

# deGraaf's Daily

Though overall volumes remained below average, volume skew and breadth were sufficiently strong enough to register an internal day of accumulation with TRIN under our .50 threshold. Over 90% of the volume transacted on the NYSE was concentrated in advancing issues. The catalyst was not Europe, but the curious laggard China, whose lending figures and current account surplus data suggested a new round of fresh lending and investment may be taking place. Shanghai showed modest acceleration off the recent oversold condition and looks to us like a good risk reward given it's latest strength. Getting the SHCOMP (Bloomberg) through 2450-2500 would set in motion a sequence of higher/highs and higher/lows for the index, and begin to turn the trend more positive. As our colleagues from the Scowcroft Group recently suggested at dinner, it's as important where the loans are allocated in the economy, not just how much is allocated. The usual suspects in our market were strong on the back of the data including materials, energy and industrials. We believe a sustained improvement in S&P industrials would go a long-way in giving shelf-life to equities into the summer months. As we've mentioned, U.S. stocks have carried the burden of the bull on their own shoulders with little help from EM, a unique circumstance over the last decade. If China, or more broadly EM begins to carry some of that burden, we'd expect to see breadth improve and another leg to the equity advance. Of course one day does not make a trend, but given the risk reward, we believe turning bullish on China on this recent acceleration as our market recovers from its own recent oversold condition makes sense.

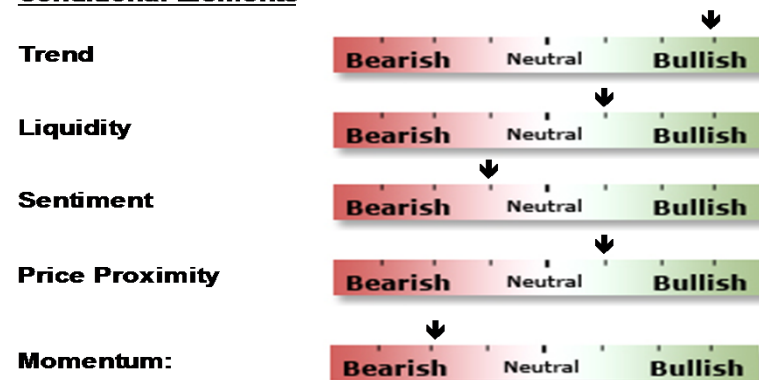
Keep an eye on Jiangxi copper, it has served as important confirmation to china's broader index in the last few years. The inability to breakout would be troublesome, but too early to make a call there.

### Industry Group Technical Rankings

<u>Strongest</u>	<u>Weakest</u>
Distributors	Wireless Telecom Services
Tobacco	Metals & Mining
Construction Materials	Independent Power Producers & Energy Traders
Commercial Banks	Diversified Consumer Services
Industrial Conglomerates	Oil & Gas Consumable Fuels

### Intermediate Term Barometer

#### Conditional Elements

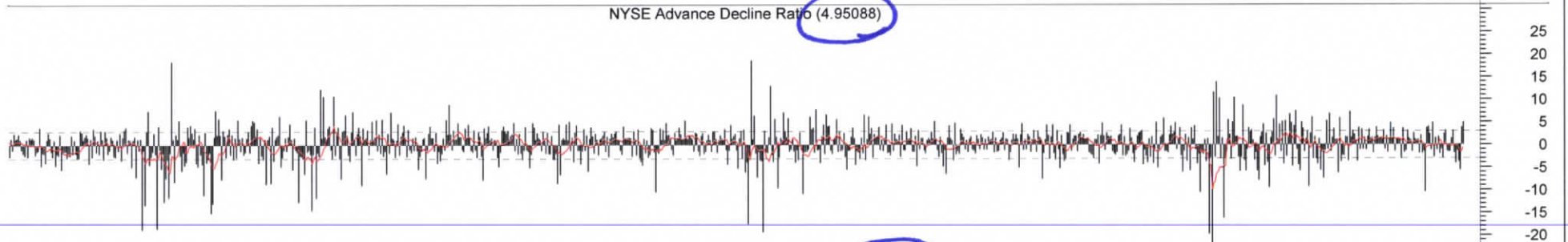


S&P 500 Index

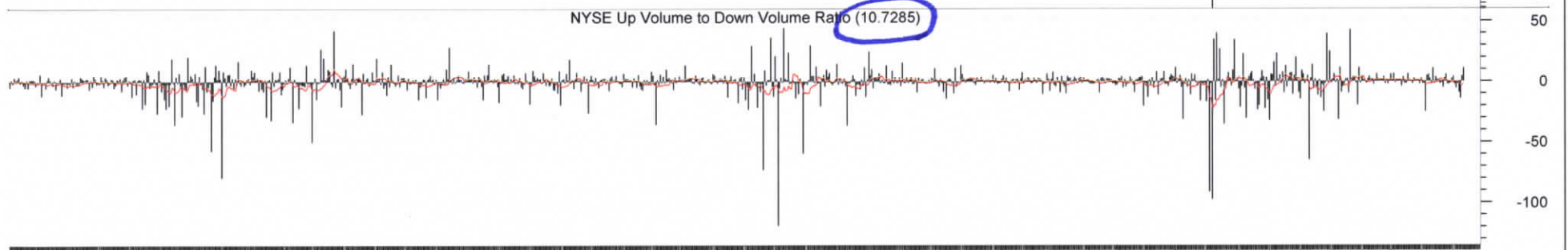


Internal accumulation  
w/ volume skew 2x  
breadth.

