

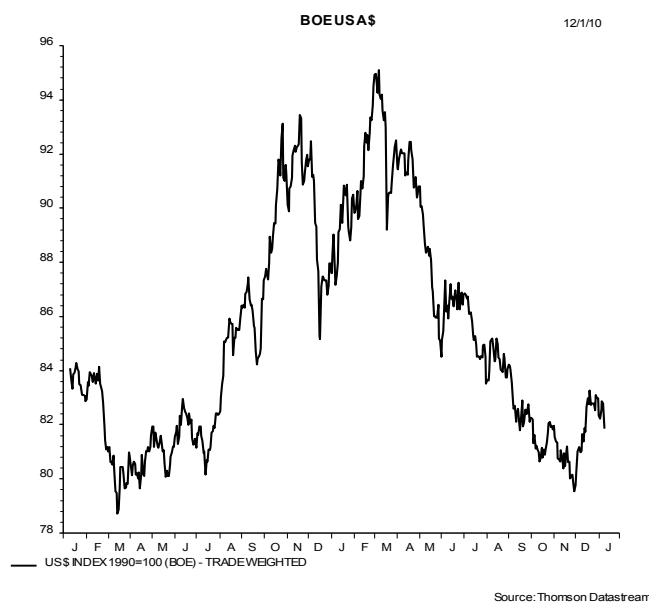
Mercantalyst



Merchant John East Securities

Tuesday 12 January 2010

A substantial fall in the American \$ yesterday,
the Bank of England \$ index falling 1% or so from
82.7 to 81.8, the index shown below:

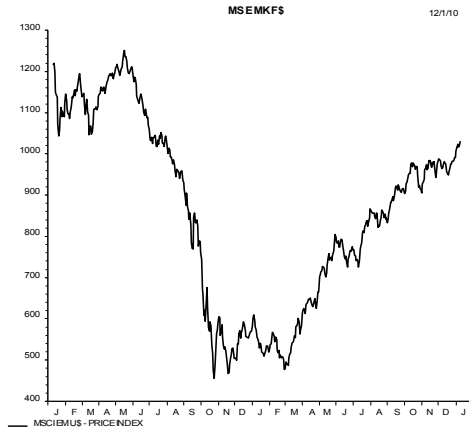


The rather strange and certainly unconvincing early - December
rally now unravelling quickly as the downtrends increasingly re - assert themselves.

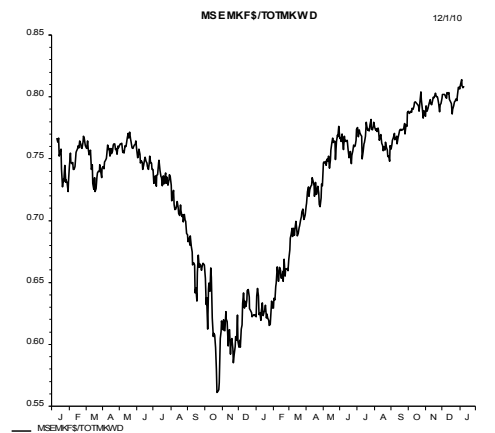


The themes which devolve, partly, from \$ weakness remain strong.

Hence, new highs in Emerging Markets:



Price



Relative

And a strong move overnight in that sector's largest component, the Shanghai Composite, shown below, plus 2%:



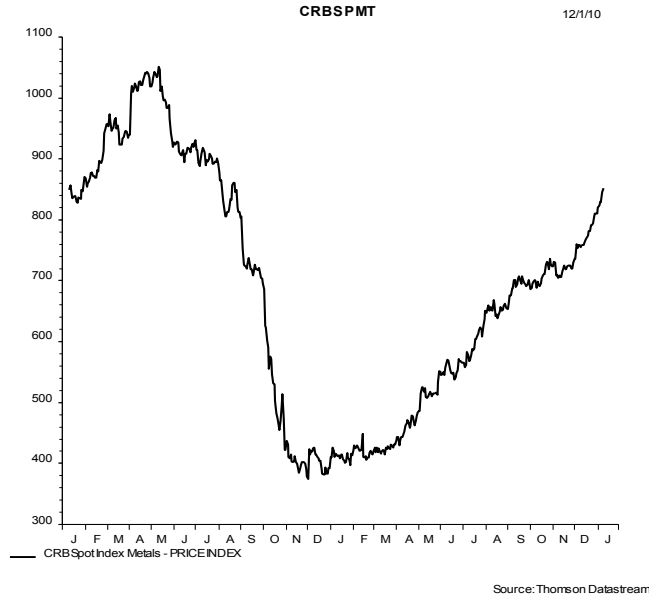


And a very powerful renewed breakout in Russian equities, the R.T.S. index shown below:



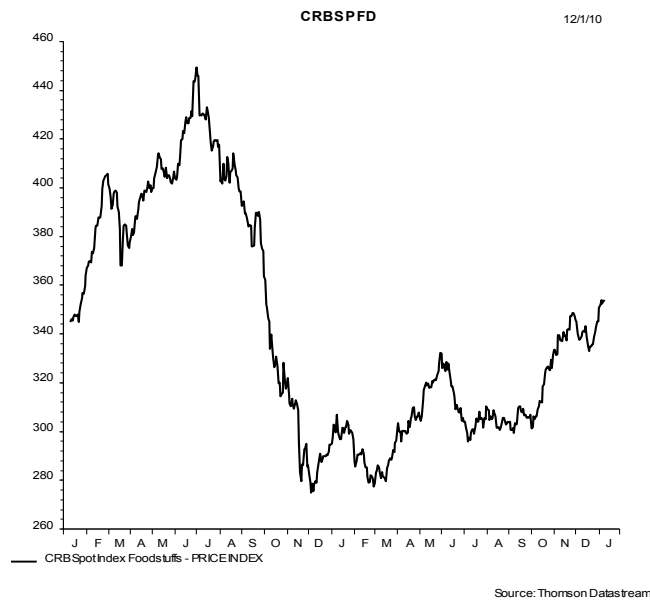


And new recovery highs in the physical metals:



CRB Metals.

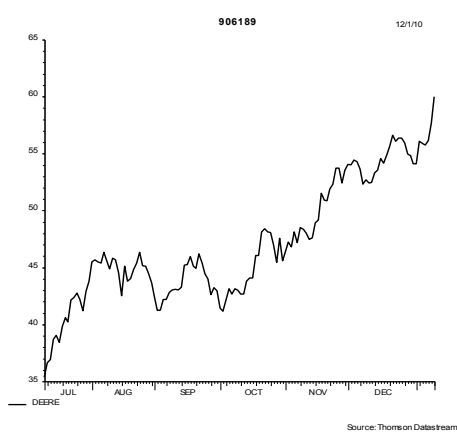
And good action in foodstuffs:



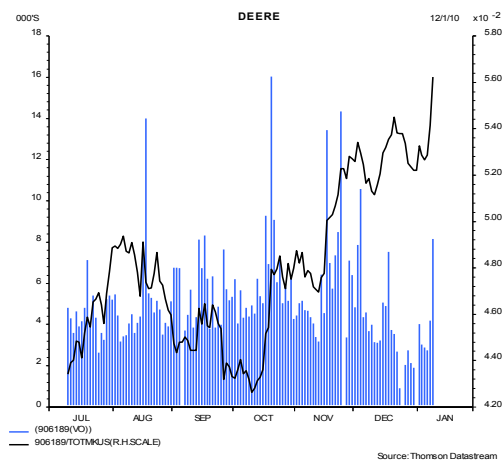
CRB Foodstuffs.



And some interesting good "validatory" action in the foodstuff - related stocks, an example below familiar over recent months:



Price



Relative

John Deere.

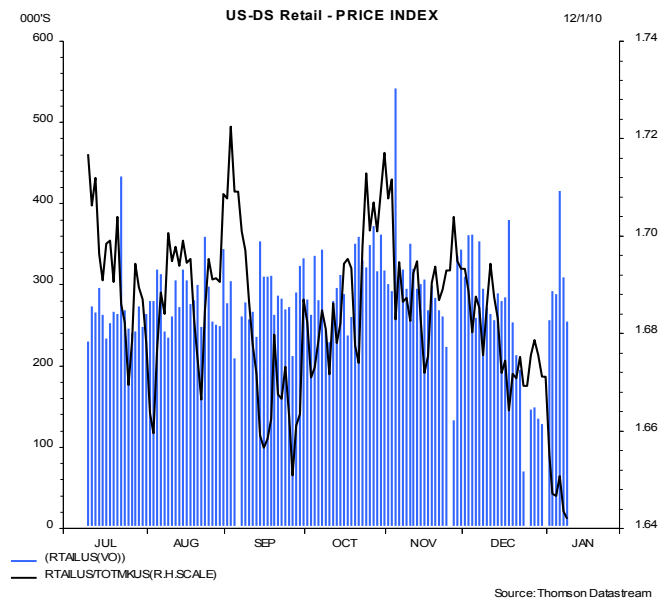
Clearly, there is global appetite for tractors.

All in all, therefore, in line with the script.



Elsewhere, an unremarkable American session,
but a few straws in the wind relevant to the themes
of the last several months, most notably in the
consumer confidence - related areas.

