



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE

EMERGING INDEX

AUSTRALIA

POLAND

MEXICO

HONG KONG

12<sup>th</sup> February 2013



# Best performing emerging market ETFs

Mark Sturdy

Disclaimer



## SUMMARY

The central current issue of emerging markets has been their weakness relative to developed markets since the turn of the year. We have chosen the exceptions that are performing in line with or better than the EM index with good scope for future outperformance in their underlying structures.

### EMERGING INDEX

AUSTRALIA

POLAND

MEXICO

HONG KONG

### EMERGING INDEX



### Weekly iShares MSCI Emerging Market ETF Chart + relative strength to the S&P

The EM index is still some way beneath the Highs of 2010 and 2012.

Note the underperformance of EM relative to S&P in the sideways and bear markets from end 2010.

Yet the outperformance of EM in the rally from late 2012 has collapsed since end 2012.

Note too the weekly Key reversal in the EM last week as it fell back from the Prior High pivot at 2683.

It looks dangerous for EM : hence the importance of spotting the best emerging markets that can outperform their own index.

More



## EMERGING INDEX

### EMERGING INDEX

AUSTRALIA

POLAND

MEXICO

HONG KONG



## Daily iShares MSCI Emerging Market ETF Chart

In detail : the trending outperformance of EM ( brown ) has broken down since end 2012.

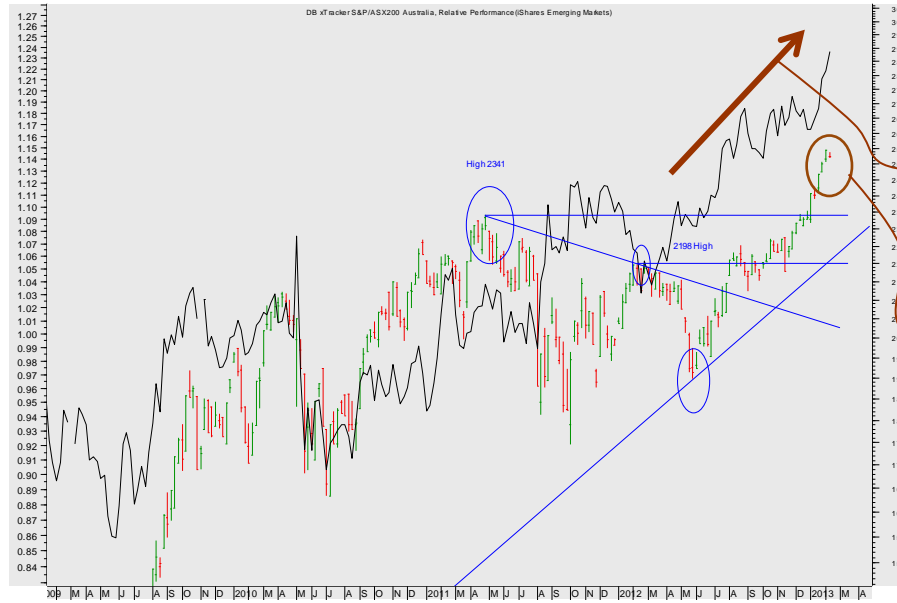
But first support of consequence lies at 2574. Then very powerful support at 2497.

The though relatively weak, and threatened by the weekly Key reversal, **the market remains well underpinned.**



