Markets at a glance

***Trendspotter Signals** (click on links to obtain up to-date signal)*

[Dow Jones (DJ)]

[S&P 500 (SP)]

[FTSE 100 (X)]

[DAX (DY)]

[£/US$ (BP)]

[US Dollar Index (DX)]

[Crude Oil (CL)]

[Gold (GC)]

[Coffee (KC)]

[Orange Juice (OJ)]

[Sugar (SB)]

[Wheat]

[Cotton]

[Rough Rice]

CENTRAL BANK RATES

NZD	6.50%	AUD	5.25%
GBP	3.00%	USD	1.00%
CAD	2.25%	EUR	3.25%
CHF	2.00%	JPY	0.30%

The Insider Trader

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Buy and Hold the lost decade

If you follow the advice of many financial professionals they will tell you that buying and holding quality shares over the long run is a sound investment. Whilst this may be true over 25 or 50 years the last 10 years have been dead money from anyone tracking the markets. In fact cash on deposit would have produced better results with a lot less risk.

Lets use the S&P500 which is the still the world's best benchmark to track is an example. If you had invested in November 1998, 10 years on you would be sitting at a loss.

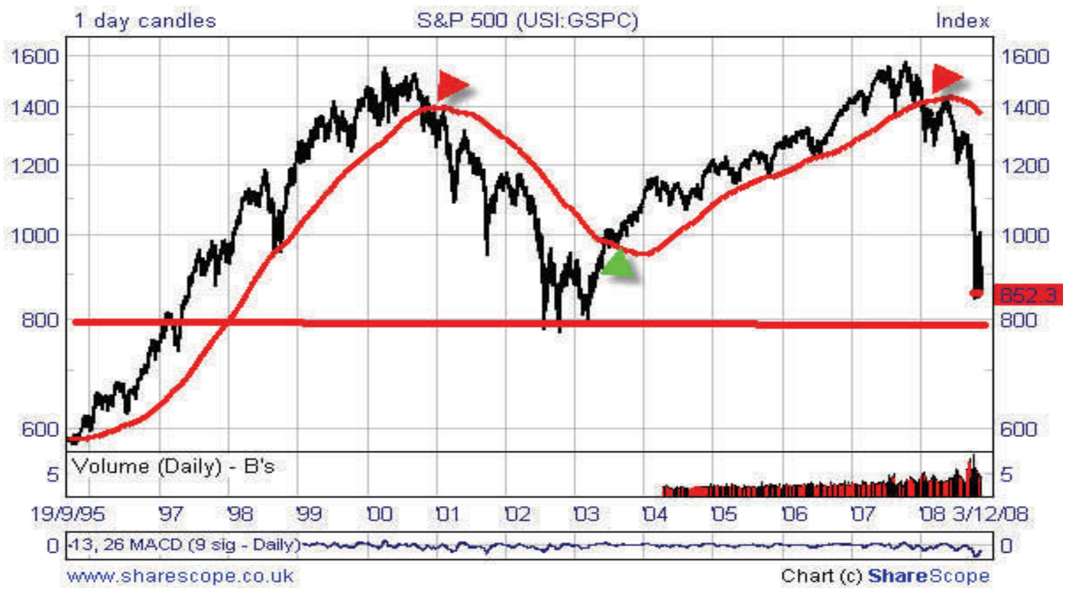
So whilst Buy and Hold has not worked the last decade we also know that most short term traders don't make money as many including Warren Buffet are certain that hedge funds and trades cannot beat the index over the long term, so what's a good solution?

Here is a very simple trading system which keeps you in during the good periods and gets you out during the poor years. Just using a simple 20 month moving average, 420 days (21 trading days roughly per month)

Based on this you would have been out of the market in January 2008 and still be out, saving you a lot of pain. You would have bought in June 2003 and stayed with the up move until January 2008. It's going to be a long time before you get a new buy signal on this trading system, I cannot see a buy signal until at least end of 2009. More aggressive traders can of course also short when the 20 month SMA is broken.

On a shorter term view I do see some attempt for markets to bounce between now and the end of the year. I really cannot see the S&P500 closing the year down 40%, so some sort of upside is due, but even if

Chart:: S&P500 with 20 Month Moving Average, you can try and put lipstick on a pig, buts its still a pig. It's going to a long time before the price crosses back above the MA.

