



THE ETF PLAYBOOK July 7, 2011

Trend Power Rankings Update



Today's ETF Playbook follows our Playbook from yesterday featuring our new and enhanced format. It includes funds that reflect positive Power Rankings (either bullish or bearish) across our diverse and broad coverage of ETFs (ie., US Sector, International and Emerging Markets, Bond Funds, Commodity & Currency Funds and many more).

Please refer to the Key on Page 5 for a more detailed explanation of the new features included in this enhanced Playbook format.

ETF Trend Power Rankings International & Emerging Market Funds

Exchange Traded Fund	Power Ranking	Directional Indicator	Ratio Med-Term	Ratio Long-Term	Pivot Upside	Pivot Downside	*Price Initial	**Previous Close Price	***Percentage Price Change
Nomura Korea - KEF	206%	Bullish	0.61	0.29	15.72	13.42	\$14.46	\$14.96	3.46%
Wisdom Tree Middle East Dividend - GULF	177%	Bearish	0.50	0.27	16.04	15.30	\$15.66	\$15.76	0.64%
Emerging Global Shares DJ Emerging Markets Titans - EEG	160%	Bearish	0.36	0.33	25.60	25.57	\$25.59	\$25.59	0.00%
PowerShares MENA Frontier Countries - PMNA	103%	Bearish	0.53	0.16	12.37	11.85	\$12.09	\$12.04	-0.41%
NEW iShares FTSE EPRA/NAREIT North America - IFNA	87%	Bullish	0.07	0.23	46.77	41.45	\$45.33	\$45.33	0.00%
NEW iShares FTSE/Xinhua China 25 - FXI	76%	Bearish	0.17	0.08	43.75	41.32	\$42.42	\$42.42	0.00%
Market Vectors Indonesia - IDX	74%	Bullish	0.09	0.19	33.48	30.07	\$31.98	\$31.94	-0.13%
SPDR S&P International Consumer Discretionary Sector - IPD	52%	Bullish	0.16	0.03	32.86	29.03	\$31.66	\$31.32	-1.07%
NEW iShares MSCI Turkey Investable Market - TUR	47%	Bearish	0.06	0.18	61.96	56.80	\$59.11	\$59.11	0.00%
NEW WisdomTree International Real Estate - DRW	46%	Bearish	0.01	0.19	29.99	27.38	\$28.92	\$28.92	0.00%
NEW iShares MSCI Italy - EWI	21%	Bearish	0.01	0.09	18.58	15.98	\$16.97	\$16.97	0.00%
NEW BLDRs Europe 100 ADR - ADRU	10%	Bearish	0.01	0.05	23.08	20.52	\$22.11	\$22.11	0.00%

ETF Trend Power Rankings Bond Funds

Exchange Traded Fund	Power Ranking	Directional Indicator	Ratio Med-Term	Ratio Long-Term	Pivot Upside	Pivot Downside	*Price Initial	**Previous Close Price	***Percentage Price Change
Fixed Income									
 SPDR BlackRock Capital High Yield bond - JNK	34%	Bearish	0.03	0.21	40.85	39.13	\$40.24	\$40.24	0.00%
 Powershares High Yield Corporate Bond - PHB	28%	Bullish	0.16	0.00	18.67	18.26	\$18.46	\$18.46	0.00%
Agency & Preferred									
None									
Corporate									
None									
International									
None									
Municipals									
None									
Treasury Funds									
None									

ETF Trend Power Rankings Commodity & Currency Funds

Exchange Traded Fund	Power Ranking	Directional Indicator	Ratio Med-Term	Ratio Long-Term	Pivot Upside	Pivot Downside	*Price Initial	**Previous Close Price	***Percentage Price Change
Commodities									
iShares COMEX Gold Trust - IAU	135%	Bullish	0.50	0.59	15.20	14.33	\$14.65	\$14.93	1.91%
iPath Dow Jones-AIG Cocoa - NIB	116%	Bullish	0.06	0.32	47.92	40.96	\$45.62	\$45.38	-0.53%
Currencies									
Wisdom Tree Dreyfus Brazilian Real - BZF	159%	Bullish	0.44	0.17	29.88	28.14	\$29.23	\$29.10	-0.44%
Wisdom Tree Dreyfus Indian Rupee - ICN	153%	Bullish	0.83	0.18	28.06	26.87	\$27.43	\$27.59	0.58%
iPath JPY/USD Exchange Rate - JYN	75%	Bullish	0.35	0.31	73.71	72.57	\$73.14	\$72.72	-0.57%

ETF Trend Power Rankings Energy & Natural Resources Funds

Exchange Traded Fund	Power Ranking	Directional Indicator	Ratio Med-Term	Ratio Long-Term	Pivot Upside	Pivot Downside	*Price Initial	**Previous Close Price	***Percentage Price Change
First Trust ISE Water - FIW	95%	Bullish	0.16	0.16	24.51	21.55	\$23.42	\$23.47	0.21%

ETF Trend Power Rankings Market Capatilization

Exchange Traded Fund	Power Ranking	Directional Indicator	Ratio Med-Term	Ratio Long-Term	Pivot Upside	Pivot Downside	*Price Initial	**Previous Close Price	***Percentage Price Change
First Trust NASDAQ-100 ex-Technology Sector - QQXT	201%	Bullish	0.56	0.50	25.09	22.17	\$23.63	\$24.12	2.07%
RevenueShares Navell A-100 - RWV	170%	Bullish	0.42	0.21	45.02	39.08	\$42.07	\$43.22	2.73%
Alps Equal Sector Weight ETF - EQL	40%	Bullish	0.10	0.08	39.21	35.53	\$37.95	\$37.92	-0.08%

SYMBOL KEY



Indicates funds that are newly reflecting a positive Power Ranking (bullish or bearish) versus the previous day's listing

FUND

Indicates funds that are no longer reflecting a positive Power Ranking; funds that dropped out of the list of positively 'ranked' funds in the Playbook (bullish or bearish)

* **Initial Price:** The closing price of the fund on the day it first reflected a positive Power Ranking (bullish or bearish).

