



WJB CAPITAL GROUP, INC.
Member NYSE, FINRA, SIPC

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Technical Review April 12, 2010

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All that Scratchin' is Makin' Me Itch

Last week the Times carried an obituary for Malcolm McLaren, who died at age 64. It is likely most people younger than we are (that is most people) won't likely know him. But if you're in our age bracket then you might remember he was a key figure in the early days of punk rock. He managed the anarchistic, angry, incendiary, and nihilistic *Sex Pistols*, plus *Adam and the Ants*, and *Bow Wow Wow*. He then moved onto a modest yet successful recording career of his own which resulted in the early 80's break dance anthem (you read that right, "break dance anthem"), "*Buffalo Gals*." This nonsensical tune began with the line, "All that scratchin' is makin' me itch."

While reading his obit we couldn't help but think of that line as it relates to investors focusing on the yield spreads between Greek government bonds and German bunds (the risk free European equivalent) – in effect, "those yield spreads are makin' them itch." It seems quite logical to us why investors are focused on the Greece situation and its possible follow-on effects among other countries either acronym-ed in PIIGS or beyond. And it seems quite logical that sovereign borrowing problems and potential country risk are responsible for Euro banks underperforming their US counterparts (see chart). But so far, and we're not being judgmental here, we can't say that any of this potential Euro-sclerosis is being manifested in US equity indexes. It might be, as we've heard, that the sovereign debt issues will be an even bigger problem going forward. We hope the charts provide the clues and that we're paying attention. It's just not evident yet.

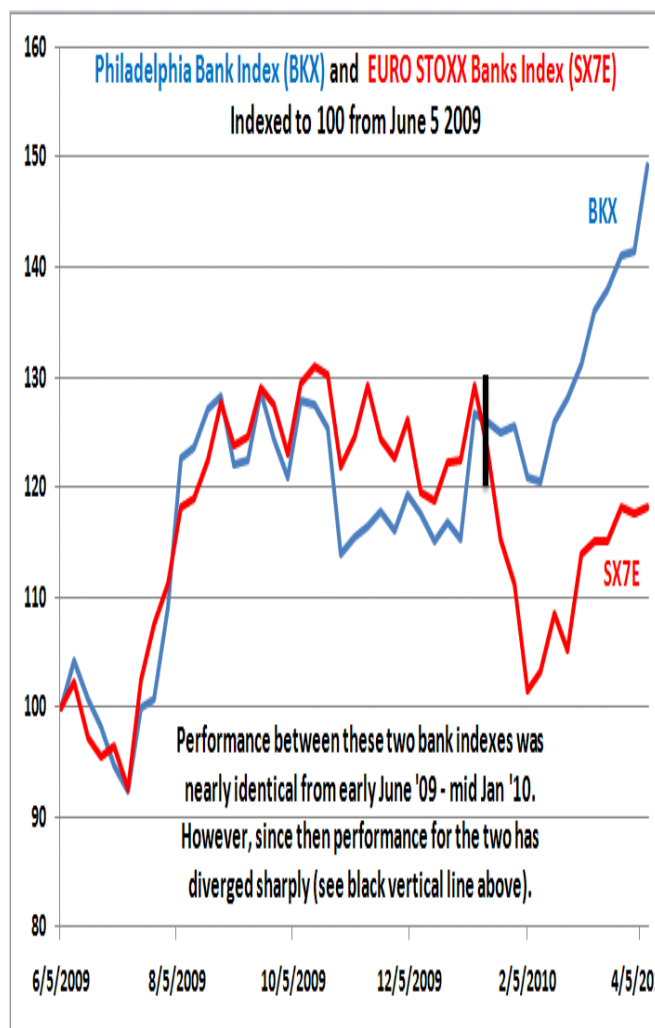
Our weekend chart review revealed the following --

1) All major indexes are above upward-sloping 50 and 200-day moving averages. This is true in the US and for most of Europe as Spain, which had been a notable exception, has moved back above its upward-sloping 200-day moving average. The same is true for indexes in Asia, Latin America, Australia, Canada, India, and Russia.

2) Admittedly, the Shanghai Composite (SHCOMP) has been a laggard as it is still down (-4 1/2%) on a year-to-date basis. Meanwhile, the CBOE China Index (CX) is up 9 1/2% in 2010. We've got charts on page two for the CBOE China Index and the CBOE China Index relative to the S&P 500 and both charts are in good technical shape. In addition, here is a short list of some Chinese ADRs with strong technicals – Focus Media Holding (FMCN, 18.27), Home Inns & Hotels Management (HMIN, 34.43), Harbin Electric (HRBN, 23.49), Longtop Financial Technologies (LFT, 37.85), and Vancelinfo Technologies (VIT, 24.28). Charts on pages 3 – 5.

3) Technical indicators like NYSE new highs are firm (10-day mov avg = 297), NYSE new lows are low (10-day mov avg = 6), and NYSE cumulative breadth continues to make new highs (chart p3).

4) Pages 6 – 10 show absolute and relative charts for the 10 S&P Economic Sectors.





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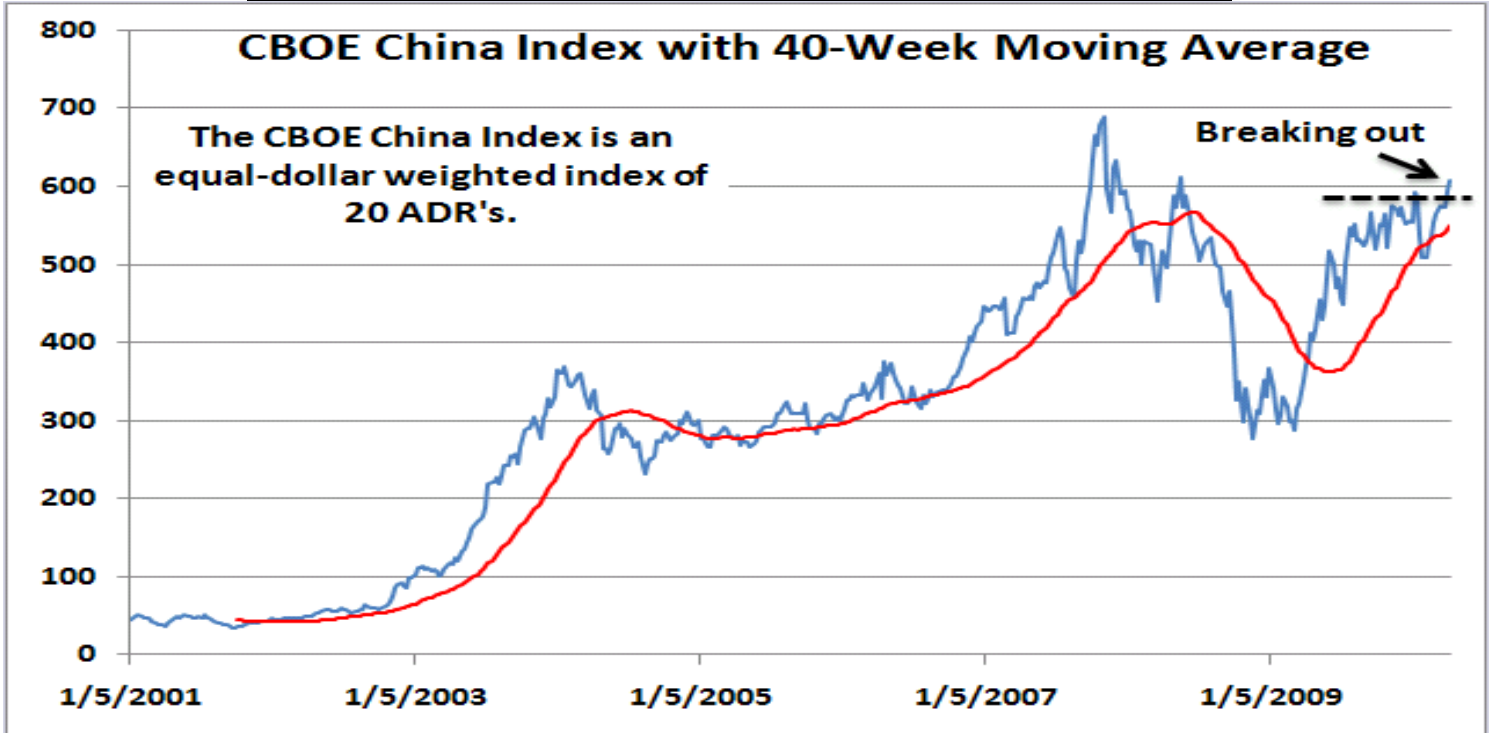
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CBOE China Index and Relative to S&P 500





