

FIRST COVERAGE WEEKLY SENTIMENT (July 28, 2009)

First Coverage Market Sentiment: Bullish	First Coverage Index: 54.1	Weekly Change: +3.2%	Sell-Side Certainty: Positive
Bullish Industries (8,+2)	Neutral Industries (2,+1)	Bearish Industries (0,-1)	Weekly Sentiment Change
Basic Materials			
	Consumer Goods (+)		Bullish (x2)
Consumer Services			
Financials (+)			Bullish (x2)
Health Care			Bullish (x2)
Industrials (+)			Bullish (x2)
	Oil & Gas		
Technology			Bearish
Telecommunication			
Utilities			Bullish (x2)

Sell-Side Loves Everything...Except Technology

Be long, and it doesn't really matter where!

Headline: Sell-side continues their love affair with the current summer market rally!

What seemed to be a "stock pickers'" market mere weeks ago, in which the sell-side was suggesting their buy-side clients utilize caution combined with a decent dose of stock picking skill, has given way to a market where the sell-side is just concerned with making sure their client base is long and not missing any portion of this current run-up. Or, to put it another way, "Buyer Beware" has transformed into "We're here for a Good Time, not a Long Time."

In fact, a quick look at the industry breakdown shows that we're back where we were just over a month ago. Eight industries are "bullish," and the other two are merely neutral. For only the second week in almost two years, we have no industries residing in the bearish camp.

The classifications “bullish,” “neutral” and “bearish” in the table above represent a cumulative look at what the sell-side has been telling the buy-side in each of the industries. For an industry to reside in the bullish category, the preponderance of capital allocation suggestions being sent to the buy-side (in this case preponderance means greater than two out of every three recommendations) must be suggesting that the buy-side get long in the market. The table above indicates that the only two industries that aren’t currently seeing this type of ratio are Consumer Goods and Oil & Gas.

Tech is Bearish and Financials are Bullish?

In addition to the “bigger picture,” the data point represented in the last column of the table above tracks the short-term sentiment movements in each particular industry.

As we’ve always mentioned, it’s not necessarily the absolute level of sentiment that matters as much as any changes that are occurring. Particularly, it’s important to be aware of the times when the short-term sentiment movement is contrary to the direction the industry or market sentiment was moving during the preceding weeks.

On that note, the industry that really stands out (and not in a good way) is Technology. It is the only industry that saw a short-term bearish sentiment shift over the last week, which ran contrary to the overall bullish trend. Clearly one out of ten industries isn’t enough to make any person overlook the extreme bullishness we’ve seen amongst the sell-side, but the fact that it’s the technology industry does make one take pause. Technology does seem to be the industry with a sentiment level that historically has been a leading indicator of future market moves.

Perhaps the most interesting aspect of the data this week is that the sell-side has moved the “Financials” as an industry from bearish to bullish over the course of just two weeks.

This seems to be a case, where the bar was set so low when it came to Financials that what has actually been reported, while far from healthy for most firms, has been more than enough to make the sell-side comfortable. Even with some critics of the numbers being posted by Financials pointing out what seems to be higher risk being utilized to obtain these numbers, and the fact that in many cases the numbers are being aided by cheap capital from the government, both lines of arguments are falling on deaf ears as the sell-side continues to advise their buy-side clients to position themselves long, at least for now.

Top 5 Bullish Shifts

Symbol	Company	Industry
ALL	ALLSTATE CP	Financials
DECK	DECKERS OUTDOOR CP	Consumer Goods
ORLY	O'REILLY AUTO	Consumer Services
PWRD	PERFECT WORLD CO ADS	Consumer Goods
TTWO	TAKE-TWO INTERACTI	Consumer Goods

Top 5 Bearish Shifts

Symbol	Company	Industry
BCO	BRINKS COMPANY	Industrials
DO	DIAMOND OFFSHORE DRL	Oil & Gas
LTM	LIFE TIME FITNESS	Consumer Services
MOT	MOTOROLA INC	Technology
TMO	THERMO FISHER SCIENT	Health Care

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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