

ETF Global Opportunities

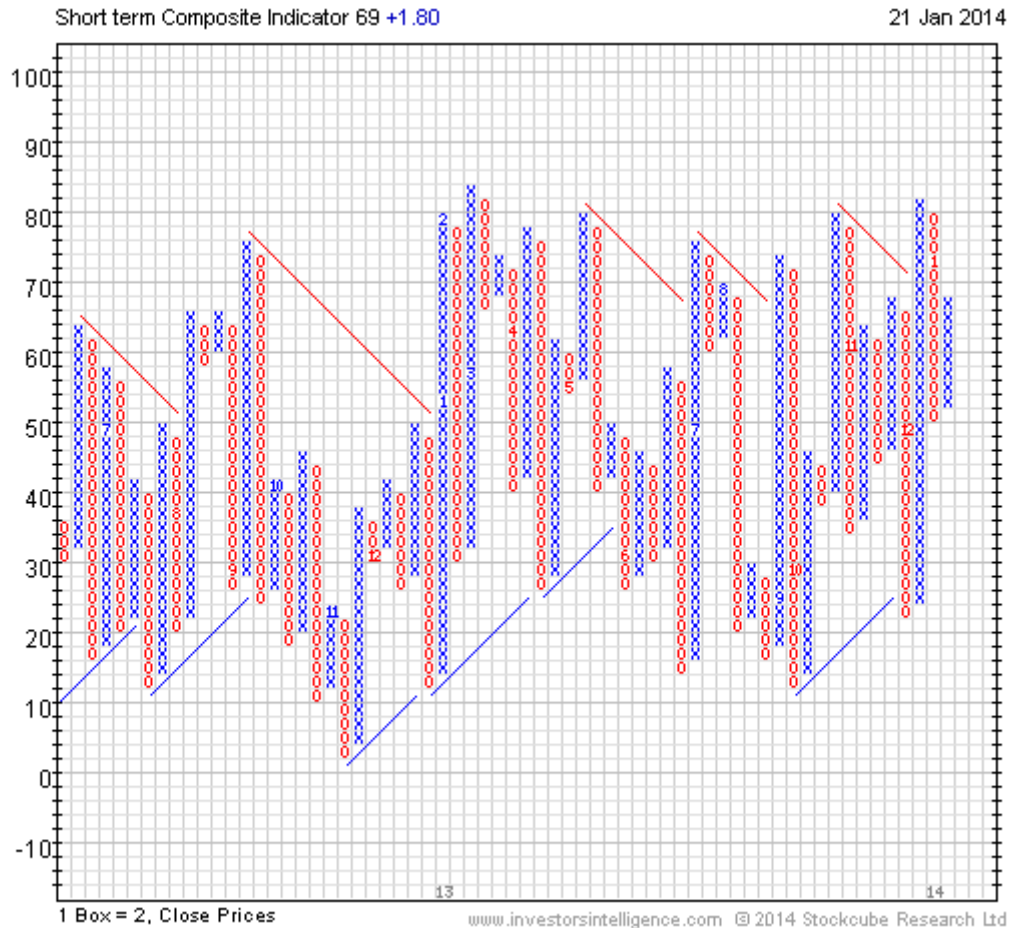
Weekly analysis on US stocks, sectors, commodities and global indices.
22 January 2014



Market Overview

Our **short-term-composite** indicator is rising again and is not overbought. The move will likely extend to test the high from December at 82%. Therefore equity sector and index ETFs are likely to remain firm over the short-term and we remain with the trend.

Today we add longs in the NASDAQ 100, UK index fund and the regional bank ETF as they offer further upside potential. Emerging markets are still not participating in the present global rally and therefore we add a further short in this area, selling the Russia ETF.



This Week's Trades

- **NASDAQ 100 (QQQ)** - buying, stoploss at \$86.75
- **Regional Banks Index (IAT)** - buying, stoploss at \$32.50
- **United Kingdom (EWU)** - buying, stoploss at \$20.50
- **Russia (RSX)** - shorting, stoploss at \$29.10
- **Agricultural Fund (DBA)** - shorting, stoploss at \$24.50

Note - Trades will be executed on today's close.

