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**Tuesday, 25<sup>th</sup> January 2011**

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# Market Roundup



# US Treasuries

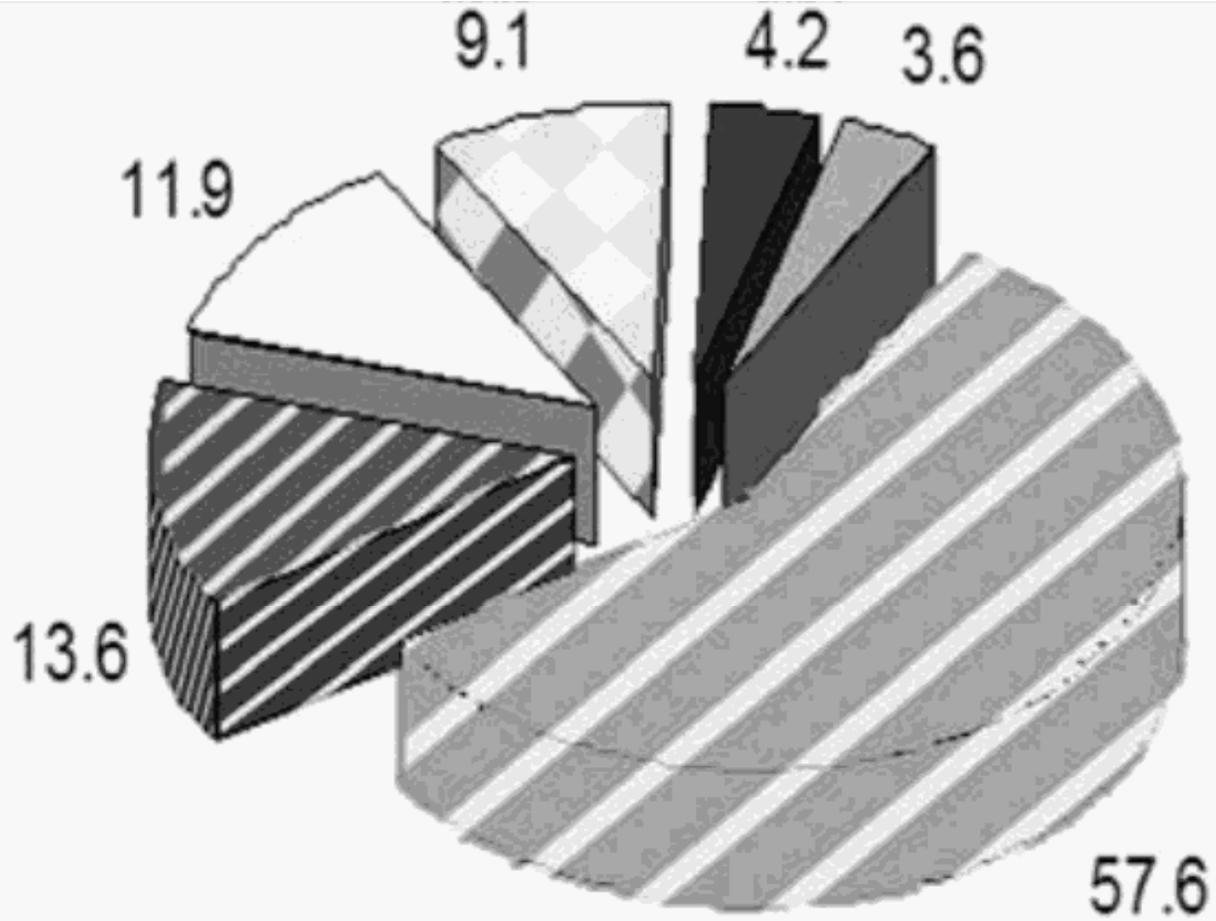
# 10 Year Treasury Note





# US Dollar Index

### US Dollar Index Constituents



|               |                |               |
|---------------|----------------|---------------|
| ■ Euro        | ■ Yen          | □ Pound       |
| □ Canadian \$ | ■ Sweden Krona | ■ Swiss Franc |

# US Dollar Index



## US Dollar Index

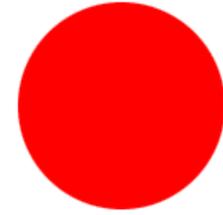
Three scenarios gleaned from the dollar smile

Dollar Appreciates on Risk

Dollar Appreciates on Growth

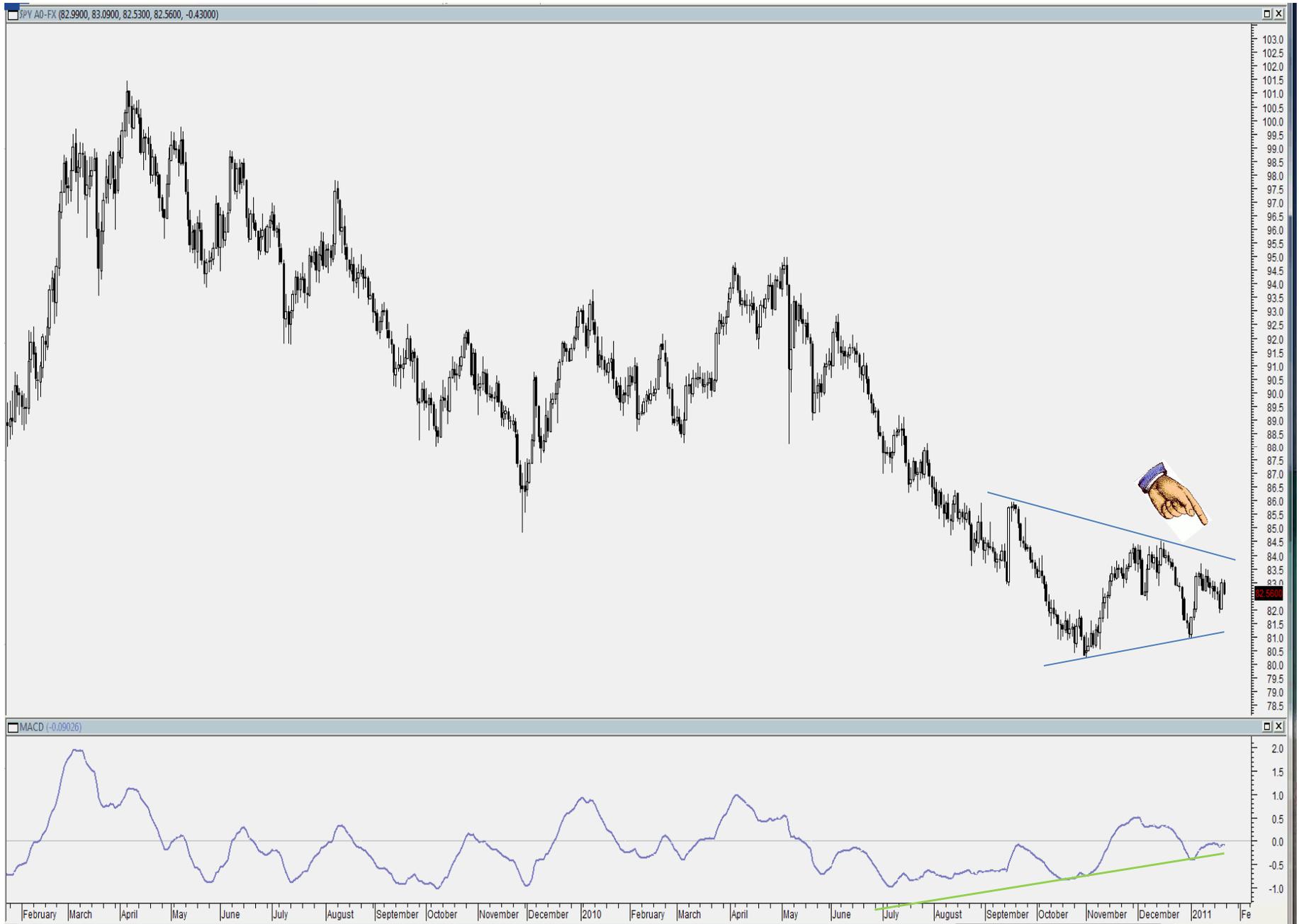


Dollar falls as US economy muddles through



**JPYUSD**

# US Dollar v. Yen



# US Dollar v. Yen



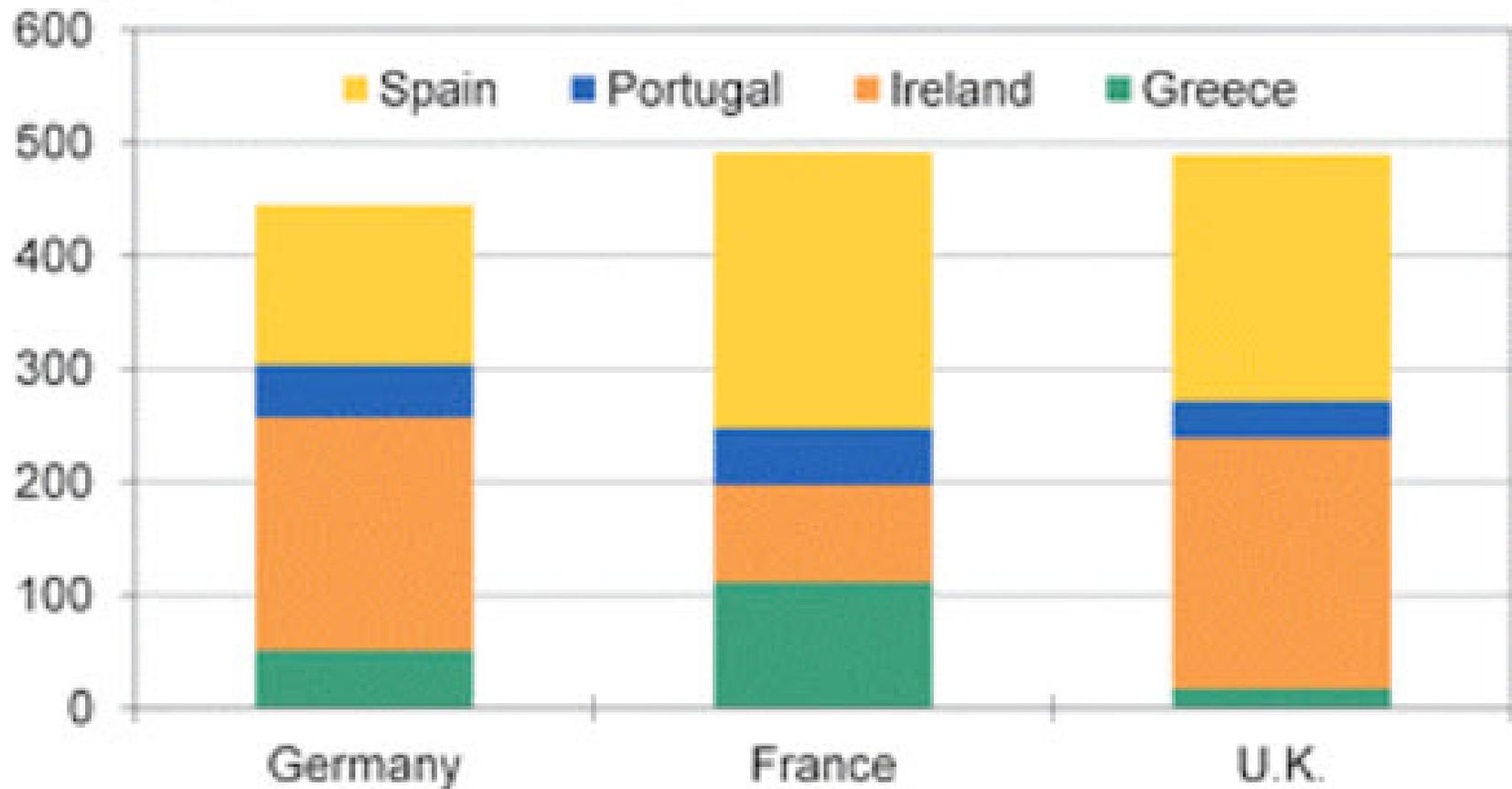


**Euro**

EURUSD

## German, French and U.K. Banks Highly Exposed

Foreign exposure, end of first qtr, \$ bil



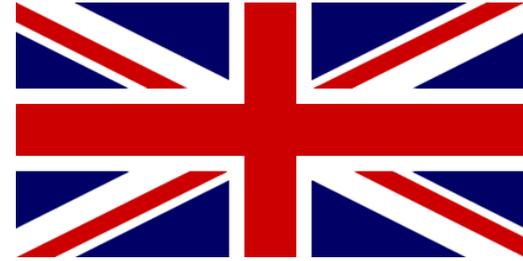
Source: Bank for International Settlements

