

Market Observations: 12/9/12

Summary: Markets remained constructive last week, and a neutral condition remains across broad US market index ETF's. "Easy" gains from the oversold condition in mid-November have been had – whether the market builds upon those gains remains in question. The Q's display relative weakness, and fell into the neutral mid-distribution weekly stage.

Market Stages: Weekly 12/7/2012

SPY	Current Weekly Stage is 3-1 (Early Distribution); Current weekly stage for 2 week(s)	Bullish Turning to Neutral
DIA	Current Weekly Stage is 3-1 (Early Distribution); Current weekly stage for 2 week(s)	Bullish Turning to Neutral
QQQ	Current Weekly Stage is 3-2 (Mid-Distribution); Current weekly stage for 1 week(s)	Neutral
IWM	Current Weekly Stage is 3-1 (Early Distribution); Current weekly stage for 2 week(s)	Bullish Turning to Neutral

Market Stages: Daily 12/7/2012

SPY	Current Stage is 1-1 (Early Accumulation) Has been in current stage for 6 day(s)	Bearish turning to neutral
DIA	Current Stage is 1-1 (Early Accumulation) Has been in current stage for 6 day(s)	Bearish turning to neutral
QQQ	Current Stage is 1-1 (Early Accumulation) Has been in current stage for 7 day(s)	Bearish turning to neutral
IWM	Current Stage is 1-2 (Mid-Accumulation) Has been in current stage for 2 day(s)	Neutral

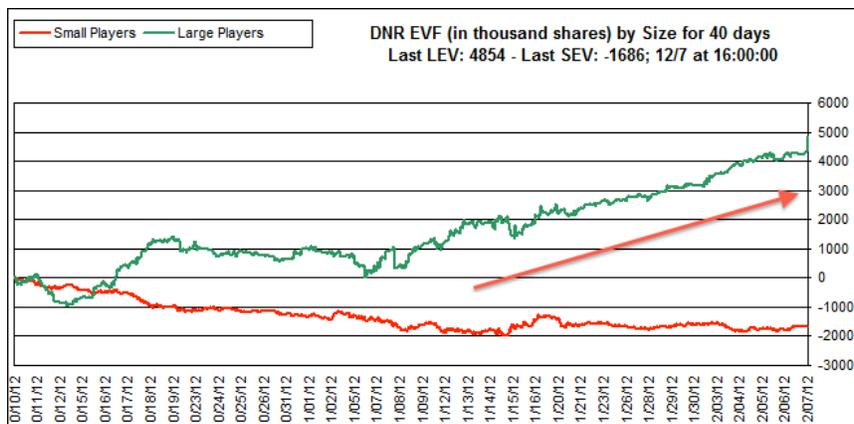
Stage Scans: 12/7/12

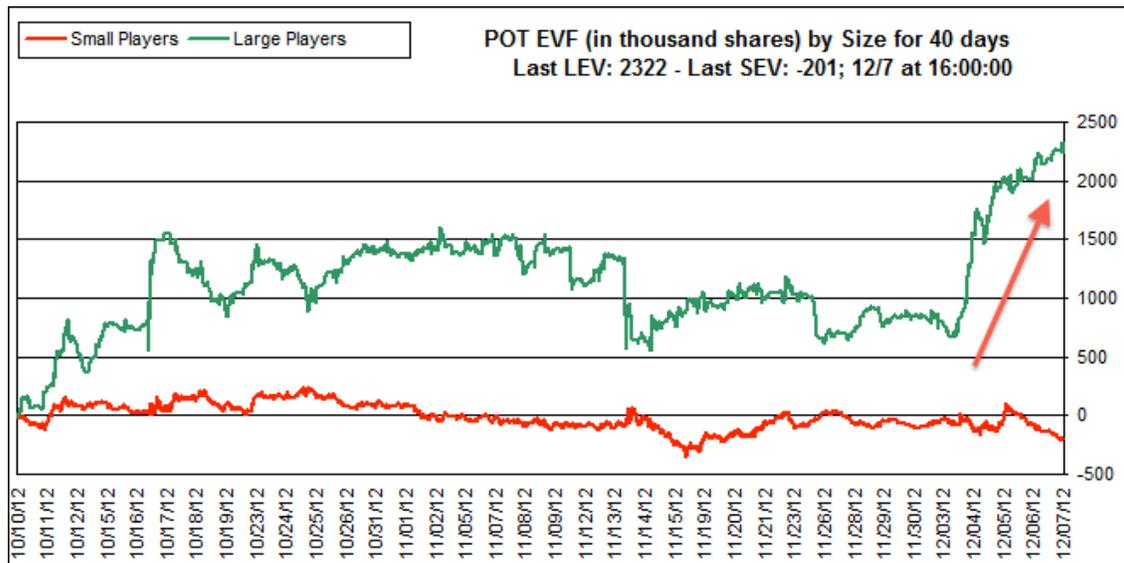
Market stage scans 1 & 2 were little changed from the prior week. Scan 3 increased results by over 1/3rd, suggesting some underlying weakness amid the consolidative tone of last week's trade. Otherwise, few new insights remain.

