

The TSX Sectors - long term analysis

Retracement:

Retracement is a decline that retraces a portion of a previous advance, **or an advance that retraces a portion of a previous decline**. Retracements typically cover 1/3 to 2/3 of the previous move, and a retracement of more than 2/3 typically signals a trend reversal

Source: John Murphy - stockcharts.com

A Fibonacci Retracement

A term used in technical analysis that refers to the likelihood that a financial asset's price will retrace a large portion of an original move and find support or resistance at the key Fibonacci levels before it continues in the original direction. These levels are created by drawing a trendline between two extreme points and then dividing the vertical distance by the key Fibonacci ratios of 23.6%, 38.2%, 50%, 61.8% and 100%.

TSX Financials

See chart top left

The March to May retracement from the January peak is 47% - the next targets are for 50% and then 62%

Observation - **some upside room left** - a new bull but reduce & retain a core position

TSX Energy

See chart center left

The March to May retracement from the January peak is 37% - the next targets are for 50% and then 62%

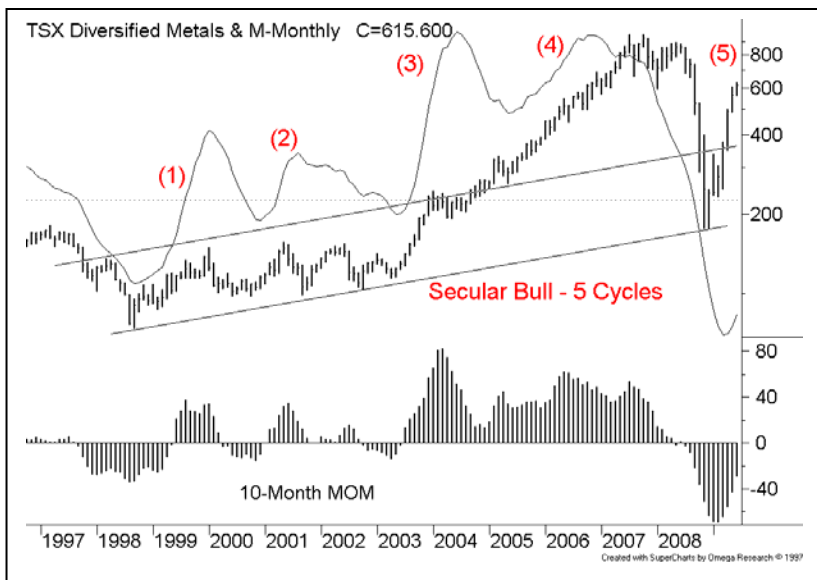
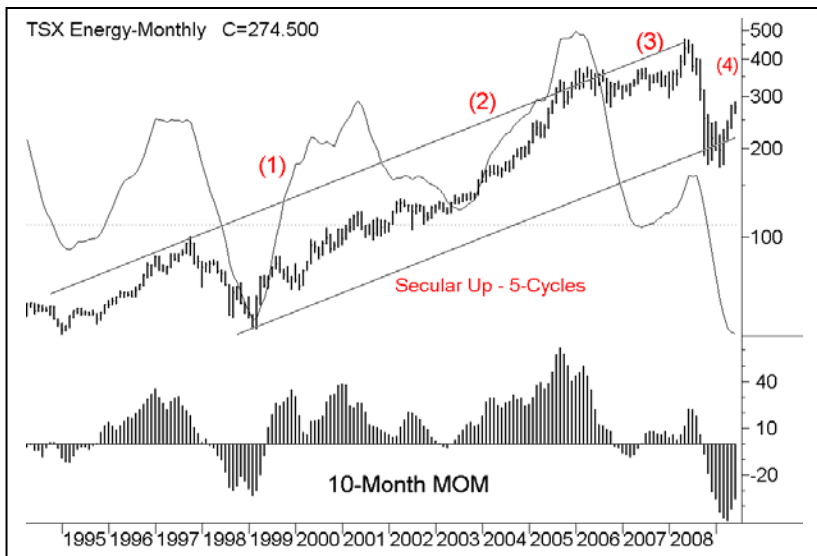
Observation - **some upside room left** - a new bull but reduce & retain a core position - note the long secular advance only has 2 bull cycles left -

