

>: Teeka's April 16th ETF Secrets Letter: Reader Questions & Concerns

Monday, April 9, 2007 / Ben Schott

Since we first told you about the letter that Teeka's preparing for next Monday, the volume of responses from *Tycoon Report* readers has been overwhelming. We expected a lot of interest - after all, we're talking about learning a secret to making millions with ETFs, and we're talking about that secret coming from a man who has never failed to deliver to our readers.

But we certainly did not expect that the volume of response would overwhelm our servers, our customer service reps, and our inboxes. It has done all three.

I had planned to write today about something entirely different, but if this were a contest, "what I feel like writing about" gets its butt kicked every time by "what you want to hear about."

And one thing is clear: Everyone is thinking about ETFs.

So I spent some time this weekend and went through about 500 of your emails. When my eyes started to blur and the headache came on, I'd been through enough of your questions and concerns to group them all into a few major groups.

Today I'll deal with the most popular one, and Teeka will be addressing a few others - directly with those of you on the *Inner Circle* priority list ... The "I Need More Specifics" Crowd

Background ...

A couple weeks ago we sent a note telling you that we were getting ready to share the secret to turning \$10,000 into \$2.7 million with ETFs.

We were vague. What can I say ... we went to the Hitchcock School of Marketing and just can't resist creating a little suspense.

That little note we sent out set two things in motion:

First, there was a rush to get on the "Inner Circle" waiting list. As you know, the only people to whom this secret will be revealed next Monday are the 5,000 of you who are able to get on that list.

Second, the note set off a firestorm of email from our readers. And the single biggest subject of those emails?

In short, "I want more details!?"

Answer ...

Let me start simply and say that "on top of sharing his secret with you" Teeka will be inviting you to take part in a brand new service.

This IS NOT going to be a trading service (like *Point & Profit*, *The Trend Rider*, etc.) ... there will be no trade alerts, no regular buy and sell recommendations, or anything like that.

A few months ago, after a ton of feedback from *Tycoon Report* readers and *Point & Profit* members, Teeka started doing some research into ETFs. Would it make sense for Tycoon to offer an ETF trading service? The demand was certainly there ... but something wasn't quite right.

So Teeka went out and actually subscribed "on his own dime" to a number of the most popular ETF trading services on the market. We've already told you how disappointed he was by what was out there - it was frightening, actually, the lack of good advice being marketed to people like you for trading ETFs.

So we all got together on the phone and had a discussion that I can still quote to you word for word today. The question we asked ourselves was, "What can we give to our customers - who are interested in ETFs and eager to get involved - that they *can't get from anyone else*?"

The answer was simple: We can do what we do best ... EDUCATE.

Tycoon Report readers know that this isn't some fly-by-night stock picking newsletter ... it's written to give you the information you need to make better investment decisions. To educate and help you improve your lot. Period.

Trend Rider members know that Chris puts as much effort into helping his members really master his options strategies as he does into recommending specific options for them to buy and sell. As he's said before: His goal is that someday you won't even need his service to trade options like a pro.

Fallen Angel Stocks members know that the majority of each monthly issue is written to show them HOW Dylan came to his decision to recommend a stock. You see, we've never made any bones about the fact that our goal is to empower individual investors with the knowledge to become great investors. Educating you and giving you the tools you need to be successful comes before all else.

So when it came time to decide how Teeka could help you trade ETFs, it was an easy decision to cut out all the extraneous noise and simply give him a platform to teach you everything he knows.

The Bottom Line ...

In other words, for those of you who wanted more specifics, what Teeka has been preparing for you is indeed an educational product.

Sound boring?

Well I've seen it. And I know I speak for everyone here when I say that this is one educational product that surpasses anything we've seen before.

In fact, there is no doubt in my mind that if you get your hands on what Teeka's preparing, turning a \$10,000 trading account into a \$2.7 million windfall is not only possible ... but likely.

One final point of clarification: We got one piece of feedback from a reader who was surprised that joining the "Inner Circle" was free. I believe the exact words they used were that they were "waiting for the other shoe to drop."

I want to make sure that everyone understands one thing right now:

Yes, it's free to join the "Inner Circle." Being on this list guarantees you have a chance to get involved when Teeka sends his letter out one week

from today.

No, it will not be free to take part in Teeka's upcoming program.

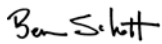
But I can tell you right now: neither is it a bank-breaker. *Not by any stretch of the imagination.*

For those of you on the "Inner Circle" list, let me just say that we're going to make this one of the easiest decisions you've made in a long time.

If you haven't added your name to the list, what are you waiting for?

In just 7 days from right now, everything will be revealed ... but only if you're on the list.

[Click Here to Join the Inner Circle>>](#)



Ben Schott

Chief Investment Officer

≥

Wednesday, April 11

14:00 - Treasury Budget: Consensus -\$85.0B

Big Picture: Strong tax receipt growth continues to lead the path toward lower deficits given the stronger economy, profits and income growth. Spending remains stronger than desired (6% yoy growth over the last year) as fiscal discipline is needed. The FY05 improvement sliced away a quarter of the record \$413 bln FY04 deficit as FY06 sliced away another \$71 bln. FY07 has already sliced \$56 bln through February as a -\$172 estimate for FY07 leaves the deficit at a small -1.2% of GDP. Spending restraint is needed to continue to slim the budget.

