

Trading With Intermarket Analysis

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Stockcharts.com

Slide 1

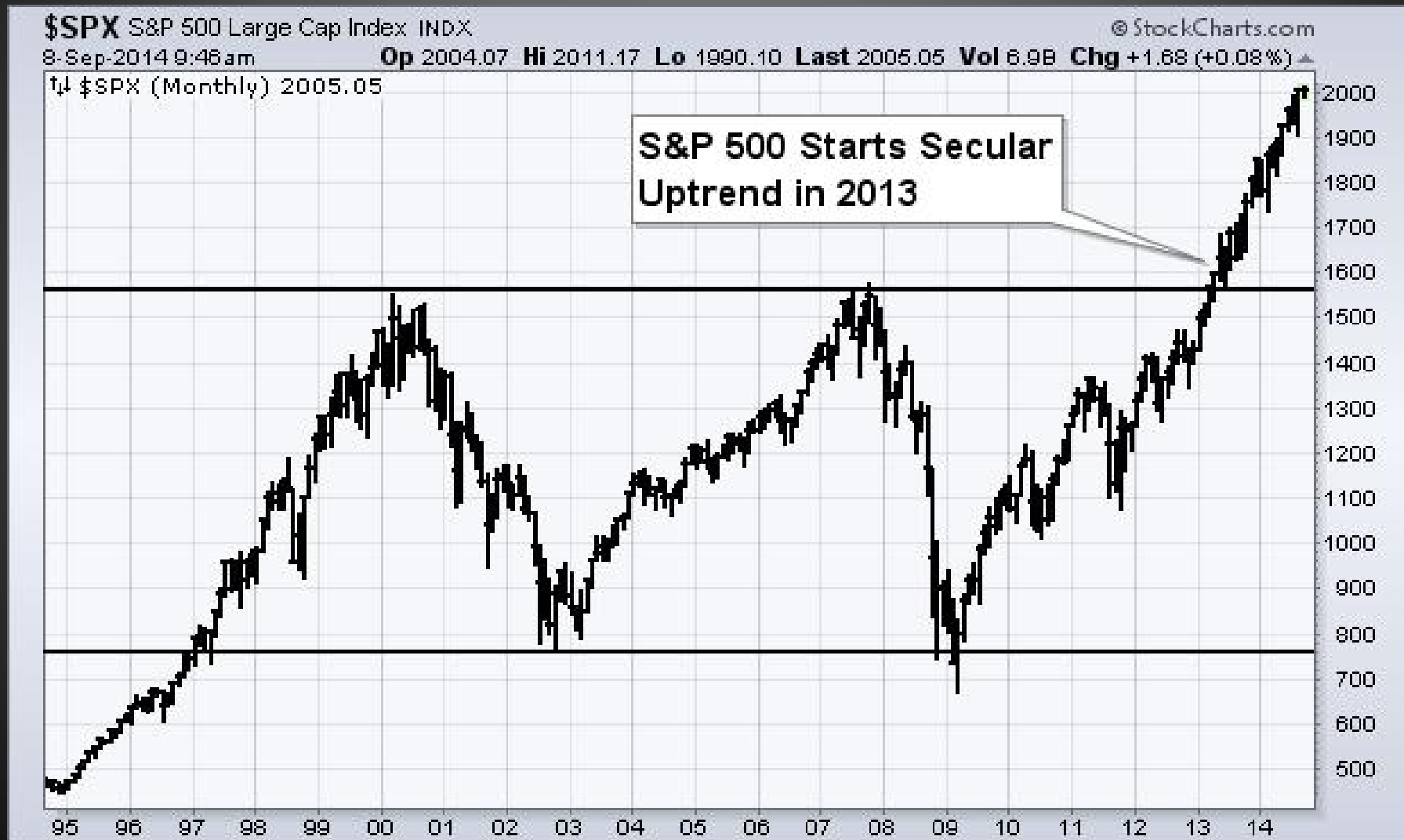
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John Murphy, 24/09/2012

Current Intermarket Relationships

- *Ratio Analysis Show Stocks Outperforming Bonds*
- *Stocks Outperform Commodities*
- *U.S. Stocks are Global Leaders*
- *Implications of Stronger Dollar*

