

## INVESTING

## Silver Leads ETFs In July

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Posted 08/01/2011 06:35 PM ET

### Nonleveraged ETF Performance

Biggest winners, ranked by July % return

ETF	Symbol	1 mos	3 mos	YTD	1 year	RS Rtg	Acc/Dis Rtg
PowerShares DB Silver	DBS	14.85%	-17.27%	28.09%	119.63%	94	E
iShares Silver Trust	SLV	14.80	-17.13	28.73	120.99	94	D-
ETFs Physical Silver Shares	SIVR	14.77	-17.04	28.93	121.09	94	C
iPath Pure Beta Sugar ETN	SGAR	14.42	26.89			90	D
iShares MSCI All Peru Capped Index	EPU	14.08	4.16	-13.30	26.57	58	A-
iShares MSCI Thailand Invest Mkt Index	THD	13.05	2.10	13.02	46.36	83	A
iPath DJ-UBS Sugar TR Sub-Idx ETN	SGG	13.00	39.10	6.51	82.83	93	B-
VelocityShares Long VIX Short Term ETN	VIOX	11.09	1.06	-38.58		8	B-
ETFs Physical White Metals Basket Shares	WITE	10.95	-12.14	16.65		73	D+
iPath S&P 500 VIX Short-Term Futures ETN	VXX	10.74	1.08	-37.76	-74.07	6	A
ETFs Physical PM Basket Shares	GLTR	10.60	-6.66	17.92		85	C+
ProShares VIX Short-Term Futures ETF	VIXY	10.58	0.24			11	B+
Teucrium Corn	CORN	10.52	-3.20	14.74	61.65	85	C-
Global X Silver Miners ETF	SIL	10.47	-7.92	-3.47	82.04	88	B-
iPath DJ-UBS Prec Metals TR Sub-Idx ETN	JUP	10.08	-2.76	17.06	58.14	88	C+
PowerShares DB Precious Metals	DBP	9.92	-2.19	16.56	50.59	87	C
Global X Gold Explorers ETF	GLDX	9.34	-10.70	-12.07		36	C
iQ South Korea Small Cap ETF	SKOR	8.66	8.03	22.21	43.63	86	B+
iPath Pure Beta Copper ETN	CUPM	8.50	6.49			64	E
ETFs Physical Palladium Shares	PALL	8.49	3.75	2.57	64.88	87	C

## Biggest losers

ETF	Symbol	1 mos	3 mos	YTD	1 year	RS Rtg	Acc/Dis Rtg
iPath DJ-UBS Cotton TR Sub-Idx ETN	BAL	-15.48%	-28.65%	-14.05%	64.03%	39	C-
iPath Pure Beta Cotton ETN	CTNN	-14.62	-20.40			11	E
Direxion Airline Shares	FLYX	-14.39	-15.44	-22.64		11	E
Market Vectors Solar Energy ETF	KWT	-13.17	-28.30	-15.38	-16.31	9	D-
Guggenheim Airline	FAA	-12.99	-14.57	-21.43	-12.88	13	D+
VelocityShares Daily Inverse VIX ST ETN	XIV	-12.63	-8.64	33.68		90	D+
PowerShares Dynamic Networking	PKD	-10.93	-13.76	-4.80	24.29	51	E
Internet Infrastructure HOlders	IIH	-10.86	-15.13	-18.04	-0.20	12	D
iPath U.S. Treasury 10-year Bear ETN	DTYS	-10.42	-16.63	-20.09		12	D
iShares MSCI Italy Index	EWI	-10.34	-19.80	-1.34	-0.33	17	B-
iPath DJ-UBS Coffee TR Sub-Idx ETN	JO	-10.06	-21.86	-3.70	28.10	43	E
PowerShares Dynamic Semiconductors	PSI	-9.85	-16.39	-6.63	17.70	36	C-
First Trust NASDAQ Clin Edg Green En Idx	OCLN	-9.74	-18.67	-15.96	-7.15	16	D-
iShares S&P North Amer Tech-Multiml Ntwk	IGN	-9.64	-19.32	-13.25	6.11	21	D-
Guggenheim Solar	TAN	-9.56	-26.93	-11.92	-15.28	10	E
Guggenheim Shipping	SEA	-9.56	-18.78	-23.96	-23.46	9	D-
iShares S&P Global Clean Energy Index	ICLN	-9.44	-19.25	-6.35	-7.87	16	D-
iShares MSCI Europe Financials Index	EUFN	-9.11	-16.17	-1.24	-4.34	18	D-
iShares MSCI France Index	EWQ	-8.97	-11.36	4.81	15.25	39	B-
SPDR S&P Telecom	XTL	-8.70	-13.45			24	E