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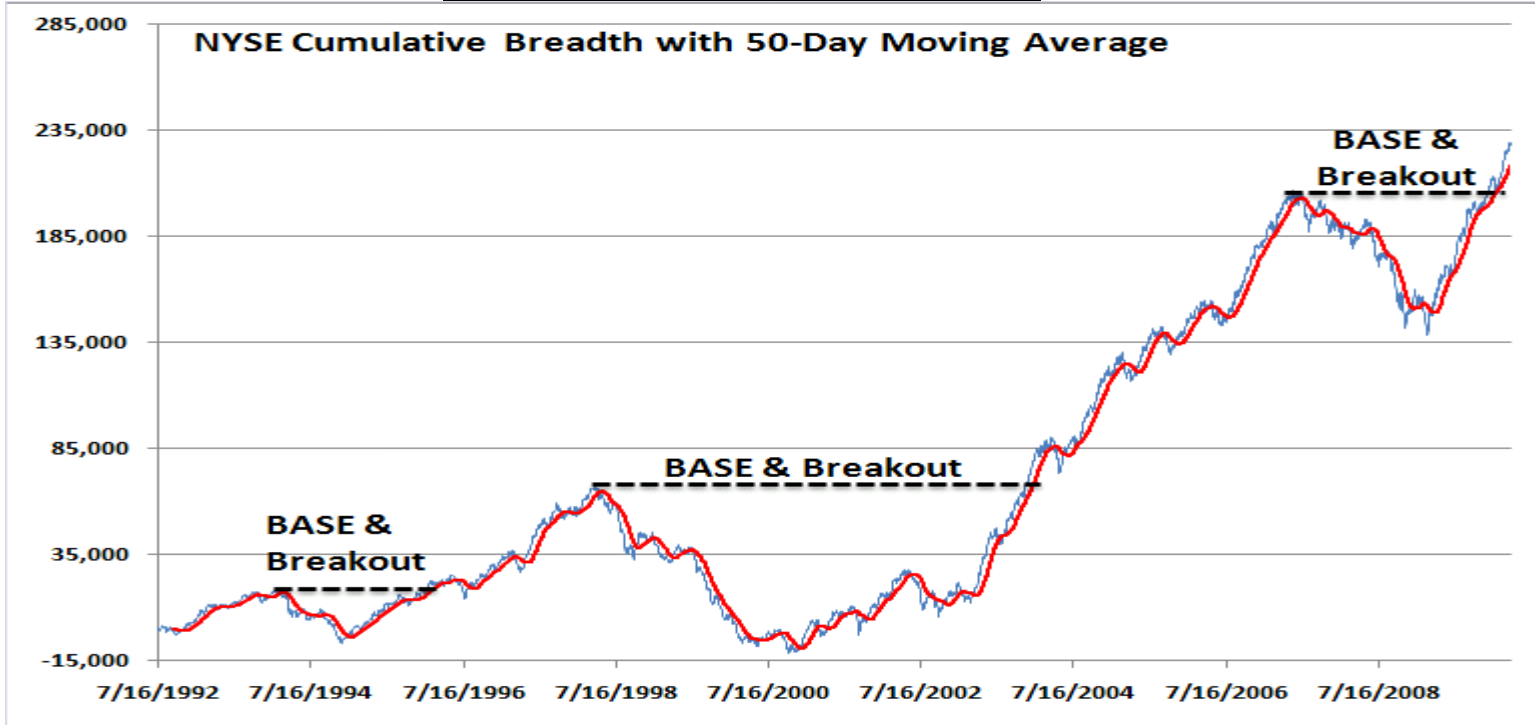
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NYSE Cumulative Breadth



Focus Media Holding





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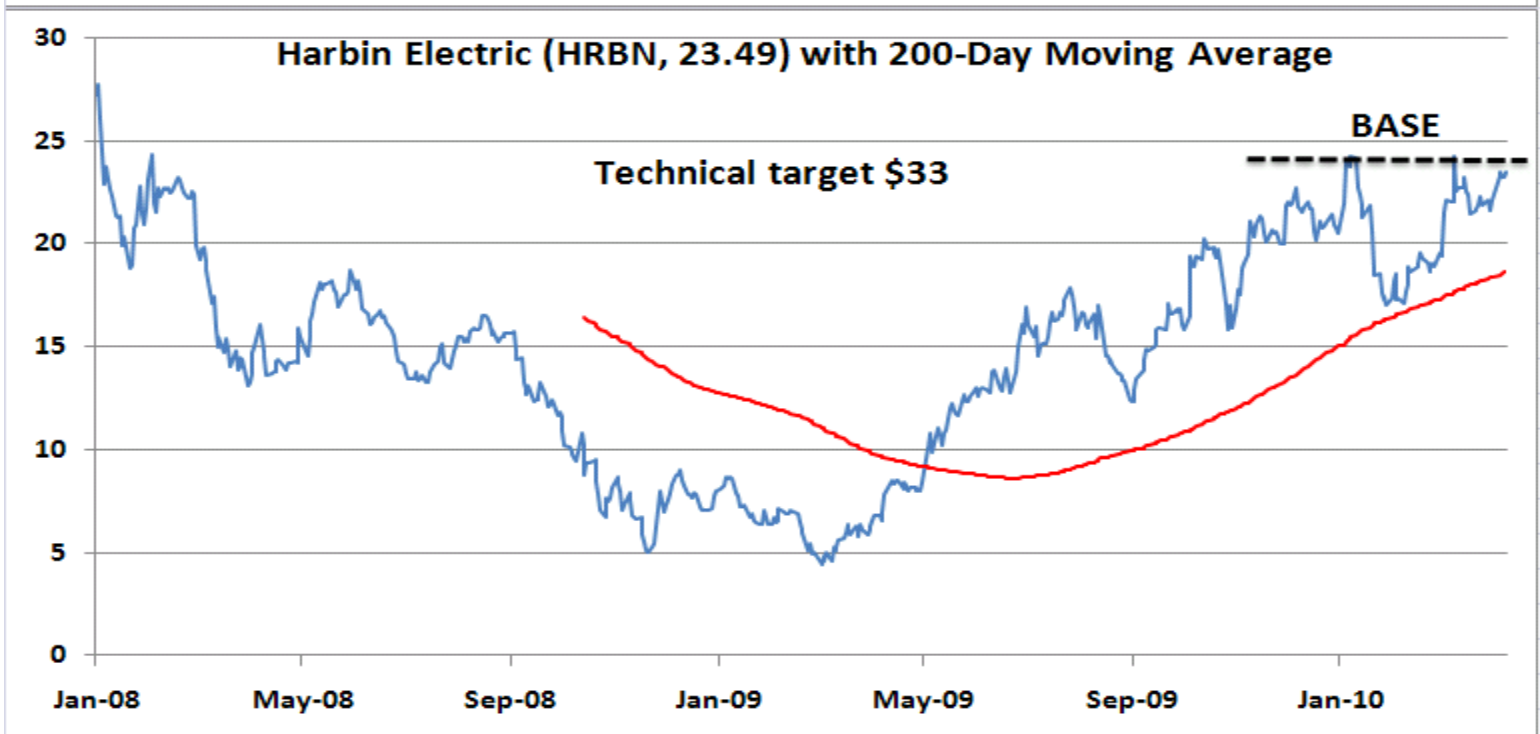
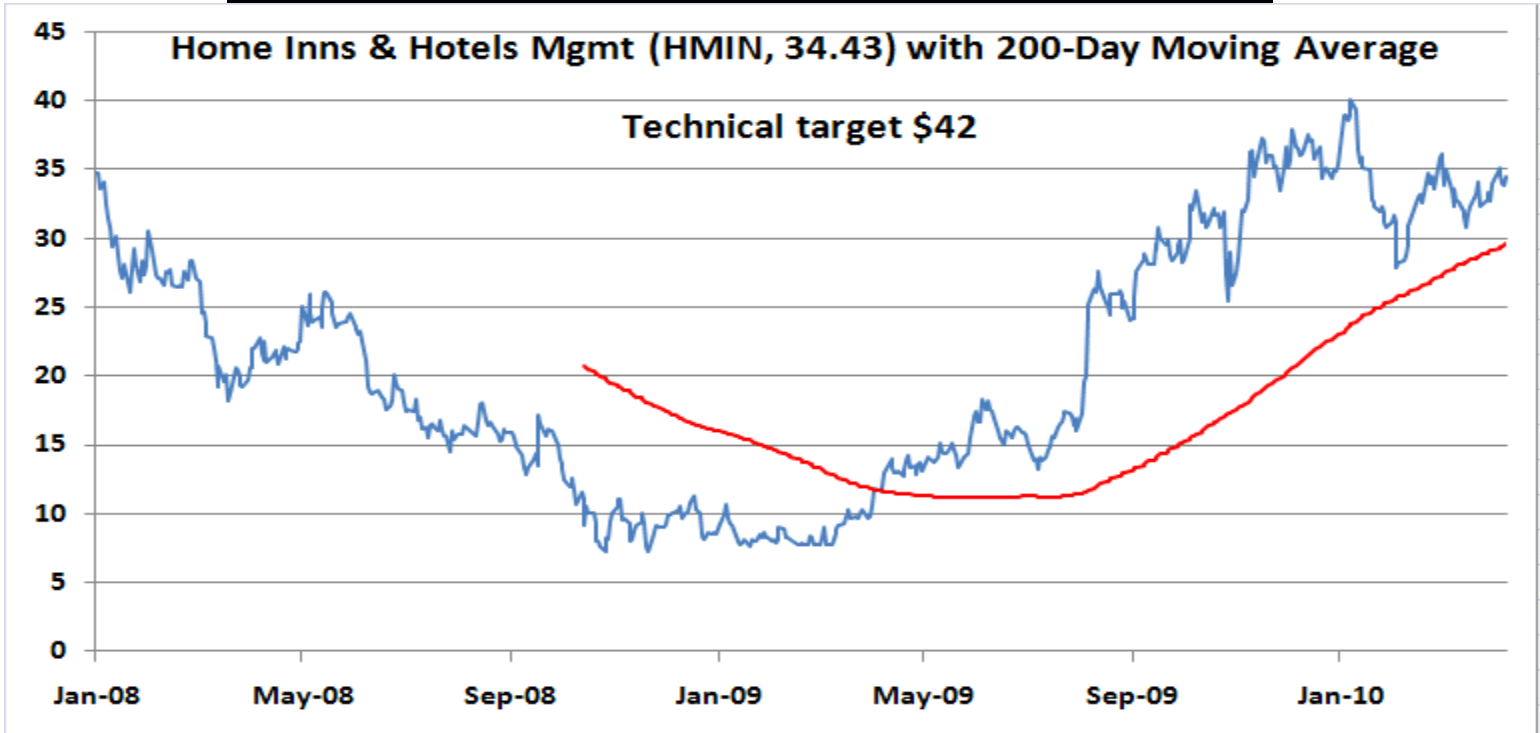
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Home Inns & Hotels Mgmt and Harbin Electric