# AUSTRALIA

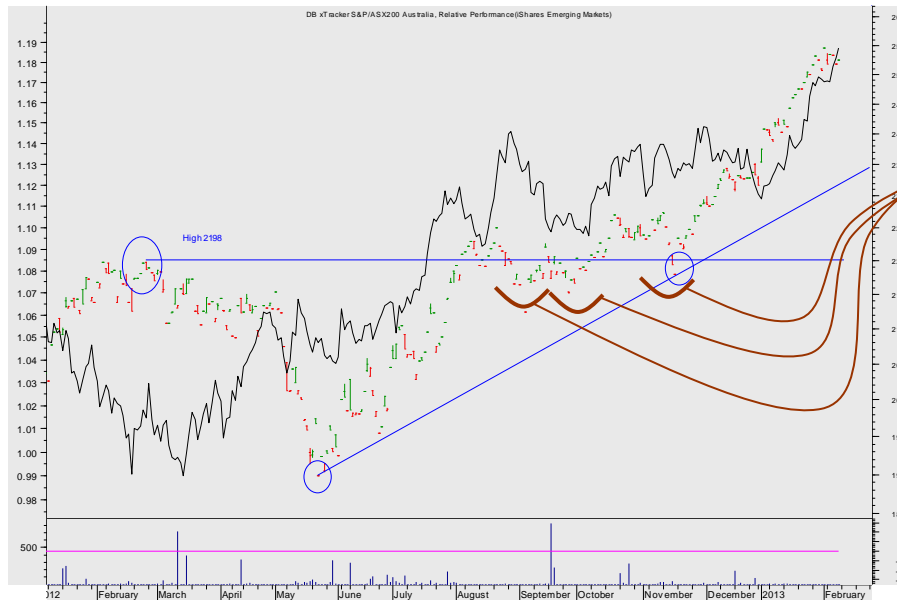
- EMERGING INDEX
- AUSTRALIA**
- POLAND
- MEXICO
- HONG KONG



**DB xTracker ASX200 Australia weekly chart:**

The outperformance is clear : Australia is powering ahead of the EM index.

In the recent period of retracement in the last few weeks, there has been no absolute fall in prices.



**DB xTracker ASX200 Australia daily chart:**

Note the well-structured trend: with Prior Highs acting as good support.

And the relative strength especially sustained by the solid bull trend after the year end.





## POLAND

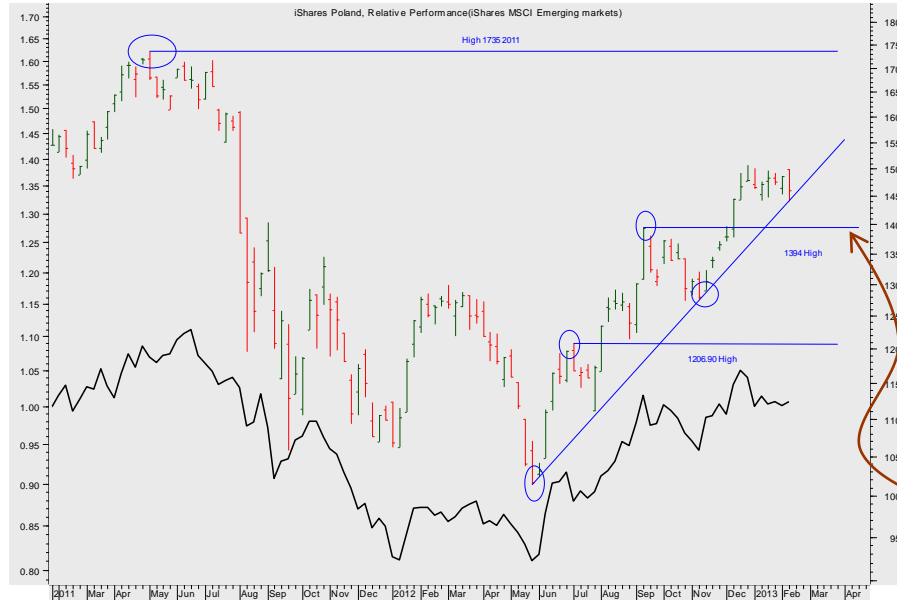
EMERGING INDEX

AUSTRALIA

POLAND

MEXICO

HONG KONG



### iShares Poland weekly chart:

Poland has been trending well since May.

The trend is well-structured with prior Highs acting as good support.