Other ETF Highlights

US Equity Indices

- **Mid Cap Index Trust (MDY)** - buy

US Sector Indices

- **Semiconductor Index (SOXX)** - buy
- **Telecom (IYZ)** - buy

Other Developed Indices

- **Singapore Index (EWS)** - sell

Emerging Indices

- see trades

Currencies

- **British Pound Sterling Trust (FXB)** - buy

Commodities

- see trades

Bonds

- **20+ year T-Bond Fund (TLT)** - buy reiterated
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Analysis

US Equity Indices

The **NASDAQ 100 (QQQ)** fund is consolidating at decade highs. With momentum still showing potential, with a non-overbought condition, we expect the rally to extend over the short-term.

The P&F relative chart filled a box to the upside yesterday to resume its uptrend.

We shall buy the QQQ on the close today. The stoploss will be at \$86.75.

PowerShares QQQ (QQQ) 88.55 +0.67 21 Jan 2014



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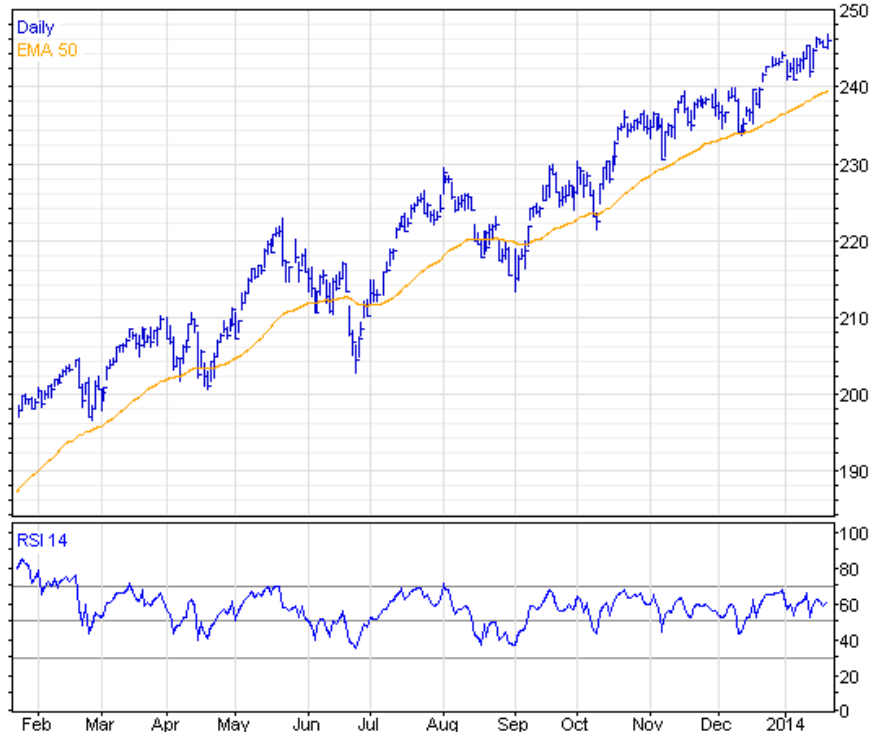
PowerShares QQQ (QQQ) 88.55 +0.67 plotted relative to S&P 500 Index (x2000) 21 Jan 2014



Chartcraft semi-log scale, Close Prices

The **Mid Cap Index Trust (MDY)** chart is in good shape as it rallies to new all-time highs, recorded this morning. The 14-day RSI is not overbought, so the strength should continue. Only a break beneath the rising 50-day exponential moving average would put the uptrend under threat.

