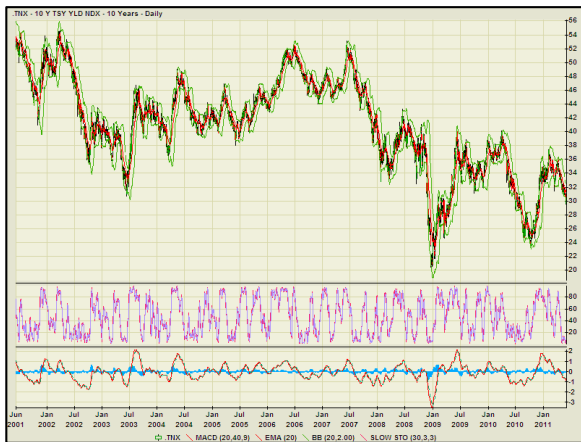




# Continuum Global Asset Management, LLC

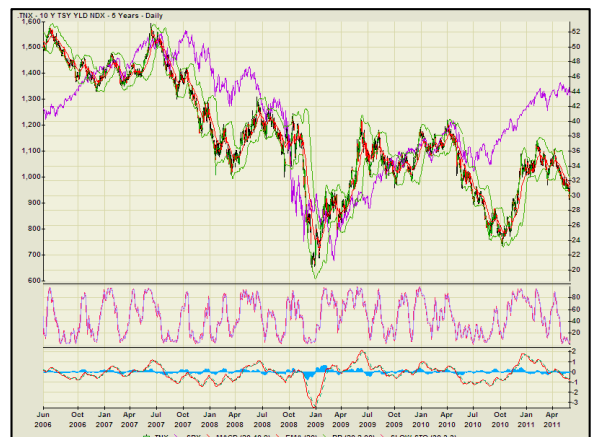
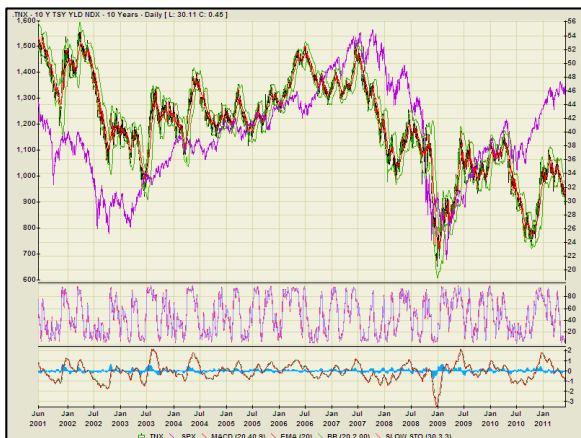
## Case for Short Treasury!!!

1. S&P 500 has a positive correlation with the 10 yr index. In other words, the S&P 500 and the treasury yield have a positive relation. If the index moves up (better economic environment), yields will also move up; price of treasury will go down.
2. Economic variable impacting US treasury
  - a. Global Sovereign Funds and trading partners invest in treasuries.
  - b. Global perspective of US economy
  - c. Federal Government's stance on Fiscal and Monetary policy
    - i. QE2 is coming to an end on June 30<sup>th</sup>. Will Benmanke extend the dovish fiscal policy?
    - ii. When will the Feds start raising rates?
3. This may be a technical data point: Bill Gross, probably the world's most reputed bond manager is uber bearish on US Federal Debt
4. Us debt is almost at \$14 trillion; 100 % of GDP. Is this sustainable?
5. Will GOP allow the debt ceilings to be raised or fight the fed?



1. 10 yr Treasury yield is trading at way below its 10 and 5 yr average
2. 10 yr yield has lost 16% since April 2011 and 20% since February 2011.

## 10 Yr Treasury Index Vs. S&P 500



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