

# WF NewsLetter



## IN THIS ISSUE:

*Cash? What Cash?*

*Play the C*

*Ingrid where are Thou?*

*Markets...Doped?*



The first Emirates A380 finally landed in Dubai. About time. The traffic in the city has reached horrific proportions and mass transportation had become a real necessity.



## Summary:

- What are you going to do with all this cash? Burn or spend it?
- Citigroup?
- Be hostage. Be famous.
- Tour de France vs. Dow Jones. The Match.

## Dow, CAC, Footsie, *forget your portfolio and spend what's left...*

There's always a time when you've got to face reality. Now seems to be as good a time as another: The value of your portfolio is going south, your home's value is shrinking and your mortgage becomes more expansive by the day. So what should you do with your cash? A famous French singer (better known for his drinking and smoking habits than his wisdom) became even more famous when he decided to **burn** his money publicly.

Let it be known! Walnut Finance is not –repeat: is not- advising anyone to follow suit!

The best solution, depending on your mood or temperament is either to bury it under your bed (like my grand-mother, as we learned long after the family sold her house to some unknown winners) or to **spend** it (the favorite option

of my significant other). At the end of the day, or rather of this hot summer, the holiday period might prove an excellent spending opportunity: Euro Disney, Vegas, the Races. The choice is entirely yours. And wide open.



Our more acute readers may then ask what we, at Walnut Finance, will do with our surplus cash. Guess what... **full investment** in the markets! Beat the odds! Buy cheap! Price to earning ratios below ground, economies in the BRIC countries still growing and

the world still needs more and more of those goods and services manufactured and created by the most competitive companies. Now, about selection! Difficult. Very difficult indeed. However this is a time when **good sense** should prevail over sophisticated analysis. For example, choose train makers rather than auto manufacturers; or recycling businesses over luxury goods. There is a crisis, yes, but people continue to live, they have to. And you only need to find out about their new spending profile to invest along the right line. Some Hedge Funds have played the game right so far, we tend to favor them over long-term strategies at that early stage on our path to recovery.

## *C Like Citigroup*

“**C**” is the market symbol for the world's largest bank. This seemingly arrogant shortcut is becoming more interesting every day. After announcing “only” a \$2.5 Billion loss for the last quarter, the stock (not the

bank) was cheered by the markets and moved up a stunning +8% on the news. Because the loss was less than feared and came as good news compared to last quarter's \$5.1 Billion loss. Billions here, billions there,

who cares? The C stock lost 75% of its market value in one year this is **\$2.2 Trillion** wiped out of shareholders pockets. Walnut Finance is now considering it relatively safe to invest in this company. **Buy!**

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### Quote of the Month

Statistics are like a bikini—  
what they reveal is  
suggestive, but what they  
conceal is vital.

A. Levenstein, Statistician

### Numbers that strike

- **244,000,000** is the estimated number of Chinese using Internet, they should soon overcome the number of Americans doing so
- **0** is the number of free journalists in China
- **4,000** is the number of frustrated foreign correspondents in Beijing
- **90** is the number of years since the birth of Mr. Mandela, out of which 27 in jail for the color of his skin
- **€ 6,320** is the price for a trip from London to New York ... in bus and 18 weeks as proposed by Ozbuz, a UK company

Indicator	Last	Year-to-date	1-Year	3-Year
Dow Jones	11,378.02	-12.77%	-16.69%	+7.77%
NASDAQ	2,325.55	-10.89%	-8.94%	+6.78%
CAC 40	4,392.36	-20.86%	-21.85%	-0.66%
\$/€	1.5556	-6.55%	-13.13%	-25.45%

**China (People's Republic of)** is going to steal the show next month with the Olympics. Some like it (approximately 1.3 billion people) and others don't (the rest of the world). Politically incorrect, an aggressive sporting attitude (they'll want to win gold medals at any cost), financially risky (the Chinese stock market lost 38% of its value in one year). China remains as fascinating as ever.

**Obama (Barrack)** was in Jerusalem, Berlin, Paris, and London. Not too many voters there but there is a need to convince those back home that he holds an international status worth their vote. Do they care? Probably not.

**Karadzic (Radovan)** was hiding in his own city. Where you'd believe police should have started to look for him in the first place. Anyway the arrest took place just when Serbia's request for a EU seat was stalling. Good timing, police.



**DOWN**  
Chavez out of  
Betancourt  
liberation



**UP**  
Betancourt free at  
last and back on  
the front stage



**UP**  
Assad, guest star  
of the Bastille Day  
Parade in Paris



**UP**  
Bush. No news  
from him during  
this hot Summer

## Where in the world is *Ingrid Betancourt*?

Free at last. And she looked in relative good form. She thanked everybody including the French president, and rightly so: he didn't send the French army to free her. Imagine the French military stepping in and shooting with fake ammos believing it was just a game... The question for her now, is what is she going to do for a living? She could, of course, go back to Columbia... and

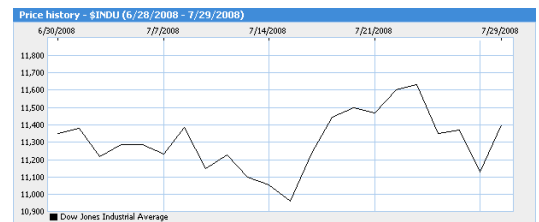
fight against President Uribe for the next presidential election, but would that be fair? After he did liberate her. She can also stay in France and run for elections there. French president? That would be fun! (1) she would fight against Mr. Sarkozy, the man who claimed that he would do everything and anything to free her; (2) she would fight against Ms.

Royal and maybe beat her to the title of first French woman president.

But the real big event is that I started writing this article early July when she was-at last- freed, and now... nothing... she doesn't exist any longer.

*Morale de cette histoire*, as the French say, be captured, be famous, but don't get liberated and **forgotten**...

## The Stock Market roller coasted, *Doped?*



It stroke us that the July chart for the Dow Jones bore similarities with stage 10 of the Tour de France... when **doping** rumors started yet again. Despite assiduous watching of both events, we could not draw any conclusive evidence as to where the relation lies. Readers?