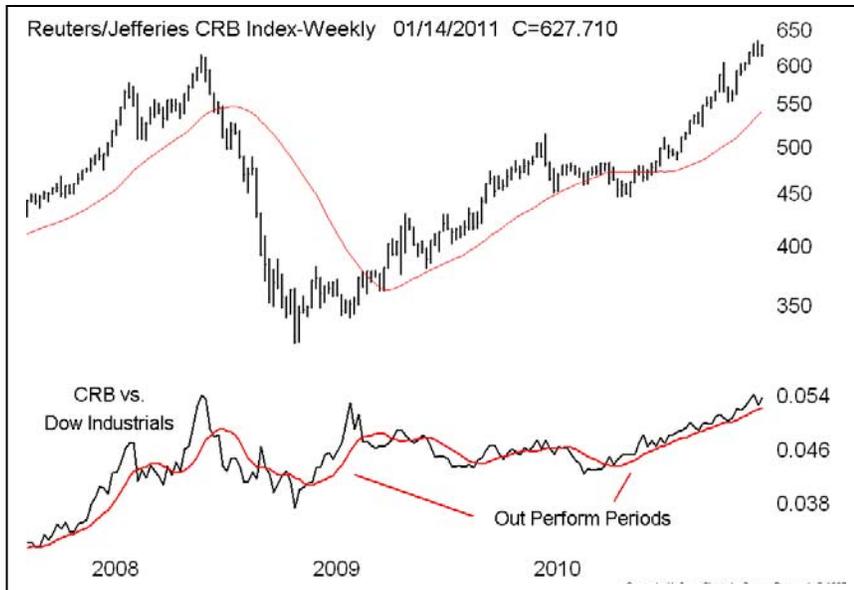


Bi-Weekly Update January 13, 2011 GT1344 TSX Comp 13449 DJII 11585

The commodity party is now extending too long and with too many who refuse to leave



The "CRB" (above) is a composite of 4-commodity groups

Group #1 WTI Crude, Heating Oil, RBOB Gasoline – total 33% index weight

Group #2 Natural Gas, Corn, Soybeans, Live Cattle, Gold, Aluminum, Copper – total 42% index weight

Group #3 Sugar, Cotton, Coffee, Coca – total 20% index weight

Group #4 Nickel, Wheat, Lean Hogs, Orange Juice, Silver – total 5% index weight

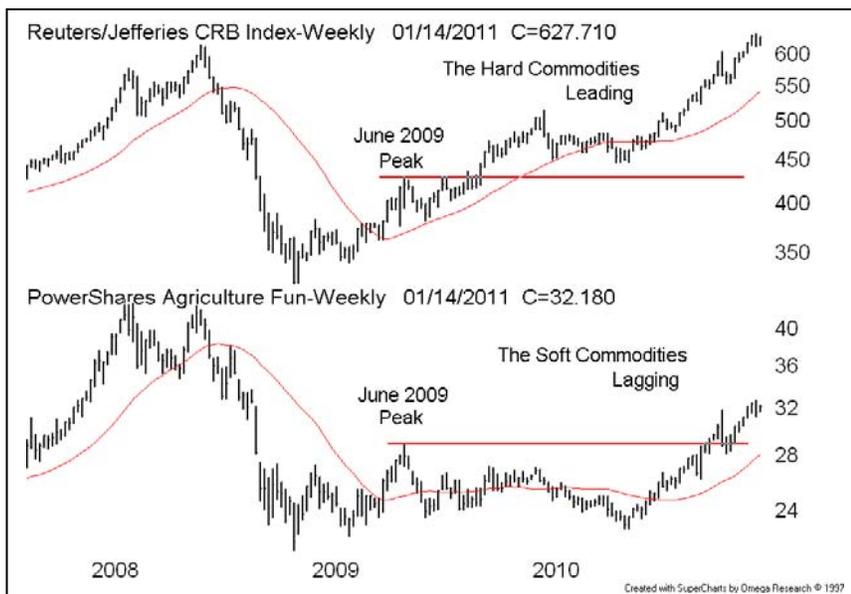
The great Commodity Bull

The history of the **Thomson Reuters/Jefferies CRB Index** dates back to 1957, when the Commodity Research Bureau constructed an index comprised of 28 commodities that made its inaugural appearance in the 1958 CRB Commodity Year Book. As a benchmark, the Thomson Reuters/Jefferies CRB Index is designed to provide timely and accurate representation of a long-only, broadly diversified investment in commodities through a transparent and disciplined calculation methodology.

