

## WHAT'S INSIDE THIS WEEK

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## SNAPSHOT

This week the Dow closed over the psychological 9983 level for the first time in years, exciting investors. You might be asking, what is so significant about that level, I thought 10,000 was the psychological level? I can't remember Dow 10,000 actually acting as support, resistance or a catalyst for anything other than to fill up the space on CNBC back in 2000 or cheesy party hats to commemorate the event. This level certainly didn't stop the market on the way down. It may or may not even stop here on the way up (that's another discussion). If you still have the hat, take it out of the mothballs and join the nostalgia party, CNBC has.

Sorry, I digressed. Earnings season started in earnest this past week. After an uneventful start, the markets found a charge of nitro on Tuesday after the close. Intel Corp, one of the global bell-weather technology companies, exceeded EPS and revenue estimates for the quarter. The real surprise came as Intel's CEO Paul Otellini commented that the PC market will actual have positive growth this year, going against the general consensus. Wednesday morning, JP Morgan added to the bid with by beating estimates handily, which was no surprise to anyone. US futures and overseas markets surged on the reports. The irony was found in that the financials and semiconductors pushed equities to new highs on the year, but both sectors finished the week down. Citigroup reported earnings this week, and actually turned a profit, save for expenses on preferred stock conversions and US government common stock ownership conversion. However, mounting losses in the consumer credit market for them and JP Morgan both burst some of the optimism for bank investors. This may be a larger issue moving forward as unemployment remains at historic levels. Banks (KBE) dropped -0.25% for the week after rising over 4% mid-week. Advanced Micro Devices reported the opposite outlook than Intel for Q4, guiding revenue expectations down for the next quarter. This negated the positive energy from Intel's guidance, sending semiconductors (SMH) down 1% for the week. Advanced retail sales were not as bad as expected, posting gains after removing the auto sales component. Retail shares (XRT) continue to chug higher (see XRT, 10/9), moving higher by 2.9%.....

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## ABOUT THE AUTHOR

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As the managing partner of Astor Asset Management ([www.astorllc.com](http://www.astorllc.com)), Rob Stein doesn't just talk the talk about Exchange Traded Funds, he has developed several successful investment programs that invest exclusively in ETFs for clients of Astor Asset Management. Mr. Stein began his career as a project analyst for the Federal Reserve. He has held senior trading or portfolio management positions with major money center banks. In 1994, he formed Astor Financial, LLC, and later formed Astor Asset Management, LLC. Mr. Stein is often featured in major print and broadcast business news media, and is the author of *The Bull Inside the Bear* ([available on Amazon.com](http://available.on.Amazon.com)), as well as *Inside Greenspan's Briefcase*, and *Charting a Profitable Investment Course with Active Management*.



## WEEKLY RECAP

SYMBOL	DESCRIPTION	1 WEEK	MTD	YTD
<b>US-BROAD BASED</b>				
SPY	SPDR TRUST SER 1	2.91%	3.90%	23.74%
IWM	ISHARES-RUS 2000	2.62%	3.42%	27.71%
QQQQ	POWERSH-QQQ	1.94%	1.92%	45.35%
<b>US SECTOR</b>				
IYR	ISHARES-DJ REAL	2.16%	1.06%	21.20%
XRT	SPDR S&P RETAIL	3.38%	6.74%	80.03%
XLE	SPDR-ENERGY SEL	5.27%	9.74%	25.73%
XLF	SPDR-FINL SELECT	3.18%	4.35%	26.87%
<b>COMMODITIES</b>				
GSG	ISHARES S&P GSCI	4.69%	7.62%	11.64%
OIL	IPATH GS CRD OIL	9.06%	10.76%	13.28%
UNG	US NAT GAS FD LP	-6.58%	-4.43%	-51.58%
DBA	POWERSHARES DB A	5.63%	3.93%	1.07%
<b>INTERNATIONAL</b>				
EFA	ISHARES-MSCI EAF	3.00%	4.19%	29.66%
EEM	ISHARES-EMG MKT	3.77%	6.19%	66.82%
FXI	ISHARES FT/XI CH	3.35%	7.92%	53.18%
EWJ	ISHARES-JAPAN	0.30%	0.40%	4.74%
<b>BONDS</b>				
IEF	ISHARES 7-10 YR	-1.45%	-0.81%	-4.87%
LQD	ISHARES-IBOXX IV	-0.84%	-2.09%	6.88%
JNK	SPDR BARCLAYS	0.87%	0.35%	31.68%
TIP	ISHARES US TREAS	-0.07%	0.41%	7.45%
<b>METALS</b>				
GLD	SPDR GOLD TRUST	-0.75%	4.06%	18.89%
SLV	ISHARES SILVER T	-2.63%	4.15%	52.32%
JJC	IPATH DJ UBS COP	-0.68%	1.99%	101.33%



