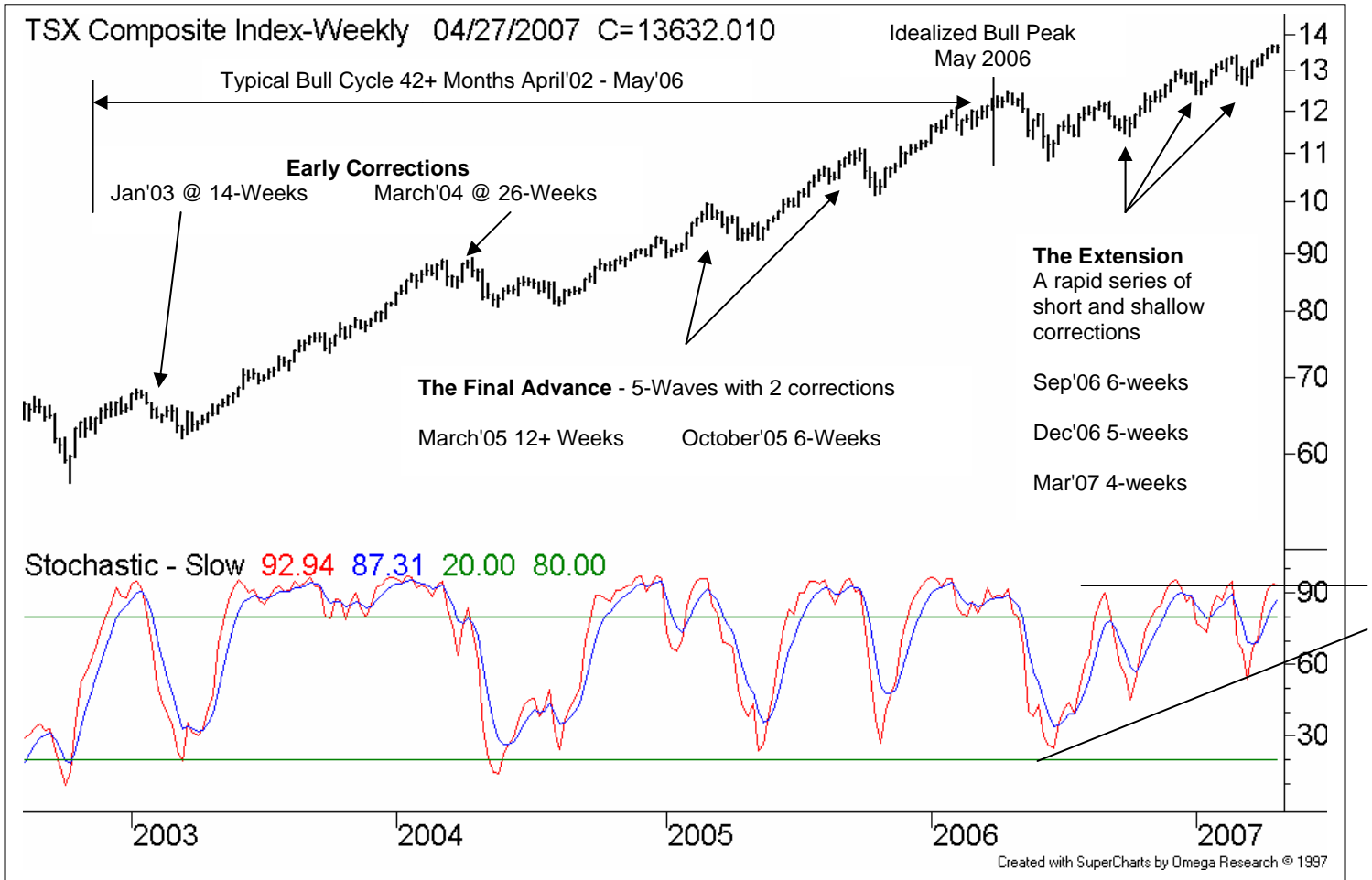


Bi-Weekly Update      May 4, 2007 GT1234    TSX Comp 13687      DJII 13241

**The Anatomy of the 2002-2007 TSX Bull Market**

The current bull is 54-months old and counting. The idealized bull cycle is 42-months which places the bull price peak at May 12, 2006. As we now extend beyond the May 2006 peak the corrections become more frequent and shallower as investors rush into equities fearing not to be invested. This is typical of a late cycle extension.



