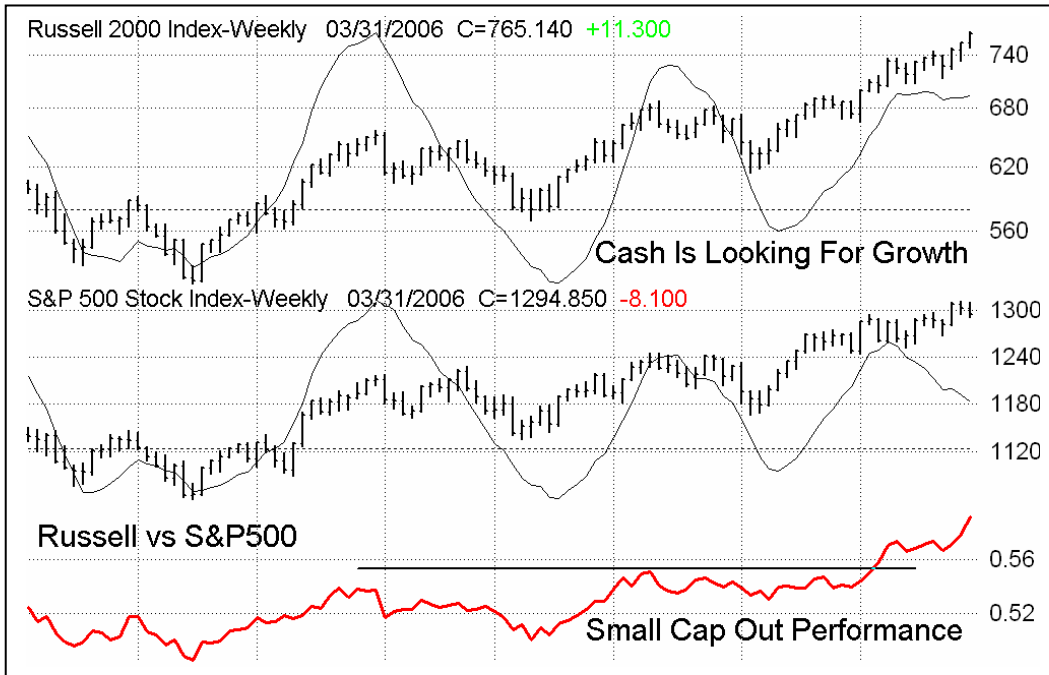




BI-WEEKLY UPDATE
 March 31, 2006 GT1204

DJII 11109
 TSX Comp 12111

End-Of-Cycle warnings – a "late cycle" rally in the small caps could run up to a May 2006 peak.



Large-Caps vs. Small-Caps

In the US small caps are new or relatively young companies, with a market cap between \$300 million to \$10 billion. Small caps do present the possibility of greater capital appreciation - but at the cost of greater risk.

In Canada "Small cap" is a common designation given to the equities of small-sized companies usually includes companies with less than \$1 billion in market capitalization.

According to the STOCK TRADER'S ALMANAC the small cap Russell 2000 has a seasonal November to May average return: 12.5%

A **late cycle** rally in the Russell 2000 occurred in front of the 1998 and 2000 bears.

We know that small cap indices such as iShares Russell 2000 (IWM) have traditionally underperformed during an interest rate tightening cycle.

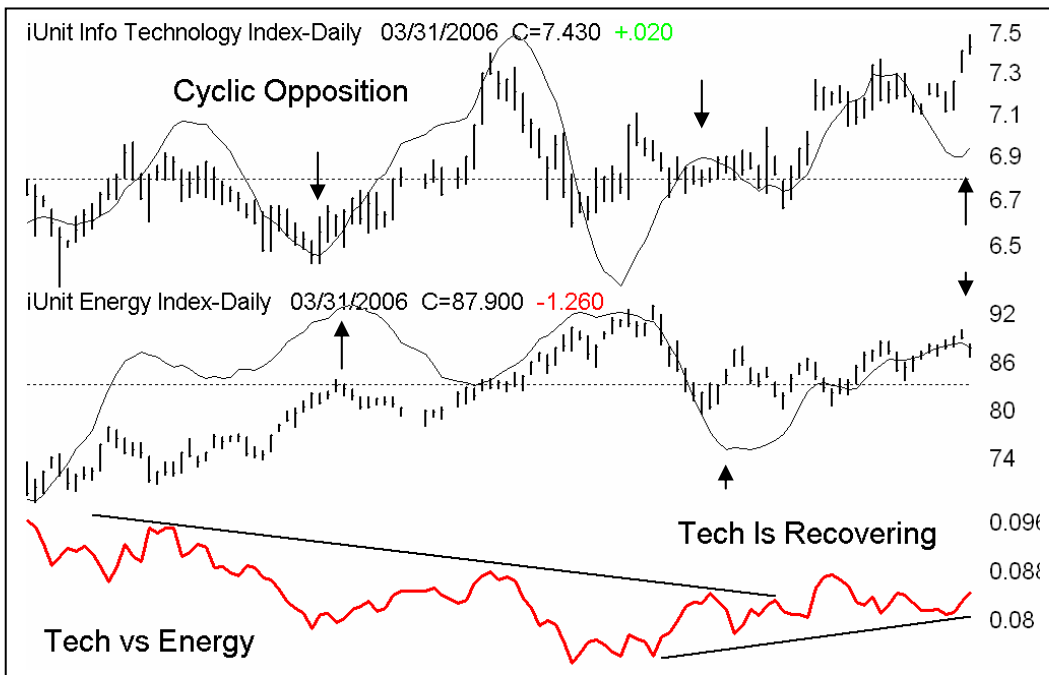
May could be a peak for the small cap Russell 2000 index and this suggests the US fed may be NOT near the end of the interest rate tightening cycle.

