

“On This Team We Fight For That Inch”

S&P 500, STOXX Europe 600, STOXX Europe 600 Banks, Germany, France, UK, Austria, Switzerland, Turkey, Greece, Euro, Dollar Index, Aussie, Mexican Peso, Canadian Dollar, CRB Index, WTI Crude, Brent Crude, Gold, Silver, Copper, US 10 Year, German 10 Year, French/German 10 Year Spread, MSCI EM Index, Brazil, Russia, India, China (H-Shares), Korea, Japan, South Africa, Egypt, MSCI Frontier Markets, Mongolia, Saudi Arabia, Dubai, Qatar, Vietnam, Nigeria, Ukraine, Colombia, Argentina, MSFT

Our macro technical analysis now strongly suggests that the torrid start in global equities is likely a sustainable structural shift with significant intermediate term upside, rather than an ephemeral seasonal anomaly, and we are now tactical buyers on any weakness. Broadly speaking, global markets in the developed, emerging and frontier world, display a Bullish litany of evidence and technical symmetry with similar buying opportunities in both 2009 and 2010, which overwhelmingly supports our polar shift in sentiment. Moreover, it is clear that we are no longer playing from the 2008 playbook as I have long since suggested. The evidence has changed, and so have I, as promised.



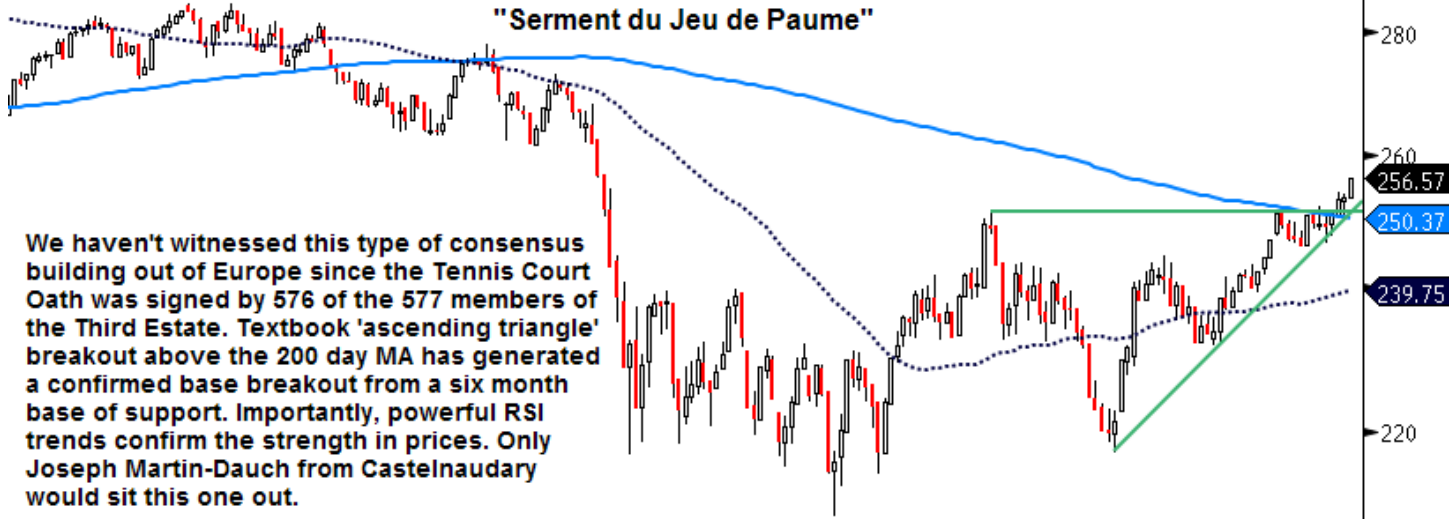
See Important Disclosures and Analyst Certification on Page 33

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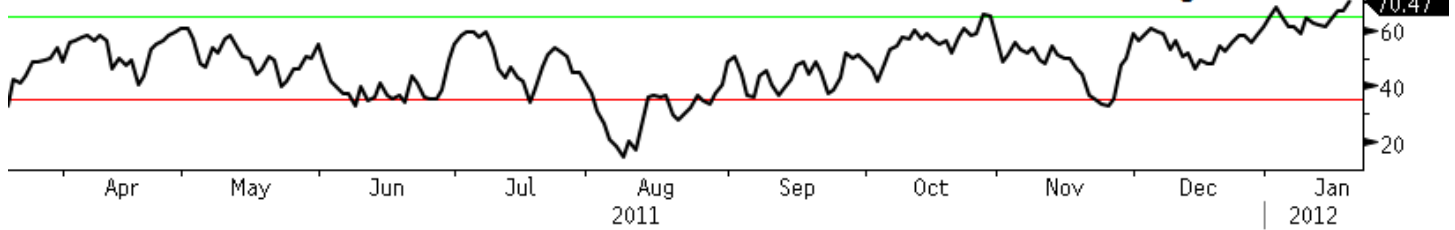
STOXX Europe 600

"Serment du Jeu de Paume"



We haven't witnessed this type of consensus building out of Europe since the Tennis Court Oath was signed by 576 of the 577 members of the Third Estate. Textbook 'ascending triangle' breakout above the 200 day MA has generated a confirmed base breakout from a six month base of support. Importantly, powerful RSI trends confirm the strength in prices. Only Joseph Martin-Dauch from Castelnaudary would sit this one out.

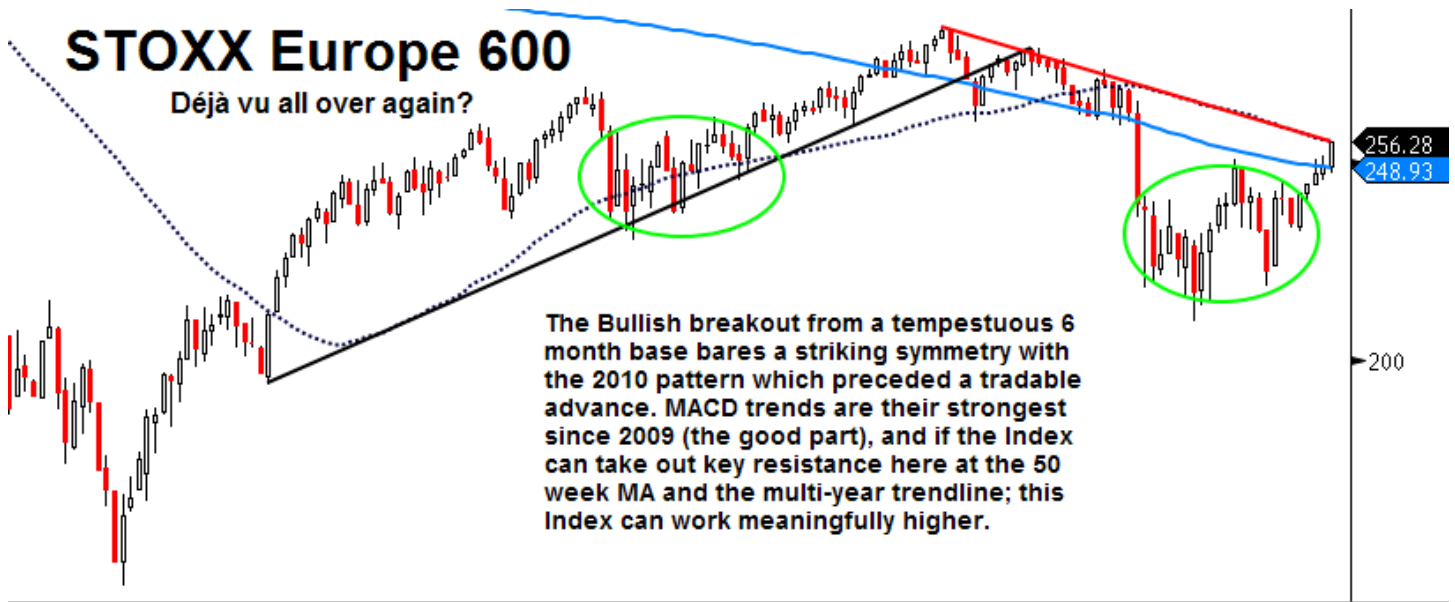
Bullish RSI Trends Confirm the Strength in Prices



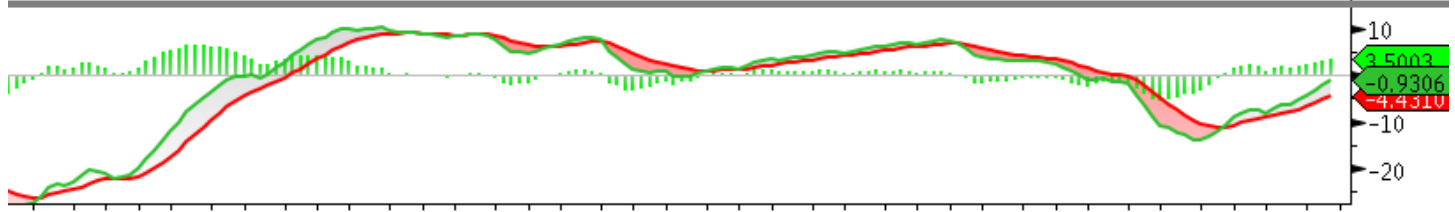
SXXP -- STXE 600 € Pr G72 Daily 1/19/11 to 1/19/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 09:48:49

STOXX Europe 600

Déjà vu all over again?



The Bullish breakout from a tempestuous 6 month base bares a striking symmetry with the 2010 pattern which preceded a tradable advance. MACD trends are their strongest since 2009 (the good part), and if the Index can take out key resistance here at the 50 week MA and the multi-year trendline; this Index can work meaningfully higher.



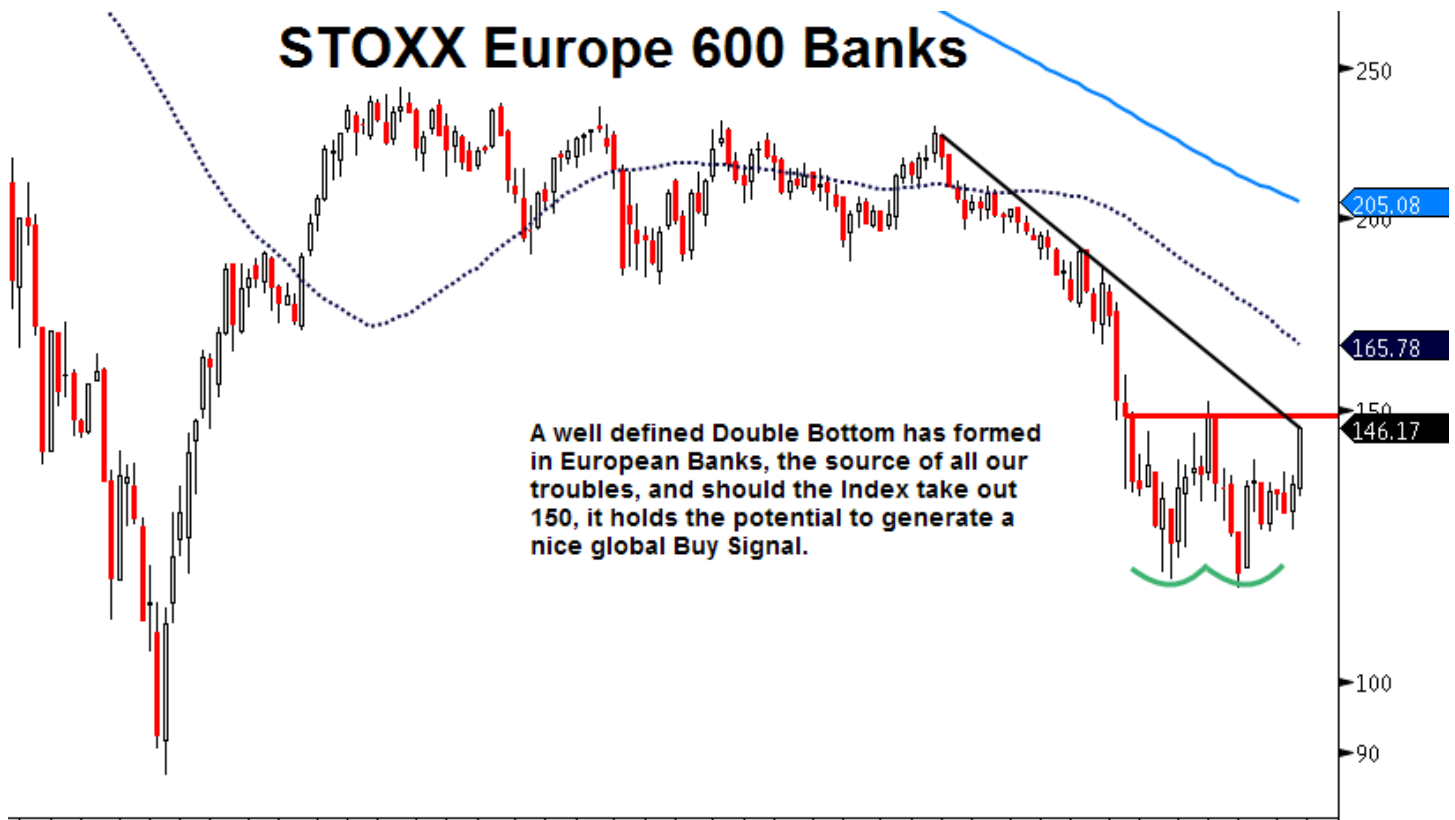
8 | 2009 | 2010 | 2011 | 2012
SXXP -- STXE 600 € Pr G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 10:12:23

STOXX Europe 600 Banks



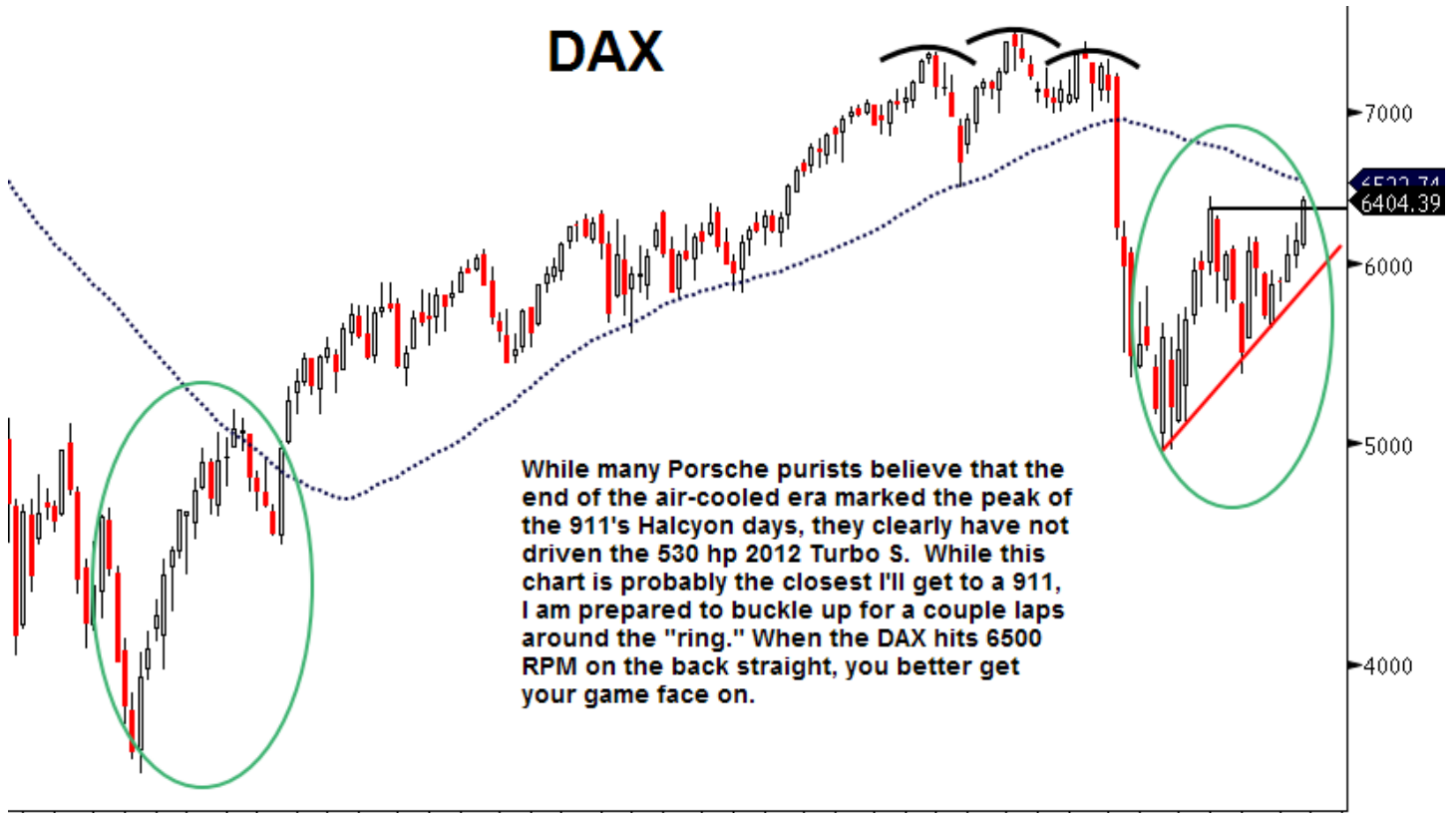
SX7P -- STXE 600 Bnk € Pr G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 11:55:46

STOXX Europe 600 Banks



2008 | 2009 | 2010 | 2011 | 2012
 SX7P -- STXE 600 Bnk € Pr G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 12:01:34

DAX



While many Porsche purists believe that the end of the air-cooled era marked the peak of the 911's Halcyon days, they clearly have not driven the 530 hp 2012 Turbo S. While this chart is probably the closest I'll get to a 911, I am prepared to buckle up for a couple laps around the "ring." When the DAX hits 6500 RPM on the back straight, you better get your game face on.