Implications: The monthly Treasury budget data follow strong seasonal patterns, which produce huge month-to-month fluctuations in the deficit. These fluctuations tell us little about long term budget trends. To the extent that the market analyzes the monthly Treasury data, the focus is on year/year changes in receipts and outlays, since the data are not seasonally adjusted. Only in April, the most important month for tax inflows to the Treasury, does the market pay any attention to this report (today's data is for March). The data can be predicted with reasonable accuracy by using daily data in the Daily Treasury Statement.

Thursday, April 12

8:30 - Export Prices (excluding agriculture): Consensus NA, Import Prices (excluding oil): Consensus NA

Big Picture: Import prices are decelerating, partly due to the effect from petroleum prices and raw material prices. Imports from the Pacific Rim show declines from a year ago. Export prices are on the rise as agricultural and food prices reflect the increased demand for grains that are now being increasingly used as

alternative fuels. Exports of industrial supplies are 10% higher than a year ago.

Implications: Though not a market-moving release, export/import prices are a useful indication of inflation pressures created by changes in foreign exchange rates. For example, when the dollar is strong, import prices tend to be under downward pressure. If an item in Japan costs 500 yen and the exchange rate is 100 yen to the dollar, the US\$ price \$5. If the dollar then strengthens to Y120, the US\$ price falls to \$4.17. Because US exports must compete with foreign goods, there is also downward pressure on export prices when the dollar is strong.

Economists typically look at import prices excluding oil and export prices excluding agricultural. In each case, the category in question is excluded because prices for those items are volatile and the swings are unrelated to foreign exchange rates. Oil prices tend to swing in response to OPEC decisions, and agricultural prices are often affected by weather, neither of which say much about long-term trends in traded goods prices.

8:30 - Initial Claims: Consensus NA

Big Picture: Initial claims 4-week average has returned to that tight late-2006 range after the January dip and February bulge. The levels suggest some slight loosening in the labor markets as the 4-week average reached a 16-month high in early March. Continued claims are on an upswing as well with the weekly level at a 14-month high the same week. Provides a nearly real time read on layoffs and the labor market as the low 4.5% unemployment reflects the broader measure of net hiring.

Implications: Initial jobless claims measure the number of filings for state jobless benefits. This report provides a timely, but often misleading, indicator of the direction of the economy, with increases (decreases) in claims potential signalling slowing (accelerating) job growth. On a week-to-week basis, claims are quite volatile, and many analysts therefore track a four week moving average to get a better sense of the underlying trend. It typically takes a sustained move of at least 30K in claims to signal a meaningful change in job growth.

Friday, April 13

8:30 - Trade Balance: Consensus -\$60.5B

Big Picture: The August deficit reached a record high as lower energy prices have helped to pull the deficit lower. January's sub \$60 bln deficit was only the third in 17 months. The swing of petroleum import prices mask the weakening domestic demand for foreign goods as the weaker dollar and economy slowly provide the force. Exports feed a stronger world economy with a sixth consecutive record high in January. From a year ago, exports have risen 11% as imports have risen just 3%. Import growth carries a larger effect as they are about 50% larger than exports. China commands roughly a third of the deficit as petroleum also amounts to about a 1/3. The massive size of the deficit is eyed for effects on the dollar and interest rates. The trade deficit demands an equal but opposite investment inflow from abroad as current foreign demand remains exceedingly strong given the return of petrodollars and as Asian export markets protect strong trade flows with dollar buying.

Implications: The trade report is most widely watched for trends in the overall trade balance. But trends in both exports and imports of goods and services bear watching as well. The export data in particular are important to watch for indications that a strengthening competitive position at home and/or strengthening economies overseas are boosting U.S. growth. Imports provide an indication of domestic demand, but given the severe lag of this report relative to other consumption indicators, it is not particularly valuable for this purpose.

8:30 - PPI: Consensus 0.6%, Core PPI: Consensus 0.2%

Big Picture: September 2005 PPI growth of 6.9% yoy stood at a 15 year high but has dropped sharply to 2.5% yoy. The core stands at 1.8% yoy from July 2005's decade high of 2.8%. The stronger pipeline pressures of the last year have only partially fed in to finished goods as energy prices and now food prices provide the volatility. The directional trends for producer prices have turned toward lower yoy growth. The importance for the market (and the Fed) is any lingering effects on consumer prices which seem absent.

Implications: The Producer Price Index measures prices of goods at the wholesale level. There are three broad subcategories within PPI: crude, intermediate, and finished. The market tracks the finished goods index most closely, as it represents prices for goods that are ready for sale to the end user. Goods prices at the crude and intermediate stages of production often provide an indication of coming (dis)inflationary pressures, but the closer you get to crude goods, the more that these prices track commodity prices which are already available in traded indexes such as the CRB (Commodity Research Bureau).

10:00 - Michigan Sentiment (preliminary): Consensus 88.0

Big Picture: The push to a two-year high in January is largely tied to the drop in gasoline prices as the recent equity drop and renewed fear about recession and sub prime mortgage lending has left some fall off. The tight labor market and resilient economy continue to support the upward trend. The expectations component has surged 17% since the August high in gasoline prices. The University of Michigan survey is significantly smaller (500 phone calls) than the Conference Board's, includes a longer outlook (for expectations) as questions are focused on the household compared to the business heavy CB survey. The index far better tracks the consumers' mood than spending habits better indicated through interest rates and income growth.

Implications: The Michigan index is almost identical to the Conference Board Consumer Confidence index, though there are two monthly releases, a preliminary and final reading. Like the Conference Board index, it has two subindexes - expectations and current conditions. The expectations index is a component of the Conference Board's Leading Indicators index.