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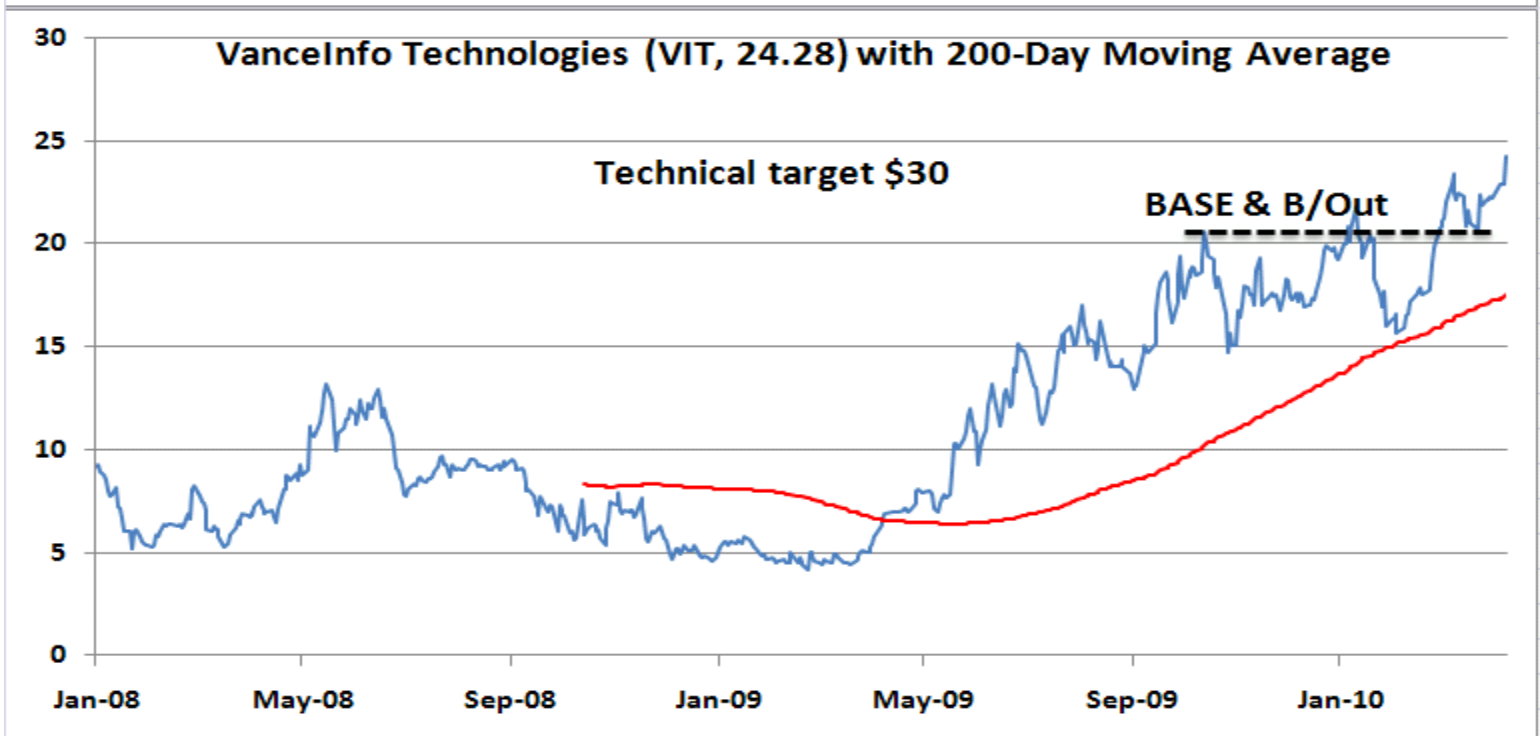
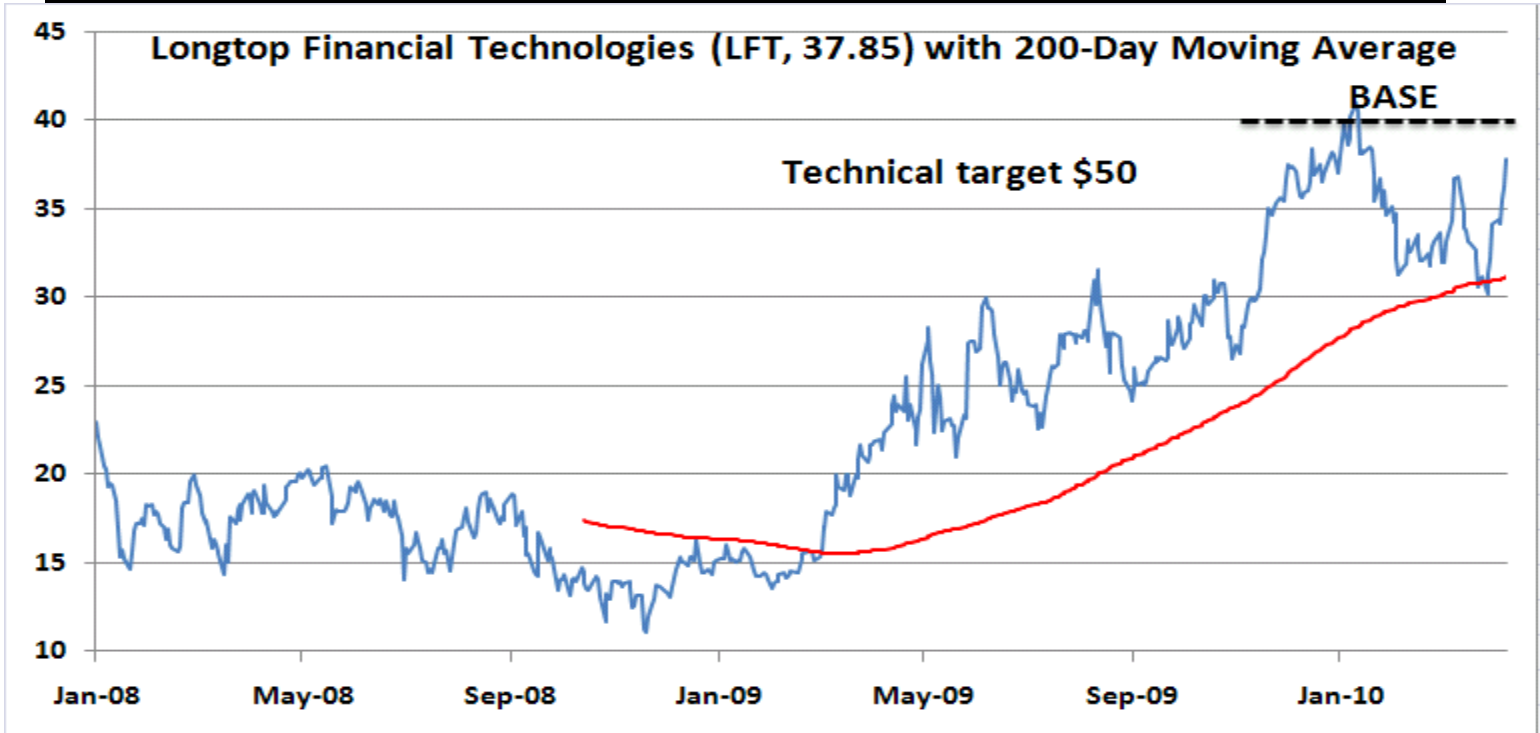
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Longtop Financial Technologies and VancelInfo Technologies