Index Construction

Petroleum *	33%
Softs	21%
Metals *	13%
Grains	13%
Precious Metals*	7%
Livestock	7%
Natural Gas*	6%

* Over 50% of the index is "hard" commodities



The **PowerShares DB Agriculture Fund** (DBA) seeks to track the price and yield performance, before fees and expenses, of the Deutsche Bank Liquid Commodity Index - Optimum Yield Agriculture Excess Return. The index is a rules-based index composed of futures contracts on some of the most liquid and widely traded agricultural commodities, corn, wheat, soy beans and sugar. The index is intended to reflect the performance of the agricultural sector.

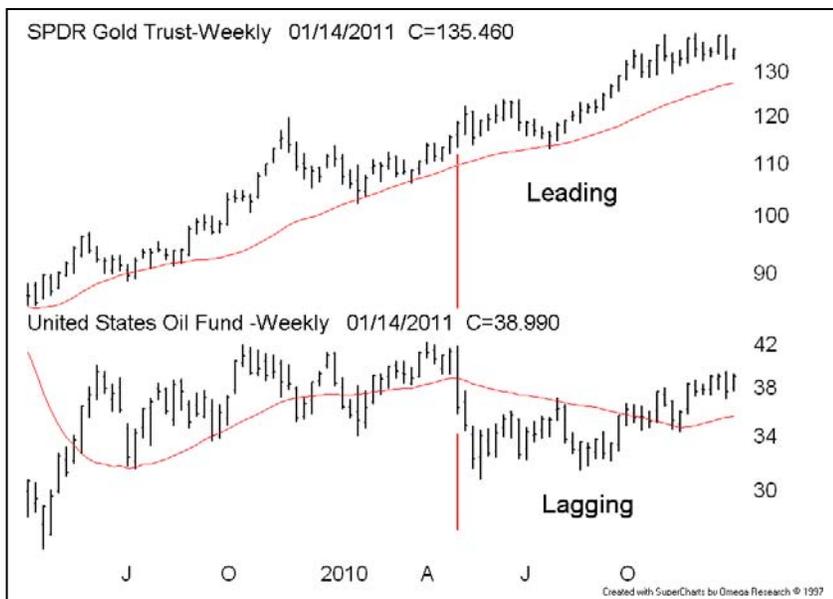
See chart left

The "soft" commodity fund is lagging the "hard" CRB.

The Commodity Exchange Traded Funds (ETF's)

The table below is a list of the current inventory of North American traded commodity ETF's. To the left are the U.S. offerings sorted by market capitalization. The commodity sensitive offerings are overwhelming. The over-crowding is worrisome.