NYSE Advance Decline Ratio (4.95088)

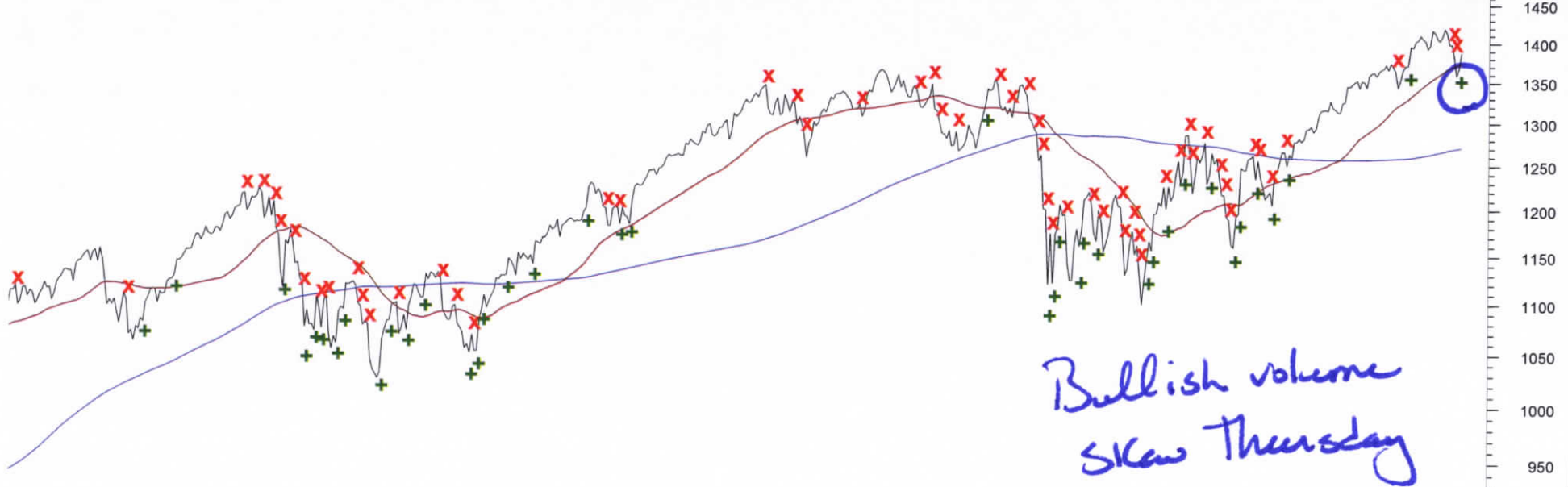


NYSE Up Volume to Down Volume Ratio (10.7285)

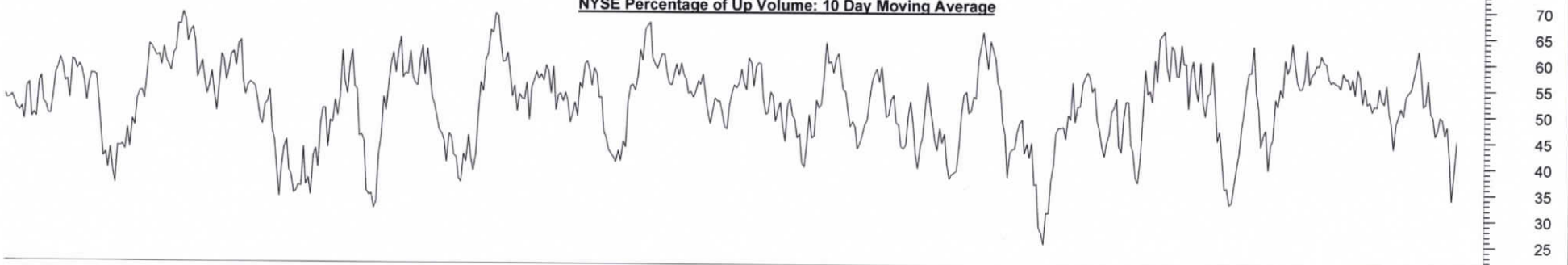


May Jun Jul Aug Sep Oct Nov Dec 2009 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2010 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2011 Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2012 Mar Apr