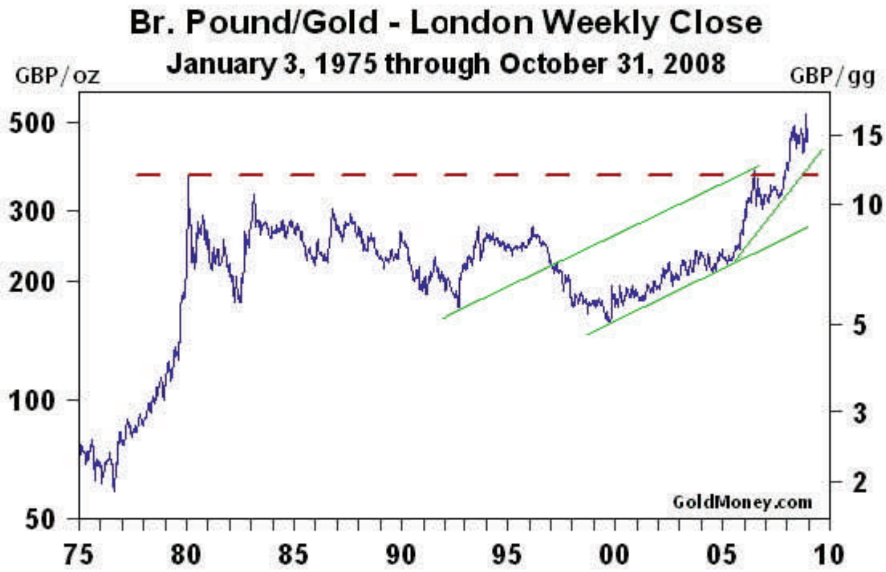


we do get this 2008 is going to be a year most investors want to forget.

Seasonally bullish on Gold

I am the first one to admit that the bullish call on Gold is not looking great, however its not over yet, and do remember any one buying Gold at the start of the year is far better off than anyone that had bought the stockmarket. I still see Gold ending 2008 with a gain, I cannot say the same for the FTSE100 or Dow. The next 6 to 8 weeks could see some large moves in Gold. One way to play this would be a **SL76 which a Gold 800 Call for December 2009** currently around 70p, also Silver should see a lift and this could be backed with **SW66** which is a $15 September 09 Call currently trading around 90p.

Watch out for the end of November as this could be where we see the big moves up in gold as investors can decide to opt of physical delivery of December gold .



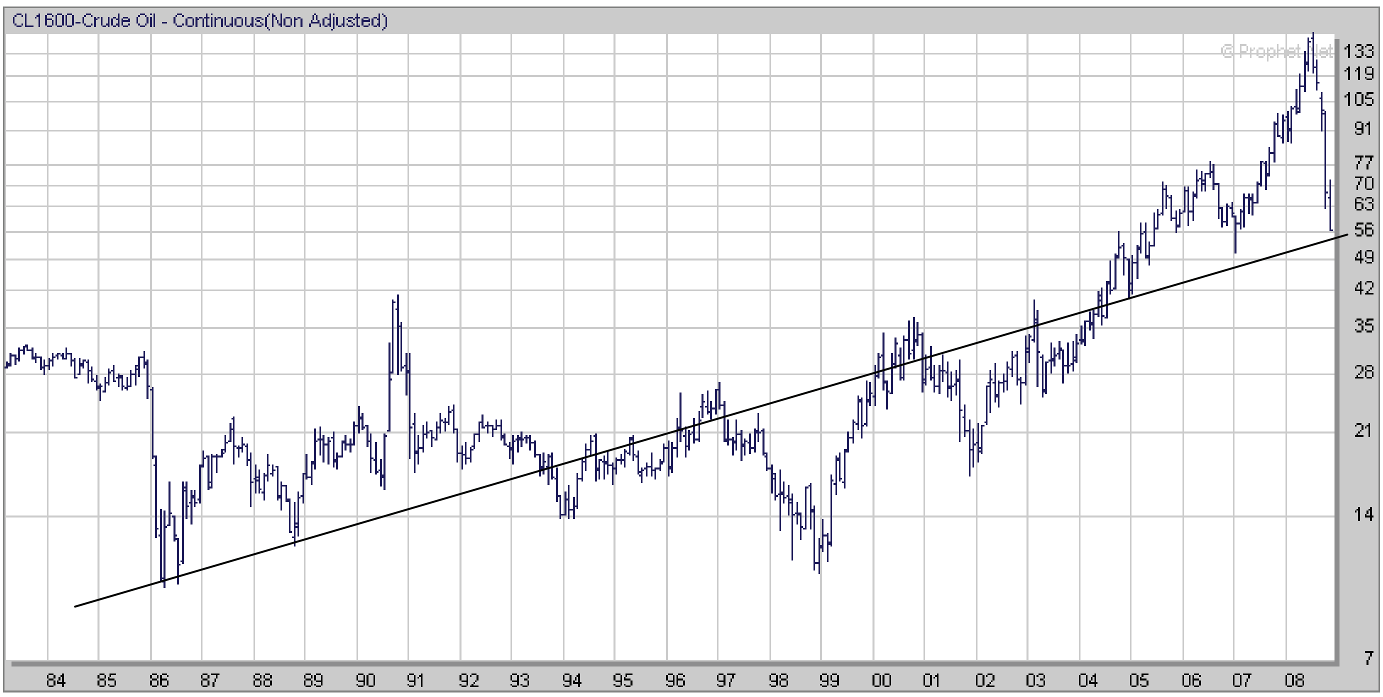
Gold priced in £ is breaking out to new highs. Gold in most currencies is moving higher, its just the US$ which with its recent strength is hurting our trades.