U.S. Commodity ETFs - By MKT Cap		CDN Commodity ETFs	
sym	Leveraged Products Excluded	sym	Leveraged Products Excluded
GLD	GLD SPDR Gold Trust	ZJN	BMO Junior Gas Index ETF
GDX	Market Vectors - Gold Miners ETF	ZJG	BMO Junior Gold Index ETF
SLV	iShares Silver Trust	ZJO	BMO Junior Oil Index ETF
DBC	PowerShares DB Commodity Index Fund	ZMT	BMO TSX Equal Weight Global Base Metals
UNG	United States Natural Gas Fund LP	ZEO	BMO TSX Equal Weight Oil & Gas Index
IAU	iShares COMEX Gold Trust	COW	Claymore Global AGRA
DBA	PowerShares DB Agriculture Fund	CWW	Claymore Global Water
USO	United States Oil Fund LP	GAS	Claymore Natural Gas
DJP	iPath Dow Jones-UBS Commodity Index	CLO	Claymore Oil Sands Sector
OIH	Oil Services Holders Trust	CWW	Claymore S&P Global Water
MOO	Market Vectors - Agribusiness ETF	CMW	Claymore S&P/TSX Global Mining
GSG	iShares S&P GSCI Commodity Indexed Trust	HUG	HBP COMEX Gold ETF
VDE	Vanguard Energy ETF	HUZ	HBP COMEX Silver ETF
IXC	iShares S&P Global Energy Sector Index Fund	HUC	HBP Winter-Term NYMEX Crude Oil
XME	SPDR S&P Metals & Mining ETF	HUN	HBP Winter-Term NYMEX Natural Gas
GDXJ	Market Vectors Junior Gold Miners ETF	XEG	S&P/TSX Capped Energy Index
IYE	iShares Dow Jones US Energy Sector Index	XGD	S&P/TSX Capped Gold Index
IYM	iShares Dow Jones US Basic Materials Sector	XMA	S&P/TSX Capped Materials Index
PBW	Powershares WilderHill Clean Energy Portfolio		
KOL	Market Vectors - Coal ETF		
PIO	PowerShares Global Water Portfolio		
GCC	GreenHaven Continuous Commodity Index Fund		
NLR	Market Vectors - Nuclear Energy ETF		
TAN	Claymore/MAC Global Solar Energy Index ETF		
JJC	iPath Dow Jones-UBS Copper Subindex Total R		
PGM	iPath Dow Jones-UBS Platinum Sub Total R		
COW	iPath Dow Jones-UBS Livestock Sub Total R		
SGG	iPath Dow Jones-UBS Sugar Subindex Total R		
PKN	PowerShares Global Nuclear Energy Portfolio		



Two Giant ETF Commodity Funds

The **SPDR Gold Fund (GLD)** has been leading the lagging **United States Oil fund (USO)** since early 2010.

There may some opportunity in the crude ETF but we need to see a break above \$42 to confirm the current advance

See the longer term analysis for crude on page 5



The "hard" Commodities - Short Term Analysis

The smaller gold producers as represented by the **BMO Jr Gold ETF (ZJG)** is plotted above the larger producers as represented by the **iShares CDN Gold ETF (XGD)**

See chart left

Both have slipped below their short term moving averages after a big advance.

The easy money has been made in the group - see page 5 for longer term analysis



The oil field service companies as represented by the **HOLDRS Oil Service ETF (OIH)** in mid 2010 began to out perform the oil & gas producers as represented by the **SPDR O&G Producers ETF (XLE)**

See chart left

The easy money has been made in the group - see page 5 for longer term analysis

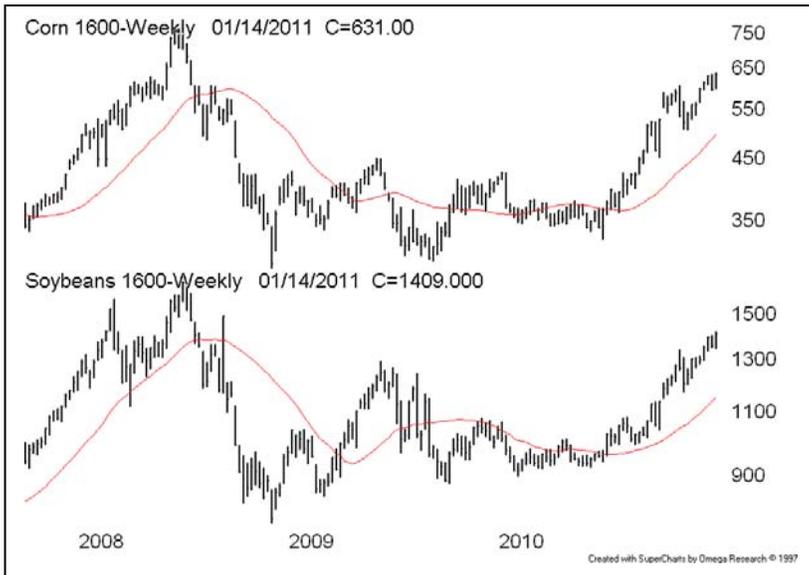


The "soft" AGRA commodity ETF as represented by the **Claymore Global Agriculture (COW)** has mirrored the big 6-month advance of the U.S. listed Market **Vectors Agribusiness ETF (COW)**

See chart left

This is now a high risk group that could work higher due to global food inflation

