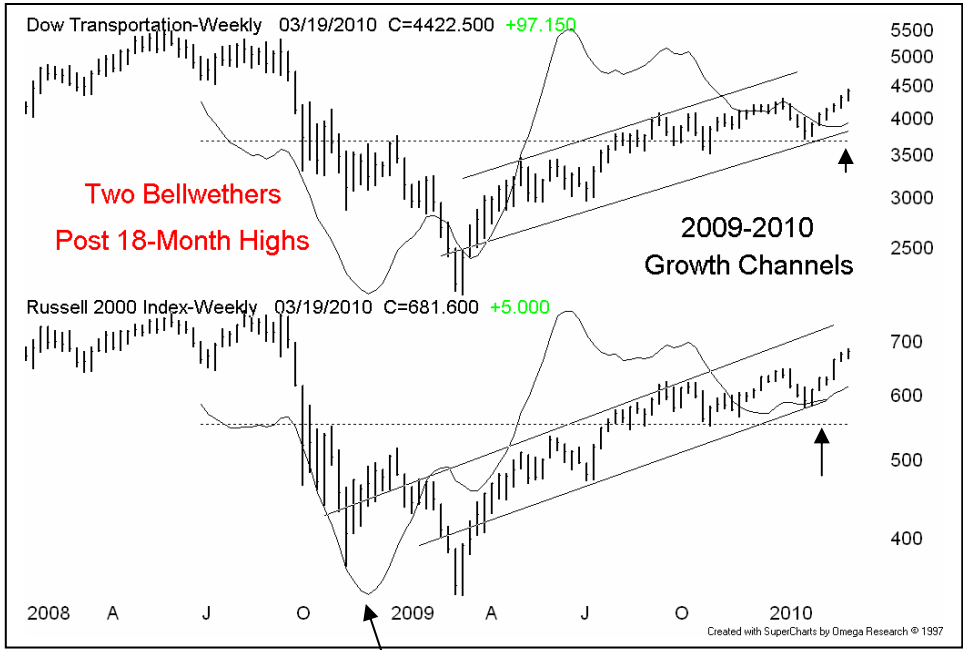


Bi-Weekly Update March 18, 2010 GT1320 TSX Comp 12040 DJII 10780



The Intermediate Stock Cycle: A youthful advance from support

Important Growth channels

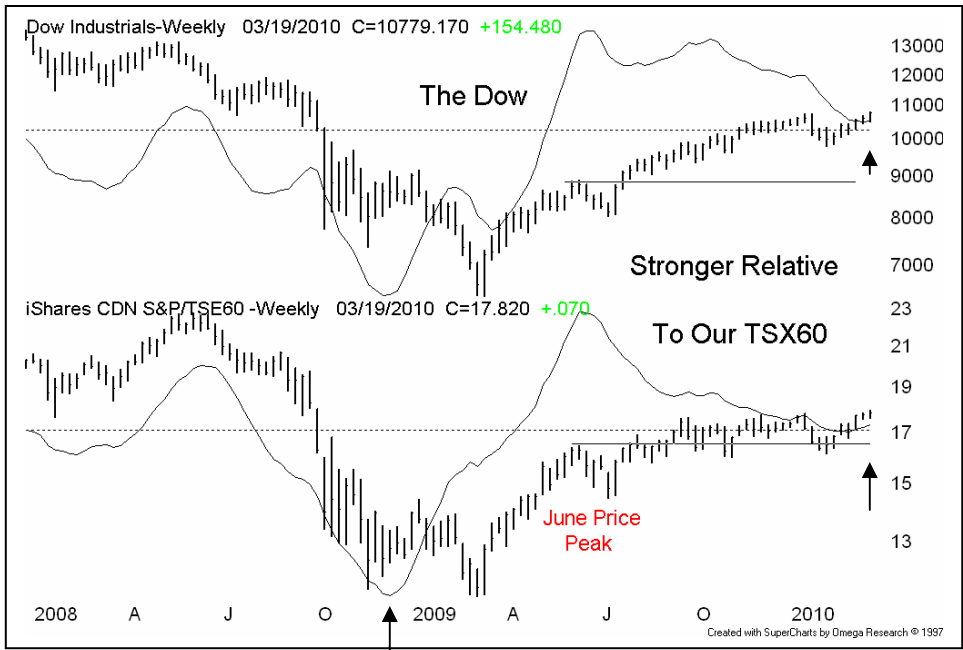
The Dow Transports is an important bellwether for the U.S. economy - note the growth channel firmly established from the March 2009 lows

