

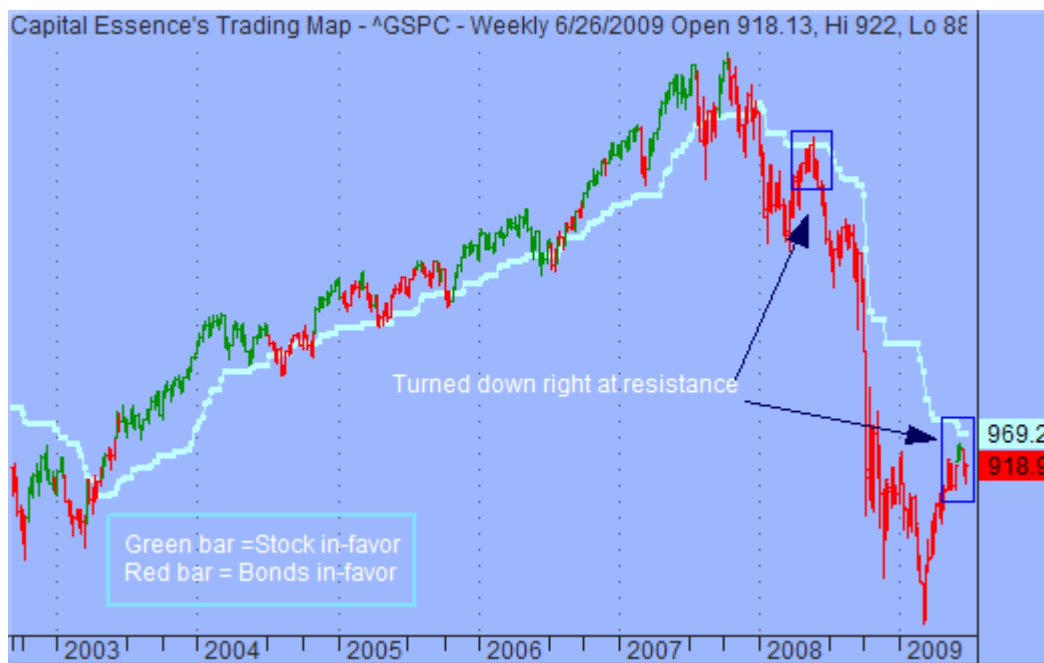
U.S. Market ETF Trading Map

Last Update: June 26, 2009.

Good Morning. This is Capital Essence's Trading Map for Monday June 22, 2009.

U.S. Market Lineup:

- Time frame: long-term (6-24 months).
- Status (strategy): Defensive - our long-term model continues favor bonds. As indicated in the below chart, Stocks, as represent by the S&P 500 index, had been out-of-favor since late 2007.
- Technical level: resistance at 969, or the white line in the chart. Unless there is a close above that level in a weekly basis, the March's advance is merely a bear market rally.



A couple weeks ago, we said that: “S&P had rallied to test the area of key resistance... It's unlikely to get through that without a pause. So it wouldn't surprise us to see some pullback consolidation over the next couple of weeks.” As anticipated, S&P followed through to the downside last week after broke down decisively in early June. This is bearish but let's notices that the market seems hold very well on 900 so we could see more consolidation over the next couple of week.

Note: outperformance does not necessarily translate into absolute gains, particular in weak market and we're in that type of environment right now, but it suggests that there are better opportunities in this particular sector or asset class as compare to the boarder market or other asset classes.

U.S. Market Snapshot: [\(Click here for a list of U.S. ETF family tree\)](#)

Below are our trading range chart for 4 major indices ETFs and 10 major sector ETFs. The sky-blue shading represents the underlying short-term trading range. When price moves into the red shading, the underlying is considered extremely overbought. And if price moves into the green shading, the underlying is in an extremely oversold territory.

Also, green price bars indicated the underlying is in bullish trend. Red color bars indicated a bearish trend and yellow color bars indicated neutral, or sideways, trend.

Time frame: short-term (2-10 days).

Commodities: gold (GLD) attempt to rally to test the top of its short-term trading range but remains in a sideways trend. Oil (USO) meanwhile, continues basing sideways near top of its trading range as the market digests the massive March-June gains. This is healthy. So we expect the shares to draw in buyers in any pullbacks to the 34.15 area.

Major indices: rebound nicely off support (the white lines in the below charts), which we've determined using our proprietary trend indicators. This is short-term bullish but let's notices that both of the Diamonds (DIA) and SPDRs S&P 500 (SPY) lagged tech (QQQQ) and small-caps (IWM) by a wide margin. This has to change or we could be, at best, drifting sideways into the "Independent" holiday.

Major Sector: defensive sectors continue to well. In fact, Utilities (XLU) and Healthcare (XLV) are at or getting pretty close to the overbought zones. Meanwhile, Industrials (XLI), Discretionary (XLY) and Energy (XLE) remained in bearish trend though they're trying to catch-up. So it wouldn't surprise us to see a rotation out of the defensive areas and going into cyclical.

Capital Essence US market ETF Trading Map Model Portfolio¹

Note: there were a couple of adjustments (details were posted on our "[Trading Blog](#)" under [Trading Map](#) Category right after the closing) made to the core holding over the past couple of days, as represent by the yellow shadings.

Symbol	Last Price	Entry Price [*]	Date Added [*]	Stop	Directional	% Change
QQQQ	36.37	33.39	5/14/2009	34.74	Buy (long)	8.92
USO	37.51	34.58	5/27/2009	36.03	Buy (long)	8.47
XLY	22.96	23.86	6/12/2009	23.21	Sell (short)	3.77
XLU	27.74	27.61	6/15/2009	27.01	Buy (long)	0.47
XLV	26.37	26	6/18/2009	25.43	Buy (long)	1.42
XLF	11.92	12.04	6/19/2009	11.25	Buy (long)	-1.00
IWM	51.23	51.31	6/19/2009	48.98	Buy (long)	-0.16
XLI	21.97	22.56	6/19/2009	22.24	Sell (short)	2.62
IYZ	17.9	17.63	6/22/2009	17.46	Buy (long)	1.53
XLP	23.03	22.66	6/23/2009	22.61	Buy (long)	1.63

