

Summary

Stock Breadth Statistics (page 2)

- **Short Term Stock Breadth**
There has been a significant improvement in the short term breadth statistics within the FTSE 100 and FTSE 250 Indices, with the bullish % score now standing at 53% & 48% respectively (up from 39% and 23%).
- **FTSE 250 Medium Term Stock Breadth**
The medium term breadth statistics remain strong in the FTSE 100 Index, with a score of 72% on the bullish % measure. The FTSE 250 still retains a weaker score of 65%, which continues to illustrate the rotation into large cap equities.
- **Momentum Statistics**
Despite the market rally, FTSE 100 & FTSE 250 constituents are still not overbought, with average RSI scores of around 60%.

Sector Trends (page 3)

- For the first time since April, there are now more **Sector Indices** in **short term uptrends** than in **short term downtrends** (52% are now in short term uptrends).
- 14 of the 33 Sector Indices have shown a short term improvement, of which 8 regained their short term uptrends, being: **Oil & Gas, Construction, Real Estate, Transport, Investment Companies, Chemicals, Computer & Software Services** and **Insurance**. There was no deterioration within any of the sectors.
- *However, the short term technical improvement in the market has led to 27% of the Sector Indices becoming overbought and 21% nearing overbought in the short term.*

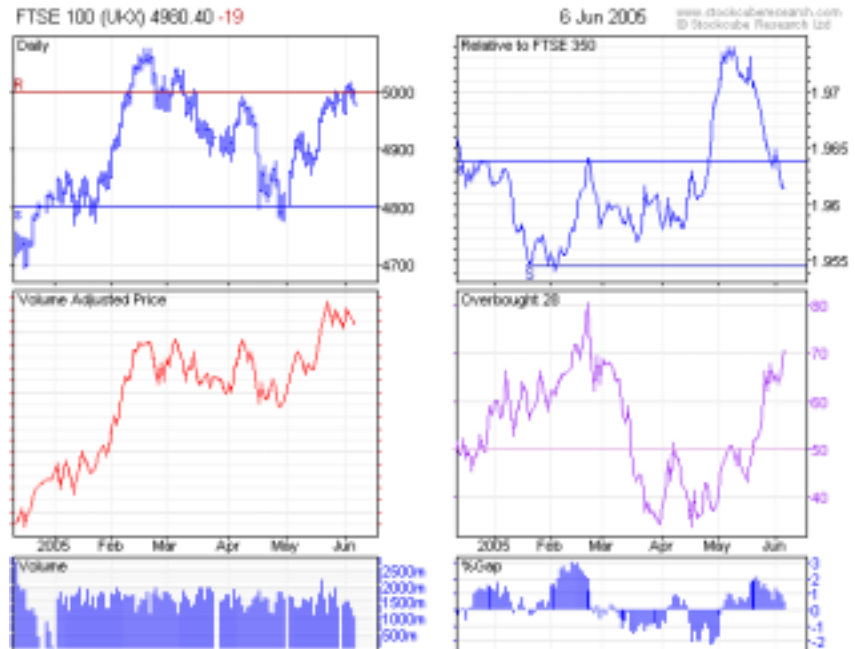
New Highs vs New Lows Analysis (page 4)

- **FTSE 100 New Highs**
There have been **23 new highs** in the last 5 trading days within the FTSE 100 (an increase of 10% since our last review), of which 74% were volume confirmed. Most of the new highs occurred within: **Aerospace, Consumer Non-Cyclical, Support Services** and **Utilities**.

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The **FTSE 100 Index** has encountered medium term price resistance and remains confined below the key level of 5000. It is now testing its short term uptrend vs. the FTSE 350 Index.



Example only

Stock Breadth Table

		Bullish %	% Points Change	Av. RSI	%Points Change
FTSE 100 Index	Short term	53%	+14%	61%	+12%
	Medium term	72%	0%	52%	+2%
FTSE 250 Index	Short term	48%	+25%	58%	+14%
	Medium term	65%	+3%	50%	+3%
FTSE 350 Sector Indices	Short term	55%	+26%	63%	+16%
	Medium term	76%	+5%	51%	+4%

There has been a **significant improvement** in the **short term breadth statistics** within the FTSE 100 Index, FTSE 250 Index and the FTSE 350 sector indices, all now averaging over 50% on the Bullish % measure (up from 30% since our last review). **The largest short term breadth improvement was in the FTSE 350 Sector Indices, with an increase of 26%.**

The medium term breadth statistics remain strong in the FTSE 100 Index and the FTSE 350 Sector Indices, retaining a score of over 70% on the bullish % measure. There has been a small improvement in medium term breadth in the FTSE 250 Index, which now has a score of 65%, up 3% points since our last review.

