

Black Swan Capital Currency Snapshot

26 September 2008

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A recessionary world isn't good for Comdols...

Key News

- [Central banks across the world scrambled to meet desperate demand for cash](#) on Friday, with Europe's big three offering billions of one-week dollars for the first time to break a quarter-end money market logjam. (Reuters)
- [Ireland](#), easily the best performing eurozone economy since the birth of the single currency, on Thursday became **the first in the 15-country region to fall into recession**. (FT)
- [New Zealand's economy contracted last quarter](#), confirming the nation is in its first recession in 10 years. (Bloomberg)
- [Singapore will probably slip into a recession](#) this quarter for the first time since 2002. (Bloomberg)

US Economic Events (WSJ):

8:30a.m. 2Q Final GDP: Previous: +3.3%.

8:30a.m. 2Q Revised Corporate Profits: Previous: +1%.

10:00a.m. End-Sep Reuters/U Mich Sentiment Index: Expected: 70. Previous: 63.

Quotable

To-morrow, and to-morrow, and to-morrow,
Creeps in this petty pace from day to day,
To the last syllable of recorded time;
And all our yesterdays have lighted fools
The way to dusty death. Out, out, brief candle!
Life's but a walking shadow, a poor player,
That struts and frets his hour upon the stage,
And then is heard no more. It is a tale
Told by an idiot, full of sound and fury,
Signifying nothing.

Macbeth Act 5, scene 5, 19–28

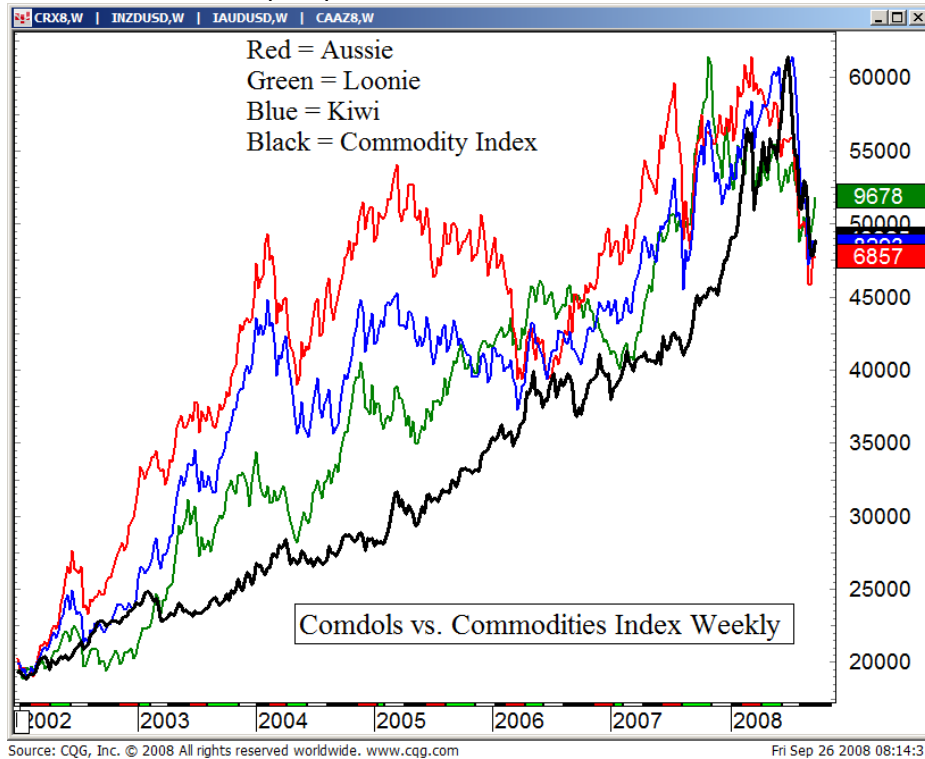
FX Trading – A recessionary world isn't good for Comdols

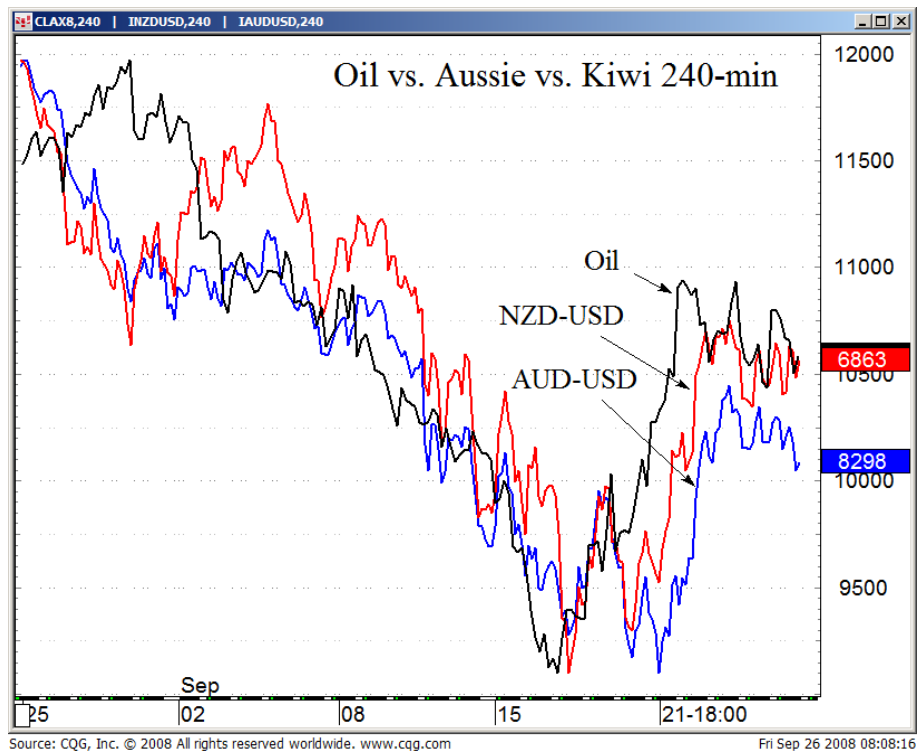
Recession by definition means demand for all kinds of stuff falls. And if demand for stuff falls, the demand by business for raw materials to make said stuff should naturally fall—

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with the standard lag of course. And unless the government is more efficiently able to suspend the link between supply and demand for real stuff (which is part of what they always seem to do by manipulating money and credit and often explicitly attempt using price controls and “regulation”) we believe the price of raw materials i.e. commodities, will fall as more and more countries slide into recession—two noted to be in and one on the way as highlighted above.

Therefore, it seems commodity dollars (comdols) would be vulnerable and decent candidates to ride down in a recessionary world. As evidence for this simple view we provide two charts for some perspective....





Wishing you a well deserved enjoyable weekend.

Regards,

Black Swan Capital