

WHAT'S INSIDE THIS WEEK

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SNAPSHOT

A breather within a larger pullback, or the resumption of the uptrend? The US equity indices recorded five consecutive positive days following the worst % return week since July. The week began with a pause after last week's pullback and awaited Wednesday's report from the FOMC. Views have begun to build that the Fed will need to withdraw liquidity in the marketplace some time soon as the economy rebounds to avoid undesired inflation effects. The committee unanimously voted to keep rates pat while indicating they may stay that way for some time as unemployment remains high and consumer spending suffers. This disappointed the markets, which had tacked on as much as 1.5% mid day, but finished the day up just a fraction. Thursday however took back the gains lost Wednesday afternoon as investors anticipated the Non-farm payroll numbers on Friday. Moments after the report, the market digested the missed estimate by selling stocks 1.25% prior to the market opening. Traders bid the open and played tug of war before deciding the overall tone of the number was not as bad as the reports and ended closing near the highs of the week. S&P 500 (SPY) moved higher by 3.5%, led by Basic materials stocks (XLB) advance of 4.6% and Consumer discretionary shares (XLY) advancing 4.7%. ISM manufacturing continued its strong surge since bottoming in January while the somewhat volatile Factory orders remained positive again in September. Pending home sales again had strong MoM results of 6.8%, confounding estimates which had been close to 0%. Mortgage applications confirmed, rising 8.2% for the week of 10/30. Homebuilders (XHB), which had been on the verge of breaking down through technical levels earlier in the week were buoyed by this data and managed to tack on 5.6% for the week. Commercial real estate shares (IYR) did not move higher in sympathy, only posting gains of 0.25%. Rumors are that the home sales numbers are being inflated on supply hitting this market, and it's clear that commercial property is still having trouble gaining traction with investors.

International developed market equity shares had a similar week to US domestic markets, advancing 3.2%. German stocks paced the index, moving higher by 3.6%...

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ABOUT THE AUTHOR

ROBERT STEIN Managing Partner

As the managing partner of Astor Asset Management (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
US-BROAD BASED				
SPY	SPDR TRUST SER 1	3.45%	3.45%	20.83%
IWM	ISHARES-RUS 2000	3.11%	3.11%	19.06%
QQQQ	POWERSH-QQQ	4.00%	4.00%	43.79%
US SECTOR				
IYR	ISHARES-DJ REAL	0.25%	0.25%	14.26%
XRT	SPDR S&P RETAIL	2.78%	2.78%	71.48%
XLE	SPDR-ENERGY SEL	3.31%	3.31%	21.29%
XLF	SPDR-FINL SELECT	1.85%	1.85%	16.45%
COMMODITIES				
GSG	ISHARES S&P GSCI	1.09%	1.09%	9.93%
OIL	IPATH GS CRD OIL	0.89%	0.89%	12.72%
UNG	US NAT GAS FD LP	-7.21%	-7.21%	-58.87%
DBA	POWERSHARES DB A	-0.20%	-0.20%	-2.52%
INTERNATIONAL				
EFA	ISHARES-MSCI EAF	3.21%	3.21%	25.20%
EEM	ISHARES-EMG MKT	5.54%	5.54%	60.08%
FXI	ISHARES FT/XI CH	5.92%	5.92%	53.21%
EWJ	ISHARES-JAPAN	0.73%	0.73%	0.96%
BONDS				
IEF	ISHARES 7-10 YR	-0.45%	-0.45%	-4.65%
LQD	ISHARES-IBOXX IV	0.12%	0.12%	8.76%
JNK	SPDR BARCLAYS	0.71%	0.71%	31.78%
TIP	ISHARES US TREAS	0.63%	0.63%	8.92%
METALS				
GLD	SPDR GOLD TRUST	4.78%	4.78%	24.17%
SLV	ISHARES SILVER T	6.35%	6.35%	52.59%
JJC	IPATH DJ UBS COP	0.00%	0.00%	108.11%



ETF PORT 100 INDEX™

101.56 ↑ 1.85

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	1.86%
Expense Ratio	0.43
Dividend	1.84%
Corr (SPY)	0.91
QTD	0.01%
YTD	14.44%

ETF PORT 100 INDEX

TOP MOVERS

TICKER	FUND NAME	CLOSE	WK % CHG	NAV	YTD
EDC	EMER MKT BULL 3X	138.78	16.50%	138.73	168.99%
GDX	MKT VECT-GOLD MI	47.62	12.39%	47.65	40.56%
AGQ	PRSH-ULT SILVER	61.21	12.13%	62.18	94.32%
UYM	PROSHARES ULTRA	28.16	11.63%	28.06	97.83%
BGU	LARGE CAP BULL	52.06	10.55%	52.10	44.39%

ETF OPTIONS

Option activity was very light on Friday compared to last week, even with the non-farm payroll report. The SPY Nov 105 Put was the most active ETF option for the second Friday in a row. The TLT Nov 95 Call traded 50K times, with an open interest of 6K. UUP, the Powershares DB US Dollar Index Fund, had an interesting week. Thursday it issued the last of its authorized shares and trading was halted for a time. On Wednesday, the Nov 23 Call traded 300K and 200K on Thursday. UUP options were very active on Friday as well. The CBOE Volatility index dropped 21% this week, one week after advancing 50%.

