

ISI International Strategy & Investment Group Inc.



deGraaf's Weekly
Survival Guide to
the Markets

May 27, 2008

ISI Technical Team:

Jeffrey S. deGraaf, CMT, CFA (212) 446-5629

John Kolovos, CMT (212) 446-9416

Craig S. Peskin (212) 446-5628

jdegraaf@isigrp.com

jkolovos@isigrp.com

cpeskin@isigrp.com

Trends Still Suggests Bear Market

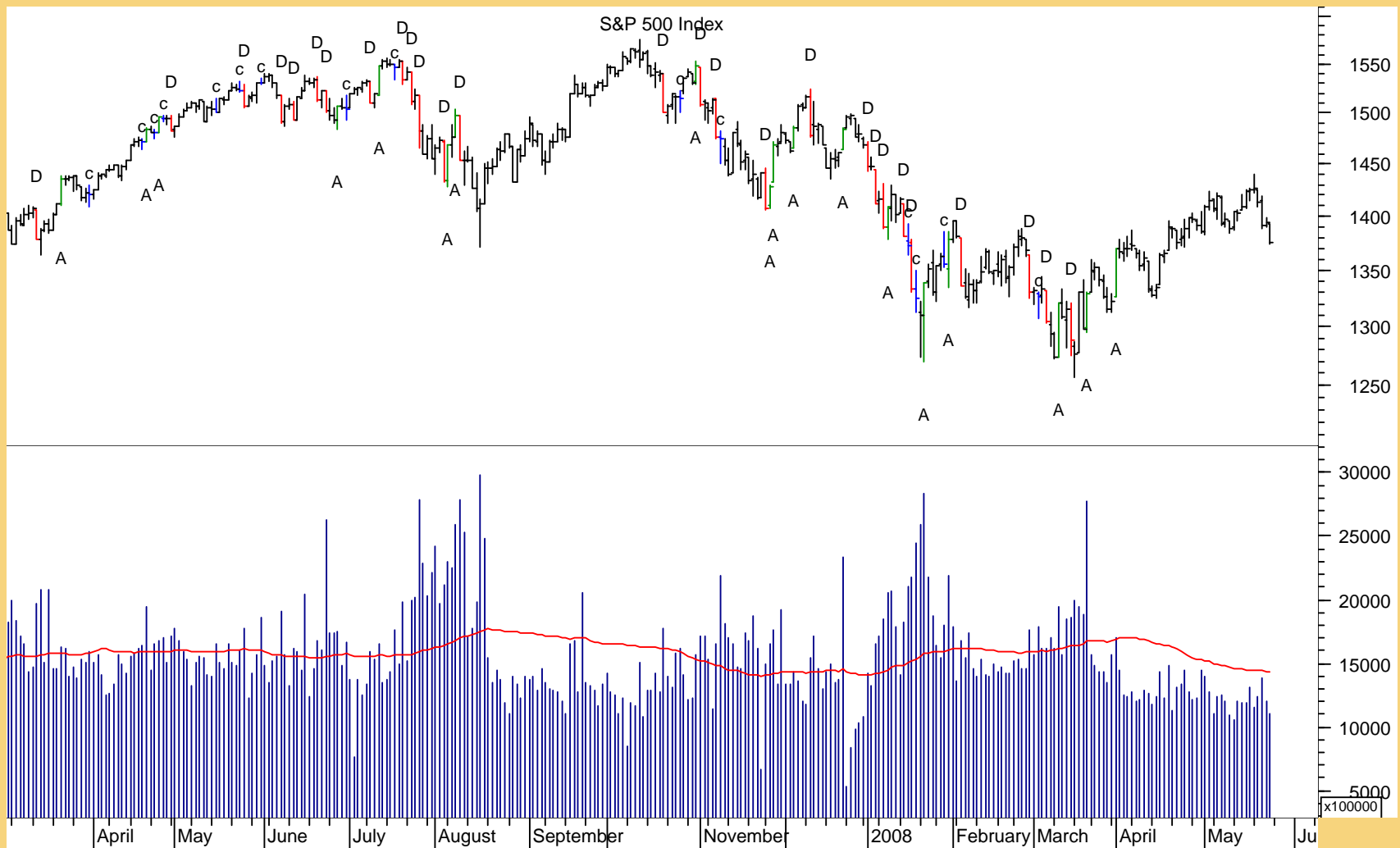


5/27/2008

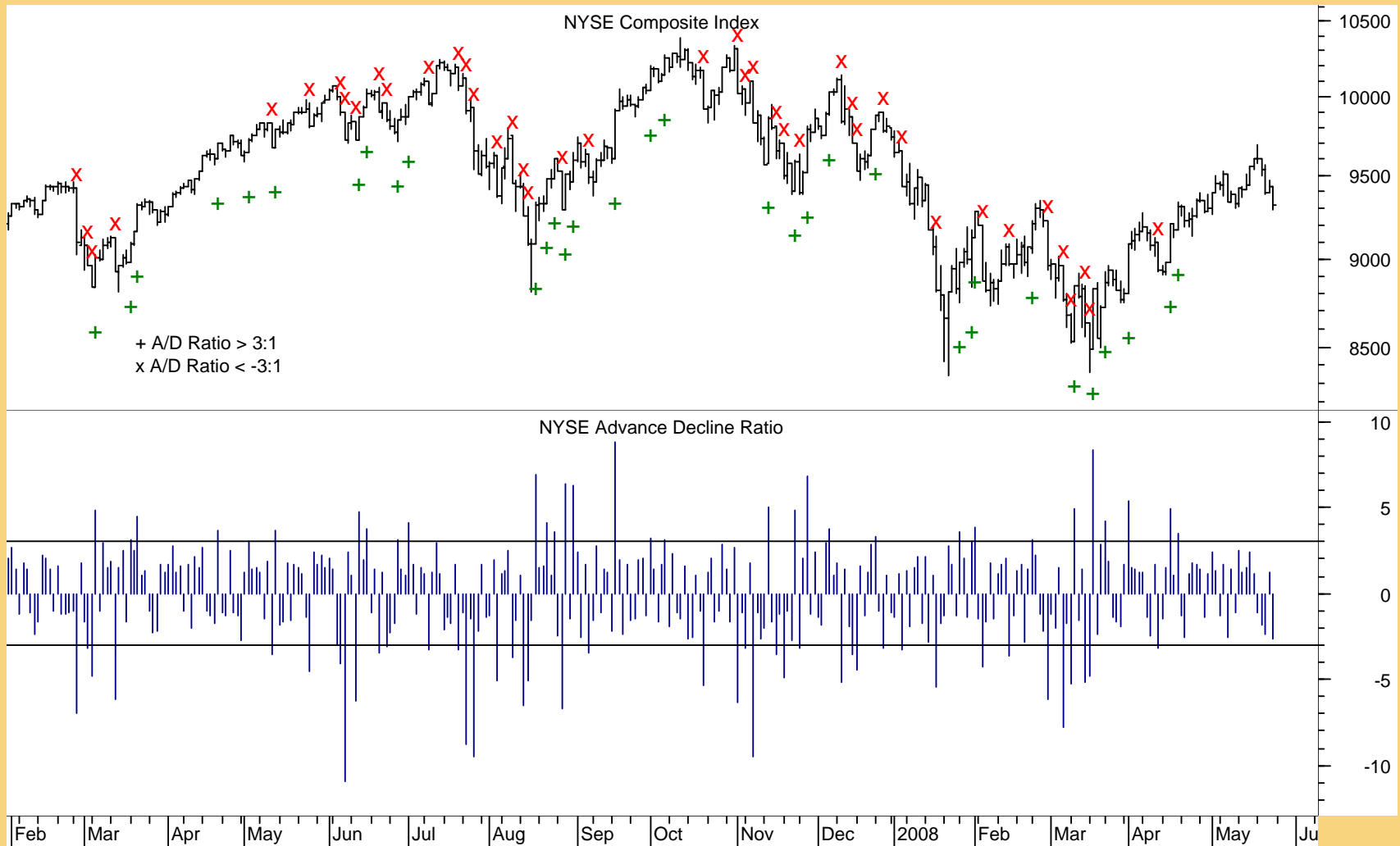
ISI Group

2

No External Distribution or



Internal Distribution, but...