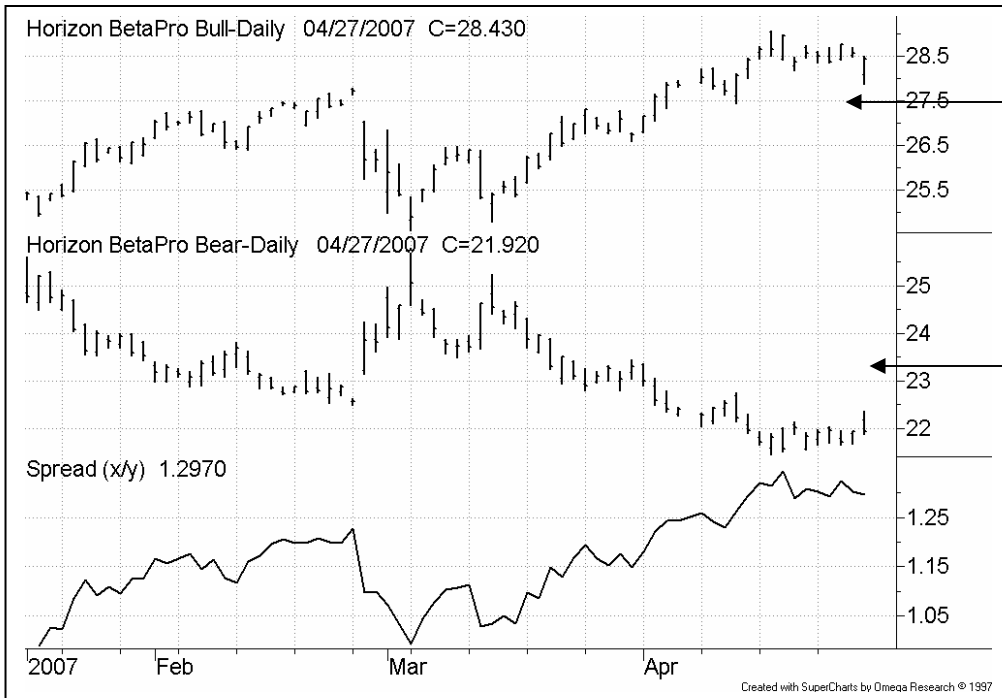
The ten S&P/TSX index sub-groups sort by Months of Positive Price Momentum (risk) - see comments

TSX Sub Index	Sector #	Weight %	Months of Positive MOM	
S&P/TSX Financials Index	40	31.6%	47	The current risky Hi-MOM sectors are Financials, Consumer Discretionary and Materials - their weights sum to 53% of the TSX Composite
S&P/TSX Composite Index			46	
S&P/TSX Consumer Discretionary	25	5.3%	45	
S&P/TSX Materials Index	15	16.3%	44	
Diversified Metals & Mining Index*			46	
S&P/TSX Industrials Index	20	5.5%	27	
S&P/TSX Telecommunication Services	50	5.6%	8	
S&P/TSX Information Technology Index	45	3.3%	7	
S&P/TSX Utilities Index	55	1.4%	5	
S&P/TSX Consumer Staples Index	30	2.6%	4	Only energy @ 6 months of negative price MOM has enough index weight to counter a correction in the higher MOM sectors
Gold Index*			-1	
S&P/TSX Energy Index	10	27.6%	-6	
S&P/TSX Health Care Index	35	0.8%	-10	