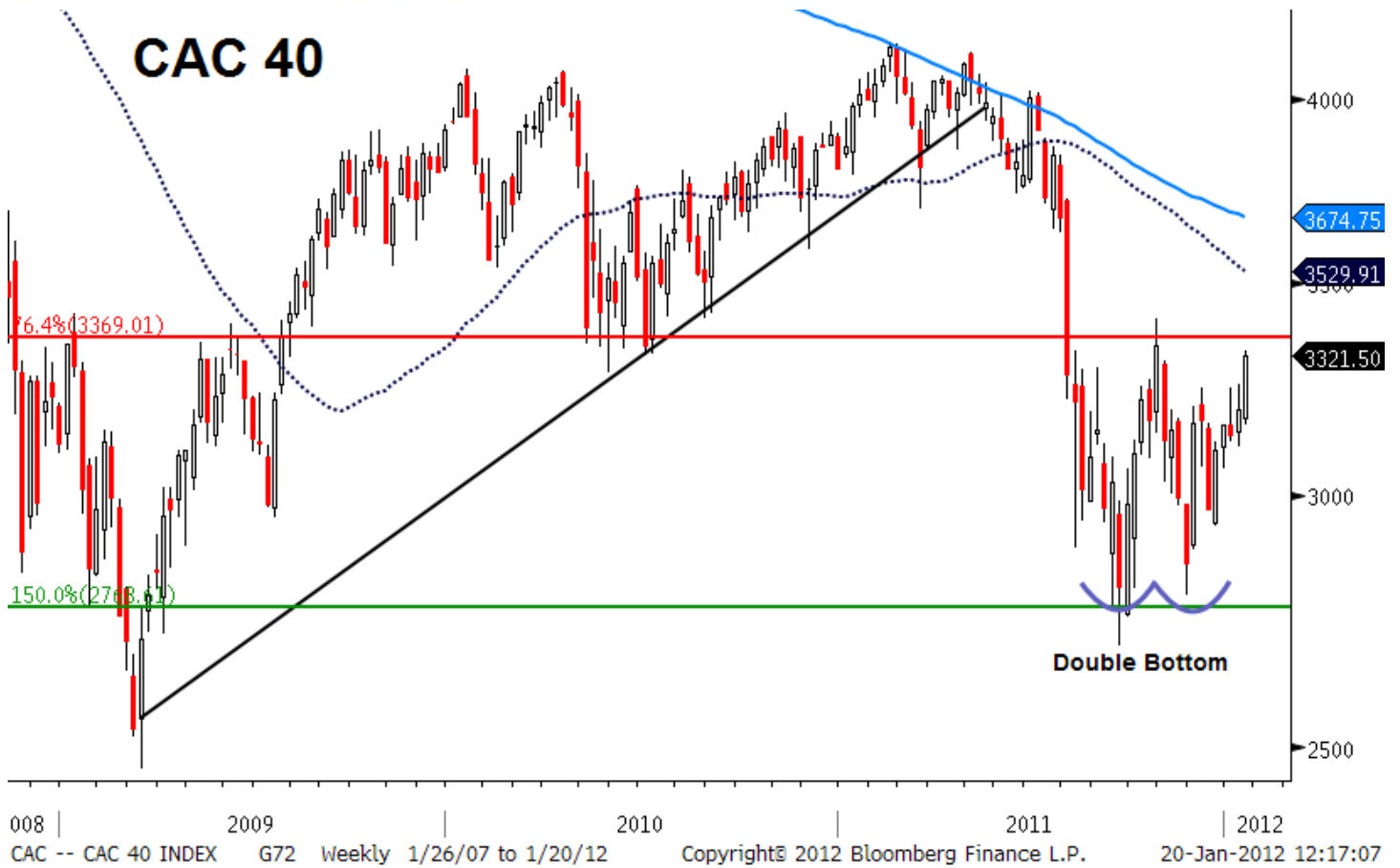
008 | 2009 | 2010 | 2011 | 2012
 DAX -- DAX INDEX G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 12:12:22

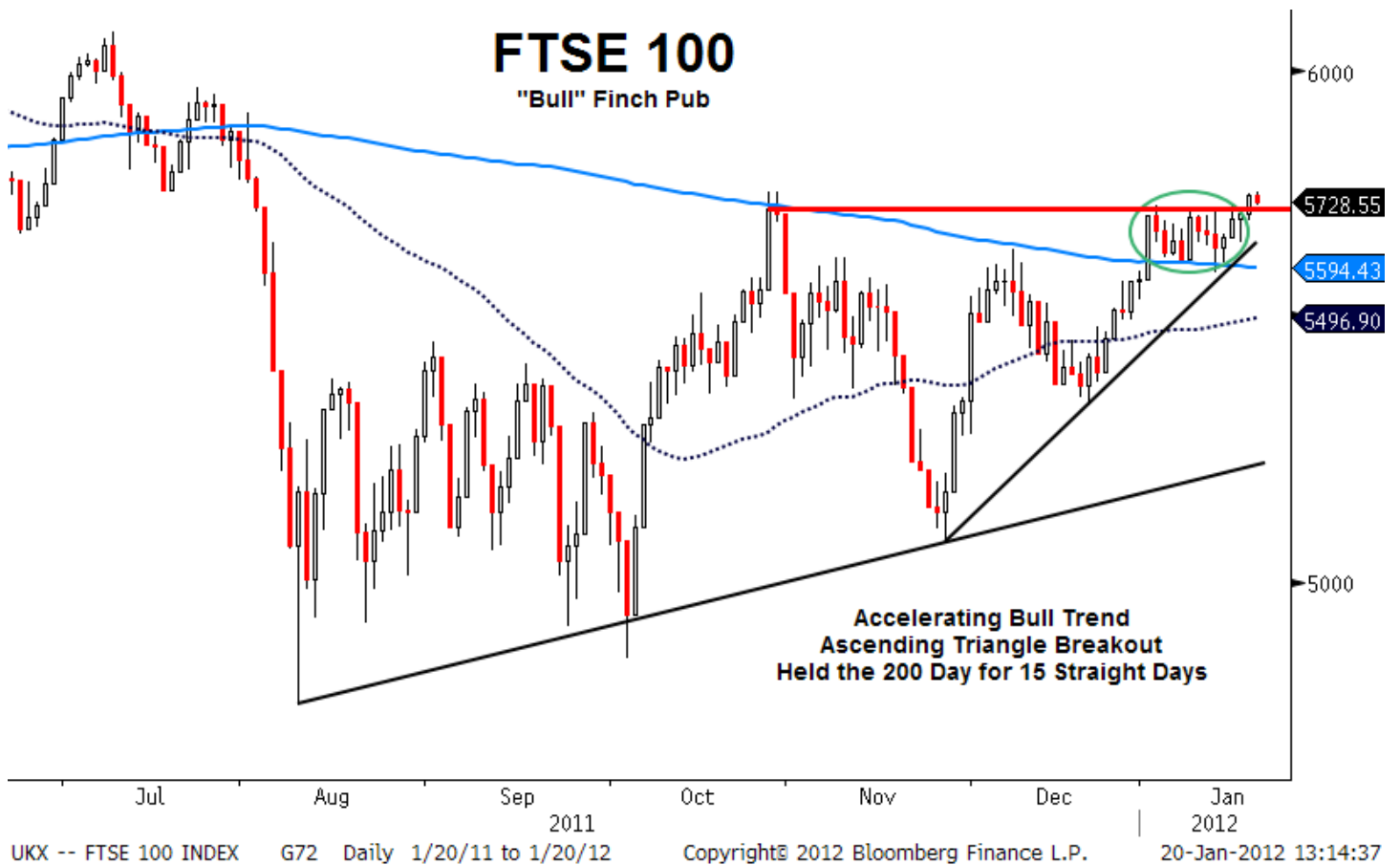
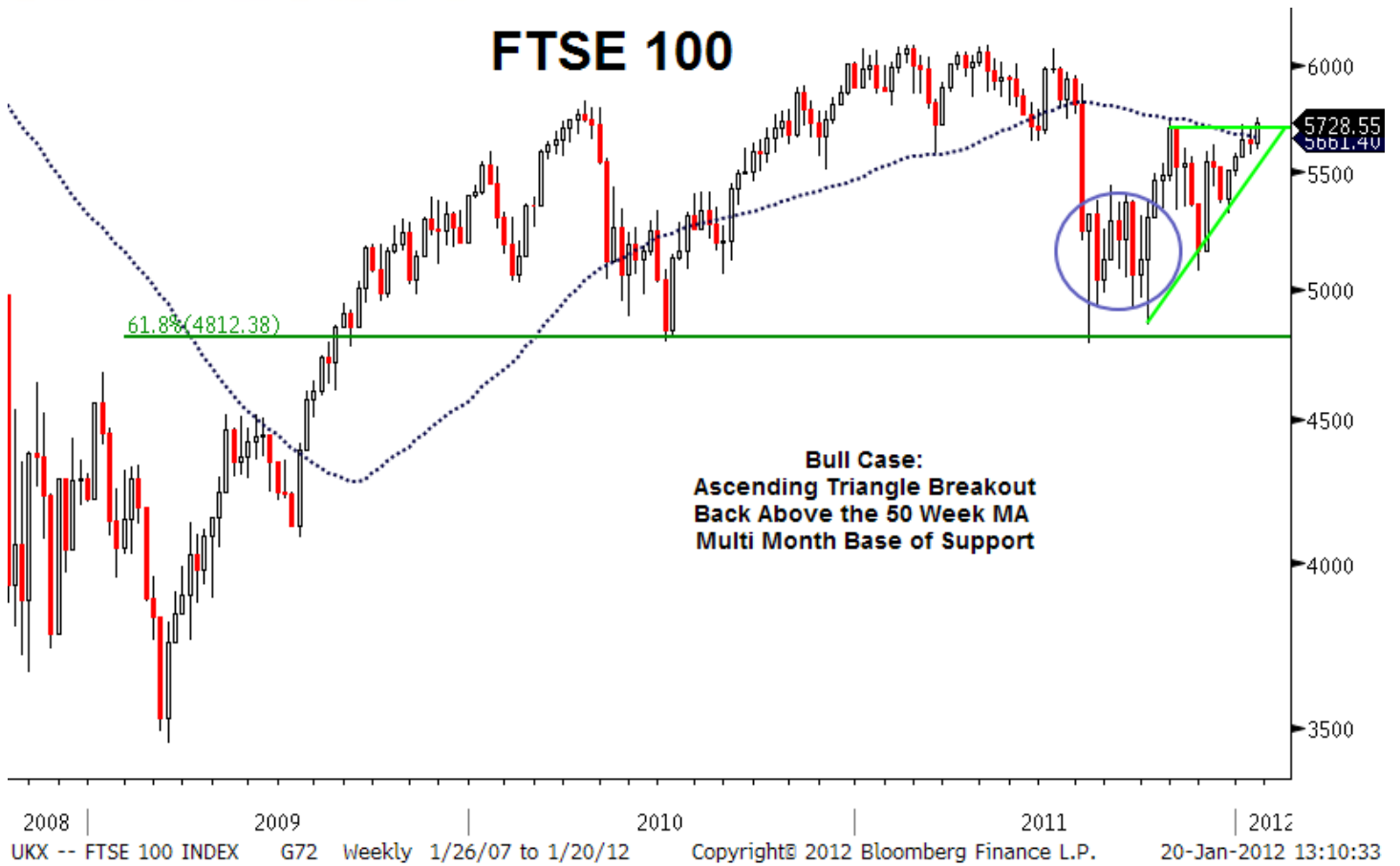
DAX

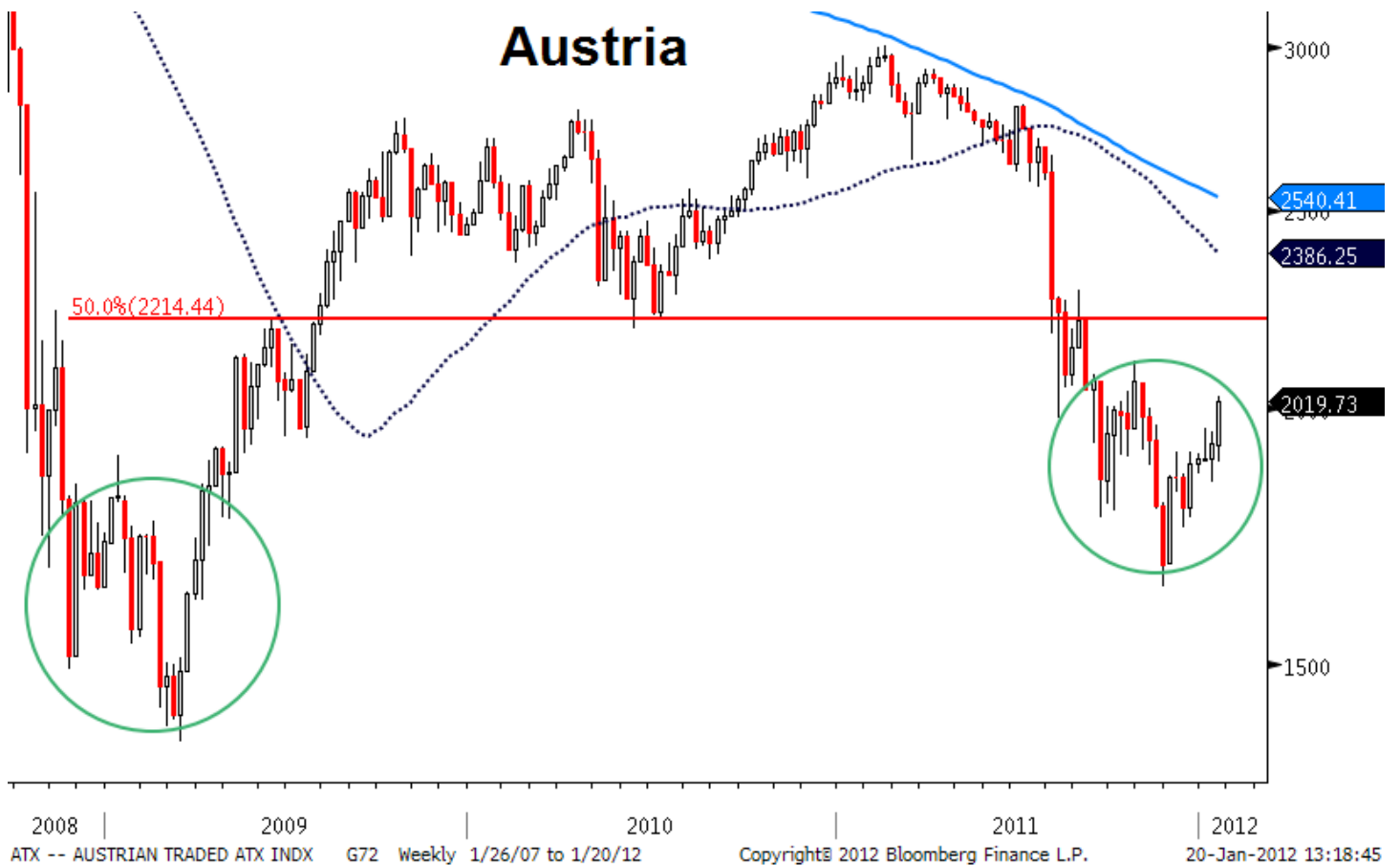
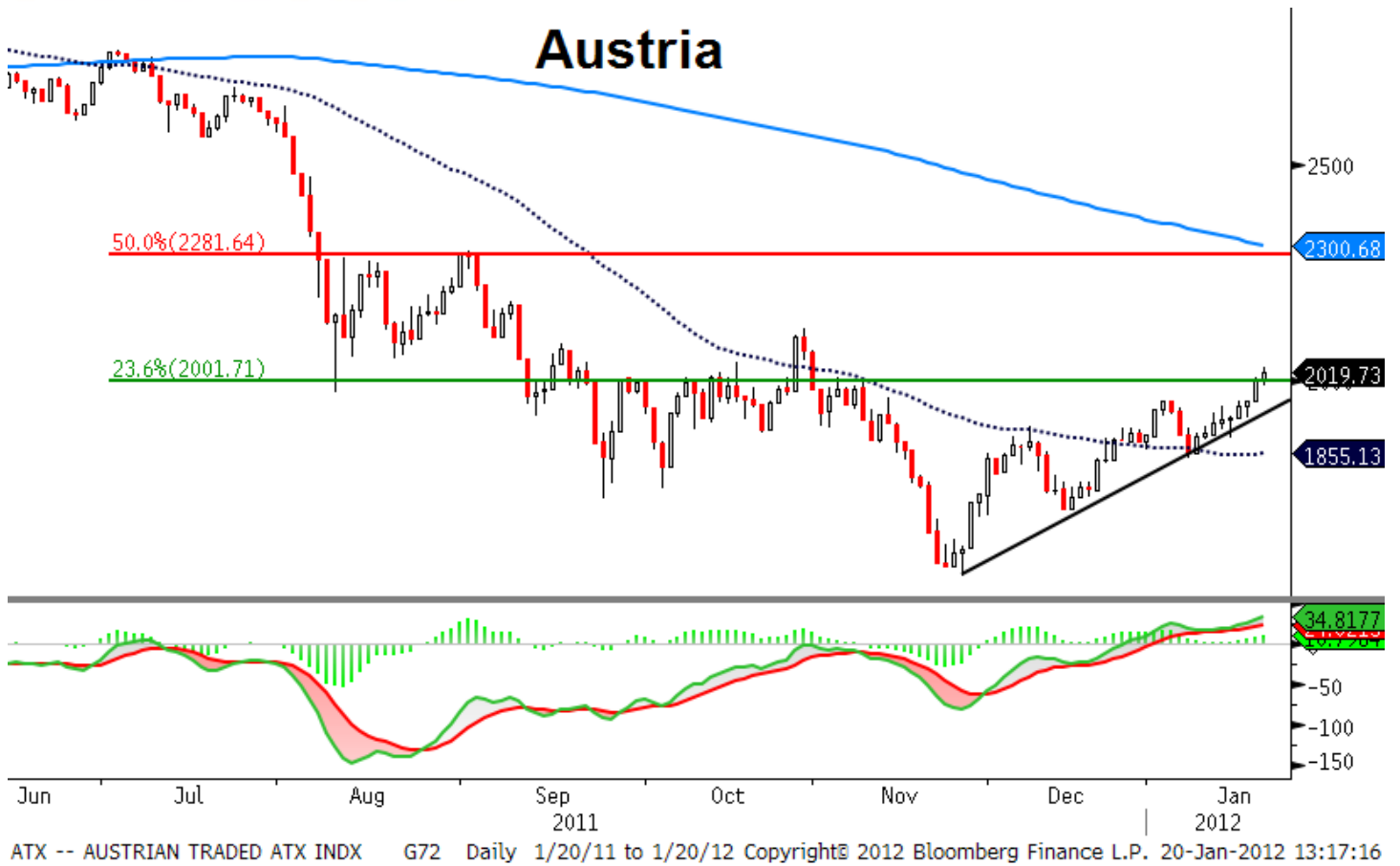
Sometimes you just gotta say "what the heck."