5/27/2008

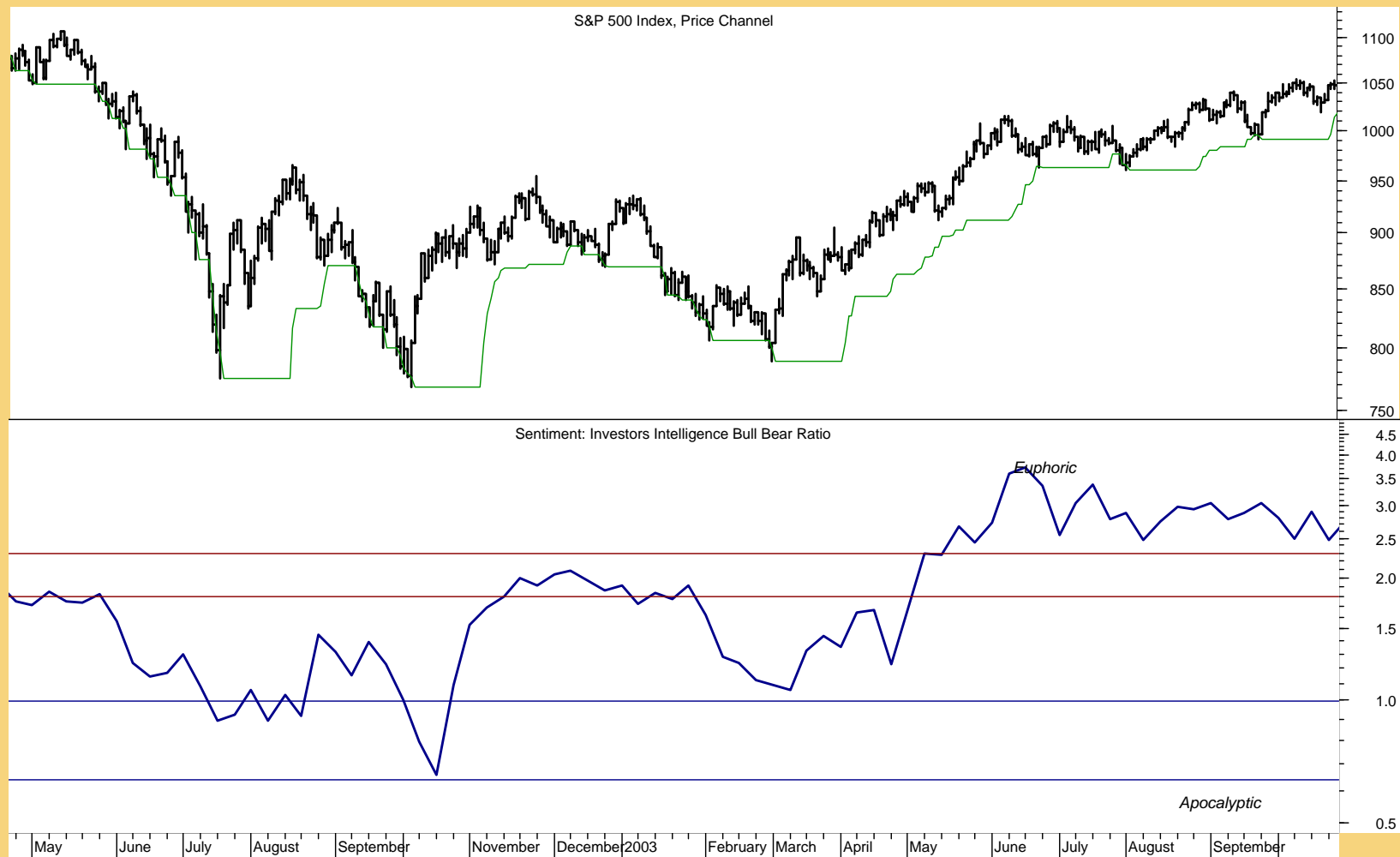
ISI Group

4

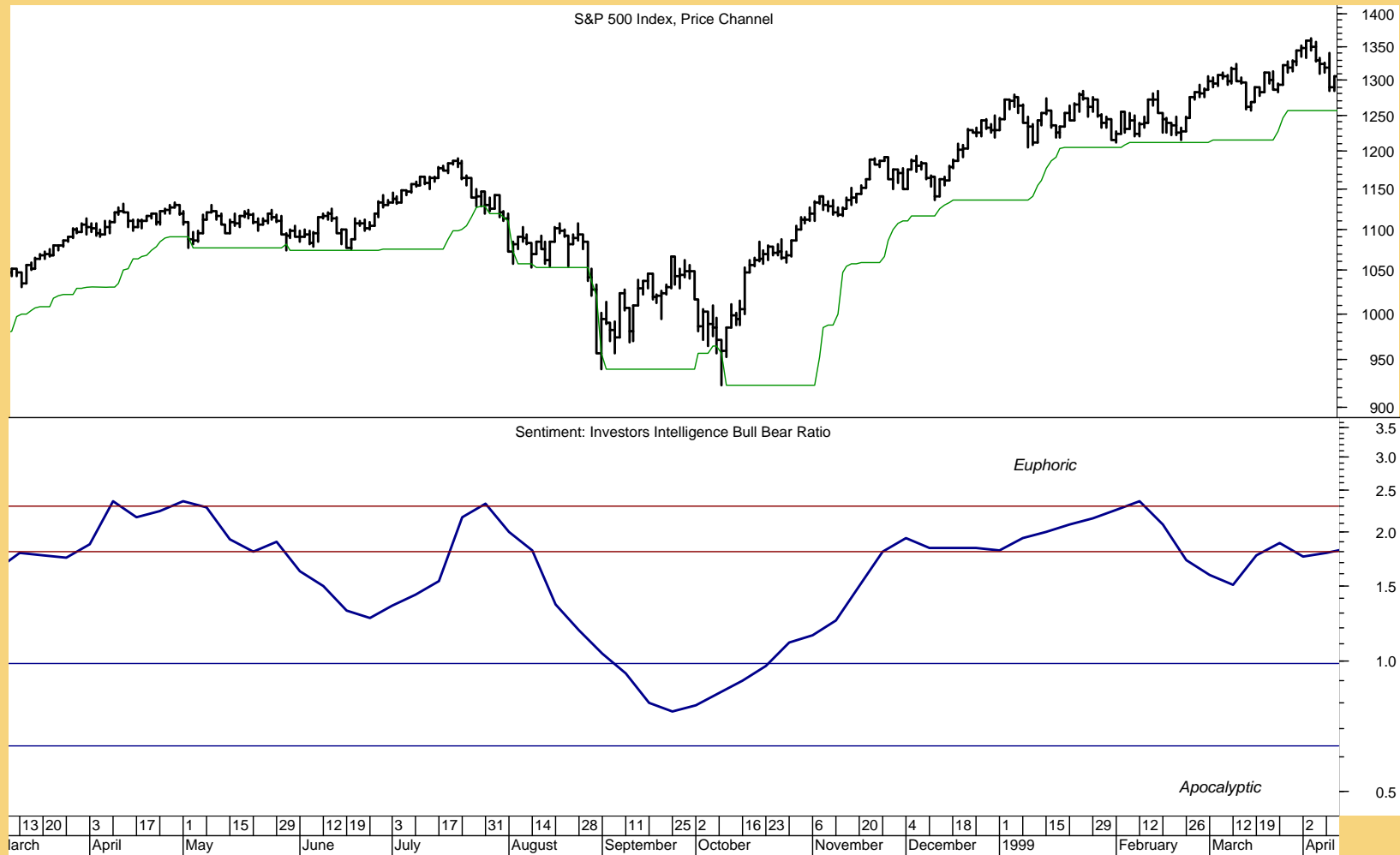
