

## Week Ending 13<sup>th</sup> January 2012

Last week was very interesting with all the posturing in the Persian Gulf between USA & Iran – it will be interesting to see how this all pans out. The US is looking for another theatre of war, now that they are withdrawing troops from Iraq and have now declared that Iran is the Baddie.

I wonder if the main exports from Iraq & Afghanistan were Broccoli instead of Oil and Heroin respectively – would the US have been at war in these countries – I suspect not.

The US has been quite inflammatory with respect to Iran and passed a bill last weekend, denying access to US dollar transactions to any company or country which does business with the Central Bank of Iran. Basically, anyone who buys Iranian Oil, will be denied any international business involving US Dollars – because all such transactions need to be approved by the Federal Reserve in New York.

This has essentially isolated Iran and its Oil and this is the basis for the Iranian retaliations (diplomatic at this time) against USA.

Have a great week all

## Futures

### Currency – Euro & USD\$

Entries: Robusta Coffee

Exits: Nil

Both Euro-BOBL positions have the same stop now, so we need only show it in the report once each week now.

There have been several questions from subscribers regarding the amount of exposure a trader should have to a single category of the market – specifically that we have had several orders on German Debt. Risk Management prudence dictates that too much exposure to a particular category raises the risk concerned and this is true. However our orders are placed because the charts are giving us potential entry points for 4 of these instruments and we don't know whether all 4 are going to execute or not, so in order to capture the trades which execute, it would make sense to have all orders in the Trading Platform.

From a risk management perspective it would probably be undesirable to hold 4 positions on German Bonds. A solution to this is to hold all orders in the system and when the individual risk tolerance has been reached – cancel the unexecuted orders. This allows the trader to enter 1, 2 or 3 positions, while retaining good risk management procedures and still catching the entries as they occur.

There has been some questions regarding the differences between the following:

Euro-Schatz, Euro-BOBL, Euro-BUND & Euro-BUXL.

They are all German Govt Bonds and represent different time frames

|             |                 |
|-------------|-----------------|
| Euro-Schatz | 1.75 – 2.25 yrs |
| Euro-BOBL   | 4.5 – 5.5 yrs   |
| Euro-BUND   | 8.5 – 10.5 yrs  |
| Euro BUXL   | 24 – 35 yrs     |

These bonds all have a nominal value of Euro 100,000 and a nominal return of 6%.

The colour coding we are currently using is as follows:

Amended orders or stops

Retained Orders or stops – no change

New working orders

Immediate action required

Short Sell

### Open Positions

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| Stops:          |     | Old   | Action | New   |
|-----------------|-----|-------|--------|-------|
| <b>Amended</b>  |     |       |        |       |
| Nil             |     |       |        |       |
| <b>Retained</b> |     |       |        |       |
| Euro-BOBL       | GBM | 123.3 | Retain | 123.3 |
| Euro-Schatz     | GBS | 110   | Retain | 110   |
| Long Gilt       | LLG | 114.8 | Retain | 114.8 |
| Robusta Coffee  | LRC | 1835  | Retain | 1835  |
| 10 Yr Bond      | YXB | 95.90 | Retain | 95.90 |

### Cancelled Orders

Nil

### Working Orders

| Commodity | Code | Contract & Month | Direction | Entry | Stop |
|-----------|------|------------------|-----------|-------|------|
|-----------|------|------------------|-----------|-------|------|

### Amended

|                  |     |                  |      |       |       |
|------------------|-----|------------------|------|-------|-------|
| Euro-Bund        | GBL | FGBLH2 – Mar '12 | Buy  | 140.6 | 137.9 |
| Euro-BUXL        | GBX | FGBXH2– Mar '12  | Buy  | 130.5 | 126.0 |
| White Sugar No 5 | LSU | WH2 – Feb '12    | Sell | 586.1 | 600.7 |
| Singapore Index  | SSG | SSGF2 – Jan '12  | Sell | 291.3 | 302.5 |