Weekly Strong Mark-up + Daily Late Accumulation-Strong Mark-up	259 Results
Weekly Strong Mark-up	665 Results
Weekly Strong Decline	168 Results

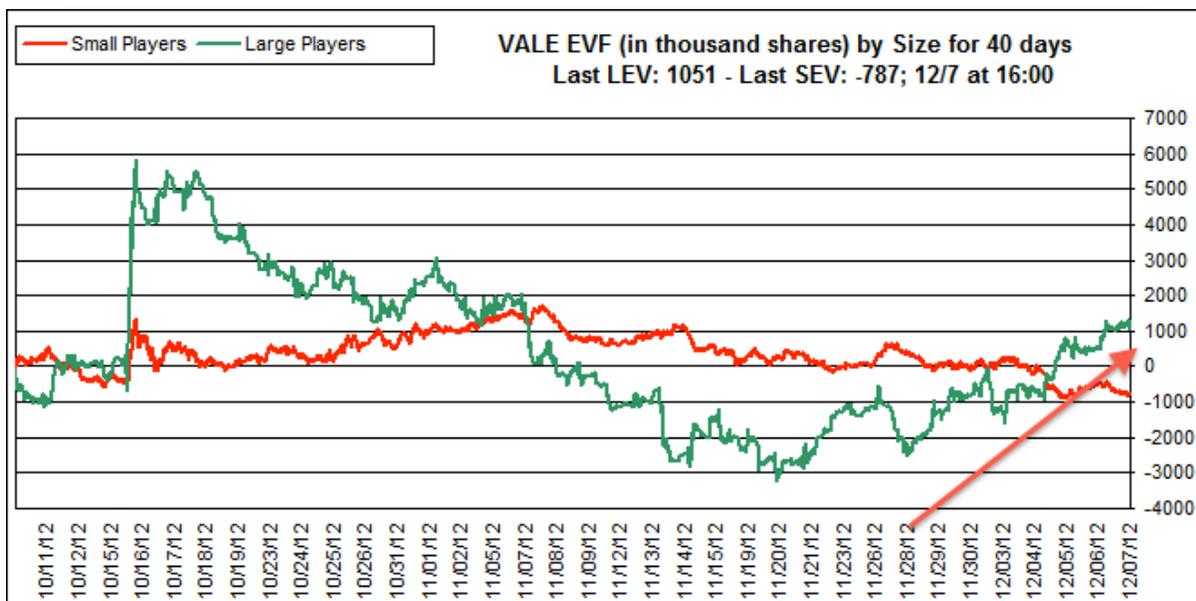
Resource Sectors: DNR POT VALE SU

Denbury Resources (DNR) and Potash (POT) stand out as two beneficiaries of large player money flow last week. The implications of Freeport's large-scale investment in the energy sector may have implications for securities with access to niche natural resources.