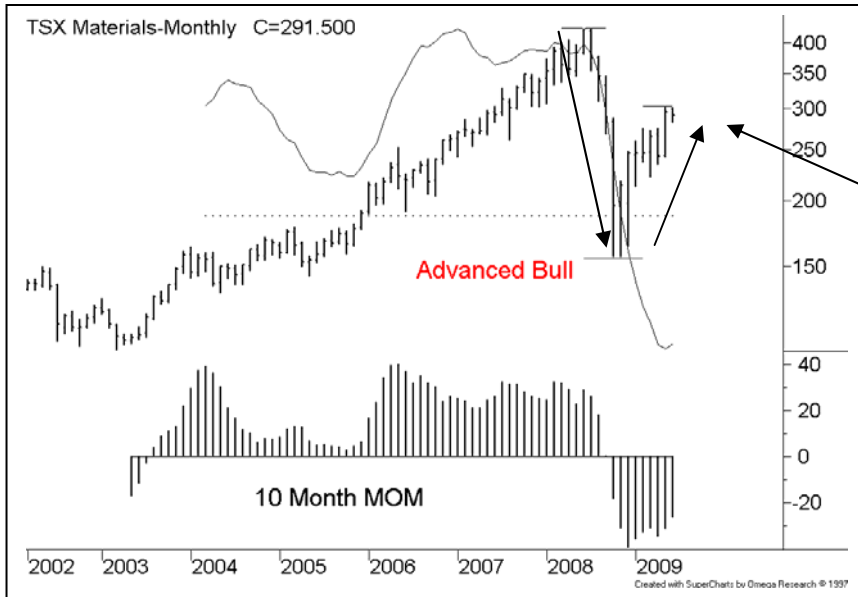
TSX Diversified Metals & Mining

See chart left

The March to May retracement from the January peak is 60% - **the up side target has been achieved**

Observation - **little upside room left** - a new bull but reduce & retain a small position - like energy the long secular advance only has 1 bull cycle left - this is not a buy-and-hold group





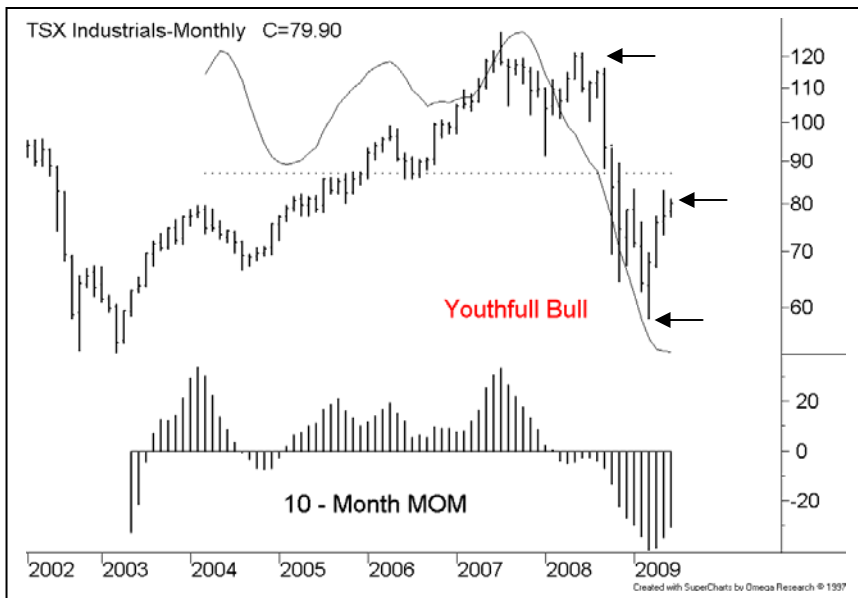
TSX Materials

See chart top left

The March to May retracement from the January peak is 50% - the next target is 62%