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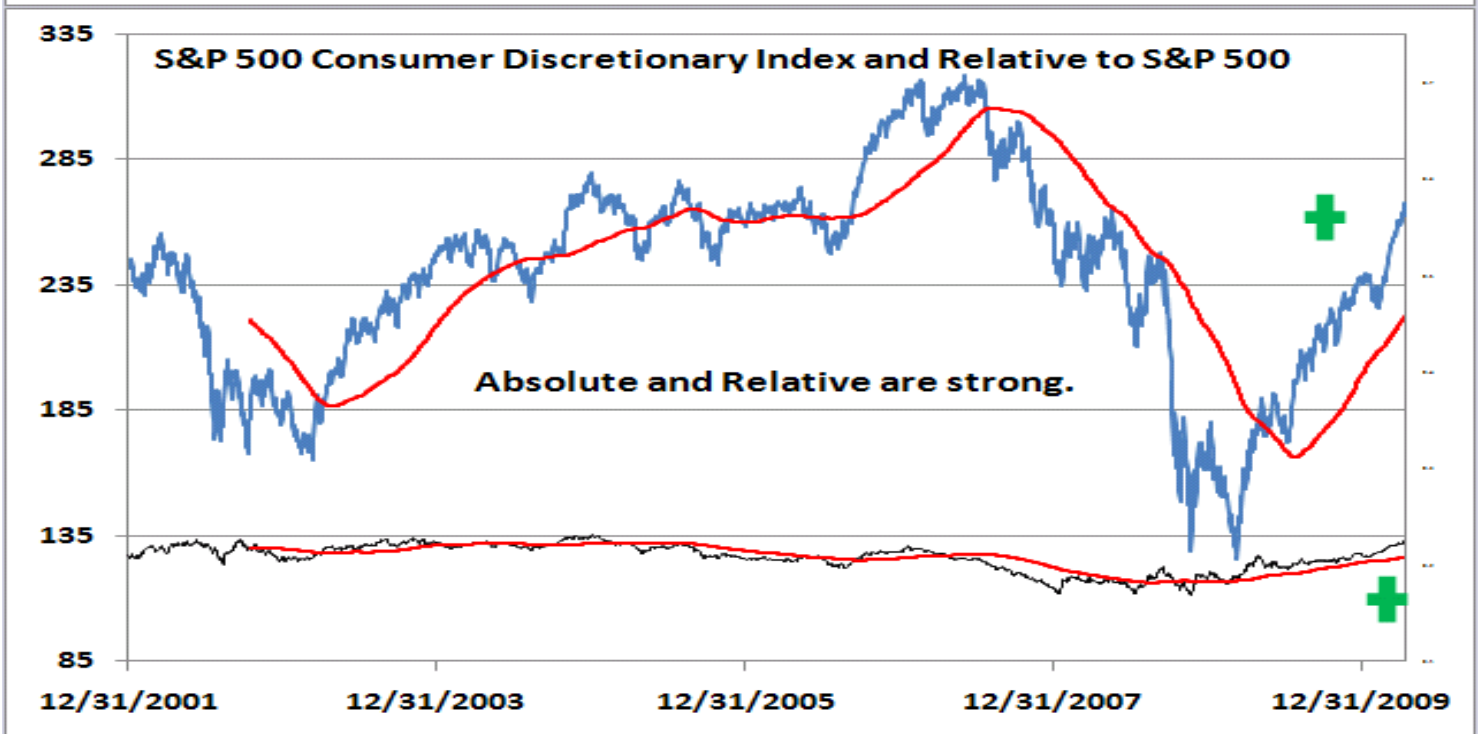
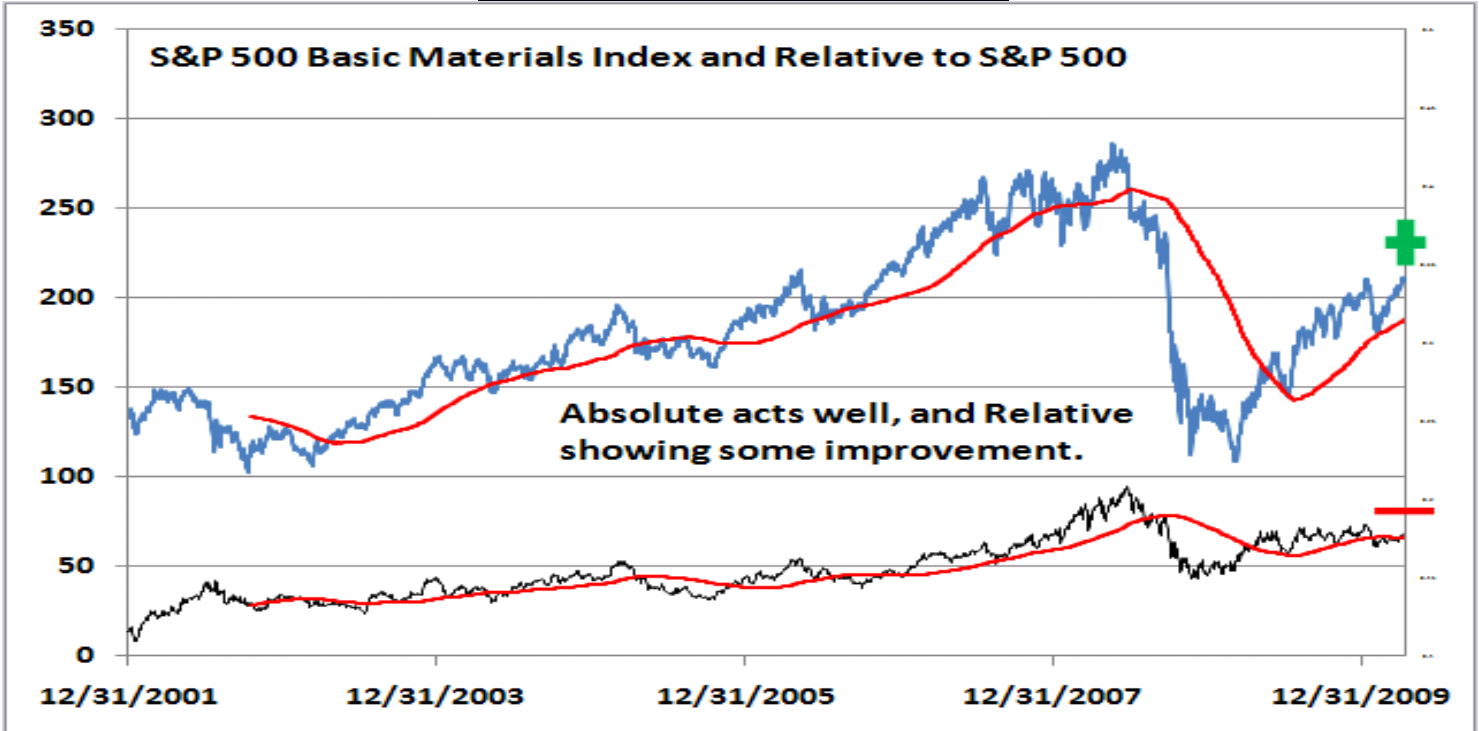
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S&P Economic Sectors