In relative terms Poland is a high beta play, outperforming in bull markets, underperforming in Bear markets – **so especial attention should be paid to the trend supports in particular the horizontal 1394.**



### iShares Poland daily chart:

In the detail, the high beta characteristic remains clear – so the outperformance relies on the continuance of the bull price trend.

So in the very short term watch the bottom of the current trading range at 1442.

More



## MEXICO

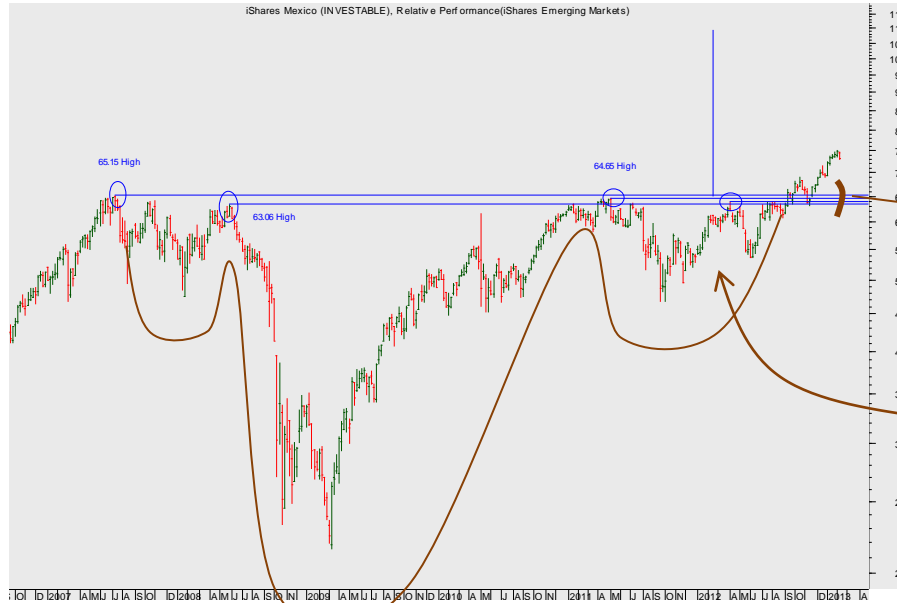
EMERGING INDEX

AUSTRALIA

POLAND

MEXICO

HONG KONG

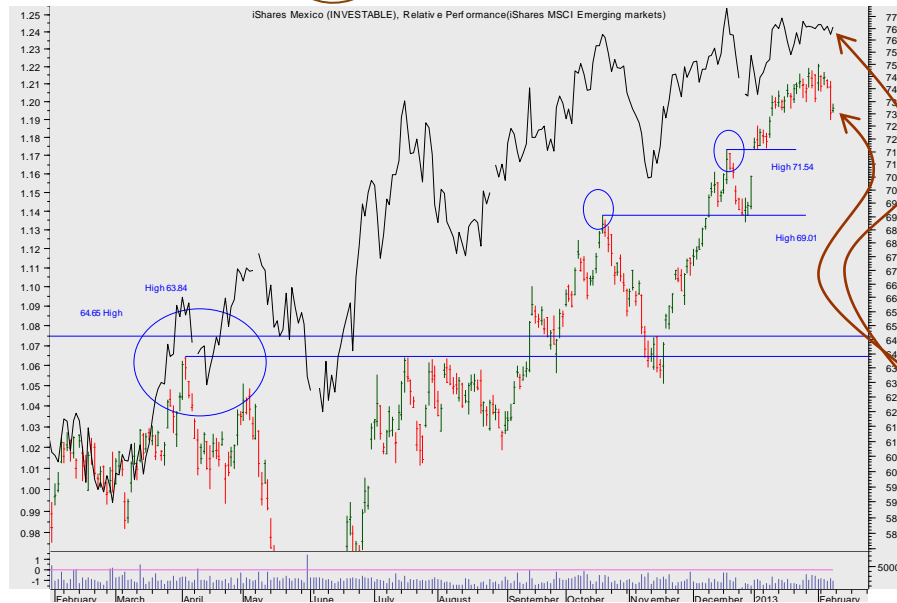


### iShares Mexico weekly chart:

This is an extraordinarily bullish chart.