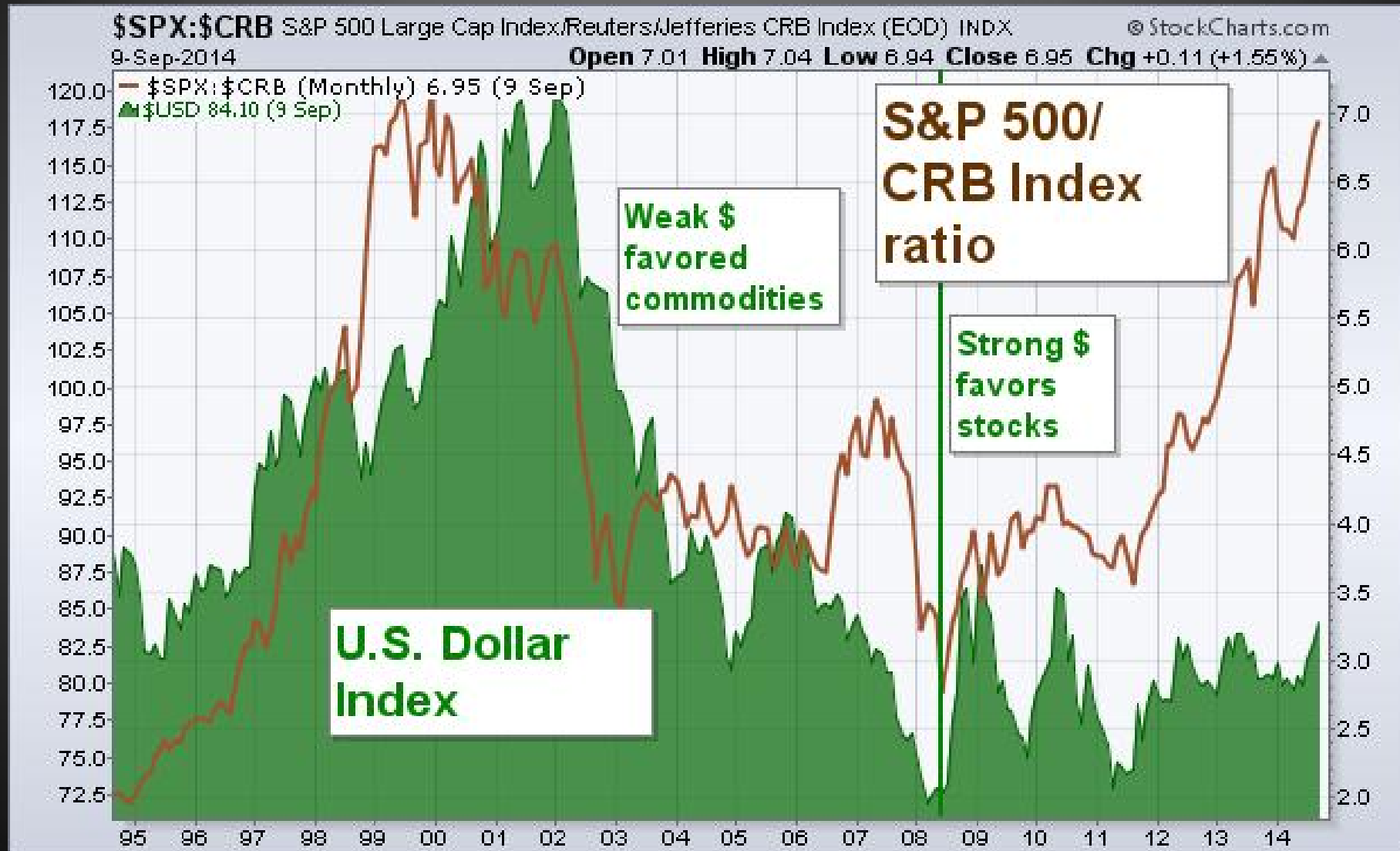
S&P 500 Started New Secular Uptrend During 2013