## Retained

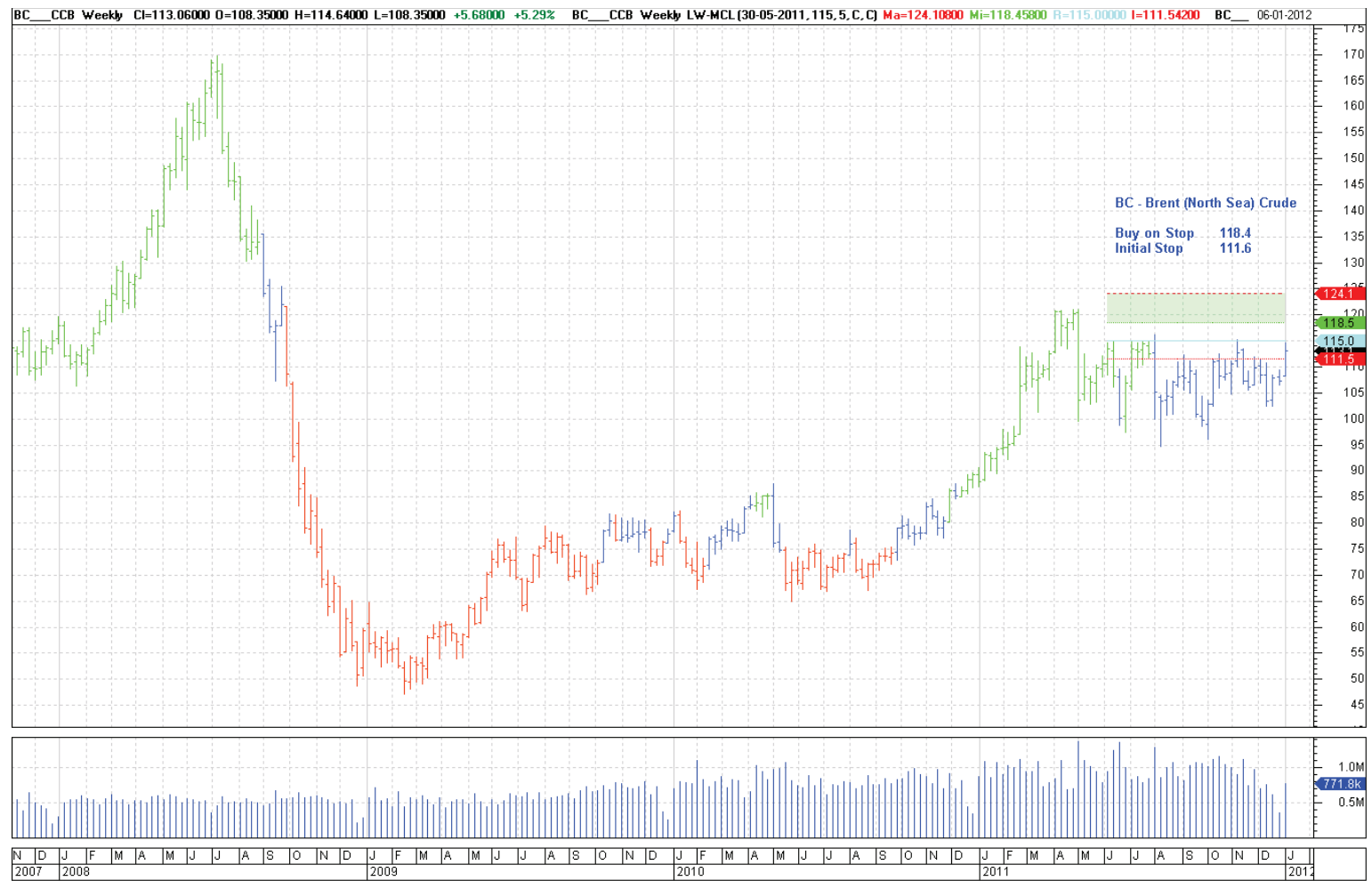
|                      |     |                |     |         |         |
|----------------------|-----|----------------|-----|---------|---------|
| 5 Year Treasury Note | FV2 | ZFH2 – Mar '12 | Buy | 123.775 | 122.975 |
|----------------------|-----|----------------|-----|---------|---------|