See upper plot left

The **Russell 2000 Small Cap** stock index an important bellwether for the U.S. domestic economy confirming the Dow Transports with a similar growth channel

See lower plot left

Note that both are just beginning a new intermediate cycle advance



The Intermediate Stock Cycle: A youthful advance from support

An Important Lead & Lag Study

The Dow Industrials (left upper plot) is loaded with large multi-nationals and our own **S&P/TX60** (left lower plot) is loaded with commodity sensitive issuers.

Currently the Dow is outperforming the TSX60 - suggesting a shift of capital away from commodity sensitive issuers and to the large economy sensitive industrial issuers

Observation - the U.S. equity markets should out perform most of the global markets through the balance of 2010.

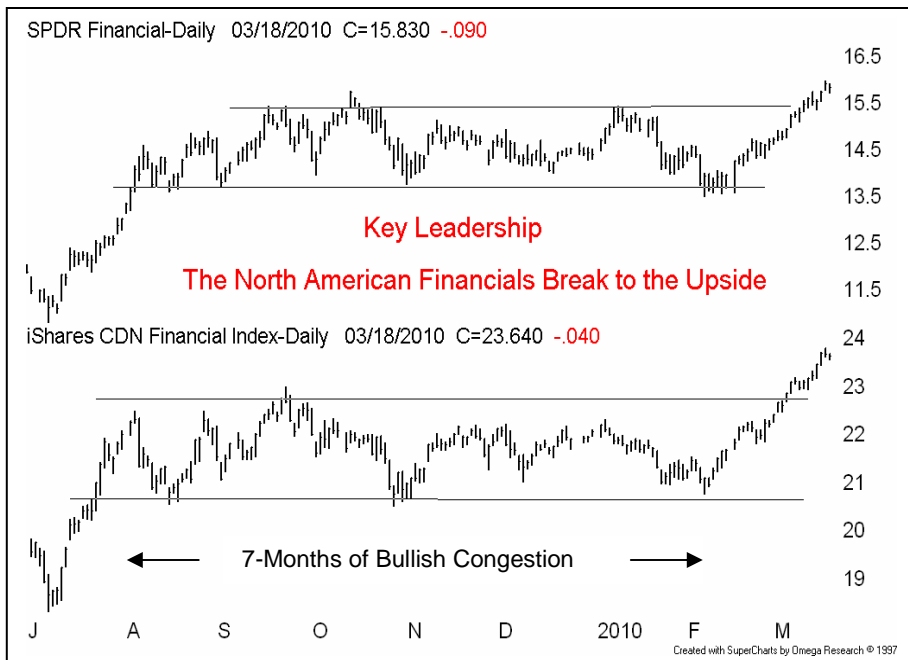
See U.S. dollar comments on P4

Canadian Table - Weekly – Trader Strategy 8-12 Week Hold

TSX Groups WEEKLY Rank	12-Mar-10	gettingtechnical.com Sector WEEKLY Ranking Most Recent to the Left														
iShares CDN Technology XIT	7.71	1	1	1	1	1	1	1	4	7	7	9	7	9	10	13
TSX Diversified Metals & Mining	6.41	2	2	4	8	12	8	1	1	1	1	6	2	1	1	
TSX Consumer Discretionary	4.96	3	3	2	2	2	3	5	8	8	8	8	8	9	9	
iShares CDN Small Cap XCS	4.44	4	4	3	4	4	4	3	2	2	3	2	3	3	3	
iShares CDN Financial XFN	4.30	5	5	9	10	10	12	12	13	13	13	The leading sectors are Technology, Consumer, Financial and Telecom				
TSX Telecommunications	3.07	6	6	6	7	8	9	9	12	9	7					
TSX Health Care	2.92	7	8	10	11	9	10	8	10	12	12	Energy is a persistent under performer				
TSX Industrials	2.77	8	9	8	5	7	7	7	4	4	4					
iShares CDN Materials XMA	1.59	9	12	14	14	14	14	14	6	5	5					
TSX Consumer Staples	1.50	10	7	5	6	6	6	6	5	6	6					
iShares CDN S&P/TSX60 XIU	1.30	11	11	12	13	13	13	13	11	10	10	10	10	11	10	
TSX Utilities	0.72	12	10	7	3	3	2	2	3	3	2	1	1	4	5	
iShares CDN Energy XEG	-1.79	13	13	11	12	11	11	11	9	11	14	14	13	12	12	
BetaPro TSX 60 Inverse HIX	-2.18	14	14	13	9	5	5	10	15	15	15	15	15	15	15	
iShares CDN Gold XGD	-3.64	15	15	15	15	15	15	15	14	14	11	13	11	6	4	

U.S. Table - Weekly – Trader Strategy 8-12 Week Hold