This could end the commodity boom.

See top chart left.

Our technology – energy spread suggests that tech is in the early stages of recovery.

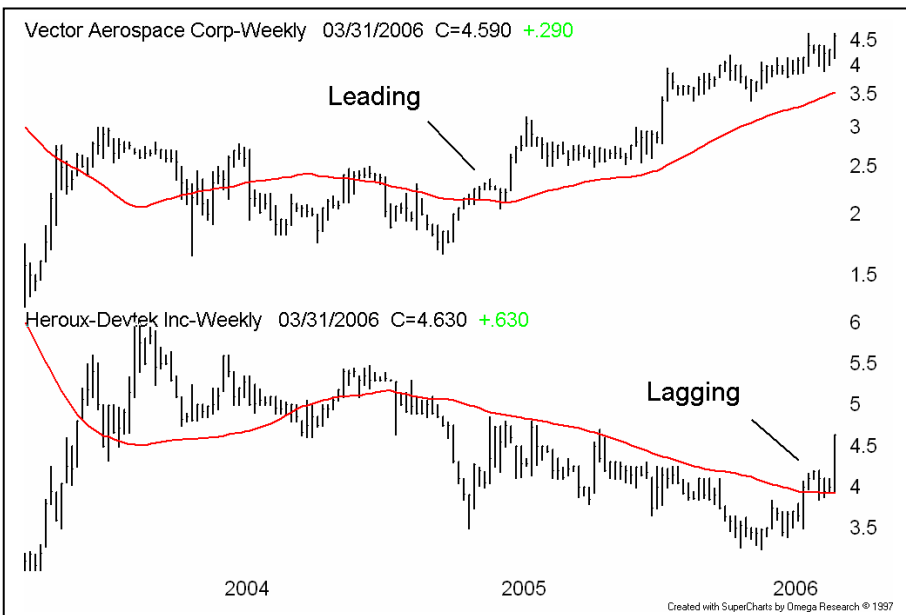
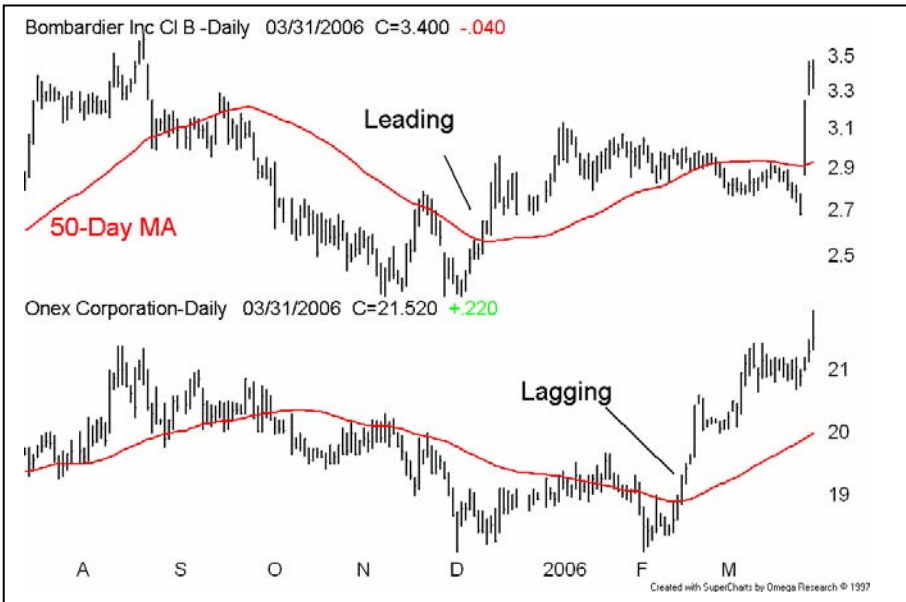
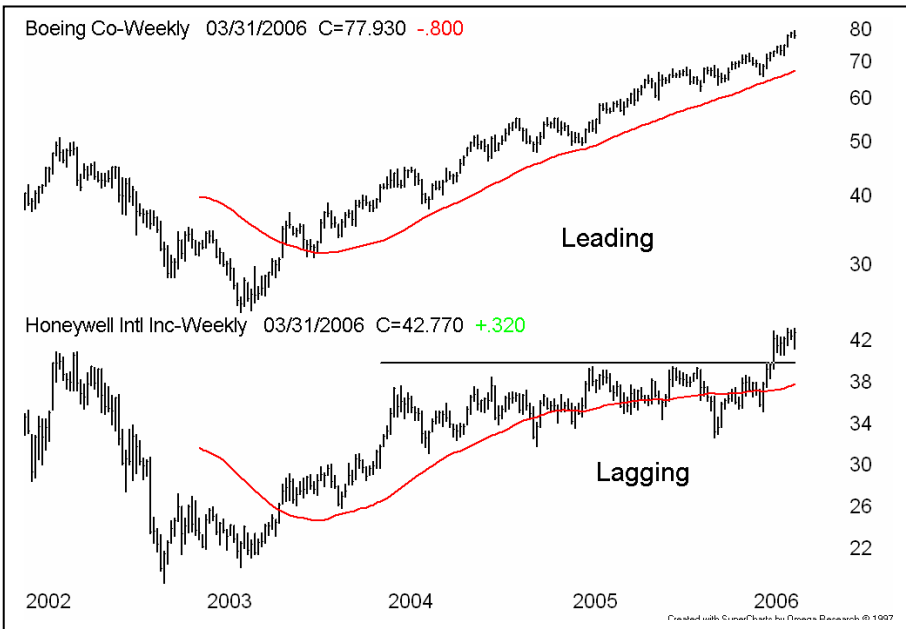
See lower chart left.