However, the RSI average is now over **60%**, an overall **increase of 14% points** since are last review.

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Sector Trend Table

FTSE 350 Sector Indices	NMX Weighting %	ST Trend	MT Trend	RSI 28d	RSI 56d
Banks	18.70			61	50
Oil & Gas	13.44	↑	↑	63	50
Pharmaceuticals	8.87	↑	↑	69	64
Telecom Services	8.85	↑	↑	56	51
Mining	4.43		↑	66	46
Media	4.03	↓	↑	53	42
Life Assurance	3.78	↓	↑	56	43
Beverages	3.24	↑	↑	60	62
General Retailers	3.04	↓	↓	54	41
Utilities	2.91	↑	↓	74	67
Food & Drug Retailers	2.50	↓	↑	55	47
Food Producers	2.49	↑	↑	62	56
Leisure	2.39		↑	66	49
Support Services	2.38		↑	56	46
Tobacco	2.38	↑	↑	73	69
Construction	2.36	↑	↑	72	51
Real Estate	1.95	↑	↑	81	62
Transport	1.83	↑	↑	76	52
Investment Companies	1.83	↑	↑	82	52
Electricity	1.63	↑	↑	75	69
Aerospace & Defence	1.56	↑	↑	81	62
Speciality & Other Financials	1.45			67	47
Household Goods	0.94	↓	↓	56	40
Chemicals	0.86	↑	↑	64	51
Engineering & Machinery	0.65		↑	58	44
Comp & Software Services	0.52	↑	↑	70	52
Insurance	0.49	↑		66	54
Health	0.39	↑	↑	59	51
Autos	0.27		↑	67	46
IT Hardware	0.21	↓	↓	43	33
Steel & Other Metals	0.14	↓		50	35
Electronic Equipment	0.14	↓	↓	42	38
Forestry & Paper	0.04	↓		55	46

There has been a **significant decrease** in the number of **sector indices in short term downtrends** – the figure now stands at **27%**, down from **55%** since our last review. **21%** of **sector indices** are now in a **sideways trend** and **52%** are in a **short term uptrend**. 73% of sector indices are in medium term uptrends.

Bullish

14 of the above sectors have shown a short term improvement, of which 8 regained their short term uptrends being: **Oil & Gas, Construction, Real Estate, Transport, Investment Companies, Chemicals, Computer & Software Services** and **Insurance**. The latter two have also shown a medium term improvement.

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FTSE 100 Short Term Price Action

New Highs	Volume Confirmation	New Lows	Volume Confirmation
Taylor Woodrow	✓	Next	✓
BAE Systems	=	Compass Group	✓
Meggitt	✓	Computacenter	✓
Rolls-Royce	✓	Johnston Press	x
Smiths Group	✓	Barclays	✓
Allied Domecq	=	Old Mutual	✓
Associated British Foods	x		
British American Tobacco	✓		
Gallaher Group	✓		
First Choice Holidays	✓		
Peninsular & Oriental Steam	✓		
GlaxoSmithKline	✓		
Amec	=		
Bunzl	✓		
Davis Service Group	x		
Serco Group	x		
Isoft Group	✓		
British Telecom	✓		
Britannic	✓		
International Power	✓		
AWG	✓		
Kelda Group	✓		
United Utilities	✓		

Example only

There have been **23 new highs** in the last 5 trading days within the FTSE 100 (an increase of 10% since our last review), of which 74% were volume confirmed. **70% of the new highs** were concentrated within four sectors: **Aerospace, Consumer Non-Cyclical, Support Services** and **Utilities**.

There have been **6 new lows** in the last 5 trading days.

Volume Characteristics

	Bullish VAD	% Change	Bearish VAD	% Change
FTSE Top 30	23%	+3%	7%	-3%
FTSE 100	30%	+2%	7%	+4%

Within the FTSE Top 30 and FTSE 100, there has been no significant change in the incidence of bullish and bearish VAD but, as per our last review, the bullish volume characteristics remain dominant.

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FTSE 350 Sector Exposure

Overweight	Neutral	Underweight
Housebuilders	Health	Consumer Cyclical
Consumer non-cyclical	Support Services	
Telecoms	Media	
Mining	Technology	
Industrials	Financials	
Utilities		

Our FTSE 200 Model now trades 26% net long, with 49 longs vs. 29 shorts.

- We are now **overweight Industrials**, having opened two long positions in **Johnson Matthey** and **Rolls-Royce**.
- We are now **overweight Utilities**, having closed 3 shorts in **Centrica**, **Pennon Group** and **Viridian Group** and opening a new long in **AWG** as constituents reassert their outperforming trends.
- We maintain our **overweight** in **Consumer Non-Cyclical**, opening a long position in **SSL International**.
- We have reduced our underweight in **Consumer Cyclical**, having closed our shorts in **Kingfisher**, **National Express Group** and **William Hill** and opening a long in **Marks & Spencer**.