SPDR Midcap Index Trust (MDY) 246.04 +0.90 21 Jan 2014



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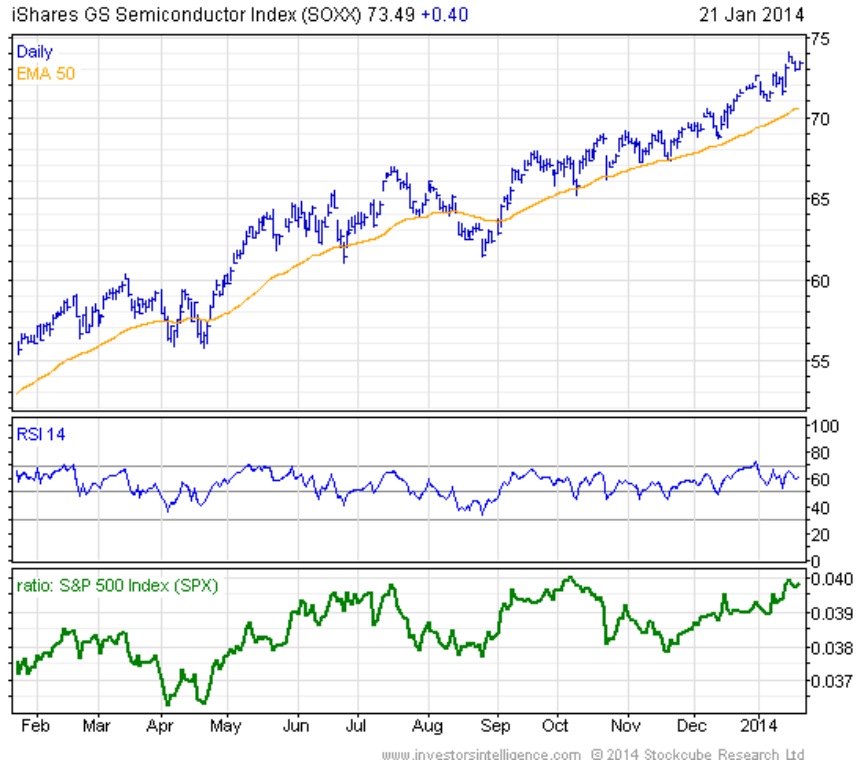
US Sector Indices

The **Regional Banks Index (IAT)** ETF filled a box to the upside yesterday. The breakout from the 2009 through 2012 bottom formation is resuming. The next upside level to watch is round number \$40.

We shall buy the IAT today. The stoploss will be placed at \$32.50.



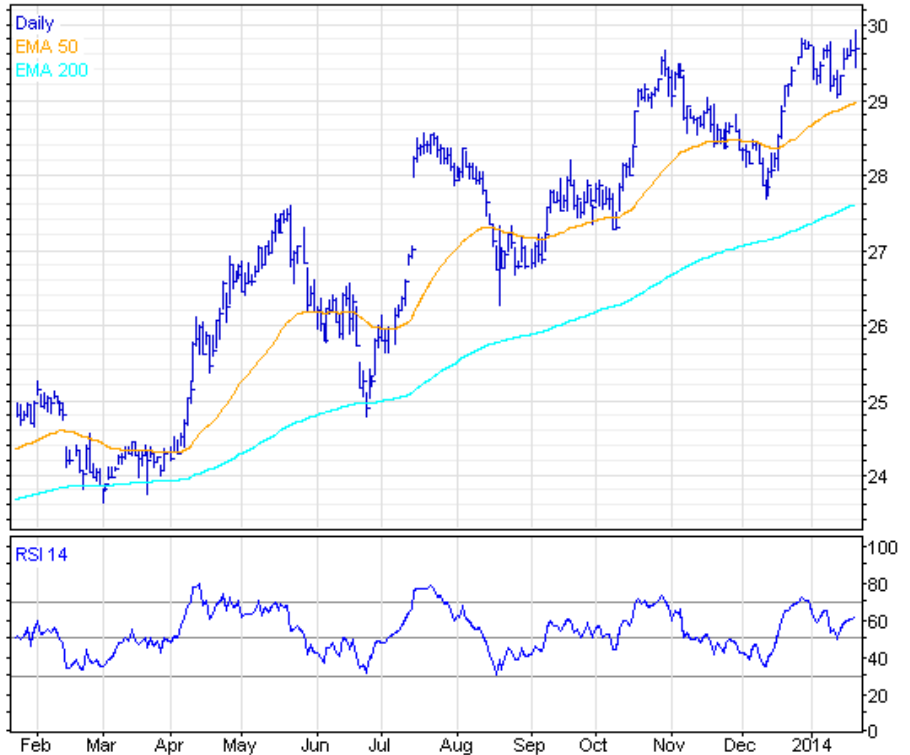
Also showing positive momentum, with further to run, is the **Semiconductor Index (SOXX)**. The relative chart is nearing new 52-week highs as it tests resistance from 2013.