# EURUSD



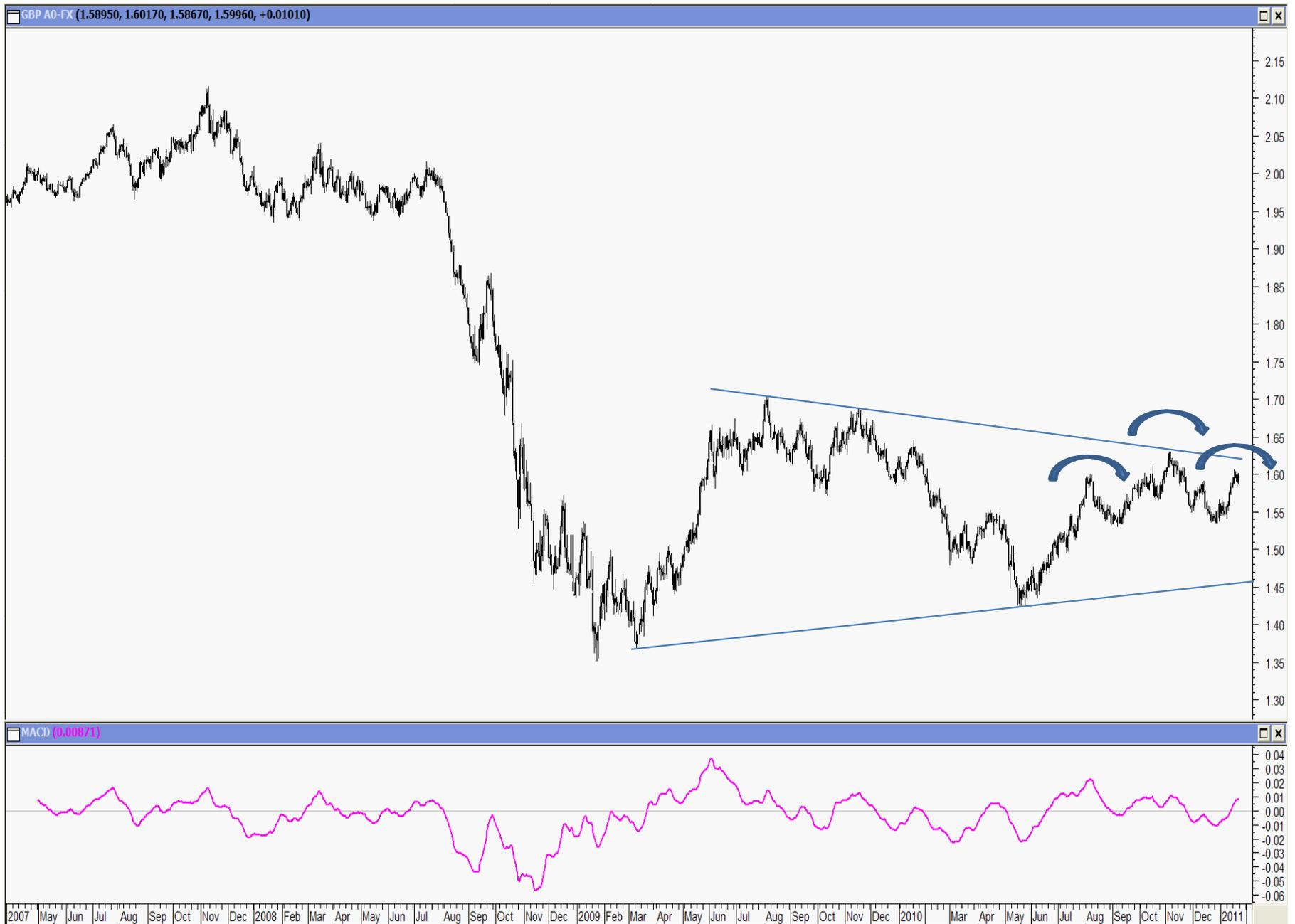
# EURUSD



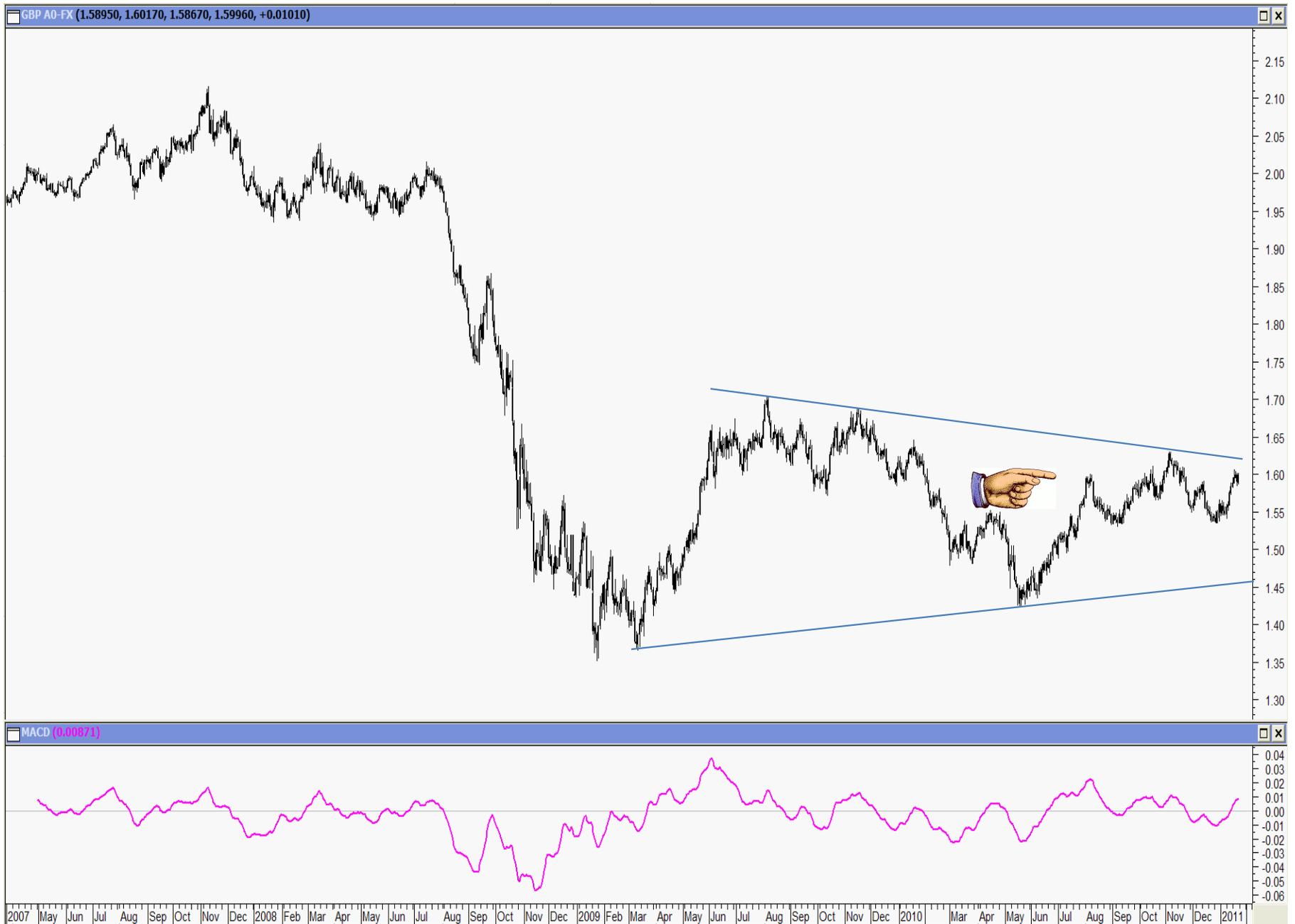


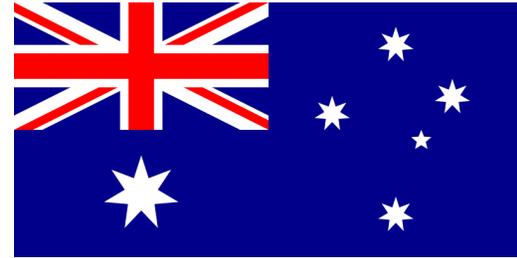
**GBPUSD**

# Sterling v. US Dollar



# Sterling v. US Dollar



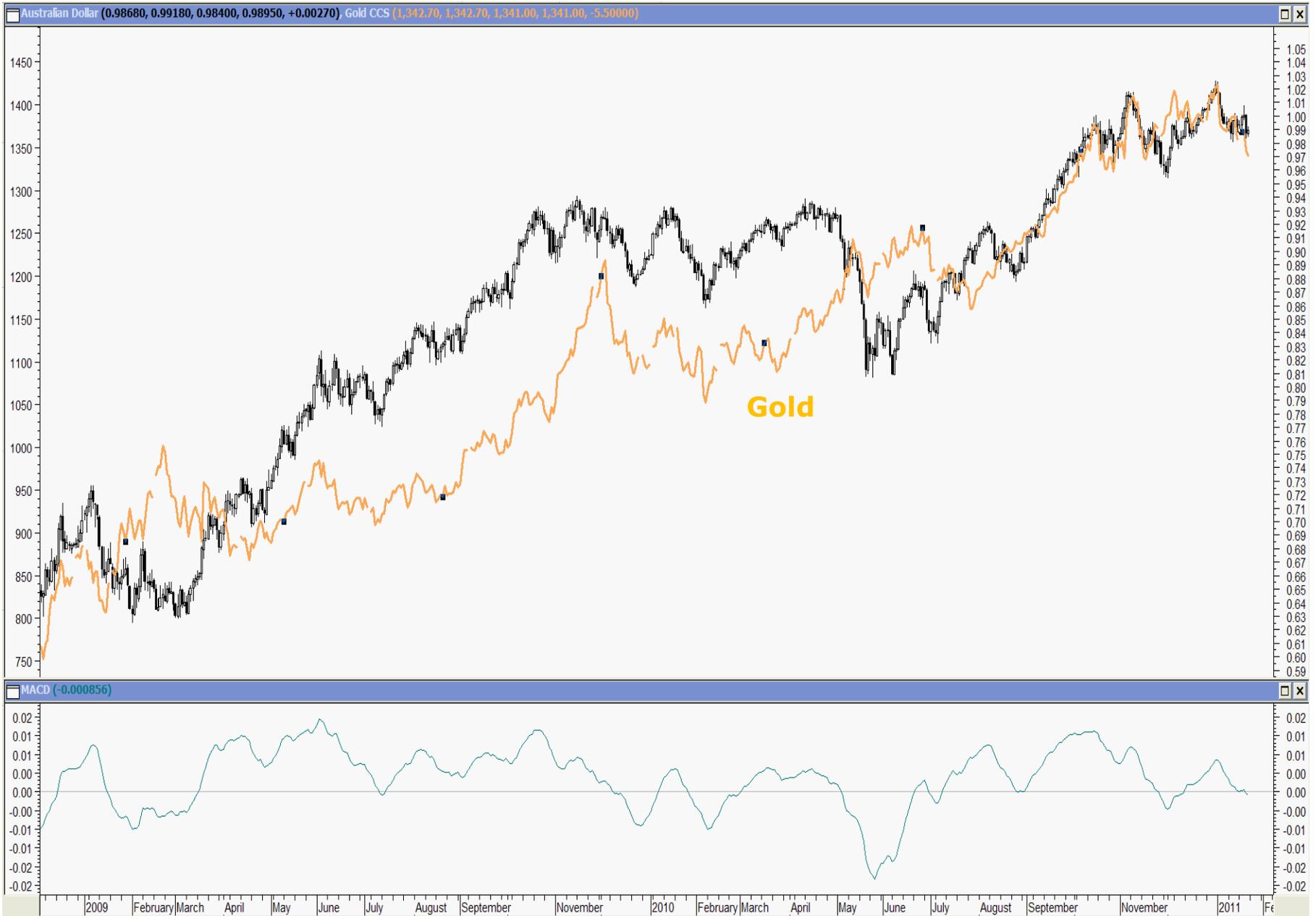


**AUSUSD**

# AUSUSD



# AUSUSD v Gold



# AUSUSD





**S&P500**

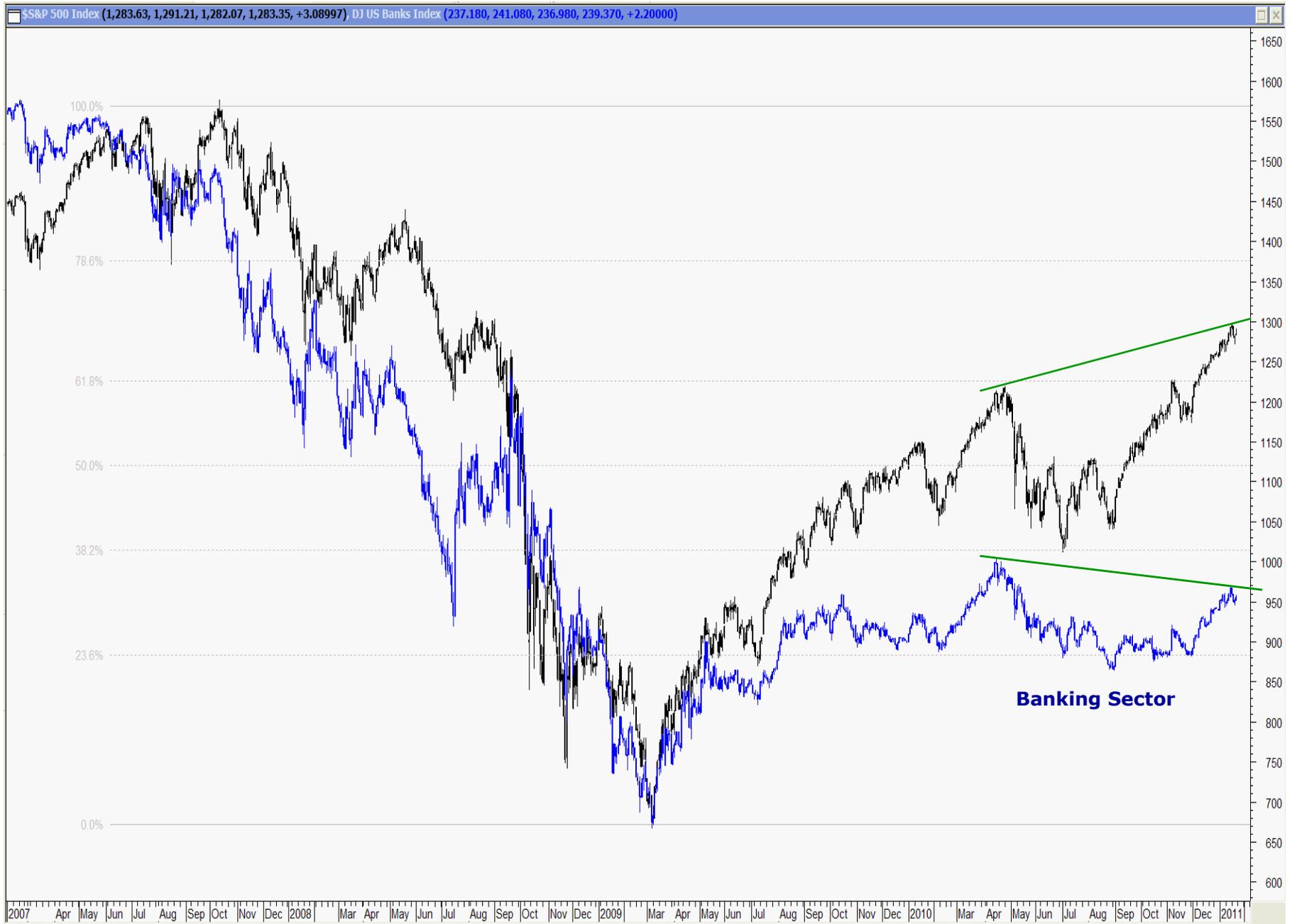
# S&P 500



# S&P 500

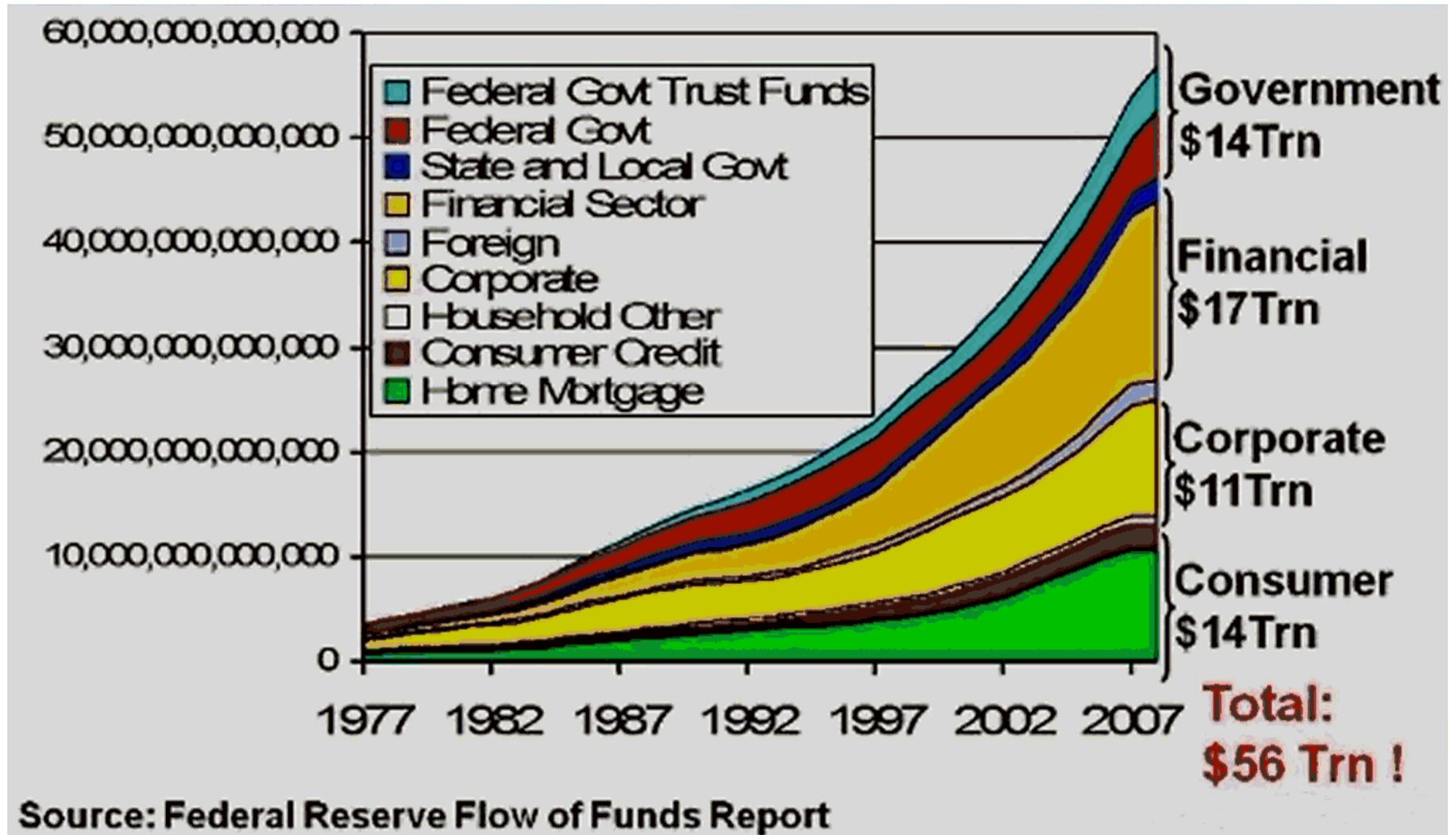