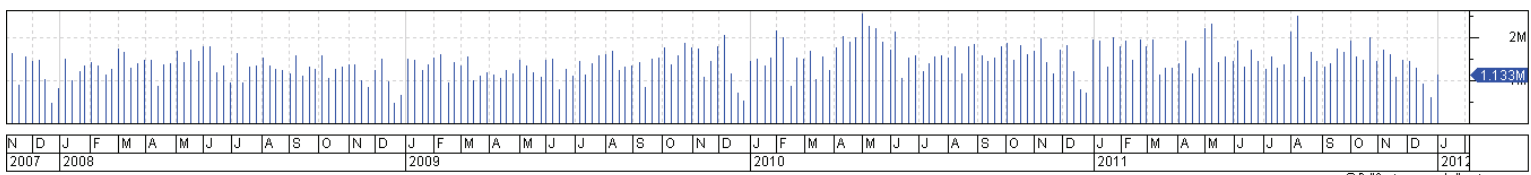
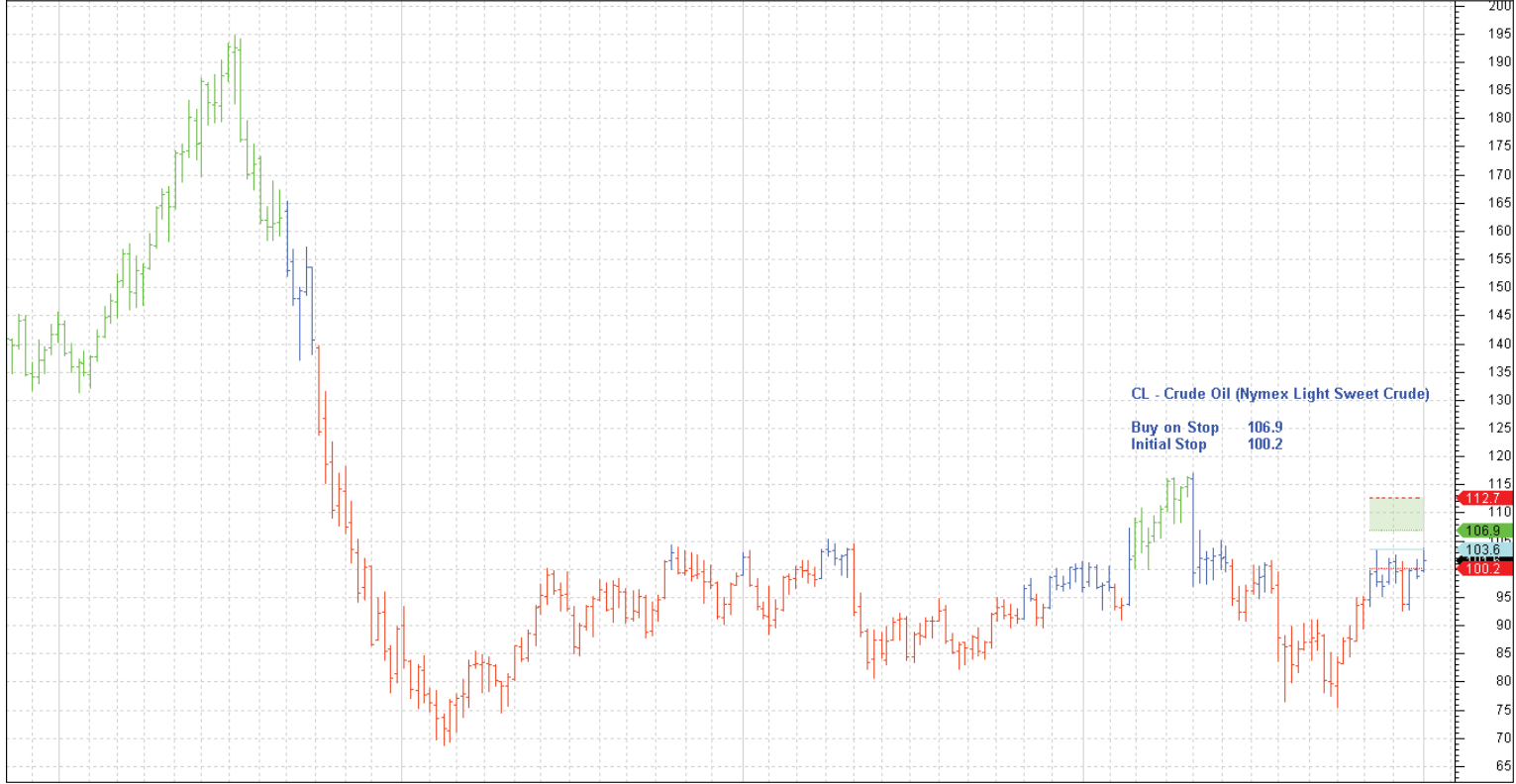
| Commodity | Code | Contract & Month | Direction | Entry | Stop |
|-----------|------|------------------|-----------|-------|------|
|-----------|------|------------------|-----------|-------|------|