The **Telecom (IYZ)** fund is expected to print fresh 52-week price highs over the short-term. Like many of the sector funds, the consolidation since the start of the year has ensured a favorable momentum condition.

iShares DJ US Telecom (IYZ) 29.7 +0.04

21 Jan 2014



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Other Developed Indices

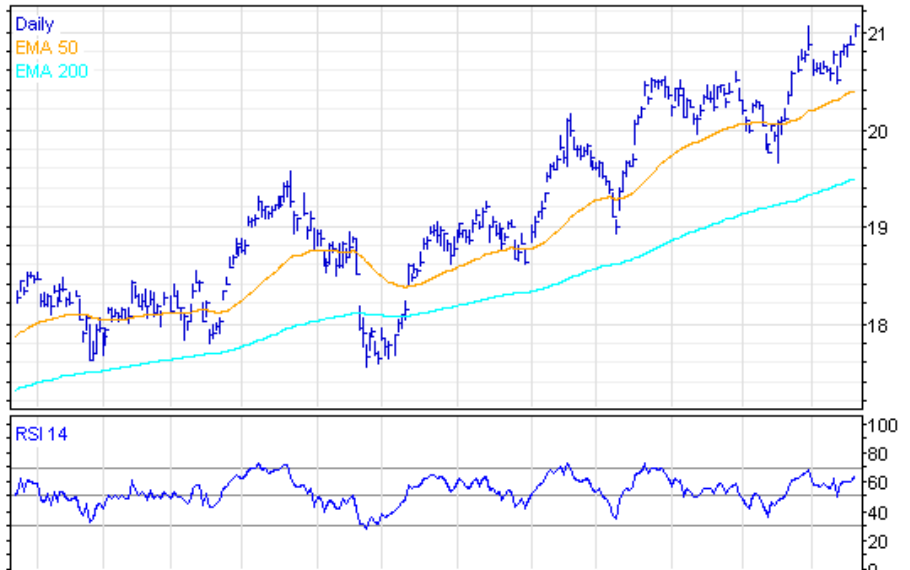
The **United Kingdom (EWU)** fund is registering new 5 year price highs today.

The relative chart against the S&P 500 formed a higher low in December as it attempts a long-term floor.

With momentum not overbought, further upside is expected. We shall buy the EWU on the close today. The stoploss will be at \$20.50.

iShares United Kingdom Index (EWU) 21.06 +0.19

21 Jan 2014

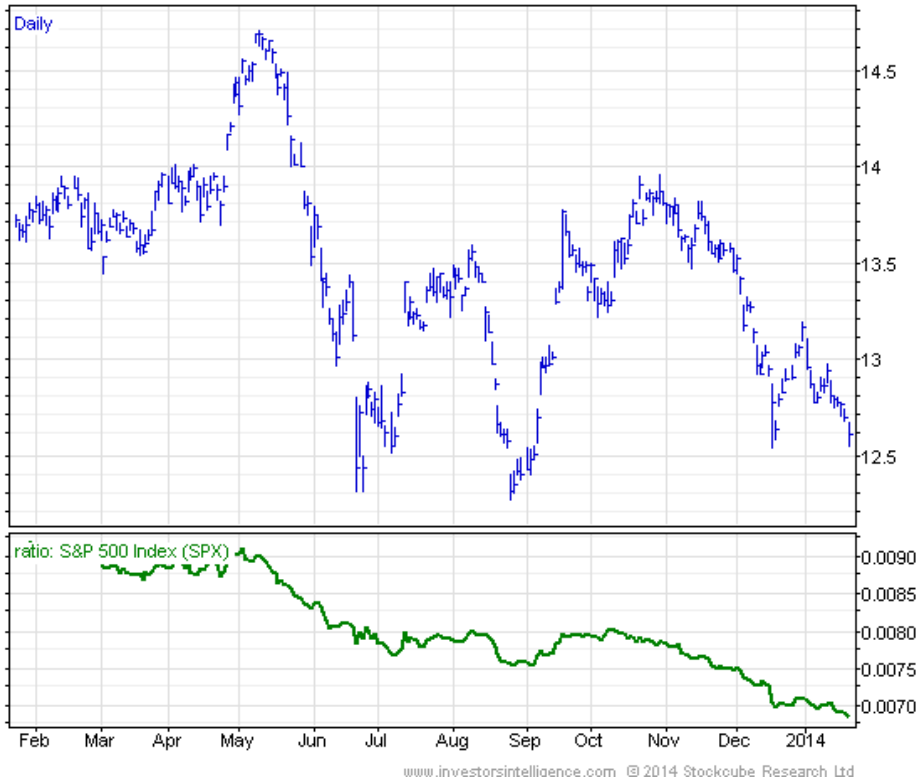


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The **Singapore Index (EWS)** fund is set to soon test the lows from 2013 across \$12.26. It remains unclear as to whether those lows will provide support.