The **FTSE350 General Retailers** is now nearing the bottom of its medium term relative range against the wider market.



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FTSE 200 Model Portfolio Constituents by Trend

Stock	Stockcube	ST Trend	LT Trend	20d RSI	50d RSI	Guard Score
AVO	Long	↑	↑	71	68	95
Associated British Foods	Long	↑	↑	57	55	95
Barrat Developments	Long	↑	↑	73	51	88
Behevy	Long		↑	64	46	75
Bradford & Gingley	Long		↑	58	50	50
Brambles Industries	Long	↑	↑	57	59	90
British Telecom	Long	↑	↑	70	61	82
Bunzl	Long	↑	↑	56	52	90
Cable & Wireless	Long	↑	↑	66	57	78
Cadbury Schweppes	Long	↑	↑	55	56	85
Degea	Long	↑	↑	56	58	75
Easyjet	Long		↑	52	56	68
Evri	Long	↑	↑	63	49	85
Galaxer Group	Long	↑	↑	64	65	95
Geocon/Strateline	Long	↑	↑	72	64	82
HBOG	Long	↑	↑	71	49	80
Intercontinental Hotels Group Plc	Long	↑	↑	60	59	72
International Power	Long	↑	↑	61	59	80
Kelda Group	Long	↑	↑	61	69	92
Land Securities	Long	↑	↑	73	63	90
Lloyds TSB Group	Long	↓	↑	50	43	40
National Grid Group	Long	↑	↑	77	67	88
Peninsular & Oriental Steam	Long	↑	↑	74	55	90
Prudential	Long		↑	52	51	60
Recallit Benckiser	Long		↑	51	56	78
Reed Elsevier (UK)	Long	↑	↑	65	52	72
Rolls-Royce	Long	↑	↑	78	62	92
Sage Group	Long	↑	↑	67	59	90
Sainsbury	Long	↓	↑	52	46	52
Scottish & Newcastle	Long	↑	↑	53	53	88
Scottish Power	Long	↑	↑	69	66	78
Stagecoach Holdings	Long	↑	↑	60	52	85
Standard Chartered	Long	↑	↑	67	61	62
Unilever (UK)	Long	↑	↑	64	57	78
Vedanta Resources	Long		↑	69	51	75
Whitbread Holdings	Long		↑	61	47	62
Xstrata	Long	↑	↑	65	59	75
Yell Group Plc	Long		↑	58	44	60
BP	Short	↑	↑	63	49	88
Bridon Estate	Short	↑	↑	67	56	95
Collins Stewart Hldgs	Short	↑	↑	57	54	65
Enterprise Inns	Short	↑	↑	65	56	88
First Choice Holidays	Short	↑	↑	66	54	95
MMO2	Short	↑	↑	59	59	90
Fennon Group	Short	↑	↑	59	58	95
Ribar Property	Short	↑	↑	75	57	90
Punch Taverns	Short		↑	67	51	78
Recom	Short	↑	↑	64	59	75
SAB Miller	Short	↑	↑	56	47	80
Shire Pharmaceuticals Group	Short		↑	56	59	57
VH Smith	Short	↑	↑	56	53	72
Colt Telecom Group	Long		↓	65	58	20
SSL International	Long	↓	↓	48	44	8
Boots Company	Short	↓	↓	40	44	10
British Sky Broadcasting	Short	↓	↓	44	45	10
Computacenter	Short	↓	↓	41	40	5
Doons Group	Short		↓	68	51	22
Intermediate Capital Group	Short		↓	49	45	18
Jardine Lloyd Thompson Group	Short	↓	↓	48	41	10
LogicaCMG	Short		↓	58	47	18
Man Group	Short		↓	63	47	20
Merconl	Short	↓	↓	24	25	15
Morrison (MMA) Supermarkets	Short	↓	↓	43	43	10
ARM Holdings	Long	↑		67	52	50
Alliance & Leicester	Long			57	47	32
Calm Energy	Long	↑		64	59	62
HBOG Holdings	Long	↑		73	61	50
Johnson Matthey	Long			74	56	35
Tankers	Long			63	49	35
Barclays	Short	↓		42	45	25
Conus Group	Short	↓		50	35	35
Great Universal Stores	Short	↓		52	46	28
Johnston Press	Short	↓		46	41	20
Marks & Spencer	Short	↓		45	49	25
Royal Bank Of Scotland Group	Short	↓		57	44	25
Taylor Nelson Soles	Short	↓		48	45	25

Example only

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FTSE 200 Model Portfolio Constituents by Sector

(with trade open dates and relative performance figures against FTSE 350 Index)