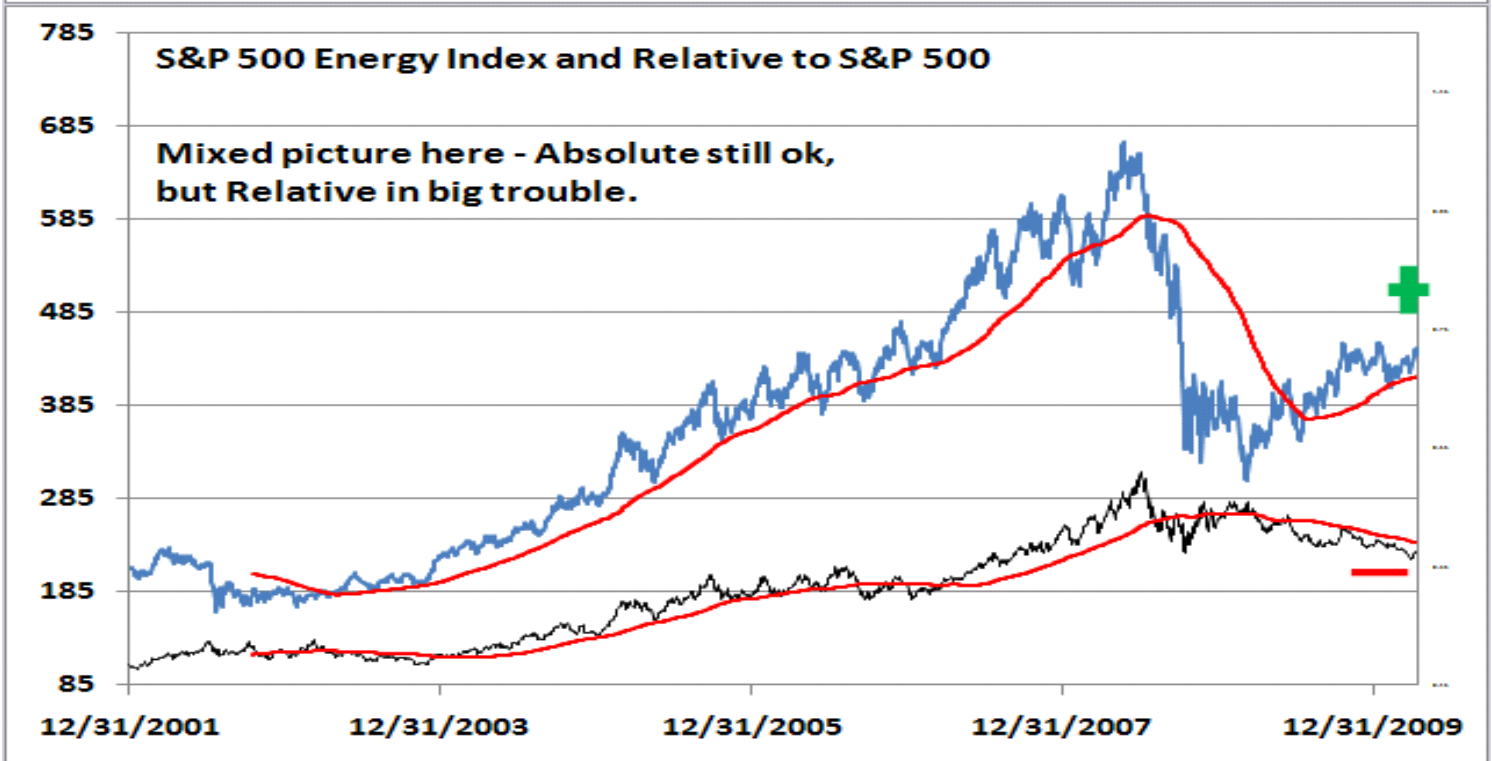
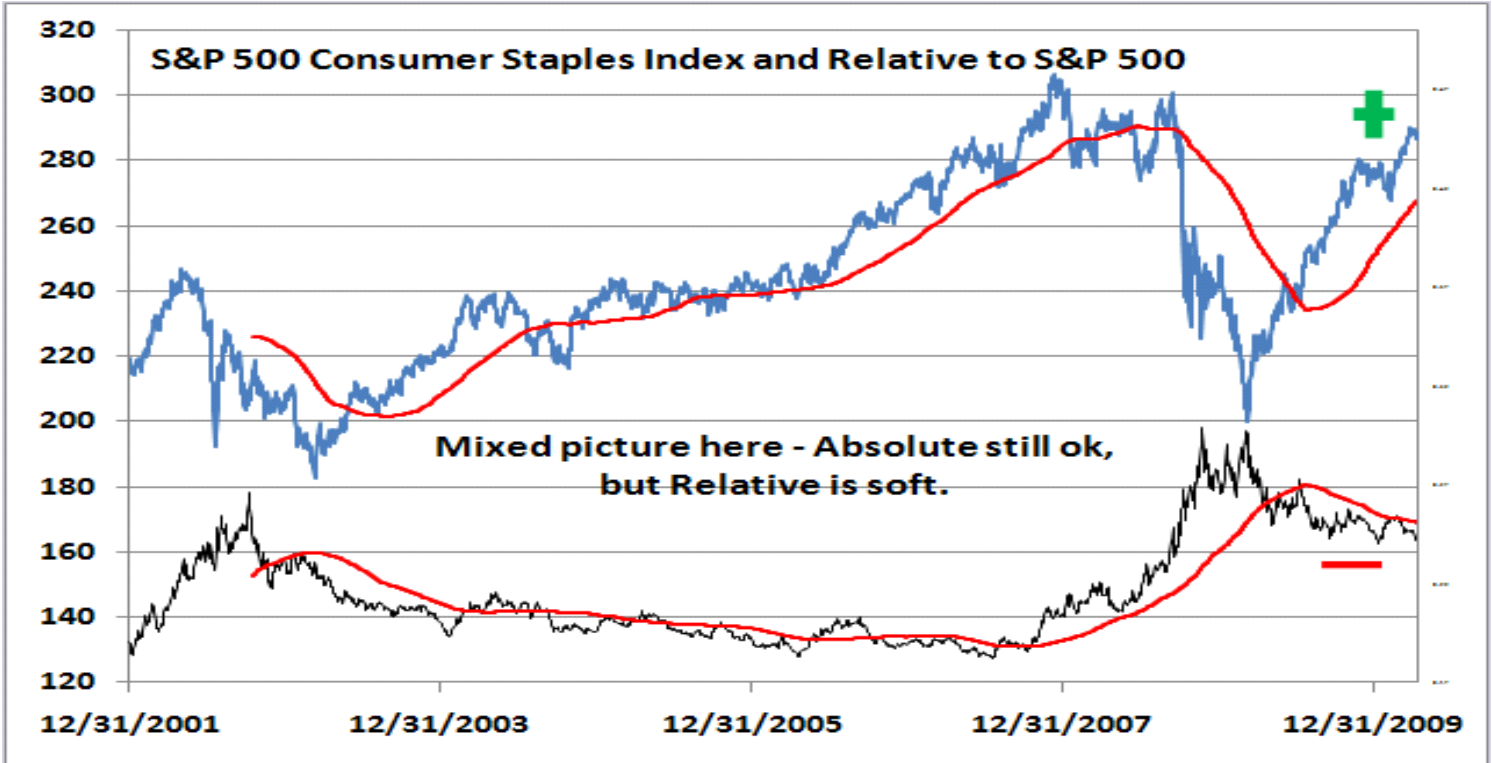
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