

## Trading Markets with the Best Profit Opportunities

One of the big advantages of ETFs is that they allow you to trade global markets with the best profit opportunities. This year US stocks have been very volatile. The increased volatility has made profiting from the long or short side very difficult. The stock price graphs that follow for Alpha Natural Resources (ANR), Walter Industries (WLT) and Cleveland Cliffs (CLF) are examples of the volatile price moves in US stocks (charts courtesy of Yahoo Finance).

### Volatile US Stocks



The percent gains and losses for Cleveland Cliffs stock over the past 7 weeks are listed below:

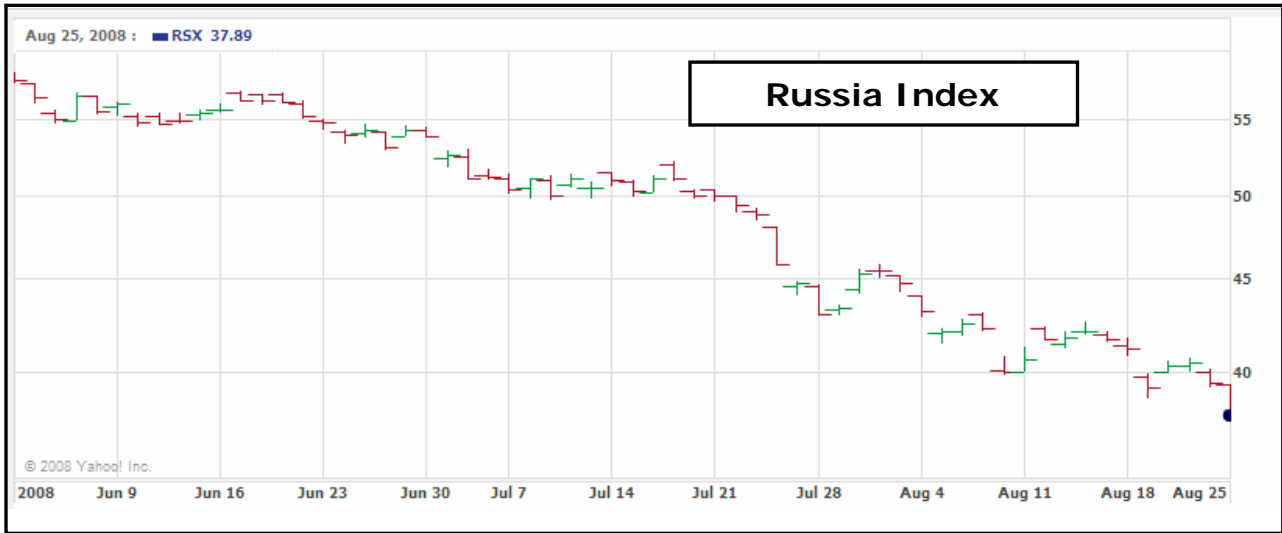
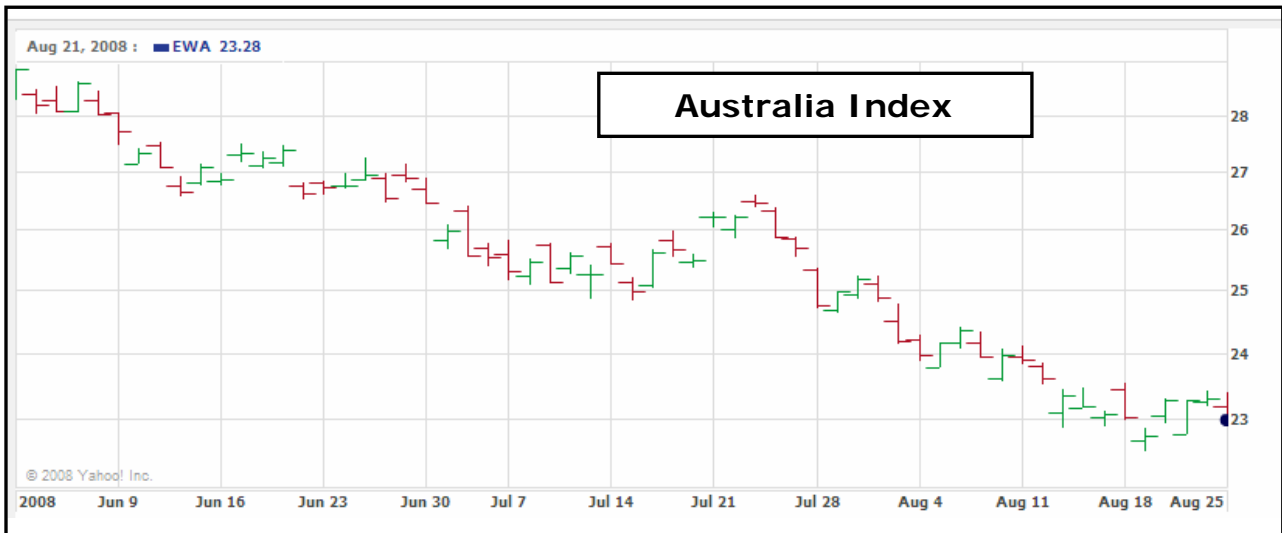
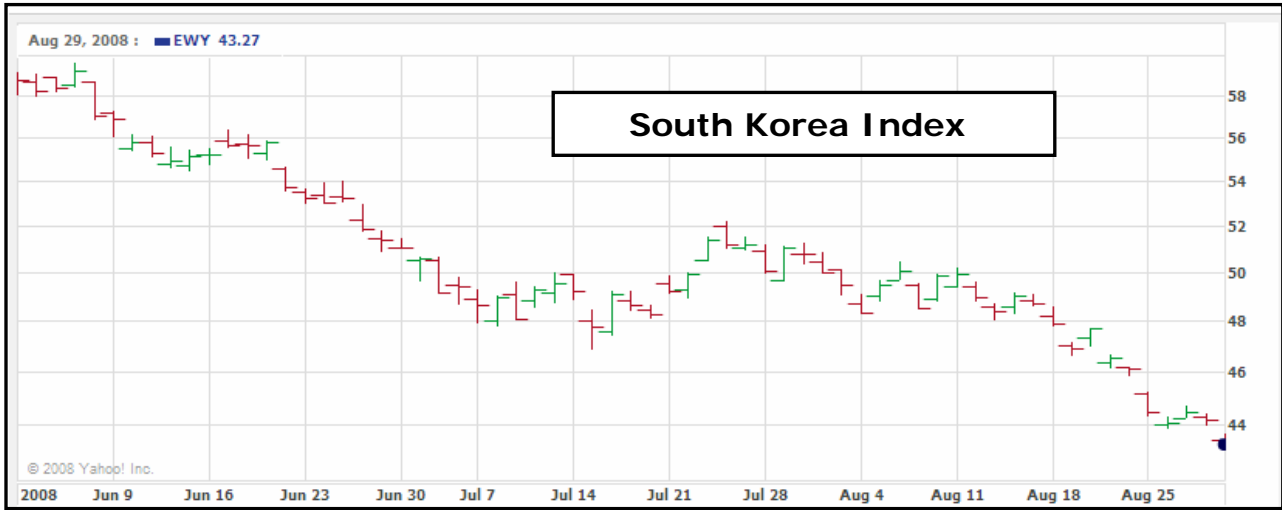
28.9% **gain** followed by a  
33.8% **loss** followed by a  
41.3% **gain** followed by a  
24.0% **loss** followed by a  
33.3% **gain**