# S&P 500 v. Banking Sector



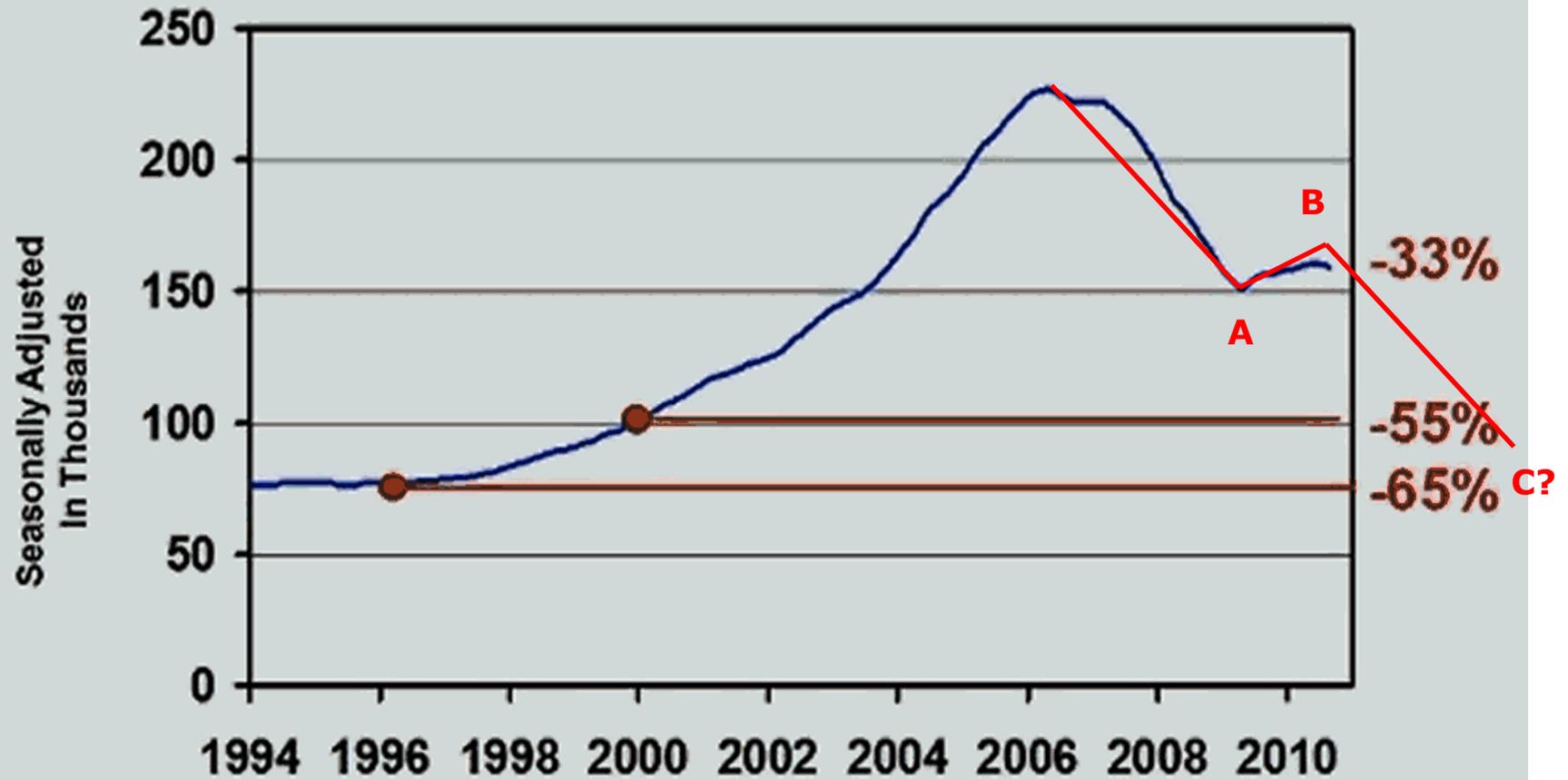
## S&P 500

### U.S. Debt 2008



## S&P 500

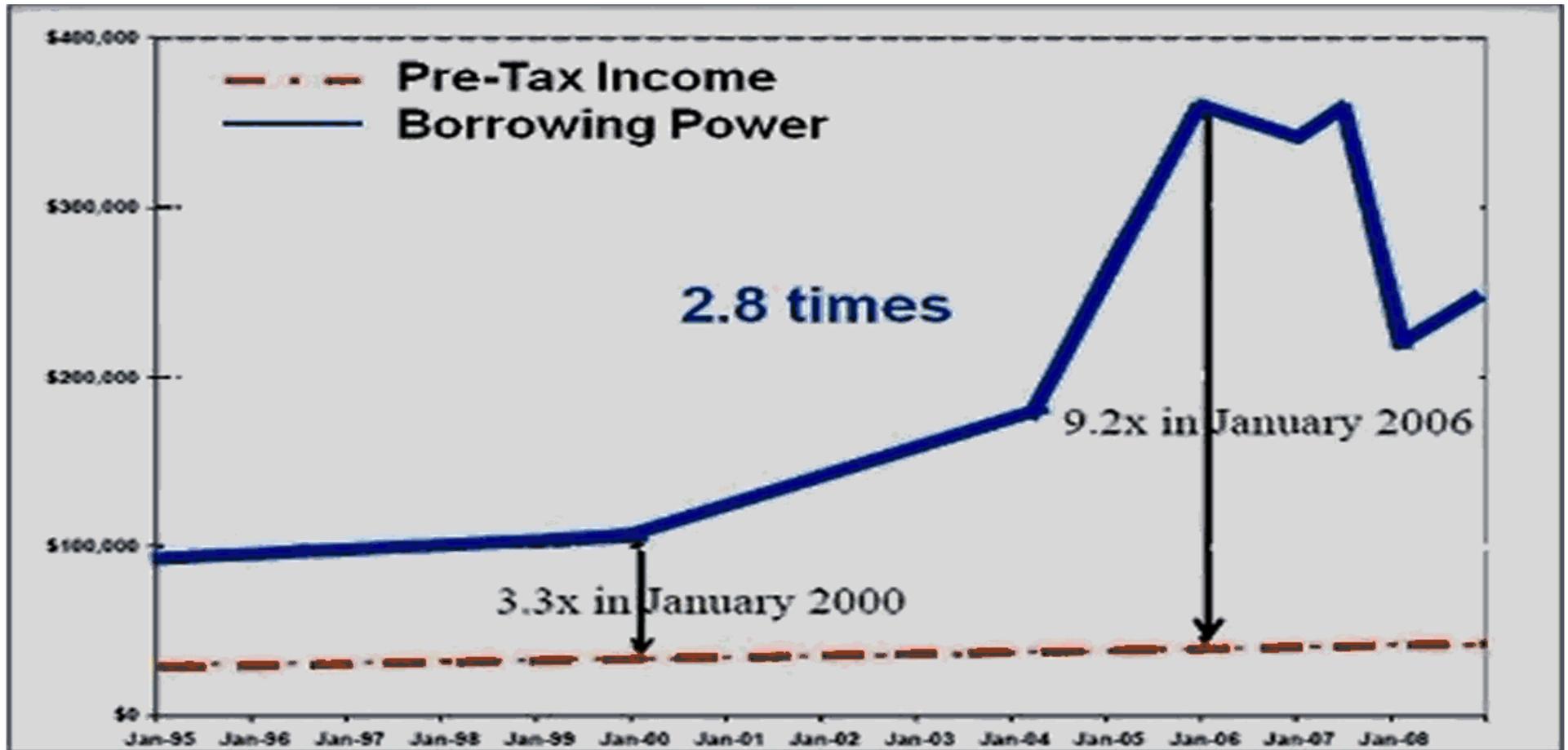
### Average US House Prices January 1994 – September 2010



Source: Standard & Poor's Case-Shiller US 10-City Index

## S&P 500

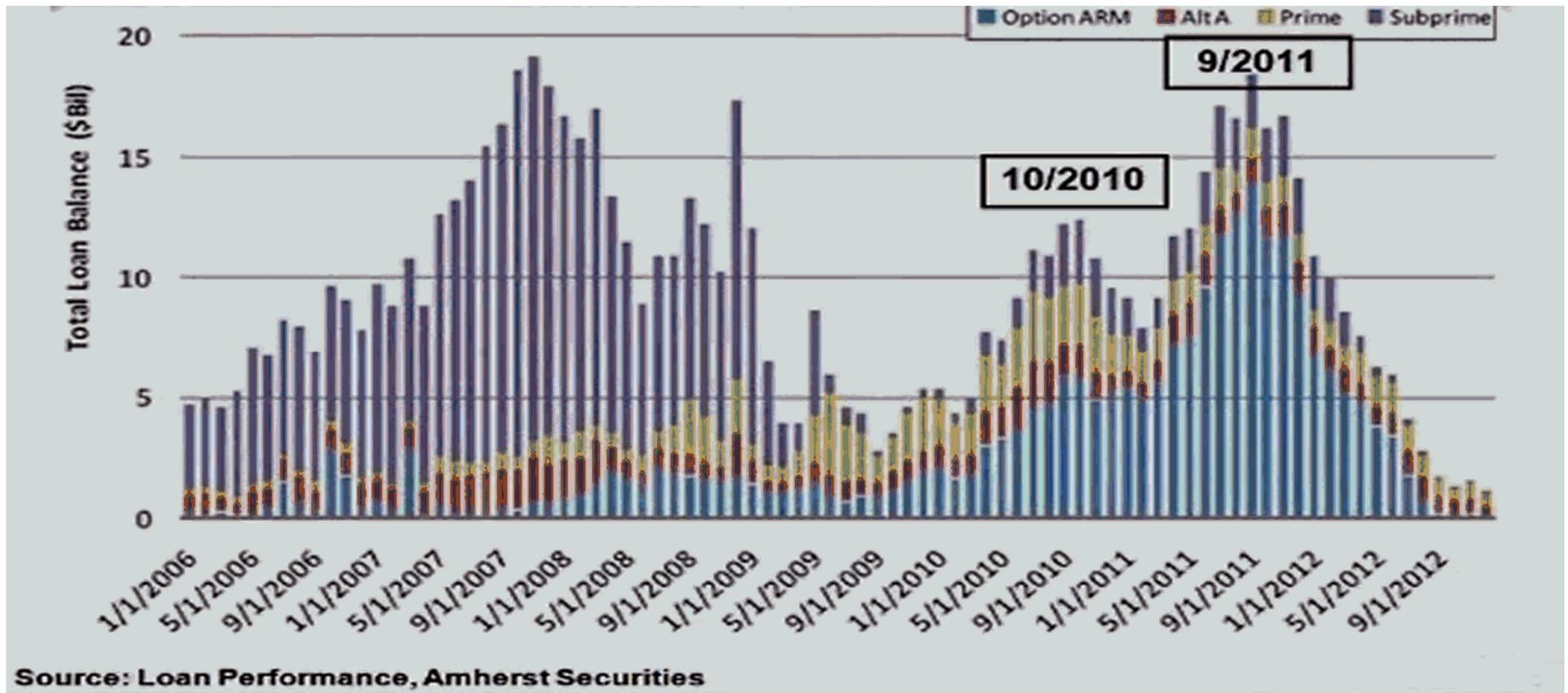
### Borrowing Power Of Typical Home Purchaser