See more comments and analysis next page



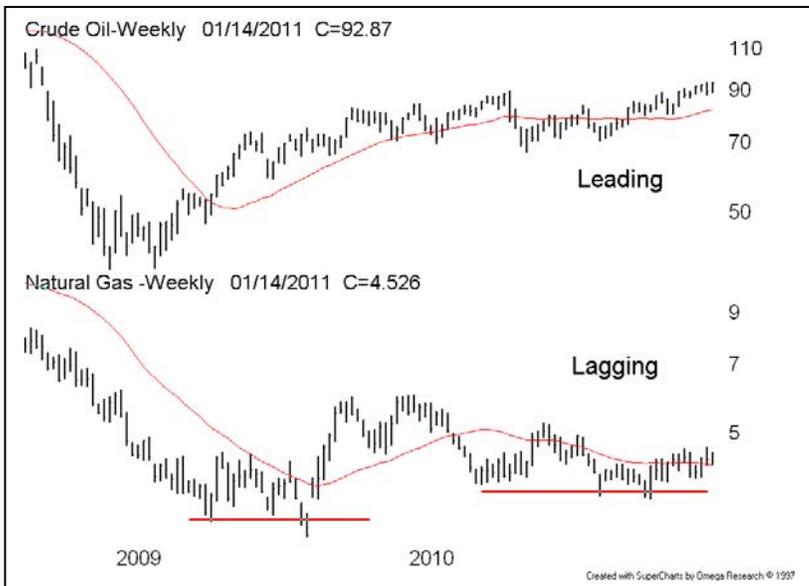
The Leading (high risk) Sectors

A surprising drop in the U.S. corn and soybean crop sent grain prices surging to their highest levels in 2 1/2 years Wednesday. The price increases stoked concerns about higher food prices and tighter supplies of feedstock for food and biofuels.

Wet weather and abnormally high temperatures contributed to lower U.S. corn production in 2010, according to a report from the U.S. Agriculture Department. The report also showed declines in soybean, wheat and grain sorghum production.

March corn futures jumped 4 percent to settle at \$6.31 a bushel. Soybean prices jumped 4.3 percent to \$14.15 a bushel.

The grains are in youthful bulls - unlike their "hard" peers - the metals and crude



Crude vs Natural Gas

The price of crude is currently leading the price of natural gas

Bullish energy investors could reduce exposure to the over-extended O&G producers and trade down to the less volatile United States Oil Fund (USO)

See chart left

Natural Gas has posted a bullish higher low and could be the surprise energy performer in mid 2011 - the ETF exposure would be the **United States Natural Gas Fund (UNG)** or the **Claymore Natural Gas ETF (GAS)**



The Bullish Stampede into Commodities

Some worry now as the "me to" lower profile commodity sectors are bought up by bullish investors

The obscure **PowerShares Global Water (PIO)** attracts bids along with the **Market Vectors Nuclear Energy ETF (NLR)**

The TSX Uranium producers have had big runs and so we would be cautious on the NLR.

We currently have no opinion on water due to lack of longer term data

The Long Term Studies

Crude's long term secular advance had its origin in 1998 and we are now into cycle #5 out a possible 7-cycle count before the secular advance is concluded

See chart left

Some rules on secular advances (or secular bulls)

- 1 - The advance will persist for 12 to 16 years
- 2 - The advance will contain at least 5-cycles often extending to 7-cycles
- 3 - There is only one big cycle in terms of time and magnitude (in the case of crude cycle - 3)
- 4 - Cycles 5 through 7 can be muted and the last cycle may not make a new high

There may some room for upside but any bad news will trigger a stampede out of the sector

Gold's long term secular advance had its origin in 2000 and we are now into cycle #5 out a possible 7-cycle count before the secular advance is concluded