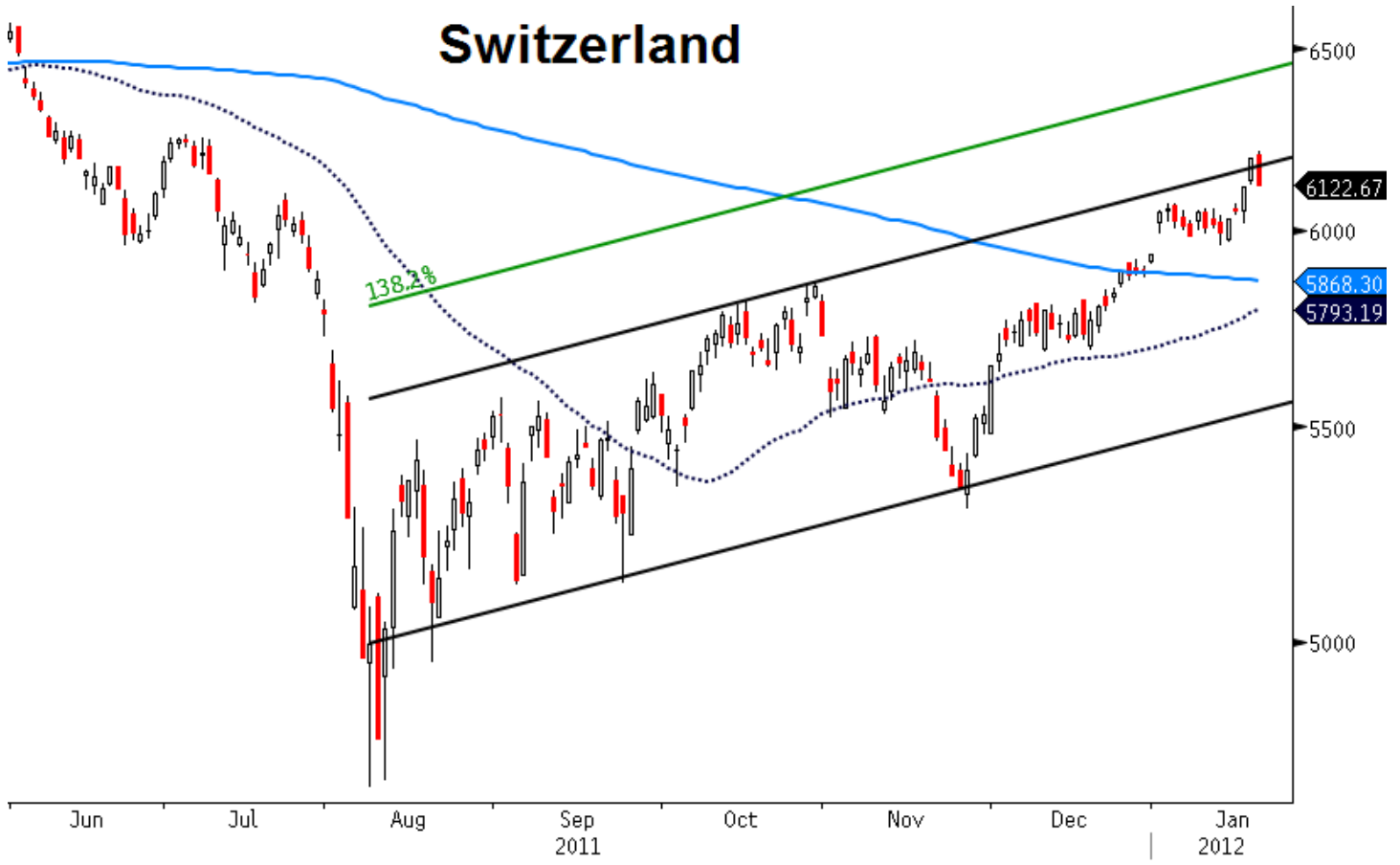


Jul | Aug | Sep | 2011 | Oct | Nov | Dec | 2012 | Jan
 DAX -- DAX INDEX G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 12:14:58

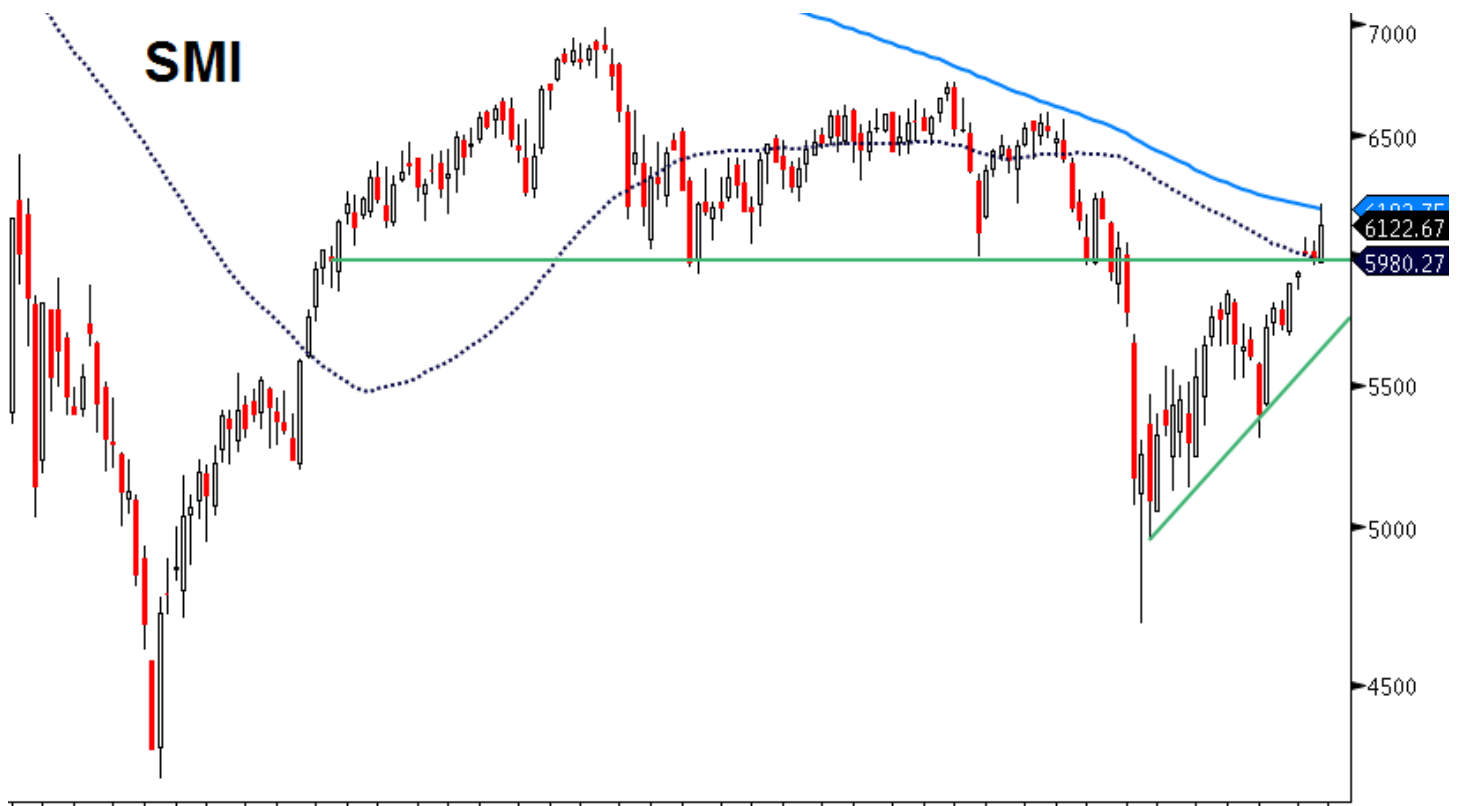






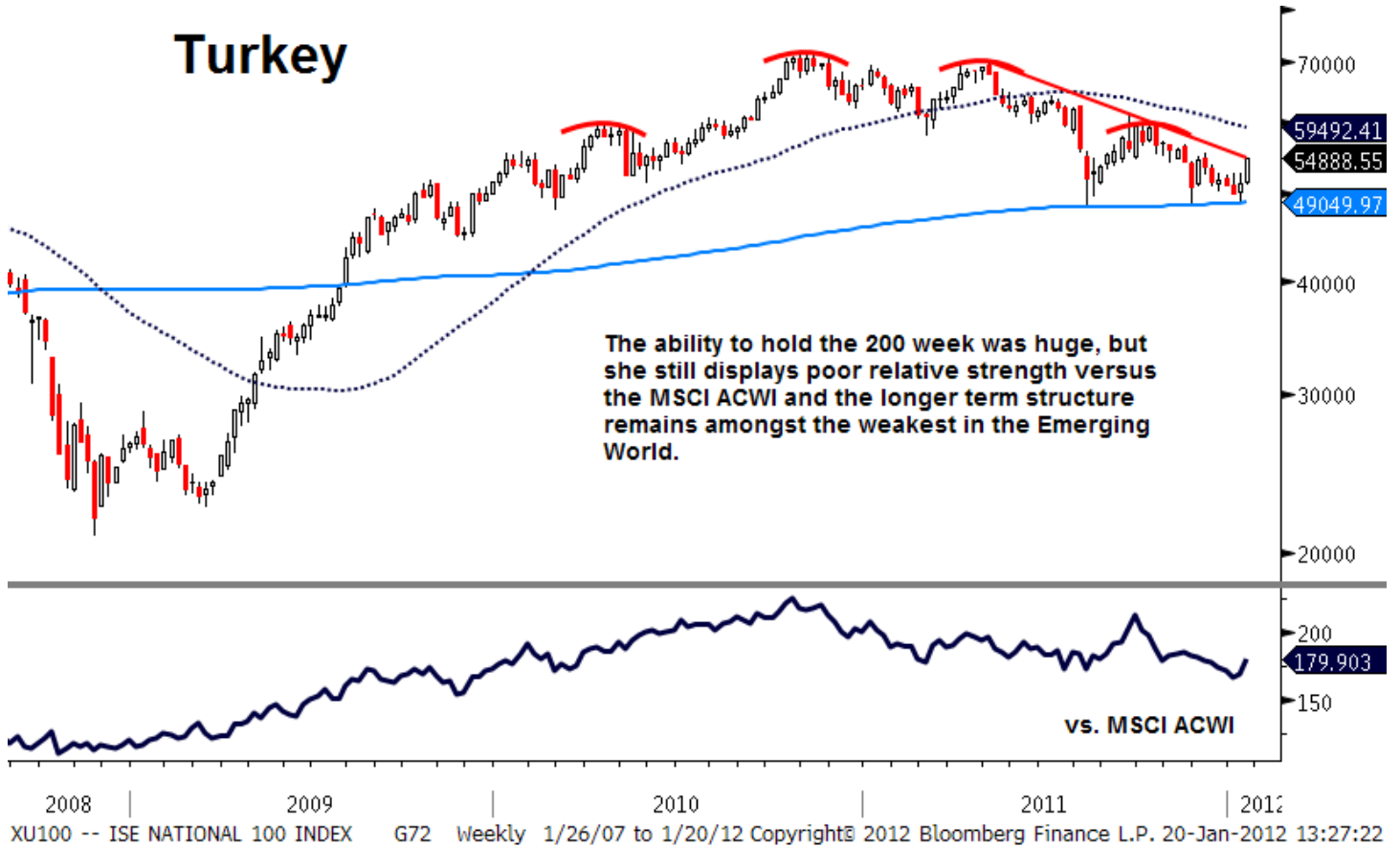


SMI -- SWISS MARKET INDEX G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:21:39



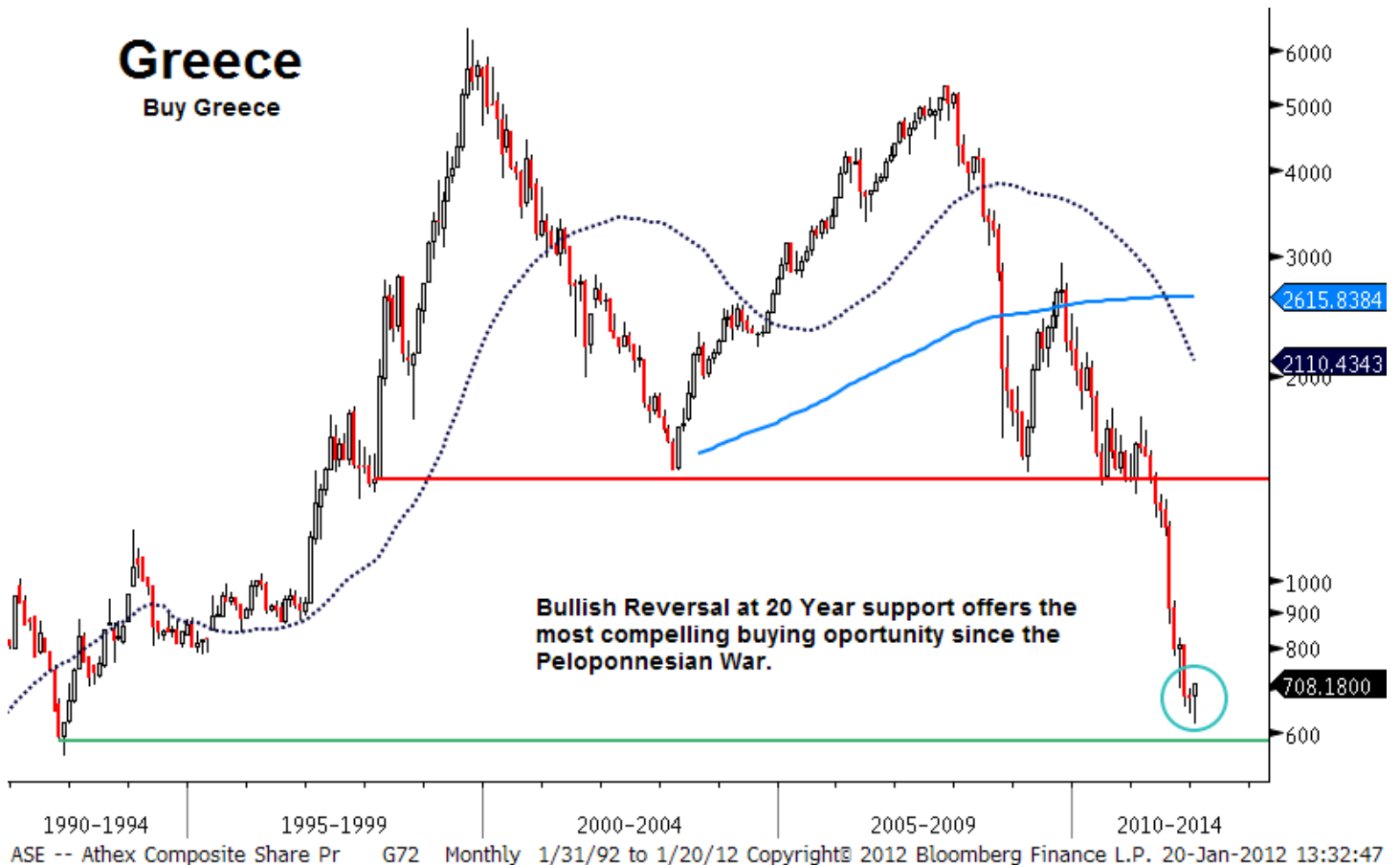
SMI -- SWISS MARKET INDEX G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:23:37

