



JANUARY 2009

SCARED OF THE MARKET?

HERE'S HOW TO PROFIT FROM EVERYONE'S FEARS

This Month's Issue:

Buy Alert: GOLD

Buy gold now. Profit from fears of a global recession and troubles in the banking industry.

What to buy now, page 4.

Commodity Review

Oil prices rallied at the end of 2008. Is this a sign prices are moving higher?

More details on page 5...

QUESTIONS OR COMMENTS?

customerservice@hyperionfinancial.com

PUBLISHER

Hyperion Financial Group

EDITOR

Brian Mikes

Right now, fear is ruling the market.

Every investor knows the old adage about controlling fear & greed. The best time to sell is when everyone's being greedy; the best time to **buy** is when everyone's fearful.

Right now everyone's afraid. The problem is nobody knows what to buy.

I have an easy answer for that one.

Buy gold.

Look around the world. The economic crisis is spreading. Back in early 2007 everyone thought problems would be confined to the US.

That clearly hasn't happened. Problems are cropping up in England, the EuroZone, and many emerging markets (like Brazil and China).

Right now, Russia's slowly devaluing the Ruble. The only currency's trending higher are the US Dollar and Japanese Yen. These are safe haven investments for troubling times.

Interest rates are at the lowest levels seen in decades. Strike that. Interest rates are the lowest seen in centuries.

The Bank of England recently cut rates to levels never seen in the central bank's history. It's a history that

goes back more than 300 years!

Fear of a global recession is ruling the markets right now.

How do I know? The best indicator is the currency markets. Investors all over the world are abandoning local currencies. Don't believe me? Just look at the amount of money being converted from Russian Rubles into US Dollars.

Try to convert Icelandic Krona into... anything. (Nobody outside of Iceland wants 'em.)

Bear with me, I'll explain how this all ties into gold in a moment.

All over the world investors are flocking to a more stable currency. Right now that currency is the US Dollar.

But the US Dollar should be falling...

The value of the US Dollar keeps going up. But US printing presses are running 24/7. They're printing more and more money to thaw the frozen credit markets.

What's this mean for the money supply?

It's basic supply and demand. More supply should push exchange rates lower... but the exact opposite is happening. **We need to ask ourselves why?**

Right now we're seeing a strange anomaly.

The US Dollar should be collapsing. But it's not. Investors are grabbing US Dollars faster than they can print them. It actually makes sense.

When a currency devalues, it buys fewer goods. Food prices can literally double overnight. Imported goods become more expensive. Are you going to sit idly by as it happens? Of course not. You're going to convert your currency into the safest asset around. Right now, it's the US Dollar.

Here's the problem...

At some point the flow of funds into US Dollars is going to break. When it does, watch out! Inflation will start to rear its ugly head. And the Dollar will start losing value. The only thing worth holding will be hard assets.

That's when Gold will really shine.

We had a glimpse of this scenario last year. Commodity prices were moving higher. Inflation was rapidly growing and investors started fleeing for the safety of gold... prices soared.

Gold plays a number of roles in our economy.

Gold is often made into jewelry and used as ornamentation and decoration. In the financial world, gold is seen as a great alternative global currency. More importantly, gold is seen as a hedge against inflation.

Inflation fears will soon take center stage.

Now, don't get me wrong. This isn't some dooms-day scenario. The world doesn't need to fall apart for us to make money in gold. Just a hint of rising inflation will cause gold prices to jump.

I think now's a perfect time to profit from global recession fears and the looming threat of inflation. And, the best way is to buy gold.

ABOUT GOLD

So, what's the best way to invest in gold? You can go out and buy gold bars or coins. But that presents a unique set of issues like storage, security, and resale problems. The way I like to invest in gold is through a gold ETF.

The ETF I like is the **iShares COMEX Gold Trust (IAU)**.

Here's how it works.

The ETF manager purchases gold and stores it. The ETF shares represent a piece of ownership of the gold in storage. Right now the trust owns over \$1.9 billion worth of gold. Don't forget, iShares are managed by Barclays bank, one of the largest in the world.

The price of gold is tied to the price quoted on the NYMEX exchange in New York.

The nice thing about this ETF... its price is about 10% of the price of gold. For example if gold is at \$800 per oz, the ETF will trade around \$80. If gold is at \$950, then the ETF trades around \$95. If Gold hits \$750 then... well, you get the point.

Now, you'll notice I said the price is "around."

This ETF matches the underlying commodity very closely. However, tracking errors, and expenses may cause the actual ETF to be slightly different than the going rate for gold. This is a nominal amount, but worth noting.

TECHNICALLY SPEAKING

Back in early December gold moved above the 50 day moving average. It's continued moving higher, and is now trying to break above the 200-day moving average. All of these are positive signs the market is moving higher.



On a shorter term look, gold has retreated to the 20-day moving average. The last time gold did this (back in November) it rocketed higher. Gold continues to make higher highs and higher lows... a good trend to the upside.

I think we could see gold re-try its highs from early 2008. This would push the ETF up close to the \$100 mark.



WHAT TO DO NOW:

iShares COMEX Gold Trust (IAU) is trading at \$84.02.

Buy IAU up to \$88.00 per share.

Our Profit Target is \$99.00.