See chart left

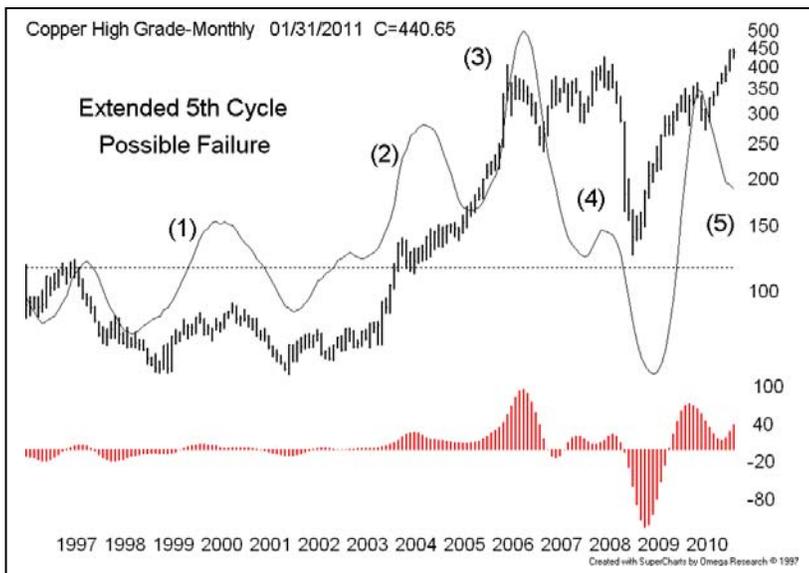
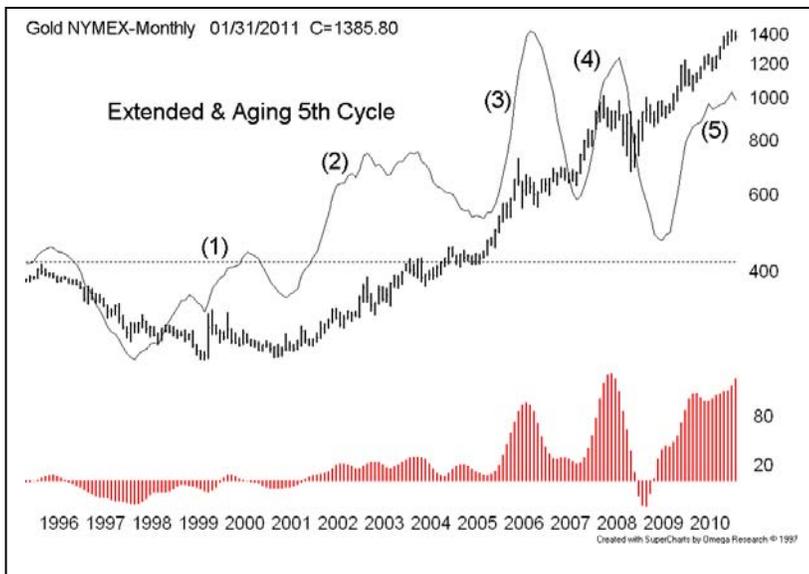
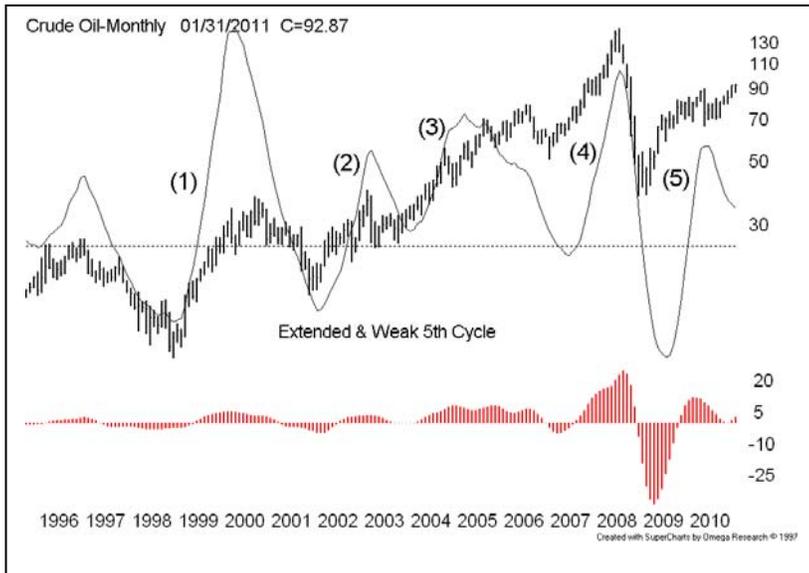
Currently gold is at the peak of cycle #5 - the easy money has been made