## New

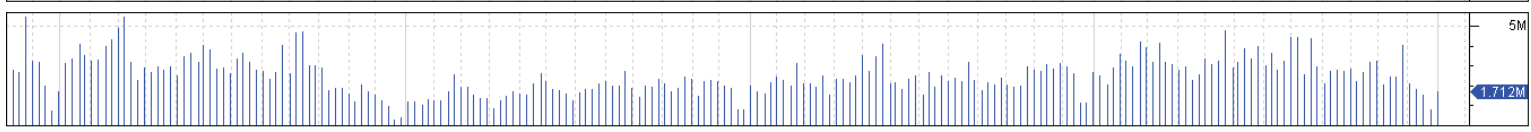
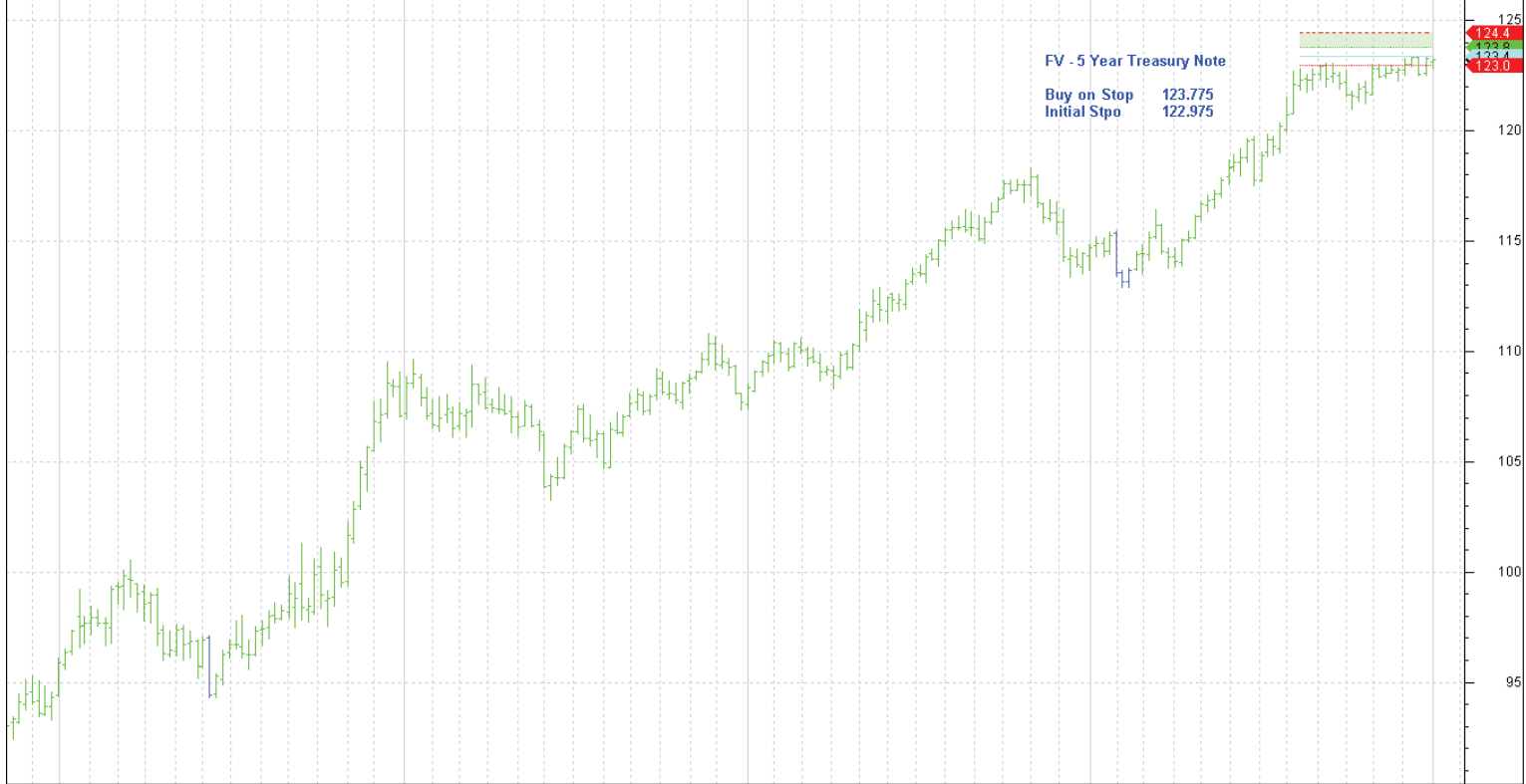
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|-------------------|-----|-----------------|-----|-------|-------|
| Brent Crude Oil   | BC  | LCOG2 – Feb '12 | Buy | 118.4 | 111.6 |
| Crude Oil – Nymex | CL  | CKG2 – Feb '12  | Buy | 106.9 | 100.2 |
| Gas Oil           | GO  | FPG2 – Feb '12  | Buy | 1016  | 968.3 |
| WTI Crude Oil     | WTI | WBSG2 – Feb '12 | Buy | 107   | 100.1 |