\* These are sub-components of the S&P/TSX Materials Index

An equity bubble could be the probable outcome as the equity markets keep advancing without a corrective period of any time and price magnitude. Just for the record the current bull market in North American equities had its origin in late 2002 and has had several corrective periods. Only one of them exceeded the normal 8 to 12 weeks in duration, the lengthy 20-week correction that persisted through mid 2004. See chart one page 1

The answer to rising stock prices seems to be related to equity inflation. Too much cash is chasing too few stocks. The too much cash part is the glut of global liquidity fuelled for the most part by the low interest rate environment of cheap and plentiful debt finance. The few stocks part is related to the disappearance of public companies that chose to opt out of to-day's highly regulated equity markets. As a private company management is freed from the burden of impatient shareholders, issuing guidance to stock analysts and litigation from over-zealous special interest groups. A current bullish stampede is a poor substitute for traditional stock analysis



The Horizons BetaPro S&P/TSX 60® **Bull Plus** Fund (HXU) seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs that endeavour to correspond to **two times (200%)** the daily advance of the S&P/TSX60 Index

The Horizons BetaPro S&P/TSX 60® **Bear Plus** Fund (HXD) seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to **two times (200%)** the **inverse** (opposite) of the daily advance of the S&P/TSX60 Index

**Portfolio Bull Hedge Strategy Outcome Assuming a 15% Advance**

Total Equity Portfolio Exposure Expressed in Per Cent	Total Long Equity Portion Expressed in %	Horizon Beta Pro Bull (HXU) Exposure in %	Portfolio Gain/(Loss) in Per Cent
100	100	0	15.0
100	90	10	16.5
100	75	25	18.8
100	67	33	20.0
100	50	50	22.5
100	40	60	24.0
100	10	90	28.5

100% Long

100%+ Aggressive Long

200% Long Super Bull

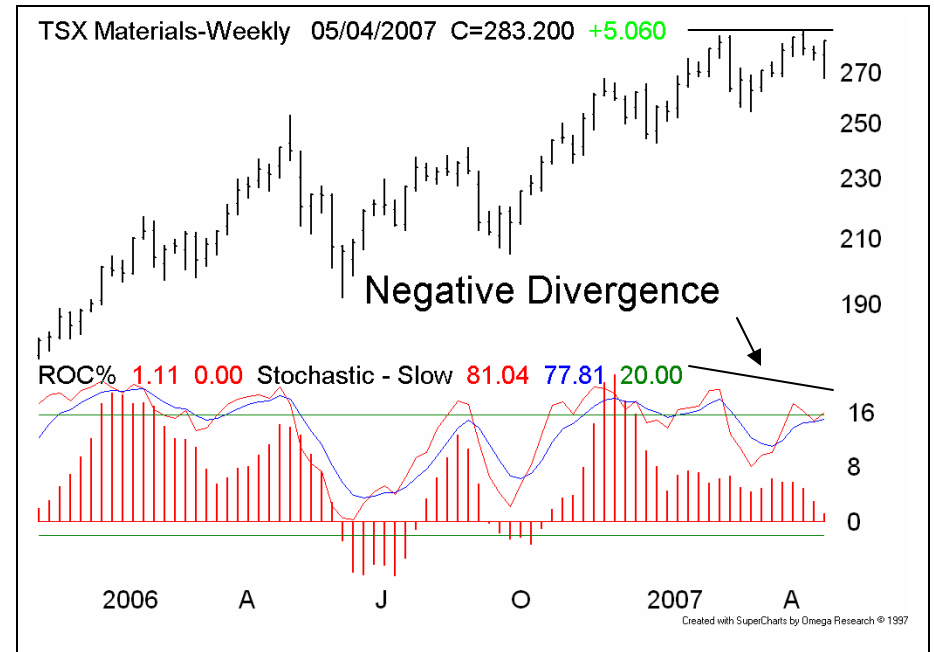
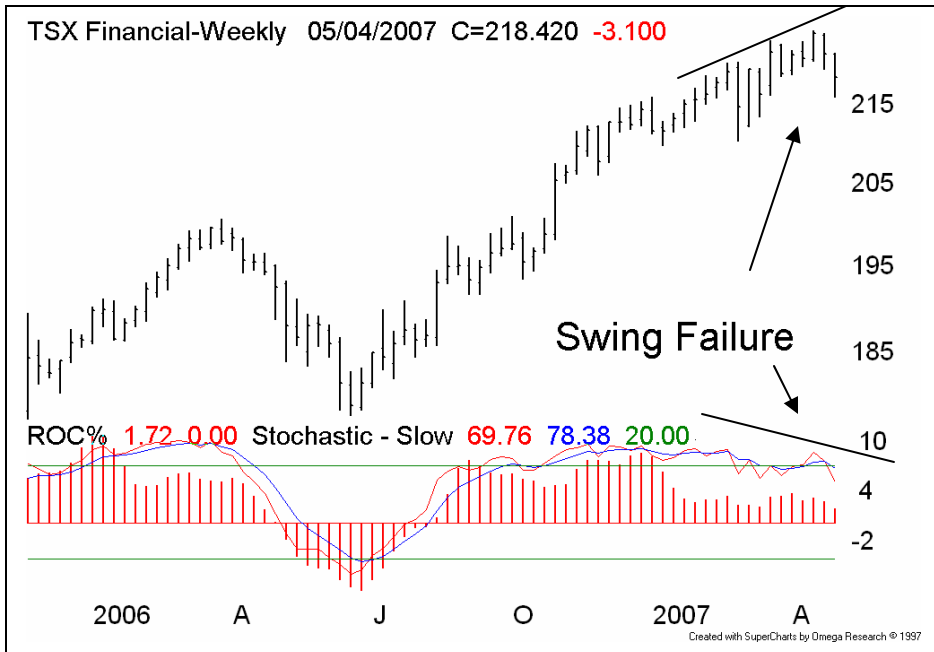
**Portfolio Bear Hedge Strategy Outcome Assuming a 15% Decline**

