

Index Review: China

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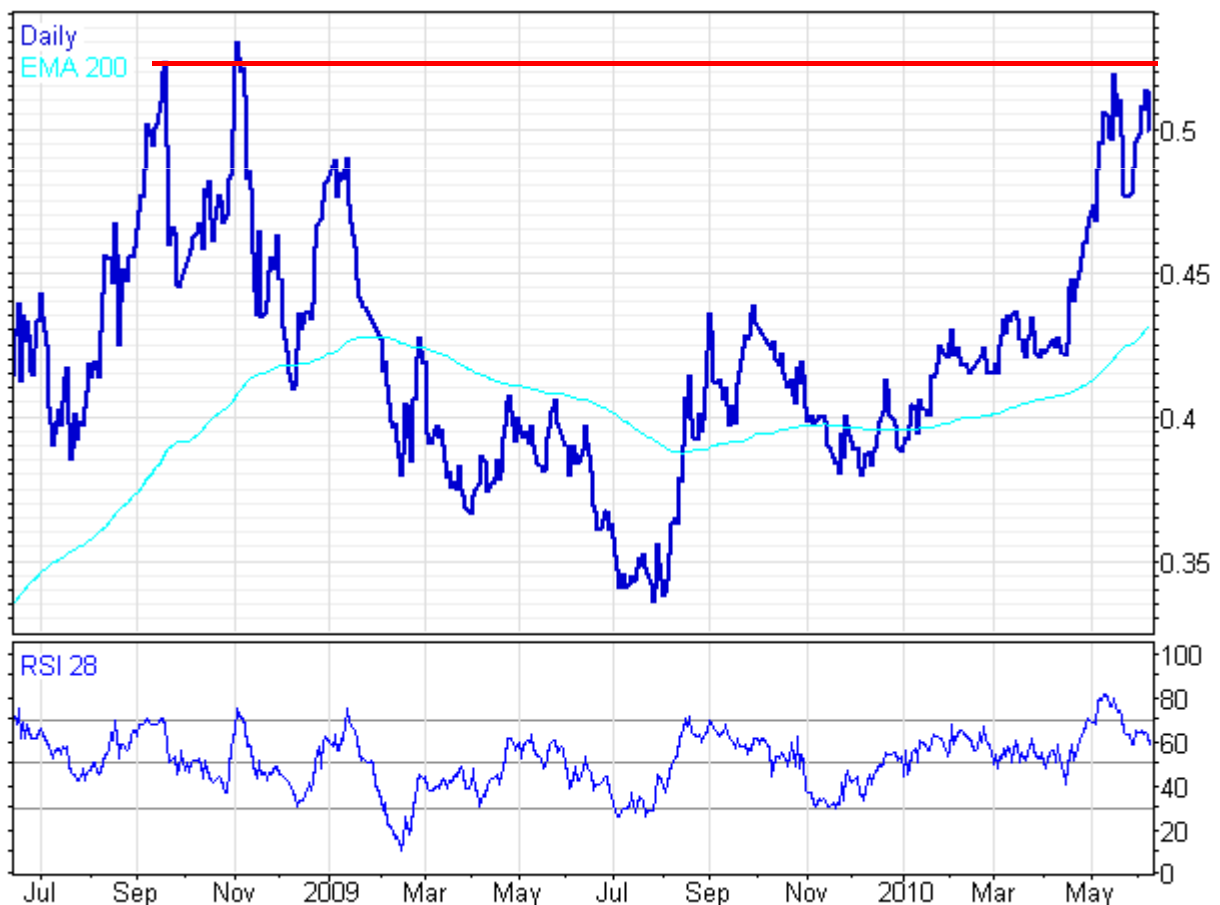
Conclusion:

China has performed as poorly as many of the **European** indices over both a year and 6-months.

However, the **Shanghai Composite** has now

- reached potentially significant support against many of its peers.
- begun to exhibit short-term trend inconsistencies, that may lead to trend change.

Kuala Lumpur Composite Index / Shanghai Composite Index (SHCOMP) (KLCI/SHCOMP) 0.4992012010 38



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Summary:

1) Historical Performance:

- **1 Year: - 8.3%** in line with **Italy** and **Spain**.
- **6 Month: - 21.1%** in line with **Spain**; worse than **Italy & Portugal**
- **1 Month:** beginning to outperform?