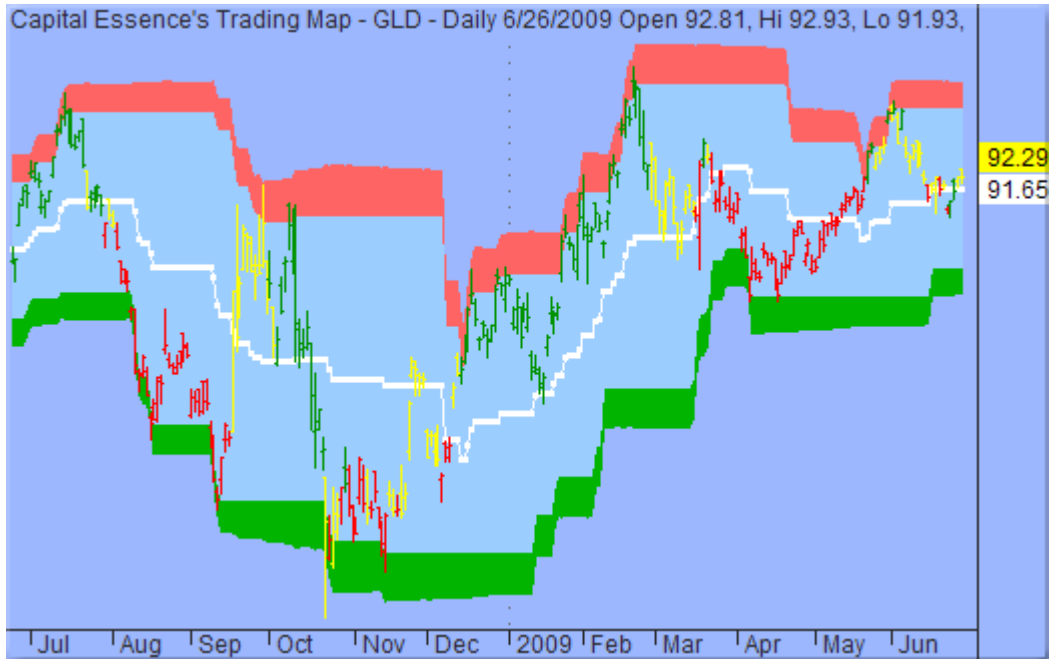
 = new position or recent adjustment.

^{*} Entry price, Date Added: date and closing price of the underlying in accordance to the "U.S. Market ETF Trading Map" Model bullish (buy) or bearish (sell) signals.

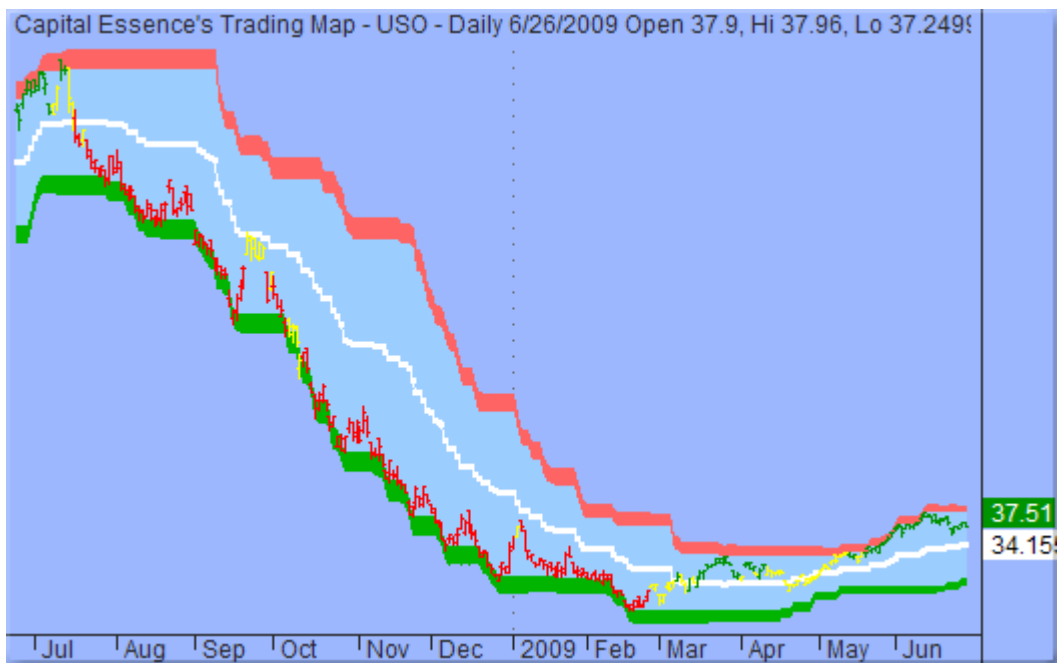
¹The "Portfolio" is adjusted on a weekly basis; although alerts will be posted on our "[Trading Blog](#)" if there are any changes made to the portfolio or new signal arises.

Commodities ETFs:

- **SPRD Gold Trust (GLD)**
 - Trend: neutral.
 - Momentum: neutral.
 - Trading range: 86.95 – 96.36.