US Sectors WEEKLY Rank	12-Mar-10	gettingtechnical.com US Sector WEEKLY Ranking Most Recent to the Left														
SPDR-S&P Biotech XBH	10.55	1	1	1	1	1	1	1	1	1	2	9	13	13	14	14
SPDR-Industrial XLI	6.21	2	2	3	5	4	5	4	5	5	9	10	9	6	6	7
SPDR-Consumer Discreti XLY	5.56	3	3	2	2	3	3	6	6	7	8	7	5	4	4	5
SPDR-Financial XLF	5.37	4	4	7	8	9	9	11	11	13	14	14	Important leadership from the Industrial and Financial sectors			
SPDR-Consumer Staples XLP	3.30	5	5	6	7	7	8	12	14	14	12	12				
SPDR-Health Care XLY	1.64	6	7	5	4	2	2	2	2	4	3	4				
SPDR-Gold Trust GLD	1.11	7	8	8	12	14	14	13	10	10	11	8				
SPDR-Energy XLE	1.07	8	6	4	3	8	11	10	9	12	13	13				
SPDR-Materials XLB	-0.39	9	9	10	10	13	12	8	4	3	7	11	10	10	8	9
HOLDERS Internet HHH	-1.02	10	12	12	13	11	13	14	13	11	5	1	1	1	1	2
SPDR-Technology XLK	-2.26	11	11	11	9	10	7	7	7	6	6	5	4	5	5	6
HOLDERS Semiconductor SMH	-3.19	12	10	9	6	5	6	5	3	2	1	3	7	9	10	12
SPDR-Utilities XLU	-5.19	13	13	13	11	6	4	3	8	9	10	6	6	7	9	11
HOLDERS Telecom TTH	-8.49	14	14	14	14	12	10	9	12	8	4	2	2	8	11	10



Bull Market Leadership

The main drivers of any bull market are the Financial, Industrial and Consumer sectors

Note the recent break to the upside of the two major financial ETFs following a long healthy period of bullish congestion

See chart left

See comments on the industrial sector next page



Major transport firms such as **FedEx and United Parcel** are reliable barometers of economic activity because demand for their services will lead the business cycle

On Thursday AM March 18, 2010 FedEx Corp. announced that fiscal Q4 profits more than doubled to 76 cents per share, topping the consensus forecast by four cents. Revenues also grew a better-than-expected 7% to \$8.7 billion.

The stock tumbled at the open and rallied to close at \$92.67 up 3.2% on the day.

FedEx opens Thursday March 18, 2010 **gapping to the downside** – reverses during the day and closes up 3.2% – United Parcel Service confirms the move closing at \$64.42 up 2.45% - a good omen for the economy sensitive Dow Transports



More Bull as

More bellwethers post 52-week highs

Cisco Systems breaks above resistance to post a new 52-week high following 6-months of bullish consolidation.

