

Sam Turner, CMT

February 11, 2010

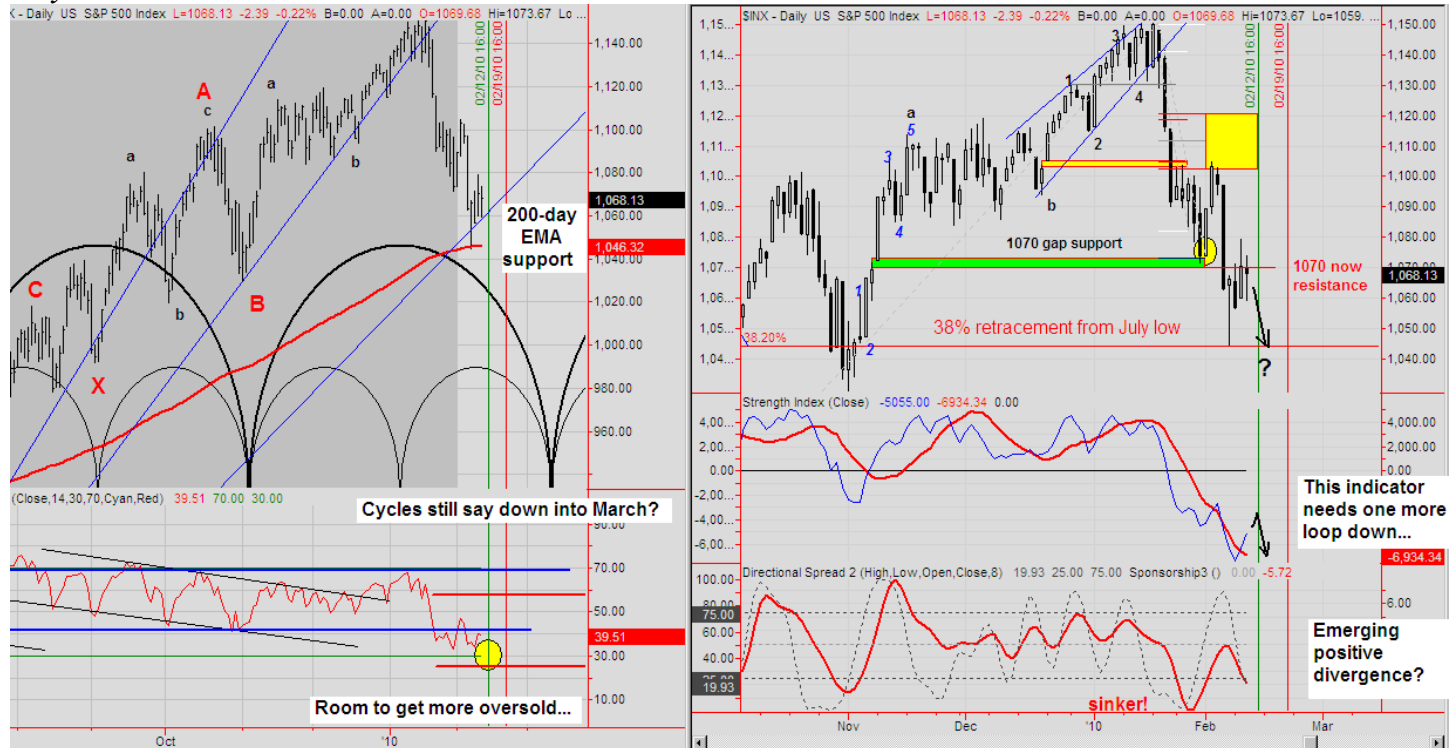
Technical Take: Near-term downside risk ahead of another probable bounce

As early as our January 7 *Technical Take*, we had been looking for a correction in the S&P throughout January and a relief rally into late February, followed by a more important low in March where “overbought” sentiment indicators would’ve corrected themselves. Last week proved challenging to navigate the near-term volatility, but we suspect our larger degree map may still be viable. At this point, we do not believe that we are on the cusp of a major decline (as many technicians do), but believe we are merely seeing a normal correction play out in a way that still appears methodical and one that is respecting classic support and resistance levels on the way down.

We have outlined below two daily charts of the S&P 500 that use two completely different types of indicators. The one on the left tells us that we bounced at the 200-day exponential moving average, but that it may prove only to be temporary support as we have room to get *more* oversold; our fixed cycle tool hints that a more important low could still be out there in March. The chart on the right is interesting in that it seems to support more downside risk in the near term (targeting a minor new range low from 1020-1040, favoring the higher end of that zone) with a potential relief rally to follow that would be more than just a two-day bounce such as we’ve seen so far.

To summarize, our best guess is that we loop back down in the next couple of days and find a better foundation to get a bounce (perhaps into 1070-1110). Then, we may have risk of finding the more “investable” low out in the March timeframe. As always, we’ll need to make that call when we’re further along. Finally, note our updated chart of Canada (see page 2) where the pattern has been clearer and may offer clues as to what to expect in the domestic markets in the weeks ahead.