The relative chart is poor as it hits new five year lows. Avoid.

iShares MSCI Singapore Index Fund (EWS) 12.61 -0.09 21 Jan 2014



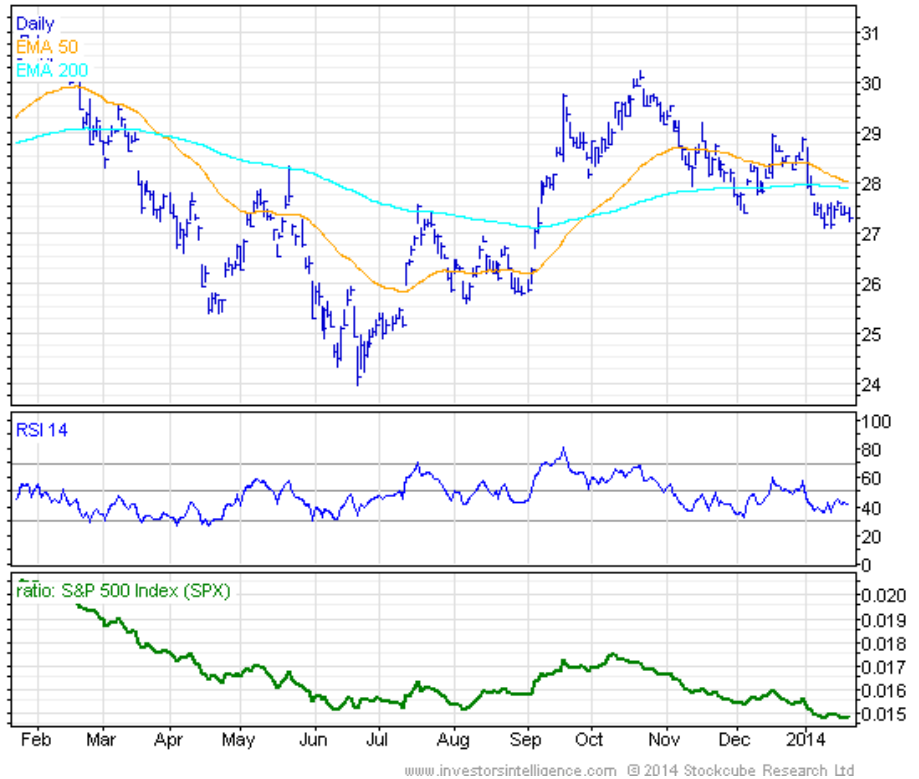
Emerging Indices

The **Russia (RSX)** ETF is likely resuming its downtrend off the October 2013 peak. A bearish technical death-cross will soon print as the 50-day exponential moving average nears a cross down through the 200-day exponential moving average.

The relative chart versus the U.S. equity market is close to a new five year low.

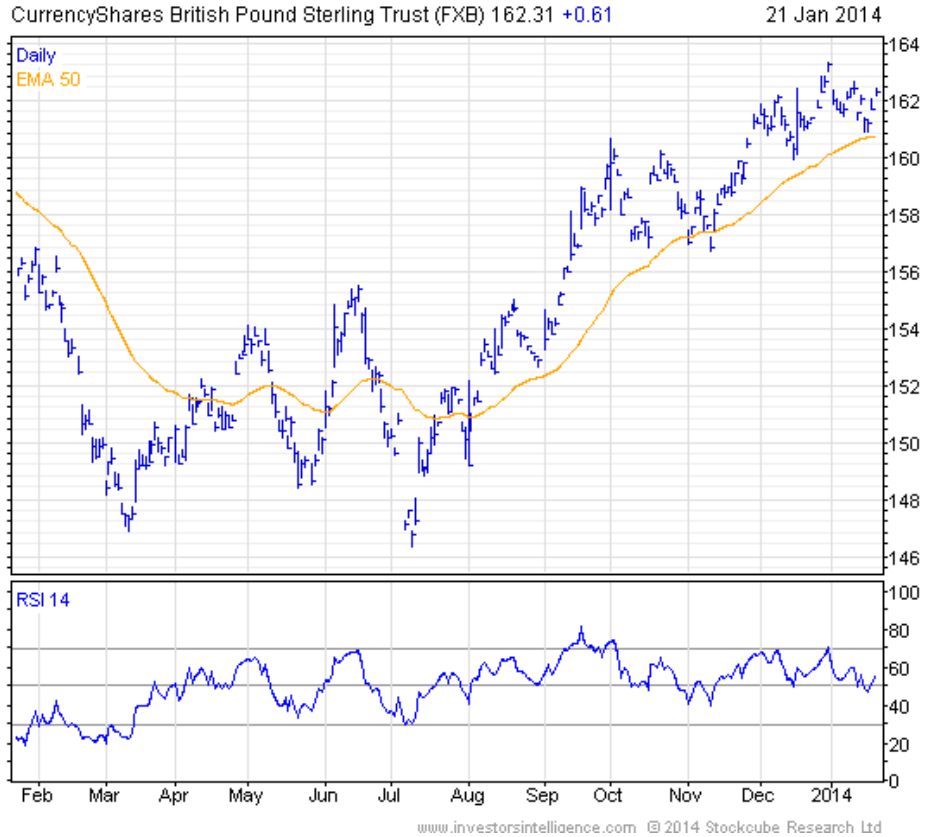
We shall open a short in the RSX on the close today. The stoploss will be at \$29.10.