Observation - little upside room left as the up side target has been achieved

A new bull but reduce and retain a light position



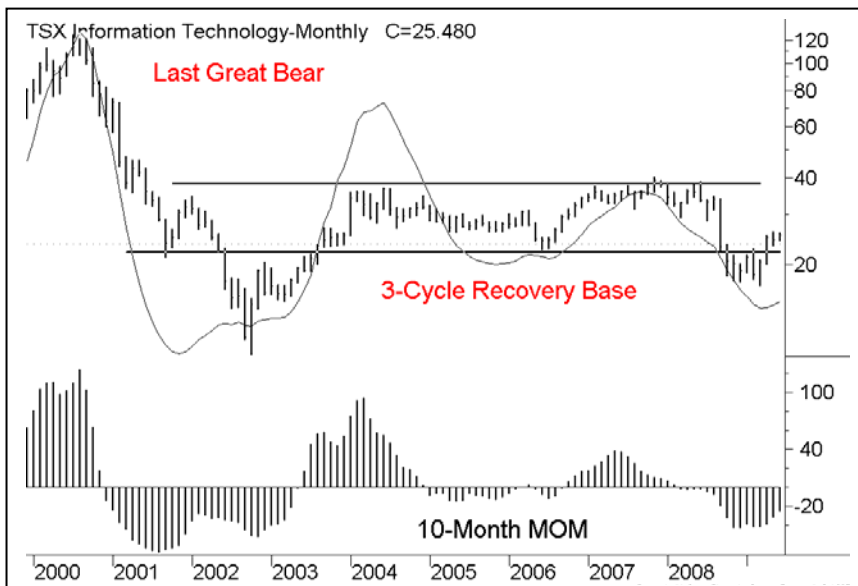
TSX Industrials

See chart center left

The March to May retracement from the January peak is 38% - the next targets are for 50% and then 62%

Observation - much upside room left - a new bull - retain a core position

Favoured components are the rails and the infrastructure plays



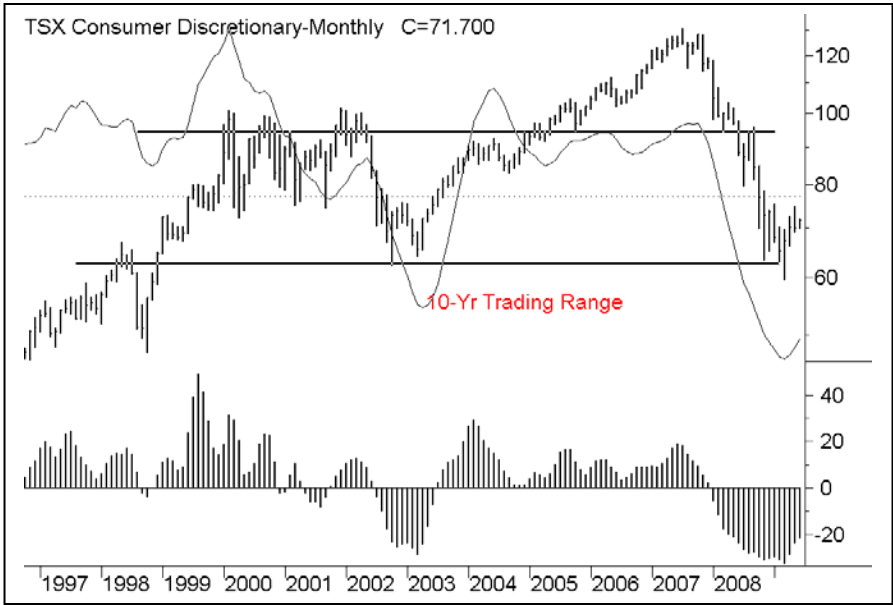
TSX Information Technology

See chart lower left

The March to May retracement from the January peak is 40% - the next targets are for 50% and then 62%

The per cent retracement from the Great 2000 - 2002 bear was only 25% - the sector is now in final (third) mini bull which should conclude the 2002 - 2010 secular bear