## ETF PORT 100 INDEX™

103.45 ↑ 0.96

The ETF Port 100 Index is a correlation-weighted index of all ETFs which trade over 100,000 shares on an average daily basis over the last 100 days, and have \$100 million or more in total funds under management. The index gives an indication of the overall direction of the investable asset classes represented by this diverse array of ETFs. [Click here](#) for more information on the index.

Week Percent Change	0.94%
Expense Ratio	0.44
Dividend	1.74\$
Corr (SPY)	0.91
QTD	1.87%
YTD	15.56%

## ETF PORT 100 INDEX

TOP MOVERS					
TICKER	FUND NAME	CLOSE	WK % CHG	NAV	YTD
UCO	PRSH-ULT CRU OIL	13.92	17.56%	13.94	-0.73%
ERX	ENERGY BULL 3X	50.95	16.02%	51.02	31.87%
EDC	EMER MKT BULL 3X	153.97	11.26%	153.98	211.61%
DIG	PROSHARES ULTRA	37.89	10.37%	37.95	32.32%
FAS	FINL BULL 3X	85.88	9.18%	85.78	-27.37%

## ETF OPTIONS

NYSE trading volume picked up slightly on Friday, however was underwhelming for an options expiration Friday. Option trading was more active this Friday versus last, as expected, but again, nothing spectacular. The five most active equity options were ETFs, which is a break from recent week's trends. Put/Call ratios continue to collapse slowly as equity markets rise, indicating investors feel comfortable taking on more risk. SP 100 ratios are not in danger of being overly bullish at this point as they have been able to get below the 1:1 ratio as of yet.

### SECURITY VOLATILITY SNAPSHOT

SYMBOL	DESCRIPTION	10 DAY	30 DAY	60 DAY	180 DAY
<b>BROAD</b>					
SPY	SPDR TRUST SER 1	12.13	15.31	18.29	24.34
EFA	ISHARES-MSCI EAF	18.85	19.57	22.27	28.69
EEM	ISHARES-EMG MKT	21.62	21.87	27.64	35.58
QQQQ	POWERSH-QQQ	12.05	15.07	18.76	22.69
<b>SECTOR</b>					
GLD	SPDR GOLD TRUST	17.60	15.23	14.91	17.41
KBE	SPDR KBW BANK ET	27.70	30.65	36.34	69.80
FXI	ISHARES FT/XI CH	28.74	27.70	31.43	40.24
UUP	POWERSHARES DB U	8.00	8.06	8.95	11.39
IEZ	ISHARES-DJ O E S	26.75	31.61	36.24	45.74
GCC	GREENH COMMODITY	9.62	18.27	19.19	21.84

### ACTIVE ETF OPTIONS

SYMBOL	DESCRIPTION	MONTH	STRIKE	PUT/ CALL	VOLUME
<b>BROAD BASED</b>					
SPY	SPDR TRUST SER 1	Oct	109	Call	173K
SPY	SPDR TRUST SER 1	Oct	109	Put	127K
IWM	ISHARES-RUS 2000	Oct	61	Put	95K
SPY	SPDR TRUST SER 1	Oct	108	Put	85K
XLF	SPDR-FINL SELECT	Nov	16	Call	85K
QQQQ	POWERSH-QQQ	Nov	43	Put	84K
IWM	ISHARES-RUS 2000	Oct	62	Put	66K
QQQQ	POWERSH-QQQ	Oct	43	Call	67K
SPY	SPDR TRUST SER 1	Nov	107	Put	64K
QQQQ	POWERSH-QQQ	Oct	43	Put	62K
<b>OTHER NOTABLES</b>					
UNG	US NAT GAS FD LP	Nov	12	Call	58K
SMH	SEMICONDUCTOR H	Nov	25	Put	24K
OIH	OIL SVC HLDERS TR	Jan	100	Put	23K
OIH	OIL SVC HLDERS TR	Jan	75	Put	23K

## ETFs IN FOCUS

### AFK

Market Vectors Africa Index ETF

Investing in Africa certainly comes with the risks such as political instability, volatile armed conflict, illiquidity and more, which are not associated with most investments in developed markets. Yet there are several reasons why investing in the region makes sense. The Market Vectors Africa ETF (AFK) from Van Eck Global tracks the Dow Jones Africa Titans 50 Index.

