

The 'Benefit of the Doubt' Rally Continues for 14th Straight Week!

If sentiment towards an inanimate object like a marketplace can get hyperbolic in its ascent than we do believe that's what we're seeing with the sell-side. For three of the last four weeks, there has been a large bullish shift in aggregate sentiment leading one to wonder how high can high possibly get?

This week represents the fourteenth week in a row that the trend has remained bullish, and there is no question that this rally, which began as an act of sheer force by bullish market participants who universally determined on March 9th that enough was enough, has continued almost unabated and now, 40% higher, the question on everyone's lips is, "When and how does it end?"

The answer from the sell-side is, "Don't know, and not yet." What's going to turn this rally is as unpredictable as what started it. We'll go on record as saying that it will most likely be some type of news or new data point (from the school of "duh"). However, that being said, we'll go double or nothing that it will likely not even be a meaningful data point...at least not until hindsight is provided.

As we've commented upon previously, during this rally news, economic indicators and data no longer are simply objective points that are simply "good" or "bad." Everything continues to be viewed by market participants via a filter whereby each individual gets to determine themselves whether something is good or bad. This whole market is a public relations maven's dream. It reminds us of that saying, "Guns don't kill people; people kill people" ...Right now we have a market where bad news won't kill this rally; people will kill it when they stop giving bad news the benefit of the doubt.

Housing starts, employment numbers, TARP stress test procedures -- any or all of these data points -- could have been viewed with a negative slant, but the market decided back in March that it was going to be a kinder, gentler place and has digested news accordingly. It's not slow housing starts. It's a chance to burn off surplus. It's not >9% unemployment. It's the other claims number. It's not the loose rules surrounding the TARP stress test. It's the fact that most of them passed, and the results were nicely leaked ahead of time.

So when will this end? Only when the desire to believe in "green shoots" gives way to the scepticism of seeing weeds where plants used to grow; that's when. This is not a market running on fundamentals, and as long as optimism reigns, the rally will continue simply based on the belief that economic and market bottoms have been marked even if there remains no confirmation that there's a recovery on the way.

That being the case, it seems that the sell-side is not trying to forecast the road ahead as much as just gauge the likelihood that the road ahead over the next week will involve that inevitable 10 car pile-up...and this week, based on the data we're seeing, the sell-side believes that the roads are pretty clear, and there's not much from a fundamental point to turn the tide, not

much from an economic point to stop the rally, and enough stimulus in the marketplace to keep things positive. In the sell-side's view, that all adds up to another week in which the sell-side continues to tell their buy-side clients to be long in this market.

Down at the sector level, there were big bullish moves in financials and industrials, both for the second week in a row. In fact, financials has now finally moved from the most bearish industry by sentiment and been replaced with Consumer Goods.

Below we have included the five stocks that are currently the most bullish and bearish according to the sell-side:

Bullish	
SNDA	SHANDA INTERACTIVE
RIMM	RESEARCH IN MOTION
V	VISA
ATVI	ACTIVISION INC
ACM	AECOM TECHNOLOGY COR

Bearish	
LEA	LEAR CORP.
PALM	PALM INC
AXP	AMER EXPRESS INC
TIF	TIFFANY AND CO
BMO	BK OF MONTREAL COM NPV

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

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**For media inquiries, please contact Deborah Jorge at First Coverage:
Deborah.Jorge@FirstCoverage.com, 617-303-0067 (office) or 413-531-0959 (mobile).**

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