COMMODITY REVIEW

Commodity	Ticker	Current Value	Last Month	Change
Energy	JJE	\$27.38	\$27.90	(1.9%)
Grains	JJG	\$43.30	\$32.95	+31.4%
Industrial Metals	JJM	\$25.75	\$20.93	+23.0%
Precious Metals	JJP	\$43.61	\$39.39	+10.7%
Softs	JJS	\$36.56	\$34.64	+5.5%
Livestock	COW	\$33.22	\$33.09	+0.4%
ALL COMMODITIES	DJP	\$35.80	\$32.35	+10.7%

As of 1/9/09



Energy Commodities

The energy complex moved noticeably lower in December. Tumbling oil prices are dragging the whole complex down. The losses would have been greater if not for a year-end rally. Stocks led the way higher and commodities followed.

I credit this move higher to two things. New Year hope, and the excitement surrounding our new president.

But, I think the rally will be short lived.

Our energy index (JJE) still trades well below its 50-day moving average. The 200-day moving average doesn't even show up on the chart. Oil's been straddling the \$45 level for the last month. The market tug-of-war is becoming more pronounced.

OPEC continues to strangle supply. And the weak economy is destroying demand. It will be awhile before the market direction gets sorted out.



Grain Commodities

The freefall in Grains may finally have ended. It appears they put in a bottom in early December. The price of our grain index (JJG) which includes corn, soybeans, and wheat, **climbed almost 31% in the last month**. Spring planting is still a few months off. It'll be interesting to see what production estimates look like for the New Year.



Industrial Metals

Industrial metals are another big winner. The index is up more than 23%. A huge move in one month's time. It seems counter intuitive with demand falling. Right now, Industrial metals are just now starting reach up to the 50-day moving average.

Copper is a big loser with prices off more than 68% in the last year. Industry mining giant **Freeport MacMoRan** (FCX) has been cutting jobs and halting production as prices fall. I wouldn't be surprised to see production levels lowered to 2006 or 2005 averages.

Long term the removal of excess production is a good thing... but short term it'll have little impact on prices.



Precious Metals

Year-end build up in precious metals is nothing new. The holidays are always a big time of year to buy jewelry. There's an interesting contradiction developing in the precious metals markets... gold is poised to rally as a hedge to inflation and fear. Silver can also act as a nice hedge and we might see it move higher as well.

However Platinum may move lower.

I know it seems strange, but remember one of the biggest uses for platinum is in catalytic converters on cars. The fewer cars produced, the less platinum used. Falling demand means a falling price. I'm watching this one closely.



Softs

Softs as you remember are a collection of other agricultural products like coffee, cotton, sugar, and cocoa. This month the Softs had a nice move upward, gaining just over 5%. The early part of the year is traditionally strong for coffee.

I am watching one part of this complex closely... Cocoa. Cocoa futures are traded primarily on the London LIFFE and denominated in British Pounds. Because the Pound is falling, cocoa is moving higher.



Livestock

Excitement this month over cows and taxes. The *Journal* highlighted a proposal by the EPA to slap a tax on cows for their contribution to global warming. This is probably one of the stupidest ideas ever. Let's hope common sense once again rules in government. (ok, ok, stop laughing...)

Falling grain prices is good news for cattle producers. They now have a little breathing room. Livestock futures may trade higher for a while as reduced supply weighs on the market.

COMMODITY ETF ALERT PERFORMANCE

For more information visit our website www.hyperionfinancial.com/cea/home.htm

Portfolio Changes

- This month we're adding a position in gold see page 1 for more details.

Date	Company	Buy Price	Current Price	Peak Price	Peak Return	Status
Jan-09	iShares COMEX Gold Trust (IAU)	\$84.02	NEW	NEW	NEW	Buy up to \$88.00

Data as of 1/09/09

Performance Table Notes:

- 1) Buy Price is the closing price on the date the recommendation was made. Your price may be higher or lower.
- 2) Peak Price is the highest point a stock has traded at since the recommendation.
- 3) Current Price is as of the update.

Copyright © Hyperion Financial Group, LLC. All Rights Reserved. Protected by copyright laws of the United States and international treaties. This email may only be used pursuant to the subscription agreement and any reproduction, copying, or redistribution, in whole or in part, is strictly prohibited without the express written permission of Hyperion Financial Group, LLC.

LEGAL DISCLAIMER: Neither Hyperion Financial Group LLC nor Brian Mikes is a registered investment advisor or a Broker/Dealer. As such, Hyperion Financial Group, LLC does not offer or provide personalized investment advice. Although Hyperion Financial Group, LLC employees may answer general customer service questions, they are not licensed under securities laws to address your particular investment situation. Nothing in this report, nor any communication by our employees to you should be considered personalized investment advice.

Owners and writers may have positions in the securities that are discussed. However, all associated employees may not engage in any transaction that directly or indirectly competes with the interests of our subscribers. We accept no compensation from any companies mentioned in our reports.

Past performance is no guarantee of future results. All information is issued solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy, nor is it to be construed as a recommendation to buy, hold or sell any security. All opinions, analyses and information contained herein are based on sources believed to be reliable and written in good faith, but no representation or warranty of any kind, expressed or implied, is made including but not limited to any representation or warranty concerning accuracy, completeness, correctness, timeliness or appropriateness. Investments recommended in this publication should only be made after consulting with your financial advisor.

Any brokers mentioned herein constitute a partial list of available brokers and is for your information only. We do not recommend or endorse any brokers, dealers, or investment advisors. Use of this report is bound by the [terms of use](#) found on Commodity ETF Alert website at www.hyperionfinancial.com/cea/cea-home.htm.