Total Equity Portfolio Exposure Expressed in Per Cent	Total Long Equity Portion Expressed in %	Horizon Beta Pro Bear (HXD) Exposure in %	Portfolio Gain/(Loss) in Per Cent
100	100	0	(15.0)
100	90	10	(10.5)
100	75	25	(3.8)
100	67	33	0.4
100	50	50	7.5
100	40	60	12.0
100	10	90	25.5

100% Long

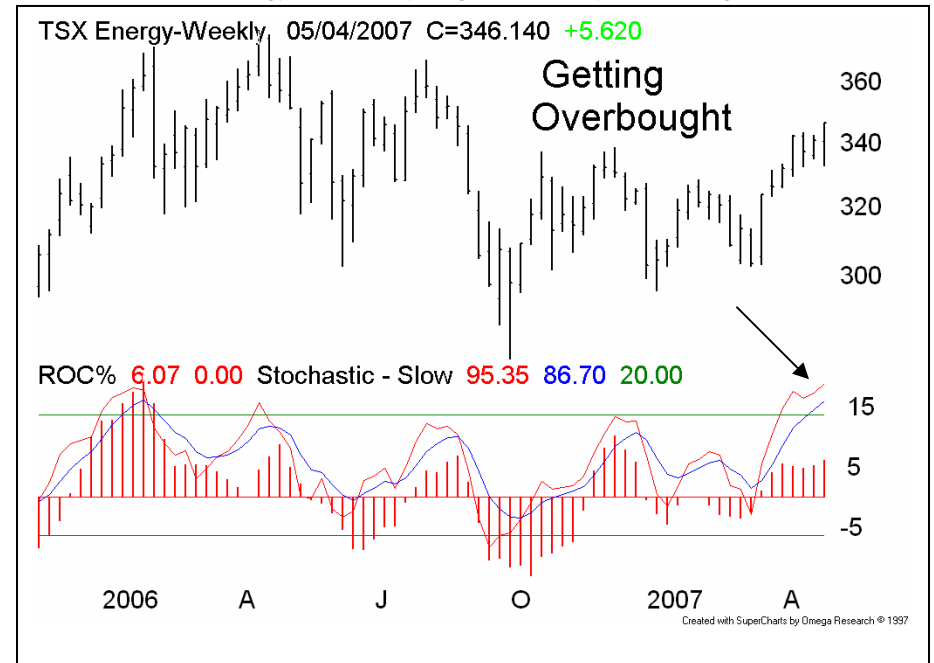
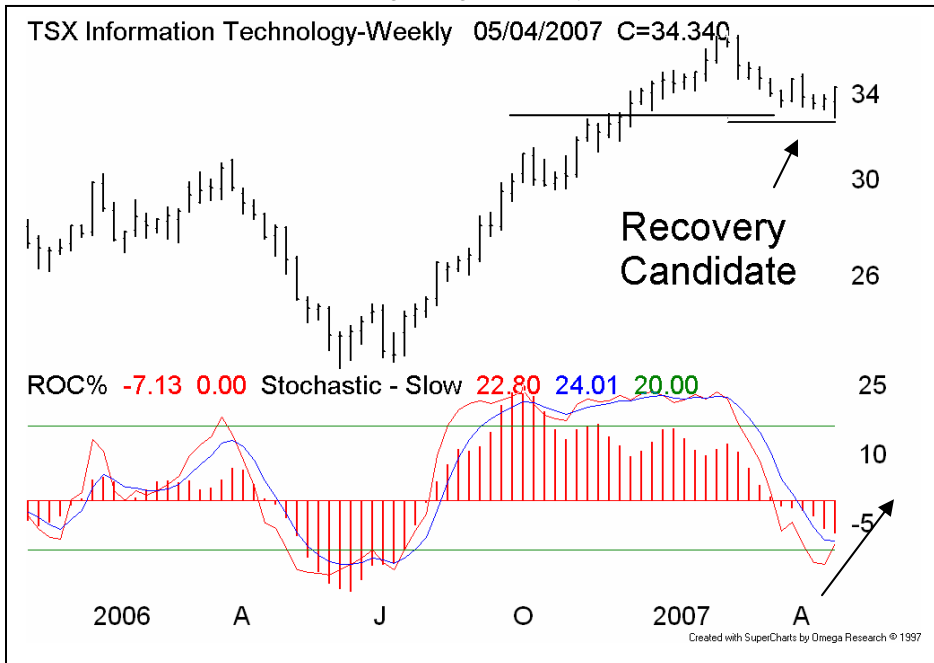
100% Hedge

