



MARKET OUTLOOK

eResearch Corporation is pleased to provide a market commentary, courtesy of: **TimingTheMarket**, a division of the **Tech Talk Financial Network**. **eResearch** also posts, daily, the regular technical opinions provided by affiliate: **Equity Clock**.

Excerpts from the November 19 **Tech Talk** market analysis is provided below.

MARKET COMMENT

North American equity indices came under technical pressure last week. They lost approximately half of their gain recorded since reaching their seasonal low on October 29th.

North American equity markets have a history of moving higher during the Christmas buying season from late October to the first week in January. An important extra trigger for strength in equity prices late this year is anticipation of announcements on share buy-backs. The latest announcement came on Thursday from Intel with a \$15 billion share buy-back program.

Technical action by gold prices, gold stocks, and related ETFs was mildly encouraging last week. They remain in a trading range, but moved back above their 50-day moving average as part of a base-building pattern. Nice break-out by Newmont Mining and Franco-Nevada on Friday, completing double bottom patterns. However, the sector is expected to come under tax-loss selling pressure between now and mid-December. Thereafter, the sector enters into a period of seasonal strength lasting until the end of February.

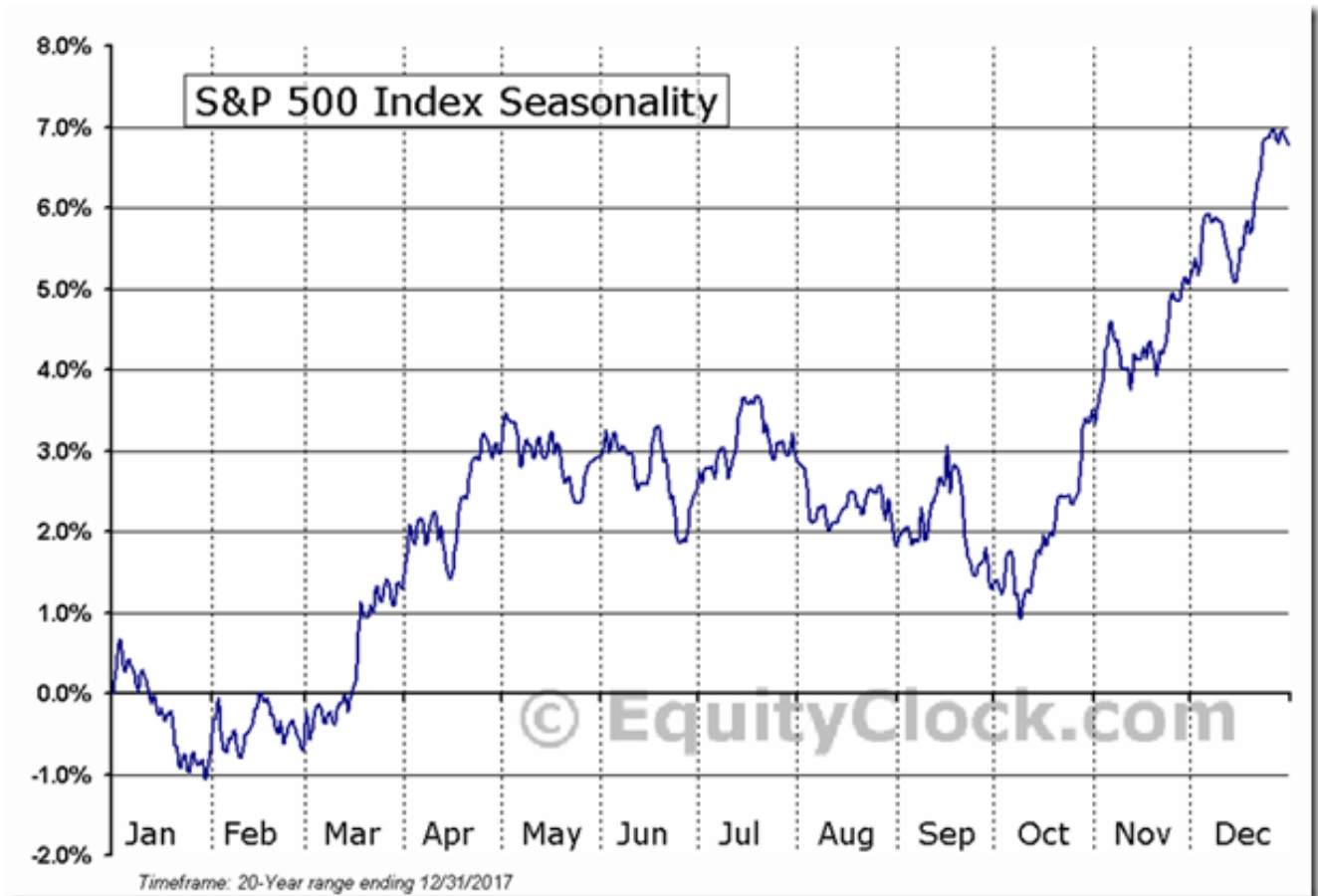
Technical action by base metal prices, base metal stocks, and related ETFs also was mildly encouraging last week. The sector also appears to be forming a base-building pattern. Seasonal influences turn favourable in mid-November and remain positive until late April. Individual stocks in the sector performed well last week. Nice break-out on Thursday by Teck Resources, a major copper/zinc/coal producer, above a base-building pattern! World inventories of copper and zinc are at multi-year lows setting the stage for higher prices. China is the biggest user of base metals. Resolution of the trade dispute between the U.S.A. and China could be the trigger for the next big move by the sector. Nice break-out by the Shanghai Composite Index on Friday, completing a short-term base-building pattern. The easiest way to participate in the sector is through an ETF, including PICK and COPX in the USA, and XBM and ZMT in Canada.