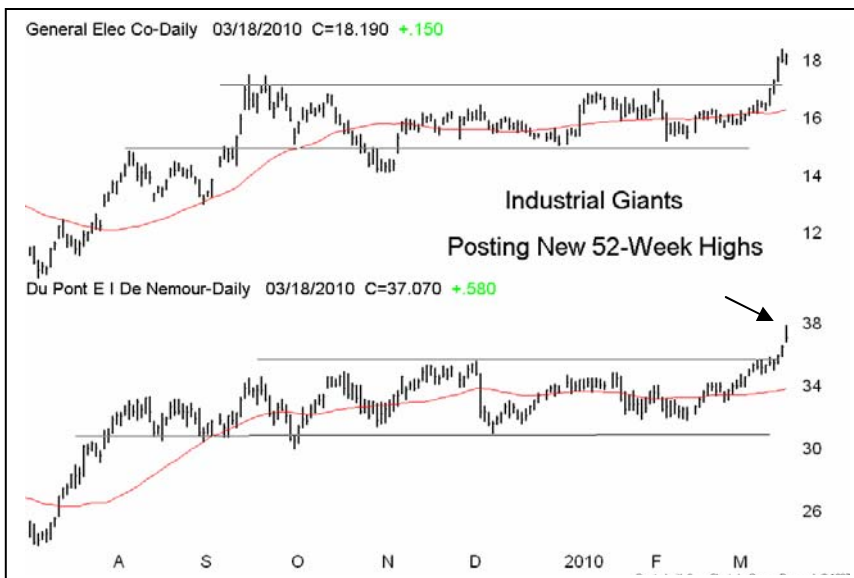
See upper plot chart left

Intel Corp breaks above resistance to post a new 52-week high following 6-months of bullish consolidation

See lower plot chart left

Important components of the **Industrial sector** break out to post new 52-week highs

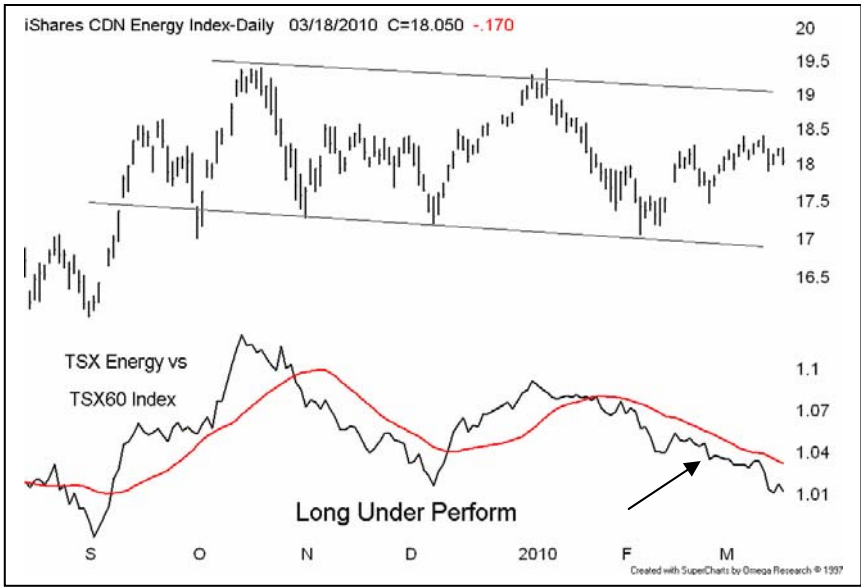
On Thursday the shares of **Boeing** (NYSE:BA), the 2nd largest aircraft maker in the world, jumped 2.15% to \$70.87, closing at their highest level since June 2008



The shares of **3M** (NYSE:MMM) and **Dupont** (NYSE:DD), were the 2nd and 3rd best Dow components respectively after encouraging economic data, especially from the Philadelphia Fed index boosted industrial stocks on prospects of higher demand. Shares of 3M climbed 1.81% to \$83.67. **Dupont's** shares added 1.59% to \$37.07, posting a new 52-week high at \$37.85.