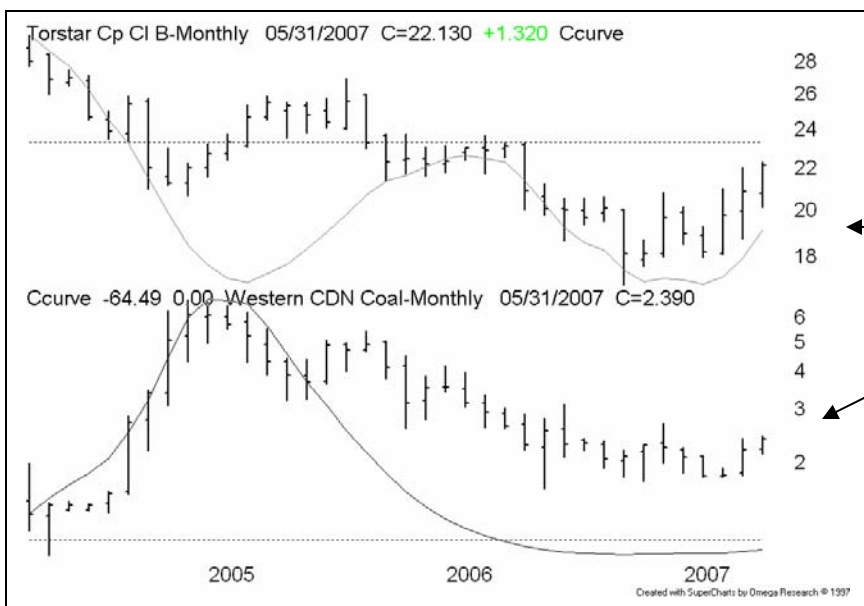
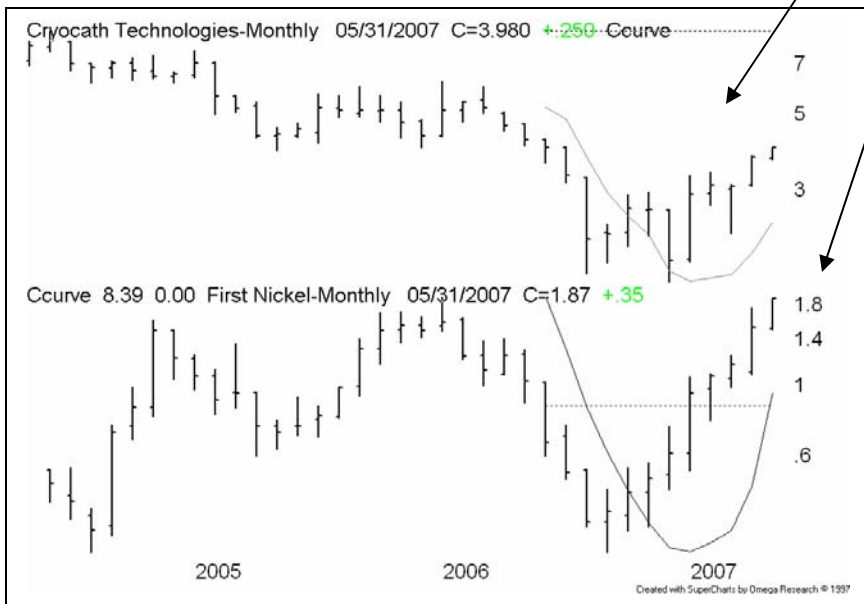
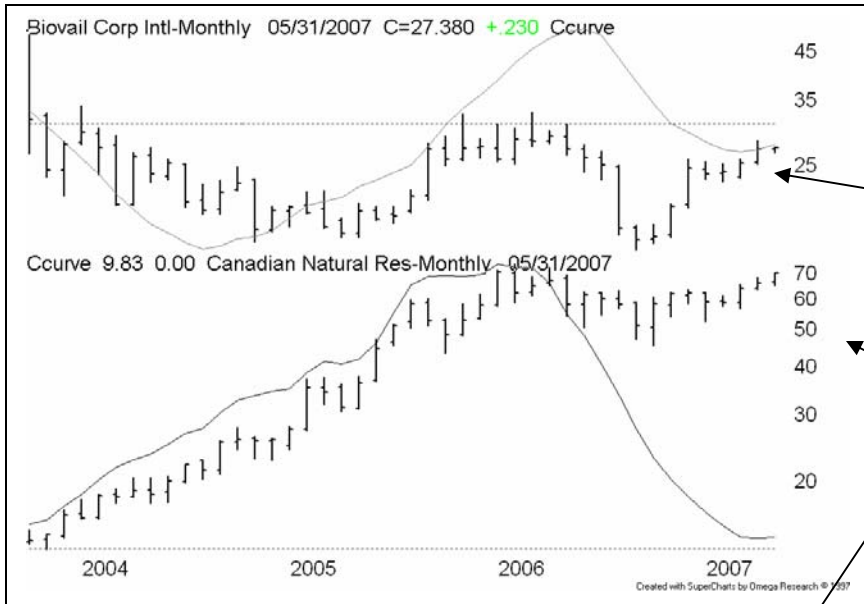
5% Long Super Bear