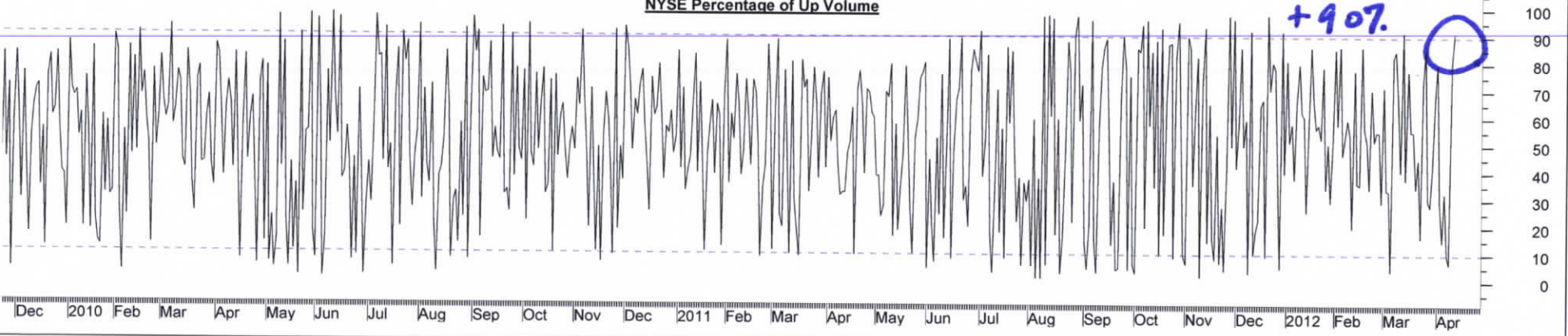
S&P 500 Index



NYSE Percentage of Up Volume: 10 Day Moving Average



NYSE Percentage of Up Volume



Dec 2010 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2011 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2012 Feb Mar Apr

Shanghai Stock Exchange Composite Index 2350.864 +41.940

Acceleration from O.S. condition, need to break through 2450/2500 to initiate sequence for an uptrend.

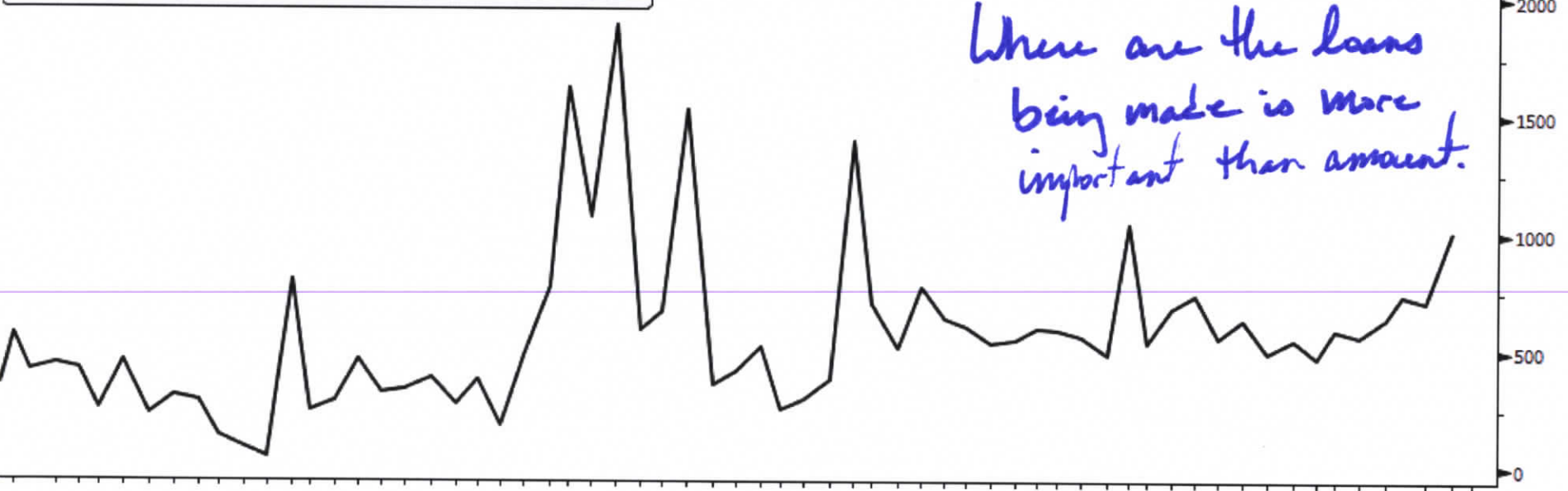




■ Shanghai Stock Exchange A Share Index - Last Price 2462.238 +44.049



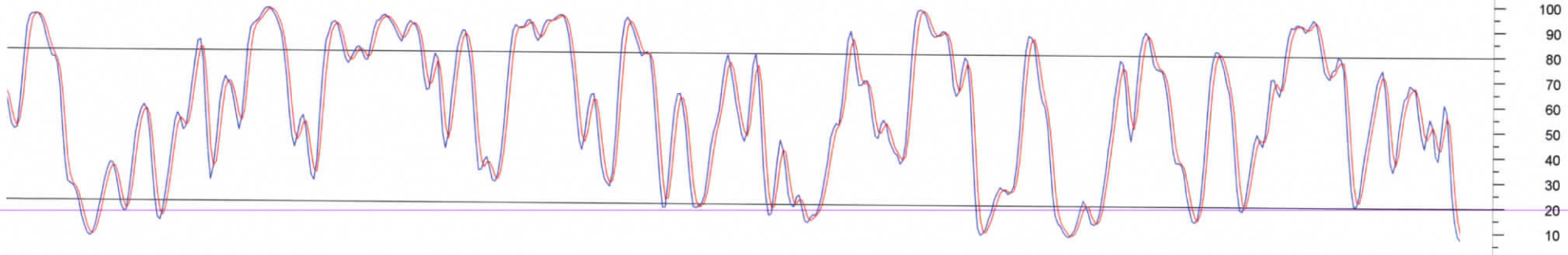
■ China CNY Monthly New Loan - Last Price on 3/31/12 1010.00 +299.30