## Charts

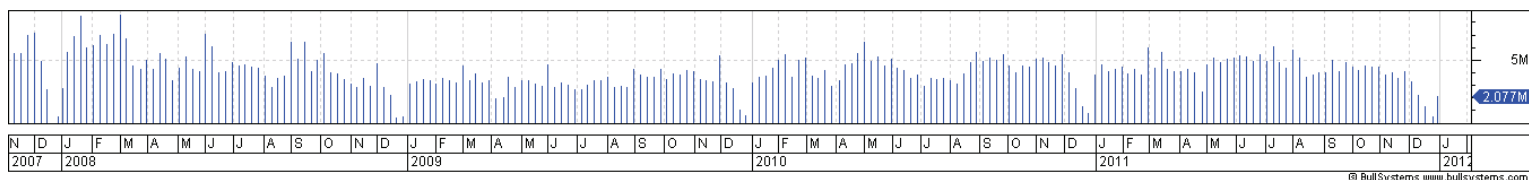
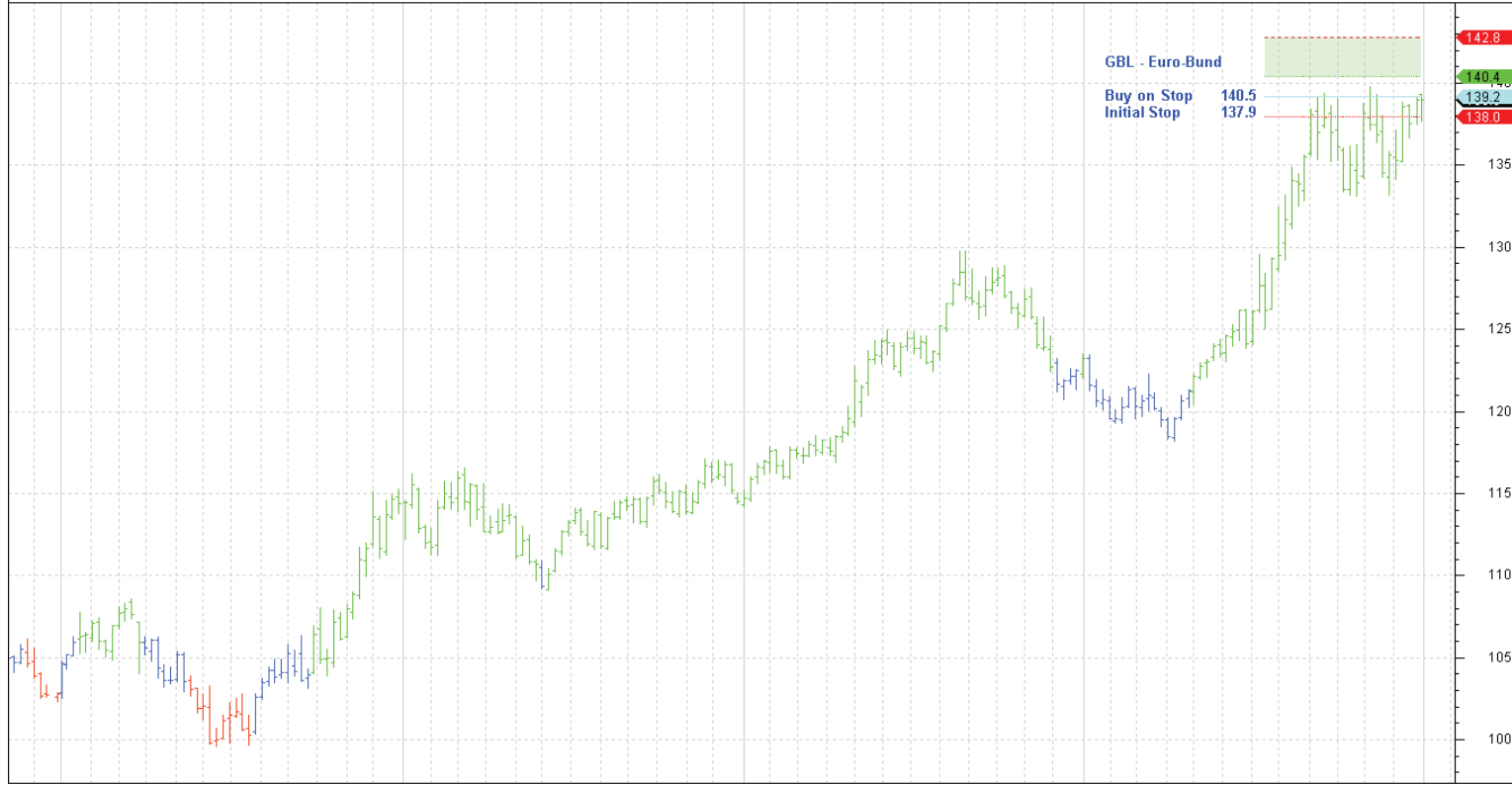