Stock/Bond Ratio Broke Major Resistance Line During 2013



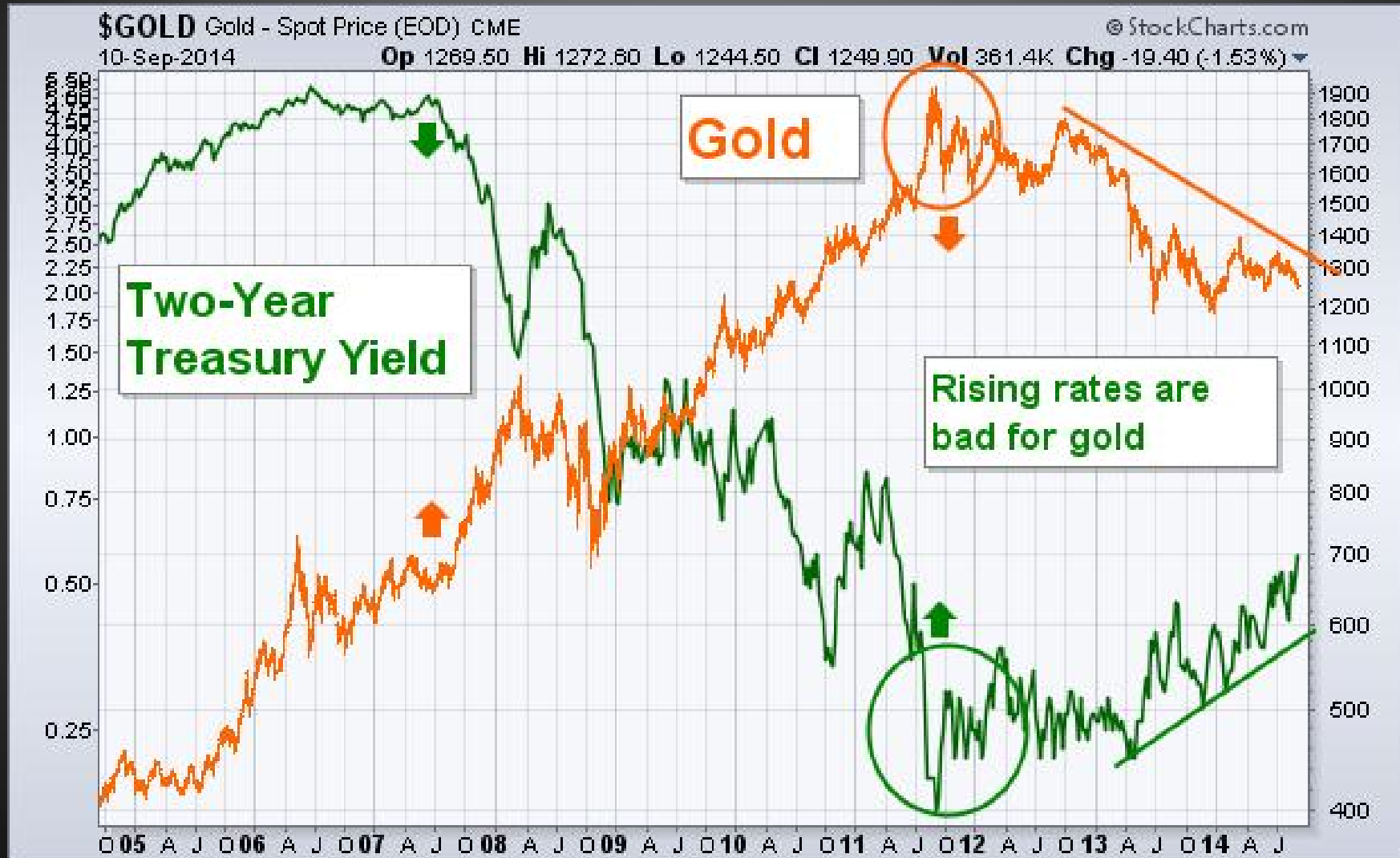
Stock/Commodity Ratio Also Turned up During 2013