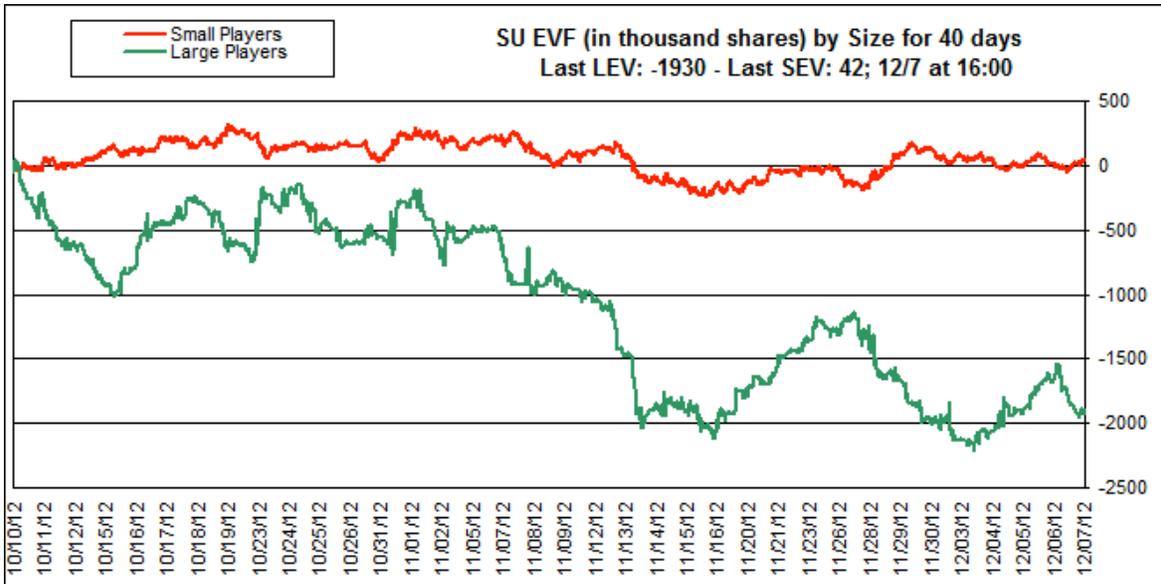




Meanwhile, much larger VALE begins attracting money near multi-year lows. Indeed, some commodity-related companies have been in their own bear markets for many months now.

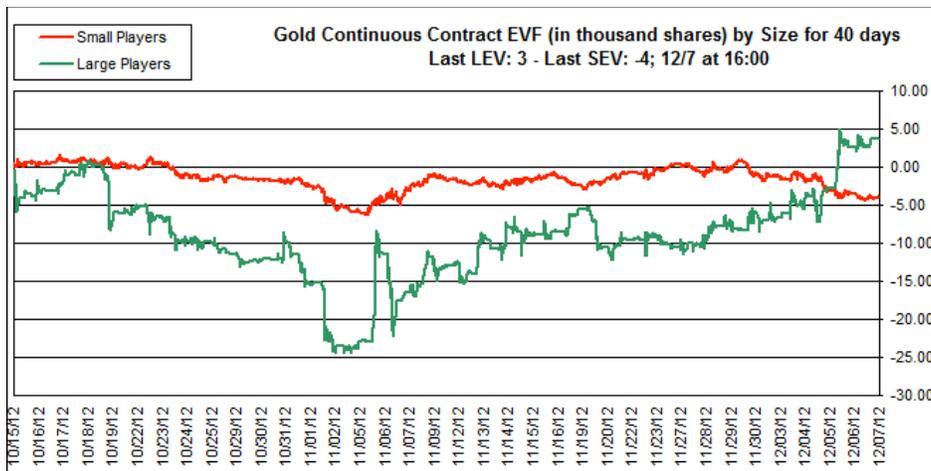


In spite of such interesting developments, one see that oil sands stock Suncor Energy (SU) languishes:

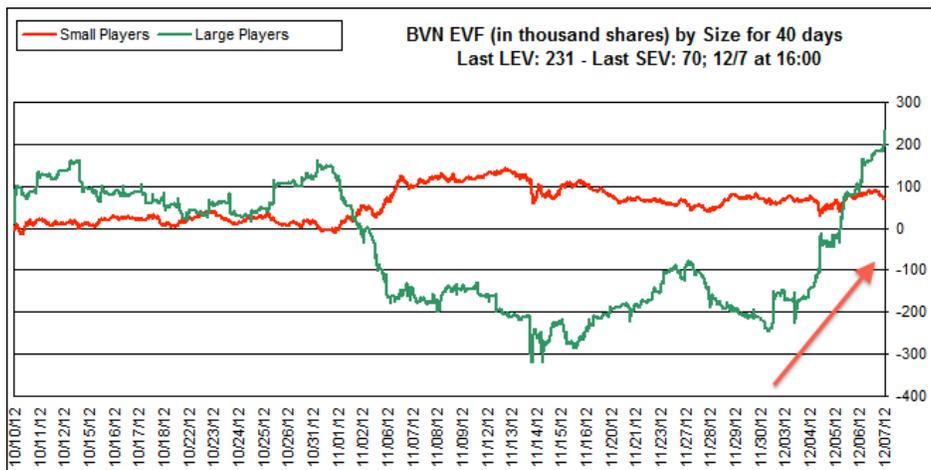


Gold & BVN:

Gold attracts money on the recent pullback:

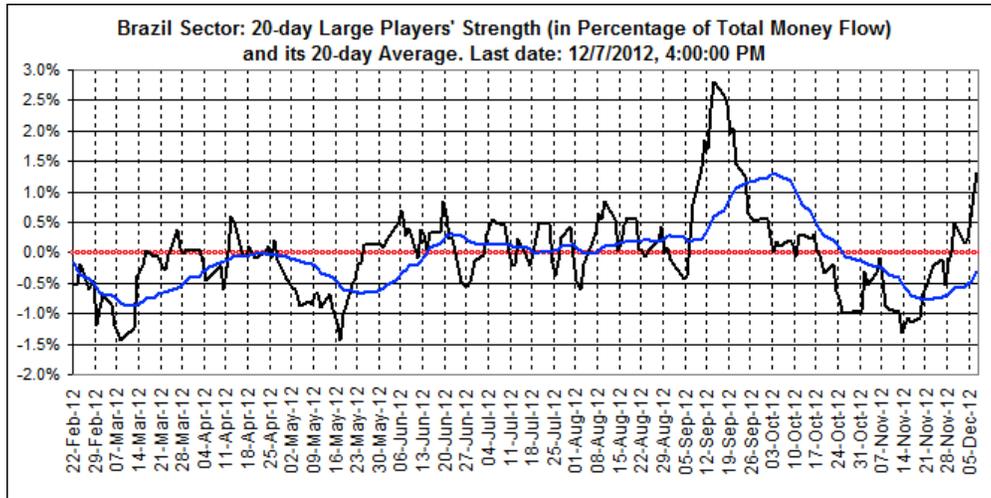


But more interesting is the surge of money into Latin American equities and exemplified by gold producer Buenaventura Mining (BVN)

