



Technical Analysis & Strategy

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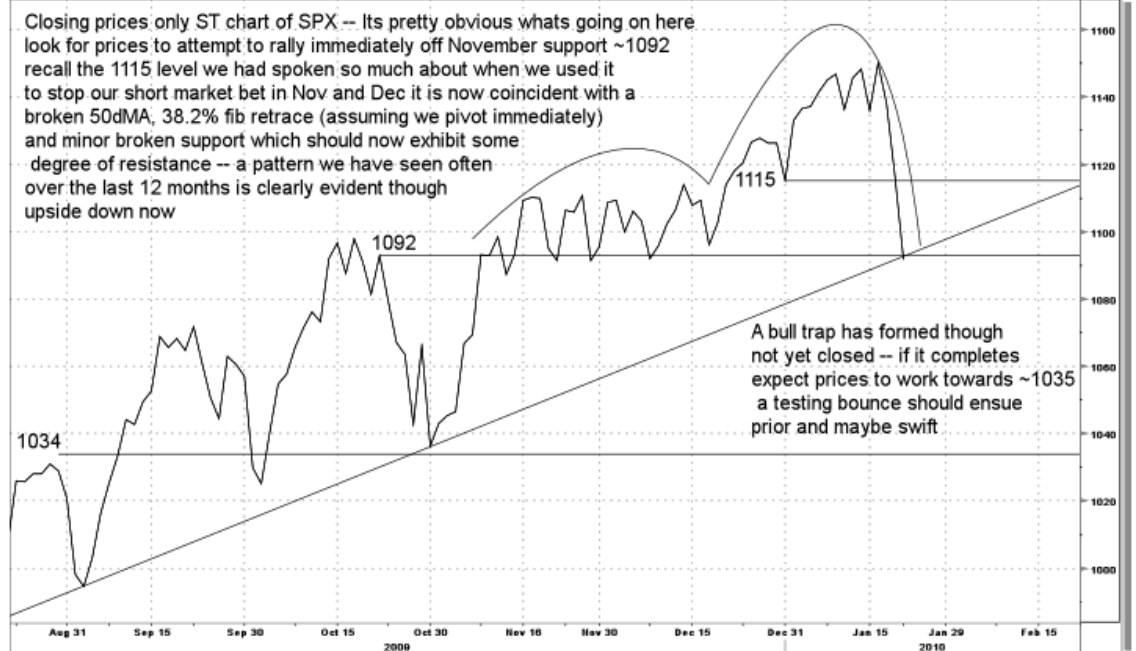
I've Found Another Regional Bank ...

Back on the eleventh I wrote a piece about sector rotation and I highlighted my opinion of regional banks as a positive beneficiary of forecast rotation. At the time of the call I received lots of negative pushback that basically boiled down to, "how can you tell me to buy regional banks when you don't like the market here." So, I will say again what I was taught by Seth Glickenhau a number of years ago, "It's not a stock market, it's a market of stocks." I know you are probably all sick of that one; I used to get tired of hearing it myself. At any rate, expect to see much more of this type of action as the market disgorges old leaders in favor of what it believes will be new leadership. We can easily observe this in volumes. Take a look at the big Nasdaq leaders (think GOOG, BIDU, AMZN, RIMM) under heavy distribution as the reciprocal to nascent leadership, as exhibited in heavy upside volumes in such busted and hated sectors as Homebuilders, Airlines or Regional Banks to name a few. Alpha doesn't reside in the crowd, only beta.

All that said, so many people have asked my opinion of the market in the last couple days that I wanted to share a few thoughts. A decent size bull trap has formed which, if closed, would point towards 1030-40 level. Look for short term traders to try to turn back any rally attempt just shy of 1115 in the vicinity of multiple technical resistance levels annotated on the charts below. Stops will be just above 1115. I like that trade and expect them to try hard to close the trap. The charts are self explanatory.

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SPX 1091.76Y as of close 1/22 Index **GP**
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 SPX INDEX **Show** GP - Line Chart Page 1/4



SPX 1091.76Y as of close 1/22 Index **GPC**
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 SPX INDEX **Show** GPC - Candle Chart Page 1/10



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Regional banks really rocked amidst the downturn in the general market last week driven by earnings. Weekly patterns are completing and I expect this group to continue to work higher all year. Don't be surprised if they come off when the market rallies in the near term as that's the natural ebb and flow of money and sector rotation; keep the buy pad out.



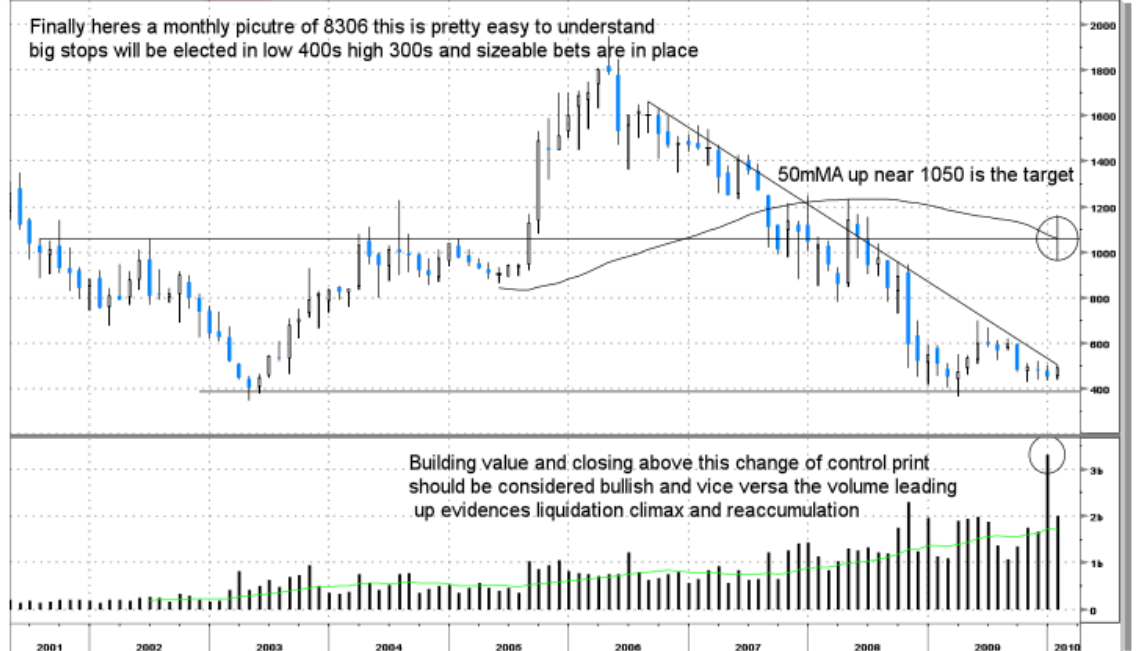
I would urge readers to take a look at 8306 JP or MTU-adr (can I call it a super regional?). I may be a touch early here but I think investors can start accumulating these shares immediately. I would say hedged fx is most appropriate. I know what you are thinking, buying Japan = financial suicide, I am holding my nose and repeating the Glickenhau mantra. The charts speak for themselves.

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M8306 JP ¥ sC e493 +1 T 482/508 100x100 EquityMACD
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 8306 JP EQUITY Show MACD - Moving Average Convergence/Divergence Page 1/21



M8306 JP ¥ sC e493 +1 T 482/508 100x100 EquityGPC
 As of Jan22 DELAYED Vol 161337700 Op 484 T Hi 495 T Lo 482 T
 8306 JP EQUITY Show GPC - Candle Chart Page 1/10



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