The break up through successive Prior Pivotal Highs establishes powerful support beneath the market. A springboard for the next bull leg.

But the clear pattern of a Continuation Head and Shoulders beneath the successive failures at 65 adds powerfully to the break up through that level – **giving a measureable target of 110.**



### iShares Mexico daily chart:

Note the structural strength of the trend - prior Highs acting as good support on pullbacks.

The generally high beta characteristic relative to the EM index is modified by an occasional absolute alpha outperformance.

Note the relative solidity of the Mexico market in the recent downturn.

More



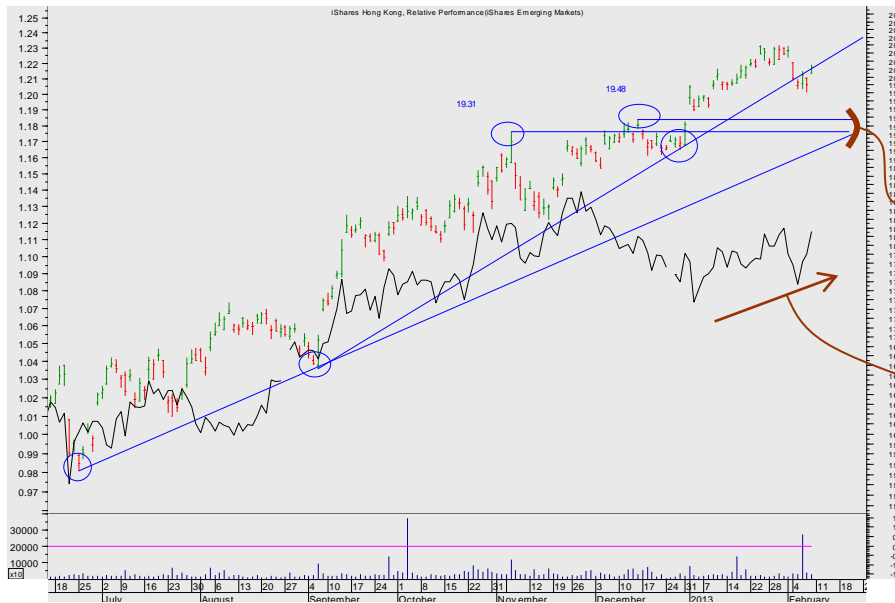
# HONG KONG

- EMERGING INDEX
- AUSTRALIA
- POLAND
- MEXICO
- HONG KONG**



**iShares Hong Kong weekly chart:**

The market is struggling to get up through the 20.24 High. But as yet there is no indication of a major reversal.



**iShares Hong Kong daily chart:**

The diagonal support from September has been breached, but there has been not test of the more important supports down at 19.31/19.48.

More importantly, note the solidity of the relative strength of the Hong Kong market. **Improving steadily since the turn of the year.**





The material and information set out in this research is not intended to be a quote of an offer to buy or sell any financial products. Any expression of opinion is based on sources believed to be reasonably reliable but is not guaranteed as to accuracy or completeness.

The material and information herein is general and for informational purposes only. Although Seven Days Ahead endeavours to provide useful information they make no guarantee as to the accuracy or reliability of the research.

The derivative market comprises volatility and considerable risks. To the maximum extent permitted by law no responsibility or liability can be accepted by Seven Days Ahead, any company or employee within its group for any action taken as a result of the information contained in this presentation. You are requested not to rely on any representation in this research and to seek specific advice from your accountant, legal adviser or financial services adviser when dealing with specific circumstances.

**Seven Days Ahead is regulated by the UK Financial Services Authority.**