Equities – Still strong as displayed by the 52-Week Hi-Low list at the close March 31, 2006

	Nasdaq	NYSE	AMEX	TSE	CDNX	TOTAL
New 52-week Highs	173	144	18	34	76	445
New 52-week Lows	31	8	0	5	0	44

Technology could be a beneficiary of a pending correction in the commodity space.



The "Next Big Thing" – Aerospace: We revisit our studies from GT1194 of December15, 2005

Aerospace Candidates

The evidence mounts for a long term opportunity.

Industrial and aerospace conglomerate Honeywell International Inc. (NYSE:-HON) is the world's largest manufacturer of cockpit electronics, Honeywell continues to benefit from strong demand across the entire spectrum of the commercial aircraft market from business jets to new aircraft from Boeing Co. and Airbus.

See chart top left.

Canada's best liquid aerospace plays are Bombardier and Onex Corp.

See chart center left.

There are several smaller plays in Canada but most are risky small cap plays and not suitable for the institutions who will eventually buy into the Aerospace story.

The best opportunities are here - much like the metals and mining base of 2002 - 2003.

- | | |
|------------------------|-----------|
| Airboss of America | TSX-BOS |
| Atlantis Systems | TSX-AIQ |
| Avcorp Industries | TSX-AVP |
| Bombardier Inc | TSX-BBD.B |
| CAE Inc. | TSX-CAE |
| Global Railway Industr | TSX-GBI |
| Heroux-Devtek Inc. | TSX-HRX |
| Linamar Corp. | TSX-LNR |
| Magellan Aerospace | TSX-MAL |
| Northstar AeroSpace | TSX-NAS |
| Onex Corp | TSX-OCX |
| Railpower Technologies | TSX-P |
| Vector Aerospace | TSX-RNO |

Heroux-Devtek Inc. (HRX.TO), which makes aerospace and industrial components, has swung to a third-quarter profit of \$743,000 from a year-earlier loss of \$887,000

Vector Aerospace Corp. which specializes in repairing and overhauling airplanes and helicopters, earned C\$1.8 million (\$1.6 million), or 5 Canadian cents a share, for the quarter ended December 31.

CAE is the leader and rotation into Onex would be a prudent strategy.