2) Support Levels

- **China** has retraced back to potential support levels from its **2008** and **2009** lows.
- Longer-term support against regional leaders **Indonesia, Thailand, Malaysia** and **India**.
- Significant support also reached within **Europe** and **South America**.

3) Short-Term Trend Change?:

- We highlight the ratios of the ten leading global indices against **China**.
- Although none exhibit confirmed trend change, trend-inconsistencies are visible:
 - All show extension and bearish momentum divergence
 - Some encounter resistance (**Malaysia** and **Indonesia**)
 - Some have failed to make new short-term highs (**Turkey, Germany, Malaysia** and **Canada**)

Section 1: Performance

Performance

| Country (Index) | % Change 1 Year | % Change 6 Months |
|--------------------|--------------------|----------------------|
| Denmark (KFX) | 32.5 | 17.7 |
| Chile (IPSA) | 20.6 | 11.9 |
| Indonesia (JCI) | 32.1 | 11.7 |
| Thailand (SET) | 22.4 | 7.7 |
| Turkey (XU100) | 58.7 | 6.9 |
| Finland (HEX) | 9.5 | 2.1 |
| Sweden (OMX) | 26.3 | 1.6 |
| Malaysia (KLCI) | 19.1 | 1.5 |
| Germany (DAX) | 17.4 | 1.1 |
| Hungary (BUX) | 31.5 | 0.3 |
| Ireland (ISEQ) | 1.4 | 0.2 |
| Canada (SPTSX) | 9.2 | -0.2 |
| Argentina (MERVAL) | 34.2 | -0.6 |
| Poland (WIG20) | 18.7 | -1.1 |
| S Korea (KOSPI) | 16.4 | -1.1 |
| India (SENSEX) | 7.7 | -1.3 |
| Singapore (STI) | 15.2 | -1.6 |
| NASDAQ (CCMP) | 16.7 | -1.9 |
| Netherlands (AEX) | 19.7 | -2.4 |
| Switzerland (SMI) | 15.9 | -2.9 |
| Mexico (MEXBOL) | 23.7 | -3 |

| Country (Index) | % Change 1 Year | % Change 6 Months |
|-----------------------|--------------------|----------------------|
| Japan (TPX) | -9.2 | -3.9 |
| Peru (IGBVL) | -4.1 | -4.3 |
| Russia (RTSI\$) | 19.1 | -4.4 |
| Israel (TA-25) | 20.1 | -4.6 |
| Belgium (BEL20) | 16.3 | -4.6 |
| S&P 500 (SPX) | 12.7 | -4.7 |
| FTSE 100 (UKX) | 14.2 | -5.4 |
| Australia (ASX) | 9 | -6.2 |
| South Africa (TOP40) | 11 | -6.4 |
| Norway (OBX) | 14.8 | -7.3 |
| Taiwan (TWSE) | 9.4 | -9.4 |
| Euro STOXX (SXXE) | 5 | -10.1 |
| Hong Kong (HSI) | 4.4 | -10.1 |
| Brazil (IBOV) | 16.4 | -10.8 |
| Austria (ATX) | 3.9 | -11.5 |
| France (CAC) | 2.5 | -11.8 |
| Portugal (PSI) | 0.2 | -12.1 |
| Italy (SPMIB) | -7.6 | -18.1 |
| China (SHCOMP) | -8.3 | -21.1 |
| Spain (IBEX) | -8.7 | -25.9 |
| Greece (ASE) | -39.3 | -36.5 |

Section 2: Support Levels

Against AP Peers:



Against Japan:

Support at 2009 low



Against Australia:

Support at 2009 low, also previous support

Against AP Peers:

Shanghai Composite Index / Sensex 30 (SENSEX) (SHCOMP/SENSEX) 0.155114 +0.0038
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Against India:

Support at 2008 low, also previous support

Shanghai Composite Index / Kuala Lumpur Composite Index (SHCOMP/KLCI) 2.003202 +0
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Against Malaysia:

Support at 2008 low, also significant previous support

Against AP Peers:

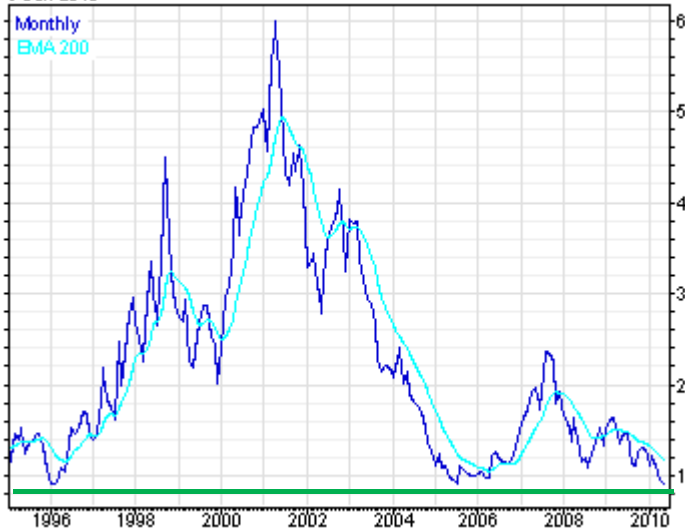
Shanghai Composite Index / Thailand SET Index (SHCOMP/SET) 3.381099 +0.0620
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Against Thailand:

Support at 2008 low

Shanghai Composite Index / Jakarta Composite Index (SHCOMP/JCI) 0.927518 +0.0232
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Against Indonesia:

Significant support
at long-term lows

Against Euro Peers:

Shanghai Composite Index / Euro STOXX (SXXE) (SHCOMP/SXXE) 10.717450 +0.3805
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Against Euro Stoxx:

Support at 2009 low, also significant previous support

Shanghai Composite Index / France (CAC) (SHCOMP/CAC) 0.764377 +0.0280
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Against France:

Significant support at 2009 lows

Against Lat-Am Peers:

Shanghai Composite Index / Brazil (IBOV) (SHCOMP/IBOV) 0.041773 +0.0007
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Against Brazil:

Support at 2008 low

Shanghai Composite Index / Mexico (MEXBOL) (SHCOMP/MEXBOL) 0.083190 +0.0014
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Against Mexico:

Support at 2008
lows and also
previous support

Section 3: Short-term Trend Change?

Against Global Leaders:

The table to the right shows the top 10 Global indices ranked by our proprietary technical scoring.

| Rank | Country (Index) |
|------|-----------------|
| 1 | Denmark (KFX) |
| 2 | Chile (IPSA) |
| 3 | Indonesia (JCI) |
| 4 | Thailand (SET) |
| 5 | Turkey (XU100) |
| 6 | Germany (DAX) |
| 7 | Malaysia (KLCI) |
| 8 | Sweden (OMX) |
| 9 | Canada (SPTSX) |
| 10 | Poland (WIG20) |

The charts on the following pages show these indices relative to China to highlight the trend inconsistencies are beginning to occur.

Against Denmark:

- 1) Ratio becomes extended from 200 day MA
- 2) MACD develops bearish divergence



Against Global Leaders:

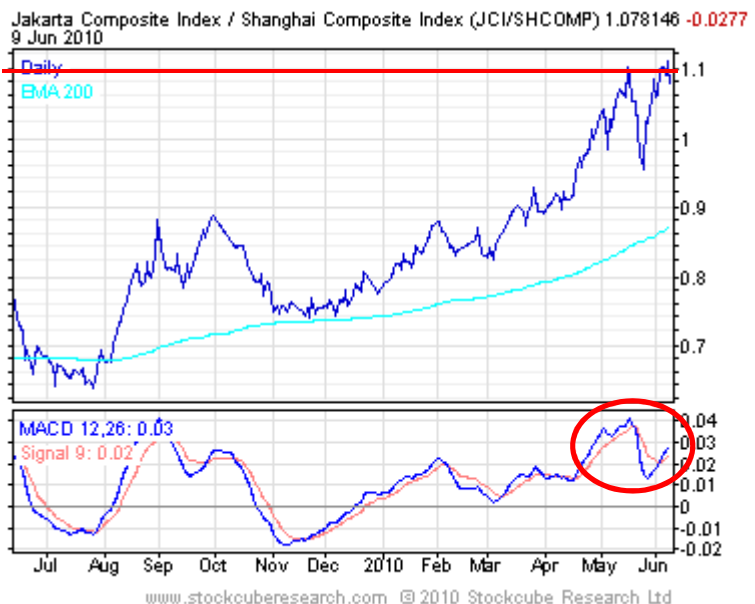
Against Chile:

- 1) Ratio becomes extended from 200 day MA
- 2) MACD develops bearish divergence



Against Indonesia:

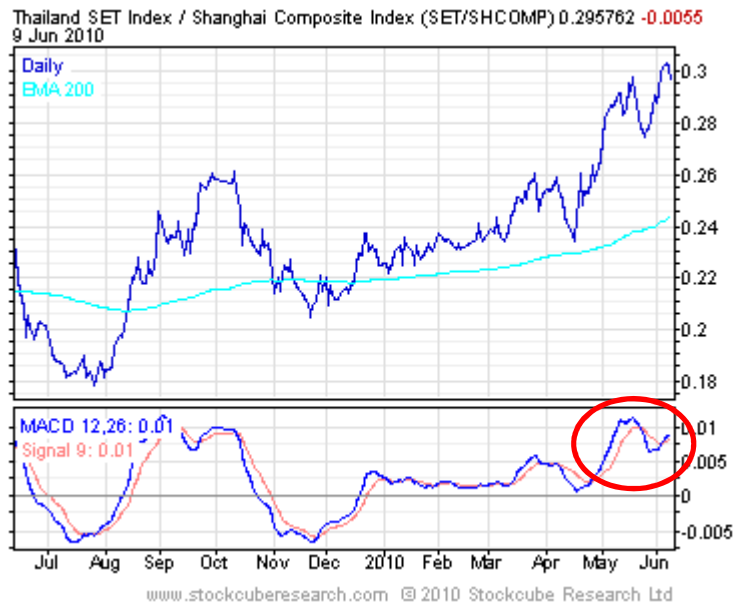
- 1) Ratio encounters resistance (see previous section)
- 2) Ratio becomes extended from 200 day MA
- 3) MACD develops bearish divergence



Against Global Leaders:

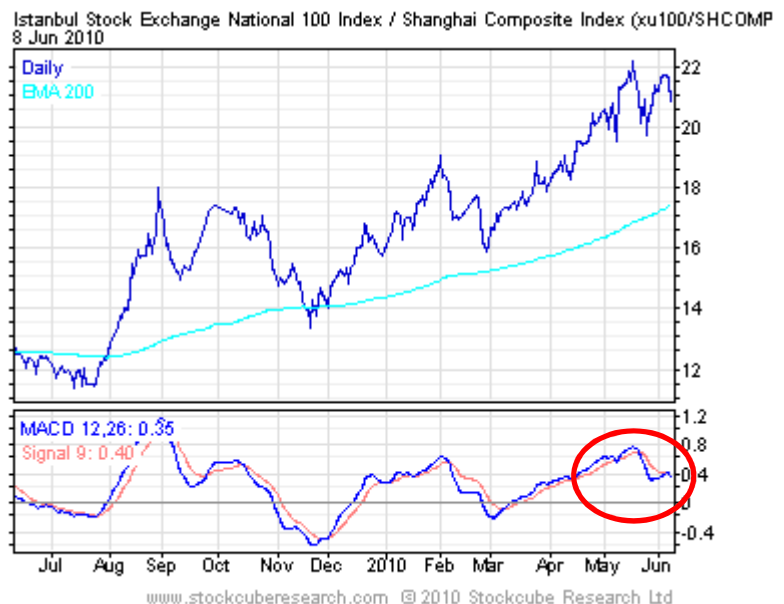
Against Thailand:

- 1) Ratio becomes extended from 200 day MA
- 2) MACD develops bearish divergence



Against Turkey:

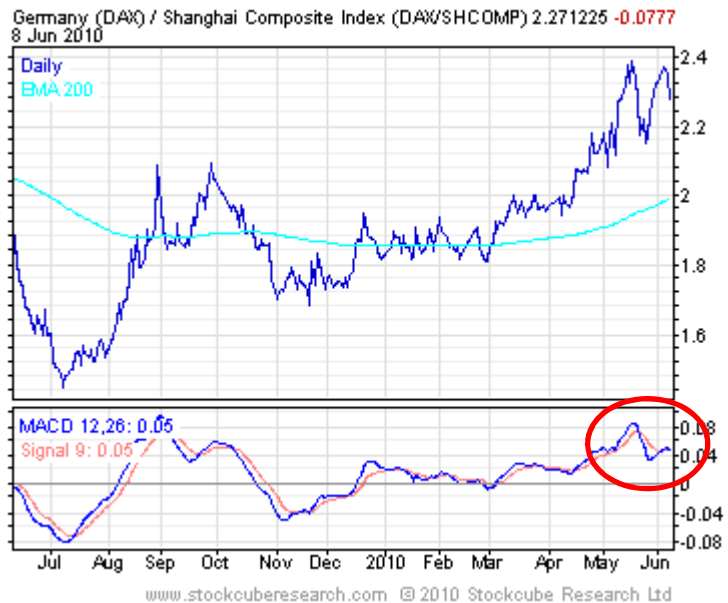
- 1) Ratio does not make a new high
- 2) Ratio becomes extended from 200 day MA
- 3) MACD develops bearish divergence



Against Global Leaders:

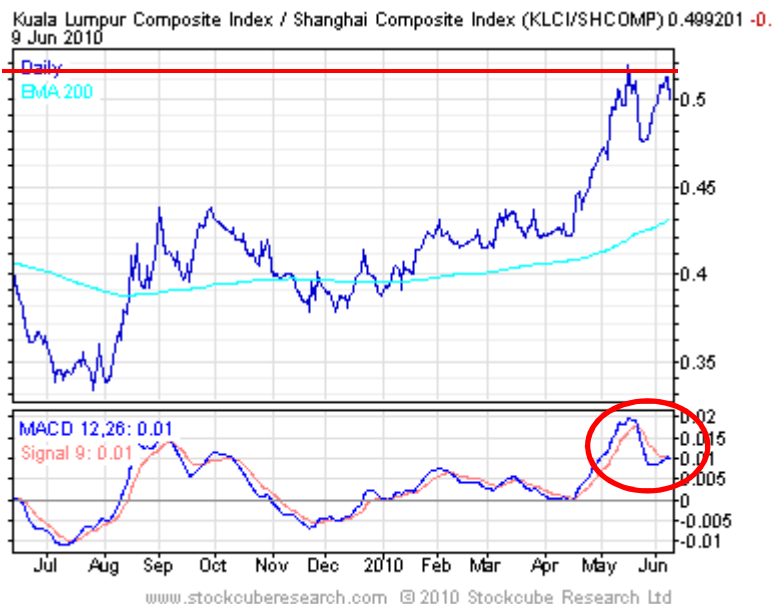
Against Germany:

- 1) Ratio does not make a new high
- 2) Ratio becomes extended from 200 day MA.
- 3) MACD develops bearish divergence



Against Malaysia:

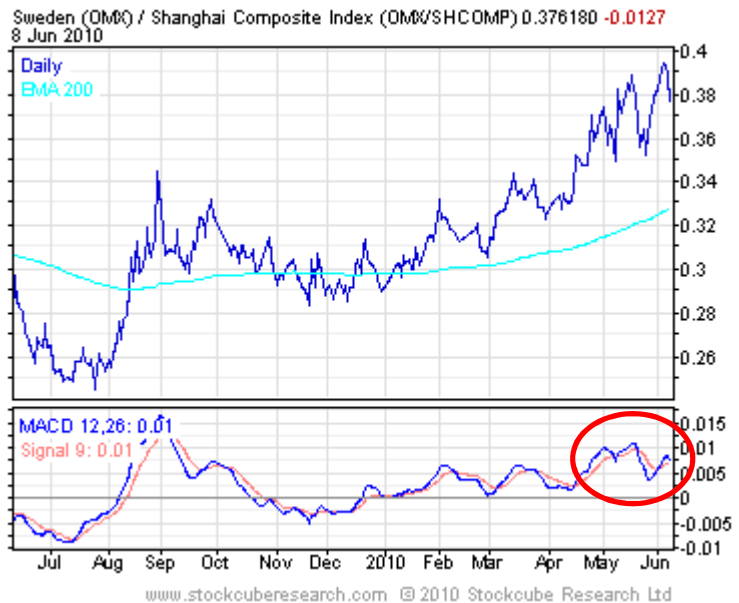
- 1) Ratio does not make a new high
- 2) Ratio encounters resistance (see previous section)
- 3) Ratio becomes extended from 200 day MA
- 4) MACD develops bearish divergence