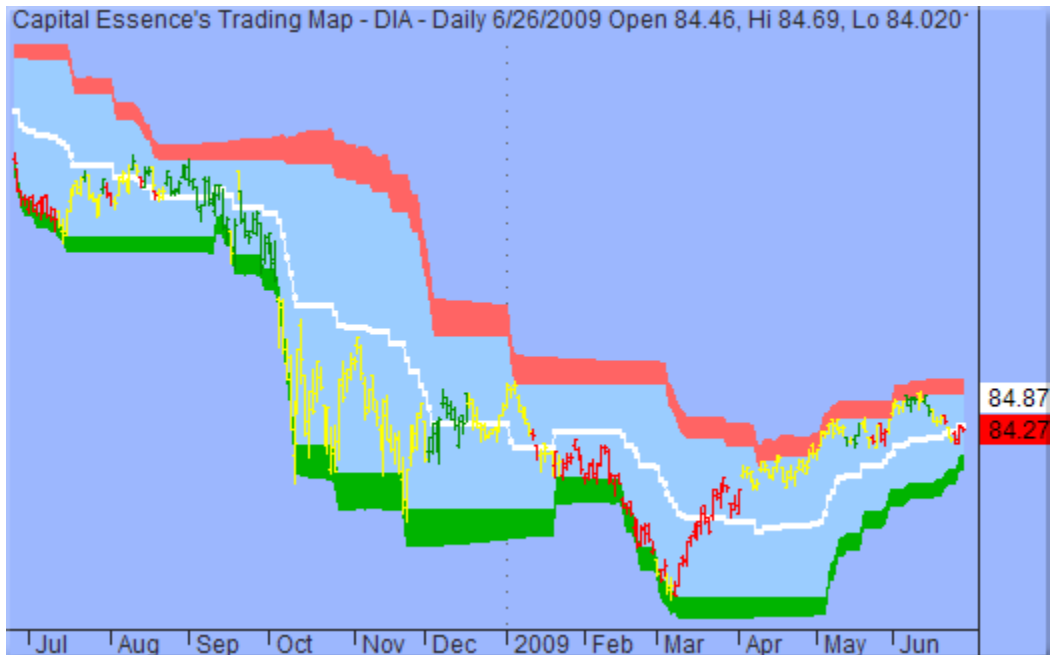


- **United States Oil Fund (USO)**
 - Trend: bullish.
 - Momentum: neutral.
 - Trading range: 28.63 – 39.68.

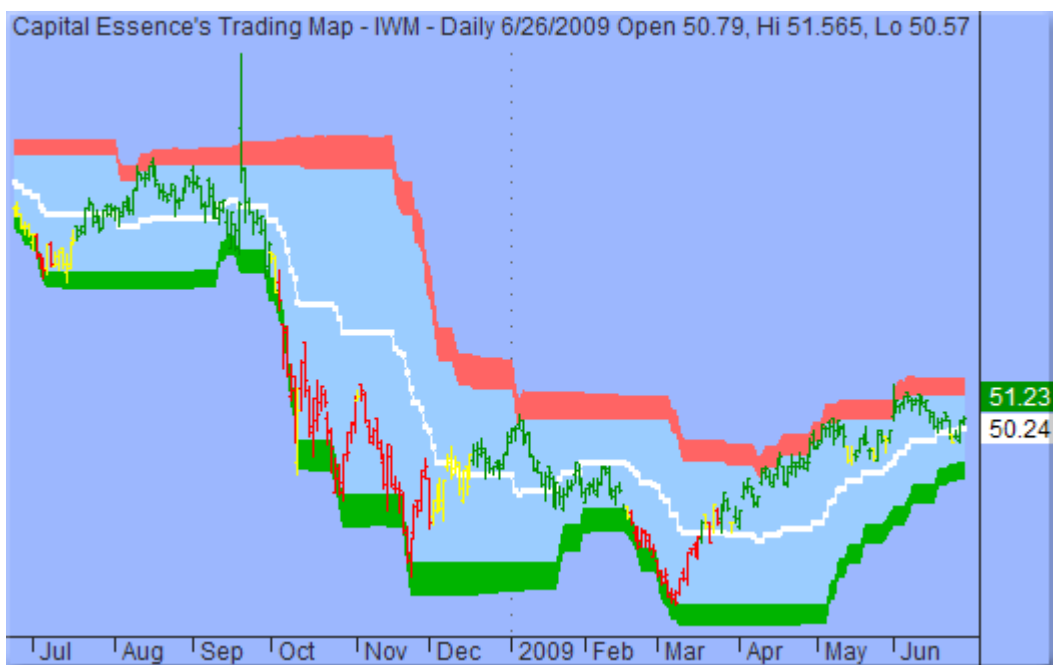


Major indices ETFs

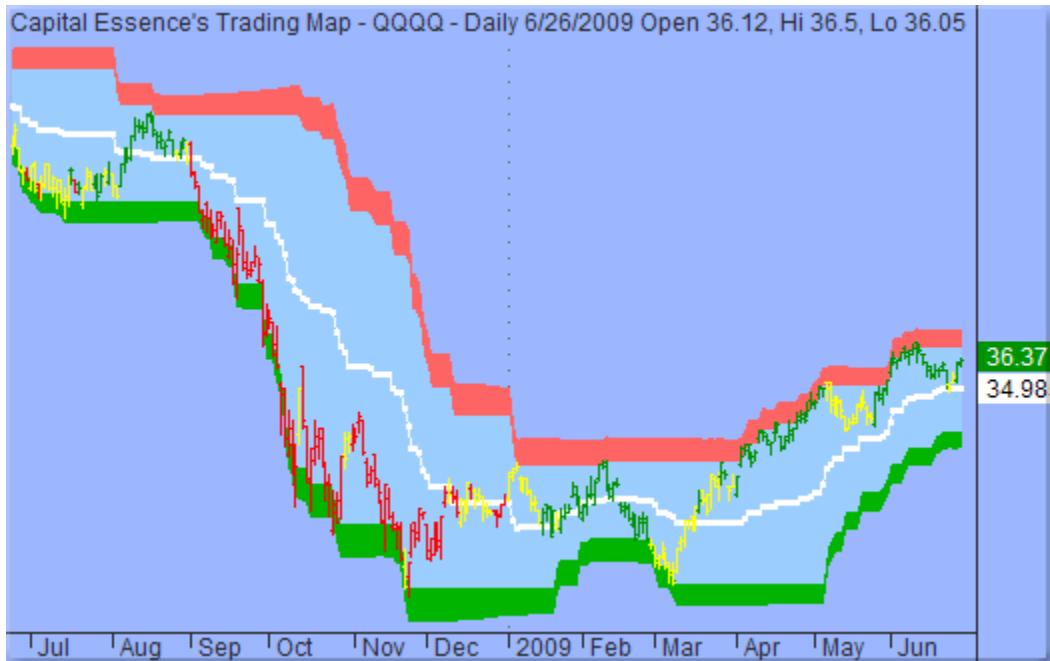
- **Diamonds Trust (DIA)**
 - Trend: bearish.
 - Momentum: neutral.
 - Trading range: 81.43 – 88.31.