Source: Amherst Securities

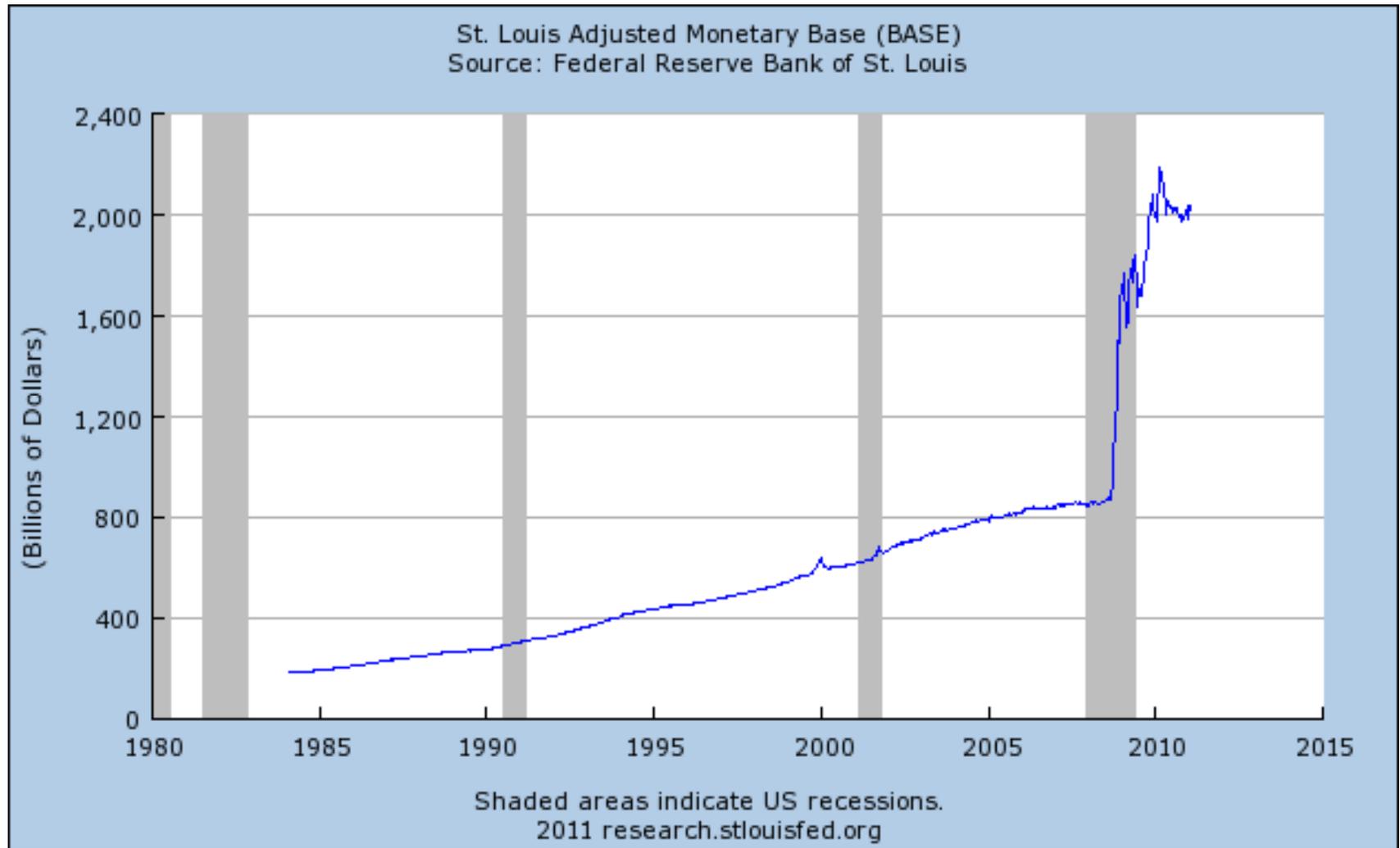
## S&P 500

### Mortgage Resets



## S&P 500

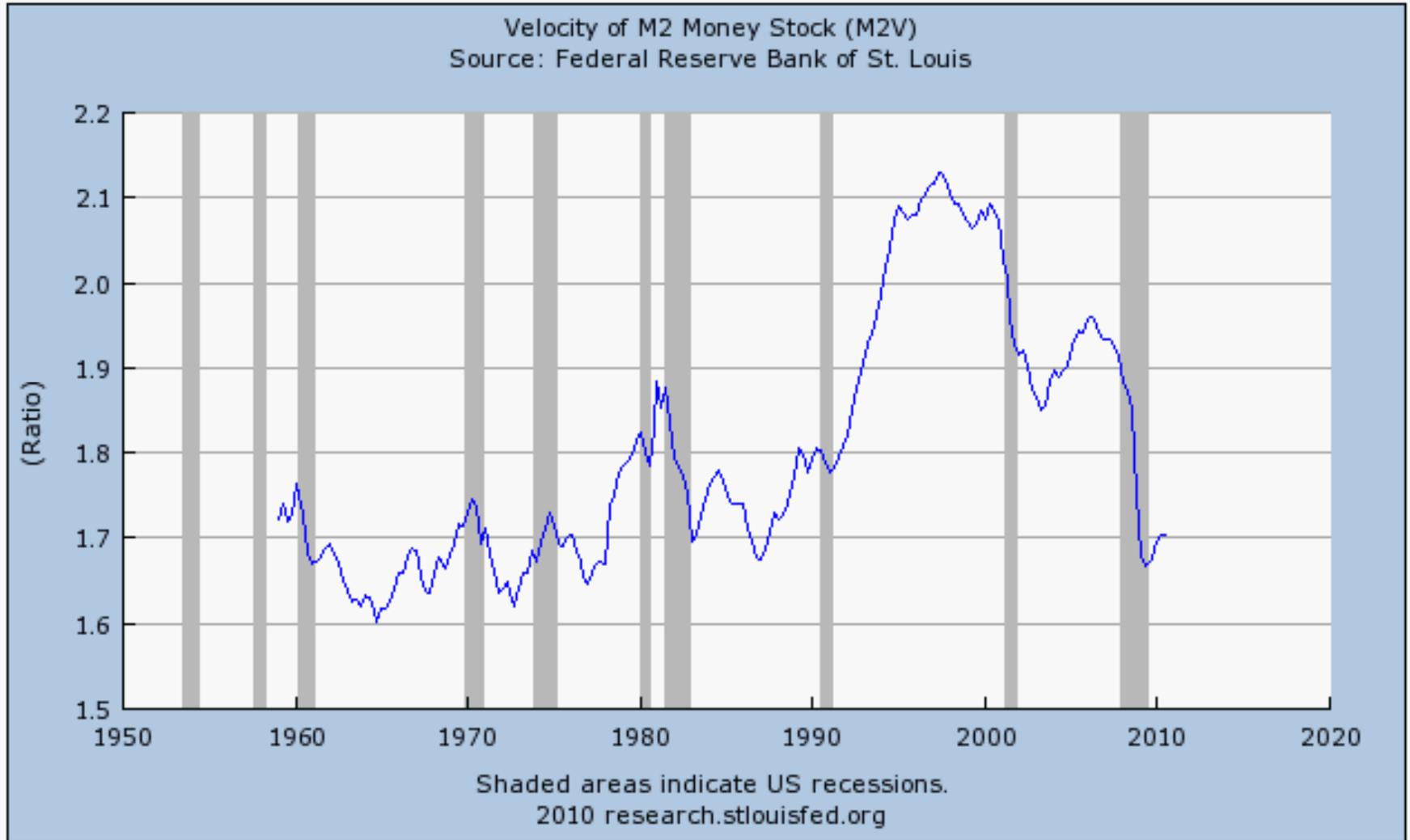
### Monetary Base



Source: Federal Reserve Bank Of St. Louis

## S&P 500

### M2 Velocity Of Money

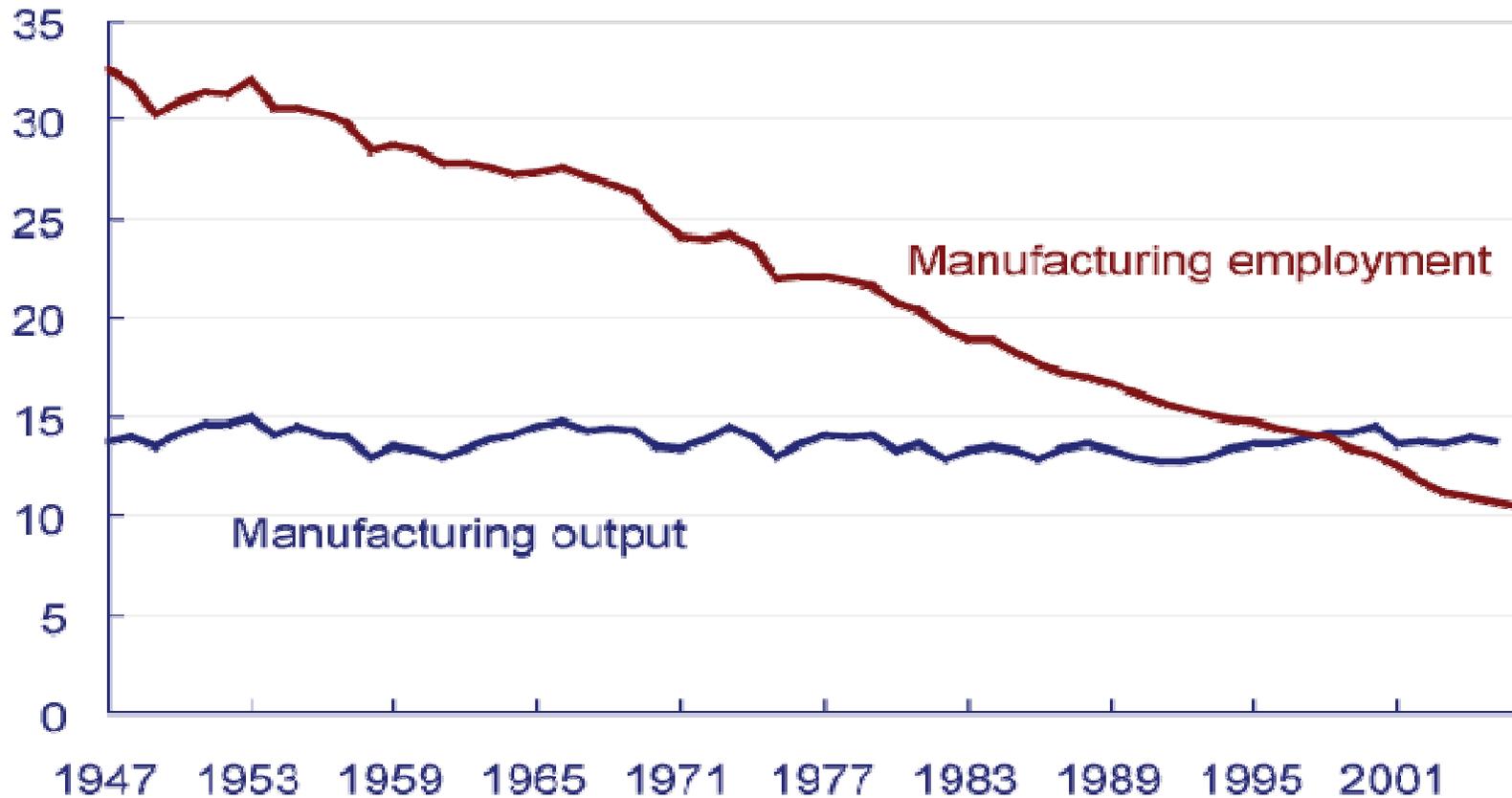


Source: Federal Reserve Bank Of St. Louis

S&P 500

# Real Manufacturing Output and Employment

Percent



Source: Bureau of Economic Analysis; Bureau of Labor Statistics.



# US Municipal Bonds

## US Municipal Bonds

THE WALL STREET JOURNAL.

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of 12  
Will Small Investors Warm Up to Stock...

MARKETS | DECEMBER 21, 2010

# Banks Look to Profit on Muni-Bond Fears

Article | Stock Quotes | Comments

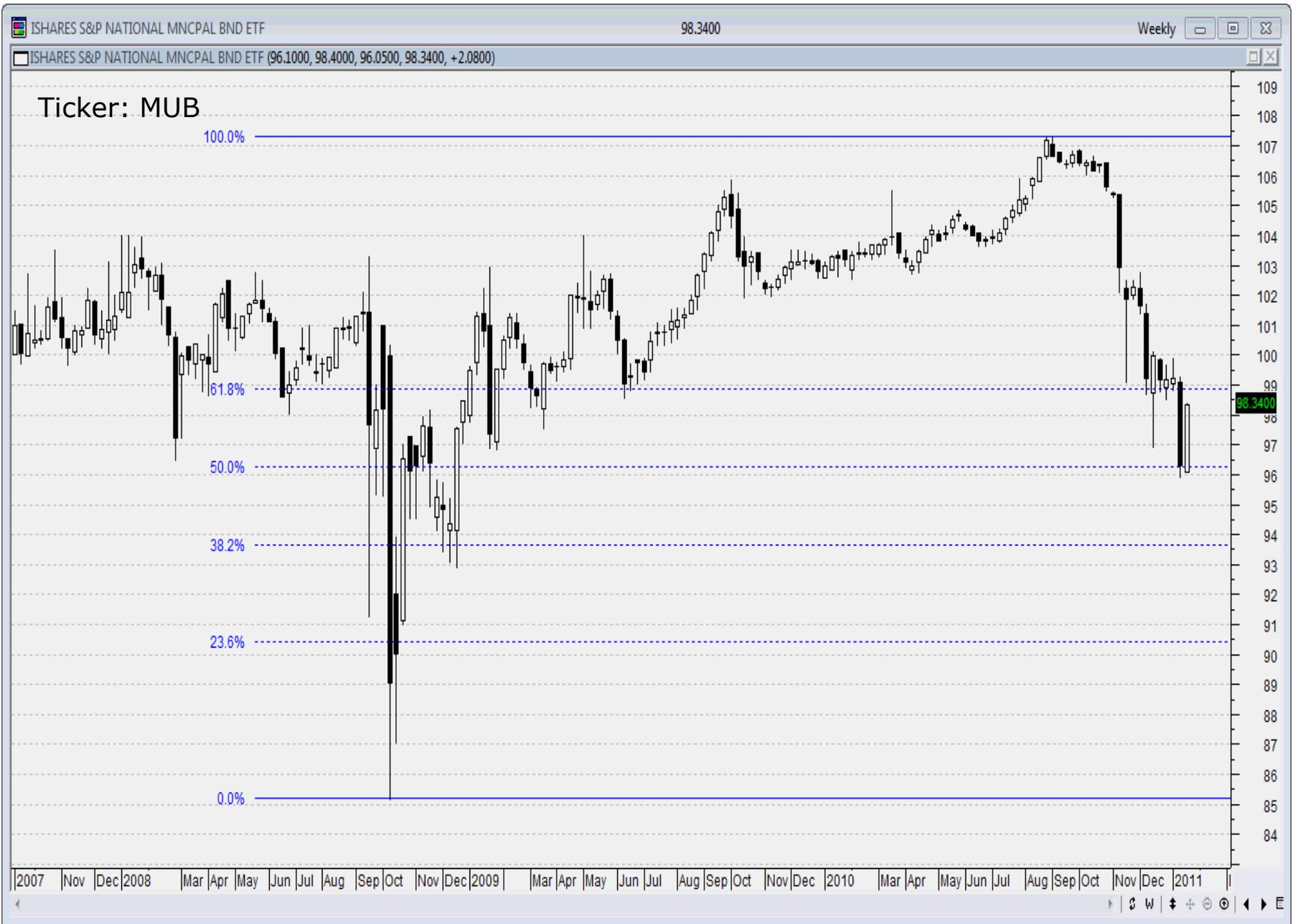
BY KATY BURNE

Some of the world's biggest banks are lining up to profit from worries about the declining finances of U.S. cities and states.

