

FIRST COVERAGE WEEKLY SENTIMENT (December 1, 2009)

First Coverage Market Sentiment: Bullish	First Coverage Index: 56.9	Weekly Change: +0.0%	Sell-Side Certainty: Positive
Bullish Industries (10)	Neutral Industries (0)	Bearish Industries (0)	Weekly Sentiment Change
Basic Materials			
Consumer Goods			
Consumer Services			
Financials			
Health Care			
Industrials			
Oil & Gas			
Technology			
Telecommunication			
Utilities			

Hear that? It's the Sound of Silence.

Sell-Side Complacent in the face of Dubai

Which of the following eternal quandaries do we now have an answer to?

- 1) What's the sound of one hand clapping?
- 2) If a tree falls in the woods and nobody's there to hear it, does it make a noise?
- 3) If Dubai announces it wants relief on billions in upcoming debt payments and it's close to yearend bonus time, does anybody care?

While the top two questions might never be answered, the third, all of a sudden, has all sorts of clarity. I'd assume most readers are aware of the Dubai situation, but I'll quickly recap for those that might have blinked or weren't around at the tail end of last week.

Dubai World (although it sounds like Disney World, it's apparently nowhere near as fun anymore) is a corporate entity owned by the Dubai government made up of holdings mainly in ports and real estate. Dubai World, it of the palm tree islands and other assorted clearly needed undertakings, announced last week that it wanted relief from making payments for six months on \$59 billion in debt.

Some might have assumed that if 2008 taught us anything it taught us that it's not the debt, but the counterparty risk that takes a while to unravel and can really mess us all up...but apparently that wasn't the lesson that stuck. For as quickly as Dubai raised its head as an "issue" to deal with, it was dismissed by most as not something that really mattered. (It's only \$59 billion; it's not like it's real money!) Quick recap again, Dubai World news hits tape over Thanksgiving, Friday opened sharply lower but the bleeding quickly stops, and by Monday, it's an up day for the markets.

What's more, sentiment amongst the sell-side is the same today as it was one week ago.

No Good Deed goes Unpunished.

Why no change in sentiment? Perhaps because this same crowd lived through what was supposed to be Financial Armageddon just earlier this year. It was a mere eight months ago the sell-side was supposed to be looking for jobs, dealing with a highly regulated market for as long as they lived and, if they still had a job, longing for the days when their firms were at the top of the economic food chain. Instead we're close to 52 week highs on the market, bonus pools are at record levels, and the market is not substantially more or less regulated than it was a year ago.

In short, these same sell-side people, who some would expect to recognize risk when it arises, were taken to the abyss, started long and hard into it, and came away pretty much unscathed. Sure it was dicey for a while, but record stimulus packages, government aid and some fancy footwork distanced ramifications from causation for many participants in our industry.

In short, the lesson learned from the sub-prime resolution, taken from those "good deeds" of the government, seems to be that as things like Dubai World's loan incident occur, the sell-side can remain confident that it will either all turn out okay or at least not be enough of an issue to truly impact markets in a meaningful manner until 2010.

And in hindsight maybe this isn't entirely surprising...after all this industry has always been prone to err on the optimistic side. Remember, in 2007, at the start of the sub-prime crisis, Hank Paulson went on the record saying, "From the standpoint of the overall economy, it's largely contained." If you're a gutsy contrarian, now might very well be your time to shine...otherwise, it's goodbye Dubai, lesson learned Paulson, and onward and upward for December.

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
ABT	Abbott Laboratories	Health Care	NYSE
HLF	Herbalife	Consumer Goods	NYSE
RAH	Ralcorp Holdings	Consumer Goods	NYSE
UTX	United Technologies	Industrials	NYSE
HRBN	Harbin Electric	Industrials	NASDAQ

Bearish:

Symbol	Company	Industry	Exchange
PAAS	Pan Amer Silver	Basic Materials	NASDAQ
JPM	JP Morgan Chase	Financials	NYSE
AUO	AU Optronics	Technology	NYSE
DOW	Dow Chemical	Basic Materials	NYSE
NWSA	News Class A	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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