Turkey



Greece

Buy Greece



Euro

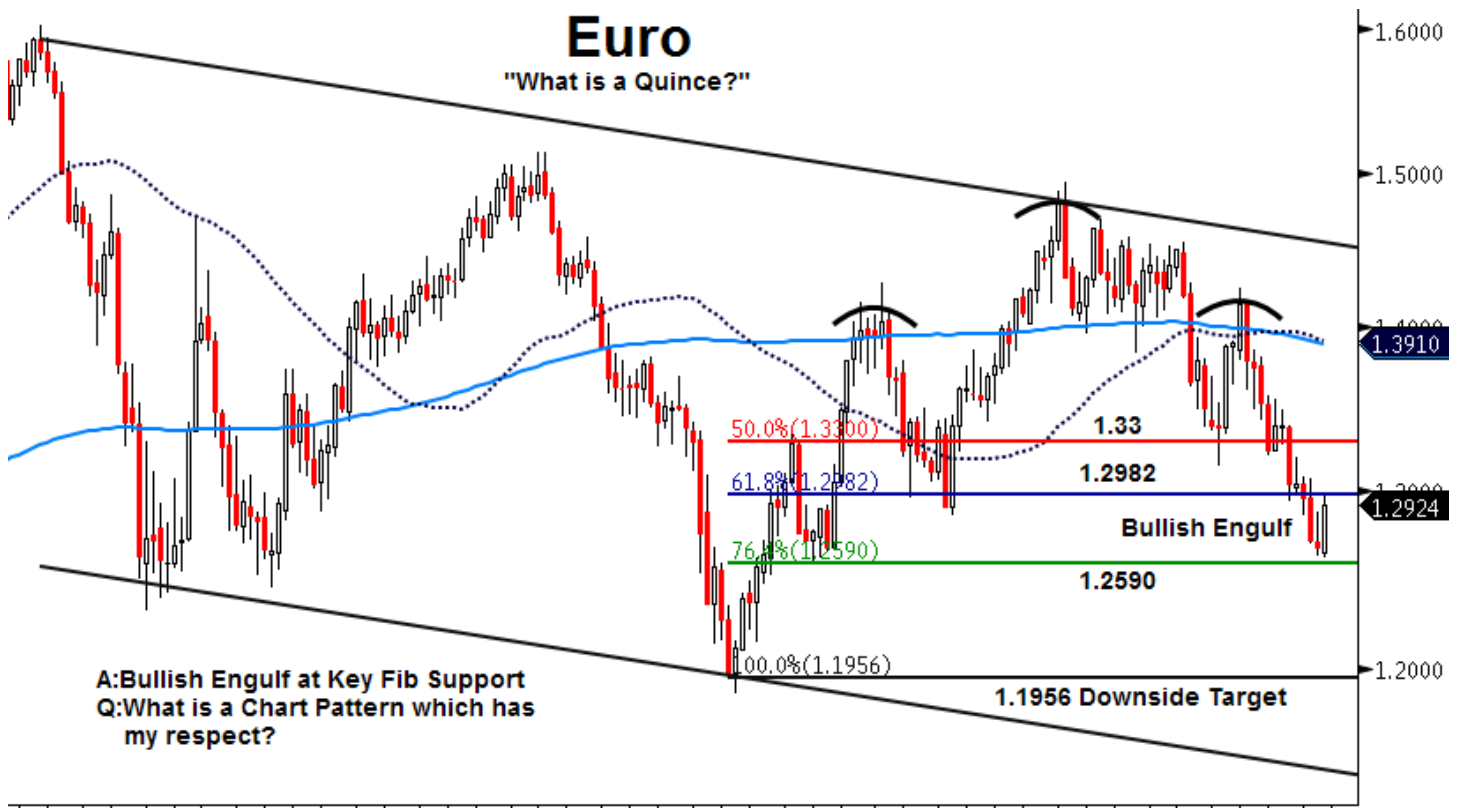
"Three People Who Have Never Been In My Kitchen?"



Getting your call on currencies correct and equities wrong is like winning Final Jeopardy, but failing to phrase your response in the form of a question. We're not done with the Euro, not even close, but we see enough in the chart to pump the brakes on the Bear call and look for a better spot to reload on the short side between 1.3125-1.3239. Archibald Leach, Bernard Schwartz, and Lucille LeSueur.

Euro

"What is a Quince?"



A: Bullish Engulf at Key Fib Support
Q: What is a Chart Pattern which has my respect?

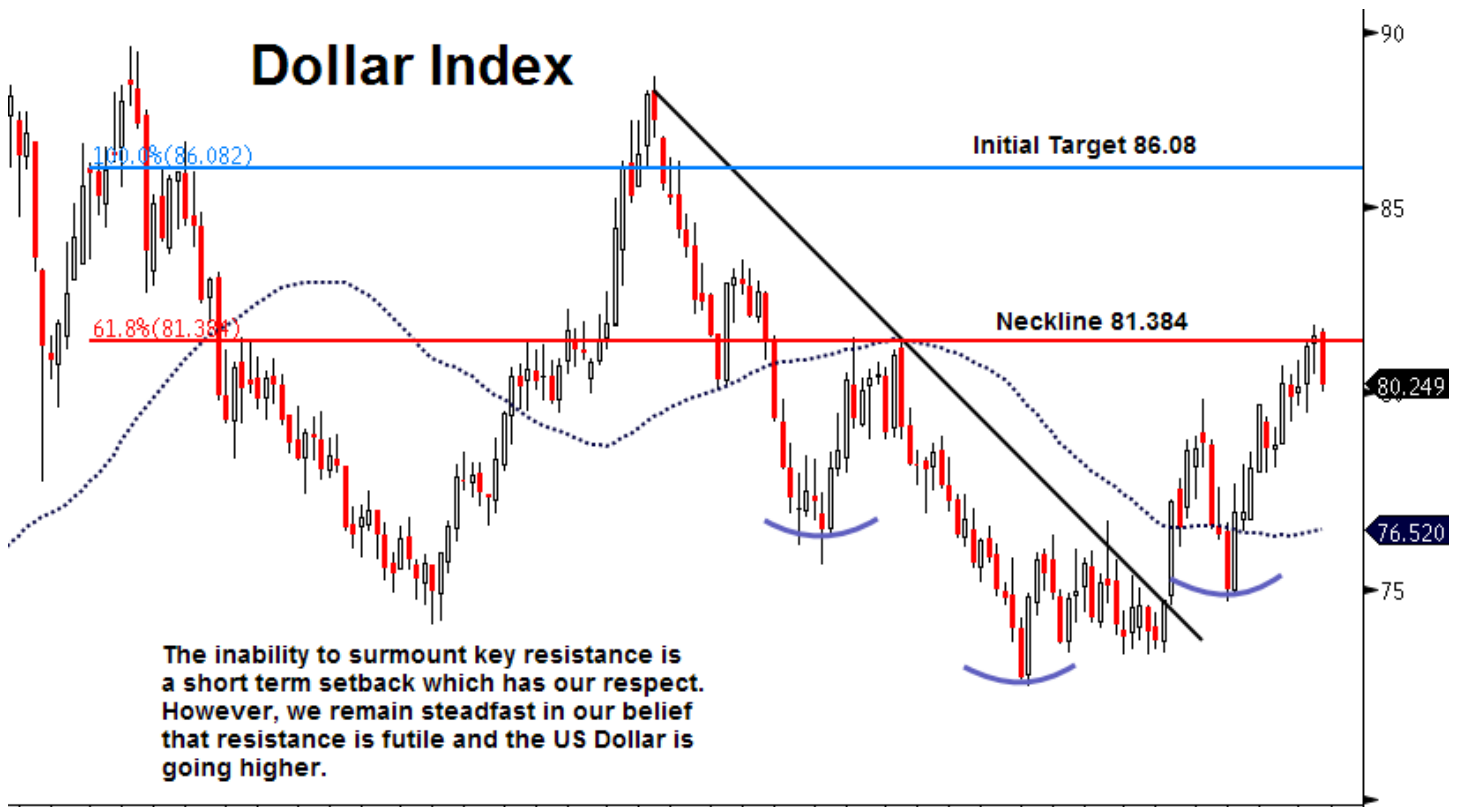
Dollar Index

While the Dollar Index remains in a strong technical position, RSI trends have cooled and prices have broken beneath the trend channel from the November low. The long term structure remains very Bullish, but we are not unwilling to opportunistically trade around our core long position.



DXY -- DOLLAR INDEX SPOT G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:34:24

Dollar Index



The inability to surmount key resistance is a short term setback which has our respect. However, we remain steadfast in our belief that resistance is futile and the US Dollar is going higher.

08 | 2009 | 2010 | 2011 | 2012
DXY -- DOLLAR INDEX SPOT G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 11:33:27

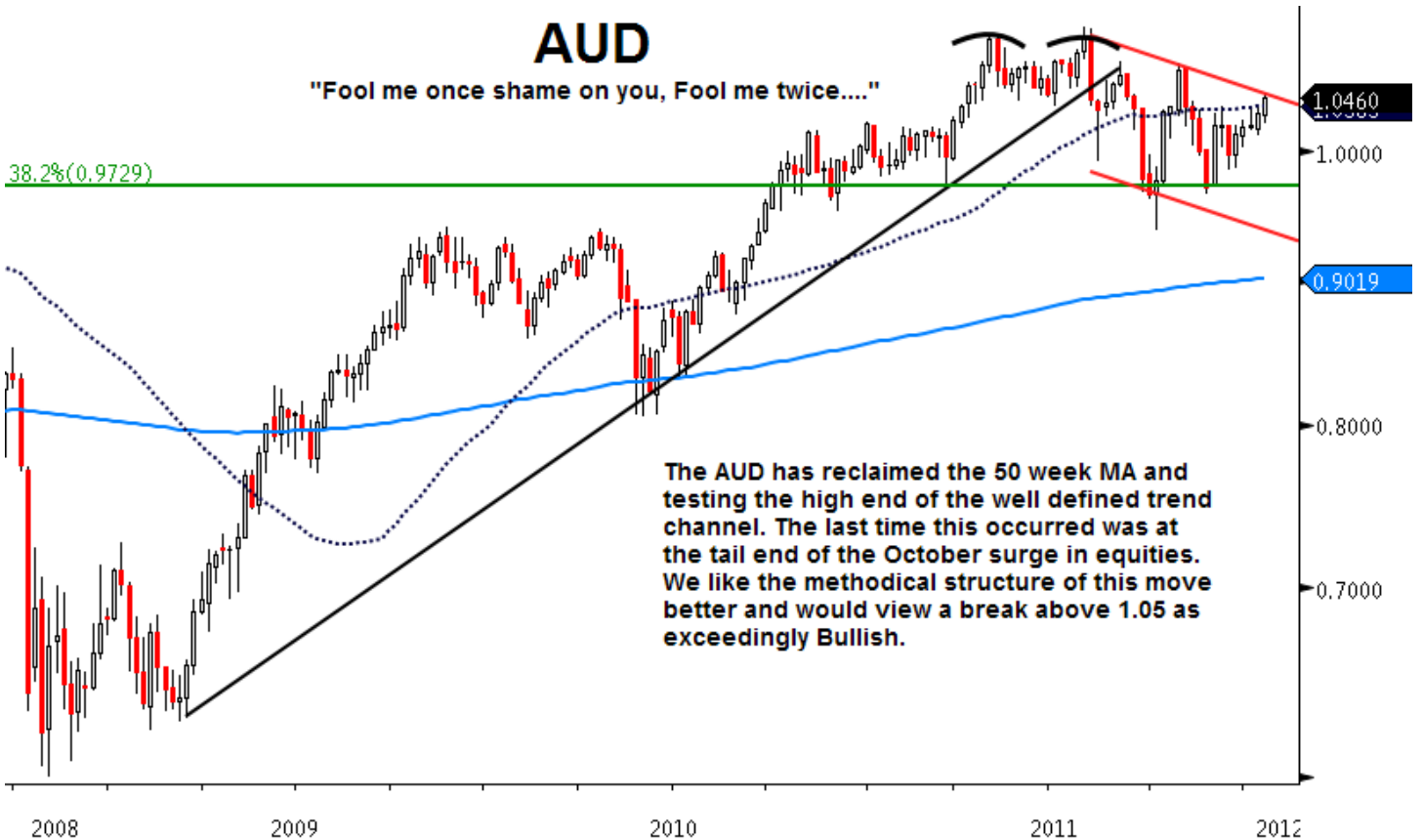
Australian Dollar



AUD AUSTRALIAN DOLLAR SPOT G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 11:38:25

AUD

"Fool me once shame on you, Fool me twice...."



AUD AUSTRALIAN DOLLAR SPOT G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 11:46:09

Mexican Peso

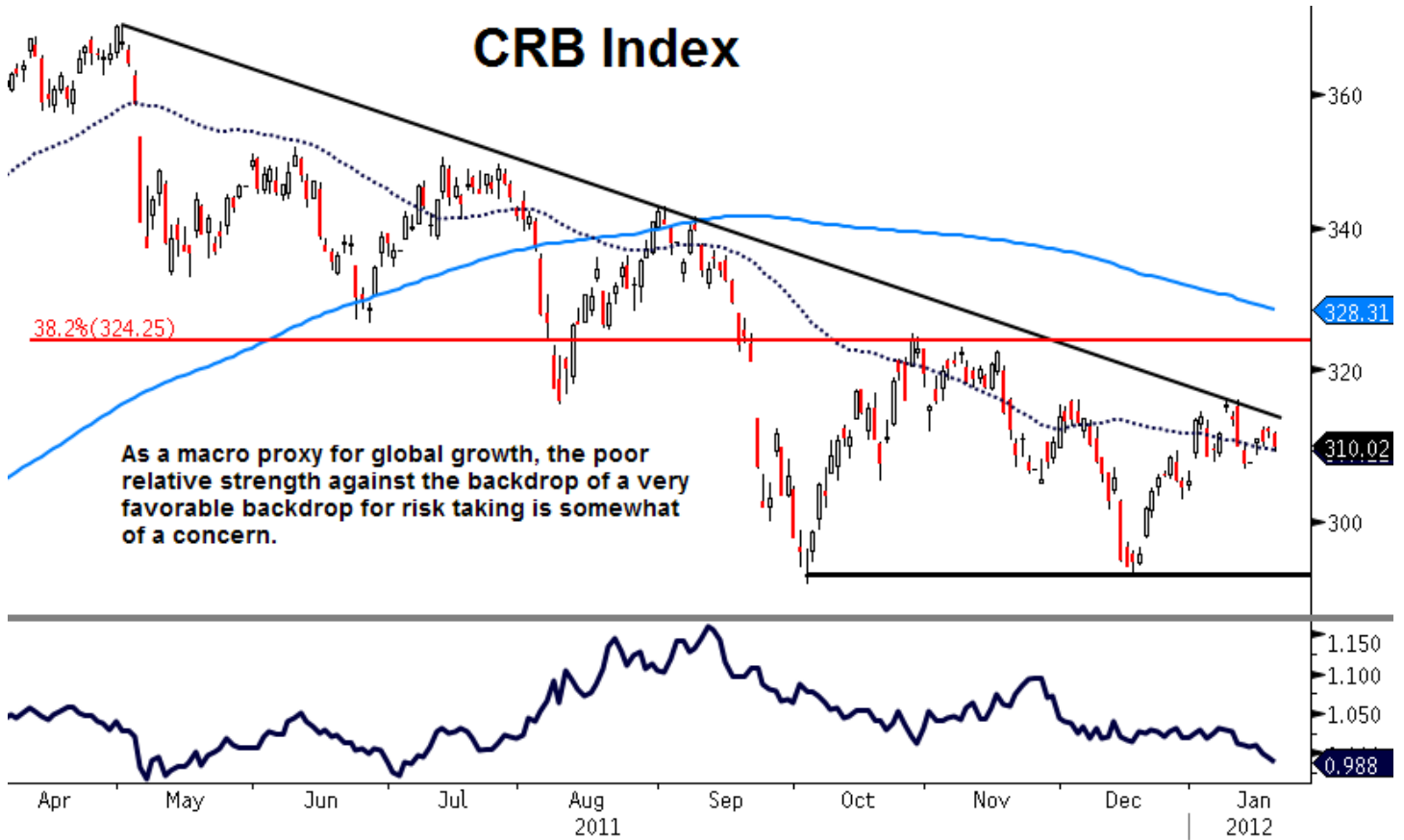


MXN MEXICAN PESO SPOT G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:05:17