Our chart lower left displays industrial conglomerates **General Electric and Dupont Co.** breaking up and out of long congestive periods to post new 52-week highs.

Note all the above are Dow Industrial components



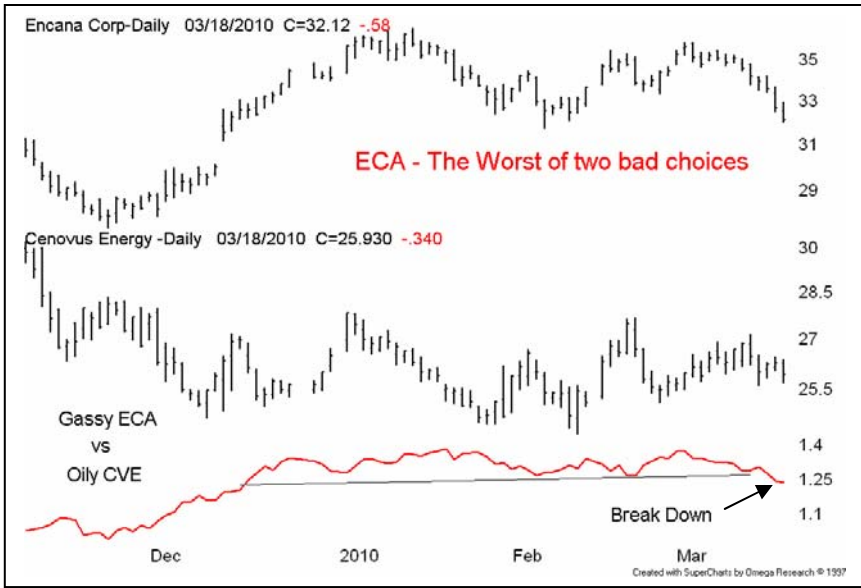
TSX Energy Sector

The TSX Energy sector is clearly in trouble as it fails to advance following several weeks of consolidation

See chart top left

Note the lower trending price channel and the return sector relative under-performance - as indicated by the lower relative study plot

Currently the only support for the sector has been the strength of the energy income trusts which are now fully priced



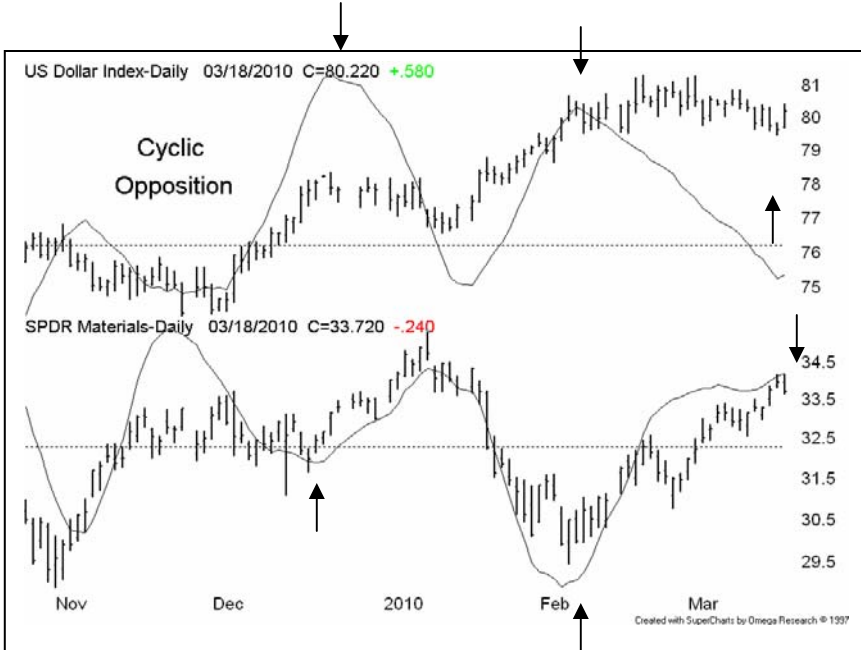
Energy - Gassy or Oily all in trouble

The entire energy complex should be avoided because now there is no compelling place to be

