers were sending in to the banks.

To try and put this into perspective, imagine if Bank of America suddenly announced that 20% of its "assets" were payments being sent in by borrowers to cover mortgage debts. Not Treasuries, not mortgages, not loans… but *payments* being sent in to the bank on loans and mortgages.

***This* is the REAL problem with Spain's banking system. It's saturated with subprime and sub-subprime loans that were made during one of the biggest housing bubbles in the last 30 years.**

Indeed, to give you an idea of how bad things are with the cajas, consider that in February 2011 the Spanish Government implemented legislation demanding all Spanish banks have equity equal to 8% of their "risk-weighted assets." Those banks that failed to meet this requirement had to either merge with larger banks *or* face partial nationalization.

The deadline for meeting this capital request was September 2011. **Between February 2011 and September 2011, the number of cajas has in Spain has dropped from 45 to 17.**

Put another way, over 60% of cajas could not meet the capital requirements of having equity equal to just 8% of their risk-weighted assets. As a result, 28 toxic caja balance sheets have been merged with other (likely equally troubled) banks or have been shifted onto the public's balance sheet via partial nationalization.

The markets are well aware that this policy has only spread the toxic garbage, *not* fixed it. Case in point, take a look at the chart for Banco Sabadell which was merged with toxic Caja de Ahorros del Mediterráneo or CAM for short.

The merger increased Banco Sabadell's size by 75%... and the market saw this as a good thing for a total of two weeks: shares are now down 30% from their merger levels.

Banco Popular, which acquired failing caja Banco Pastor, has experienced a similar fate, falling to a new low soon after the merger:

My point with all of this is that merging one garbage bank with another larger slightly less garbage bank doesn't solve anything. The market knows this, which is why we see these banks continuing to collapse despite being merged.

Having addressed all of this, I firmly believe that no one, not even the Spanish Government has a clue how much toxic garbage debt exists in the Spanish banking system.

Moreover, it's not as though the Spanish Government is heavily incentivized to come clean about the *true* nature of the Spanish banking system even if it *did* know the facts.

Case in point, the Government just admitted that Spanish banks will need another €29 billion in loan loss provisions yesterday, before revealing that "problem loans" for the Spanish banking system are now at an 18-year high of 8.15% (€140 billion of the total €1.7 trillion in loans within the Spanish Banking System).

Put another way, by the Spanish Government's own admission (read *extremely conservative estimate)* nearly one out of every €10 leant out by Spanish banks is probably not going to be paid back.

And things are only going to get worse. Spanish citizens (at least those that have money) have been pulling their money out of Spain en masse: €65 billion left the Spanish banking system in March 2011 alone.

This flight of capital will result in higher leverage levels for Spanish banks (already leveraged at 20 to 1) and smaller capital buffers with which to address future losses.

Put another way, capital is leaving Spain at the very time when Spanish banks need it the most. Indeed, things have gotten so bad that the Spanish Government has limited cash transactions over €2,500.

Simply put, Spain's banking system is an absolute sewer of toxic debts that no one, likely not even the Spanish Government or Spanish Central Bank, truly has a grip on.

The few facts that we do know are:

- **Total Spanish banking loans are equal to 170% of Spanish GDP.**
- **Troubled loans at Spanish Banks just hit an 18-year high.**
- **Spanish Banks are drawing a record €316.3 billion from the ECB (up from €169.2 billion in February).**
- **The share prices of Spanish banks that were merged with cajas have broken to new lows.**

None of this is good news at all. Especially when you also consider that…

Spanish banks need to roll over 20% of their debt this year.

That's correct, one fifth of all Spanish bank bonds need to be paid off or renegotiated in 2012. And this is happening at a time in which Spanish interest rates are rising. Indeed, the Spanish ten year is approaching the dreaded 7%: the level at which Greece and other PIIGS sought bailouts.

The only problem is: Spain is far too big to be bailed out.

As I stated before, Spain's economy is roughly €1 trillion in size. And Spain has private sector debt equal to almost 300% of its GDP.

- The IMF can't handle this issue as it's essentially a US-backed entity and Obama will NOT stage a European bailout during an election year.

- The ECB has already spent €1+ trillion battling the EU Crisis, releasing inflation and infuriating Germany in the process. If the ECB decides to go all out to aid Spain, Germany will walk

- The US Federal Reserve cannot step in without incurring massive political wrath from both the US population AND Obama (who the Fed is trying to help get elected).