Market Vectors Russia ETF (RSX) 27.3 -0.09 21 Jan 2014



Currencies

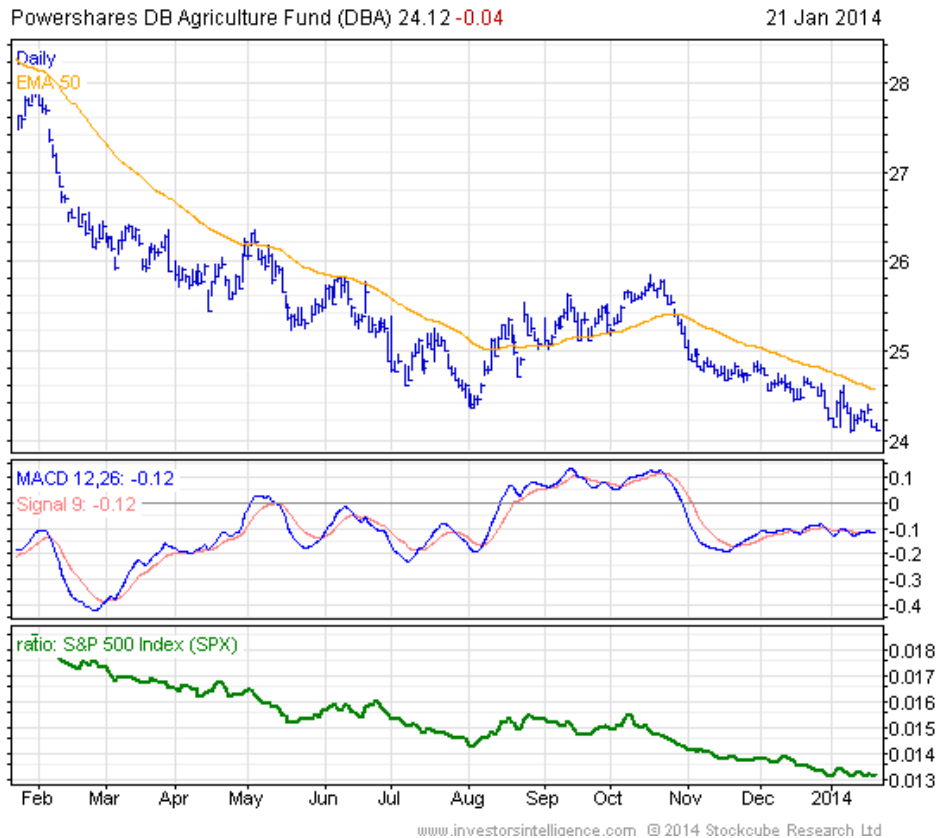
The **British Pound Sterling Trust (FXB)** chart remains in good health. The 14-day RSI shows momentum in a decent field position as it turns up from neutral. Further strength is expected and that will provide a tail-wind to the long in EWU which we are opening today.