Our 20-day Low Has Been Hit



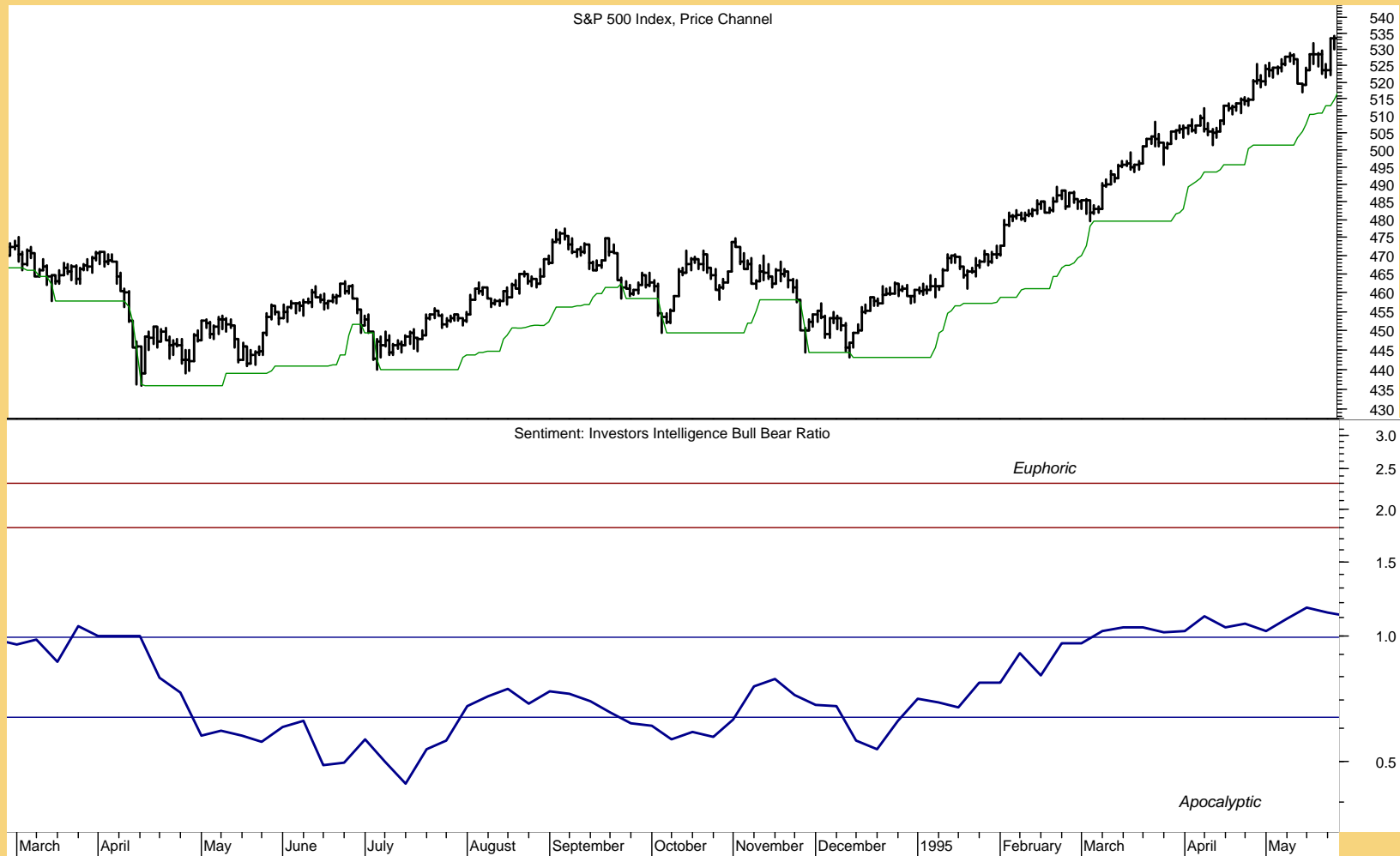
2003 Example



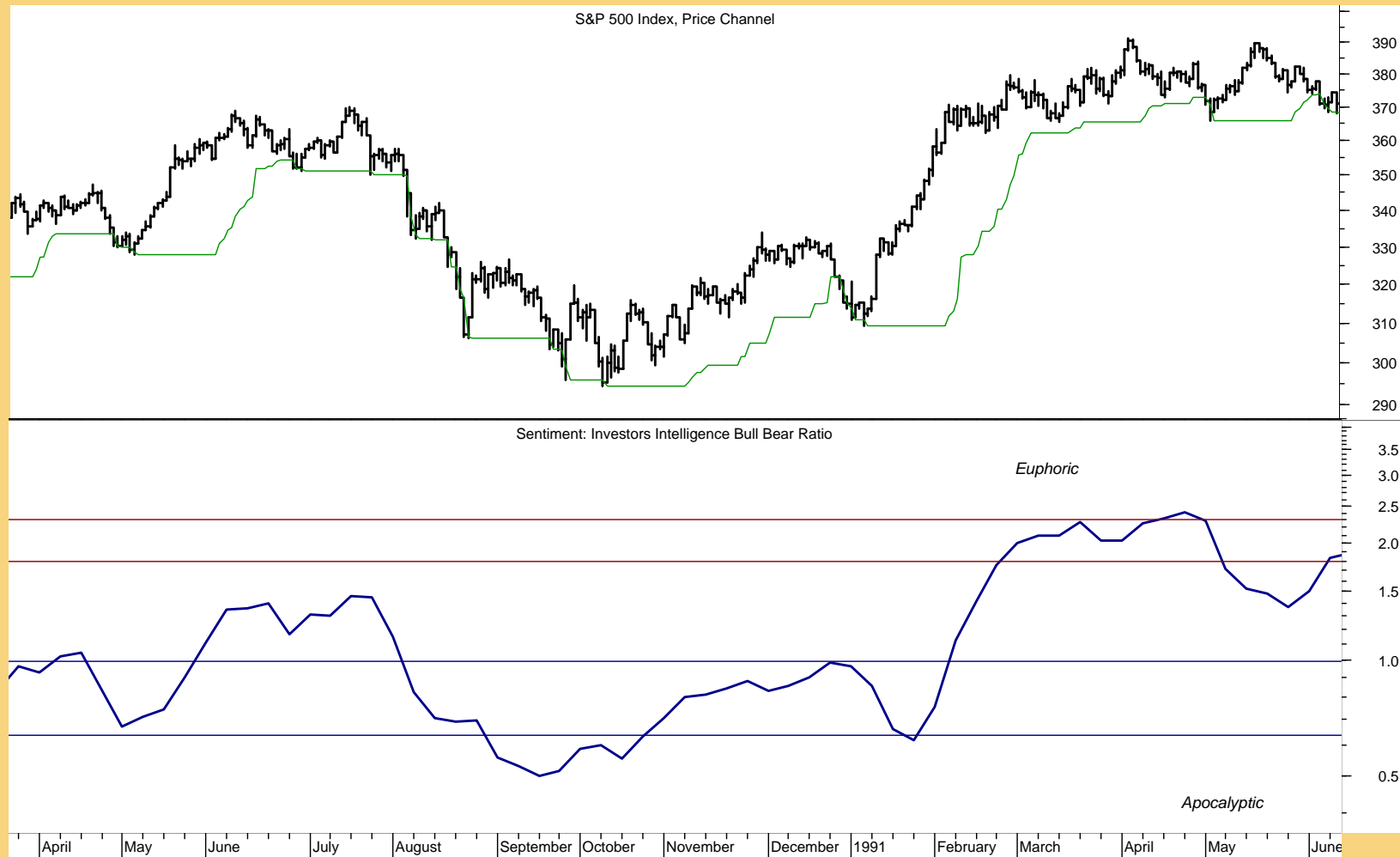