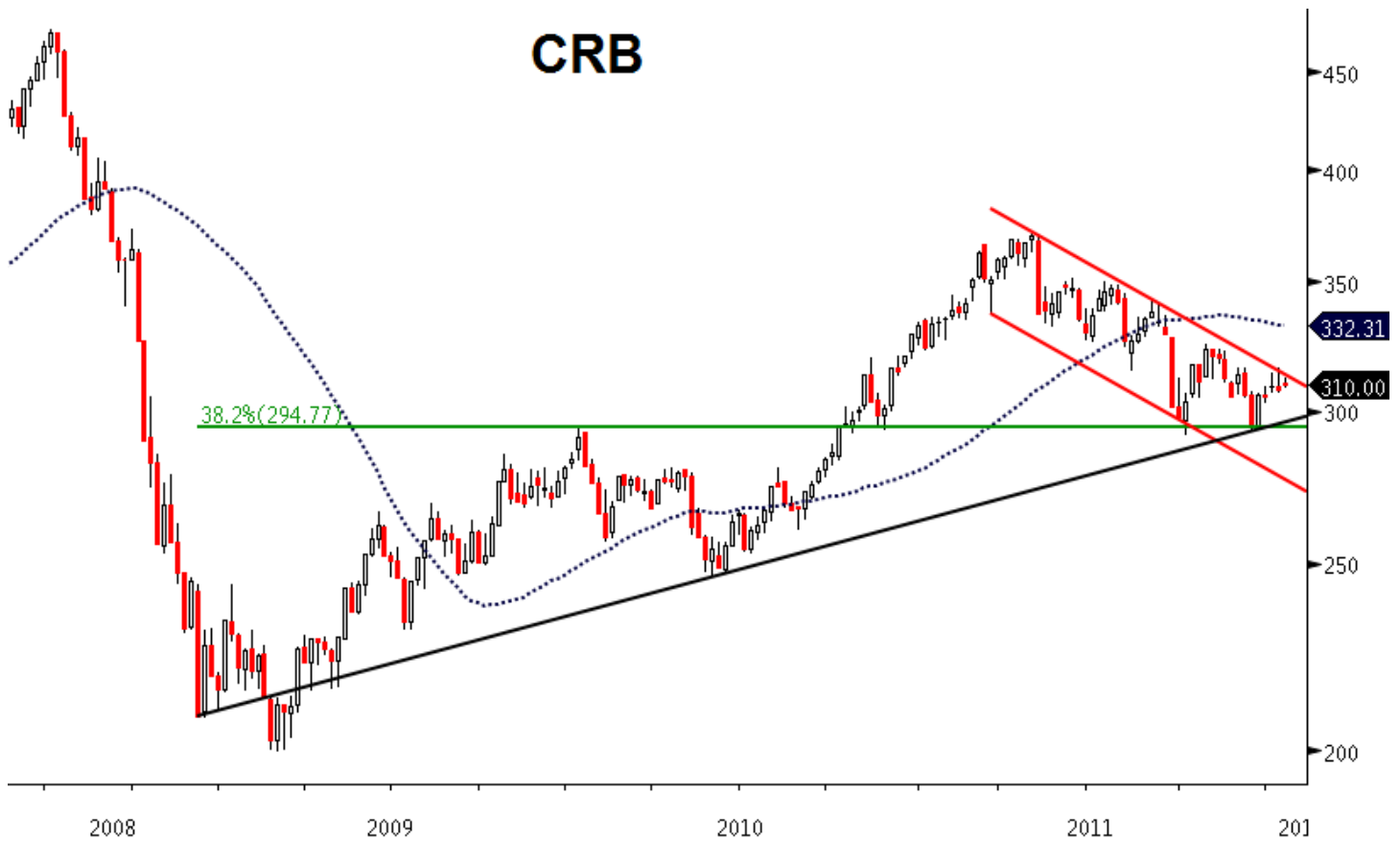
Canadian Dollar



CAD CANADIAN DOLLAR SPOT G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:05:58



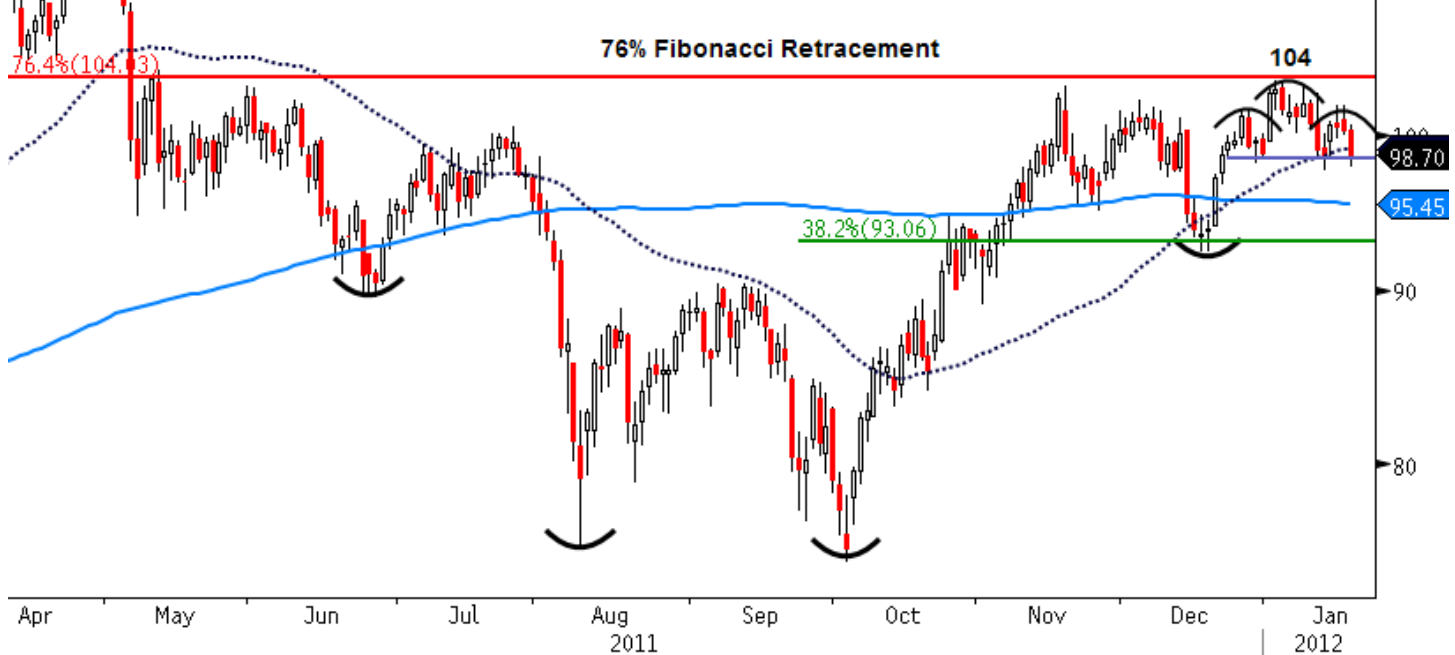
CRY -- ThomReuters/JefferiesCRB G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:39:44



CRY -- ThomReuters/JefferiesCRB G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:40:56

WTI Crude

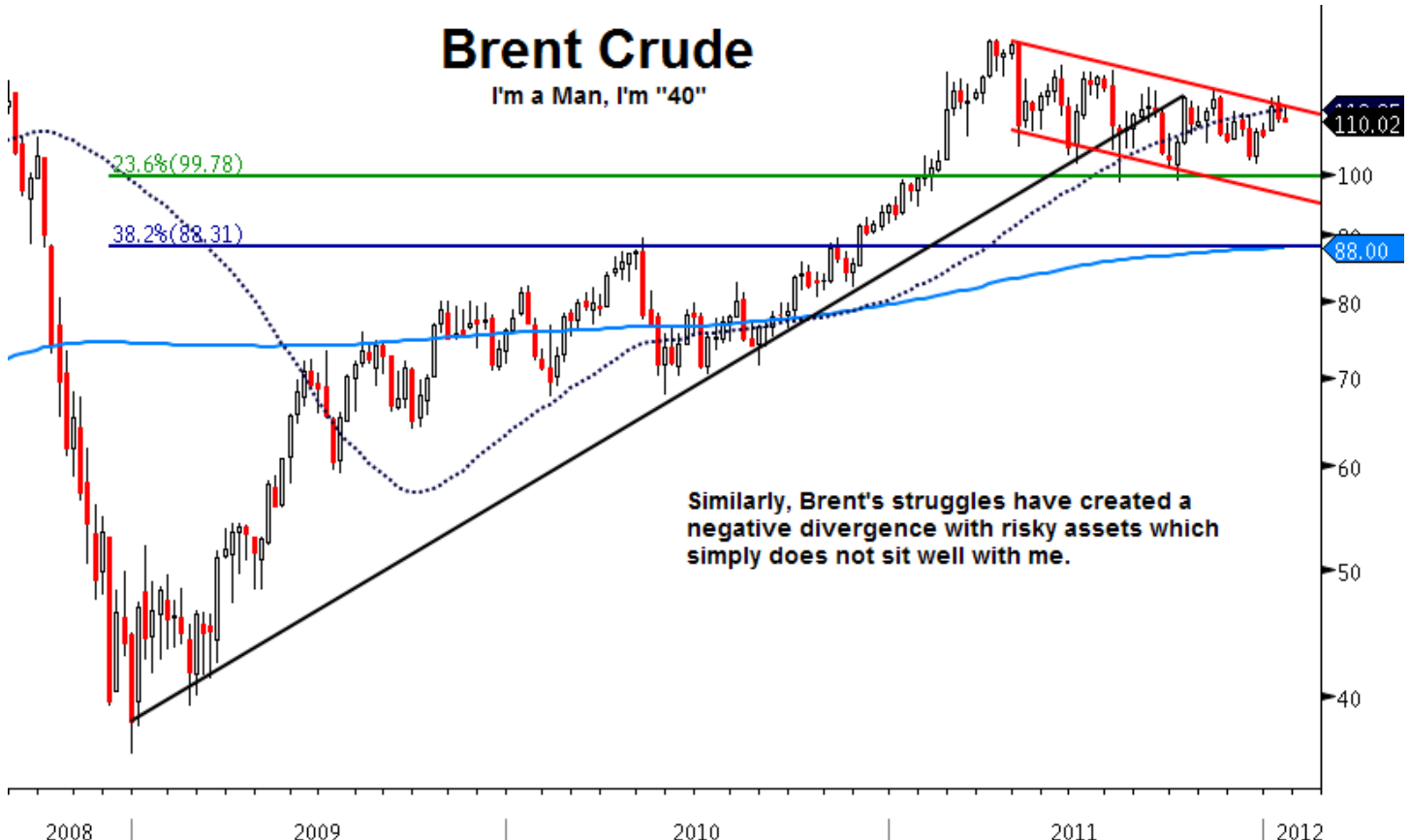
Theoretically, Lower oil prices are good for most non Saudi Princes, Russian Oligarchs, Latin Dictators and Texas Oil barons. Of late however, weaker crude has been viewed as an important tell that global growth may be vulnerable. I don't like Crude here, but I do like Brazil.



CL1 -- Generic 1st 'CL' Future G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:49:37

Brent Crude

I'm a Man, I'm "40"



Similarly, Brent's struggles have created a negative divergence with risky assets which simply does not sit well with me.

CO1 -- Generic 1st 'CO' Future G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:51:53

Gold

Gold acts well in here, and a break above the well defined downtrend and key Fib resistance around 1,669 should provide the catalyst for some real upside. She remains vulnerable in the meantime and a break below the 200 day at 1642 should be used as a protective stop.



GOLDS GOLD SPOT \$/OZ G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 13:57:47

Silver

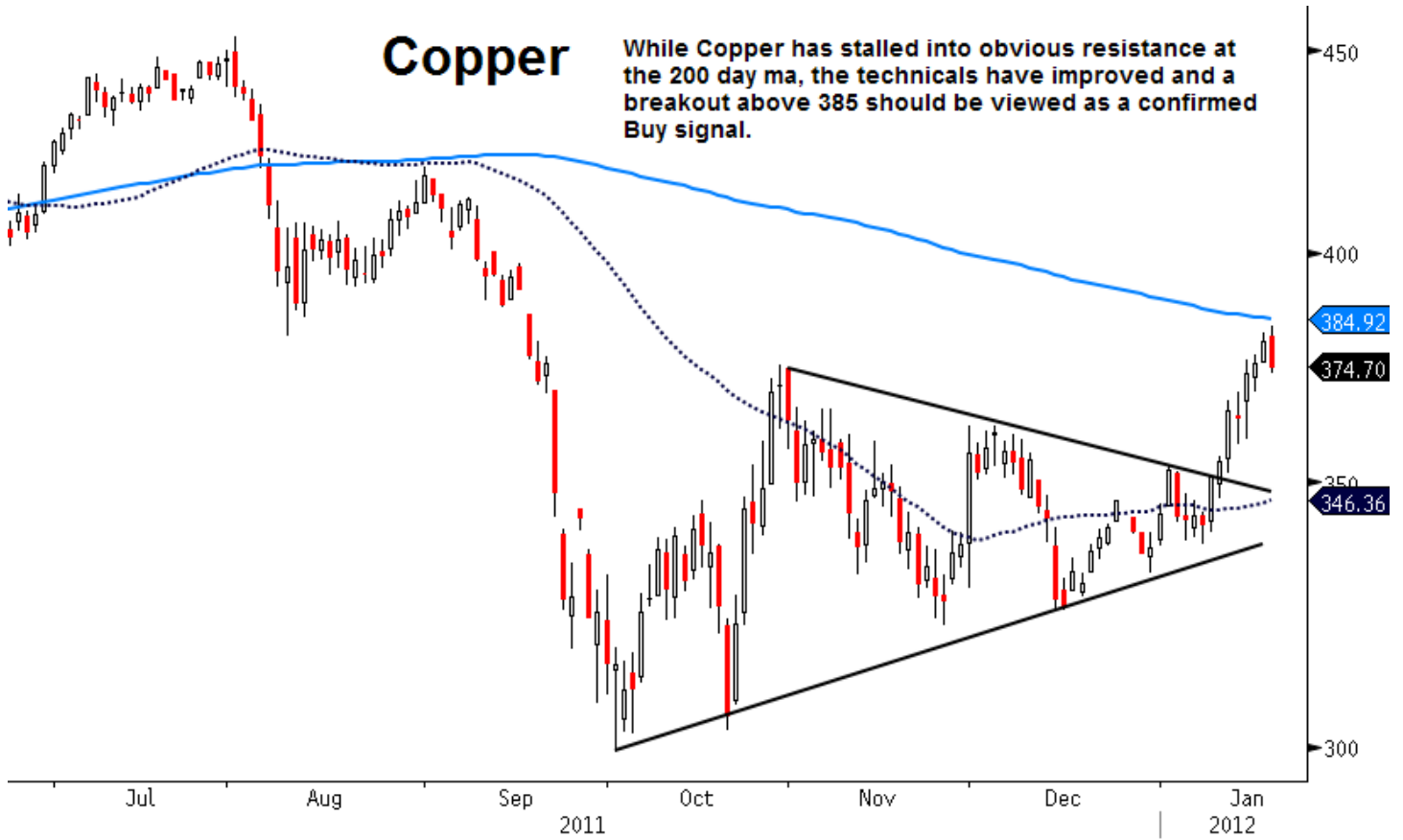
Silver has reclaimed the 50 day MA and taken out trendline resistance with a technical brio which suggests that she goes higher. A mini Head and Shoulders Bottom has formed and should she take out 32.67, she may just test the 200 at 35.71.



SILV SILVER SPOT \$/OZ G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:01:01

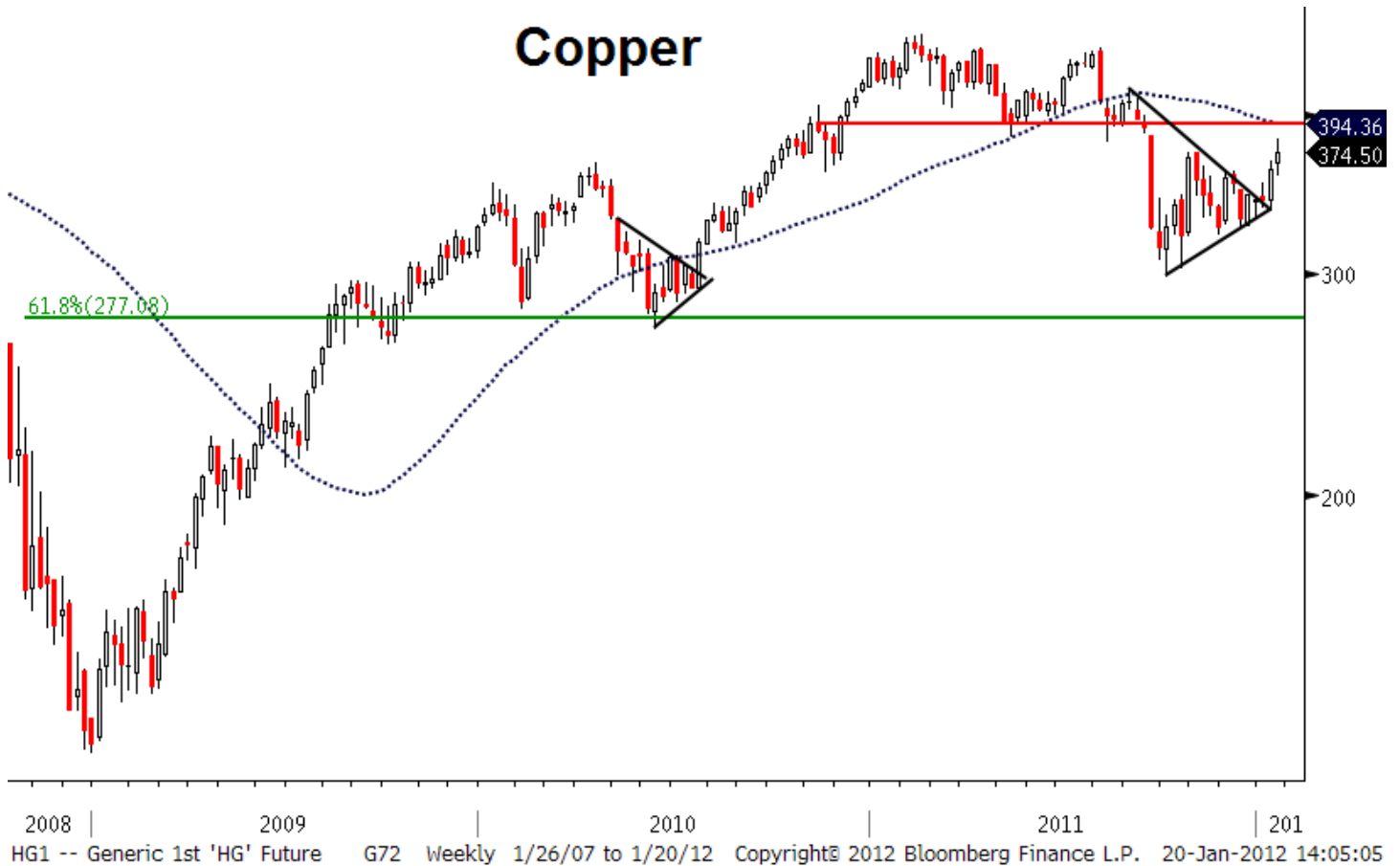
Copper

While Copper has stalled into obvious resistance at the 200 day ma, the technicals have improved and a breakout above 385 should be viewed as a confirmed Buy signal.