The net result of these volatile moves was that the price CLF stock was virtually unchanged over the 7 week period. If you purchased CLF stock or options you would have been “whipsawed” by the volatile moves. If you purchased a CLF put option, the value of the put would have decreased dramatically during the 28.9%, 41.3% and 33.3% gains in CLF stock. And the value of a call option would have decreased dramatically during the 33.8% and 24.0% losses in CLF stock. On any given day, the price of a US stock can increase **or** decrease 10% to 20% in one day, making profits from the long or short side very difficult.

## Global Markets with Clearly Defined Trends

In contrast to the volatile price moves in US stocks, over the same time period most global markets have experienced clearly defined, consistent trends. The price graphs that follow show that these four global markets were in clearly defined down trends and presented much better profit opportunities from short positions than US stocks which were very volatile over the same time period. These examples demonstrate that Global ETFs allow traders to trade markets with the best profit opportunities. The *GPS* has allowed me to take full advantage of the profit opportunities available in these global markets by purchasing short ETFs and put options which profit from the decline in price of their underlying ETF. On balance, a short position in a global ETF currently represents a much better trading opportunity than a long or short position in the volatile US market (charts courtesy of Yahoo Finance).





## Global Markets Offer More Profit Opportunities

ETFs allow you to trade global markets with the best profit opportunities. Many global equity, currency and commodity markets offer much better returns than the US stock market. Many global economies are growing at a much faster rate than the U.S. economy and as a result global corporate profits are also growing at a faster rate. The infrastructure build-out in developing countries is leading to strong demand for energy, basic materials, bank financing and wireless communications resulting in record corporate profits and price gains for many global stocks. The table below compares the return for the U.S. broad based S&P 500 Index to returns for a sampling of global stock markets over the two year period from 10/26/05 through 10/26/07.

### 2-Year Return Comparisons Global Stock Markets Versus S&P 500 Index 10/26/05 – 10/26/07

<b>S&amp;P 500 Index</b>	<b>29%</b>
<b>iShares Brazil</b>	<b>175%</b>
<b>Emerging Markets</b>	<b>114%</b>
<b>iShares China</b>	<b>268%</b>
<b>iShares Singapore</b>	<b>111%</b>

The price chart below compares the price movement for the iShares China Fund to the S&P 500 Index over the same two year period from October 2005 through October 2007. The iShares China Fund out performed the S&P 500 Index by more than a 9 to 1 margin (chart courtesy of MSN.com).

### 2-Year Price Chart iShares China versus S&P 500 Index