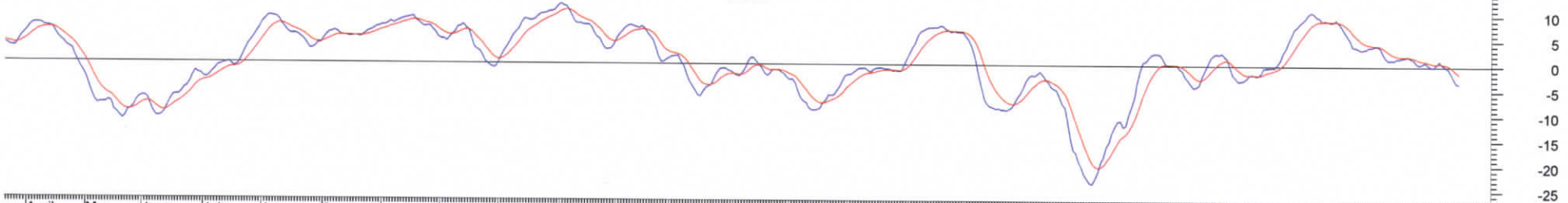
Copper High Grade COMEX Continuous



Stochastic Oscillator



MACD



April May June July August September November 2011 February April May June July August September November 2012 February April



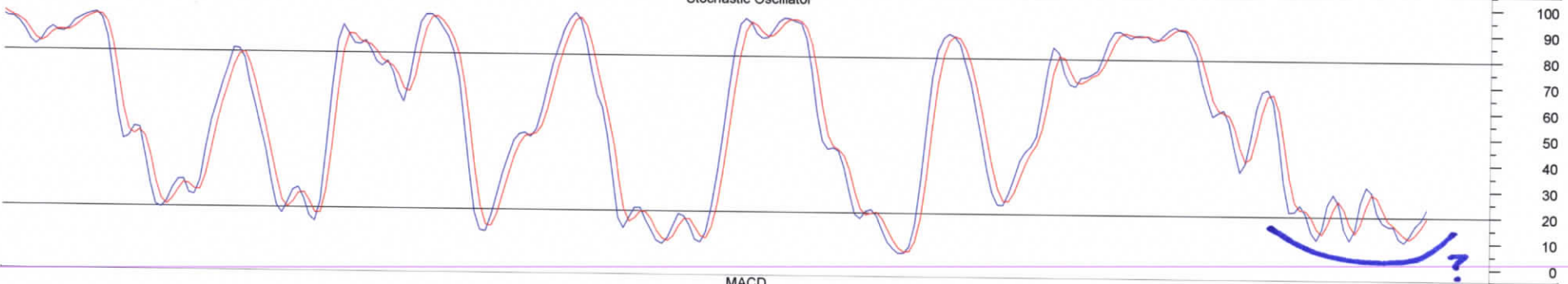
Watching Jiangxi  
Copper for confirmation  
of Shanghai's strength

Australian Dollar Composite Continuous

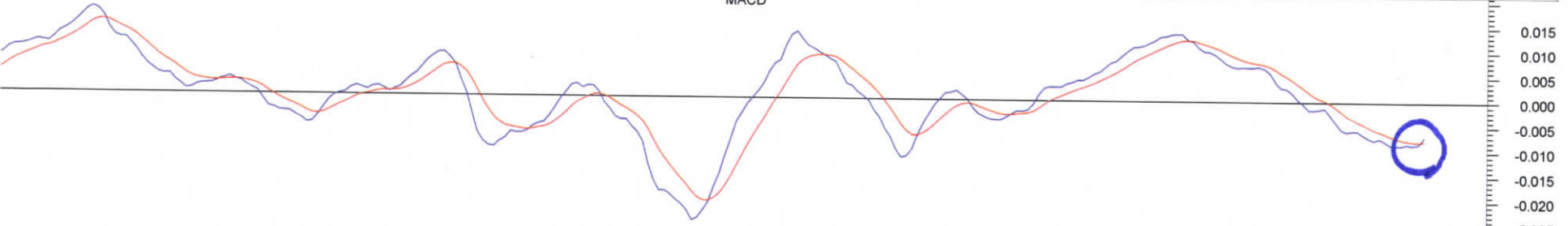


Can A\$ overcome distribution formation?