TSX Financial index 32% Heavyweight – running into selling  
 TSX Info Tech Index 4% Lightweight recovery candidate

TSX Materials index 16% Heavyweight running into selling  
 TSX Energy 28% Heavyweight a recovery after a long bear





Monthly Filter – Early cycle low risk selections – a group of overlooked stocks in a high risk market

Arawak Energy ABG-T \$2.73  
Atna Resources ATN-T \$1.60

**Biovail Corp BVF-T \$28.11**

Calfrac Well CFW-T \$21.82  
Canaccord Cap CCI-T \$23.17  
Canfor CFP-T \$12.25  
Cardero Resourc CDU-T \$2.64

**CDN Nat Res CNQ-T \$67.60**

**CryoCath Tech CYT-T \$3.70**

Cyries Energy CYS-T \$12.95  
Danier Leather DL-T \$8.65  
Duverney Oil DDV-T \$39.92

**First Nickel FNI-T \$1.54**

Fortune Minerals FT-T \$2.70  
Gennum Corp GND-T \$12.90  
George Weston WN-T \$77.56  
Glacier Ventures GVC-T \$3.41  
Home Capital HCG-T \$36.50  
Innova Exploratio IXL-T \$5.55  
Isotechnika ISA-T \$1.80  
Killam Properties KMP-T \$2.74  
Kingsway Financi KFS-T \$23.47  
Laurentian Bank LB-T \$32.47  
Linamar Corp LNR-T \$16.28  
Loblaw Co L-T-M \$51.16  
Maple Leaf Food MFI-T \$16.31  
Messina Minerals MMI-V \$1.51  
Mountain Prov MPV-T \$5.18  
NOVA Chem NCX-T \$37.00  
NuVista Energy NVA-T \$15.25  
Precision Drilling PD.UN \$27.13  
ProspEx Resourc PSX-T \$4.18  
QGX Ltd QGX-T \$2.71  
Quadra Mining QUA-T \$13.15  
Richmont Mines RIC-T \$3.23  
Rothmans ROC-T \$21.30  
Rubicon Minerals RMX-T \$2.42  
Savanna Energy SVY-T \$22.25  
Saxon Energy SES-T \$4.52  
Talisman Energy TLM-T \$21.62  
Taseko Mines TKO-T \$3.52  
TLC Vision TLC-T \$6.60  
Toromont Industr TIH-T \$27.40

**Torstar Corp TS B- \$20.70**

TransGlobe Ener TGL-T \$4.95  
Tri-Vision Int'l TVL-T \$1.60

**West' CDN Coal WTN-T \$2.39**

Winpak WPK-T \$9.25

Note the recovery in the Industrials sector and the decline in Financials sector - see the CDN MOM table below - Bill C

**Canadian, U.S. & Global – Monthly Tables – Investor Strategy – Long Term  
Own the top 5-sectors – Rebalance Quarterly**

TSX 10-Month MOM Ranking	27-Apr-07	gettingtechnical.com Monthly MOM Ranking - Most Recent to the Left														
Diversified Metals & Mining	37.24	1	1	1	1	1	1	1	1	1	1	1	2	2	3	3
Information Technology	35.41	2	2	3	4	5	5	12	13	15	15	15	15	14	14	15
Telecommunication Services	28.51	3	3	4	3	3	3	4	5	12	14	14	14	15	15	14
Materials	22.04	4	4	2	2	2	2	2	3	3	3	3	3	4	4	5
Industrials	17.36	5	6	9	9	6	6	8	12	10	9	8	10	9	11	10
Financials	16.89	6	5	5	7	7	9	7	8	8	8	9	8	7	8	7
Consumer Discretionary	13.26	7	7	7	6	8	7	9	10	11	11	12	12	13	12	11
<b>S&amp;P/TSX Composite</b>	12.13	8	8	8	8	9	8	5	4	5	5	6	6	5	5	6
S&P/TSX CDN Mid Cap	10.61	9	9	10	10	10	10	6	6	7	7	5	5	6	7	9
Consumer Staples	7.28	10	10	12	12	13	12	14	15	16	16	16	16	16	16	16
Utilities	5.97	11	11	11	11	12	14	15	14	14	13	13	13	12	9	4
S&P/TSX CDN Small Cap	5.90	12	12	13	13	11	11	10	9	6	6	7	7	10	10	12
Gold	-0.42	13	13	6	5	4	4	3	2	2	2	2	1	1	1	2
Health Care	-4.74	14	14	15	15	15	16	16	16	13	12	11	11	11	13	13
Energy	-6.68	15	15	14	14	14	13	11	7	4	4	4	4	3	2	1
Income Trusts	-13.94	16	16	16	16	16	15	13	11	9	10	10	9	8	6	8