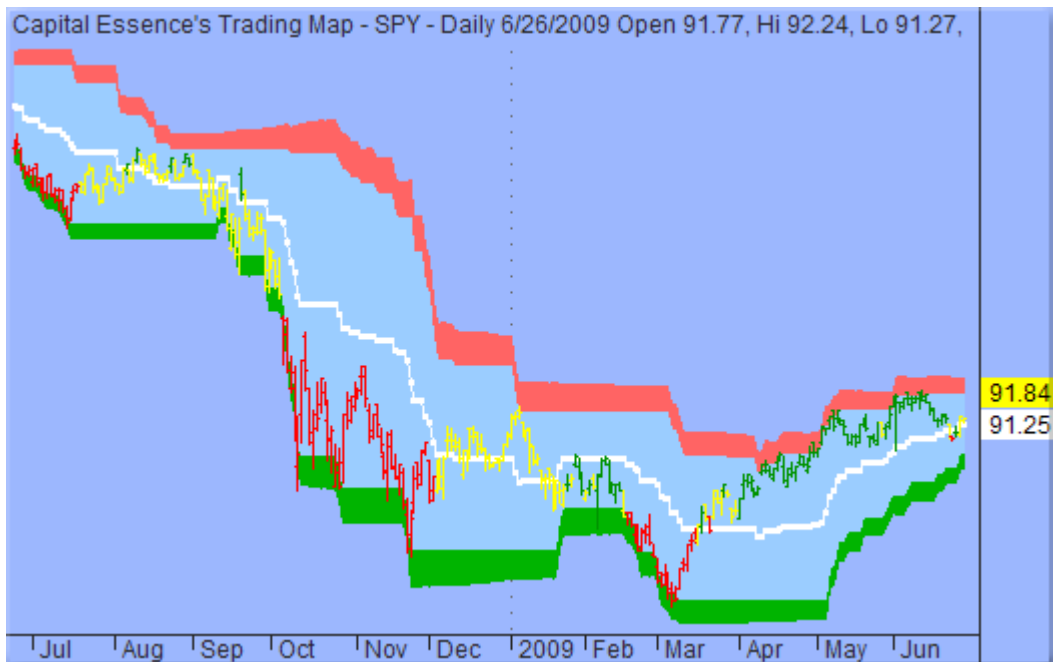
- **iShares Russell 2000 index (IWM)**
 - Trend: bullish.
 - Momentum: neutral.
 - Trading range: 47.28 – 53.30.



- **PowerShares QQQ (QQQQ)**
 - Trend: bullish.
 - Momentum: neutral.
 - Trading range: 33.02 – 36.95.

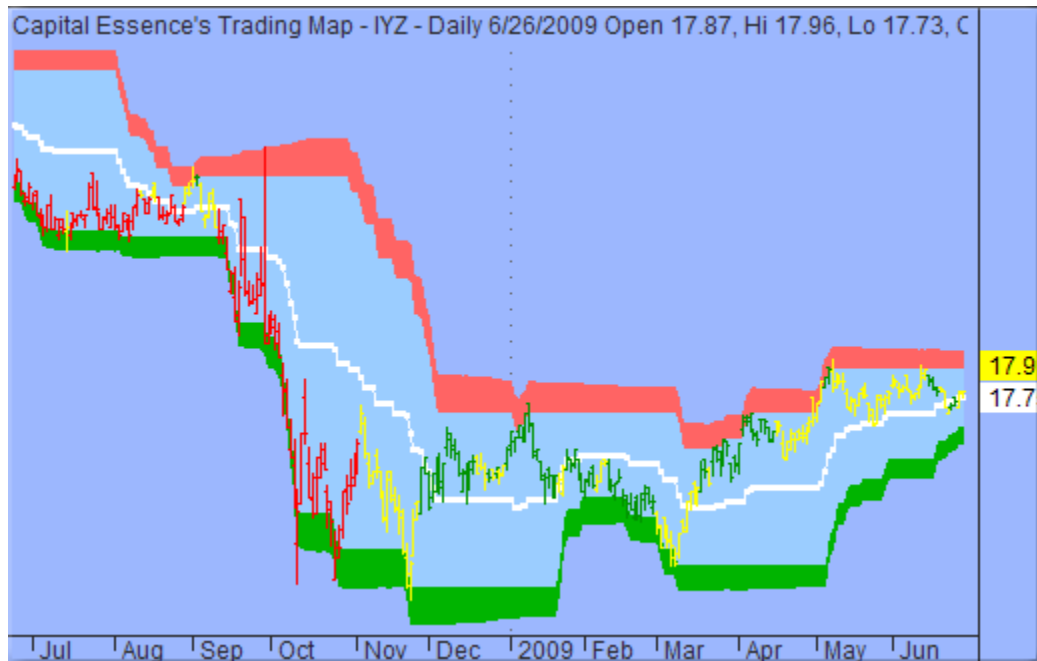


- **SPDRs S&P 500 ETF (SPY)**
 - Trend: neutral.
 - Momentum: neutral.
 - Trading range: 85.42 – 95.08.

