

FIRST COVERAGE WEEKLY SENTIMENT (December 1, 2008)

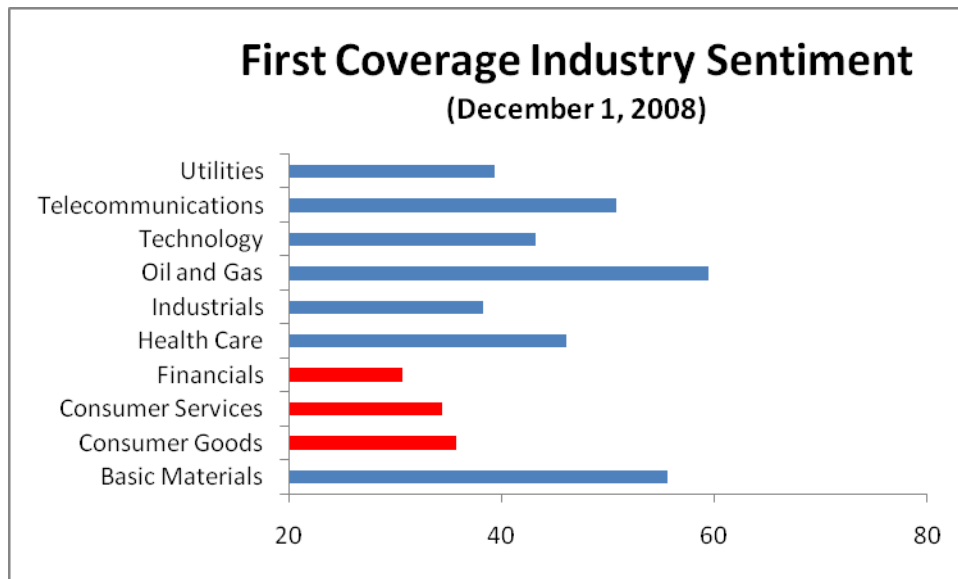
First Coverage Market Sentiment:	First Coverage Index:	Weekly Change:	Sell-Side Certainty:
Bearish	45.3	+0.98	Neutral
Bullish Industries (0)	Neutral Industries (5)	Bearish Industries (5)	Weekly Sentiment Change
	Basic Materials		Bullish
		Consumer Goods	
		Consumer Services	Bullish
		Financials	Bullish
	Health Care		
		Industrials	Bullish
	Oil & Gas		
	Technology		Bullish
	Telecommunication		Bearish
		Utilities	Bullish

Is that a Big Mac under my artificial Christmas tree?

There remain no industries regarded as Bullish by the sell-side; however, many are showing better sentiment than last week. There is an overarching sense of been there, bounced that! The noticeable lack of overall move in market sentiment during the historic rally last week implies that the sell-side is feeling that we've been here before... this isn't the first time during this bear market we've seen a 10% week. Perhaps, because of that 'déjà vu,' the sell-side remains unconvinced that this is anything other than another bear-trap. So for those thinking long term, First Coverage sentiment is still bearish...but for those thinking short term, well, that's another story all together.

The sell-side showed meaningful incremental short-term bullishness two weeks ago...ahead of the rally. However, during the rally, they got more bearish and, over the last week, remained fairly blasé even as the best week of performance by the market in over a quarter-century convinced others that a bottom had set in.

There were pockets of bullishness last week, but perhaps not for the right reasons. Consumer Services, while the second most bearish industry by overall sentiment, (see graph below) saw the greatest gain in sentiment by the sell-side over the last week.



Before you think that the sell-side is suggesting a consumer renaissance, it's important to note that most of the gain in Consumer Services was attributable to lower-end companies, including Wal-Mart, MacDonald's, Big Lots, and other speciality retailers like Hot Topic and The Limited. Clearly, the sell-side is telling their buy-side clients that holiday presents will be more in line with 'it's the thought that counts' than the luxury of X-Mas pasts. Based on this, the sell-side continues to suggest that buy-side clients take advantage of the current stock prices of some retailers that are positioned to take advantage of the 'frugal' holiday season to come.

Finally, Financials remain the most bearish industry by sentiment but also saw a marked increase in bullishness last week. For those looking to understand the reason, perhaps the sell-side picked up on the fact that David Smick, author of "The World Is Curved," pointed out recently:

"Banks' excess cash reserves, which normally total less than \$7 billion, have recently approached \$400 billion. A lot of that is taxpayer money that the banks aren't putting to use."

Holding on to cash is good for the banks, bad for the economy. But that being said, the longer the government refuses to make these banks actually put their bail-out capital at risk, by loaning it to others, the more comfortable the sell-side gets with their healthier balance sheets.

Until next week...

About The First Coverage Weekly Street Sentiment

Derived from the aggregated analysis of thousands of actual trade ideas and data being sent in real-time from the sell-side to the buy-side, the First Coverage Weekly Street Sentiment provides a snapshot of market trends and a unique perspective of the mindset of the Street for the week ahead. The following data has been extracted directly from all information transmitted in the past week by sell-side representatives from more than 250 firms submitting information to portfolio and asset managers across North America via the First Coverage platform.

About First Coverage

Catering to more than 300 financial institutions worldwide, [First Coverage](#) provides a web-based platform that simplifies the gathering, evaluation and organization of all sell-side services and information. For more information, visit www.firstcoverage.com or contact us at info@firstcoverage.com.

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