For the first time in two years, Switzerland's UBS AG has begun making markets in derivatives tied to municipal bonds and other securities. The credit-default swaps obligate swap sellers to compensate buyers if a municipal issuer misses an interest payment or restructures its debt.

Separately, five large derivatives dealers—Bank of America Corp.'s Bank of America Merrill Lynch, Citigroup Inc., Goldman Sachs Group Inc., J.P. Morgan Chase & Co., and Morgan Stanley—met last month in New York to discuss ...

# US Municipal Bonds



# US Municipal Bonds

## Option Chains for MUB

Quotes as of 1/21/2011 2:46:19 PM ET . Intraday data delayed at least 15 minutes.

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Symbol:    
 Range:    
 Type:    
 Expiration:    
 Include Adjusted / Non-standard Options   
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### ISHARES S&P NATIONAL AMT FREE MUNICIPAL BOND FUND

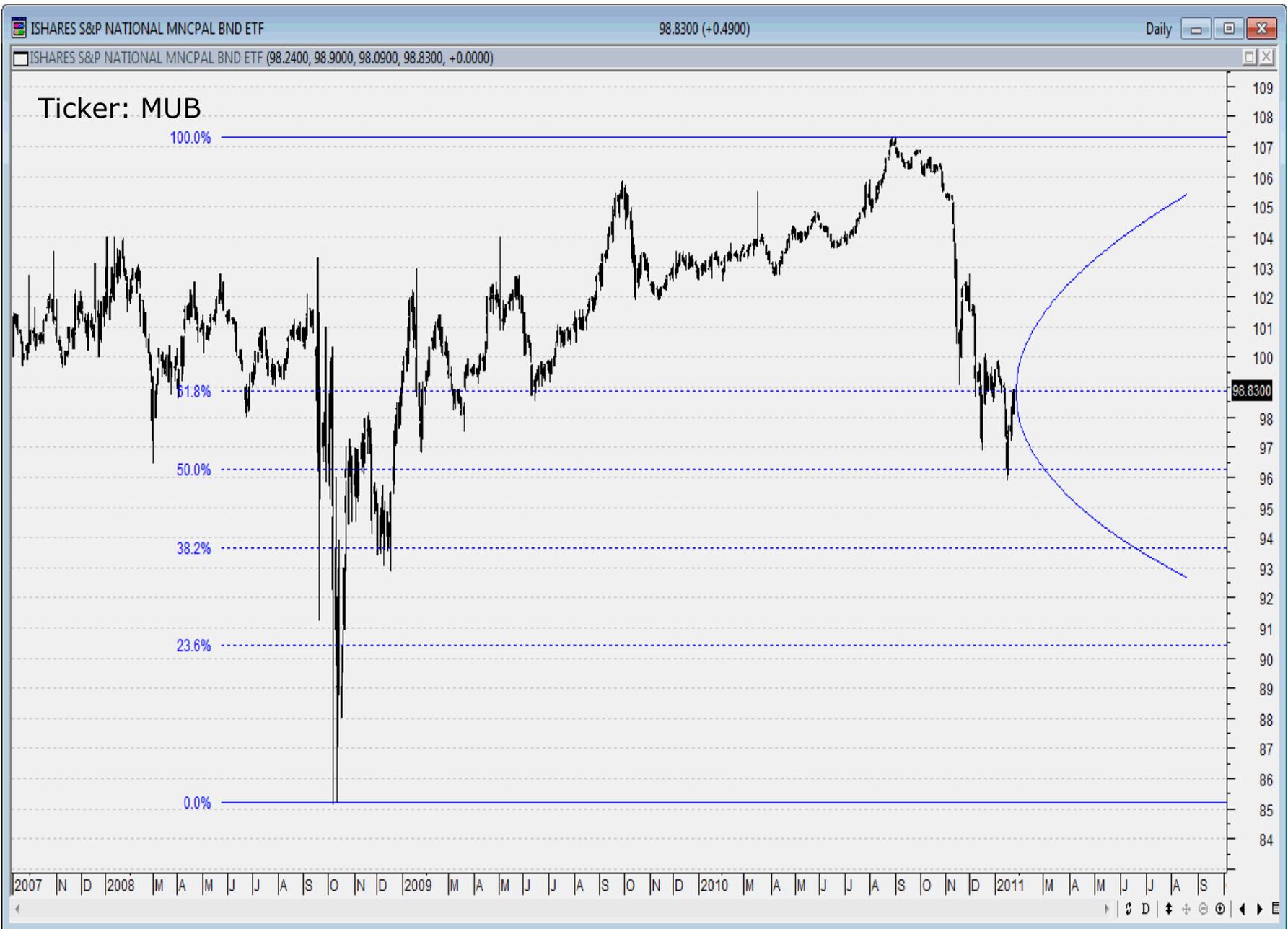
[Time & Sales](#) | [Chart](#) | [Volatility View](#) | [News](#)