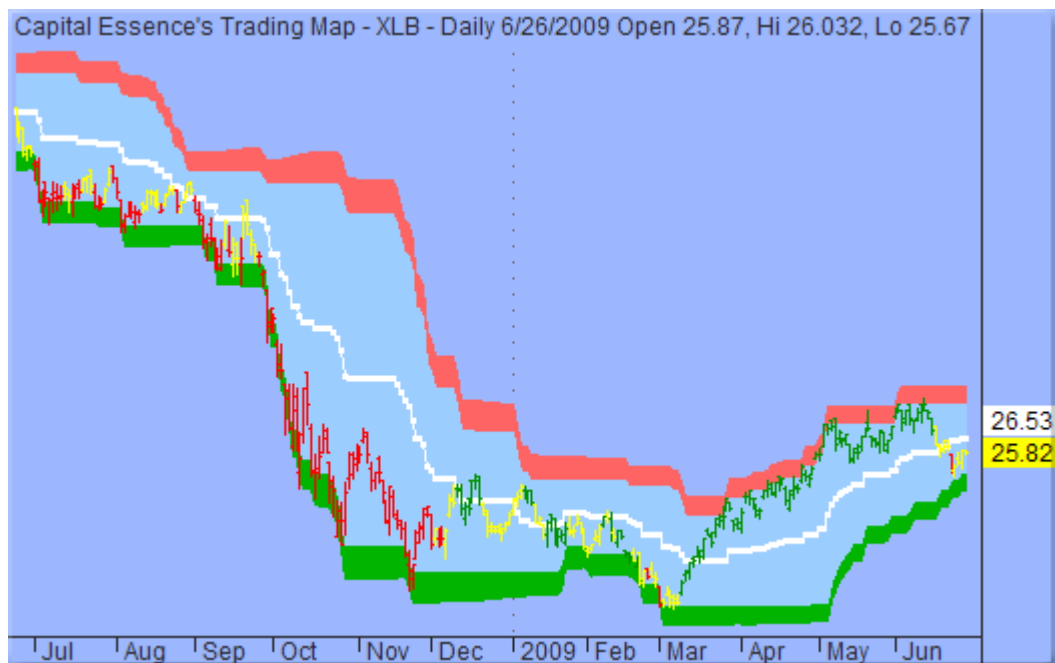


Major Sectors ETFs

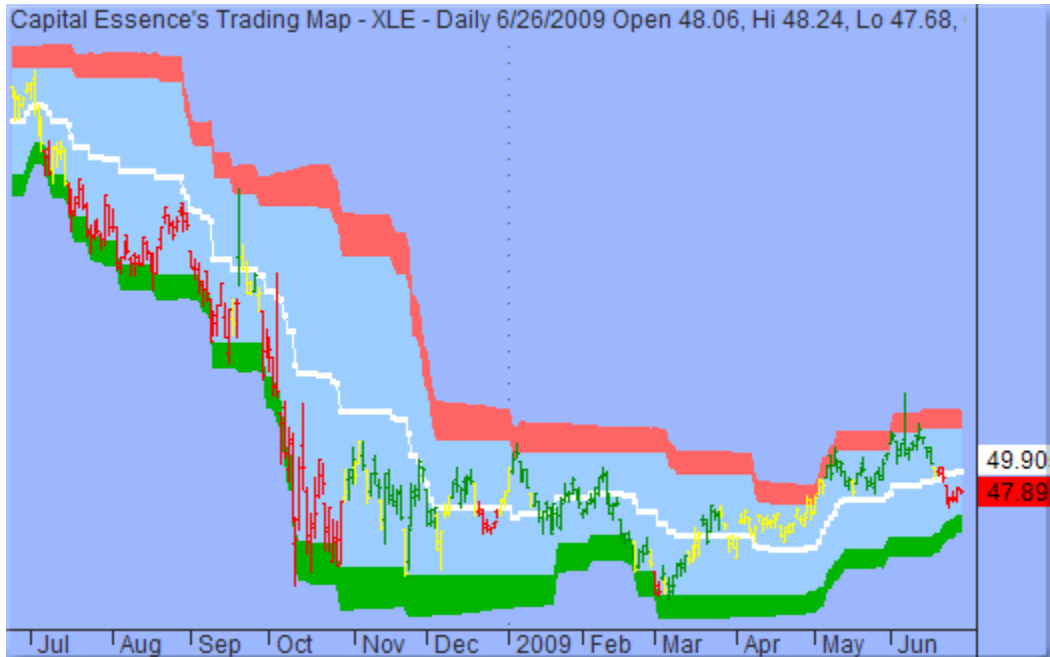
- **iShares Dow Jones US Telecom (IYZ)**
 - Trend: neutral.
 - Momentum: neutral.
 - Trading range: 17 – 18.50.



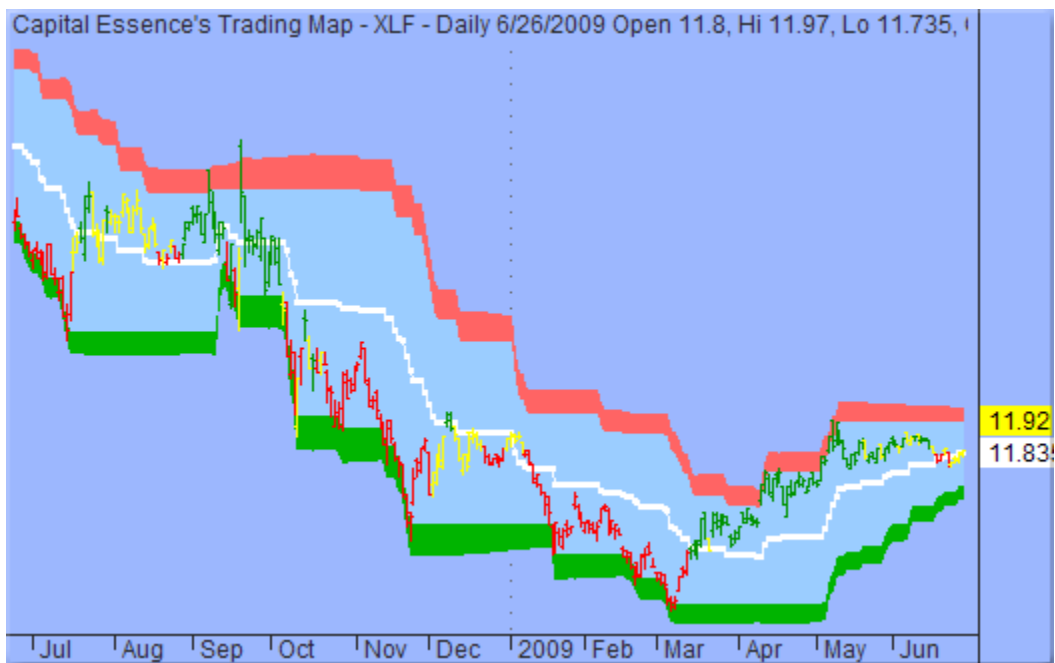
- **Materials Select Sector SPDR (XLB)**
 - Trend: neutral.
 - Momentum: neutral.
 - Trading range: 24.75 – 28.31.