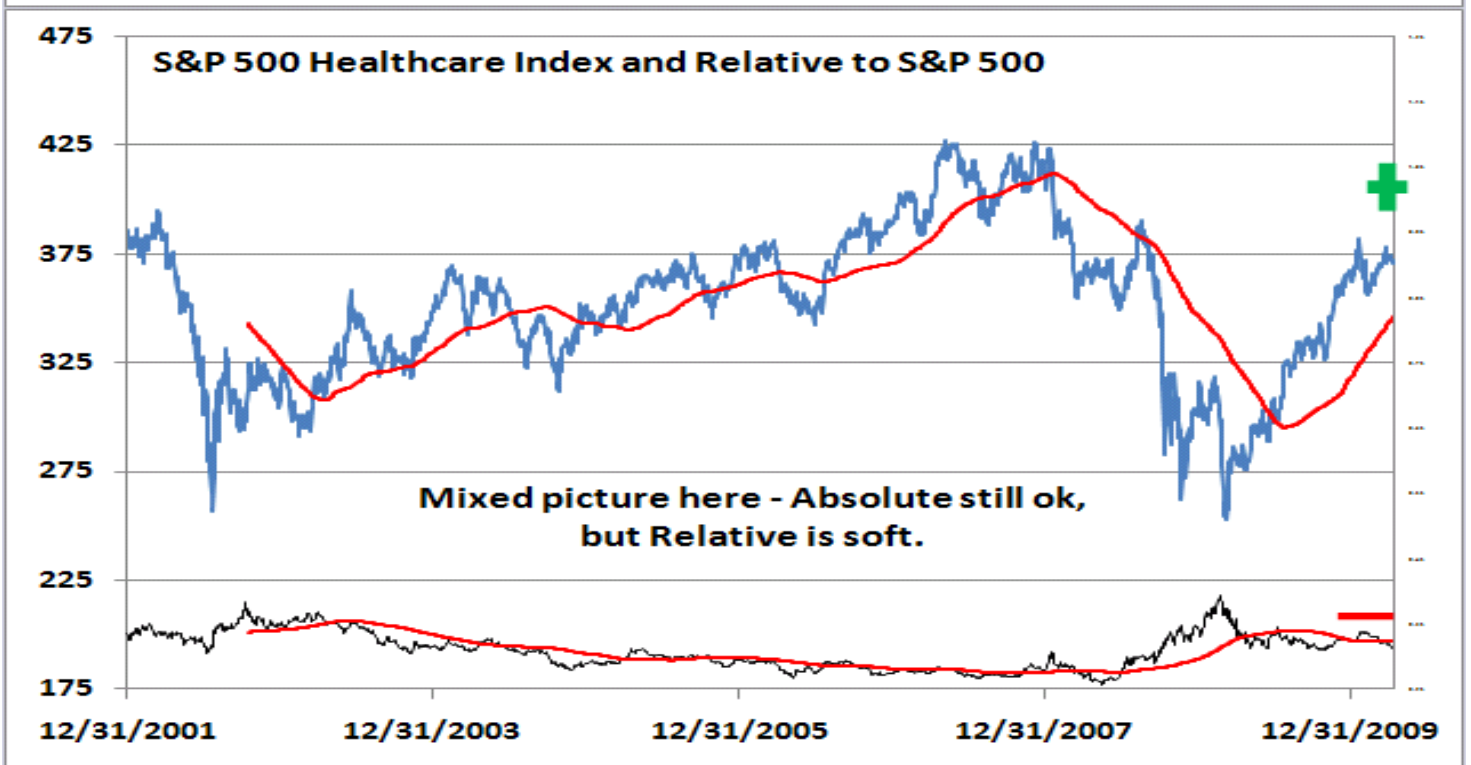
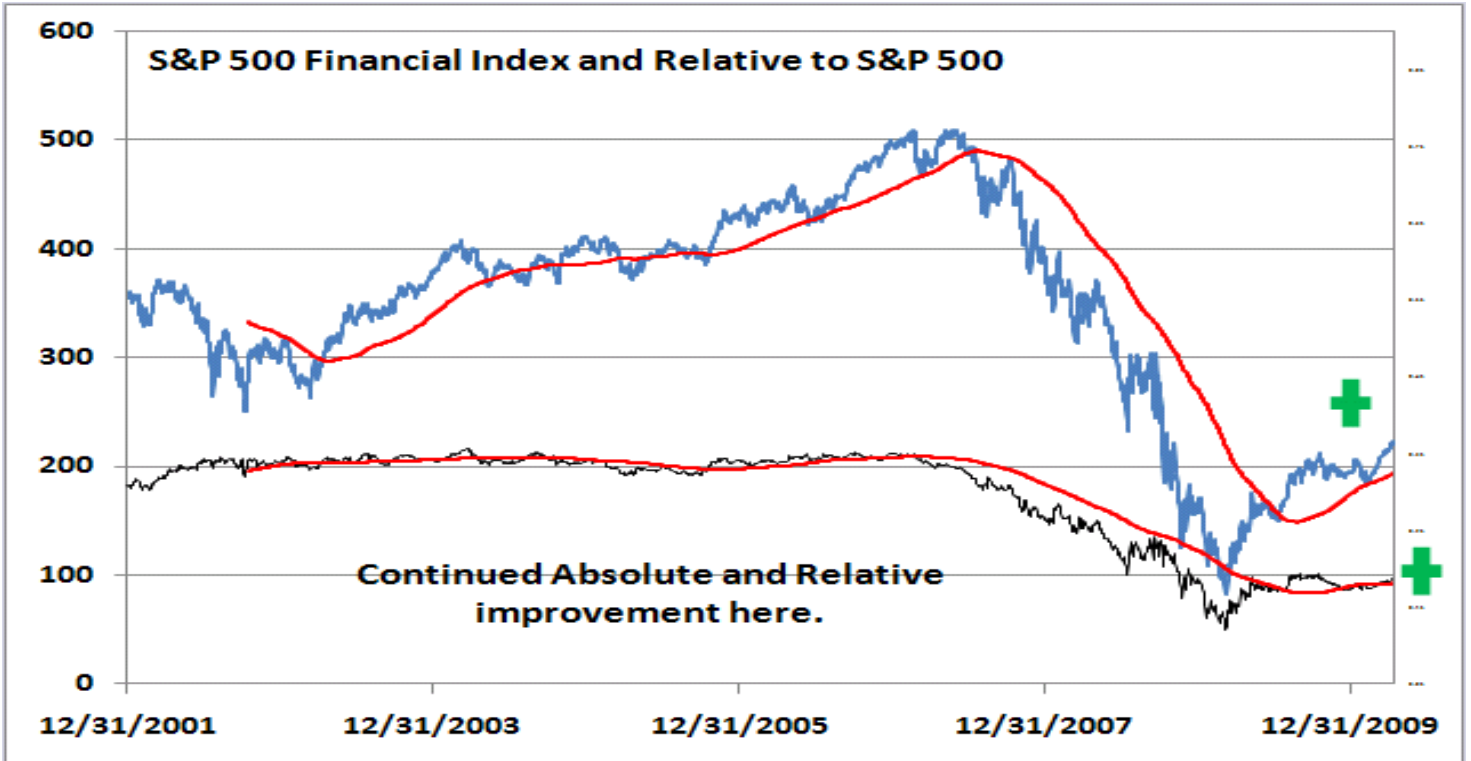
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