There is literally no entity on earth that could bailout Spain. And this issue is coming to center stage of the EU Crisis at the very time in which relations between France and Germany as well as between Germany and the ECB are deteriorating rapidly.

I've forecast that the EU will collapse in the May-June window. However, if Spain's banking collapse accelerates before then, this forecast may be moved forward. Indeed, Spain is set to issue several bond auctions, including the dreaded 10-year, tomorrow. If these auctions go poorly, the markets may not wait for the French elections to begin a free-fall.

In simple terms, the financial system is on RED ALERT right now. The Fed's Bernanke, the IMF's Lagarde, and others have all warned that if the EU collapses, it will have severe global repercussions.

These are the people responsible for keeping the markets afloat… warning that we are facing a global fall-out.

We've already scored some excellent profits from the breakdown of the EU banking system. Should things accelerate into full-scale Crisis mode, I'll issue an alert to add to our current EU banking shorts and to open the Crisis Trades on our watchlist.

I'm watching the markets closely and will issue updates as needed. But things are about to get very VERY ugly.

On one final note, I've received a number of emails asking me about portfolio allocation and how to use the inflation/ deflation portfolios. I would like to offer specific ideas regarding these issues, but I simply cannot due to the fact that every investor's risk appetites and needs are different.

Put another way, what might be appropriate for one ***Private Wealth Advisory*** subscriber may in fact be completely inappropriate for another. So I cannot offer specific suggestions regarding portfolio allocation.

All I can say is that we are in a time when capital preservation is far more important than shooting for HUGE gains. Those investors who get through the next few years with most of their capital intact will find themselves in far better shape than everyone else as I expect most people will lose between 30-80% of their net worth depending on how things play out.

So, with that in mind, I would generally lean towards being risk averse at this time. Remember, you don't need to put huge amounts of capital to work to turn a Collapse into substantial success. Making 6% a year is absolutely incredible if the market/ most investors portfolios fall 20-30%.

This is the environment we are in and will remain in for some time to come. Keep this in mind at all times.

This concludes this week's issue of ***Private Wealth Advisory***. As always, thank you for reading.

Best Regards,

Graham Summers

Investment Watchlist: Trades we've yet to open.

UltraShort Emerging Markets ETF	EEV
UltraShort Brazil ETF	BZQ
UltraShort Russell 2000	TWM
UltraShort Nasdaq	QQQ
UltraShort Real Estate	SRS
UltraShort Financial	SKF
Apple (short)	AAPL
National Bank of Greece (short)	NBG

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	$16.41	-99%
Silver bullion	N/A	3/17/10	$17.50	$31.58	80%
Centamin Mining	CEE.TO	5/25/11	$2.01	$1.03	-49%

Deflation Portfolio (OPEN BUYS NOW)					
Company	**Symbol**	**Buy Date**	**Buy Price**	**Current Price**	**Gain/ Loss**
Dollar ETF	UUP	5/23/11	$21.79	$22.06	1%
Rydex Strengthening Dollar 2x Strategy	RYSDX	12/14/11	$14.39	$13.62	-5%
UltraShort Euro	EUO	9/21/11	$19.13	$19.58	-1%
UltraShort China*	FXP	11/2/11	$32.64	$24.59	-12%
UltraShort Materials*	SMN	11/2/11	$20.23	$15.11	-14%
Deutsche Bank (short)*	DB	12/14/11	$35.33	$45.45	-12%
HSBC (short)*	HBC	12/14/11	$37.07	$44.25	-10%
Barclays (short)*	BCS	12/14/11	$10.65	$13.77	-10%
UltraShort Gold ETF	GLL	12/14/11	$19.76	$17.30	-12%
Euro Financial Fund (Short)**	EUFN	4/13/12	$16.19	$16.50	-2%
BNP Paribas (Short)**	BNPQY.PK	4/13/12	$19.96	$19.56	2%
Societe General (Short)**	SCGLY.PK	4/13/12	$4.67	$4.57	2%
Credit Agricole (Short)**	CRARY.PK	4/13/12	$2.55	$2.48	3%
Santander (Short)**	STD	4/13/12	$6.44	$6.34	2%

*** Opened 12/14/11 at 11:13AM, averaged in second prices on 1/27/12**

**** Opened 4/13/12 at 2:19PM**