SECURITY VOLATILITY SNAPSHOT

SYMBOL	DESCRIPTION	10 DAY	30 DAY	60 DAY	180 DAY
BROAD					
SPY	SPDR TRUST SER 1	26.18	19.77	17.72	21.31
EFA	ISHARES-MSCI EAF	31.40	24.26	21.63	25.57
EEM	ISHARES-EMG MKT	49.75	32.73	28.86	33.02
QQQQ	POWERSH-QQQ	28.04	19.68	18.48	20.48
SECTOR					
SLV	ISHARES SILVER T	43.65	35.16	31.23	32.87
XLF	SPDR-FINL SELECT	43.71	35.29	33.57	49.99
RSX	MKT VECT-RUSSIA	78.71	51.60	49.15	52.67
PNX	PHOENIX COS	138.99	107.21	111.22	113.09
OIL	IPATH GS CRD OIL	40.57	32.58	39.66	40.34
UUP	POWERSHARES DB U	13.37	9.91	8.51	10.42

ACTIVE ETF OPTIONS

SYMBOL	DESCRIPTION	MONTH	STRIKE	PUT/ CALL	VOLUME
BROAD BASED					
SPY	SPDR TRUST SER 1	Nov	105	Put	147K
SPY	SPDR TRUST SER 1	Nov	107	Put	81K
SPY	SPDR TRUST SER 1	Nov	107	Call	75K
QQQQ	POWERSH-QQQ	Nov	42	Put	72K
SPY	SPDR TRUST SER 1	Nov	106	Put	64K
SPY	SPDR TRUST SER 1	Nov	106	Call	58K
SPY	SPDR TRUST SER 1	Nov	102	Put	53K
TLT	ISHARES BARCLAYS	Nov	95	Call	50K
SPY	SPDR TRUST SER 1	Nov	109	Call	47K
SPY	SPDR TRUST SER 1	Nov	104	Put	45K
OTHER NOTABLES					
UUP	POWERSHARES DB	Nov	23	Call	39K
UUP	POWERSHARES DB	Dec	23	Call	32K
XLV	SPDR-HEALTH CARE	Nov	30	Call	23K
UUP	POWERSHARES DB	Nov	24	Call	18K

ETFs IN FOCUS

GLD

SODR Gold Trust

The price of gold briefly rose above a record \$1,100 an ounce on Friday, before paring back gains. The SPDR Gold Trust (GLD) ended the week up 4.8%. Disappointment about Friday's unemployment report drove investors to gold, traditionally viewed as a safe heaven investment. Gold should benefit from any declines in the dollar. With the economy still on shaky ground and prospects for inflation in the near-term look less than likely, it seems unlikely that inflation will be the driver of gold prices even further.

Last week the Reserve Bank of India bought 220 gold tons from the IMF, which seemed to signal that more central banks may be moving toward gold and away from U.S. dollar denominated assets such as Treasury bonds. While usually such large purchases move the price of the metal down, it seems the markets took India's purchase as a bullish sign, as the metal continued its uptrend. Thursday, Sri Lanka's central bank announced that it too would buy gold, a further sign that foreign central banks may be shifting their assets in bullion. The ultimate effect of this move on the United States may be felt, as the U.S. will need foreign purchasers of treasury bonds to finance the U.S. deficit.

The underlying driver of gold prices now seems to be largely investor demand. Miners obviously should benefit from this rise, and we saw the Market Vectors Gold Miners ETF (GDX) rise over 12% last week. A steep rise in gold prices allows gold mining companies the opportunity to use leverage to grow through acquisition and investment. However, it is important to consider that rising utility costs, especially in South Africa, where the state-run power utility Eskom Holdings plans to triple its tariffs over the next three years, may curb the potential growth of mining companies, even as gold prices continue their increase.

GLD tracks the price of actual gold bullion as the fund purchases gold bars, in contrast to other commodity-tracking ETFs that track the underlying commodity price through derivatives. The trust has been steadily increasing its holdings of gold bullion.

10743	↑ 4.90
Week Percent Change	4.78%
Yield	N/A
NAV	106.78
NAV Change	2.55%
Premium/Discount	0.19%
52 Week High	108.04
52 Week Low	68.81
QTD	8.68%
YTD	24.17%
Average Volume (3 Mo)	13,805,952
Market Cap	39,040,060,000
Total Fund Assets (\$M)	36,886
Inception Date	11/18/2004
Underlying Index	GOLDLNPM
Tracking Error	9.05
Expense Ratio	0.40

CHART OF THE WEEK

TLT

iShares Barclays 20+ Year Treasury Bond Fund



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Request a complimentary portfolio review.