Firmer Dollar Supports Rising Dow/Gold Ratio



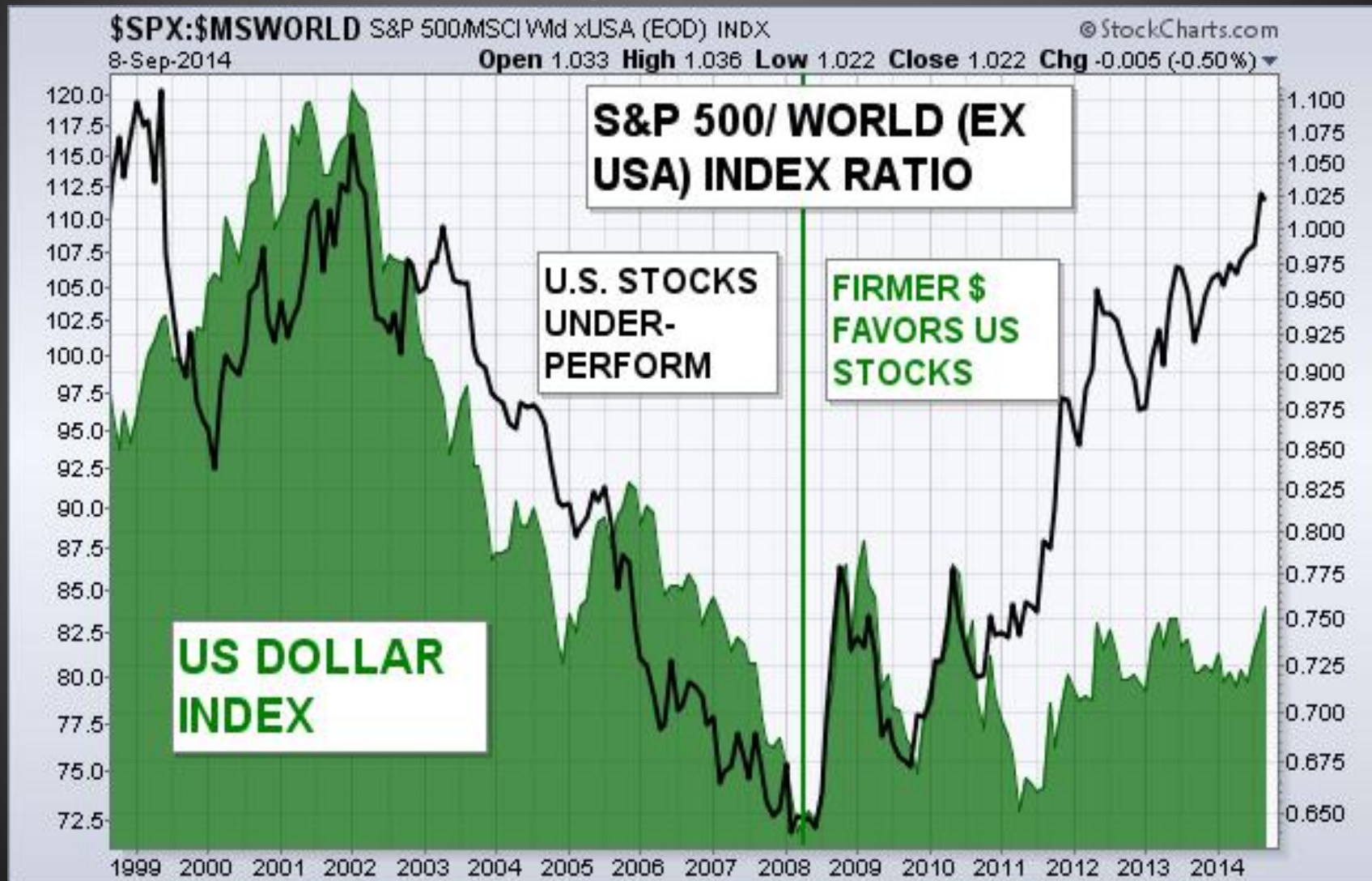
2011 Upturn in Rates Contributed to Gold Peak: 9/10



International Implications of a Rising Dollar

- *Favors U.S. over Foreign Stocks*
- *EAFE and EEM iShares Are Testing Major Resistance*
- *Euro weakness Hurts stock ETFs*