Sources: Morningstar Inc., iBD

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Boulder Emerging Markets.

EPU sank 14% July 6, after Peru elected President Ollanta Humala, and then rebounded. Investors were unnerved over his left-wing views and campaign to tax mining companies. The leftist, former military officer hiked the monthly minimum wage to about \$275 and raised pensions for people over 65 after his inauguration at month's end.

"His plan to tax the mining companies remains somewhat unclear, and could lead to some volatility," said Daniel Weiskopf, co-portfolio manager at Global ETF Strategies. "Then again, frontier and emerging markets should be expected to be volatile even if long-term growth looks sustainable."

Physically backed silver ETFs outperformed all others in July as the dollar weakened, the market faced a global debt crisis and the government reported lower-than-expected economic growth.

iShares Silver Trust (SLV), up 14.8% in July, regained almost half its loss after plunging 34% from its all-time high in late April.

Investors flocked to safe havens such as silver and gold ETFs over worries that Congress' failure to raise the U.S. debt ceiling would lead to a government default and debt downgrade, possibly pushing the economy into a recession.

Precious metals miners lagged the metals. Market Vectors Gold Miners (GDV) rose 4.2% but failed to hold above its 200-day moving average after breaking above it.

Global X Silver Miners (SIL) climbed 10.5% in July. It's confirmed its uptrend by rising over its 200-day line and holding above it. It's trading at a relatively cheap valuation of 1.5 times forward earnings vs. 13 for the average global stock ETF tracked by Morningstar.

The pure metals are perceived as a true hard asset, whereas mining stocks are seen as hybrids — part hard asset and part financial asset, says Tom Winnill, portfolio manager of Midas Fund .

"Financial assets generally are out of favor due to the European debt drama and the debt ceiling impasse in Washington," Winnill said. Major producers such as Agnico-Eagle (AEM), Goldcorp (GG) and Silver Wheaton (SLW) have either missed earnings estimates or lowered future guidance, he added.

#### World Leaders

The second- and third-biggest gainers in the nonleveraged ETF universe were iShares MSCI Peru (EPU), +14.08%, and iShares MSCI Thailand (THD), +13.05%. By contrast, the benchmark iShares MSCI Emerging Markets Index (EEM) shed 1% and the S&P 500 slipped 2.2%.

"The Thai and Peru market rebounds highlight why politics is so important in emerging markets," said Carl Delfeld, managing partner of

Peru, the world's third-largest copper producer, has many untapped natural resources such as timber, Weiskopf added. Its economy is projected to grow 6.6% this year and 5.9% in 2012, according to the International Monetary Fund.

EPU still trades under its 200-day moving average, so any uptrend is widely considered a counter-trend rally.

The Thailand ETF rocketed 5% July 5 after Thailand elected its first female prime minister, Yingluck Shinawatra, by a landslide. The 44-year-old business-executive-turned-politician spurred investor confidence because her political party's economic policies are focused on stimulating domestic consumption and investment.

### **Instilling Stability**

Shinawatra was seen as a front for her older brother Thaksin Shinawatra — the former prime minister who was ousted in a military coup following corruption charges in 2006. But she has formed a five-party coalition government and has instilled a sense of political and economic stability.

"Thailand has had 18 political coups since ending absolute monarchy in 1932, so changes in government are viewed as 'business as usual,'" Delfeld said.

THD is trading at a 52-week high. It's extended 5% from a 68.03 buy point after breaking out of a cup-with-handle base.