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ETF NEWS IN BRIEF

WISDOMTREE TACKLES INFLATION PROTECTION

New methods for investing in inflation-protection have emerged through ETFs, through expanded ETF offerings of TIPS tracking funds as well as alternative ways to hedge against inflation, such as IndexIQ's newest offering, IQ CPI Inflation Hedge (CPI). WisdomTree has registered with the SEC for a new fund which will be a competitor to CPI. The planned WisdomTree Real Return Fund (RRF), seeks to give investors returns above the rate of inflation, and will have an average duration of 2-10 years. The fund also offers exposure to commodities, such as energy, precious metal and agriculture, similar to the exposure gained through an inflation-hedge ETF such as CPI.

UUP RUNS OUT OF SHARES ON THE HEELS OF LARGE INSTITUTIONAL VOLUME

PowerShares DB U.S. Dollar Index Fund temporarily suspended trading Thursday as the fund ran out of authorized shares. This came as UUP experienced heavy options volume on UUP calls Wednesday just prior to DB Commodity Services LLC announcing that it filed with the SEC for an additional 100 million shares to meet investor demand.

SNAPSHOT

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... while the Australian markets tallied 4.6%. The main leader globally for equity shares was the emerging market complex. Brazil (EWZ) tacked on 8.1% as PMI manufacturing gains outweighed a decline in industrial production. This paced a 5.5% gain in the MSCI Emerging market index. India (INP) recovered from last week's significant losses to rally 6.2%. Russia (RSX) came in with a 3.5% gain.

There were some noticeable laggards as well. Banking stocks (KBE) have generally weighed on financials over the past few weeks. They have pushed low enough the past 7 days to approach 3 month lows. The late week rally brought some support to the tune of 1.8% for the week on the financial sector (XLF) and 1.6% for banks. While the technology heavy Nasdaq 100 added 4% this week, one of the main technology leaders in the semiconductor sector (SMH) lagged the main index by almost 2.5%, the second week of trailing performance, thanks to Intel Corp's 1.25% drop. I usually use the semiconductors as an indicator, so this will be something to watch. There was another laggard of note based on the strength in overall returns this week. Commodities prices as measured by the S&P GSCI Commodity (GSG) returned 1% on the week. Much of that was from a 1% advance in crude oil prices (USO). The Greenhaven Continuous Commodity Index (GCC), an equal weight index, was exactly flat for the week. Agricultural commodities (DBA) fell 0.25%. Also weighing on commodities was Natural Gas (UNG), which fell 7.2%. A surprising add to the commodity lag was the US dollar weakness. The euro advanced 0.9% against our domestic currency and gold (GLD) traded all time highs to tack on 4.4%.

Long end Treasury bond prices fell significantly this week as the markets recovered some of last week's losses, sending 10 Year Treasury yields higher by 12 basis points. The ISM prices paid index came in higher than expected to move rates higher. In reports on Friday, the Fed is said to be concerned with the lack of ability to attract reverse-repo counterparts to help withdraw liquidity from the marketplace. A number of banks/dealers have now reported to be willing to participate if they can receive Tier 1 capital relief on their balance sheets. We will see how this affects bond prices and yield going forward. Higher rates on the week did not help the Dollar find much support.

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	91.85	27.00%
Commodity price inflation coupled with central bank policies should benefit					
UDN	POWERSHARES DB U	3/23/2009	25.60	28.32	10.62%
Save for a significant break in equity markets we expect the dollar to decline					
SHY	ISHARES 1-3 YR	3/16/2009	83.98	83.96	-0.02%
A conservative play					
LQD	ISHARES-IBOXX IV	3/9/2009	93.1	105.32	13.13%
The spread between corporate and Treasuries is not sustainable					
DBA	POWERSHARES DB A	3/9/2009	23.4	25.52	9.06%
Agriculture commodities are ready to shine					
GSG	ISHARES S&P GSCI	3/2/2009	24.08	31.45	30.61%
The fundamentals are supporting commodities, which may have found a bottom					
SSO	PROSHARES ULTRA	3/2/2009	17.31	35.10	102.77%
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	77.45	10.61%
Biotech is well positioned for a declining economic environment					
XRT	SPDR S&P RETAIL	2/23/2009	19.89	34.70	74.46%
Retail has been outperforming this year despite consumer spending declines					
JJC	IPATH DJ UBS COP	2/16/2009	21.74	40.81	87.72%
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	28.92	-3.25%
Utilities sector is actually adding jobs					
MBG	SPDR-BAR MORT BK	2/6/2009	25.91	26.93	3.94%
Stimulus will help the market over the economy					
IPE	SPDR BAR CAP TIP	2/6/2009	48.05	51.50	7.18%
Inflation will ultimately come					
PHO	POWERSH-WATER RE	1/30/2009	12.66	16.27	28.52%
Water is the new oil; an infrastructure play					
XLB	SPDR-MATERIALS	1/30/2009	21.06	30.69	45.73%
An infrastructure play					
XLF	SPDR-FINL SELECT	1/30/2009	9.24	14.31	54.87%
Not necessarily a buy, but will outperform on a bounce					

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