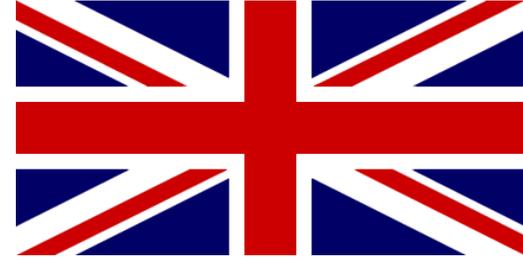
| Symbol | Last  | Change  | Bid   | Ask   | High  | Low   | Volume  | Chart |
|--------|-------|---------|-------|-------|-------|-------|---------|-------|
| MUB    | 98.29 | +0.80 ▲ | 98.28 | 98.30 | 98.40 | 97.40 | 278,836 |       |

MUB Expiration Months: [Jan11](#) | [Feb11](#) | [May11](#) | [Aug11](#)

| Expand All      |       | Puts                     |       |       |          |         |     |       |               |                   |                       | Disable Roll Overs  |  |
|-----------------|-------|--------------------------|-------|-------|----------|---------|-----|-------|---------------|-------------------|-----------------------|---|--|
| Strike          | Last  | Chg                      | Bid   | Ask   | Day High | Day Low | Vol | Oplnt | Return Static | Return Unassigned | Action                |   |  |
| + January 2011  |       | (0 days to expiration)   |       |       |          |         |     |       |               |                   |                       |   |  |
| + February 2011 |       | (28 days to expiration)  |       |       |          |         |     |       |               |                   |                       |   |  |
| + May 2011      |       | (119 days to expiration) |       |       |          |         |     |       |               |                   |                       |   |  |
| - August 2011   |       | (210 days to expiration) |       |       |          |         |     |       |               |                   |                       |   |  |
| 90.00           | 3.20  | +0.20                    | 2.25  | 3.30  | 3.20     | 2.20    | 04  | 106   | 2.56%         | 2.56%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 91.00           | 0     | 0                        | 2.45  | 4.00  | 0        | 0       | 00  | 0     | 2.77%         | 2.77%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 92.00           | 0     | 0                        | 2.75  | 4.00  | 0        | 0       | 00  | 0     | 3.08%         | 3.08%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 93.00           | 4.00  | 0                        | 3.10  | 4.60  | 0        | 0       | 00  | 56    | 3.45%         | 3.45%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 94.00           | 5.40  | 0                        | 3.50  | 5.00  | 0        | 0       | 00  | 2     | 3.87%         | 3.87%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 95.00           | 4.50  | -0.30                    | 4.30  | 4.60  | 4.90     | 4.40    | 14  | 53    | 4.74%         | 4.74%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 96.00           | 4.50  | 0                        | 4.50  | 5.80  | 0        | 0       | 00  | 49    | 4.92%         | 4.92%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 97.00           | 5.40  | 0                        | 5.00  | 6.40  | 0        | 0       | 00  | 45    | 5.43%         | 5.43%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 98.00           | 6.30  | 0                        | 6.00  | 7.40  | 0        | 0       | 00  | 27    | 6.52%         | 6.52%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 99.00           | 0     | 0                        | 6.10  | 7.80  | 0        | 0       | 00  | 0     | 5.81%         | 6.57%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 100.00          | 0     | 0                        | 6.70  | 8.50  | 0        | 0       | 00  | 0     | 5.36%         | 7.18%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 101.00          | 0     | 0                        | 7.50  | 9.20  | 0        | 0       | 00  | 0     | 5.13%         | 8.02%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 102.00          | 0     | 0                        | 8.30  | 10.00 | 0        | 0       | 00  | 0     | 4.91%         | 8.86%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 103.00          | 0     | 0                        | 9.10  | 10.80 | 0        | 0       | 00  | 0     | 4.69%         | 9.69%             | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 104.00          | 0     | 0                        | 10.00 | 11.60 | 0        | 0       | 00  | 0     | 4.57%         | 10.64%            | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |
| 105.00          | 12.00 | +0.40                    | 10.20 | 12.50 | 12.00    | 12.00   | 02  | 2     | 3.69%         | 10.76%            | <a href="#">Trade</a> | <a href="#">Watch</a>   <a href="#">Calc</a>   <a href="#">Detail</a> |  |

# US Municipal Bonds





**FTSE100**

# FTSE100



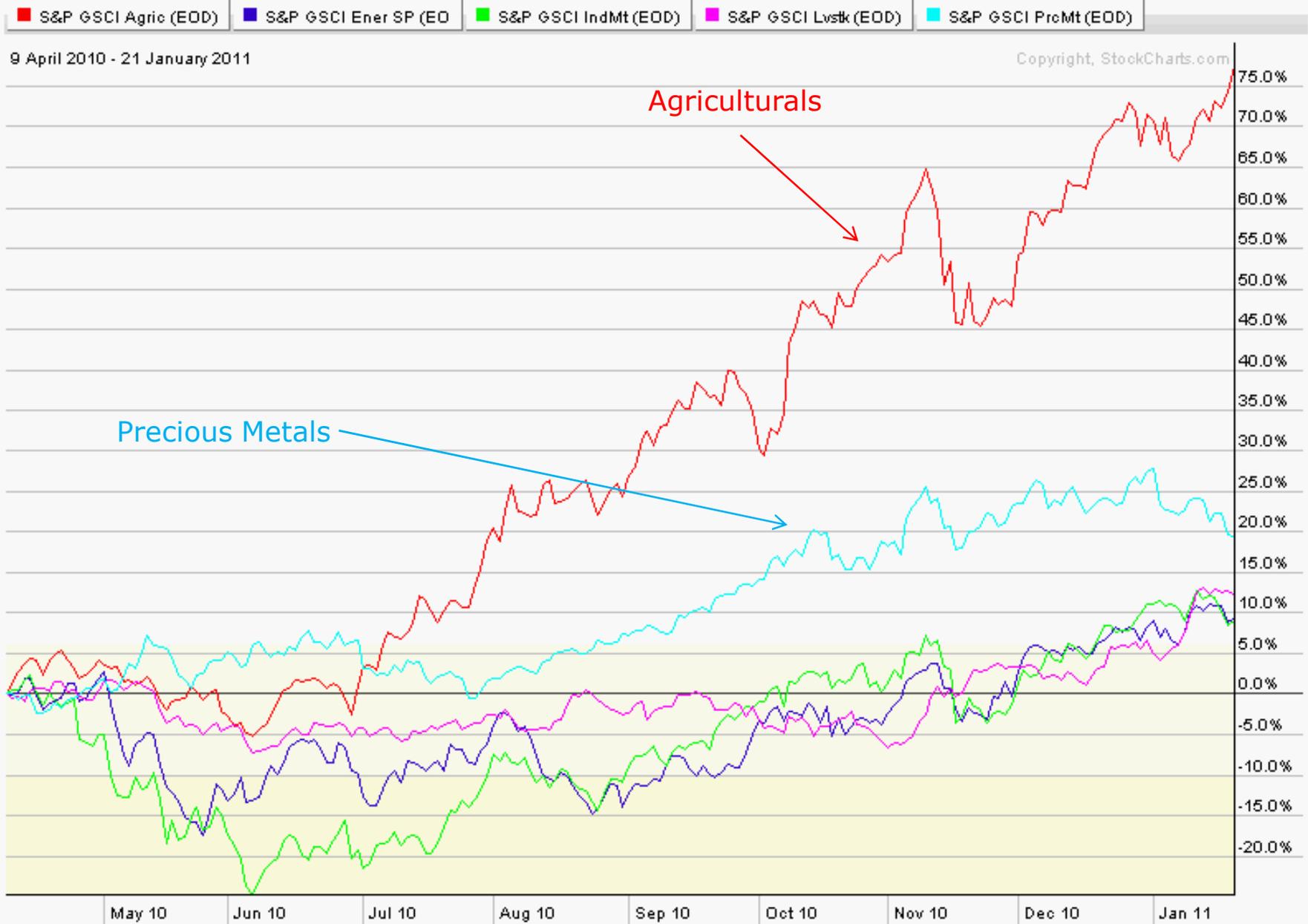
# FTSE100





# Commodities

## Commodity Relative Strength



## Soft Commodities



# Soft Commodities



## Soft Commodities

### ETFs AGAP & AIGA

#### Allocation

---



#### Weights\*

|                |     |
|----------------|-----|
| 1. Soybeans    | 26% |
| 2. Corn        | 24% |
| 3. Wheat       | 15% |
| 4. Cotton      | 7%  |
| 5. Sugar       | 10% |
| 6. Coffee      | 8%  |
| 7. Soybean Oil | 10% |

\* These are the weights UBS used to rebalance their indices in January 2010 and which were used to rebalance the number of micro securities. The effective weight of each commodity changes over time with price changes.

# Soft Commodities



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ETFS AGRICUL £ Currency GBX

Summary | Interactive chart | Prices and trades | Technical analysis | News analysis | News

| Price  | +/-    | Var %  | Volume | Last close            |
|--------|--------|--------|--------|-----------------------|
| 595.50 | ▲+4.50 | +0.76% | 20,238 | 591.00 on 21-Jan-2011 |

| Bid    | Offer  | Period name        |
|--------|--------|--------------------|
| 595.00 | 596.00 | SMMP               |
| High   | Low    | Special conditions |
| 597.00 | 595.00 | NONE               |

As at 24-Jan-2011 12:32:22 - All data delayed by at least 15 minutes.

Latest news

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Multi currency

**AIGA ETFS COMMODITY SECURITIES LD ETFS AGRICULTURE DJ-UBSCI**

ETFS AGRICUL Currency USD

Summary | Interactive chart | Prices and trades | Technical analysis | News analysis | News

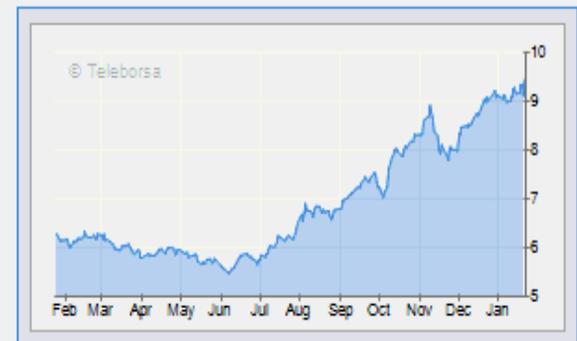
| Price | +/-    | Var %  | Volume  | Last close          |
|-------|--------|--------|---------|---------------------|
| 9.49  | ▲+0.04 | +0.40% | 785,309 | 9.46 on 21-Jan-2011 |

| Bid  | Offer | Period name        |
|------|-------|--------------------|
| 9.49 | 9.49  | SMMP               |
| High | Low   | Special conditions |
| 9.52 | 9.48  | NONE               |