HG1 -- Generic 1st 'HG' Future G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:02:49

Copper



HG1 -- Generic 1st 'HG' Future G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:05:05

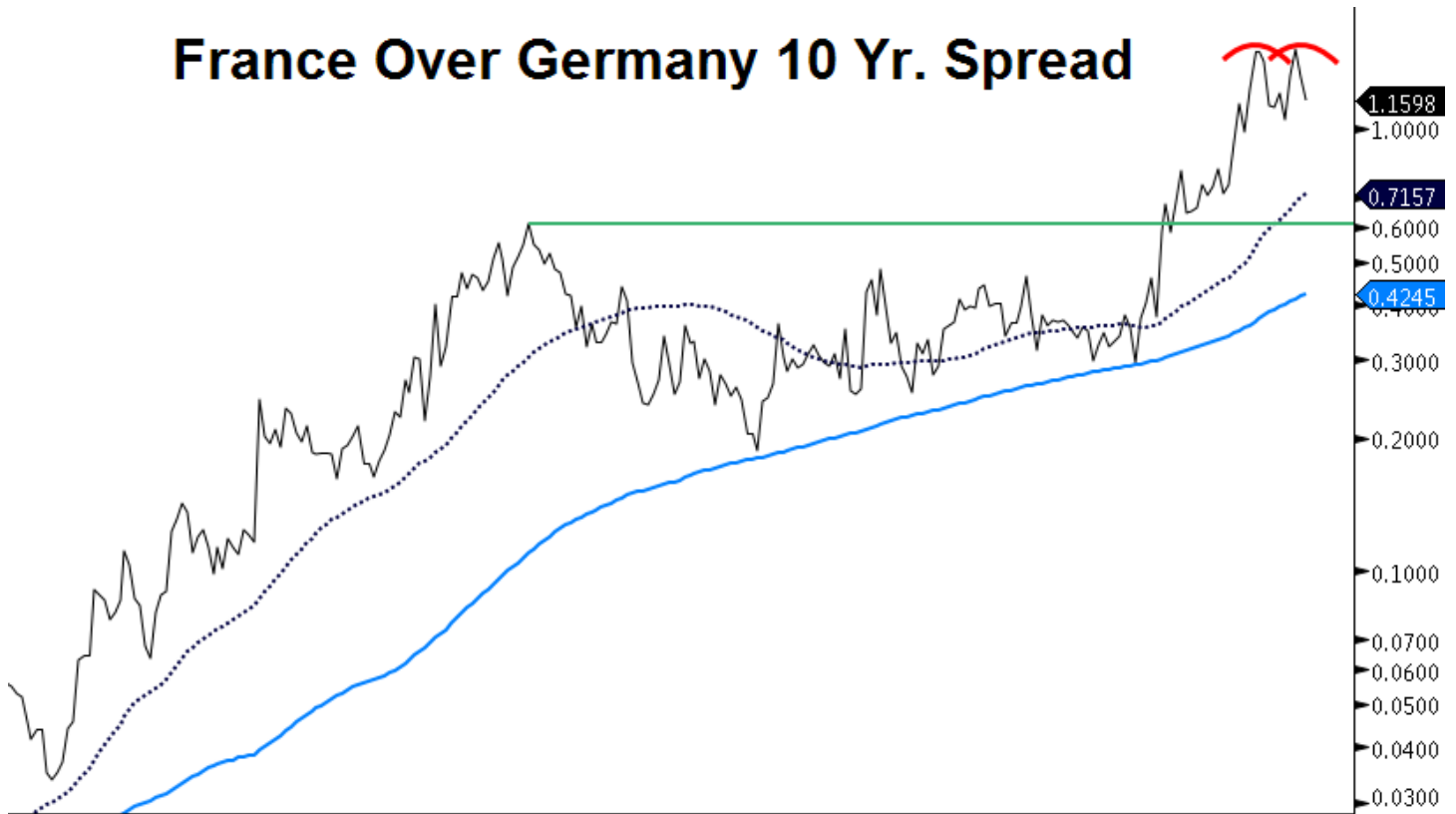


German 10 Year Yield

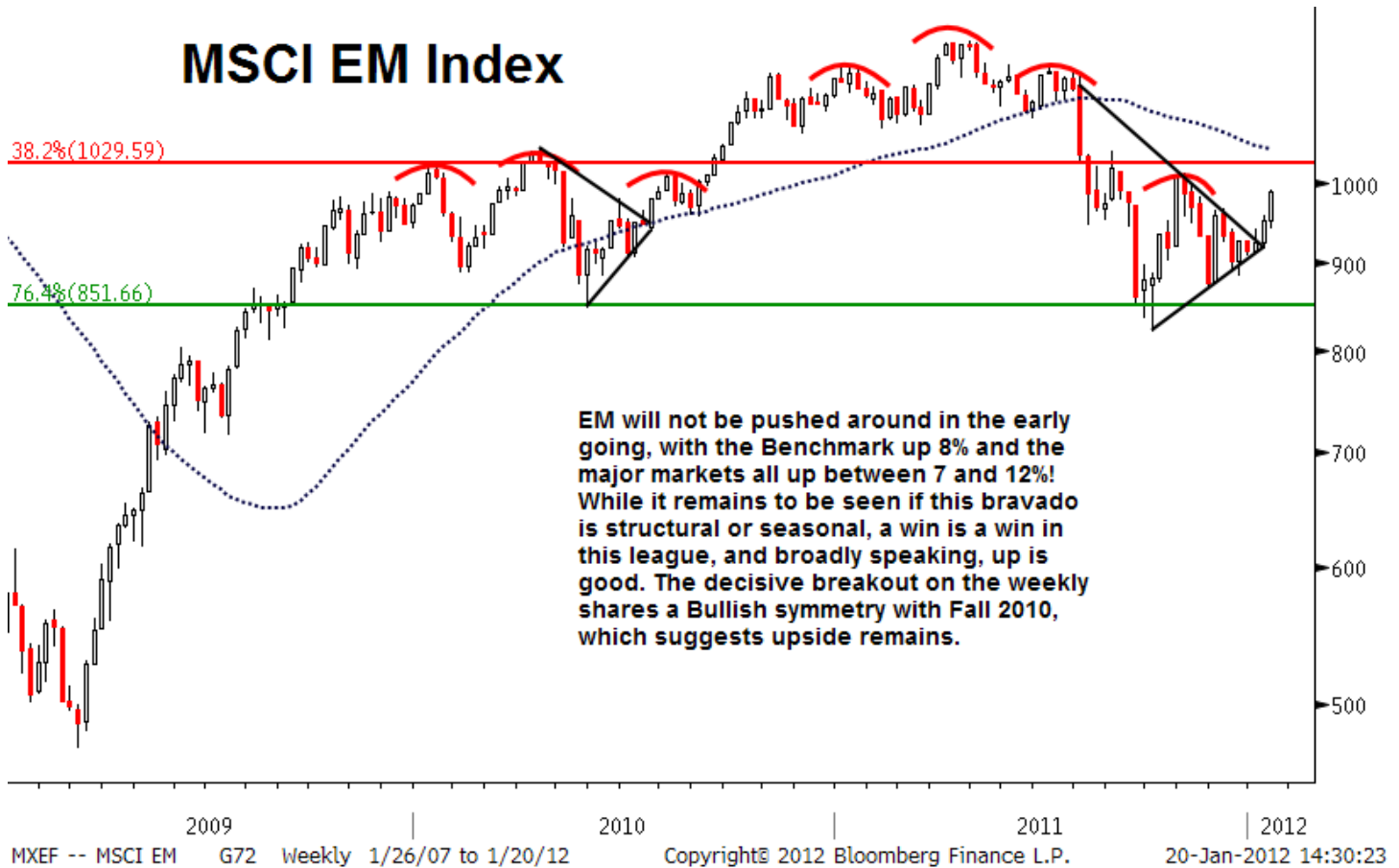


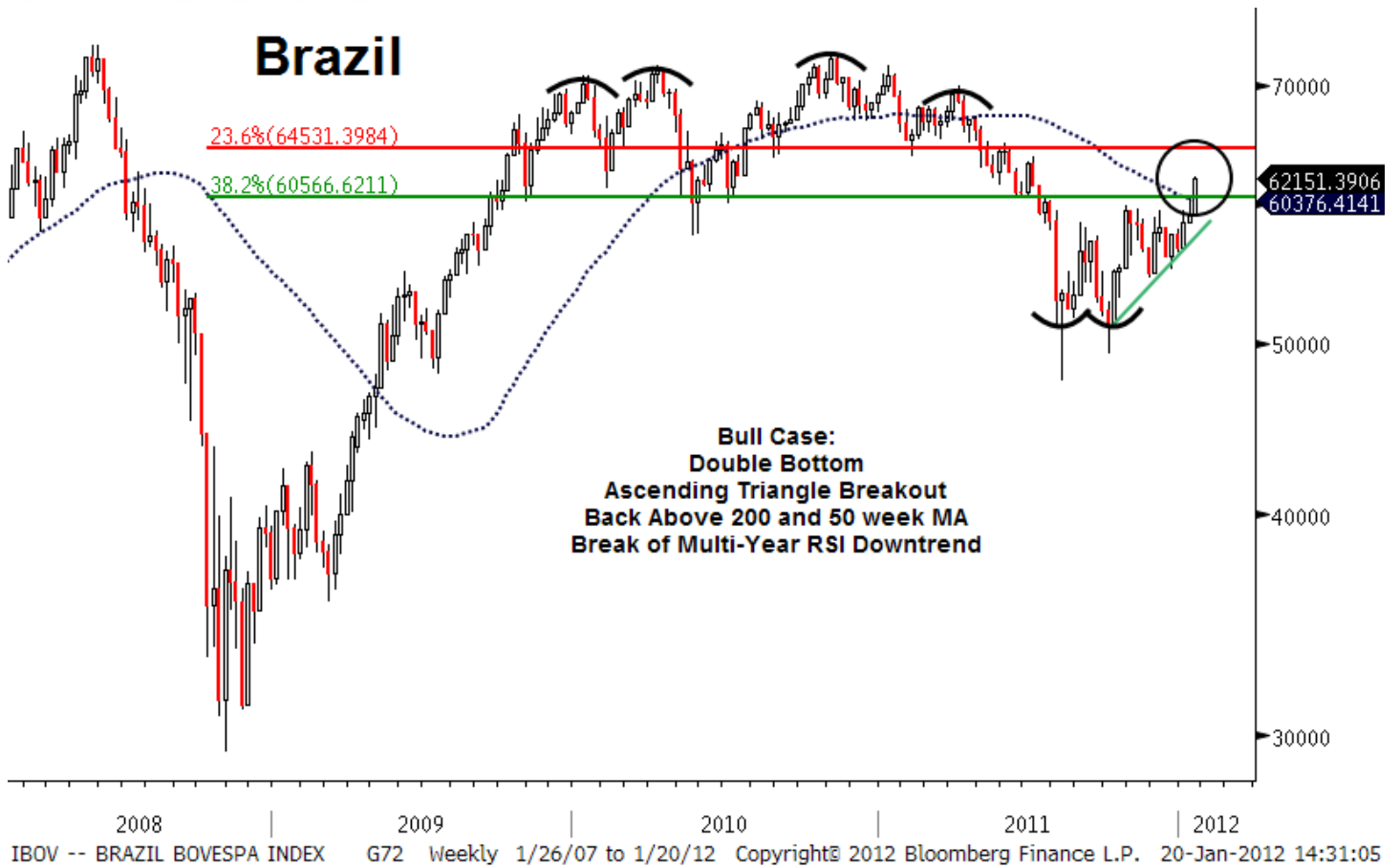
GERMANY GOVT BND 10 YR DBR G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:19:09

France Over Germany 10 Yr. Spread



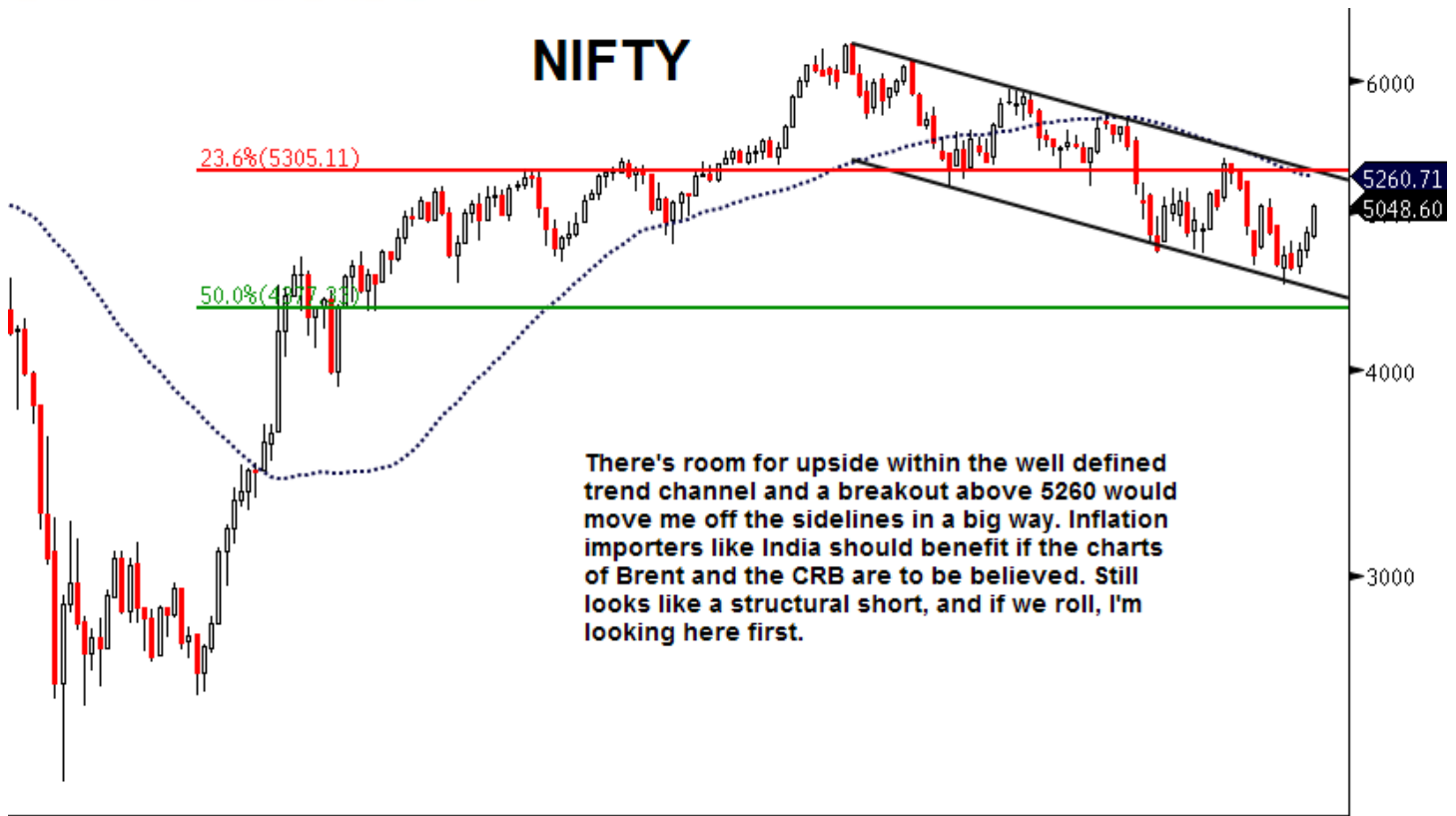
.FRAGER10 -- french vs Bund 10 G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:20:42







NIFTY



There's room for upside within the well defined trend channel and a breakout above 5260 would move me off the sidelines in a big way. Inflation importers like India should benefit if the charts of Brent and the CRB are to be believed. Still looks like a structural short, and if we roll, I'm looking here first.