Commodities

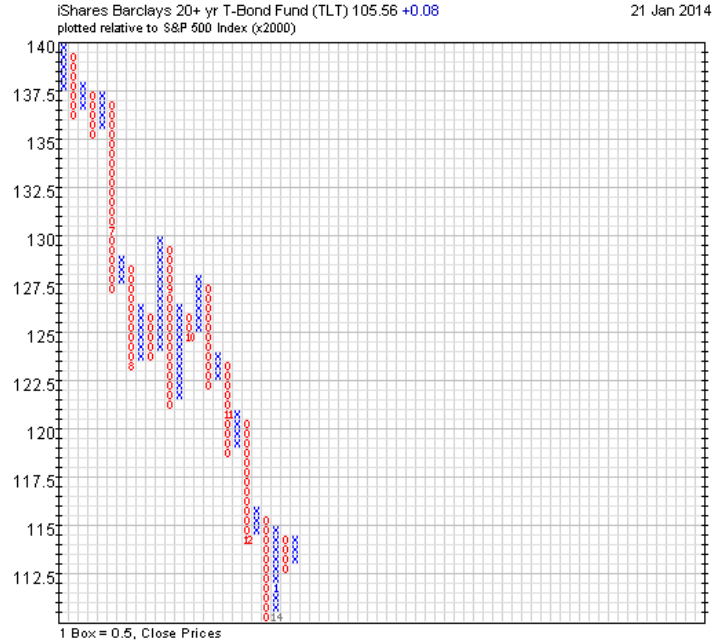
The **Agricultural Fund (DBA)** is reasserting its three year price and relative downtrends. Momentum, here we have plotted the MACD, is not oversold.

The price is trending towards the June 2010 low of \$22.85. We shall short the DBA this afternoon. The stoploss will be at \$24.50.



Bonds

The price and relative charts for the **20+ year T-Bond Fund (TLT)** have both shown improvement over the past week. The P&F relative chart reversed up to resume its base attempt and the price chart is heading towards the October 2013 peak at \$108.73.



MODEL PORTFOLIO ETF Trading (Long/Short) Longs

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Stop
18 Sep 2013	iShares Germany Index	EWG	Long	28.25	31.57	+11.75%	30.25
2 Jan 2014	SPDR Gold Trust	GLD	Long	118	119.7	+1.44%	114
8 Jan 2014	iShares DJ US Health Care Providers Fund	IHF	Long	94.223	94.76	+0.57%	91
8 Jan 2014	iShares Barclays 20+ yr T-Bond Fund	TLT	Long	102.58	105.56	+2.91%	100.50
13 Jan 2014	iShares DJ Select Dividend Index	DVY	Long	70.23	71.09	+1.22%	69.70
13 Jan 2014	ISHR S&P Small Cap 600 Index	IJR	Long	106.86	108.91	+1.92%	106.5
13 Jan 2014	iShares DJ Transportation Average	IYT	Long	131.92	133.63	+1.30%	131
13 Jan 2014	Vanguard REIT ETF	VNQ	Long	65.68	66.99	+1.99%	62.75
13 Jan 2014	iShares MSCI EAFE Small Cap Index Fund	SCZ	Long	51.35	51.69	+0.66%	50.50
13 Jan 2014	SPDR Barclays High Yield Bond Fund	JNK	Long	40.78	40.95	+0.42%	40.55

ETF Trading (Long/Short) Shorts

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Stop
2 May 2013	Market Vectors Agribusiness ETF	MOO	Short	53.68	54.1	-0.78%	55.40
14 Aug 2013	iShares S&P US Preferred Stock Index Fund	PFF	Short	37.94	37.94	0.00%	39
25 Sep 2013	iShares Mexico (free) Index	EWX	Short	66.63	64.77	+2.79%	70.20
30 Oct 2013	CurrencyShares Australian Dollar Trust	FXA	Short	94.84	88.14	+7.06%	98
5 Nov 2013	iShare JP Morgan USD Emerg Markets Bond	EMB	Short	109.73	108.93	+0.73%	111.50
2 Jan 2014	iShares Brazil Index	EWZ	Short	43.19	41.76	+3.31%	45.50
8 Jan 2014	CurrencyShares Canadian Dollar Trust	FXC	Short	92.02	90.62	+1.52%	94.25

Model Portfolio Rules

Allocation – The maximum number of trades is limited to 20 (including longs and shorts).

Opening of positions – Positions are opened at the immediate close following the report, using the closing price.

Closure of positions – The Analyst may close a position to take profits or exit early to prevent a loss if the outlook has changed. Positions will only be closed if there has been prior mention in the newsletter. The closing price will be at the next close following the report.

Stops – Stop levels are given for each model portfolio position.

Note - When positions are stopped/closed out they will not appear as closures immediately but we plan to update the portfolio table within 24 hours.

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