

FIRST COVERAGE WEEKLY SENTIMENT (November 24, 2009)

First Coverage Market Sentiment: Bullish	First Coverage Index: 56.9	Weekly Change: +0.2%	Sell-Side Certainty: Negative(x3)
Bullish Industries (10,+1)	Neutral Industries (0,-1)	Bearish Industries (0)	Weekly Sentiment Change
Basic Materials			
Consumer Goods (+)			
Consumer Services			
Financials			Bearish
Health Care			Bearish
Industrials			
Oil & Gas			Bullish
Technology			
Telecommunication			
Utilities			

Sell-Side gets Bearish on Financials, Bullish on Oil

Sentiment Stays Bullish but Something seems Different.

It's another up week for sentiment. It's another week where the bullish market call by the sell-side remains intact. And, it's another week where once again, unanimity is the word of the day as ten out of ten industries are feeling bullish love from the sell-side. So, in other words, on the surface it seems like the same old, same old...but it's not.

In fact, we didn't have to look too deep to see two "interesting" developments that occurred over the last seven days.

First, we saw a dramatic fall in the sell-side's sentiment towards Financials. Second, we witnessed a startling rise in sell-side bullishness towards Oil & Gas. Put the two together and perhaps we have the

start of a something new percolating in the markets, or at least in the minds of those that play the market.

First, the Bad News...

So, what's going on with Financials?

Appetite for risk amongst the sell-side is decreasing as we get closer to the Thanksgiving weekend, which is then followed pretty quickly by the Christmas holiday. Forget about shopping days; there just aren't that many full trading days left in the year, and it seems we've finally reached a point where selected bets are coming off the table. And the ones that have been on the longest are the first ones that are coming off.

Often, we've talked about a two-headed Financials and Technology sentiment fall being the single biggest signal to monitor – letting us know if the rally was almost done and a sustained leg down could be on the horizon. Well, as Don Adams from "Get Smart" used to say, "Missed it by that much!" While sentiment surrounding Financials was down over 4% last week (i.e., our threshold for a meaningful week-over-week move), the sentiment surrounding Technology stocks also fell, but only by 3.4%. Once again the sell-side proves their resilience by bending but not breaking.

So, we can take away from these numbers that the sell-side is advocating that their clients abandon the riskier areas of the market in an orderly fashion. Although they are not yet bearish on the month of December, they are at the very least, suggesting that their clients not be the last one left holding the bag on December 31.

Now, the Good News...

It's simple math time. Since Financials and Technology both had weeks that saw their sentiment fall while overall market sentiment rose — never mind that we haven't even discussed the rising bearishness towards Health Care — clearly people had to fall in love all over again with something else. That something else is Oil & Gas.

Sentiment towards Oil & Gas rose almost 10% over the last week, as this industry came from nowhere to capture the position of the industry that has the most bullish sentiment associated with it. The obvious question is "Why?"

It could be an anti-dollar, long-commodity trade, which is something that the sell-side (along with your Uncle Bill, Aunt Freda and probably Rover the dog) has had on for an extensive period of time and a position by which everyone has already made a good deal of money. Clearly, this could be interpreted as the sell-side thinking there is still room to run in this dollar trade.

But, that doesn't really get at the heart of why sentiment around Oil & Gas rose by so much in a week where sentiment towards Basic Materials saw no substantial uptick and the sell-side was abandoning other long-time favourites.

The other reason could be that this is a geo-political trade that the sell-side is advocating. This gain could be the result of suggesting a cautionary position for their buy-side clients to adopt while the United Nations continues to wrestle with Iran.

It seems that the sell-side in trying to determine the market-driving “story” of 2010 has decided that a “geo-political catalyst” has a nice ring to it. With recent sabre rattling and United Nations inactivity, clearly some are beginning to wonder how much more patience Israel has to let the Iranian status quo remain, with December 31 seeming like as good a due-date for action as any. It’s possible that the rise in sentiment towards Oil & Gas is the leading edge of some clients being told to start accumulating positions a month ahead of any potential action.

Yeah, I know...so much for calling this “good news.”

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	Exchange
MA	Mastercard	Financials	NYSE
CLNE	Clean Energy Fuels	Consumer Services	NASDAQ
BMO	Bank of Montreal	Financials	TSX
LULU	Lululemon Athletica	Consumer Goods	NASDAQ
TGT	Target Corp	Consumer Services	NYSE

Bearish:

Symbol	Company	Industry	Exchange
WDC	Western Digital	Technology	NYSE
LIZ	Liz Claiborne	Consumer Goods	NYSE
PWE	Penn West Energy Trust Units	Oil & Gas	NYSE
QCOM	Qualcomm	Technology	NASDAQ
COCO	Corinthian Coll	Consumer Services	NASDAQ

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 worldwide 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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