Rising Dollar Favors U.S. Over Foreign Stocks



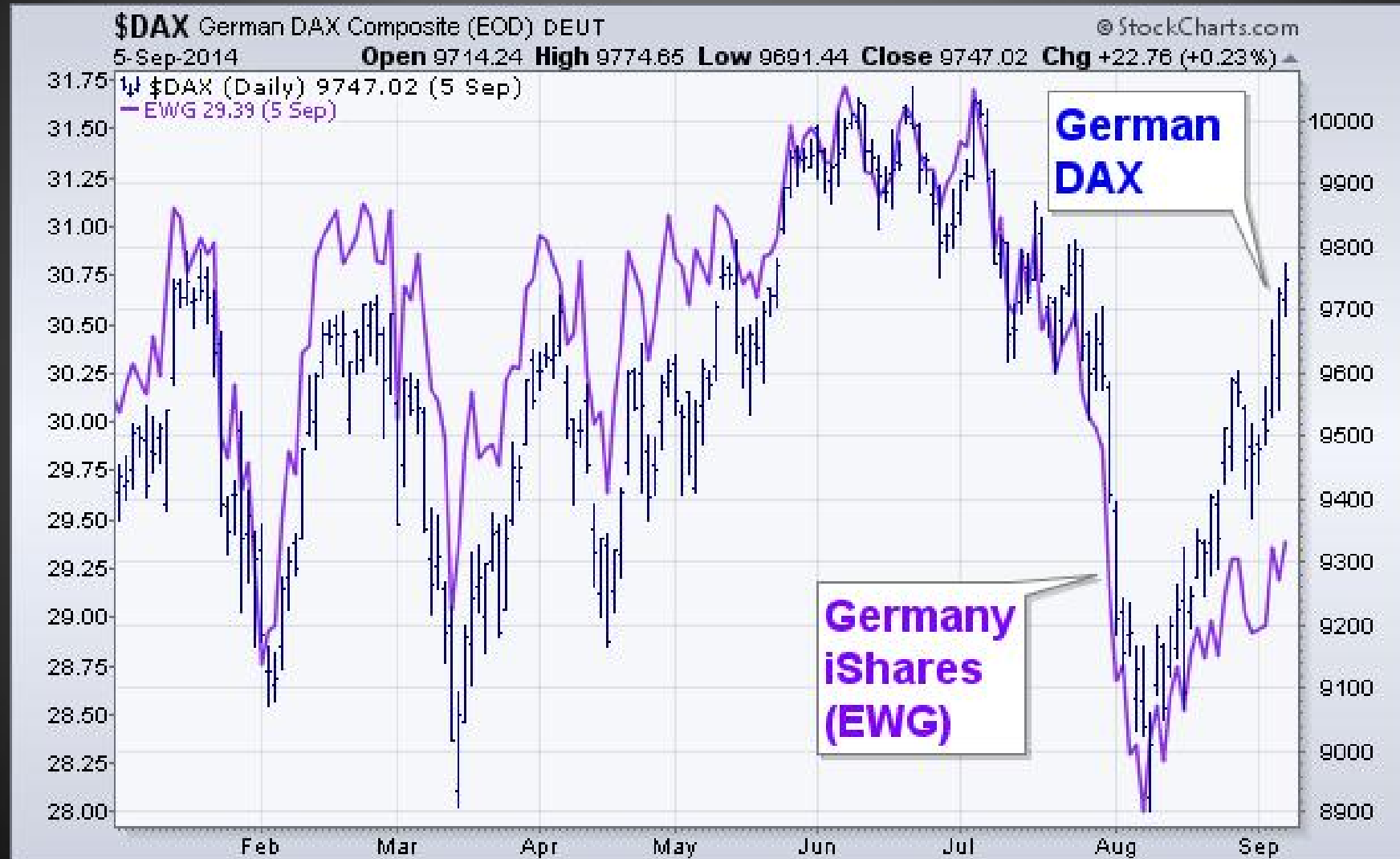
EAFE iShares Are Testing 2007 Peak



Emerging Markets iShares Test 2007/2011 Resistance Line



German DAX Outpaces Germany iShares: 9/5



Plunging Euro Hurts Performance of Germany iShares



Interest Rate Implications

- *Falling German Bond Yields Have Contributed to Lower U.S. Rates*
- *Two-Year U.S. Yield Hits 3-year High*
- *Using an ETF to Hedge Negative Effect of Falling Yen*