Global-warming enthusiasts had another rough week last week. Natural gas prices advanced 37% over the past three weeks, including a 15% gain last week. Prices are moving higher due to colder-than-average weather in Canada and the northern half of the USA at a time when U.S. inventory levels are near a 20-year low.

One analyst attributed colder weather to declining sun spot activity as part of its 11 year cycle leading to declining solar radiation reaching the earth. If so, prepare for a cooler-than-average weather in North America lasting throughout the winter.

The Bottom Line

Favourable seasonal influences from October to the first week in January for major U.S. equity indices continued to surface last week. This year, the traditional start was delayed by two weeks, to October 29th. Strong gains recorded after October 29th were reduced by about 50% early last week, followed by resumption of gains on Friday. Seasonality charts for the S&P 500 Index and Dow Jones Industrial Average are provided below.



<continued>

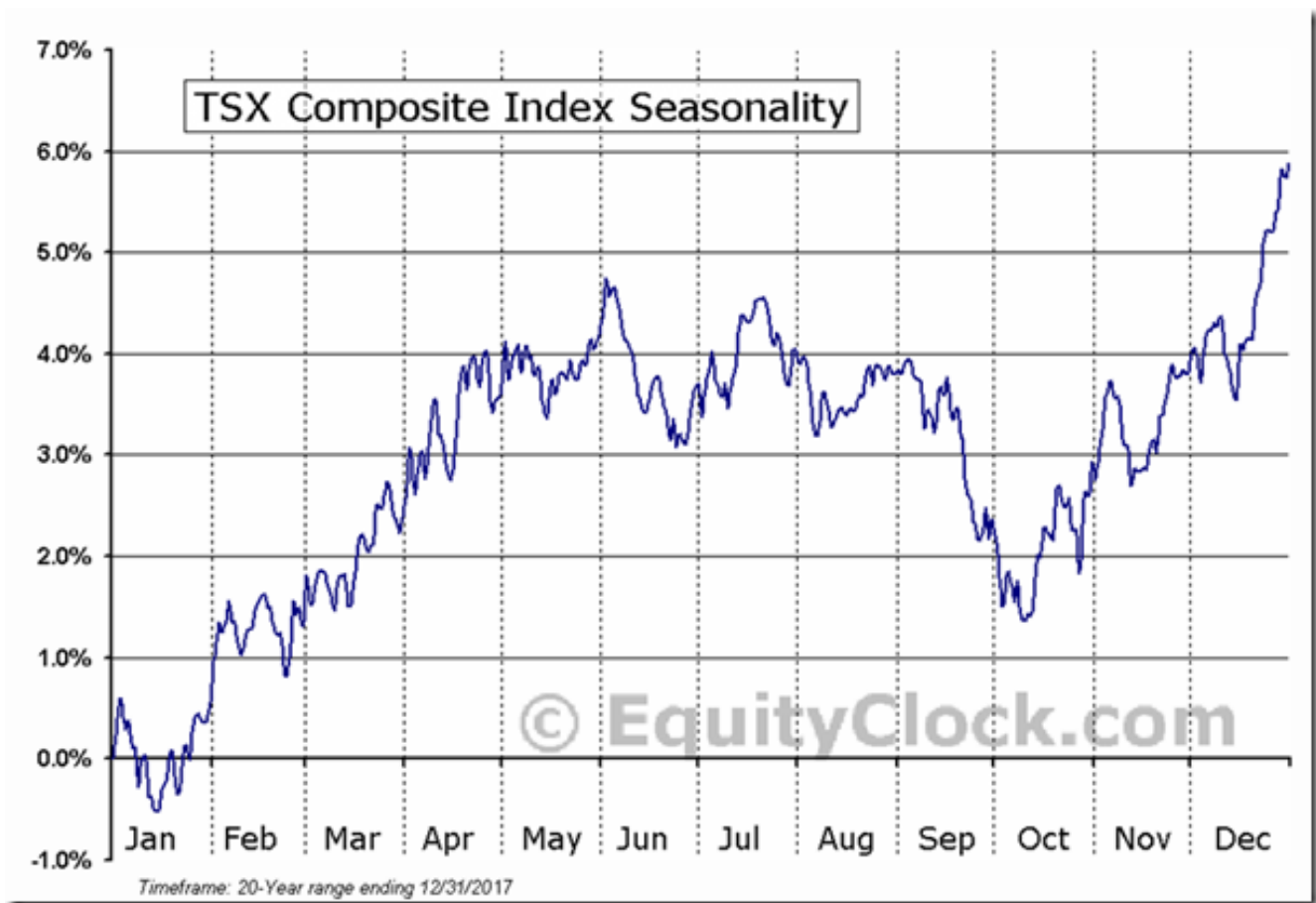


<continued>

Canada

Favourable seasonal influences also continued to surface for Canadian equities last week.

The TSX Composite Index has closely followed its seasonal pattern this year. Performance of the TSX Composite Index normally is negative from the third week in July to mid-October, followed by start of period of seasonal strength. This year, the seasonal upturn began on October 29th. Thereafter, the Index gained 5%, lost half of the gain early last week, and resumed the recovery late last week.



#####