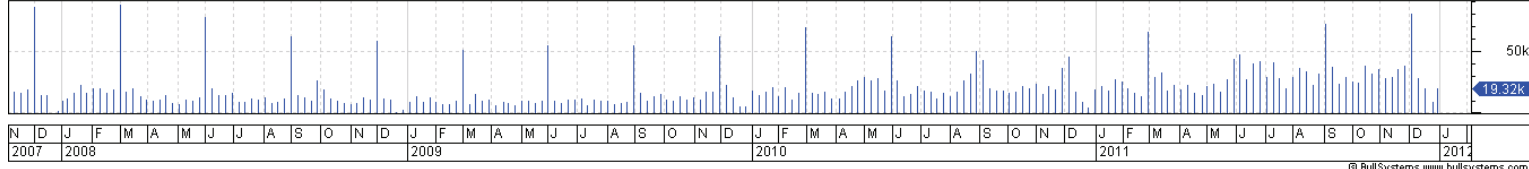
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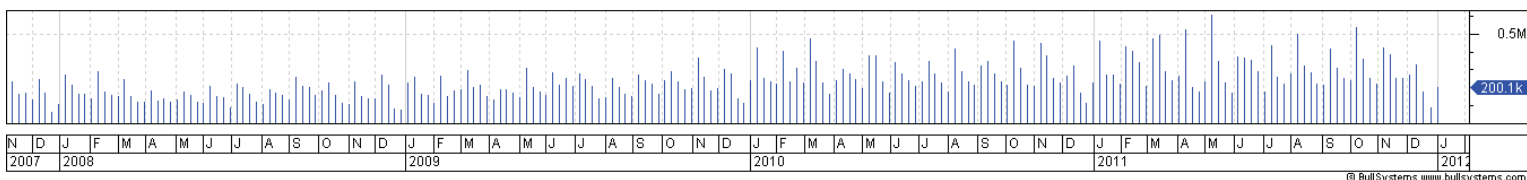