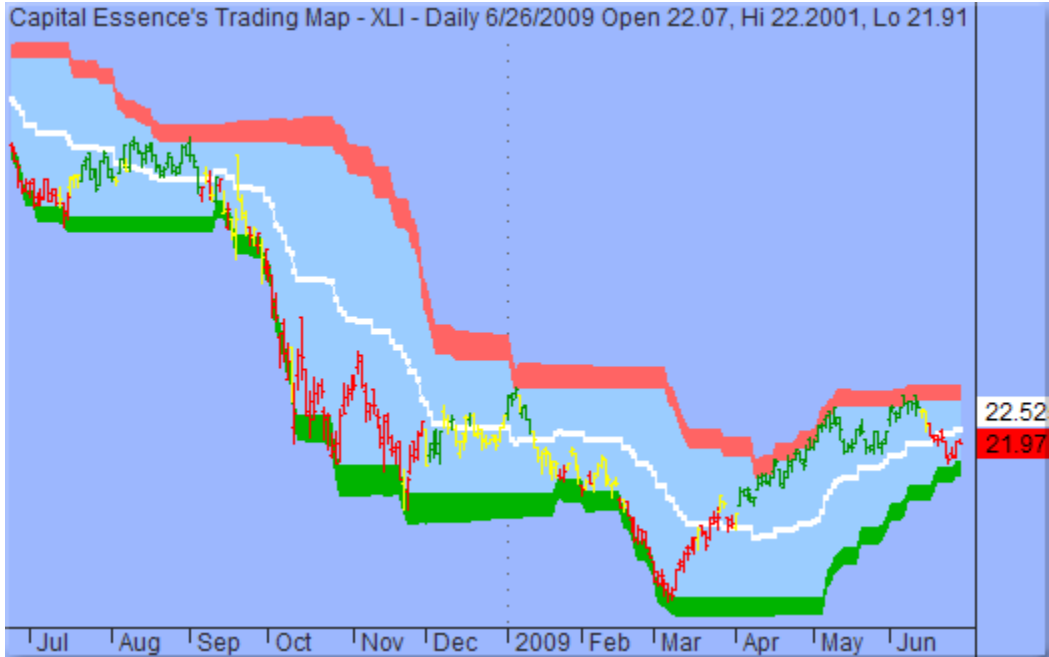
- **Energy Select Sector SPDR (XLE)**
 - Trend: bearish.
 - Momentum: neutral.
 - Trading range: 45.78 – 54.03.



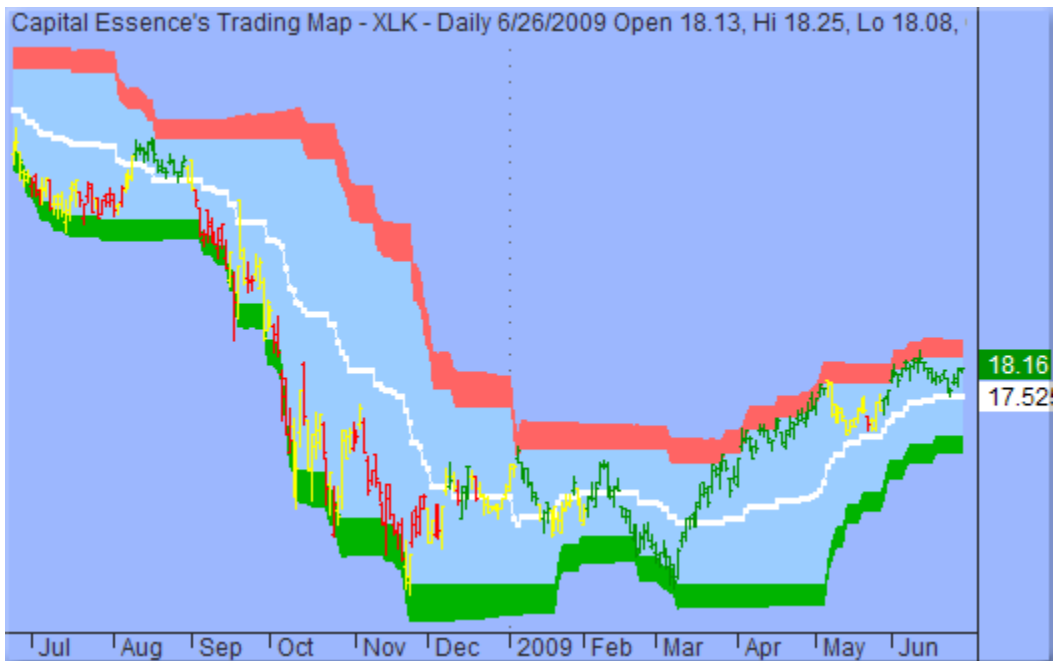
- **Financial Select Sector SPDR (XLF)**
 - Trend: neutral.
 - Momentum: neutral.
 - Trading range: 10.65 – 13.02.



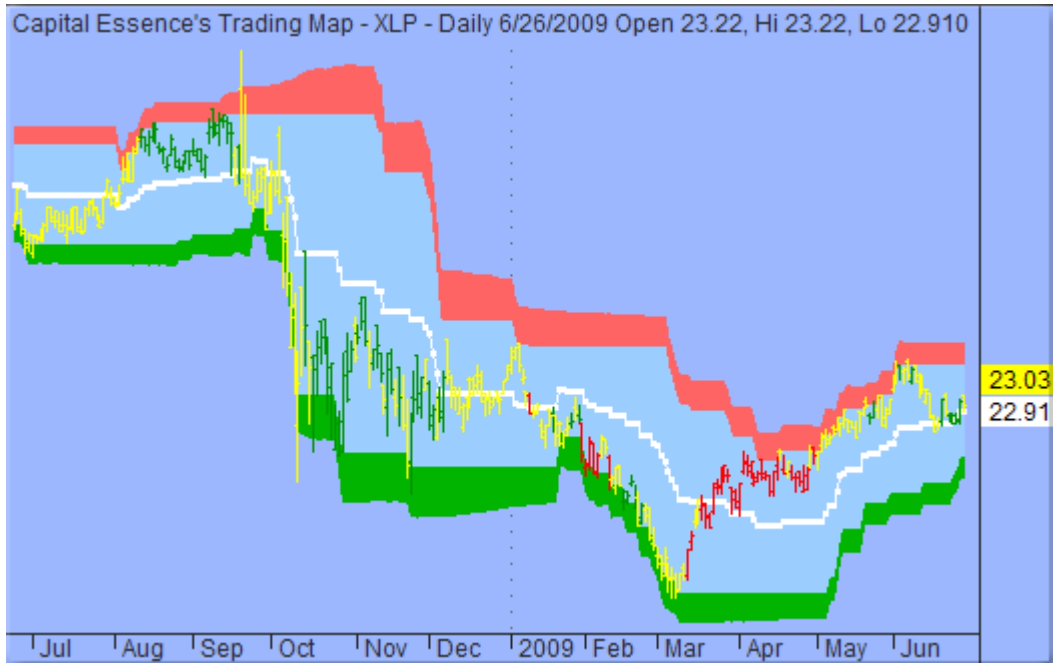
- **Industrial Select Sector SPDR (XLI)**
 - Trend: bearish.
 - Momentum: neutral.
 - Trading range: 21.26 – 23.79.



