

# Morning Note

Tuesday 27/07/2010



**GlobalReach**  
Securities

## News: Equities rally on earnings & better than expected home sales

Markets rallied over the day to close at their highs into the U.S. close. The European session was flat as the market questioned the glut of data from the results of the stress tests. The first catalyst for the move was the earnings report from Fedex after their numbers and guidance showed a positive picture for US economic growth. Lower index readings from the Chicago and Dallas Feds were ignored. Then we saw a better than expected new home sales number which showed a month on month increase although this was flattered by a much lower revision to the previous month. In fact the 330k new homes sold number was the second worst ever posted. UBS posted a strong earnings report today which as boosted the financial sector, look out for US Home price index and Consumer confidence.

Commodity	Price	1 Day Change
Brent Crude	77.32	-0.23%
Baltic Dry	1,841.00	0.82%
Gold	1,183.00	-0.40%
Copper	7,149.00	1.71%
Silver	18.17	0.00%
Dollar Index	82.20	0.20%

Commodity	Price	1 Day Change
Eur / Usd	1.2971	-0.18%
Eur / Gbp	0.83889	0.00%
Eur / Yen	113.25	-0.32%
Gbp / Usd	1.5461	-0.19%
Usd / Yen	87.30	-0.48%

Stock Index	Latest	1 Day Change
ISEQ	2,967	0.67%
FTSE 100	5,383	0.59%
NIKKEI 225	9,497	-0.07%
DOW JONES	10,525	0.97%
S&P 500	1,115	1.12%
NASDAQ	2,296	1.19%
CAC 40	3,664	0.76%
DAX 30	6,217	0.36%
EUROSTOXX	2,765	0.79%

10 Year Benchmark	Yield %	1 Day Change
United States	3.01	0.48%
United Kingdom	3.46	0.20%
Germany	2.76	-0.15%
Japan	1.06	-0.93%
Ireland	5.29	-1.23%

## Portfolio Strategy: Break of 1100 confirmed next level 1133

Yesterday's market move confirmed the break of resistance at 1100. On technical basis this produces a Buy signal; first target 1133, then 1150, 1186 and 1210.

A note of caution on the chart is that the last time we broke the 1100 level the rally failed at 1133 which is only 1.5% higher than where we are now.

However this market is sentiment driven at the moment and the present mood is cautiously optimistic after a strong earnings season and a positive tone to macro numbers.

For now we look out to buy on dips around 1100. The risk reward of buying at present levels with the next target only 1.5% higher, is not entirely compelling and the rally has been sharp and on low volume.



## Top 5 Open Positions

Ticker	Stock	Price	BID now	Gain/Loss
LGF	Lions Gate	5.59	6.89	+23.3%
EMC	EMC Corp	16.83	20.36	+21.0%
AZN	AstraZeneca Plc	2760	3213	+16.4%
SKG	Smurfit Kappa	7.27	7.93	+9.1%
QQQ	Nasdaq Trust ETF	42.6	46.43	+9.0%

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