1998 Example



1994-1995 Example



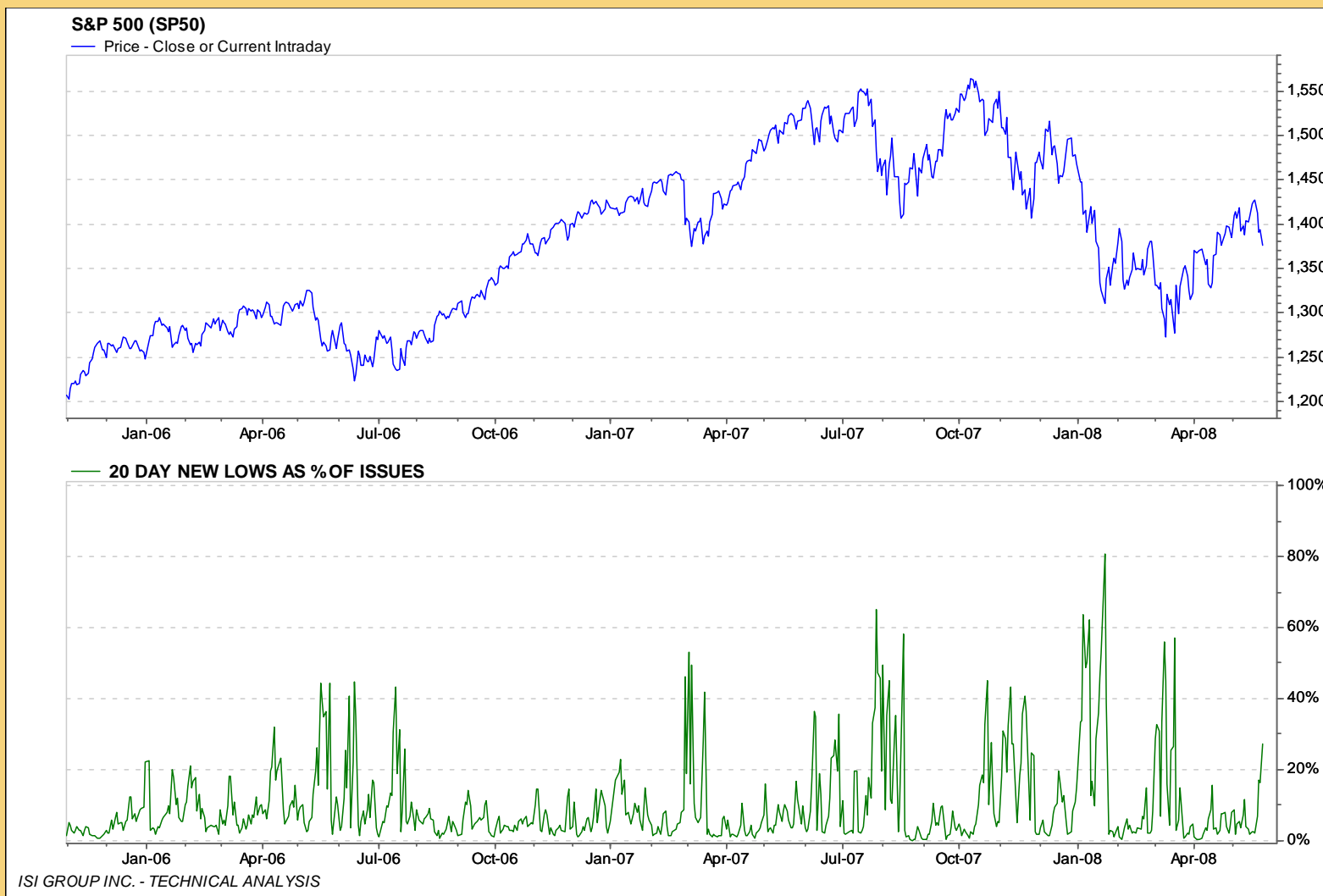
1991 Example