Stochastic Oscillator



MACD

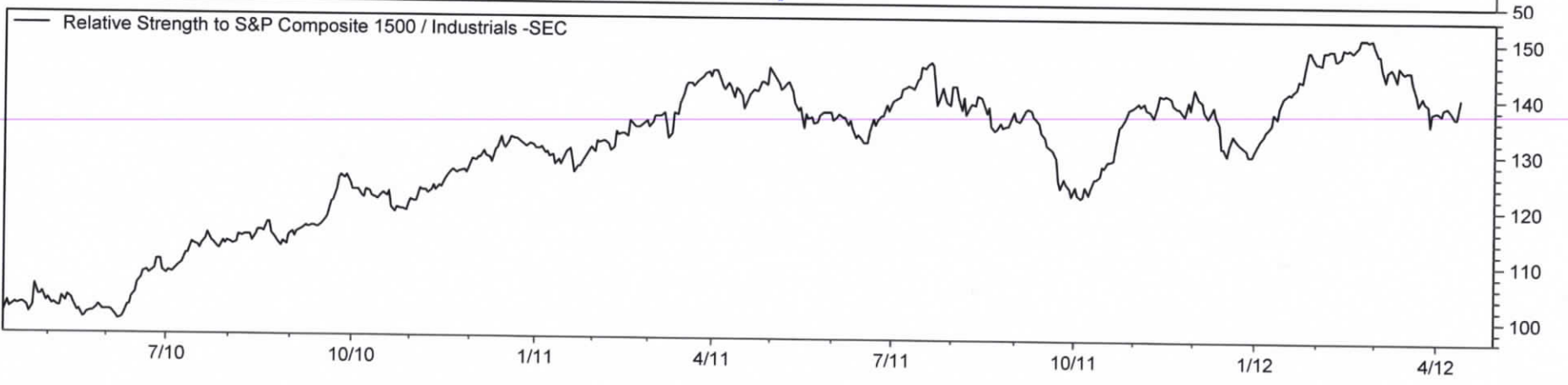
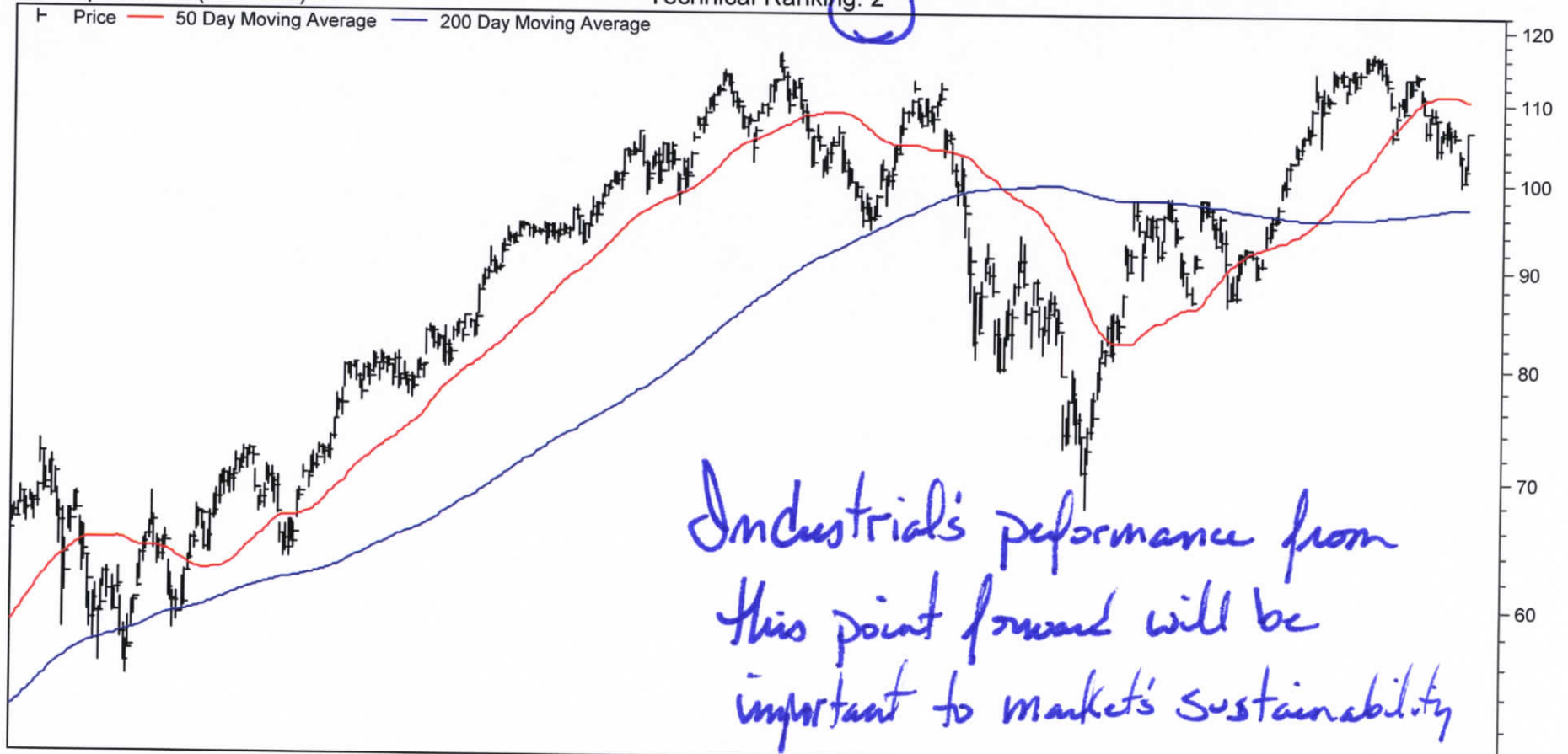