Both the gassy and oily producers are wilting under selling pressure - see the gassy **Encana Corp** and the oily **Cenovus Energy** plots on the lower chart left

Strategy: Reduce all energy exposure and be alert for an opportunity in the gassy sensitive issuers in mid summer

We will monitor the gassy stocks over the next few issues



The Problem with Commodities

The **U.S. dollar** at this time is the least worst of all other currencies with the CDN dollar the sole exception

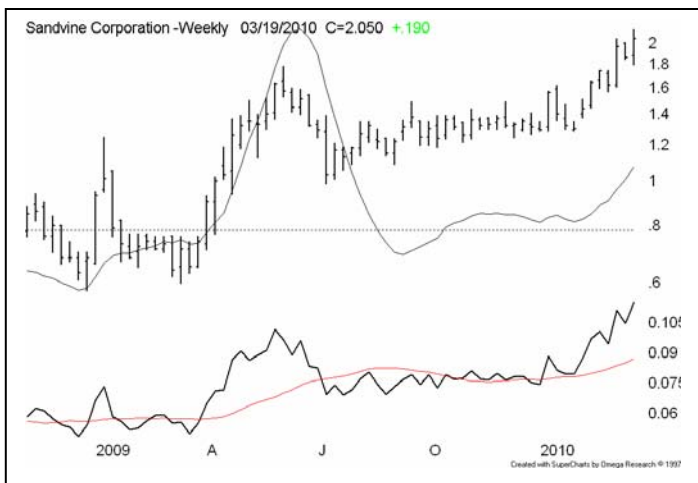
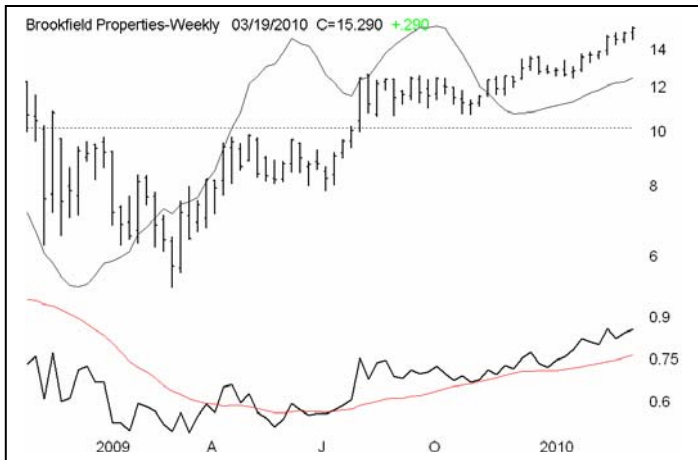
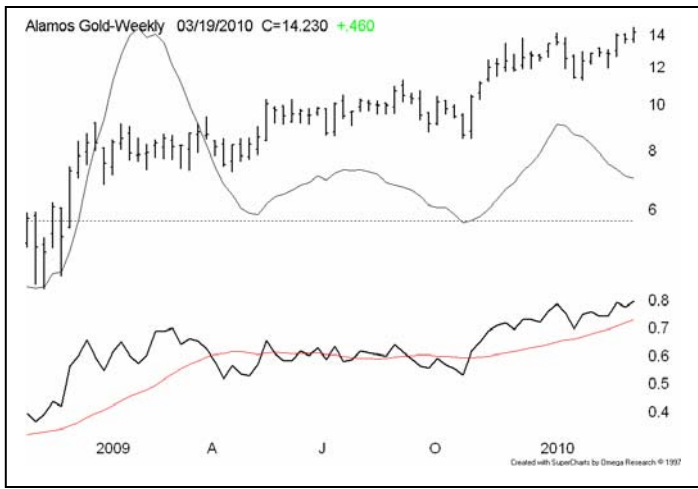
Note the regular cyclic advance in the US\$ over the past several months - see upper plot to the left

