

FIRST COVERAGE WEEKLY SENTIMENT (October 6, 2009)

First Coverage Market Sentiment: Bullish	First Coverage Index: 55.0	Weekly Change: +0.9%	Sell-Side Certainty: Positive
Bullish Industries (8,+1)	Neutral Industries (2,-1)	Bearish Industries (0)	Weekly Sentiment Change
	Basic Materials		
	Consumer Goods		
Consumer Services			Bullish
Financials			
Health Care			
Industrials			Bullish
Oil & Gas (+)			
Technology			
Telecommunication			Bullish
Utilities			Bearish

4th Quarter and Sell-Side Says ‘Goal to Go!’

The Ends Justify the Means

Watching the end of a blowout NFL game and the financial markets close out 2009 could be eerily similar this year. If over the next three months it seemed that market participants were simply trying to run out the clock and close this year on a high, you might be absolutely right.

Through sheer force of will, if not underlying fundamentals, this market has ridden a wave of bullish sentiment that first appeared in the First Coverage data during the last week of February. The major indices are now up over 50% from March lows, and with Q4 upon us now, there’s not a person in this industry that isn’t already thinking about how nice their year-end numbers would look if only today was December 31st. As of right now, it wouldn’t be too simplistic to assume that the goal of market participants is to get from here (today) to there (the end of Q4) without upsetting the apple cart.

So the game remains the same as it's been for the last three months...unless something unambiguously negative is to hit the tape, a market in motion will remain in motion, and we continue to see, as we've seen over the last few months, the sell-side suggest that their buy-side client base stay long this market.

Technology Stays in the Lead

Not even a rocky couple of days to start the last quarter of the year could persuade the sell-side to budge from what seems like their eternally optimistic stance. Those looking deeper for hints that the sell-side's seven-month love affair with the market is cooling won't find it in the Technology industry. Technology continues its reign as the industry with the most bullish sentiment and tacked on another percent over the last week.

This increase is important not only as an indicator of how the market feels towards tech but also as a good bellwether of how much risk appetite there remains in the marketplace. The higher the Technology sentiment, the more the sell-side is suggesting that higher beta technology stocks are still a place to allocate their client's capital.

While in absolute terms, Technology remains on top, it wasn't the biggest gainer last week. In fact Technology's sentiment gain week-over-week paled in comparison to industries like Consumer Services, Telecommunications and Industrials, which all pushed higher seeing us end the week with eight industries in bullish territory. The only two industries that saw declining sentiment over the last week were Utilities and Financials.

Financials see Sentiment Slip

We've always believed that any substantial turn in the market would have to see two things occur from a sentiment point of view: First, a turn in the risk appetite of the market (hence a fall in the sentiment towards technology) and second, a retreat by market participants from the Financials.

At the risk of bringing some bad news, we did have one of those two shoes drop last week. Financials underwent a sentiment decline of 1.7% week-over-week. While it wasn't enough to get listed as a meaningful sentiment change in the table that precedes this commentary, (Those are all greater than 3.0%), it is enough to raise an eyebrow or two.

So, what does that mean? It means we will clearly be watching Technology with great interest as to whether its sentiment follows suit. If there is a decline, then all bets are off. A double retreat from Financials and Technology would make us think that this market won't be able to be carried into the end of Q4 on the highs. That being said, if this drop in Financials turns out, however, to be an isolated event, then the sell-side would likely suggest you stay long the market, keep your eyes on the calendar and start counting down the days until 2009 is over.

Stocks to Watch

Over the last week, the following stocks had the largest bullish and bearish sentiment shifts amongst the sell-side.

Bullish:

Symbol	Company	Industry
BRC	Brocade Communications Systems	Technology
ASH	Ashland	Basic Materials
ICE	IntercontinentalExchange	Financials
BIDU	Baidu ADR	Technology
AGI	Alamos Gold	Basic Materials

Bearish:

Symbol	Company	Industry
MHK	Mohawk Inds	Consumer Goods
FITB	Fifth Third Banc	Financials
MRX	Medicis Pharm	Health Care
BP	BP ADR	Oil & Gas
SCG	SCANA Corp	Utilities

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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