Falling German and U.S. Bond Yields Are Linked: 9/12



Rising U.S. Short-Term Rates Support Dollar Rise: 9/10



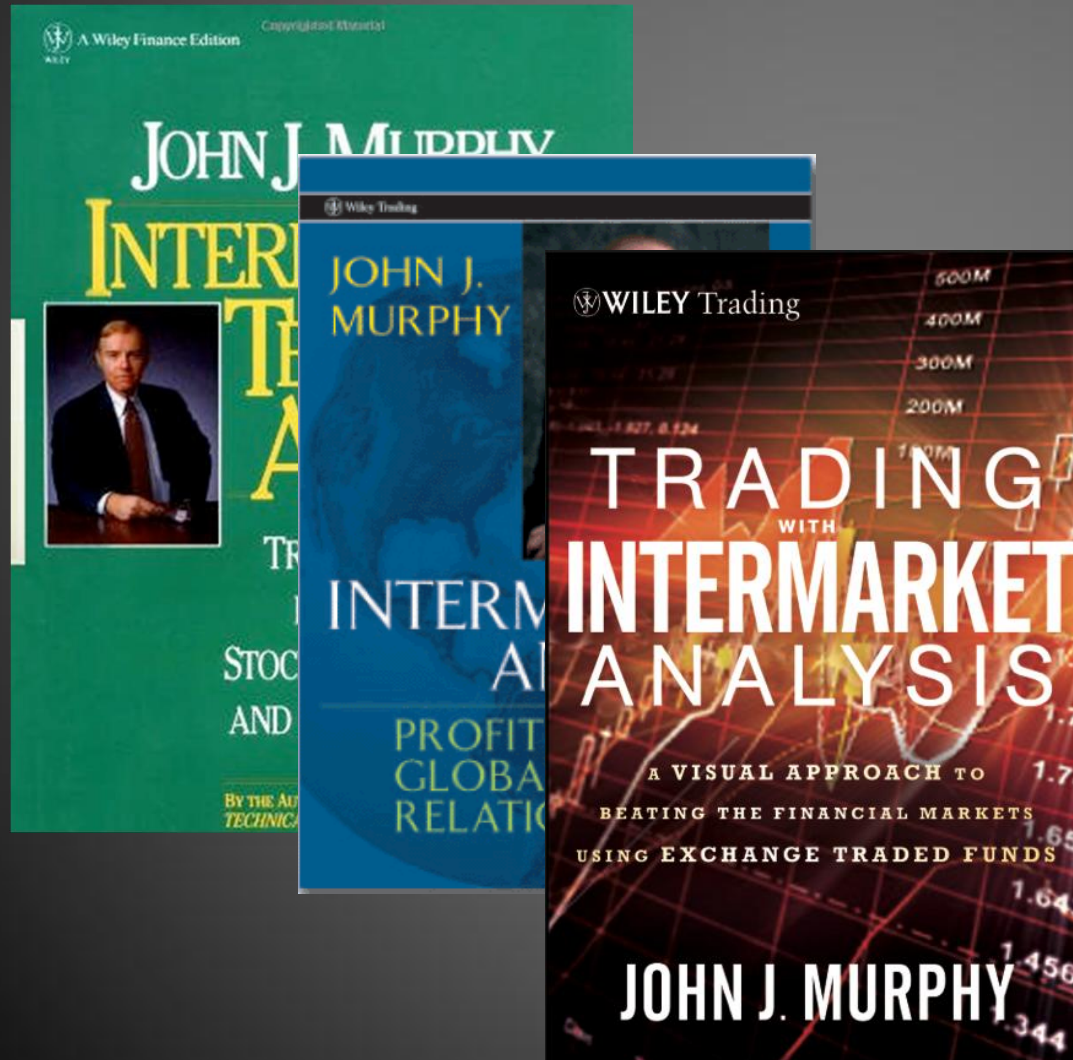
Falling Commodities Hurt Canadian and Aussie Dollars: 9/12



The Wisdom Tree ETF Hedges Out the Negative Effect of a Falling Yen



ETFs Revolutionize Intermarket Trading



2013

WHAT INTERMARKET ANALYSIS DOES

- ***Bridges Gap Between Fundamental, Economic, and Technical Analysis***
- ***Combines All Global Markets into a Unified and Coherent Whole***
- ***Adds a New Dimension to Traditional Technical Analysis***