If currently long reduce - this is not a space for new money

Copper's long term secular advance had its origin in 1999 and we are now into an extended cycle #5 out a possible 7-cycle count before the secular advance is concluded

This is a very dangerous sector and the 5th cycle extension could be a false move or a bull trap - the copper stocks cold react badly

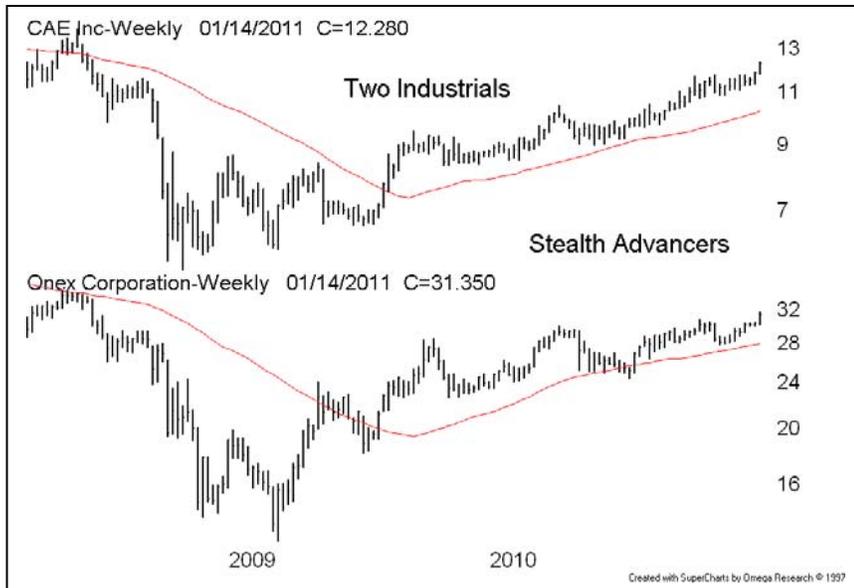
Observation: There is too much over-crowding in the commodity space - if currently long reduce - this is not a space for new money - Bill Carrigan



The Getting Technical Focus List Suggested August 9 GT1332

The Getting Technical CDN Focus List is reset at December 31, 2010 to track new-money entry returns

	Symbol	31-Dec-10	7-Jan-11	Net	
TSX Energy					
ShawCor Ltd.	SCL.A	\$33.11	\$33.73	1.9%	
Uranium Participation Corporation	U	\$7.92	\$8.05	1.6%	
			Group	1.76%	Note: The focus list is not a portfolio and as such there is no need to acquire all issuers
TSX Financial					
Brookfield Properties Corp	BPO	\$17.50	\$17.12	-2.2%	
Onex Corporation	OCX	\$30.10	\$30.35	0.8%	
			Group	-0.67%	The selections represent the best potential performers in their related sectors.
TSX Materials					
Eldorado Gold Corporation	ELD	\$18.50	\$17.06	-7.8%	
Hanfeng Evergreen	HF	\$5.96	\$6.13	2.9%	
Viterra Inc	VT	\$9.28	\$10.33	11.3%	
			Group	2.13%	As a group they should out perform the broader TSX Composite through 2011
TSX Industrials					
Bombardier Inc	BBD.B	\$5.01	\$5.26	5.0%	
CAE Inc.	CAE	\$11.51	\$11.83	2.8%	
			Group	3.89%	The group turnover is low due to the buy-and-hold approach - but we will report any changes
TSX Information Technology					
iShares CDN S&P/TSX Tech Indx	XIT	\$7.44	\$7.52	1.1%	
			Group	1.08%	
TSX Telecom					
BCE Inc	BCE	\$35.34	\$35.59	0.7%	
			Group	0.71%	
*** 25-Week High					
	GT Focus			1.6%	
	TSX Composite Y-T-D	13443	13272	-1.3%	



The Overlooked Industrials

CAE Inc (CAE) is displaying a low volatile stealth advance for the past 2-years.

A perfect pattern within a nervous over-extended market

Onex (OCX) is an industrial conglomerate that is a component of the TSX Financial Sector but is in reality in the same space as peers **CAE and Bombardier (BBD.B)**

Bombardier is in the early stages of a new bullish intermediate cycle advance.

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