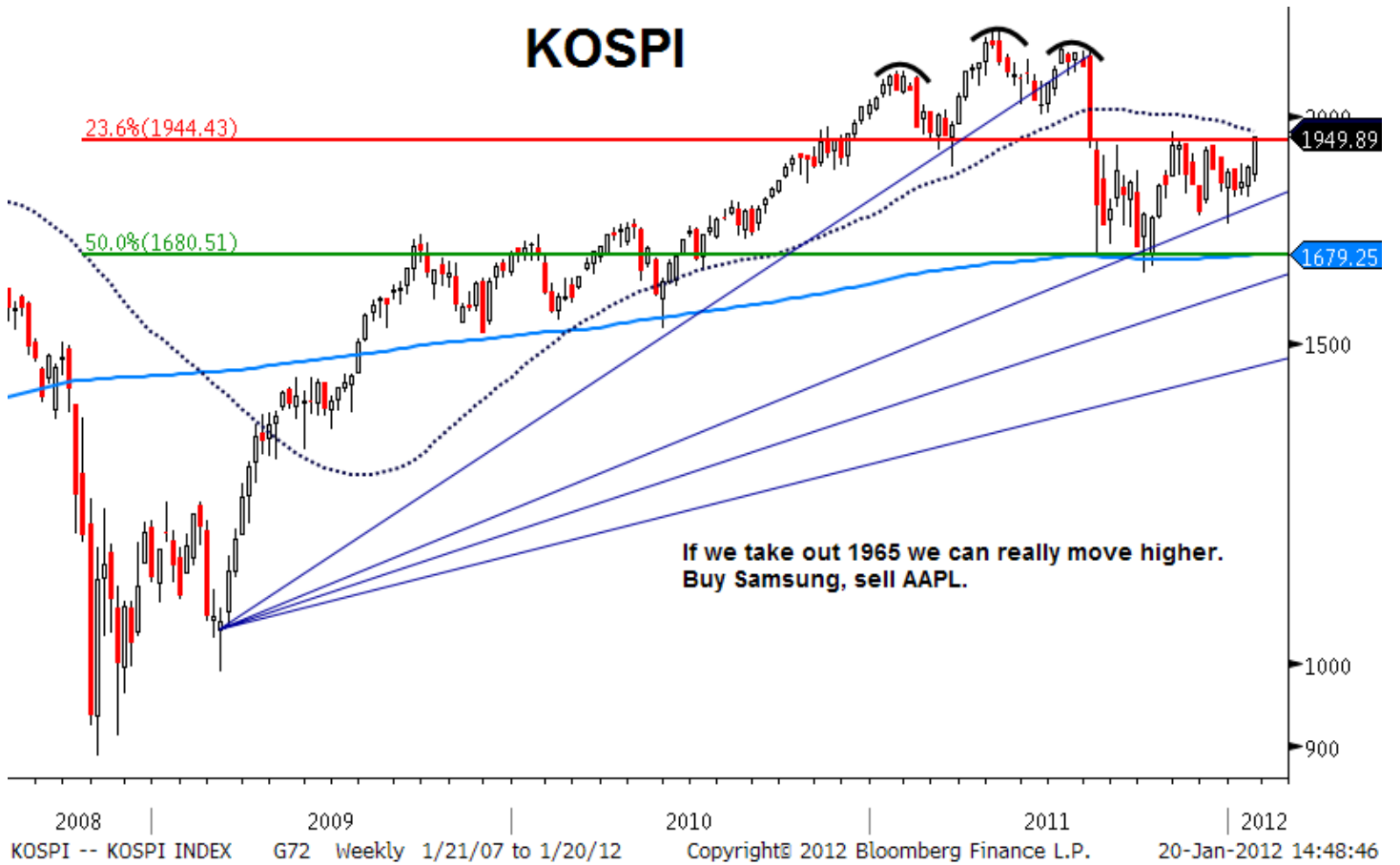
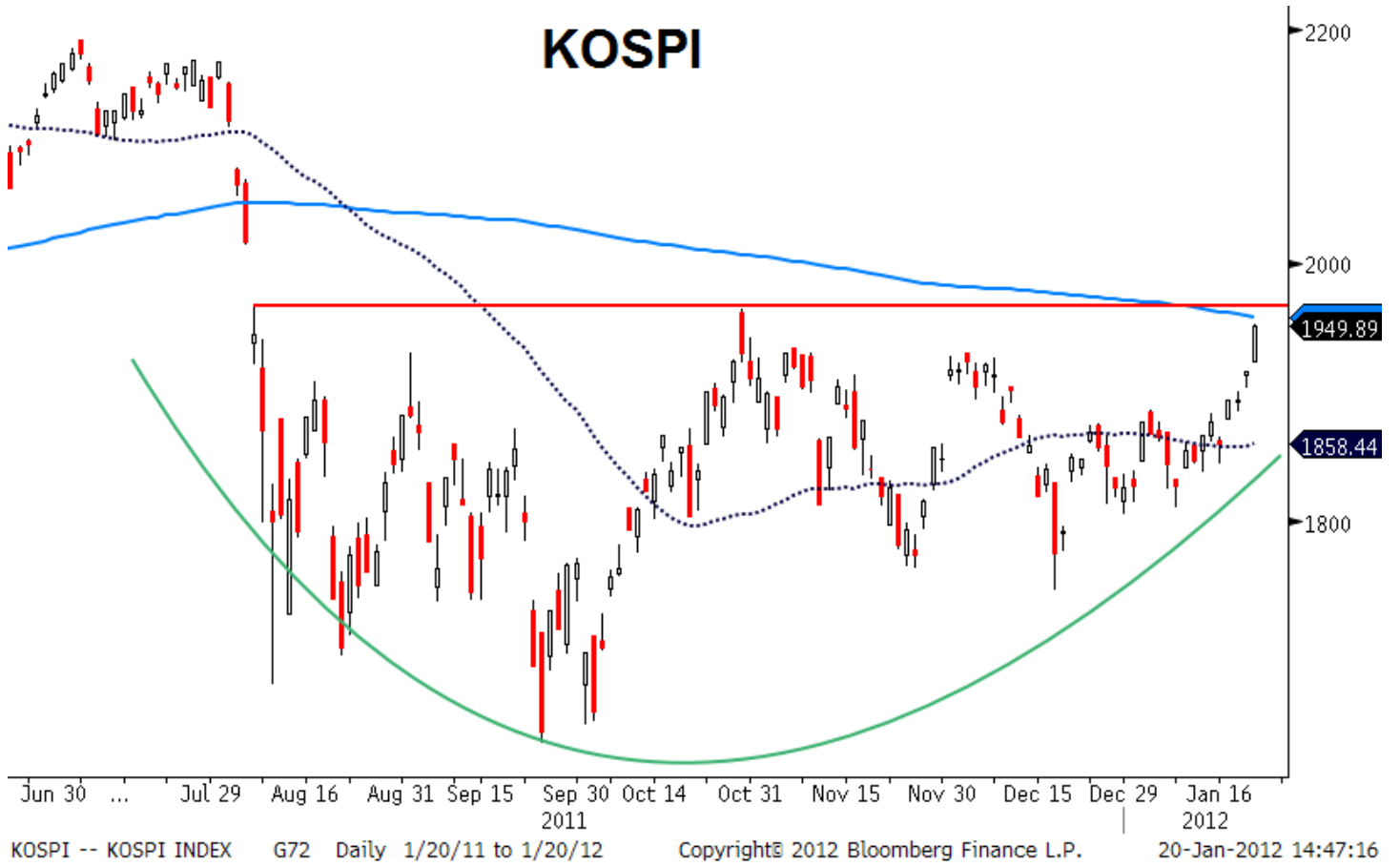
NIFTY -- NSE S&P CNX NIFTY INDEX G72 Weekly 1/21/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:41:36

HSCEI



H-shares head into the Chinese New Year with something to celebrate as the world's leading market (+12%). While the only economic data I trust less than that which comes from China is "Made in the USA", this is actually a nice chart. If this thing takes out the 200 day as the charts suggests we should, this is going to be good for everyone.

HSCEI -- HANG SENG CHINA ENT INDX G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:46:12



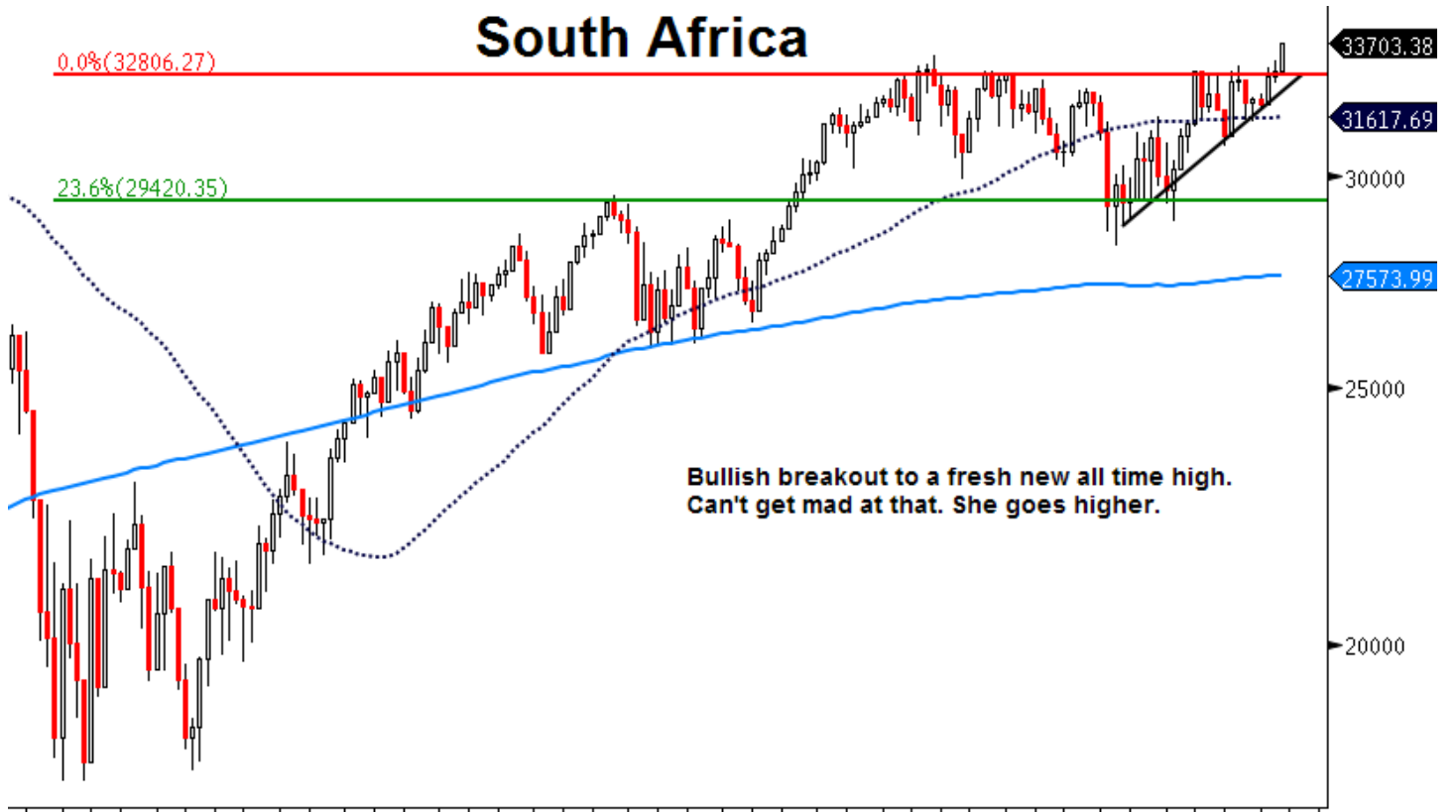


NKY -- NIKKEI 225 G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:53:05



NKY -- NIKKEI 225 G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:54:01

South Africa



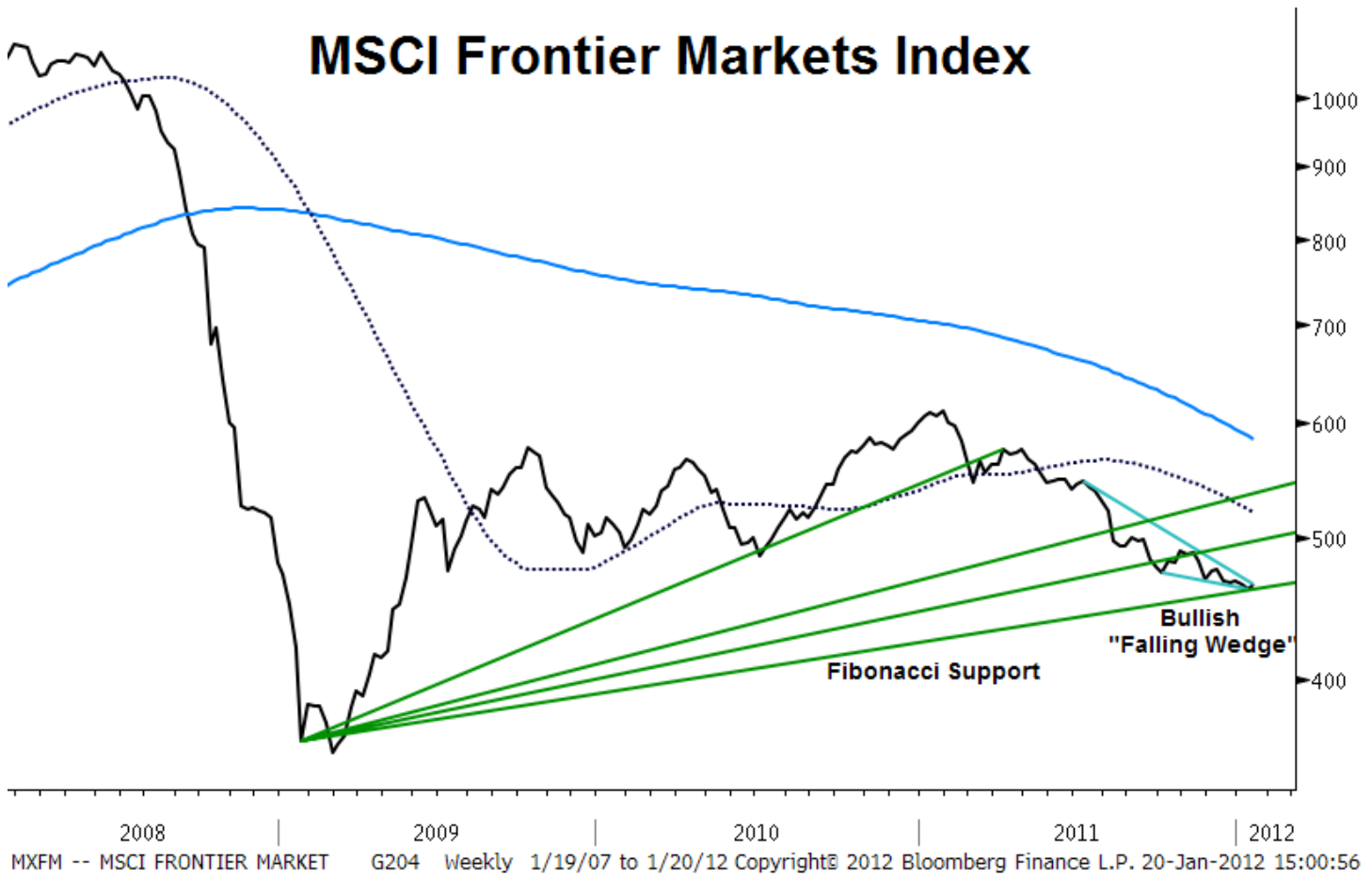
JALSH -- FTSE/JSE AFRICA ALL SHR G72 Weekly 1/26/07 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:55:29