Crude Oil back to its long term trend

Well the crazy ride on Crude Oil has now come back down to earth and at the $55 a barrel mark it becomes interesting. No one is saying that oil cannot fall to $45-$50 but at these levels downside is limited. A few simple reasons why I expect oil to find support, firstly at $45 it's not worth going ahead with new expensive

My forecast on Oil is it stays $50 to $100 for most of 2009.

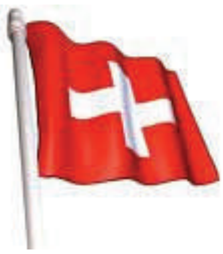
Below: Monthly Crude Oil going back to 1984. $55 sees us back at the long term uptrend. We should have some excellent trading opportunities in Crude in 2009 with lower risks.



Those looking for a trade on Energy could look at ETFS LNRG listed on the LSE. This gives you exposure to 40% Crude WTI, 37% Nat Gas, 11% Unleaded Gas and 12% Heating Oil all in one trade. This is also leveraged so if the basket goes up by 1% then LNRG goes up by just under 2%. LNRG is currently trading around $14.00. Warning this is a contra play and the trend is down, the idea is that between now and June 09 we will see some sort of bounce in energy prices. I suggest just buying a few and forgetting about them.

Another play on Oil in 2009 will be Oil exploration companies. Right now it's cheaper to buy out listed companies rather than go and explore for oil. Unlike most sectors the major Oil companies such as Exxon Mobil, BP, Chevron and Total are very cash rich, I am talking billions of dollars in reserves which could be used to snap up smaller Oil companies without the need for financing. The key over the next few months is to search out for Oil companies that have good reserves and whose shares have fallen heavily, this then makes their oil reserves cheaper to buy then explore. So far the cheapest I can find

Anadarko Petroleum (APC) which is listed on the NYSE currently around $35 a share, most spread betting companies will offer a spread bet.



Swiss Francs Vs Sterling

A few months ago I was switching large amounts out of sterling and into Swiss francs, the manager at the bank found this hard to understand, at that time Sterling was paying over 5% whilst the Swiss was paying around 1.5%. Well we now see UK rates getting closer to Swiss rates but the Swiss is up 14% against the £ since I was switching at over 2.05. Its important to understand its all very well getting a good savings rate but if your capital is depreciating then I would rather not have any interest. In the case of my Yen savings account, I get 0.10 interest p.a. (no that's not a typo 1/10 of 1%) but if you look at GBP against Yen you will see why it's a good deal. Up over 30% since July 08

I remain short the £ against Swiss and don't see any change in my view. Holding quality Swiss shares in Swiss francs such as my favourite Nestle helps to protect you.

The trade I am watching now is Swiss against US$, so far the $ is holding up very well and is strong against the CHF however, I don't see this lasting much longer.