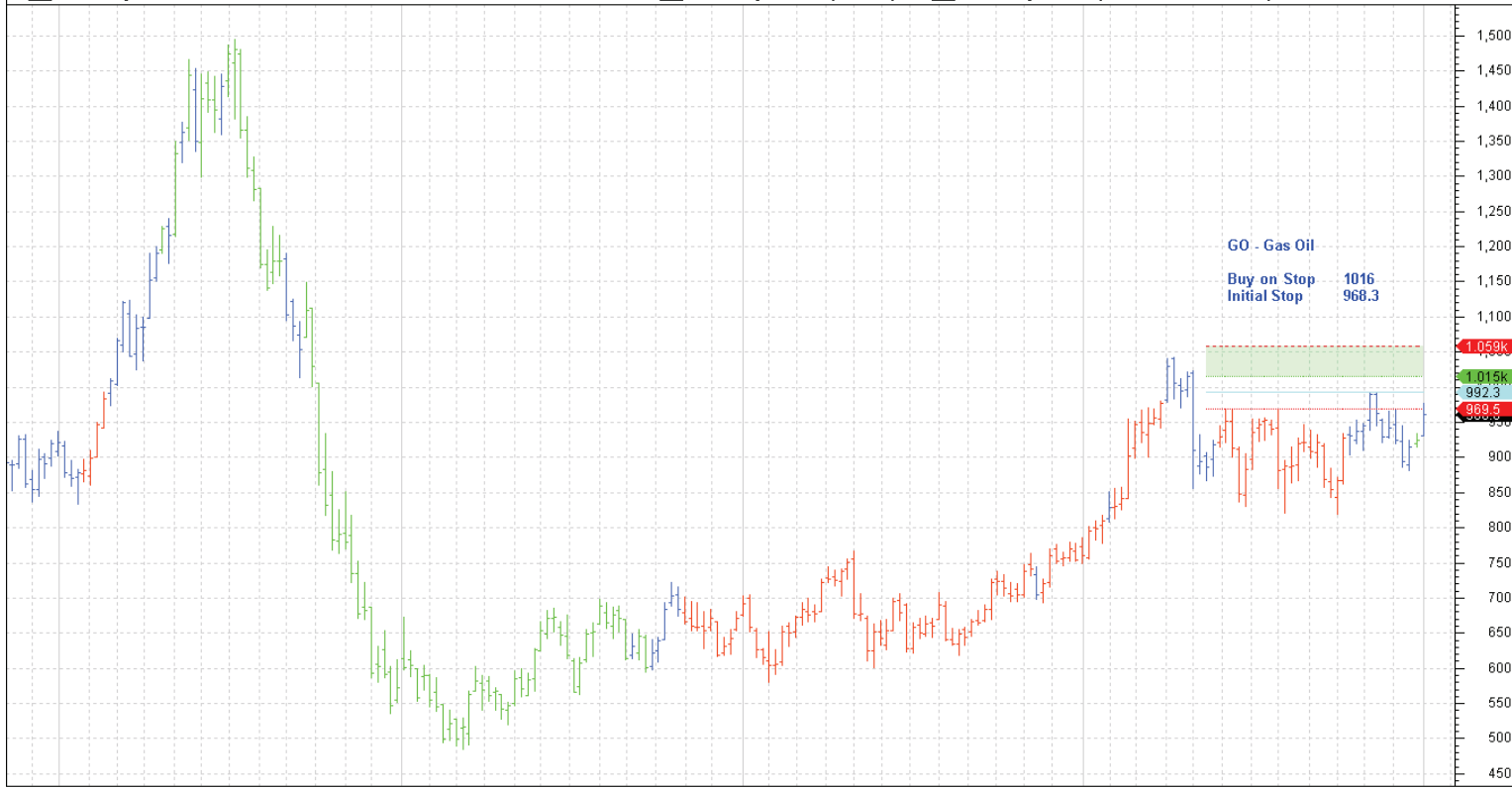
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