

North American Marketletter

Monday, September 25th was very likely an "exhaustion-day" in the Canadian big-cap Oils and Material stocks, signaling the end of the recent sell-off.

This is supported by two events:

1. Many of these stocks sold off to a level below their June low, on heavy volume, and then closed above this low ("Reversal day").
2. Most of these same stocks had a gap-up opening and closed near their daily high on Tuesday, and were again up on Wednesday.

These items suggest a "reversal" of the downtrend that has existed in these stocks since early July. This, of course, does not mean an immediate rush to new all-time highs, but it may mean that the worst is over for these stocks and that, after further base-building, they could resume their previous uptrend.

We have also discovered another group of stocks: Although these have also sold off in the last two months, they have not violated their RISING 200-day moving averages (200dMA) and, in fact, in most cases are at or just above this important indicator. These are the stocks that need no base-building and should be the first to resume their advance. Ideally, they should not violate their 200dMA to maintain their positive status. As a matter of fact, putting a stop-loss (mental or actual) about 4-5% below their 200dMA maybe a good way to filter out any potential loss.

These are all buy-candidates. The list includes assorted names: Please remember that the lower priced ones are for selected accounts only.

We will do a follow-up to see how they fared.

Canadian Stocks

NAME	Symbol	September 26 th		% DIFFERENCE
		PRICE	200dMA LEVEL	
Consumer Discretionary				
Thompson	TOC	\$ 45.53	\$ 43.54	4%
Consumer Staples				
Saputo	SAP	\$ 36.30	\$ 34.50	5%
Shoppers Drug Mart	SC	\$ 45.55	\$ 44.00	3%
Energy				
Enbridge Inc.	ENB	\$ 35.75	\$ 35.00	2%
Husky Energy	HSE	\$ 70.31	\$ 69.47	1%
TransCanada Cp.	TRP	\$ 35.59	\$ 34.30	4%
Exall Resources Ltd	EXL	\$ 2.54	\$ 1.87	26%
Great Panther Resources	GPR	\$ 1.76	\$ 1.59	10%
Oilexco	OIL	\$ 5.85	\$ 5.09	13%
Rally Energy	RAL	\$ 2.78	\$ 2.17	22%
Financial				
Industrial Alliance	IAG	\$ 31.86	\$ 31.76	0%
Manulife Financial	MFC	\$ 36.38	\$ 35.94	1%
Industrials				
Bombardier inc.	BBD.b	\$ 3.31	\$ 3.24	2%
Russel Metals	RUS	\$ 25.90	\$ 25.40	2%
Transat AT Inc.	TRZ.b	\$ 24.40	\$ 22.95	6%
Materials				
AUR Resources	AUR	\$ 17.46	\$ 16.10	8%
Inmet Mining	IMN	\$ 42.87	\$ 38.29	11%
Metallica Resources	MR	\$ 3.31	\$ 3.30	0%
Pelangio Mines	PLG	\$ 1.37	\$ 1.10	20%
Petaquilla Minerals	PTQ	\$ 2.78	\$ 2.11	24%
Gold & Silver				
Agnico-Eagle Mines	AEM	\$ 34.80	\$ 34.18	2%
Glamis Gold	GLG	\$ 42.44	\$ 38.79	9%
Kinross Gold	K	\$ 13.26	\$ 12.46	6%
Minefinders Cp Ltd.	MFL	\$ 10.20	\$ 8.84	13%
Silver Standard	SSO	\$ 23.71	\$ 21.94	7%
Silver Wheaton	SLW	\$ 10.04	\$ 9.98	1%
Aurizon Mines	ARZ	\$ 2.88	\$ 2.56	11%
Cumberland Resources	CLG	\$ 6.10	\$ 4.37	28%
Kirkland Lake Gold	KGI	\$ 6.70	\$ 6.65	1%
Miramar Mining	MAE	\$ 4.62	\$ 3.81	18%

US Stocks

NAME	Symbol	September 26 th		% DIFFERENCE
		PRICE	200dMA LEVEL	
Consumer Discretionary				
Ann Taylor Stores	ANN	\$ 42.81	\$ 37.85	12%
Disney Walt	DIS	\$ 31.07	\$ 28.32	9%
JC Penny	JCP	\$ 68.45	\$ 62.17	9%
Office Depot	ODP	\$ 40.02	\$ 37.20	7%
Philips-Van Heusen	PVH	\$ 42.40	\$ 36.56	14%
Consumer Staples				
Archer-Daniels Midland	ADM	\$ 38.74	\$ 36.64	5%
Clorox	CLX	\$ 63.24	\$ 60.63	4%
Colgate - Palmolive	CL	\$ 62.36	\$ 58.27	7%
Heinz HJ	HNZ	\$ 42.40	\$ 39.20	8%
Walgreen	WAG	\$ 45.11	\$ 44.78	1%
Energy				
Chevron	CVX	\$ 63.59	\$ 60.78	4%
Financial				
American Express	AXP	\$ 55.96	\$ 52.88	6%
Charles Schwab	SCHW	\$ 17.67	\$ 16.23	8%
Health Care				
Merck & Co Inc.	MRK	\$ 41.76	\$ 36.19	13%
Industrials				
ABB Ltd	ABB	\$ 13.29	\$ 12.31	7%
Alaska Air	ALK	\$ 39.28	\$ 35.70	9%
Continental Air Lines	CAL	\$ 29.49	\$ 25.24	14%
CSX Corp	CSX	\$ 32.17	\$ 30.47	5%
General Cable	BGC	\$ 38.91	\$ 30.61	21%
General Dynamics	GD	\$ 72.06	\$ 64.50	10%
OMI Corp	OMM	\$ 21.29	\$ 19.57	8%
Orbital Sciences	ORB	\$ 19.05	\$ 15.65	18%
Raytheon	RTN	\$ 47.84	\$ 44.49	7%
Ryder Systems	R	\$ 52.70	\$ 48.84	7%
United Technologies	UTX	\$ 63.61	\$ 60.40	5%
Waste Management	WMI	\$ 35.86	\$ 34.41	4%
Information Technology				
Gerber Scientific	GRB	\$ 14.18	\$ 11.73	17%
Hewlett-Packard	HPQ	\$ 35.70	\$ 32.67	8%
Materials				
Air Products and Chemicals	APD	\$ 67.83	\$ 64.21	5%
Brush Eng. Materials	BW	\$ 25.92	\$ 21.27	18%
Hercules	HPC	\$ 15.87	\$ 13.86	13%
PPG Industrials	PPG	\$ 67.78	\$ 62.90	7%
Sherwin-Williams	SHW	\$ 55.98	\$ 49.23	12%
Timken Co.	TKR	\$ 33.27	\$ 32.12	3%
Telecom				
CenturyTel	CTL	\$ 39.73	\$ 36.87	7%