11 18 25 2 9 16 23 31 6 13 20 27 4 11 18 25 1 8 15 22 29 6 12 19 26 3 10 17 24 31 7 14 21 28 5 12 19 27 3 9 17 23 30 6 13 21 27 5 12 19 26 2 9 16 23



Caterpillar Inc. (CAT-US)

Technical Ranking: 2



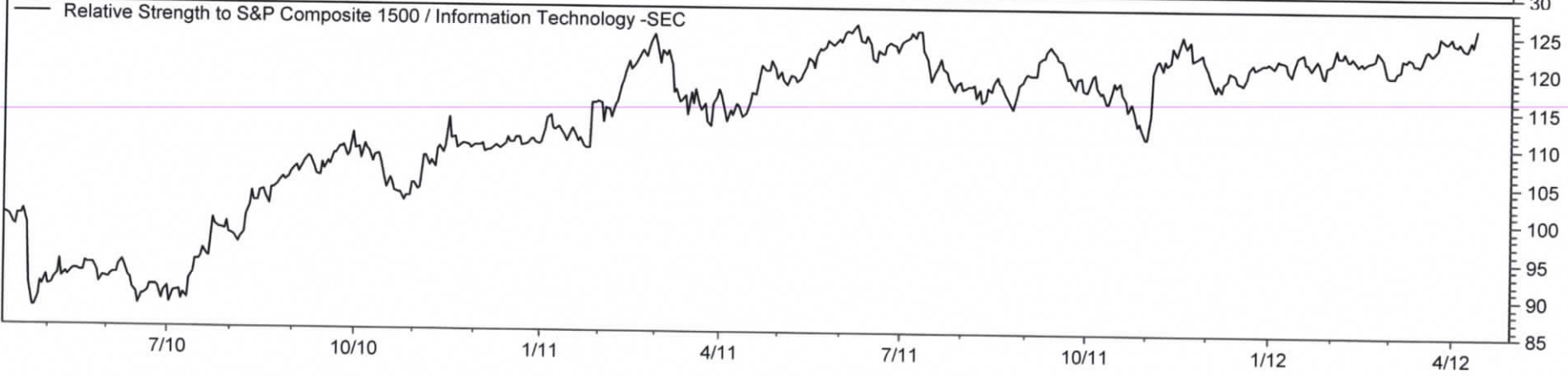
QUALCOMM Inc. (QCOM-US)