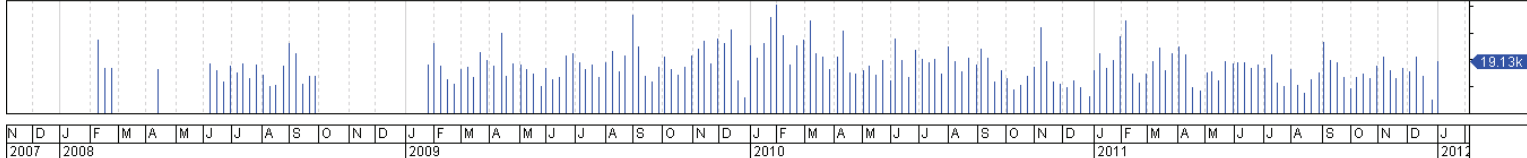
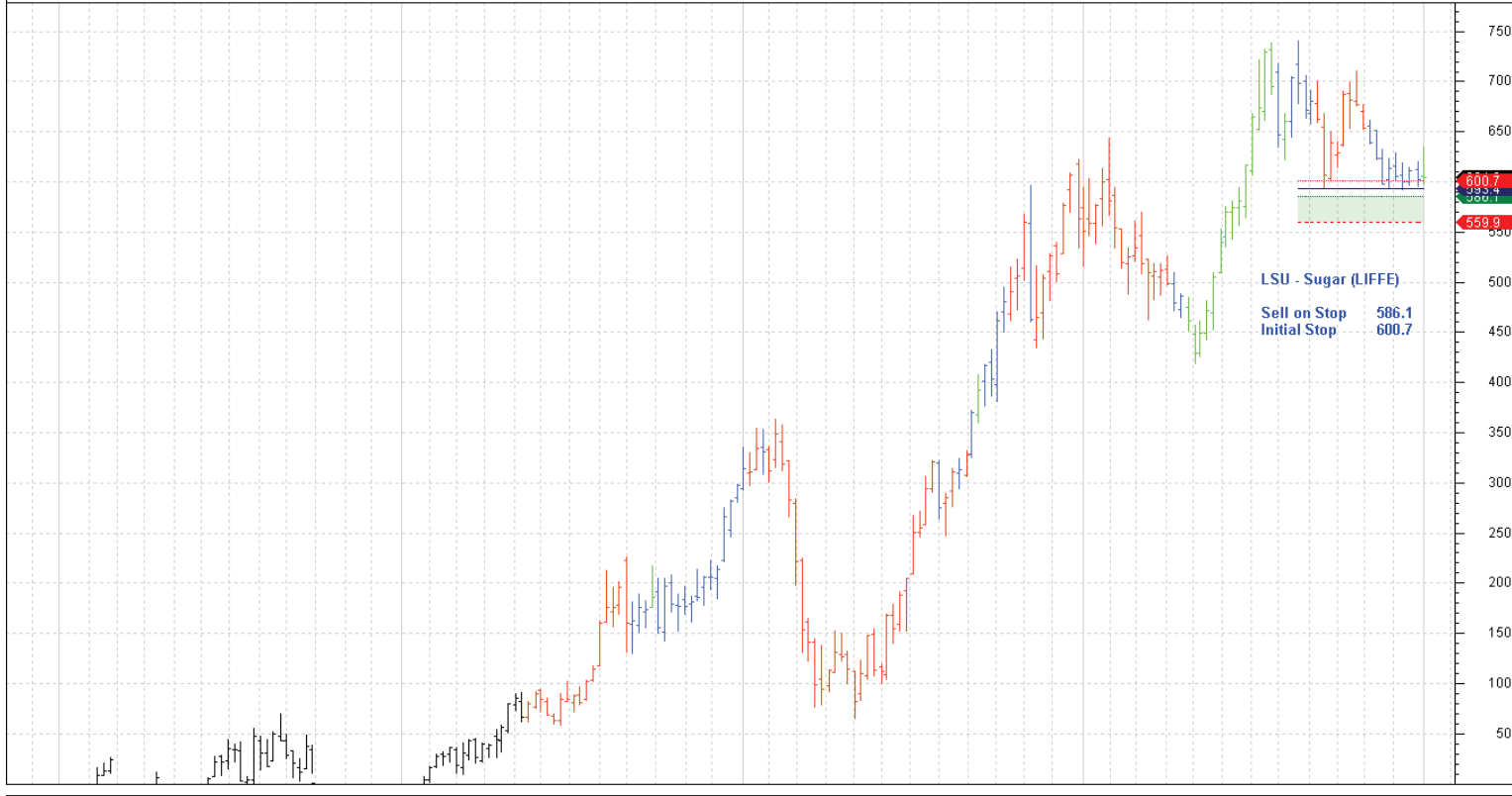
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