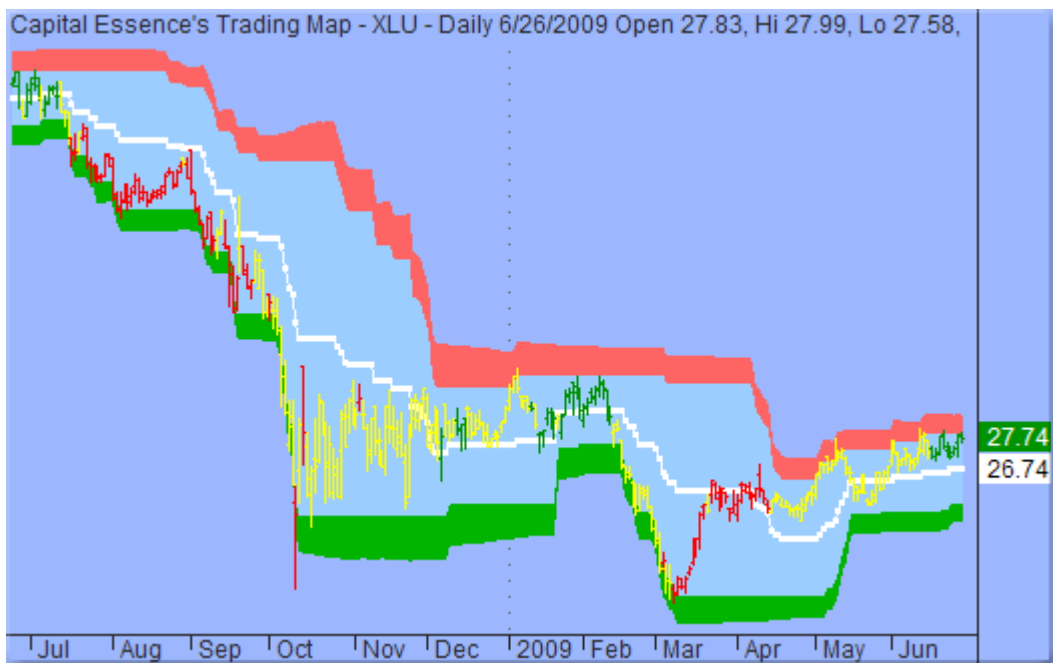
- **Technology Select Sector SPDR (XLK)**
 - Trend: bullish.
 - Momentum: neutral.
 - Trading range: 16.62 – 18.43.



- **Consumer Staples Select Sector SPDR (XLP)**
 - Trend: neutral.
 - Momentum: neutral.
 - Trading range: 22 – 23.82.

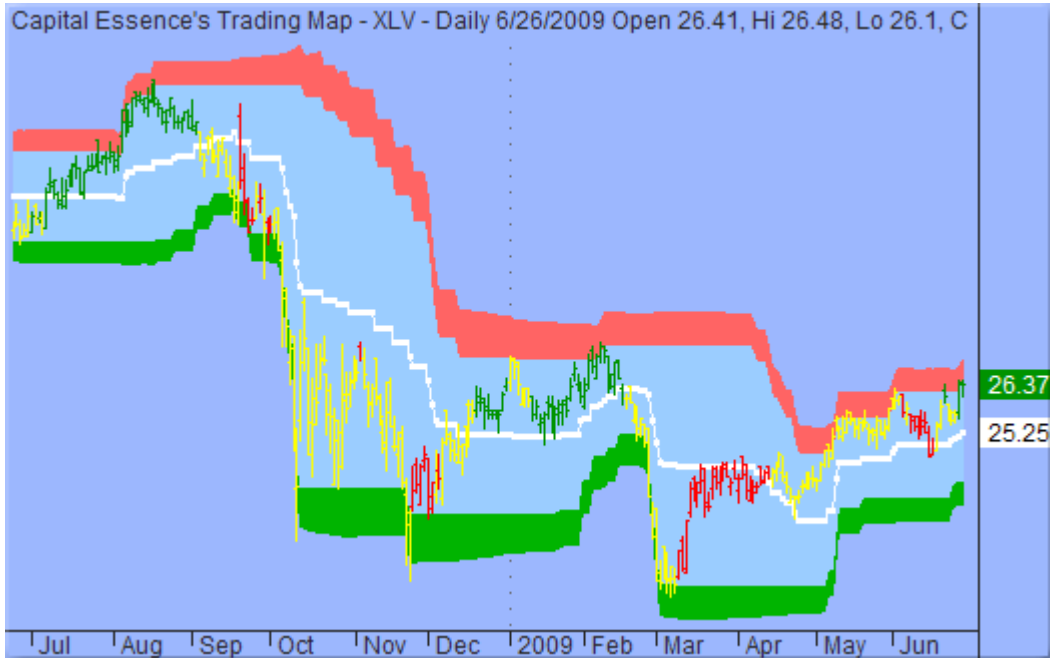


- **Utility Select Sector SPDR (XLU)**
 - Trend: bullish.
 - Momentum: *nearly overbought.
 - Trading range: 25.62 – 27.96.



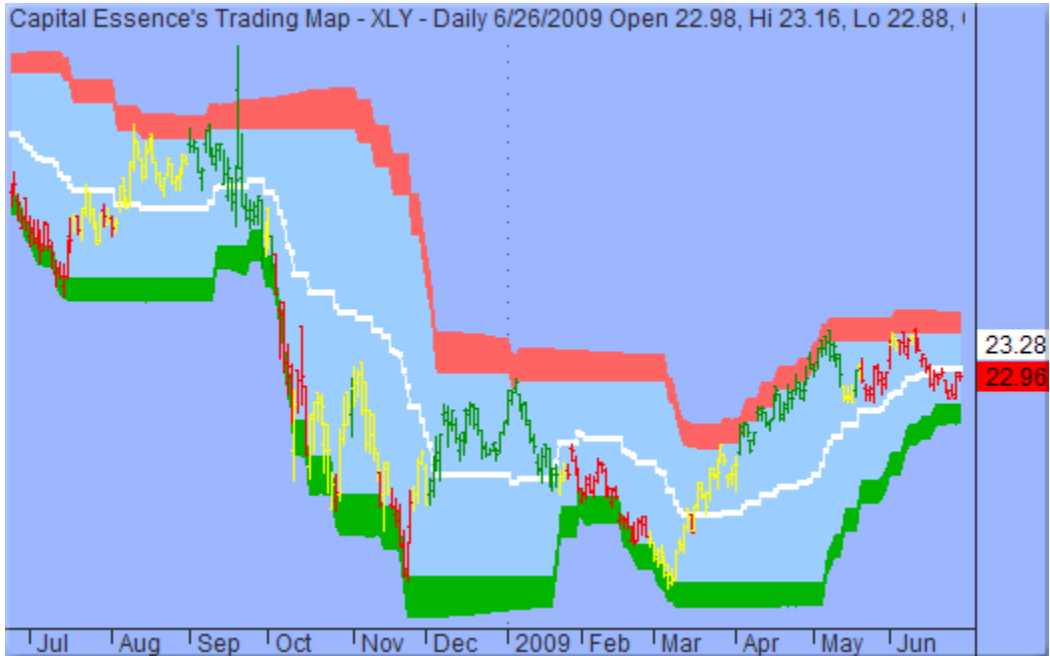
- **Healthcare Select Sector SPDR (XLV)**