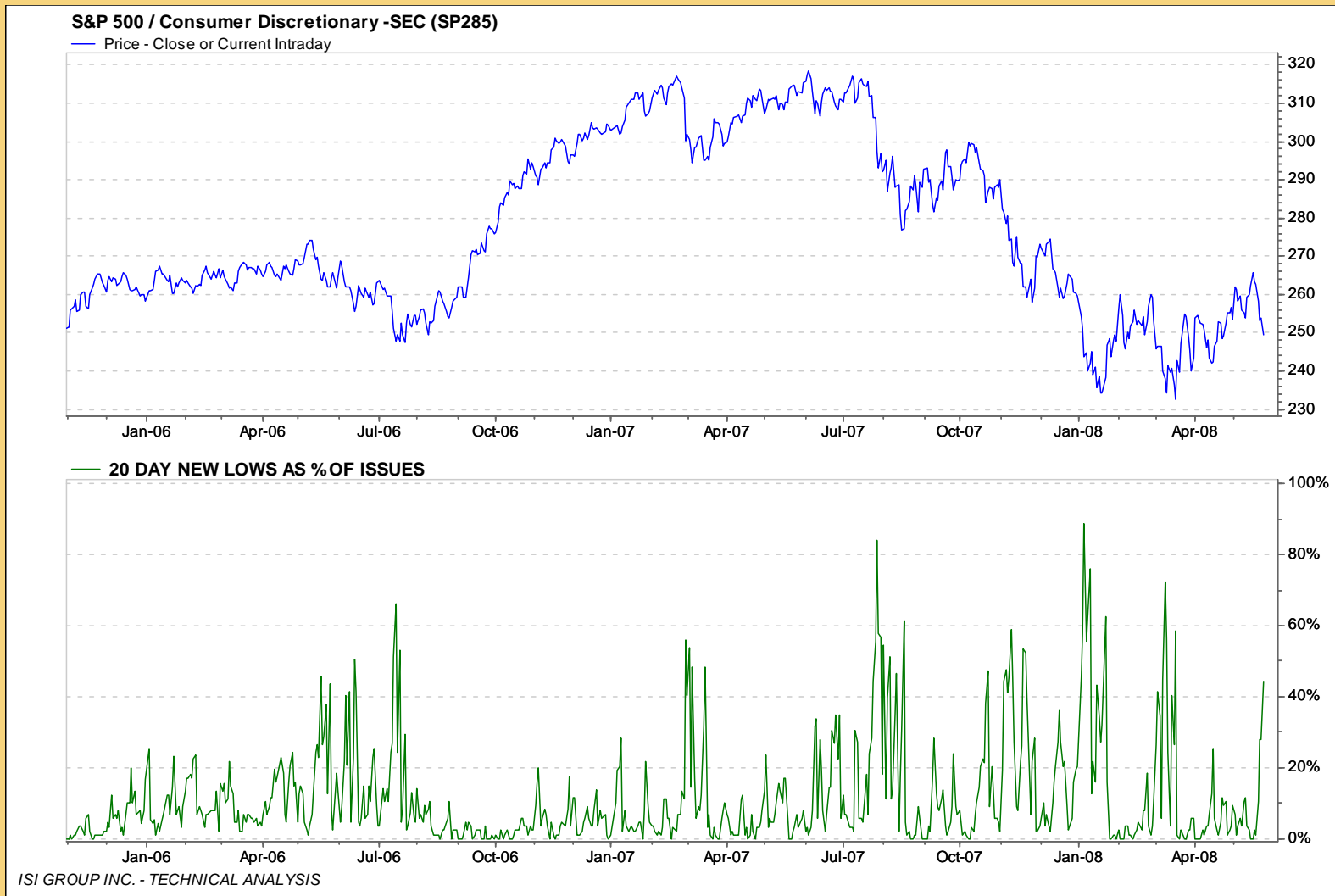
We Got Very Close to Overbought



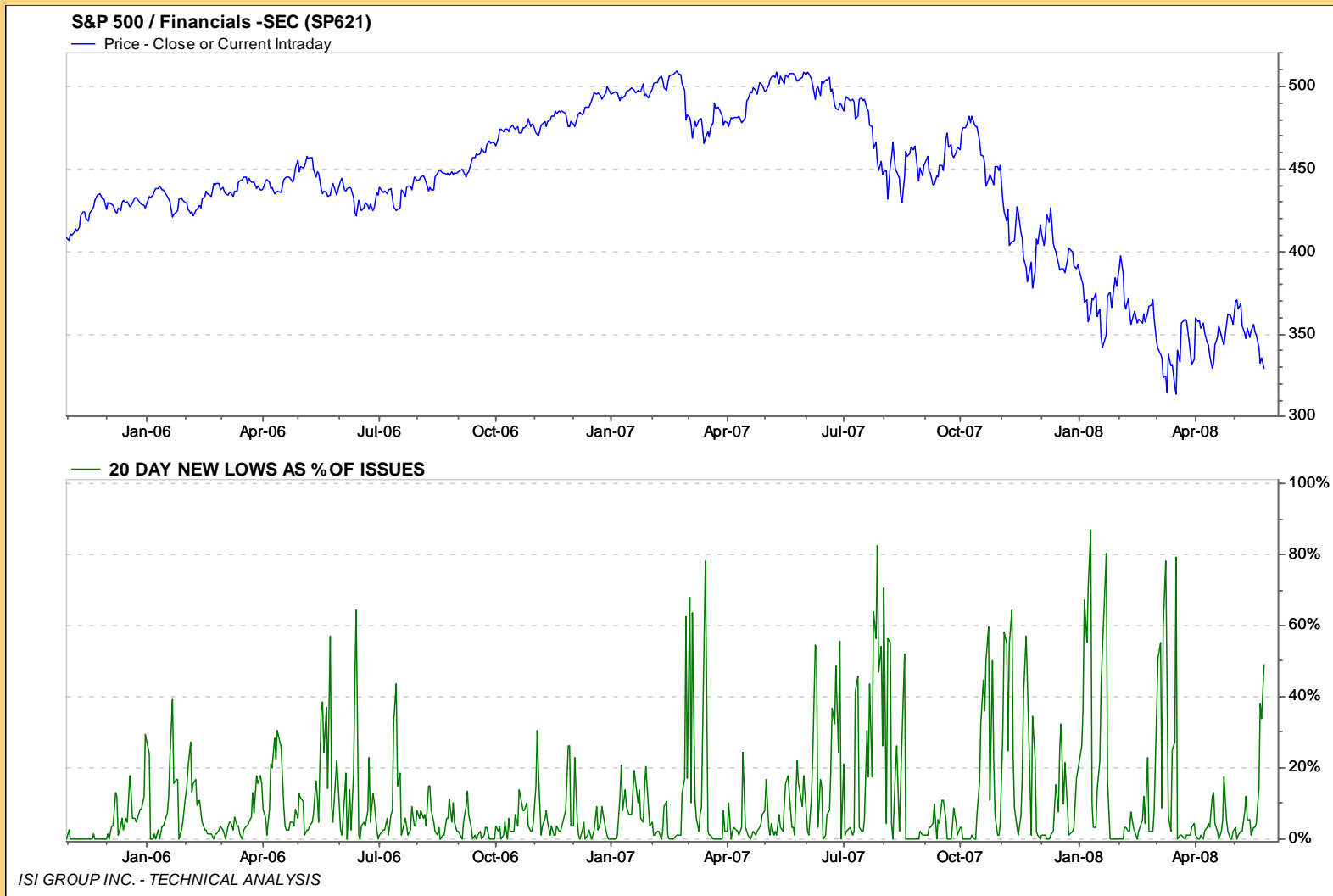
