

BLACK SWAN CAPITAL

Currency Currents

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Key News

- Finance Minister Sadakazu Tanigaki said on Wednesday that [Japan's economy remains in mild deflation](#). (Reuters)
- Key reports due (WSJ):
No major economic indicators are scheduled for today.

Quotable

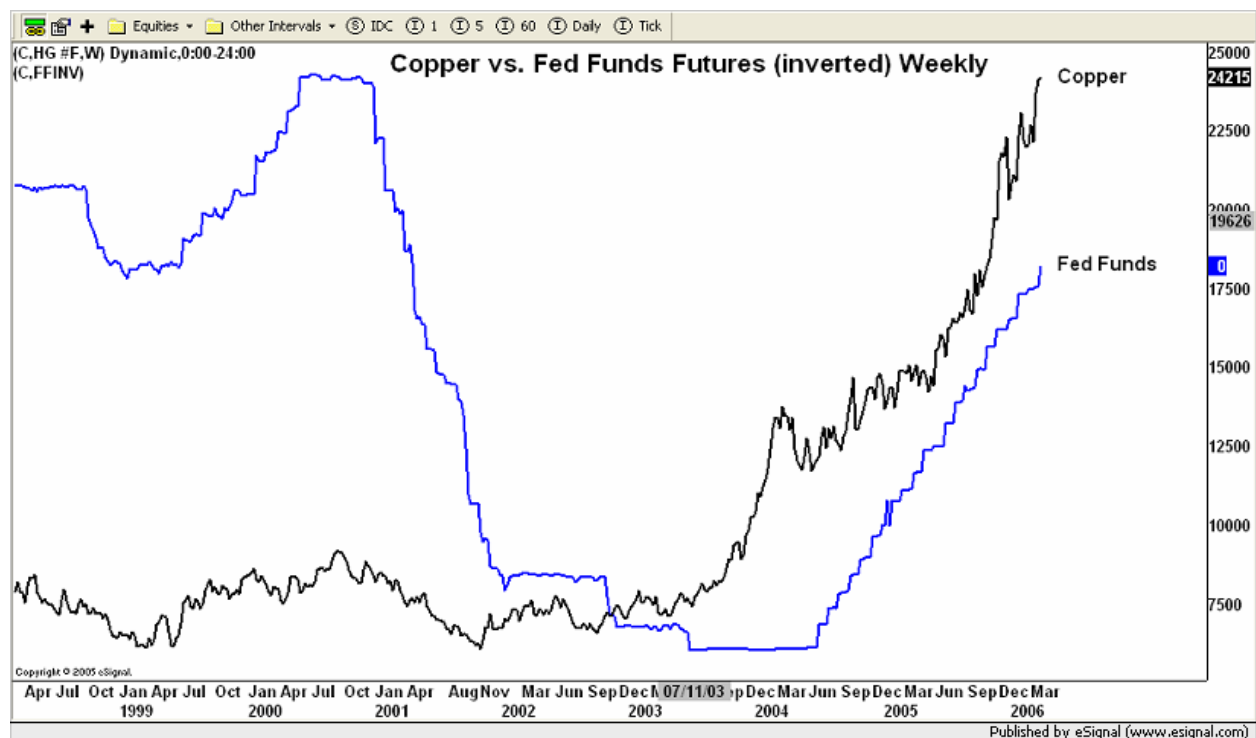
"I want the whole of Europe to have one currency; it will make trading much easier."

Napolean Bonaparte

FX Trading – Beware: Stream of consciousness today

Commodities have been climbing despite the Fed's actions and words, and more evidence the ECB may be in the game for a while. Oh we of little liquidity faith were expecting some froth to roll out of those markets. Wrong!

Copper is the poster child of the commodities boom. When we gander at the copper chart, we ask ourselves: Did someone slip in the shuttle launch trajectory instead? Holy nose-bleed Batman!



- What's going on here?
- Does the Fed matter?
- Is China's insatiable demand truly insatiable?
- Is credit too readily available from a whole host of intermediaries and derivative instruments outside central banks' control?

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- Are those huge pools of Asian “savings” the driver of all things commodities?
- Since the Fed mentioned commodities in its statement yesterday, can we expect more than one more hike down the pike?
- Is the Fed near the end and ECB near the beginning?
- Will it all come back to the strength of the economy?
- Can the Bank of Japan afford to wait much longer?
- Is China going to move on the yuan?
- Why hasn't gold made a new high, while silver and copper have?
- Are the comdols “way” oversold given the continued strength in commodities?
- Will the air continue to flow from the formal high-yielders' into the new high yielder—the US\$?

Ah...so many questions and so little time to formulate them. Answers: Oh yeah! Once we attain that elusive gift of hindsight, we will be happy to share them.

We think if you are playing in these markets your question to answer ratio should be about 100:1. At this stage, our ratio is much higher. But the fact is, like it or not, we will never be able to answer most of our questions with any warm feeling of certainty. But we must at least boil it down to a simple yes or no decision: Do we make a trade or not? We don't have to play if we don't want to. That is our advantage over the dealers that take their chunk of flesh on the spread each and every day. Let's try to use our positional advantage wisely.

Jack Crooks

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