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Latest news

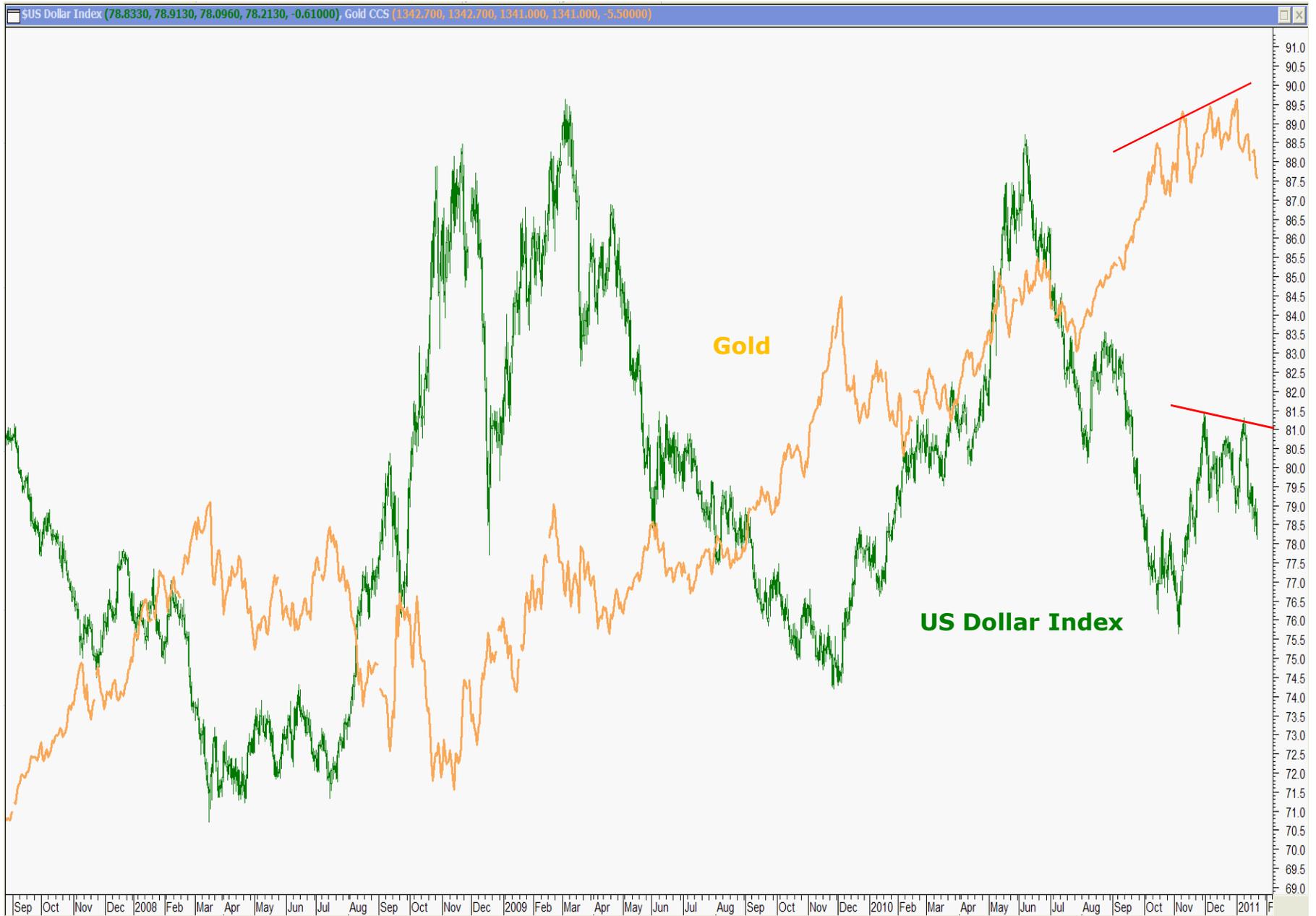
Select source



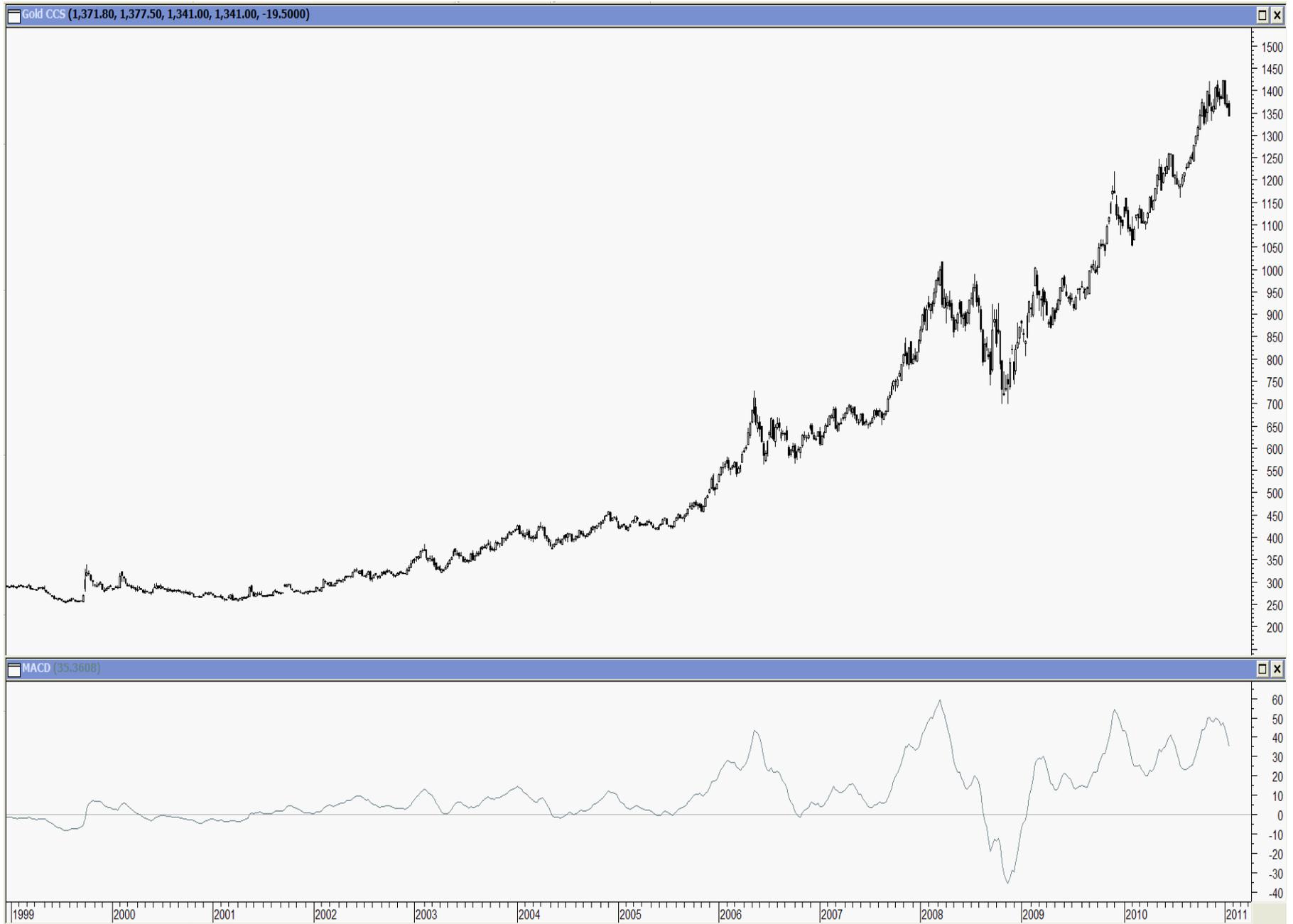
## Gold



# Gold v. US Dollar



# Gold



# Gold



# Gold



# Gold

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ETFS SHORT GOLD Currency USD

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- Technical analysis
- News analysis

| Price | +/-    | Var %  | Volume | Last close           |
|-------|--------|--------|--------|----------------------|
| 29.54 | ▼-0.09 | -0.30% | -      | 29.63 on 21-Jan-2011 |

| Bid   | Offer | Period name        |
|-------|-------|--------------------|
| 29.52 | 29.56 | SMMP               |
| High  | Low   | Special conditions |
| -     | -     | NONE               |

As at 24-Jan-2011 09:41:00 - All data delayed by at least 15 minutes.

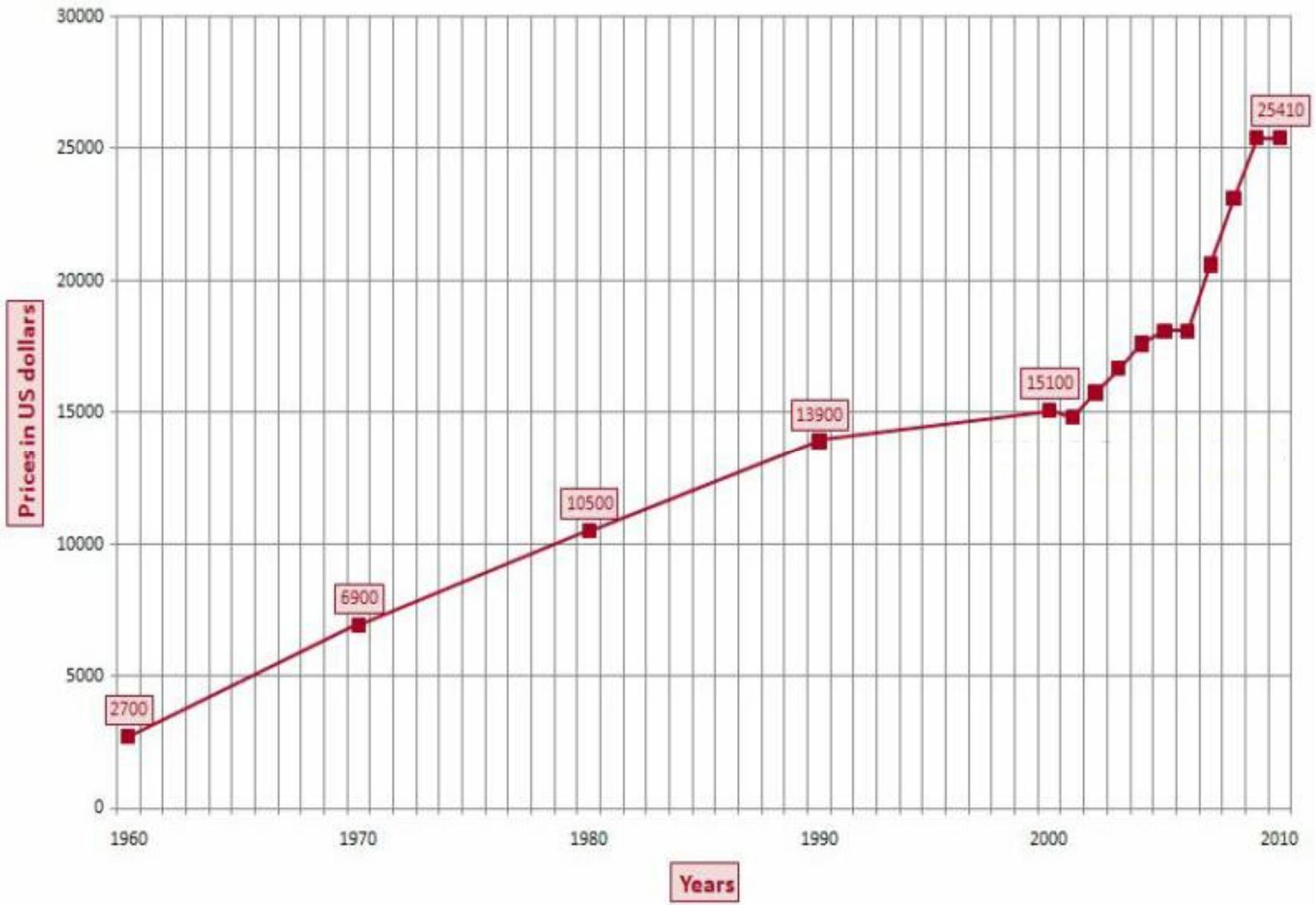
Trading Information



# Diamonds



# Diamonds



# Diamonds

## De Beers to cut diamond production

Print

By William MacNamara in London

Published: April 25 2010 22:33 | Last updated: April 25 2010 22:33

De Beers believes that the supply of diamonds is running out over the long term, prompting the world's biggest miner of the gems to reduce production in an attempt to extend the life of its mines.

Assuming the move moderated production, rough diamond prices could rise by at least 5 per cent per year for the next five years, said Des Kilalea, analyst at RBC Capital Markets.

De Beers' move, which will see production plateau at about 40m carats a year from 2011 compared with 2008 production of 48m carats, anticipates new Asian demand accelerating the depletion of the world's existing diamond mines, said Gareth Penny, managing director.

# Diamonds

ROCKWELL DIAMONDS INC. (TOR)

Edit

Range: 1d 5d 3m 6m 1y 2y 5y max Type: Bar | Line | Candle Scale: Linear | Log Size: M | L

Compare: RDI.TO vs   S&P 500  Nasdaq  Dow

ROCKWELL DIAMONDS INC.