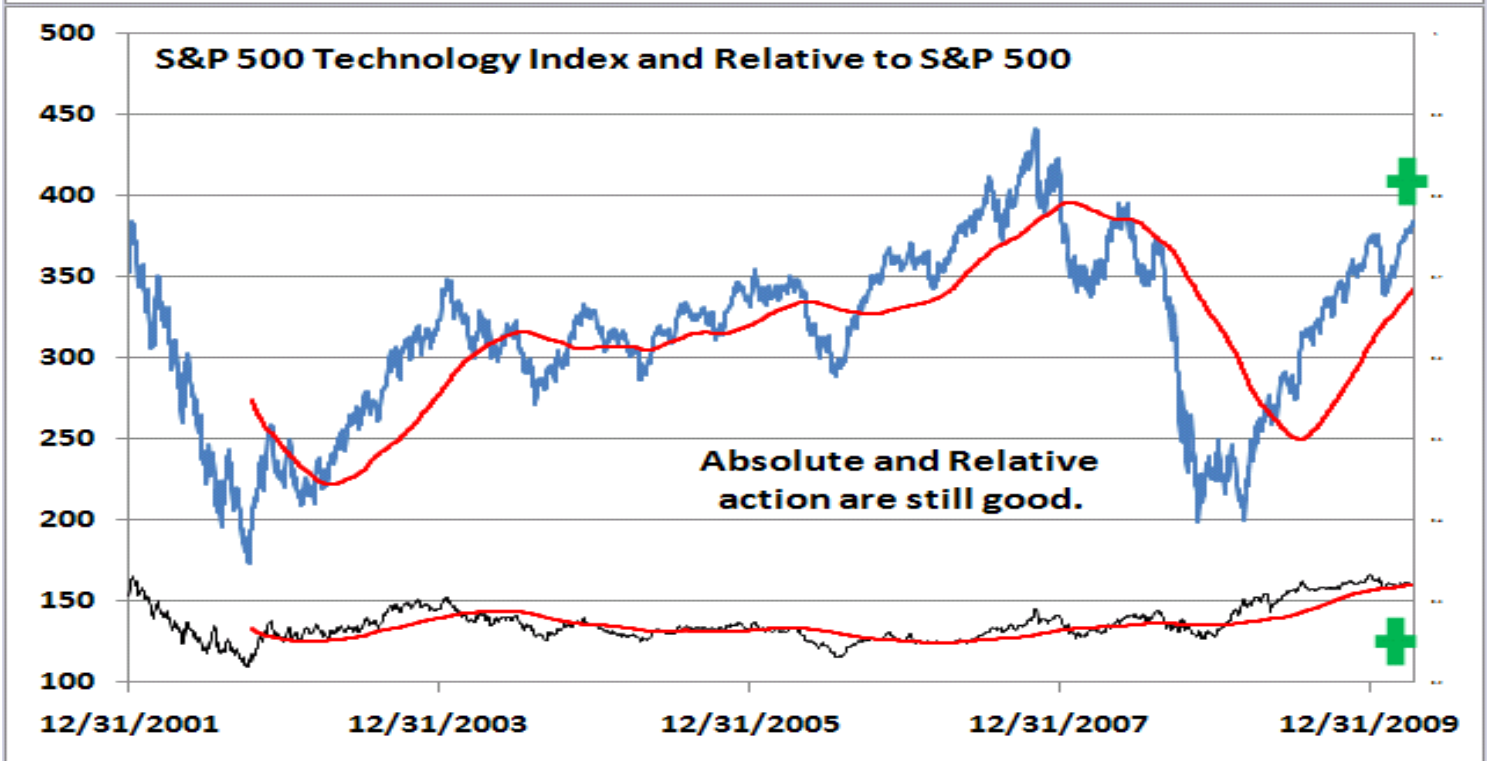
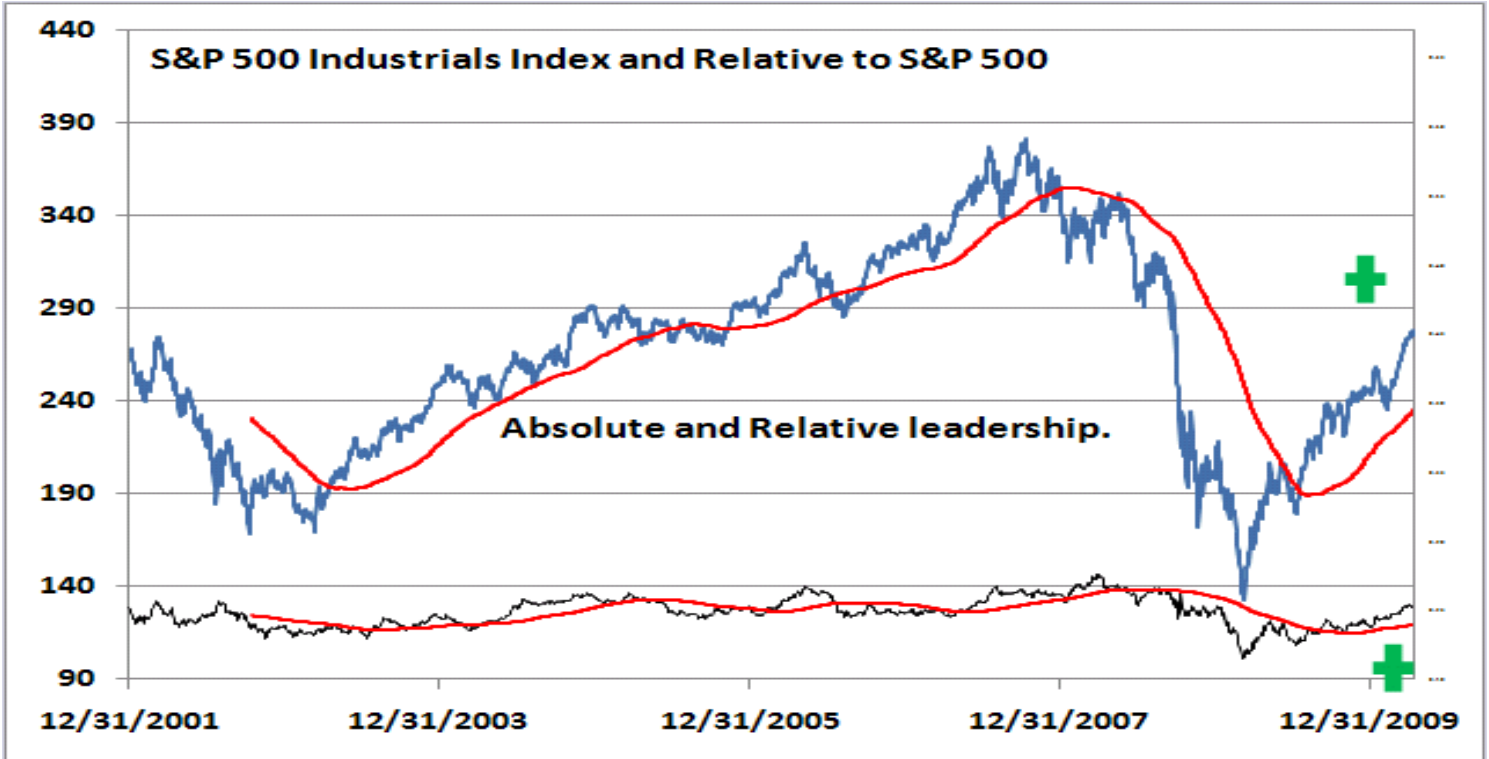
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