



March 29, 2010

Topic: On The Precipice

While the U.S. stock markets power ahead, the Canadian market, which is highly based on the commodities and energy sectors, continues to languish and shows no sign, yet, of breaking above its January 2010 highs.

We have postulated for some time that we believe the markets are over-bought. However, it is never good to fight the tape. Thus, although the inevitable pull-back will occur, it may not happen until a catalyst jolts it into reality. We think this will be when inflation shows real evidence of picking up steam, which will likely cause monetary authorities to take action. Rising inflation inevitably means higher interest rates, which usually means lower stock markets.

The financial industry, at least the banking sector, has led the charge to higher stock prices in both Canada and the U.S. In our opinion, the banks are now at a tipping point.

Last Wednesday, we featured an audio-visual technical opinion on the Big Six Canadian Banks, courtesy of Stephen Whiteside and theUpTrend.com, entitled “On the Precipice??? Outlook for Canadian Bank Stocks”.

Over the past year, from the March 2009 lows, Canadian bank stocks have put in an amazing performance. All are up over 100%. But these stocks are now meeting long-term resistance, at levels which have held on an intermediate term basis, and we think the odds are that they will hold again.

In the audio-visual, Stephen looks at both the upside and downside potential, and comments from the perspective of a short-term trader, an intermediate-term investor, and a long-term position investor.

We think this technical opinion is really timely, and we urge you to look and listen. This report is NOT on the eResearch website. To access it, you have to click on the following link:

<http://gmb2010.s3.amazonaws.com/20100324-Banks/banks.html>.

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