The AKF invests in the continent's top 50 companies, providing exposure to a much broader range of African countries than do the existing African funds. South Africa and Nigeria each make up about a quarter of the AKF's total investments. The index is weighted heavily toward banks and natural resources, as well as telecommunications and technology.

African markets have a huge growth potential and have already doubled in capitalization from 1992 to 2002. This decade has seen the fastest growth in Sub-Saharan Africa in over thirty years, with economic growth averaging 6% per year since 2004.

The emergence of mobile telephone networks has is a significant factor in Africa's growth. Rising consumer demand in Asia has provided a market for African exports.

The high risk surrounding African investment mean that trying to pick individual stocks in this market is the wrong approach, but the AKF can be a good pick for investors wishing to diversify away from developed markets (the AKF has a correlation of 0.42 with the SPX).

Note that the AKF is heavily weighted towards oil and natural gas investments (Nigeria is one of Africa's top oil-producing countries) and the volatility in this sector coupled with the lack of sector diversification within the AKF should be considered.

<b>30.40</b>	<b>↑ 0.50</b>
Week Percent Change	1.44%
Yield	0.62%
NAV	29.68
NAV Change	4.97%
Premium/Discount	2.43%
52 Week High	31.14
52 Week Low	17.05
QTD	5.08%
YTD	43.48%
Average Volume (3 Mo)	20,702
Market Cap	34,960,000
Total Fund Assets (\$M)	30
Inception Date	7/14/2008
Underlying Index	DJAFK
Tracking Error	12.99
Expense Ratio	0.83

## CHART OF THE WEEK

### EWA

iShares MSCI Australia Index Fund



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## SPOTLIGHT

### ETF ASSETS HIT ANOTHER RECORD IN SEPTEMBER

Data from the National Stock Exchange shows that ETF assets hit record levels yet again as of the end of September. ETF/ETN assets rose \$9 Billion during the month of September, totaling over \$700 Billion. All categories of ETFs saw assets increase, during the month, with the leveraged and inverse ETFs showing overall growth. August and July both saw overall outflows for this category of ETF, but September reversed this trend, with significantly smaller outflows in the Long Leveraged category and stronger inflows than the past few months into both Short and Short Leveraged funds.

Specifically, the month of September saw outflows for the categories for Long U.S. Equity and Long Leveraged U.S. Equity ETFs, although overall the category of U.S. Equity ETFs showed net inflows. Short Commodity funds and Short Leveraged Commodity funds also showed net outflows. Among the top ETFs by total assets, both SPDR S&P 500 ETF (SPY) and iShares MSCI EAFE (EFA) show net outflows, while the second largest ETF, SPDR Gold Trust (GLD) had net inflows in September of over \$2 Billion.

Total assets for ETFs and ETNs are up by nearly 19% since September 2008 in a year-over-year comparison. Assets in ETF/ETNs are up \$63.4 Billion year-to-date, on track to surpass the asset growth seen in 2008, when ETFs had inflows of over \$102.5 Billion. Traditionally, inflows during the fourth quarter are the strongest for ETFs, so the next three months are likely to show more record asset flows.

### ETF ASSET FLOWS

#### DATA FROM THE NATIONAL STOCK EXCHANGE

ASSET CLASS FOCUS	ASSETS 9/30 (\$M)	SEP PCT CHG	AUG PCT CHG	YOY PCT CHG
U.S. EQUITY	\$350,699	2.50%	4.48%	-2.58%
GLOBAL/INTERNATIONAL EQUITY	\$178,792	8.24%	1.27%	39.46%
REAL ESTATE	\$12,422	9.18%	19.35%	4.71%
FIXED INCOME	\$95,139	6.14%	3.86%	88.89%
COMMODITY	\$63,287	6.16%	0.60%	66.83%
CURRENCY	\$4,554	3.62%	3.78%	-8.70%
TOTAL ETF/ETN	\$704,893	4.84%	3.45%	18.80%