Note also the inverse cyclic relationship with the US\$ and the commodity sensitive **SPDR Materials**

- See lower plot chart left

Strategy: Under weight the commodity space through mid 2010

Next page: A partial list of TSX listed new 52-week highs - a bullish mix of all stock groups - the high relative performers are **BOLD** - these are accumulated holds



52-week high March 17/2010

ETFs Excluded

Atco Ltd.	ACO/X.TO	\$53.40
AGF Management Ltd.	AGF/B.TO	\$18.70
Alamos Gold Inc.	AGI.TO	\$14.16
Andean Resources Ltd.	AND.TO	\$2.74
Anvil Mining Ltd.	AVM.TO	\$4.14
Bennett Environmental, Inc.	BEV.TO	\$3.25
Brookfield Properties Corp.	BPO.TO	\$15.25
Baytex Energy Trust	BTE/UN.TO	\$35.20
Canfor Pulp Income Fund	CFX/UN.TO	\$12.75
Canadian Imperial Bank	CM.TO	\$75.36
Canadian National Railway Co.	CNR.TO	\$58.93
Crew Energy Inc.	CR.TO	\$17.00
Cash Store Financial Services Inc.	CSF.TO	\$14.25
Colossus Minerals Inc.	CSI.TO	\$6.50
Canadian Utilities Ltd.	CU.TO	\$48.99
Copper Mountain Mining Corp.	CUM.TO	\$3.08
Calvalley Petroleum, Inc.	CVI/A.TO	\$3.42
Calloway Real Estate Investment	CWT/UN.TO	\$21.63
Delphi Energy Corp.	DEE.TO	\$3.18
Detour Gold Corp.	DGC.TO	\$19.09
Data Group Income Fund	DGI/UN.TO	\$8.28
EnerVest Diversified Income Trust	EIT/UN.TO	\$13.26
Eastern Platinum Ltd	ELR.TO	\$1.57
Enbridge, Inc.	ENB.TO	\$48.91
Extendicare, Inc.	EXE/UN.TO	\$10.95
Canyon Services Group, Inc.	FRC.TO	\$4.23
Freehold Royalty Trust	FRU/UN.TO	\$17.46
Grande Cache Coal Corp.	GCE.TO	\$7.90
Great-West Lifeco, Inc.	GWO.TO	\$28.10
Indigo Books & Music, Inc.	IDG.TO	\$17.99
IMRIS Inc.	IM.TO	\$7.03
Laurentian Bank Of Canada	LB.TO	\$44.32
New Flyer Industries, Inc	NFI/UN.TO	\$11.10
ONEX Corp.	OCX.TO	\$28.49
Petrominerales Ltd.	PMG.TO	\$34.04
Pacific Rubiales Energy Corp.	PRE.TO	\$20.07
Parkbridge Lifestyle Comm	PRK.TO	\$5.70
Power Financial Corp.	PWF.TO	\$32.69
Rogers Communications, Inc.	RCI/B.TO	\$35.70
Royal Bank of Canada	RY.TO	\$59.46
Student Transportation of America	STB.TO	\$5.09
Sandvine Corp	SVC.TO	\$2.05
Systems Xcellence, Inc.	SXC.TO	\$66.05
Toronto-Dominion Bank	TD.TO	\$74.54
Tembec, Inc.	TMB.TO	\$1.81
TransCanada PipeLines Ltd.	TRP.TO	\$37.15
Domtar, Inc.	UFS.TO	\$70.12
Brompton VIP Income Trust	VIP/UN.TO	\$8.75
West Energy Ltd.	WTL.TO	\$5.26
Western Canadian Coal Corp.	WTN.TO	\$5.13
Zarlink Semiconductor, Inc.	ZL.TO	\$1.93

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