CDN Rotation Model By Quarter	Monthly	31-Mar-03	27-Apr-07	Net	Annualized
TSX Composite		6343	13632	114.9%	<b>20.7%</b>
S&P500		848	1494	76.2%	<b>14.9%</b>
GT Rotation Model		\$ 50,000	\$ 130,100	160.2%	<b>26.4%</b>

U.S. 10-Month MOM & Ranking	29-Apr-07	Getting Technical Monthly MOM & Ranking - Most Recent to the Left														
HOLDRS Telecom TTH	27.49	1	1	1	1	1	1	1	1	1	5	5	5	6	6	8
SPDR-Utilities XLU	25.72	2	2	2	2	3	2	3	7	7	7	9	9	8	7	4
SPDR-Materials XLB	17.43	3	4	4	5	5	6	2	2	2	1	2	2	2	4	7
SPDR-Consumer Discreti XLY	14.51	4	3	3	3	2	3	8	9	9	8	8	8	7	9	9
SPDR-Technology XLK	13.56	5	8	7	9	9	9	10	10	10	10	7	6	5	3	3
SPDR-Health Care XLV	13.17	6	7	8	10	10	10	9	8	8	9	10	10	10	8	5
SPDR-Consumer Staples XLP	11.77	7	5	5	6	6	5	6	5	6	6	6	7	9	10	10
SPDR-Financial XLF	9.96	8	6	6	4	4	4	5	4	4	3	4	4	3	2	2
SPDR-Energy XLE	6.94	9	9	9	8	8	8	4	3	3	2	1	1	1	1	1
SPDR-Industrial XLI	6.22	10	10	10	7	7	7	7	6	5	4	3	3	4	5	6

10-Month MOM & Ranking Global Sectors	27-Apr-07	gettingtechnical.com Monthly MOM Ranking - Most Recent to the Left														
iShares S&P Latin America 40 - ILF	28.81	1	1	3	3	3	2	2	2	1	1	1	1	1	1	1
iShares MSCI-Pacific Ex-Japan - EPP	23.34	2	2	1	2	2	3	4	7	7	7	7	8	8	8	6
iShares S&P Europe 350 Index Fund - IEV	19.2	3	3	2	1	1	1	1	1	4	5	5	5	6	7	8
S&P/TSX60 - XIU	13.67	4	4	4	6	6	6	6	5	6	6	6	6	4	4	4
S&P500 SPDRs - SPY	12.28	5	5	5	5	7	8	8	9	9	9	9	9	9	9	9
iShares Russell 2000 - IWM	9.54	6	7	7	7	8	7	7	8	8	8	8	7	5	5	7
iShares MSCI Emerging Markets - EEM	8.66	7	9	10	8	4	4	3	3	2	4	3	3	2	2	2
DB Commodity Index Tracking Fund - DBC	6.72	8	6	6	4	5	5	5	4	3	3	4	4	7	6	5
iShares Lehman 20+ Year Bond Fund - TLT	5.62	9	8	8	10	10	10	10	10	10	10	10	10	10	10	10
iShares MSCI Japan Index Fund - EWJ	3.22	10	10	9	9	9	9	9	6	5	2	2	2	3	3	3

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