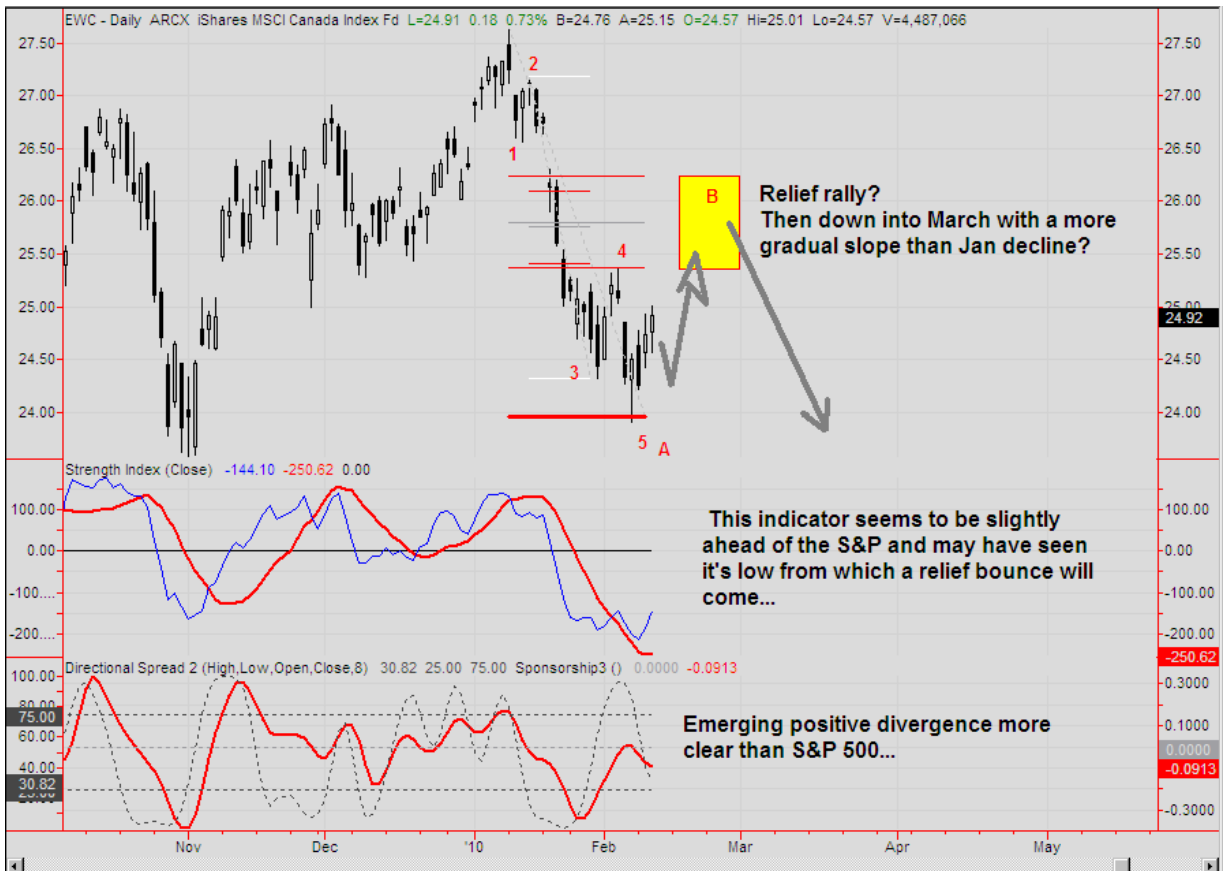
Daily Charts: S&P 500



Source: TradeStation, Market Methodology Inc.

iShares MSCI Canada Index Fund (EWC) -- Fib projection hit right on target!

Last Thursday we issued a piece on EWC (and emerging markets) suggesting that the pattern was more clear and offered a potential idea that, based on a symmetrical impulsive 5-wave decline (using two Fibonacci grids), EWC's decline could terminate at \$24 and then begin what could potentially be a counter-trend bounce into resistance. It appears this map is on track and will be important to monitor in the weeks ahead. It's possible a new range low in the S&P would only mean a "retest" with EWC, but it's too early to tell.



iShares MSCI Canada Index Fund (EWC)
Inception Date: 6/12/00

	1 year	3 Year	5 Year	10 Year	Since Inception
Price Returns	55.83%	3.09%	10.47%	9.02%	11.24%
Index Returns	56.18%	3.31%	10.76%	8.87%	11.76%
NAV (Market) Returns	53.16%	3.04%	10.29%	8.89%	11.21%

Expense Ratio and Returns as of 12/31/09: 0.55%

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling toll-free 1-800-iShares or by visiting www.ishares.com.

Returns are average annualized total returns. Market returns are based upon the midpoint of the bid/ask spread at 4:00pm ET (when NAV is normally determined for most iShares Funds), and do not represent the returns you would receive if you traded shares at other times. Performance information for the Index assumes reinvestment of all income and excludes management fees, transaction costs and expenses.

Please note that individual exchange-traded funds are sold by prospectus through a broker-dealer. For further information about obtaining a prospectus, or concerning any of the individual securities mentioned in this report, please contact your Financial Advisor.

Sam Turner, CMT, Portfolio Manager • 804-549-4808 • sturner@riverfrontig.com • www.riverfrontig.com
Riverfront Investment Group, 9011 Arboretum Parkway, Suite 110, Richmond, VA 23236

For further information about Elliott Wave theory, visit:

http://stockcharts.com/school/doku.php?id=chart_school:market_analysis:elliott_wave_theory

Standard & Poor's (S&P) 500 Index measures the performance of 500 large cap stocks, which together represent about 75% of the total US equities market.

Riverfront Investment Group, LLC, is a registered investment adviser. The company manages several portfolios comprised of various equity and fixed-income securities. Riverfront owns shares of EWC in our portfolios. Opinions expressed are current as of the date shown and are subject to change. They are not intended to be investment recommendations. Technical analysis is based on the study of historical price movements and past trend patterns. There are also no assurances that movements or trends can or will be duplicated in the future. Past performance is no guarantee of future results.