20-day Lows are Under 50%



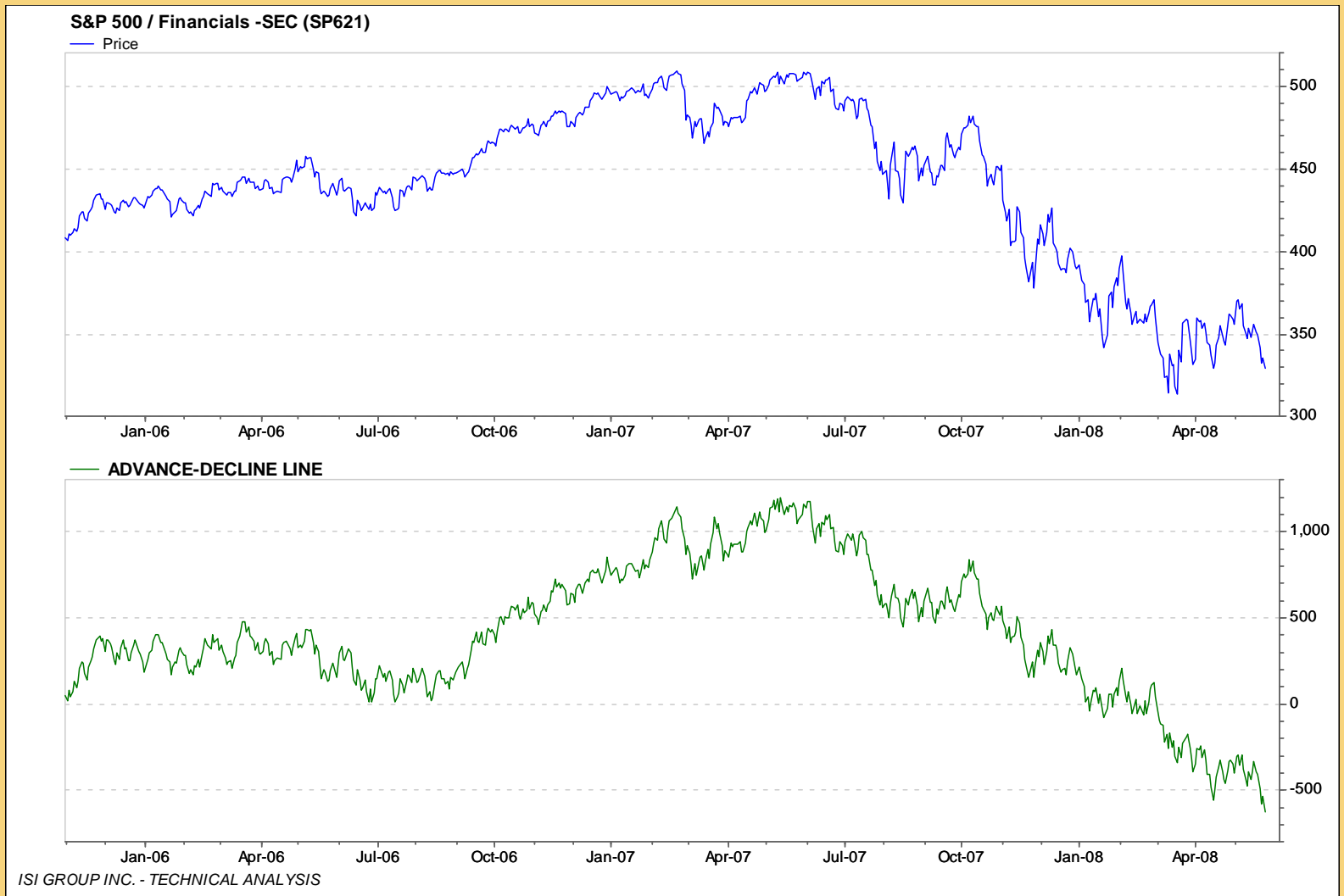
Discretionary New Lows Expanding



Financial New Lows up to 50%