Long: 49 open trades +14%				Short: 29 open trades -1.0%			
Oil & Gas	Cain Energy	23-Mar-05	8.00%	Oil & Gas	BP	23-Mar-05	1.00%
Mining	Vedanta Resources	01-Feb-05	8.70%				
	Nitrata	23-May-05	3.30%				
Construction & Building	Barrat Developments	13-Apr-05	-1.00%				
	Bolton	04-Feb-05	-4.00%				
Industrials	Johnson Matthey	02-Jun-05	1.60%	Industrials	Coca Cola Group	06-Jun-05	-0.50%
	Poll-Froyce	03-Jun-05	1.50%				
	Tomkins	26-May-05	0.30%				
Consumer Non-Cyclical	Associated British Foods	13-Apr-05	-0.50%	Consumer Non-Cyclical	Morison (V.M.) Supermarkets	06-May-05	6.10%
	Castbury Schweppes	13-Jan-05	7.70%		SAB Miller	28-Apr-05	-2.50%
	Diageo	22-Feb-05	7.00%				
	Gallaher Group	13-May-05	-1.40%				
	Beckitt Benckiser	23-Mar-05	0.70%				
	Sainsbury	01-Apr-05	-4.80%				
	Scottish & Newcastle	29-Mar-05	-1.70%				
	SSI International	26-May-05	0.50%				
Consumer Cyclical	Unilever (UK)			Consumer Cyclical	Boots Group	01-Mar-05	7.10%
	Esprit	03-May-05	1.00%		Deans Group	27-Apr-05	-4.30%
	Foot	12-Jan-05	11.30%		Enterprise Inns	06-May-05	-7.50%
	First Choice Holidays	07-Jun-05	0.00%		Great Universal Stores	27-Apr-05	3.50%
	Innocentinal Hotels Group Plc	19-May-05	2.20%		Greene King	07-Jun-05	0.80%
	Marks & Spencer	07-Jun-05	0.20%		Punch Taverns	27-Apr-05	-3.20%
	Peninsular & Oriental Steam	03-Jun-05	1.20%		WH Smith	13-May-05	-4.80%
	Stagecoach Holdings	03-Dec-04	10.00%				
	Whitbread Holdings	13-Jan-05	0.80%				
Health	GlaxoSmithKline	19-May-05	-1.40%	Health	Shire Pharmaceuticals Group	25-Apr-05	-1.80%
Support Services	Crumbles Industries	25-Feb-05	2.30%	Support Services	Besam	11-Feb-05	-9.90%
	Bund	07-Dec-04	-12.90%				
	Inetec Testing	07-Jun-05	0.30%				
Technology	AFM Holdings	05-May-05	7.00%	Technology	Computacenter	14-Apr-05	18.30%
	Sage Group	04-Feb-05	6.70%		LogicaCMG	10-May-05	-4.70%
					Marconi	27-Apr-05	40.10%
Media	Reed Elsevier (UK)	17-Feb-05	1.30%	Media	British Sky Broadcasting	05-Jun-05	-0.10%
	Yell Group Plc	24-Jan-05	-6.20%		Johnston Press	09-May-05	3.80%
					Taylor Nelson Sofres	19-May-05	1.30%
Telecoms	British Telecom	03-Jun-05	0.80%	Telecoms	MMO2	22-Mar-05	-5.80%
	Cable & Wireless	10-Feb-05	4.70%				
	Colt Telecom Group	07-Jan-05	13.50%				
Financials	Alliance & Leicester	11-May-05	-1.80%	Financials	Barclays	17-Mar-05	6.20%
	Bradford & Bingley	26-Apr-05	-0.50%		Brunel Estate	10-Feb-05	-1.30%
	HBOS	11-Feb-05	-7.30%		Colliers Stewart Higgs	10-Feb-05	-2.50%
	HSBC Holdings	25-Feb-05	-2.70%		Intermediate Capital Group	06-Jun-05	-1.90%
	Land Securities	11-May-05	4.30%		Jardine Lloyd Thompson Group	26-Nov-04	8.80%
	Lloyds TSB Group	25-Jan-05	-9.30%		Man Group	10-May-05	-14.40%
	Prudential	03-Mar-05	-1.60%		Philip Property	17-Mar-05	-5.80%
	Standard Chartered	03-May-05	3.20%		Royal Bank Of Scotland Group	26-Apr-05	1.10%
Utilities	AMG	06-Jun-05	-1.80%	Utilities	Pennon Group	11-Feb-05	-0.60%
	International Power	07-Jan-05	13.30%				
	Kelda Group	27-Apr-05	-1.30%				
	National Grid Group	04-Feb-05	2.40%				
	Scottish Power	10-May-05	3.30%				

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