** **Previous Close Price:** the previous day's closing price

*** **Price Changes:** the % change from the Initial Price to the most recent closing price (Previous Closing price)

EXPLANATION OF POWER RANKINGS MED-TERM AND LONG-TERM RATIO READINGS AND, SHORT-TERM PIVOT POINTS

Our Power Rankings are based on proprietary momentum algorithms.

We begin with the premise that the market's trend direction has already been established, and that the purpose of our Power Rankings is to provide a relative gauge of the strength in the momentum driving a particular market move. The higher the headline Power Ranking, the broader, deeper, and greater, is the momentum push behind a trend, calculated on a short-, med-, and long-term basis.

A positive reading is a PRE-REQUISITE for taking risk exposure. Markets that reflect a negative Power Ranking are in a correction relative to the dominant trend, or, are not exhibiting momentum characteristics associated with a trade-able trend.

A reading above Zero suggests preliminary position taking.

A reading above 100% suggests a 'full' position.

A reading above 200% suggests an over-weighted position.

A reading above 300% suggests an over-weighted position, but also indicates a rapid rise in market volatility, and thus mandates a 'tightened' 'risk-stop' profile.

The Medium-Term Power Ranking "Ratio" (MTR) and the LTR (Long-Term Ratio) are separately calculated components of the overall headline Power Ranking.

For a headline Power Ranking signal to be 'valid' ... both the Med-Term and Long-Term Ratios must also be positive.

But, the value of looking at these two indicators, separately from the headline Power Ranking is to note the interplay between the two, in terms of which one is higher, and, how high they each are.

The Med-Term and Long-Term Power Ranking Ratios run from +1.00 to (-) 1.00, though they can move above and below these levels (very rare, and indicative of a white-hot bull-or-bear trend above +1.00 or, a sharply correcting market below (-) 1.00.

The higher than 1.00 the reading is ... the more powerful the momentum is over that particular 'time-frame' (med-term, days ... or long-term, weeks).

The interpretation of the interplay becomes somewhat subjective, as this is not a 'liquidation' signal.

Ideally, both ratios are low, and rising, with the MTR above the LTR, a set-up that usually indicates a market that is in the early stages of what might become a significant trend.

A very high MTR and low LTR ratio indicates a market that has moved quickly and sharply, in a new trend direction, and may become extended in the short-term, until the long-term ratio can 'catch-up'. This often reflects the MEAT of a first leg move, within the context of a longer-term trend. These are optimum opportunity points.

Also opportunistic are times when BOTH the ST and LT Ratios are high and rising. When the LTR is high, and the MTR is low, but positive and rising, this usually indicates a period where a counter-trend correction has ended (reflected by low ST), but that the dominant trend (high LT) is about to resume (re-rise in the ST).

When the LTR is high, but the MTR is negative, this would likely mean that the market is 'IN' a counter-trend correction.

When both the LTR and MTR are negative, there is NO 'trade-able' trend.

Such a circumstance could be the result of a side-ways market, range-bound action, or a market that just ended a major move, and is correcting violently, or, in the midst of a longer-term trend reversal, or reversion to non-trending price action.

And finally, our 'Pivot Points' are derived from Volatility readings. A market that 'touches' a pivot in the direction of the long-term trend, is indicative of a market that is beginning to accelerate within the context of the prevailing trend.

Conversely, a market that breaches a pivot in the direction opposite to the dominant trend, is suggesting that a counter-trend move may be underway.

Thus, one way to utilize the pivot points is to use them as suggested parameters for stop-loss AND new position-initiation order placement.

In other words, someone looking to get long gold might use the mid-point between the two pivots as a buy-on-weakness strategy, while the upper level pivot points represent a 'breakout', buy-on-strength level ... or, vice versa ... the Upper Pivot Point represents a technically defined suggest stop-loss level to be used against short-positions, while the lower pivot would suggest a level for placement of a stop-loss relative to a long-position

... or they would, after an extended trend, suggest profit-taking stop-levels too.

Either way, when a market reaches one of our pivot points, it almost always indicates an expansion in overall volatility, and thus these price levels should be used accordingly.

Over time readers will become more familiar, and thus more comfortable and confident with the nuances of these indicators, particularly the subtle interplay between the MTR and LTR (Ratios). We will offer examples in real-time, as we progress, to assist readers in becoming more familiar with the proper 'reads', as apply to this matrix.

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Hence, while our momentum based models DO provide the basis for our OWN trading decisions, we are NOT making any specific suggestions based on this alone, particularly as applies to the application of a risk overlay.

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