■ RDI.TO

Jan 17, 2011



# Diamonds

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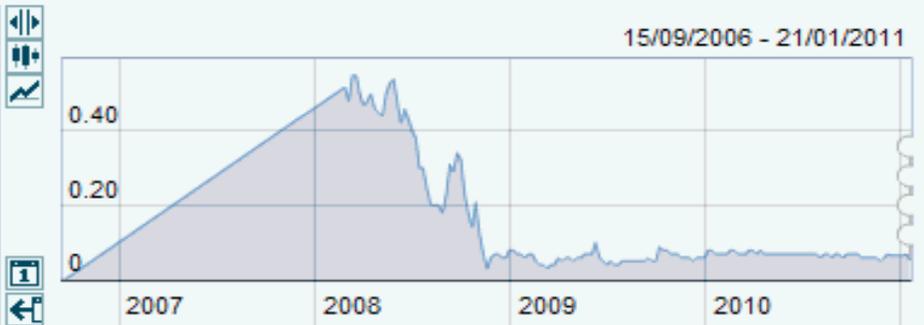
## ROCKWELL DIAMONDS INC (RDI CA77434W1032 CAD)

VALUE **0.055** CHANGE TODAY **0.00** ↓ UPDATED **21/01 20:59**

ORDER NOW

WATCHLIST

- 1 day
- 5 day
- 1 mth
- 3 mth
- 6 mth
- YTD
- 1 yr
- 5 yr
- 10 yr
- Max



**DETAILS** | Summary | Prices | News

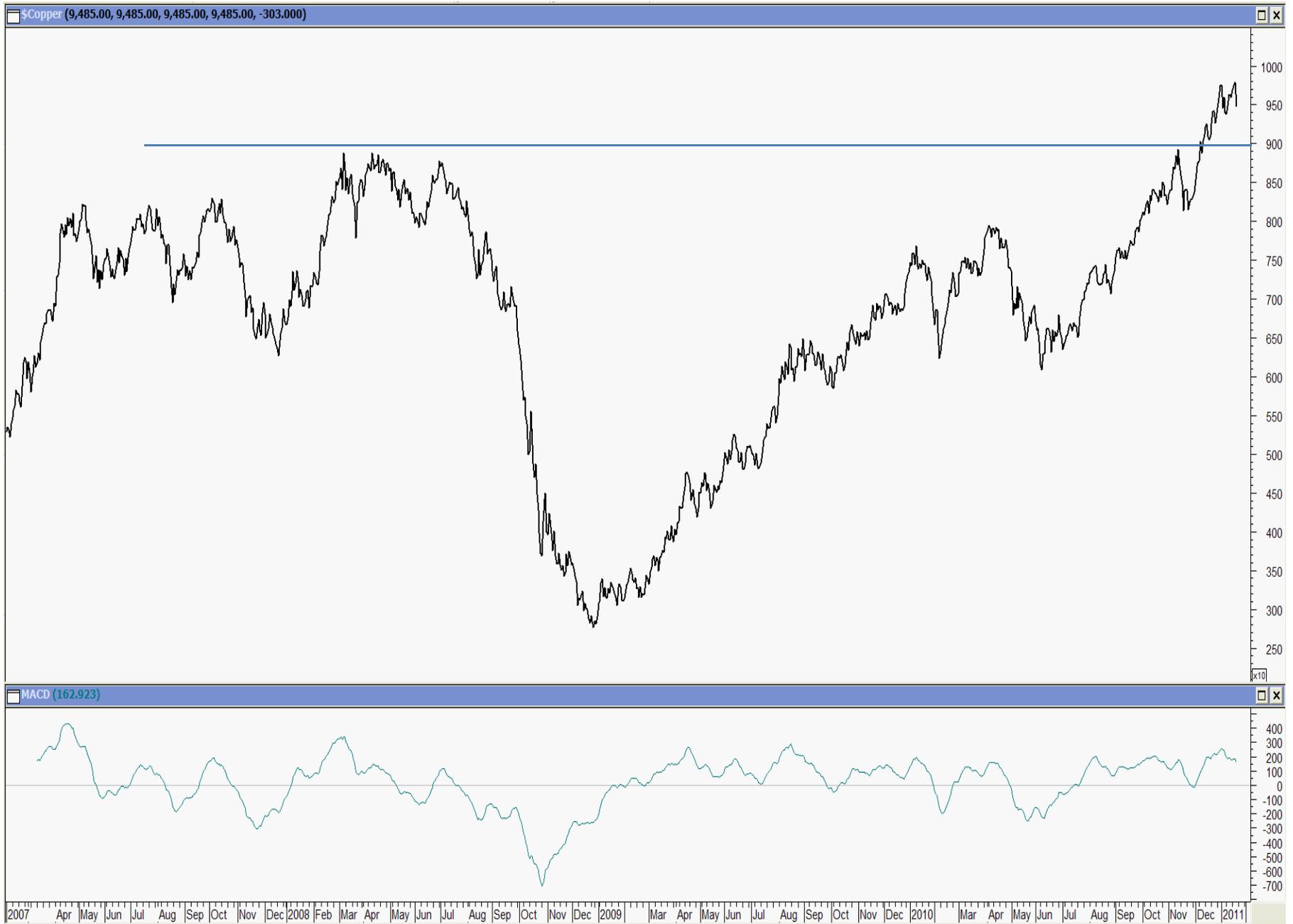
| PRICE CHANGES    |       |        |         |
|------------------|-------|--------|---------|
| Period of Change | Value | Change |         |
| 1 week           | 0.07  | -0.02  | -21.43% |
| 1 mth            | 0.07  | -0.02  | -21.43% |
| 3 mths           | 0.06  | -0.01  | -8.33%  |
| 6 mths           | 0.07  | -0.02  | -21.43% |
| 1 yr             | 0.07  | -0.02  | -21.43% |
| 3 yrs            | 0.53  | -0.48  | -89.62% |
| 5 yrs            | 0.00  | +0.06  | +0.00%  |

| SECURITY DETAILS  |                                 |
|-------------------|---------------------------------|
| Full Name         | Rockwell Diamonds Inc Com Stock |
| Currency          | NPV                             |
| ISIN              | CAD                             |
| Symbol            | CA77434W1032                    |
| My Account Symbol | RDI                             |
| Security Type     | RDI.TOR                         |
| Exchange/Market   | Stock                           |
|                   | Toronto Stock Exchange          |

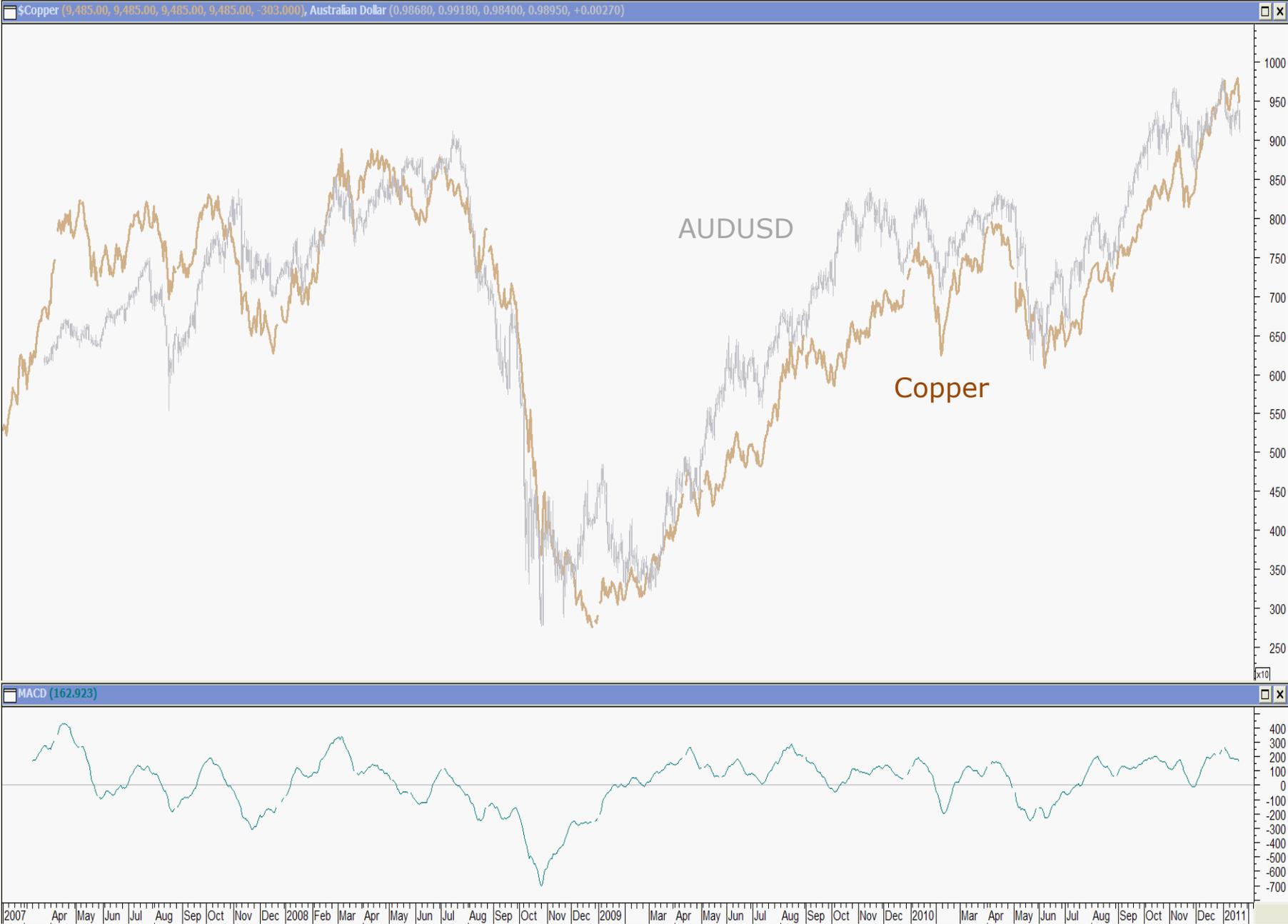
## Copper



# Copper



# Copper v AUSUSD



# Copper

Monday 24 January 2011

## The Telegraph

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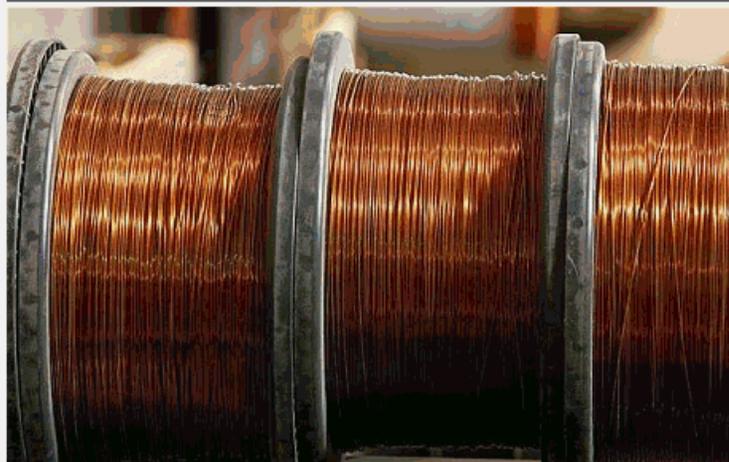
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### Industry

## JP Morgan revealed as mystery trader that bought £1bn-worth of copper on LME

The American investment bank JP Morgan is the mystery trader that grabbed more than half the copper on the London Metal Exchange, The Daily Telegraph has learned.



The trade was described in the LME's daily update as 'between 50pc and 80pc' of the 350,000 tonnes of copper in reserves

By Louise Armitstead and Rowena Mason 8:30AM GMT 04 Dec 2010

104 Comments

The \$1.5bn (£1bn) trade was described in the LME's daily update as "between 50pc and 80pc" of the 350,000 tonnes in reserves. This pushed up the price for the immediate delivery of copper to \$8,700 – its highest level since the financial crisis in October 2008.

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### IN FINANCE



Made in Britain - great British inventions



# Copper





## **Summary Of Positions December 2010**

**Long US Dollar**

**Short Gold below 1425**

**Neutral Copper – Looking for Short below \$9000**

**Short Euro below 1.37**

**Short Japanese Yen above 80**

**Neutral Wheat**

**Short Sterling below 1.60**

**Neutral Stocks – Short below S&P500 1220**



## **Summary Of Positions January 2011**

**Long US Dollar above 76**

**Short Gold below 1425**

**Neutral Copper – Looking for Short below \$9000**

**Short Euro below 1.37**

**Short Aussie below 1.00**

**Short Japanese Yen above 81**

**Short Sterling below 1.60**

**Short FTSE below 6050**

**Long Rockwell Diamonds**

**Short Municipal Bond ETF**

*"The more the government intervenes to delay the market's adjustment, the longer and more grueling the depression will be, and the more difficult will be the road to complete recovery."*

Murray Rothbard



*That's all Folks!*

*Next Meeting will be on Tuesday, 15<sup>th</sup> February*