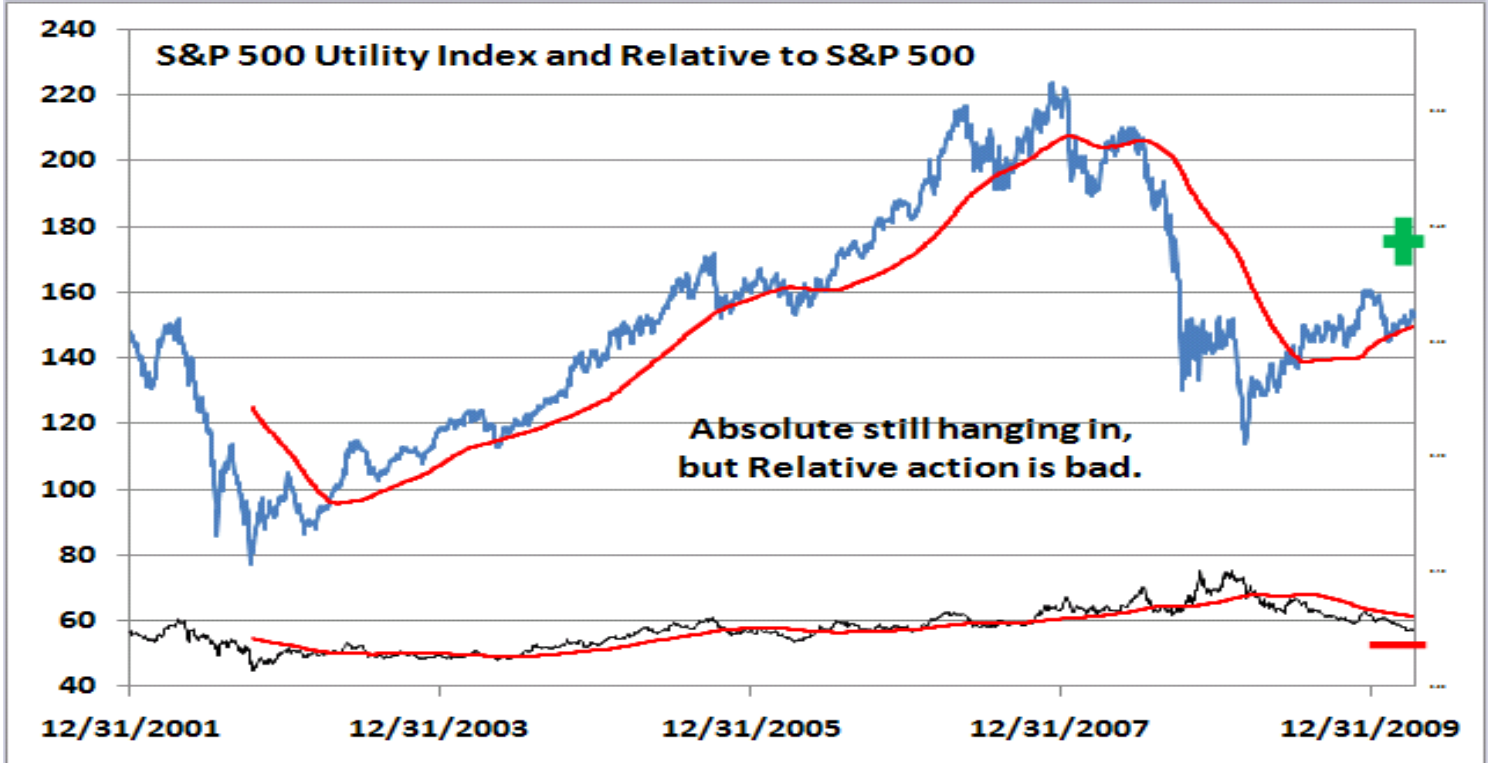
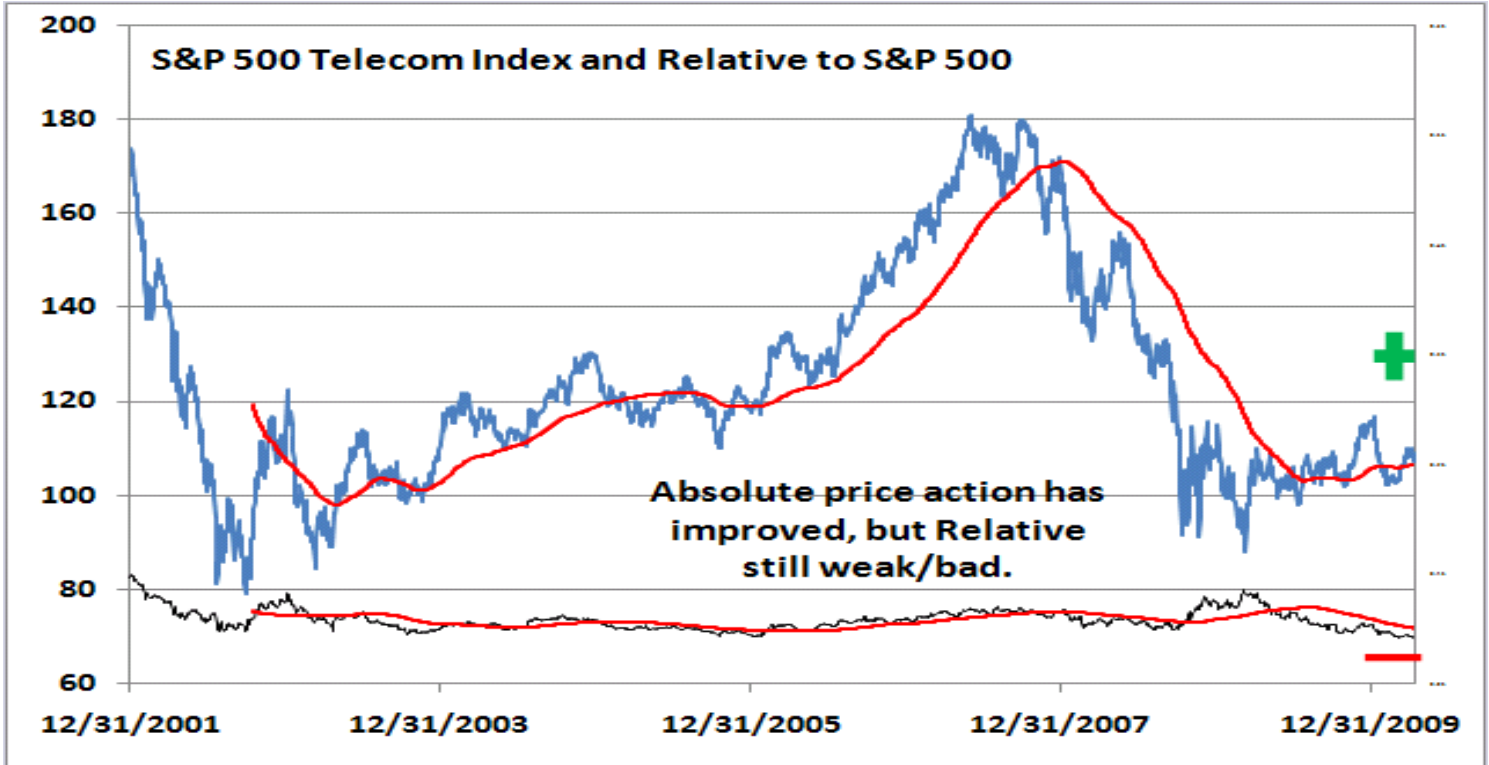
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