Technical Ranking: 2

Price 50 Day Moving Average 200 Day Moving Average

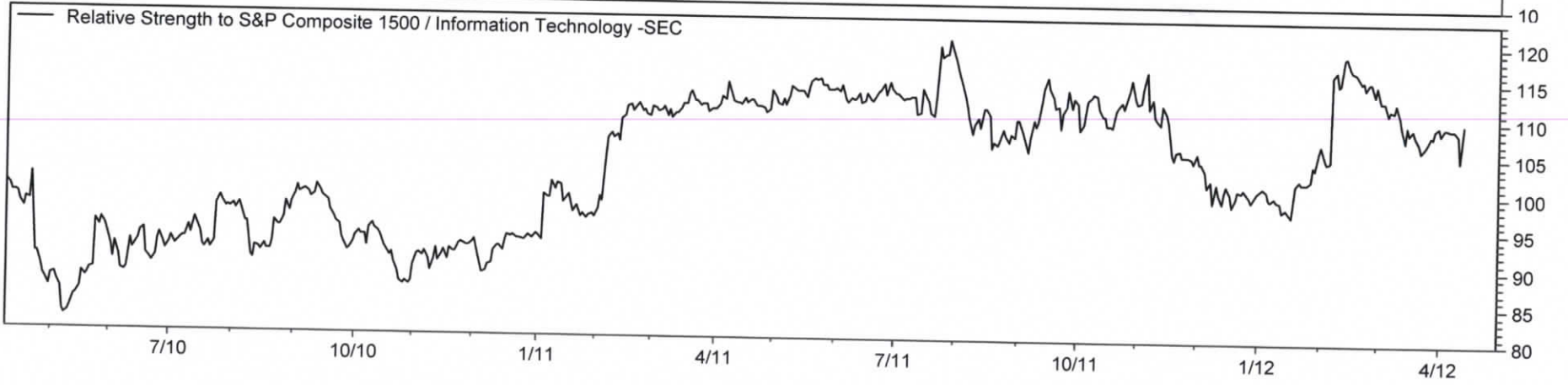
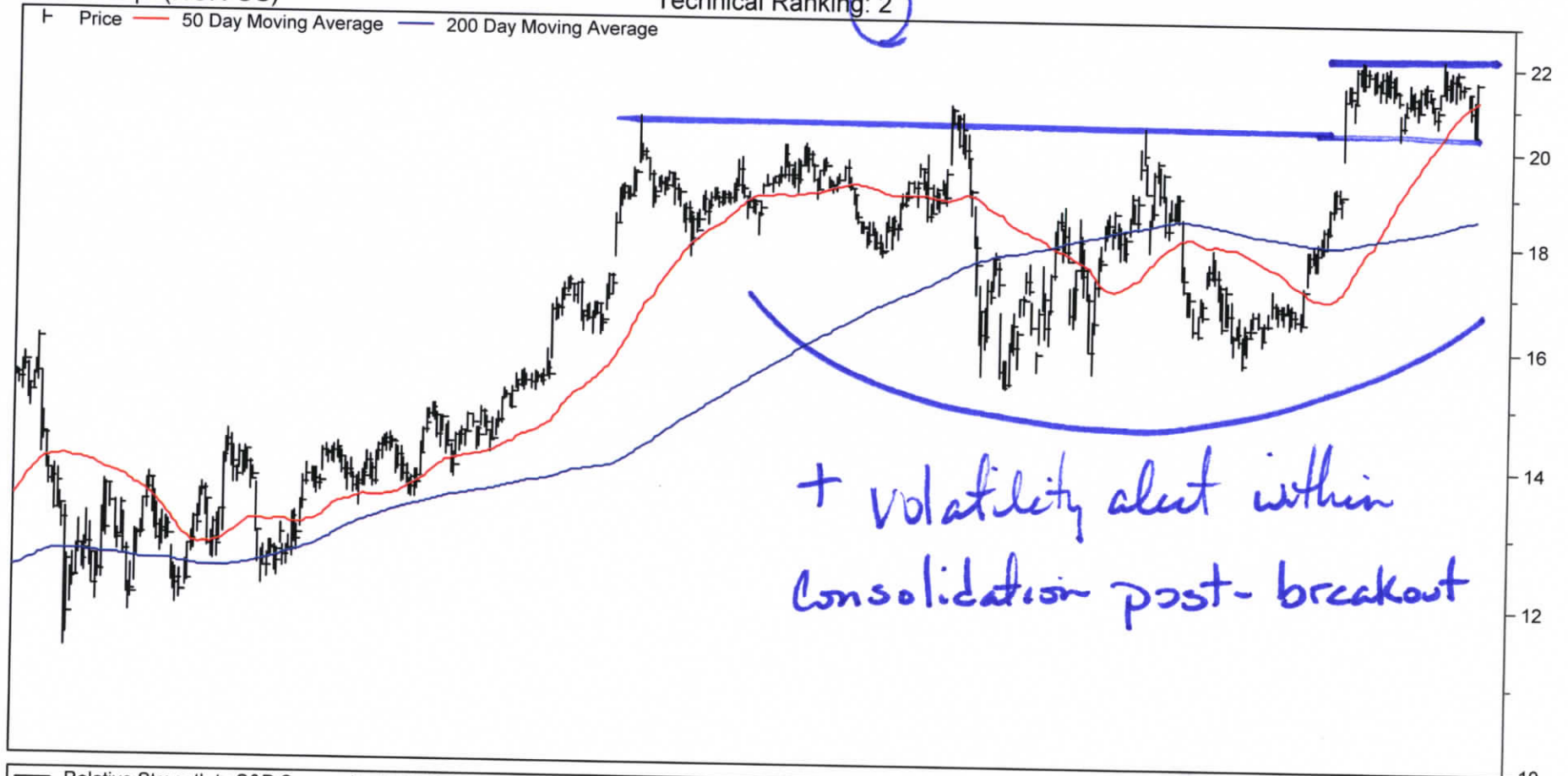


Relative Strength to S&P Composite 1500 / Information Technology -SEC



NCR Corp. (NCR-US)

Technical Ranking: 2



Ecolab Inc. (ECL-US)