Against Global Leaders:

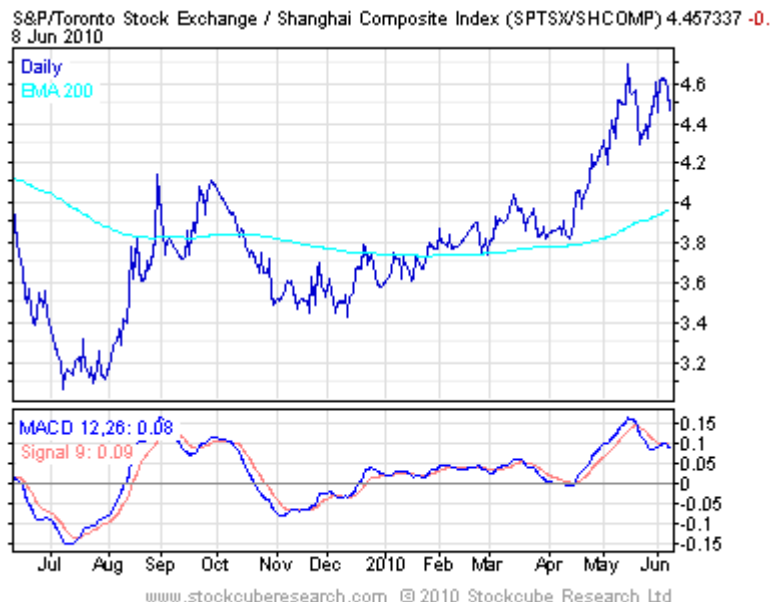
Against Sweden:

- 1) Ratio becomes extended from 200 day MA
- 2) MACD develops bearish divergence



Against Canada:

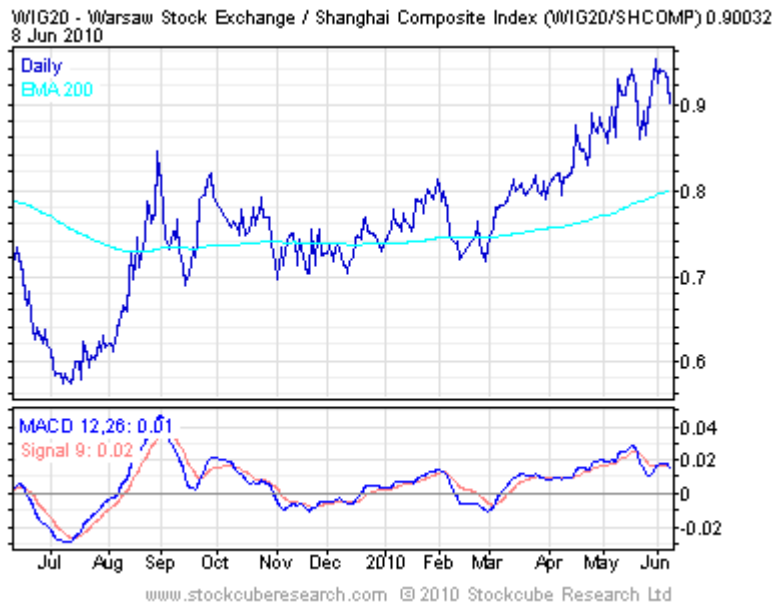
- 1) Ratio does not make a new high
- 2) Ratio becomes extended from 200 day MA
- 3) MACD develops bearish divergence



Against Global Leaders:

Against Poland:

- 1) Ratio becomes extended from 200 day MA
- 2) MACD develops bearish divergence



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