- Trend: bullish.
- Momentum: overbought.
- Trading range: 24.14 – 26.37.



- **Consumer Discretionary Select Sector SPDR (XLY)**

- Trend: bearish.
- Momentum: neutral.
- Trading range: 22.13 – 24.43.



Disclaimer: THIS CONTENT IS FOR EDUCATIONAL PURPOSES AND IS NOT INTENDED AS ADVICE.

Legal Statement

By using our www.capitalessence.com site (this “Site”), you are agreeing to comply with and be bound by the following terms and conditions. If you do not agree to the following terms and conditions, you may not use this Site. The terms “Capital Essence”, “I”, “us”, “we” or “our” refer to Capital Essence Corp. The term “Service” includes, but is not limited to, the text, content, graphics, audio or video produced by Capital Essence and appearing on this Site. The terms “you” and “your” refer to the user of the Service or viewer of this Site.

Acceptance of Agreement

By using this Site, you represent to us that you have read and agree to the terms and conditions set forth in this legal statement, which constitutes a legal and binding agreement between you and us (the “Agreement”). This Agreement constitutes the only and entire agreement between you and us, and supersedes all prior or contemporaneous agreements, representations, warranties and understandings with respect to your use of the Site and the Service. This Agreement may be amended at any time by us, and from time to time, without any notice to you. The latest Agreement will be posted on the Site, and you should review the Agreement prior to using or viewing this Site or the Service. You also agree to comply with Canada law regarding the transmission of any information or data obtained from the Site or the Service in accordance with this Agreement.

You also agree to not disrupt or interfere with the Site or the Service or use the Site or the Service for illegal purposes.

Copyrights and Trademarks

The works of authorship contained in the Service, including but not limited to all data, design, text, images, charts, audio, video or other data compilations or collective works, and all trademarks, tradenames, service marks and other intellectual property, are owned, except as otherwise expressly stated, by Capital Essence or one of our data providers, and may not be copied, reproduced, transmitted, displayed, performed, distributed, rented, sublicensed, altered, stored for subsequent use or otherwise used in whole or in part in any manner without the prior written consent of Capital Essence in each instance. This Site and the Service are protected by copyrights, trademarks, service marks, international treaties, and/or other proprietary rights and laws of Canada. The Site and the Service are also protected as collective works or compilations under Canadian copyright and other laws and treaties. All individual articles, columns, and other elements making up the Site or the Service are also copyrighted works. You agree to abide by all additional copyright notices or restrictions contained in the Site or the Service.

Disclaimer and Limitations of Liability

All information, data and analysis contained in the Site or the Service are provided “AS IS” and without warranty of any kind, either expressed or implied. Capital Essence is not a Registered Investment Adviser. All information, data and analysis provided by the Site or the Service is for informational and educational purposes only and is not a recommendation to buy or sell a security or basket of securities, including but not limited to equities, options and other derivative products, fixed income products, and ETFs. Capital Essence believes all information, data and analysis contained in the Service to be accurate, but does not guarantee its accuracy. Under no circumstances, including, but not limited to, negligence, shall Capital Essence, any of Capital Essence’s affiliates, employees, or other third party data providers be liable to you for direct, indirect, consequential, incidental, special, punitive or exemplary damages even if an authorized Capital Essence representative has been advised specifically of the possibility of such damages, arising from the use of or inability to use the Site or the Service, such as, but not limited to, losses, loss of revenue, anticipated profits or lost business. In no event shall Capital Essence’s total liability to you for all damages, losses, and causes and action (whether in contract or tort, including but not limited to negligence) exceed the amount paid by you, if any, for accessing this Site or using the Service. All opinions expressed on this Site are subject to change without notice, and you should always obtain current information and perform appropriate due diligence before making trades or investment decisions. Capital Essence, any of Capital Essence’s affiliates, employees, or other third party data providers may have long or short positions in the securities discussed in the Service and may purchase or sell such securities without notice. Capital Essence uses various methods to evaluate investments which may, at times, produce contradictory recommendations with respect to the same securities. When evaluating the results of prior Capital Essence recommendations or Capital Essence performance rankings, you should also consider that Capital Essence may modify the methods it uses to evaluate investment opportunities from time to time. For this and for many other reasons, the performance of Capital Essence’s past recommendations or investments is not a guarantee of future results.

The securities mentioned in this Site or in the Service may not be eligible for sale in some states or countries, nor be suitable for all types of investors; their value and income they produce may fluctuate and/or be adversely affected by exchange rates, interest rates or other factors.

Capital Essence and its respective officers, directors, employees and/or associated entities may have positions in, and may from time to time make purchases or sales of, the securities (i.e. commodities) discussed or mentioned in the Newsletters.

Governing Law

This Agreement and your use of the Site and Service will be governed by the laws of Ontario, as applied to contracts entered into between Ontario residents and performed in Ontario. Any dispute arising out of this Agreement or your use

of the Site or the Service will be heard only in the provincial or federal courts located in Toronto, Ontario (Canada), and you consent and submit to the personal jurisdiction of such courts.

Interpretation

If any provision of this Agreement is found invalid or unenforceable, that provision will be enforced to the maximum extent permissible, and the other provisions of the Agreement will remain in force. This Agreement states the entire agreement between you and us relating to use of the Site or the Service. This Agreement may not be amended except as provided above.

Contact

If you have any questions, concerns or comments, please email info@capitalessence.com.