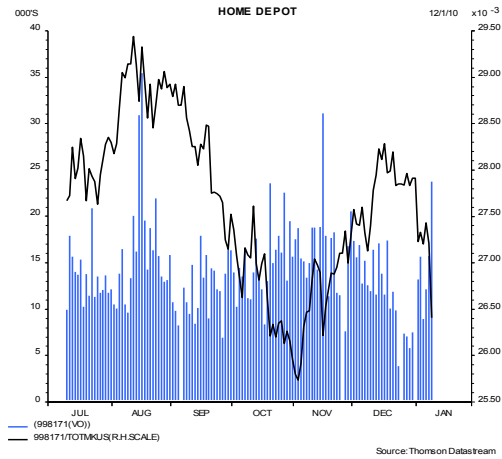
Hence, new lows here:



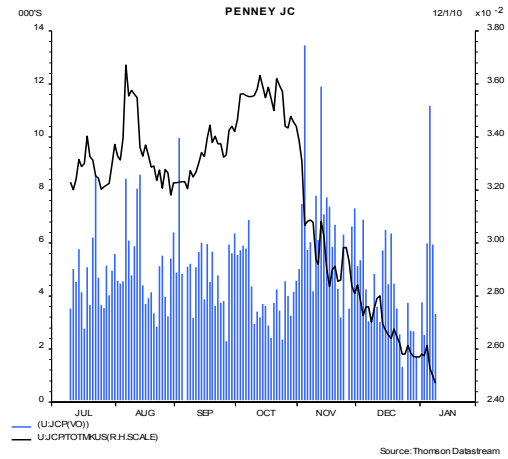
General Retailers



Typified by action in the stocks below:

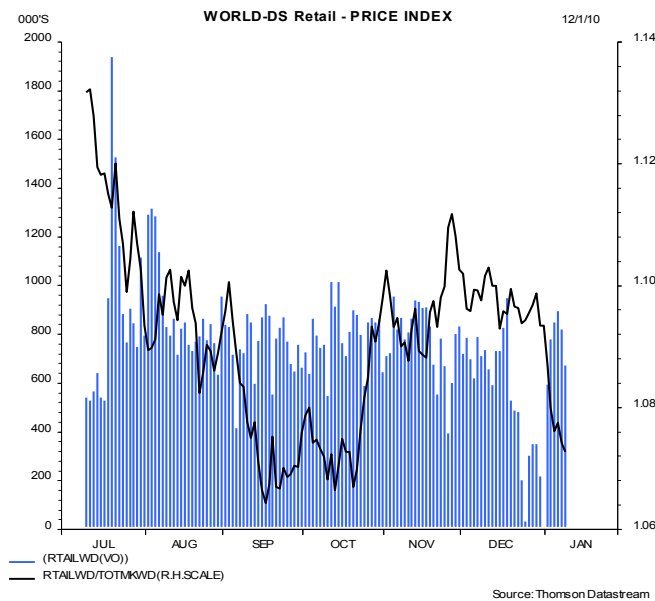


Home Depot



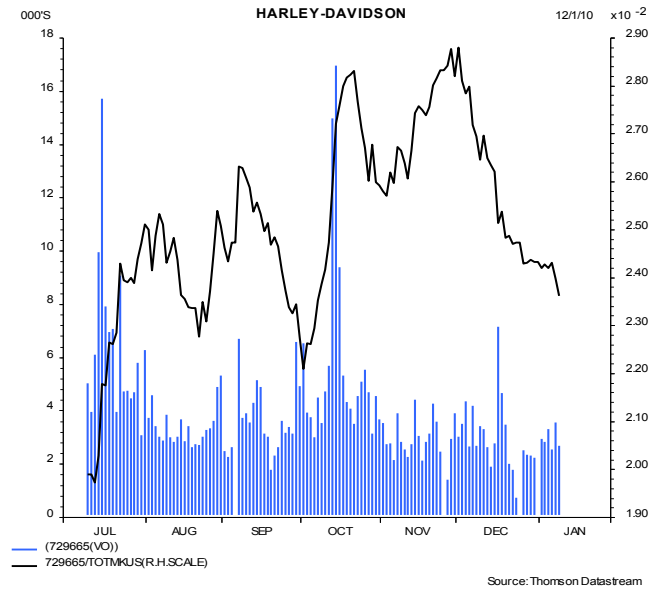
J.C. Penney

This is very much part of a global phenomenon, the global Retailers below:





In the same consumer confidence - related vein, note weak action
in the following:



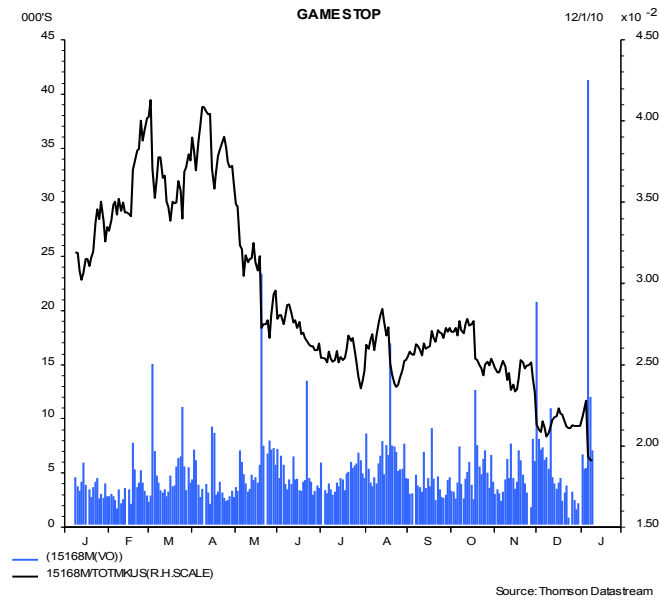
Harley - Davidson.

The John Deere price action shows
us the robust appetite for real tractors - the recent Harley - Davidson
action may just be beginning to show some diminution in the
appetite for their own particular brand of "tractor",
as they are sometimes pejoratively referred to.

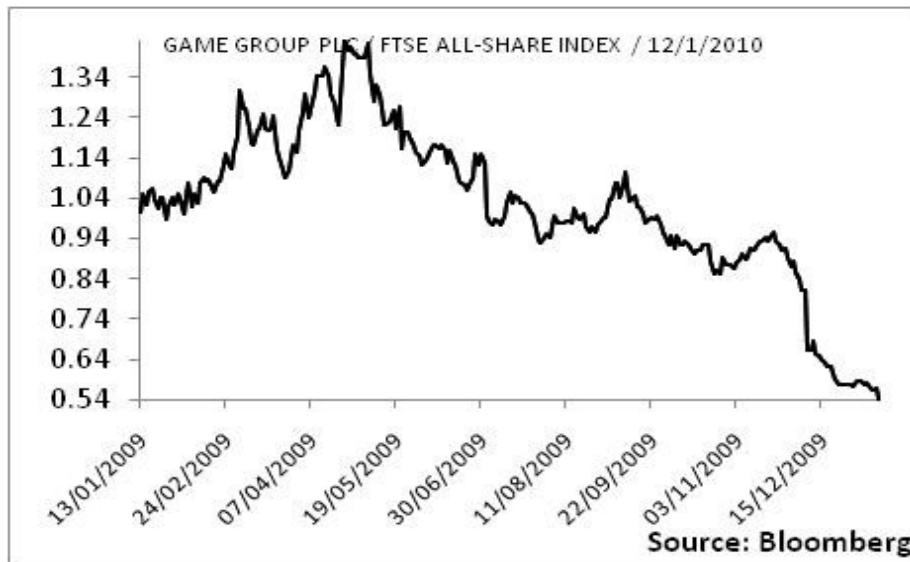


And note very weak action in two stocks

in connected sectors, one American, one British, closely watched here:



Gamestop - American, shown as of last night's close.

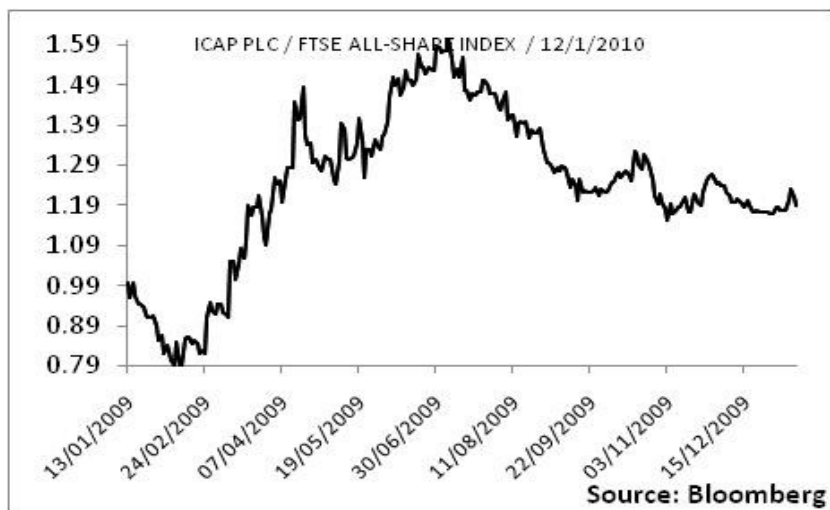


Game Group - U.K., shown as of the time of writing.



Finally, we have written bearishly about the stock below
in recent months.

Action as of the time of writing adds
to the bearish view:



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