

FIRST COVERAGE WEEKLY SENTIMENT (May 12, 2009)

First Coverage Market Sentiment: Neutral	First Coverage Index: 50.9	Weekly Change: +0.9%	Sell-Side Certainty: Negative
Bullish Industries (2)	Neutral Industries (7)	Bearish Industries (1)	Weekly Sentiment Change
	Basic Materials		
	Consumer Goods		Bearish
	Consumer Services		
		Financials	
Health Care			Bullish
	Industrials		
	Oil & Gas		Bullish (x2)
Technology			
	Telecommunication		
	Utilities		

This will all work out perfectly...until it doesn't!

Be bullish! Be long! And (in the immortal words of Jeff Goldblum from the 1986 movie "The Fly"), be afraid...be very afraid!

The sell-side is bullish when they tell the buy-side to get long more than they did in previous weeks. The sell-side is bearish when they are suggesting the buy-side get short more than they did in previous weeks. However, that being said, what's happening now could best be described as the sell-side being passive-aggressive.

Those that remain are suggesting their buy-side clients stay long, but on the flip side, they are finding themselves lonelier by the day as many of their peers are just closing out long positions and moving to the side lines.

To put it into numbers, over the last three weeks, the sell-side has closed out 40% more suggestions than they have initiated to their buy-side clients. This activity is a clear reflection of uncertainty in this market.

Between the decline in the ratio of new ideas vs. closed ideas, the “sell in May” tradition and the “too far, too fast, too soon” camp, there seems to be a general consensus amongst experts that this is all going to end badly, and yet at the same time, there is a clear hesitation amongst the sell-side to suggest that their buy-side client base get off this runaway bull. (Can you really have a “runaway bull” outside of Spain?).

Hard to say if this uncertainty combined with immobility represents the sell-side “draining the last drops” from the rally for their client base or if the inactivity is more reflective of them being stuck like a “deer in headlights” of this rally. Either way, like the numbers say...stay long but be nimble.

Now, as to where one should be long...well, that’s an entirely different question. Even though the number of ideas being entered is less than those being closed, the sell-side is still strongly advocating certain positions at the expense of others.

Consumer Goods and Technology saw the two largest bearish sentiment swings this week, which generally means you have a few days left to get out of the sector but not to dawdle in your capital re-allocation. Technology and the Financials led us out of the abyss with their recent two-month rally, and it would be a fair assumption that if the market were to turn, they would lead the pack down again.

Healthcare and Energy led the bullish sentiment charge last week, which shows that our love affair with Energy might be in the process of being rekindled with Oil hovering around \$60/barrel again.

As far as specific stocks, stay away from the following five, which definitely reflect a notion that low isn’t low enough for some names in particular. (GM, are you listening?):

Symbol	Company
AXP	AMER EXPRESS INC
GM	GEN MOTORS
FRO	FRONTLINE LTD
CBS	CBS CORP CL B
BAC	BK OF AMERICA CP

The five that the sell-side continues to like are the following:

Symbol	Company
SNDA	SHANDA INTERACTIVE
WMT	WAL MART STORES
SQM	SOCIEDAD DE CHILE SC
BIDU	BAIDU.COM, INC.
DLTR	DOLLAR TREE STORE

Finally, the biggest movers over the last week do share one common trait...the letter C. The sell-side got dramatically more bullish on Cisco and dramatically more bearish on Citigroup.

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](http://www.firstcoverage.com) 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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