



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE

EMERGING INDEX

AUSTRALIA

KOREA

CHINA

ASIA DIVIDEND

19<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

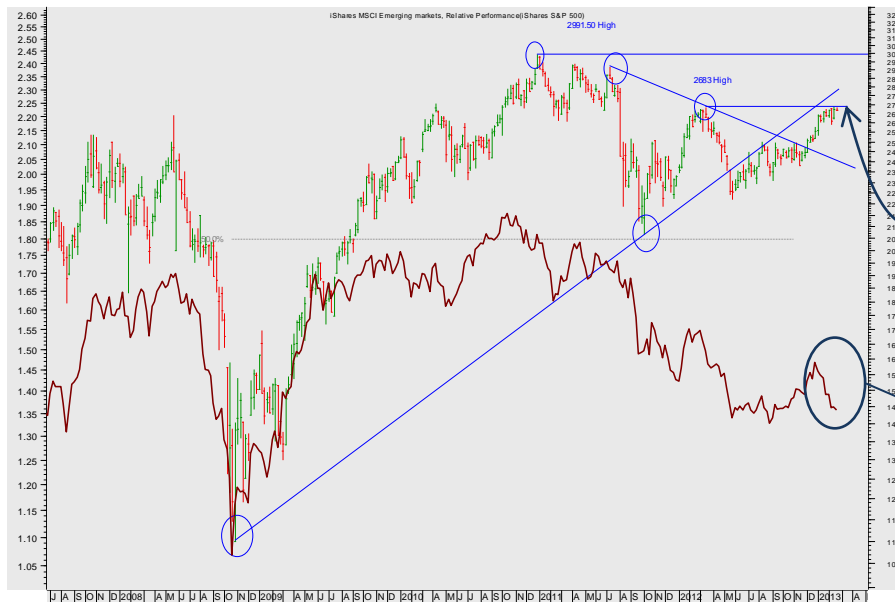
AUSTRALIA

KOREA

CHINA

ASIA DIVIDEND

### EMERGING INDEX



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

The EM index is still pausing beneath the Highs of 2010 (2683) 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 still looks dangerous for the EM index: hence the importance of spotting the best emerging markets that can outperform their own index.

More



## EMERGING INDEX

### EMERGING INDEX

AUSTRALIA

KOREA

CHINA

ASIA DIVIDEND



### Daily iShares MSCI Emerging Market ETF Chart

In detail : the clear underperformance of EM (brown) 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.**

**But to out perform the S&P the market needs to break out of the sideways trading range established since the beginning of the year.**



## AUSTRALIA

EMERGING INDEX

AUSTRALIA

KOREA

CHINA

ASIA DIVIDEND



**DB xTracker ASX200 Australia weekly chart:**

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

In the recent period of EM retracement in the last few weeks, there has been no absolute fall in Australian 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 since the year end.

More



# KOREA

- EMERGING INDEX
- AUSTRALIA
- KOREA
- CHINA
- ASIA DIVIDEND



**iShares Korea weekly chart:**

Korea has been trending well since May.

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

Note the relative trend channelling better since the beginning of 2009.



**iShares Korea daily chart:**

In the detail, the market has completed an island reversal while bouncing off both short-term support (2350) and medium-term support (2378).

Note the bounce in the relative strength trend from the bottom of the range.