Observation - much upside room left - a new bull and retain a core position



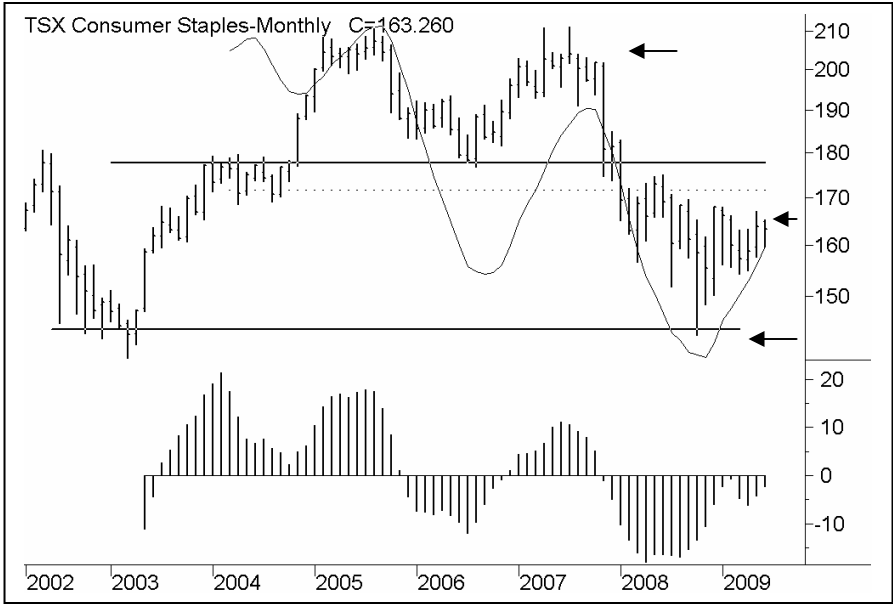
TSX Consumer Discretionary

See chart top left

The March to May retracement from the January peak is only 19% - the next targets are for 50% and then 62%

Observation - **much upside room left** - a new bull and retain a core position

Favoured components are Canadian Tire, Forzani, Magna, Tim Hortons and Thompson



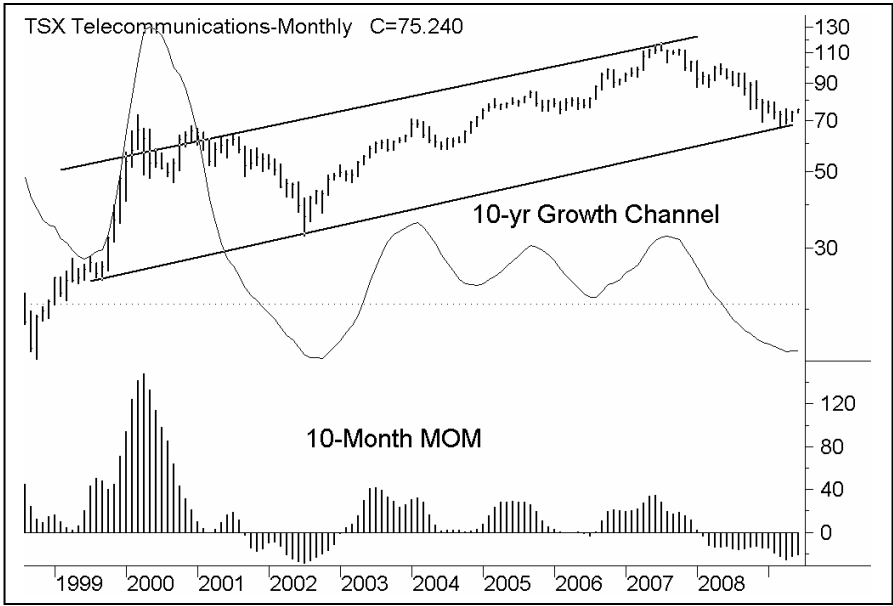
TSX Consumer Staples

See chart top left

The March to May retracement from the January peak is only 34% - the next targets are for 50% and then 62%

Observation - some upside room left - a new bull & retain a core position

Favoured positions are Jean Coutu, Shoppers and Viterra



TSX Telecommunications

See chart lower left

The March to May retracement from the January peak is only 15% - the next targets are for 50% and then 62%

Observation - **much upside room left** - a new bull - retain a core position

Favoured positions are BCE & Rogers