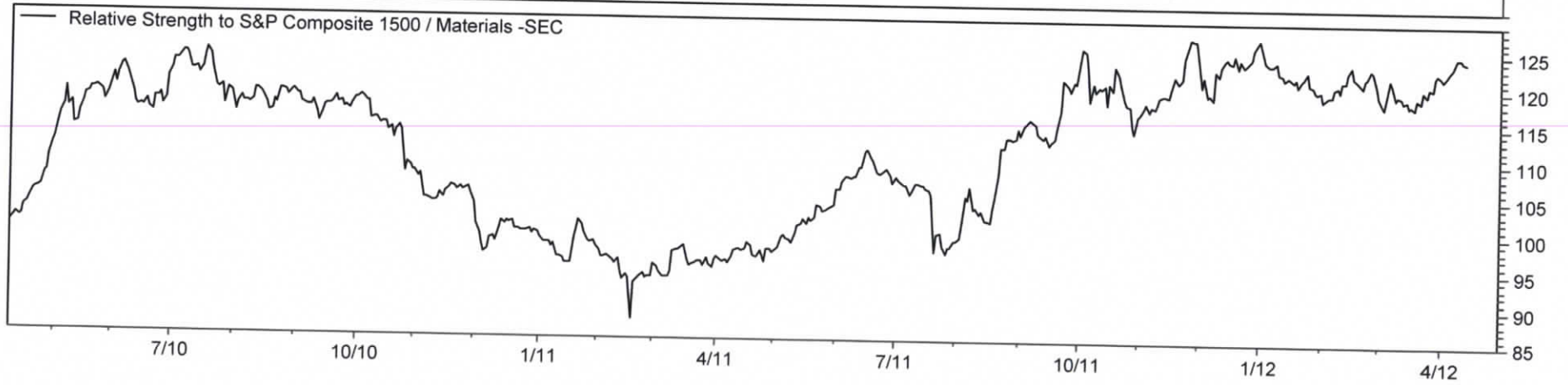
Technical Ranking: 1

Price 50 Day Moving Average 200 Day Moving Average

+ volatility alert in  
bullish trend



Relative Strength to S&P Composite 1500 / Materials -SEC





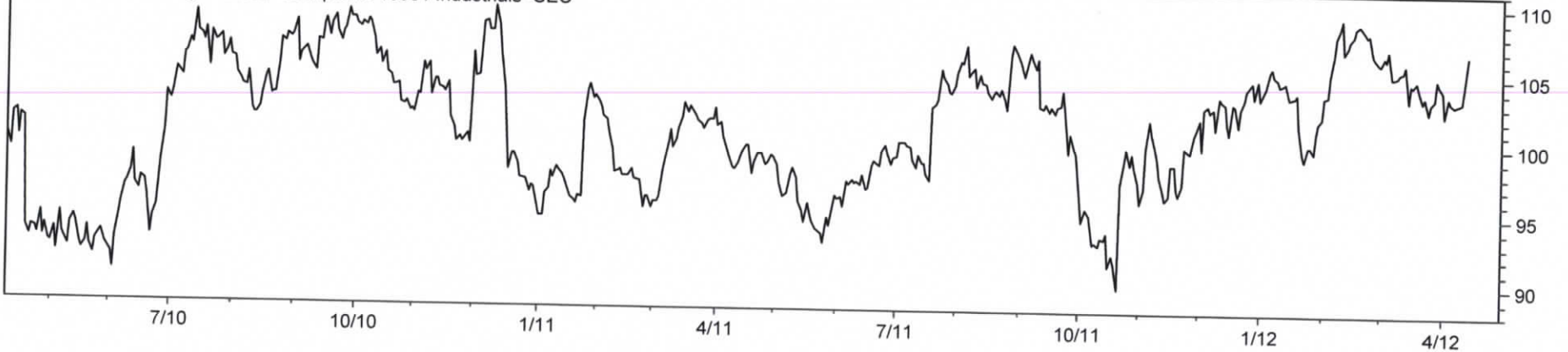
A.O. Smith Corp. (AOS-US)

Technical Ranking: 1

Price 50 Day Moving Average 200 Day Moving Average

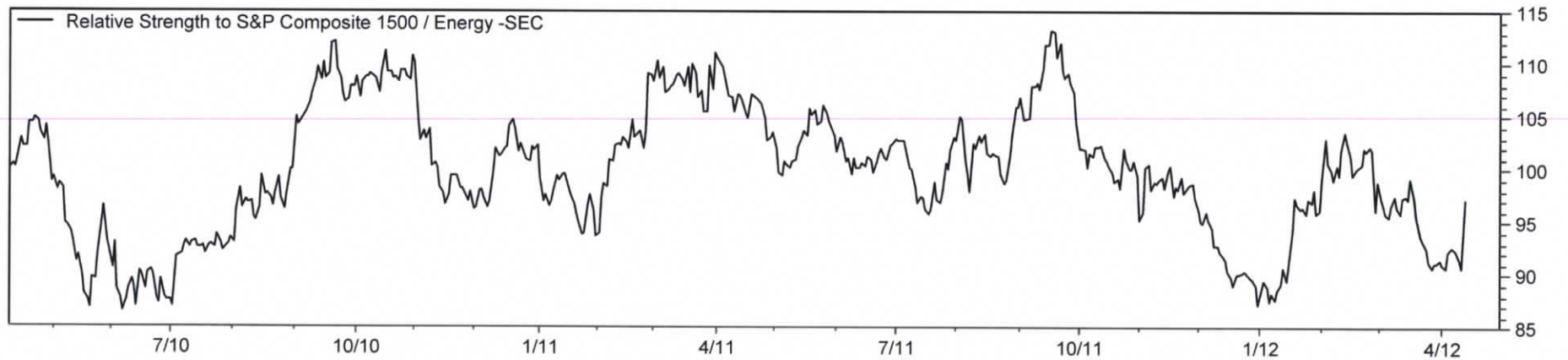


Relative Strength to S&P Composite 1500 / Industrials -SEC



Rowan Cos. Inc. (RDC-US)

Technical Ranking: 3



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