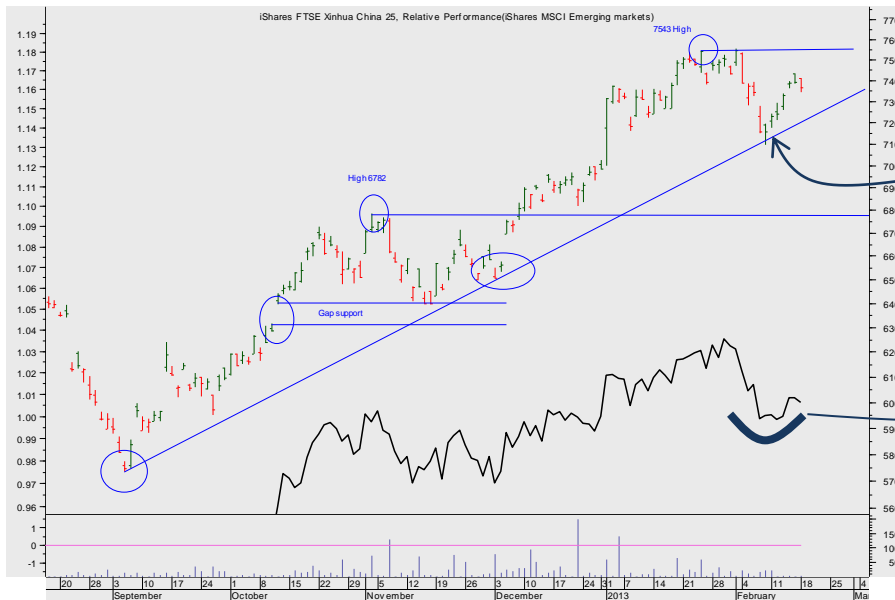
# CHINA 25

- EMERGING INDEX
- AUSTRALIA
- KOREA
- CHINA 25**
- ASIA DIVIDEND



**iShares China 25 weekly chart:**

The China market has shown good relative strength since August 2012.



**iShares China 25 daily chart:**

The market has clearly bounced off the diagonal support from September so the bull trend remains intact.

The short-term down-turn in the relative strength looks to have found support ....





# iShares ASIA DIVIDEND

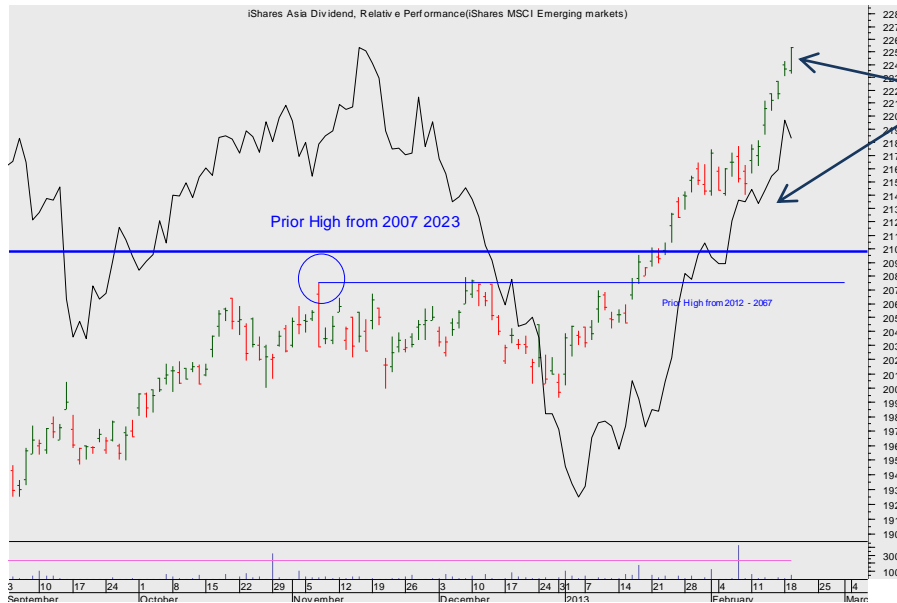
- EMERGING INDEX
- AUSTRALIA
- KOREA
- CHINA
- ASIA DIVIDEND



**iShares Asia dividend weekly chart:**

The market has clearly overcome the 2023 High, which is now good support and should ratchet the market better from here.

Note the steady rising relative strength ( with some fluctuation) in the relative strength since the beginning of 2009.



**iShares Asia Dividend daily chart:**

The absolute and relative strength in the short-term is clear from the beginning of 2012.





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.**