## SNAPSHOT

*Continued from page 1.*

...After breaking multi-year support two weeks back, the dollar (UUP) sunk to new lows again this week, falling another 1.1%. As equity markets continue to advance worldwide, investors gain confidence committing funds to riskier, higher yielding assets. The Fed has made it fairly clear they will try to keep interest rates compressed as long as possible. The rise in commodity prices has been in part a result and in part a cause of the dollar weakness. Crude oil (USO) moved higher by over 8.5% on the week. The S&P GSCI Commodity Index (GSG) advanced 5.4%. Foreign equities investments have also been the beneficiary of the weakening US dollar. International developed markets (EFA) matched the S&P 500, rising by 1.6%. Emerging markets tacked on 2.25%, following the lead of Brazil (EWZ, +4.7%) and India shares (INP, +3.8%). China was not as buoyant, holding onto a 0.6% gain for the week. Australia shares (EWA, +2.8%) have been on a tear, gapping higher on Wednesday morning's global rally, only giving back 0.5% as other indices recoiled. The Aussie dollar (FXA, +1.5%) has risen in tandem with their equity markets.

Long end interest rates continued their rally as equities moved to new highs, two weeks after rates moved to 6 month lows. The dividend yield on the 7-10 year treasury bond fund (IEF) rose to 3.31% this week. High yield bonds (HYG) have made a very nice recovery since falling 5% to start the month of October. High grade corporate bonds (LQD) experienced the same selling pressure early this month, but have not recovered those levels and remain down 2.7% for the month. Both of these issued have followed the bid of the equity markets from investors seeking higher yields than money markets. This divergence may hint at a further lean toward higher risk appetite by investors.

## UPDATES ON ACTIONABLE IDEAS

### PERFORMANCE UPDATE ON ETF PORT ACTIONABLE IDEAS AS OF FRIDAY'S CLOSE

TICKER	FUND NAME	DATE	PRICE	CURRENT PRICE	GAIN/LOSS
FXA	CRYSHS-AUS DOL T	4/27/2009	72.32	91.86	27.02%
Commodity price inflation coupled with central bank policies should benefit					
UDN	POWERSHARES DB U	3/23/2009	25.60	28.34	10.70%
Save for a significant break in equity markets we expect the dollar to decline					
SHY	ISHARES 1-3 YR	3/16/2009	83.98	83.92	-0.07%
A conservative play					
LQD	ISHARES-IBOXX IV	3/9/2009	93.1	104.06	11.77%
The spread between corporate and Treasuries is not sustainable					
DBA	POWERSHARES DB A	3/9/2009	23.4	26.09	11.50%
Agriculture commodities are ready to shine					
GSG	ISHARES S&P GSCI	3/2/2009	24.08	32.55	35.17%
The fundamentals are supporting commodities, which may have found a bottom					
SSO	PROSHARES ULTRA	3/2/2009	17.31	36.38	110.17%
A good play for a short-term bear market rally; update on 3/27: cut position by half					
IBB	ISHARES-NDQ BIOT	2/23/2009	70.02	80.55	15.04%
Biotech are well positioned for a declining economic environment					
XRT	SPDR S&P RETAIL	2/23/2009	19.89	36.25	82.25%
Retail has been outperforming this year despite consumer spending declines					
JJC	IPATH DJ UBS COP	2/16/2009	21.74	39.19	80.27%
There is support based on China's stimulus and the lows are likely in for cooper					
XLU	SPDR-UTIL SELECT	2/6/2009	29.89	29.69	-0.67%
Utilities sector is actually adding jobs					
MBG	SPDR-BAR MORT BK	2/6/2009	25.91	26.76	3.28%
Stimulus will help the market over the economy					
IPE	SPDR BAR CAP TIP	2/6/2009	48.05	51.11	6.37%
Inflation will ultimately come					
PHO	POWERSH-WATER RE	1/30/2009	12.66	16.50	30.33%
Water is the new oil; an infrastructure play					
XLB	SPDR-MATERIALS	1/30/2009	21.06	32.04	52.14%
An infrastructure play					
XLF	SPDR-FINL SELECT	1/30/2009	9.24	15.22	64.72%
Not necessarily a buy, but will outperform on a bounce					

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