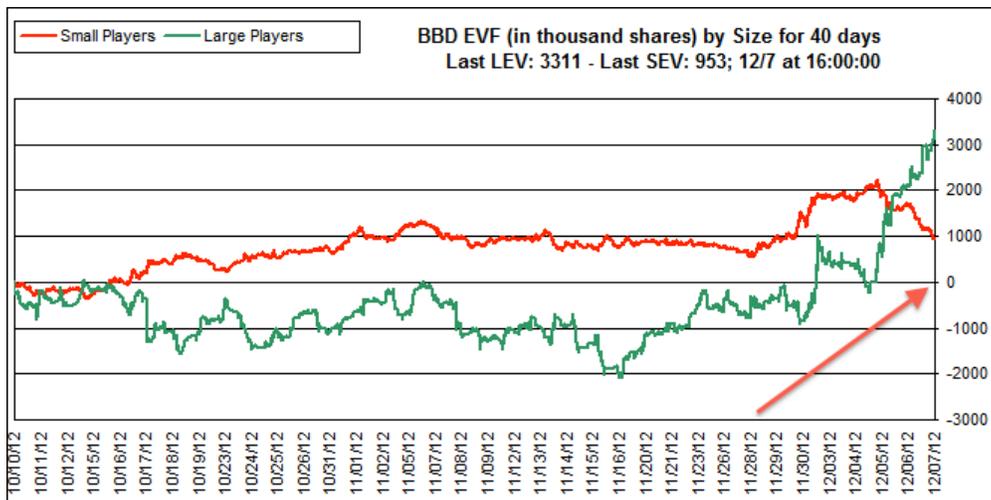


International Markets: EWZ INP TUR BBD YNDX

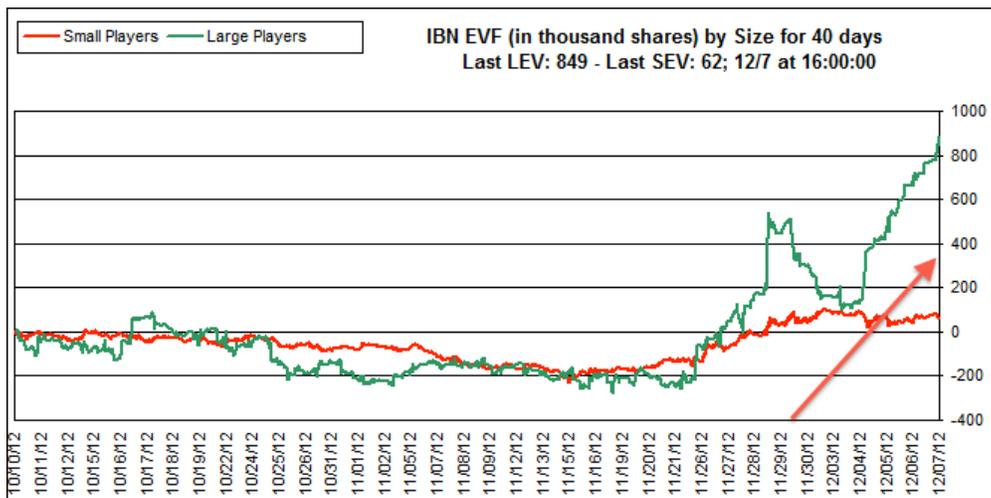
Brazilian stocks attracted money over the previous week, as seen in the following chart:



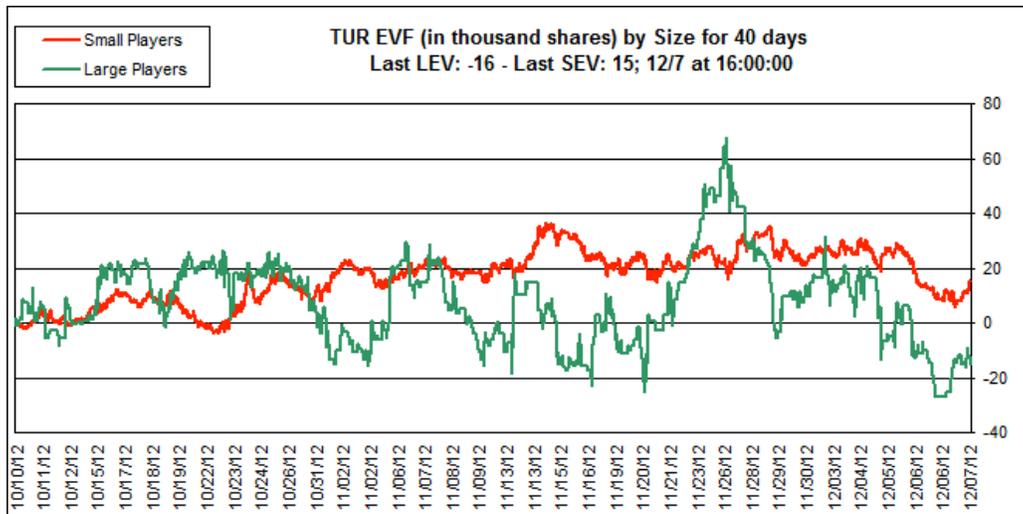
VALE is discussed earlier, and Banco Bradesco (BBD), one of Brazil's largest banks, witnessed an LEV surge last week. The recent strong performance in domestic banks is spilling into financial stocks worldwide.



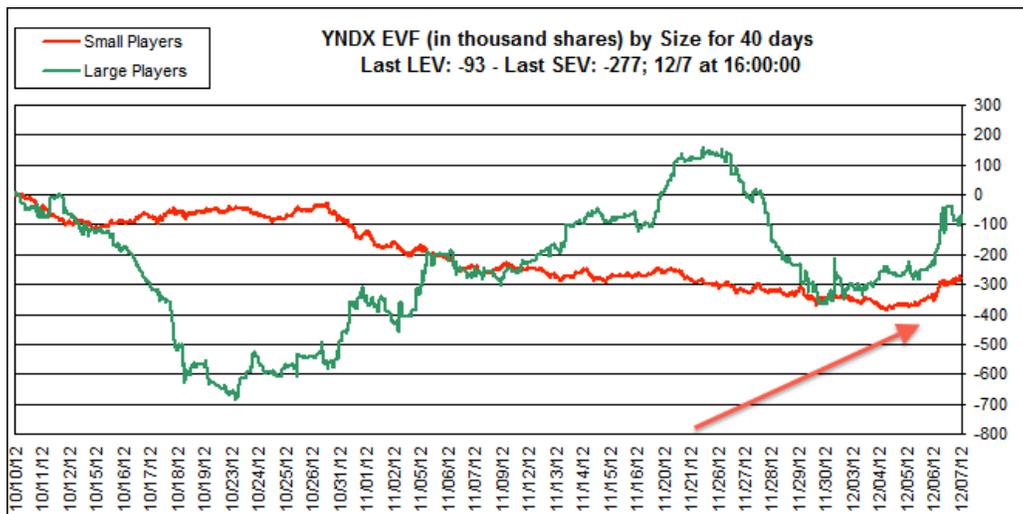
Recently discussed India continued consolidating gains, and building on the above observation, we see that Icici Bank, (IBN) also attracted much money:



Meanwhile, TUR is now well extended from the rising 50-day moving average discussed two reports ago. Additionally, large players appear to be taking *some* profits into strength:



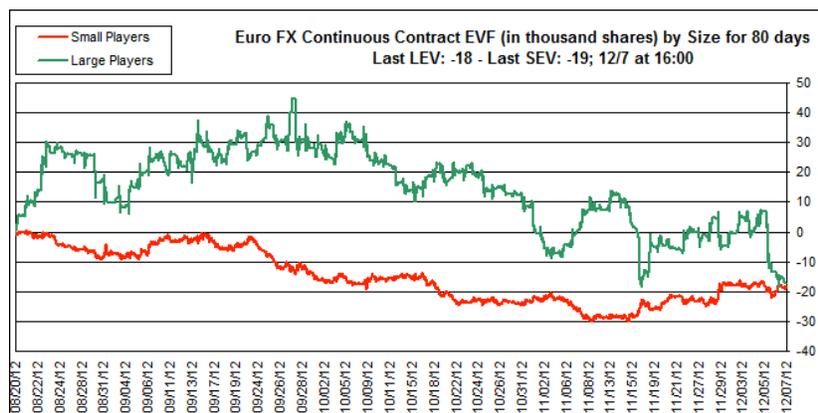
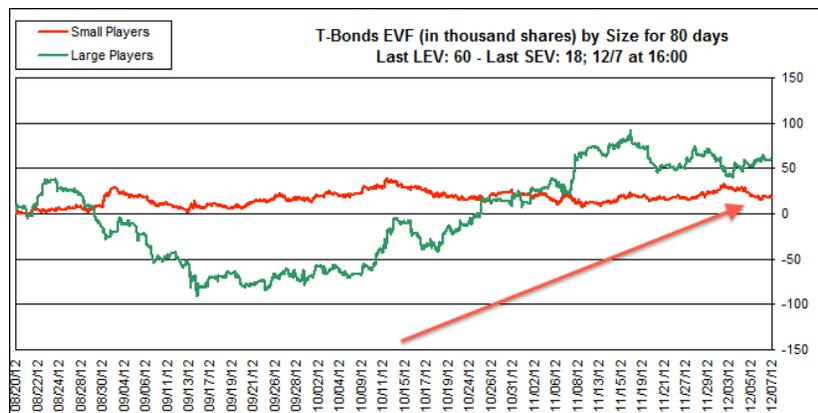
Lastly, Russian Internet service provider Yandex (YNDX) bounced strongly on a pickup in LEV:





T-Bonds & Euro:

One sees that T-Bonds have not experienced a full-fledged breakdown in Large Player support. Simultaneously, the Euro has not really been supported during the past couple weeks. A weaker Euro might suggest a lower appetite for risk assets ahead. The large player buying in gold, though, may also suggest a weaker dollar, which could be a boon for equities, so this is somewhat conflicting. There are some mixed messages that are difficult to interpret.



Conclusion:

Daily and weekly stages remain neutral with different factors auguring for numerous possible outcomes. The Q's remain weaker and affected by the volatility in AAPL. Various sectors present interesting observations, including some in the resource area, which likely benefited from renewed investor interest sparked by Freeport's large investment in the energy arena.

Emerging markets continue to be an area of interest. China received much attention over previous years, and some constructive action takes place in Indian equities, while Turkey surged higher. There are mixed messages coming from the gold, T-bond, Dollar, and Euro markets. A concern for this participant remains the rapid reversal of the weekly stage scans and the subtle expansion in Stage 4 stocks – suggesting that a durable intermediate-term uptrend may be suspect; however, openness to various outcomes and select opportunities seems appropriate.

Disclosure:

This is not a recommendation to buy or sell any securities. This paper represents general observations of various markets with the goal of better understanding overall market conditions and prospective opportunities. Please do your own due diligence.