



Short Term Trading Ideas October 12, 2009

This is a new research product where we will be making actionable short-term (usually less than 3 weeks) trading calls.

We have a number of ETF and derivative strategies to play this call. If you are interested in getting more information, please contact us.

Bottom Line: Recent price action in the IBOV Index appears to be near-term climactic and we would open shorts at current levels with targets at the 55,000 pivot level, and stops above 65,500.

We have been keeping tabs on the rally in Brazil for the last few weeks and view recent price action as an exhaustive move which will yield a near-term reversal.

We are seeing the beginning of what we believe to be a bearish reversal candlestick formation. There was a gap up on the open and a doji appears to be forming for today's price action. We usually wait for confirmation in the form of a down day following this bearish pattern, but the confluence of reversal signals that have shown up over the last few days compel us to take action, especially considering that we have failed at a critical Fibonacci retracement level. Furthermore, RSI has reached an overbought level where it has failed in the past. RSI has also failed to confirm the new highs in price, along with volume, which has been less than convincing during the recent leg higher.

Technical Analysis & Strategy

Chart 1: IBOV Index Daily with RSI

IBOV 64071.01Y as of close 10/ 9

Index **G**



Technical Analysis & Strategy

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