Egypt

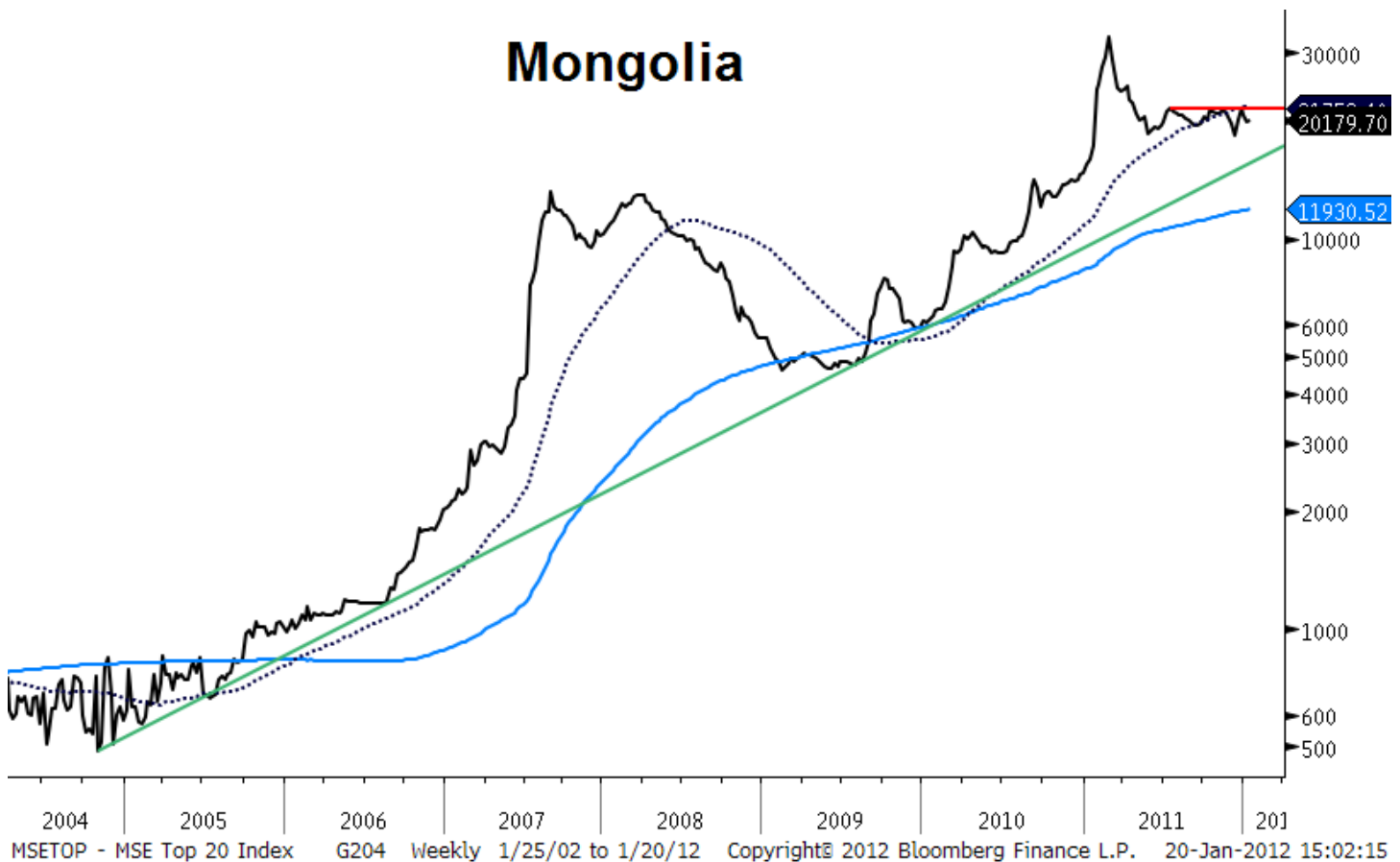


EGX30 -- EGX 30 INDEX G72 Daily 1/20/11 to 1/20/12 Copyright© 2012 Bloomberg Finance L.P. 20-Jan-2012 14:57:59

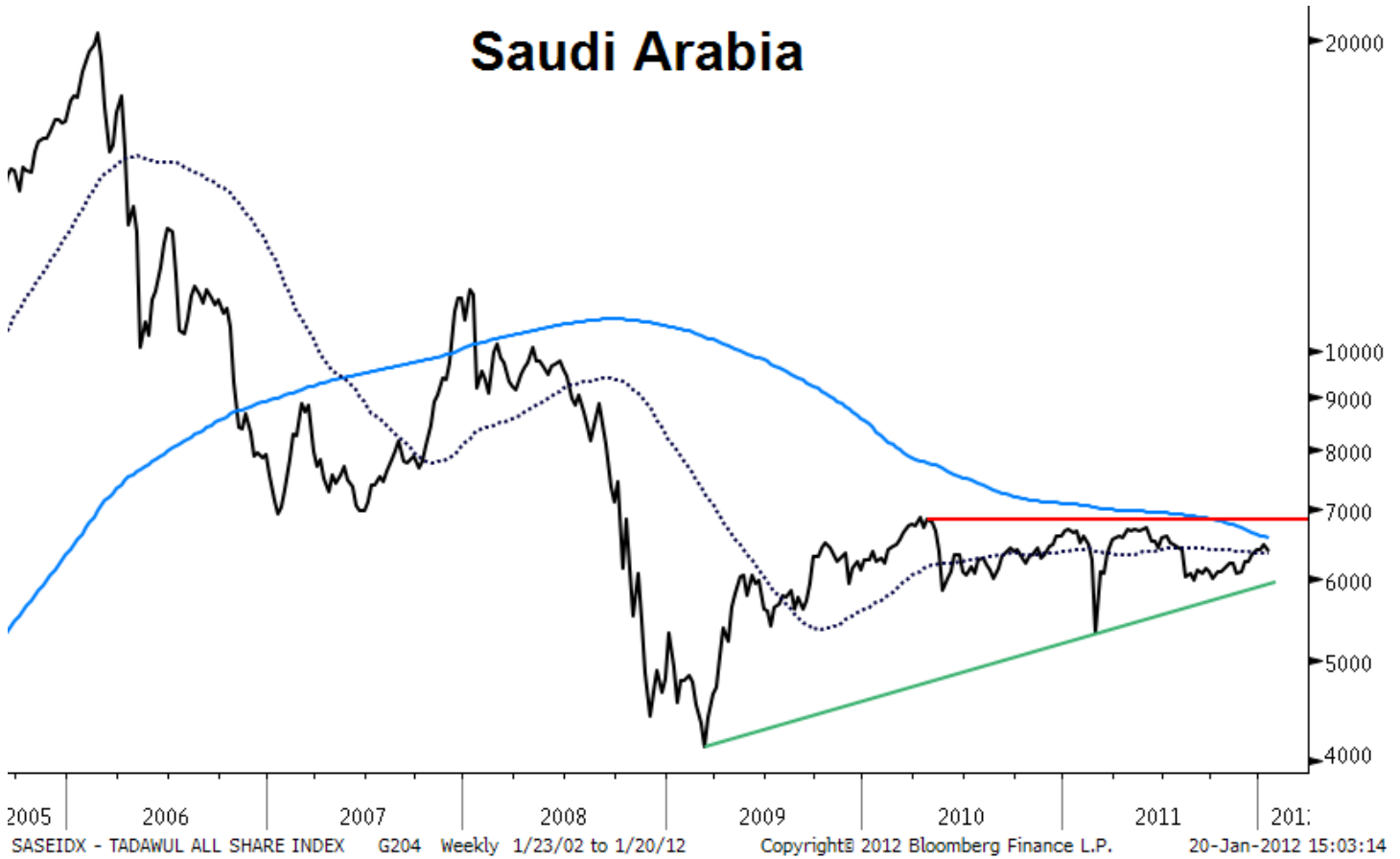
MSCI Frontier Markets Index



Mongolia

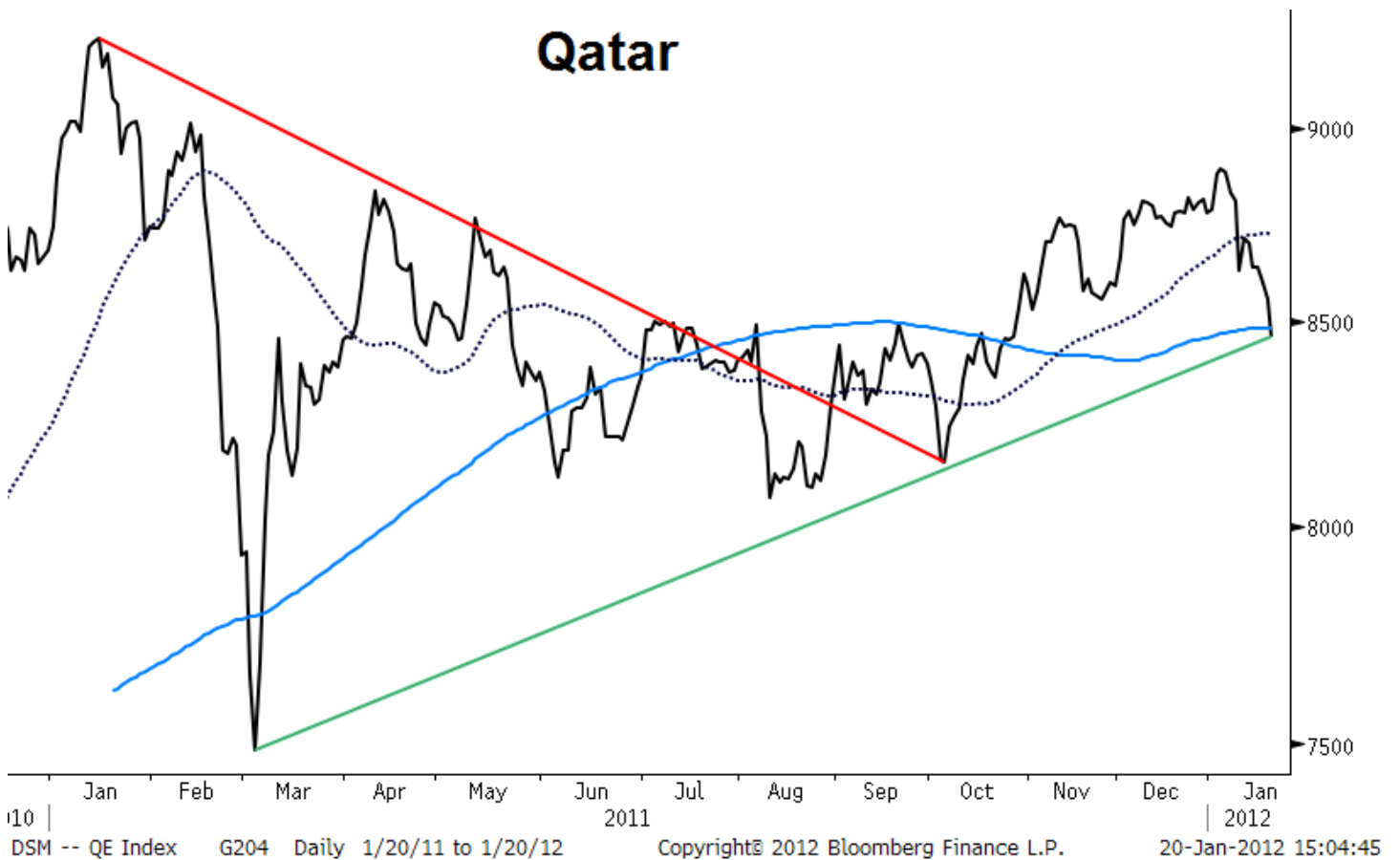


Saudi Arabia



Saudi Arabia





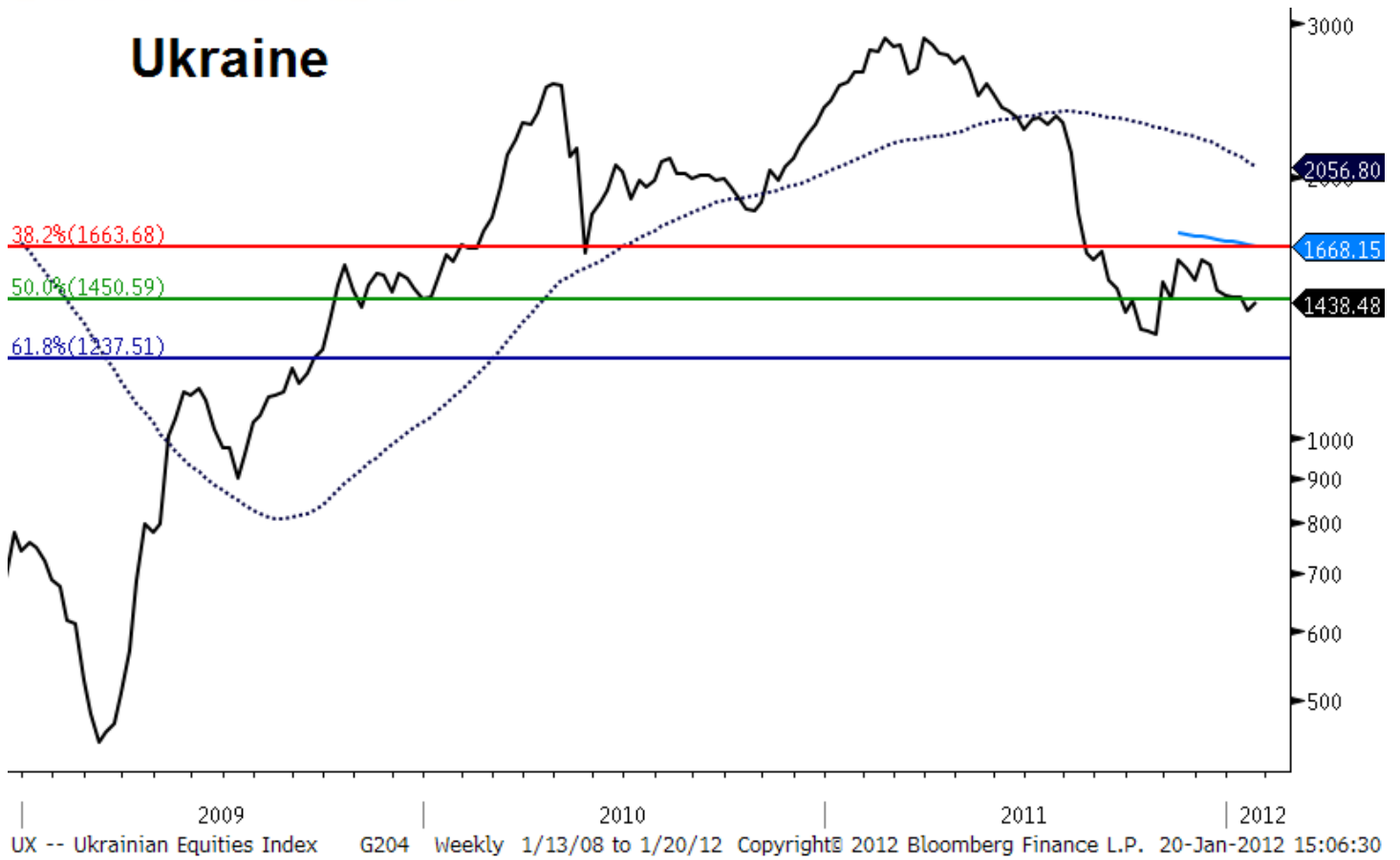
Vietnam



Nigeria



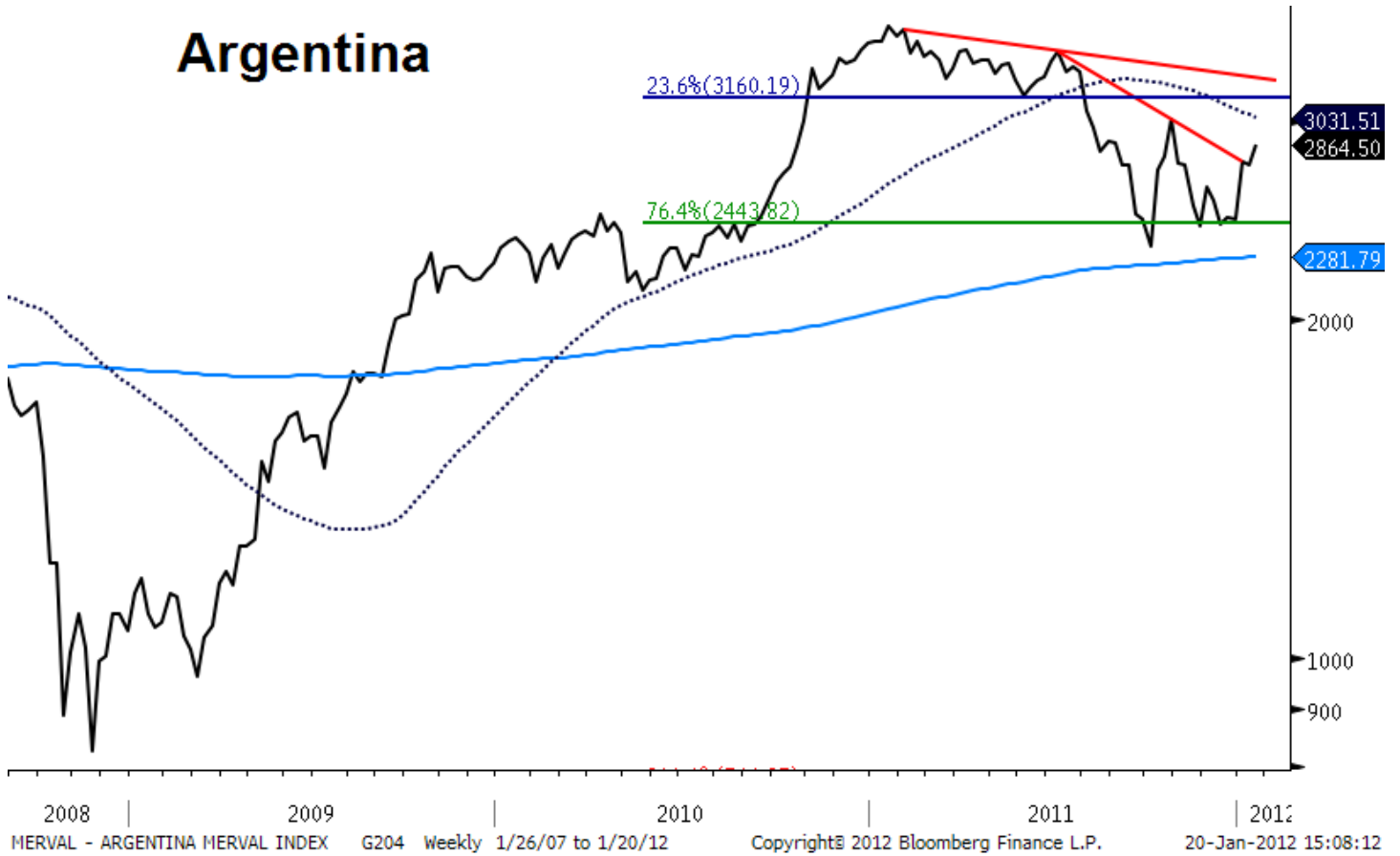
Ukraine



Colombia



Argentina



MSFT



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