Bill C

Weekly TSX sector MOM ranking and trend placement: Current top sectors Diversified Metals, Industrials and Materials.																
TSX Sub Groups	31-Mar-06	gettingtechnical.com Sub Groups WEEKLY Ranking - Most Recent to the Left														
Diver Metals & Mining	11.82	1	1	1	1	2	2	3	3	4	5	5	3	3	3	3
Industrials	7.99	2	2	3	5	5	5	6	9	9	10	10	10	10	10	11
Materials	6.39	3	4	4	3	3	3	2	2	3	3	2	2	2	2	2
Financials	5.00	4	6	7	8	9	9	11	11	11	9	9	7	6	5	4
Consumer Discretionary	4.56	5	5	6	6	7	7	9	10	10	11	11	11	11	12	12
Information Technology	4.39	6	12	13	12	12	12	12	13	14	14	12	12	13	13	13
S&P/TSX Composite	4.00	7	8	10	9	8	8	8	7	8	8	8	8	8	8	8
Health Care	3.95	8	3	2	4	4	4	10	12	12	12	13	15	14	14	14
S&P/TSX CDN Small Cap	3.63	9	9	9	7	6	6	5	6	7	7	7	9	9	9	10
Gold	3.30	10	13	5	2	1	1	1	1	1	1	1	1	1	1	1
Energy	2.90	11	7	8	10	10	11	4	4	2	2	3	5	4	4	6
S&P/TSX CDN Mid Cap	2.62	12	11	11	11	11	10	7	5	6	6	6	6	7	7	9
Income Trusts	2.31	13	10	12	13	13	13	13	8	5	4	4	4	5	6	5
Telecommunication	0.19	14	14	15	15	15	15	14	14	13	13	14	14	15	15	16
Consumer Staples	-0.41	15	15	14	14	14	14	15	15	16	16	16	16	16	16	15
Utilities	-6.18	16	16	16	16	16	16	16	16	15	15	15	13	12	11	7

Weekly U.S. sector MOM ranking and trend placement: Current top sectors Telecom, Industrials, Materials and Cons Staples																
U.S. Sectors	31-Mar-06	gettingtechnical.com US Sector WEEKLY Ranking - Most Recent to the Left														
HOLDRS Telecom TTH	-----	1	1	1	1	2	2	2	5	7	10	12	13	12	11	
SPDR-Industrial XLI	5.80	2	2	3	5	5	6	6	8	8	7	9	7	8	7	
SPDR-Materials XLB	3.59	3	3	4	3	3	3	4	3	3	3	4	2	1	1	
SPDR-Consumer Staples XLP	2.59	4	4	9	11	11	11	10	11	12	12	13	14	14	13	
streetTRACKS Gold T GLD	2.49	5	5	2	2	1	1	1	1	1	1	1	1	4	5	
SPDR-Financial XLF	2.04	6	6	7	7	7	7	8	10	11	9	10	6	6	3	
SPDR-Consumer Discreti XLY	1.64	7	7	8	9	10	9	9	9	9	11	11	10	11	10	
SPDR-Technology XLK	1.41	8	8	6	6	8	10	12	12	10	8	7	9	9	9	
SPDR-Health Care XLV	1.14	9	9	10	8	6	4	5	4	5	6	6	8	10	12	
SPDR-Energy XLE	0.47	10	10	5	4	4	5	3	2	2	2	2	5	5	8	
SPDR-Utilities XLU	-0.43	11	11	11	10	9	8	7	6	4	5	8	12	13	14	
HOLDRS Biotech BBH	-2.75	12	12	12	13	13	13	13	13	13	14	14	11	7	4	
HOLDRS Semiconductor SMH	-6.85	13	13	13	12	12	12	11	7	6	4	3	3	3	6	
HOLDRS Internet HHH	-16.61	14	14	14	14	14	14	14	14	14	14	13	5	4	2	

Long Term Global MONTHLY sector MOM ranking and trend placement: March 31, 2006. Current top sectors are Latin America, Emerging Markets, Japan and Canada. Long tem world laggards are the S&P500 and the long bonds.																
	31-Mar-06	Global Sector Monthly Ranking -Most Recent to the Left														
iShares S&P Latin America 40 - ILF	71.2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
iShares MSCI Emerging Markets - EEM	46.0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
iShares MSCI Japan Index Fund - EWJ	36.9	3	3	3	4	4	6	8	10	10	10	10	10	10	10	10
S&P/TSX60 - XIU	26.4	4	4	4	3	3	3	3	4	4	4	4	5	5	5	5
iShares Russell 2000 - IWM	22.8	5	5	7	8	8	8	6	5	5	8	8	8	8	8	6
DB Commodity Index Tracking Fund - DBC	17.5	6	6	5	5	5	4	7	7	7	6	6	6	6	7	7
iShares S&P Europe 350 Index Fund - IEV	16.4	7	8	8	7	7	7	5	6	6	5	4	4	4	4	4
iShares MSCI-Pacific Ex-Japan - EPP	16.0	8	7	6	6	6	5	4	3	3	3	3	3	3	3	3
S&P500 SPDRs - SPY	9.3	9	9	9	9	9	10	9	8	9	9	9	9	9	9	8
iShares Lehman 20+ Year Bond Fund - TLT	-2.7	10	10	10	10	10	10	9	10	9	8	7	7	7	7	9

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