New Low in Financial A/D Line



5/27/2008

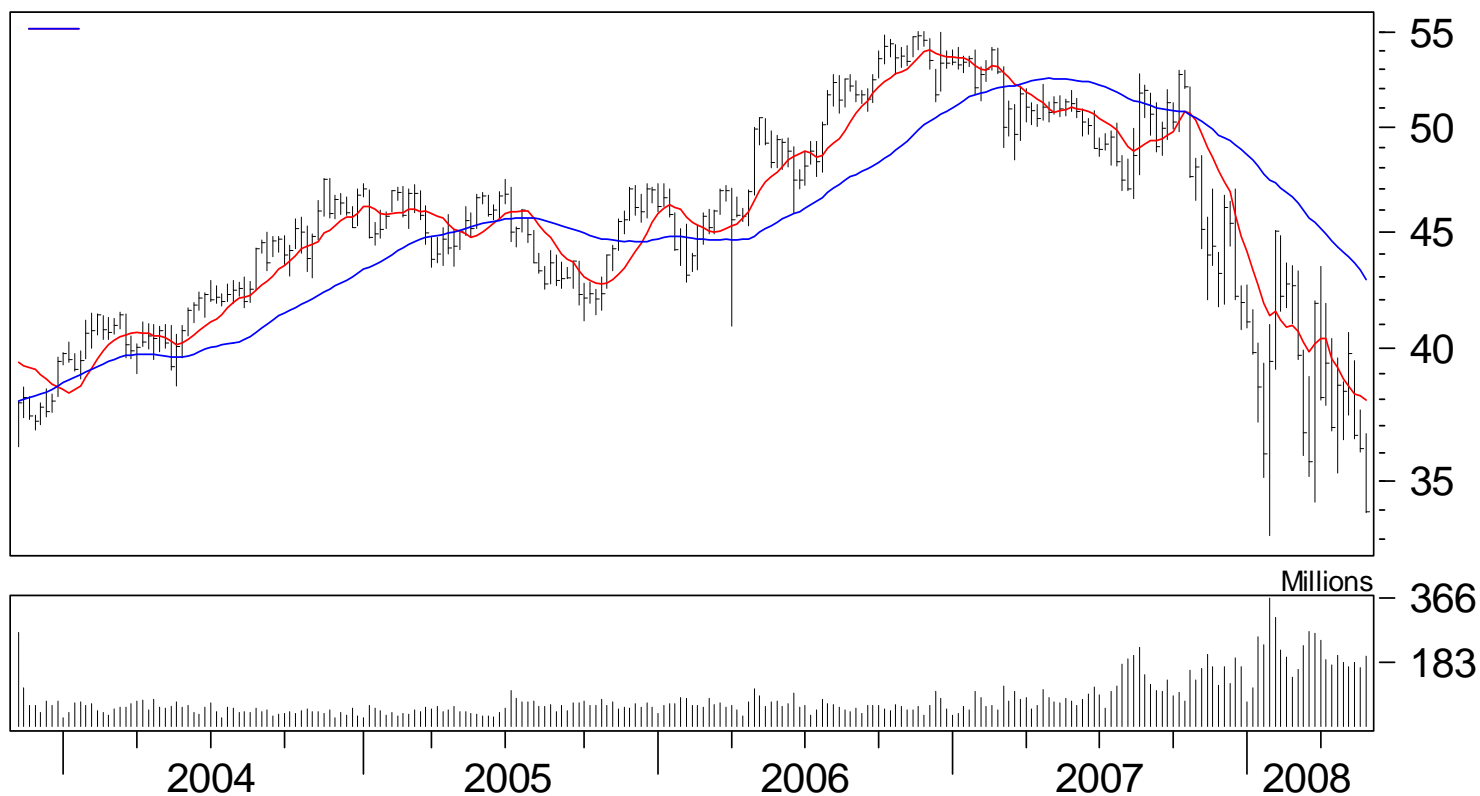
ISI Group

14

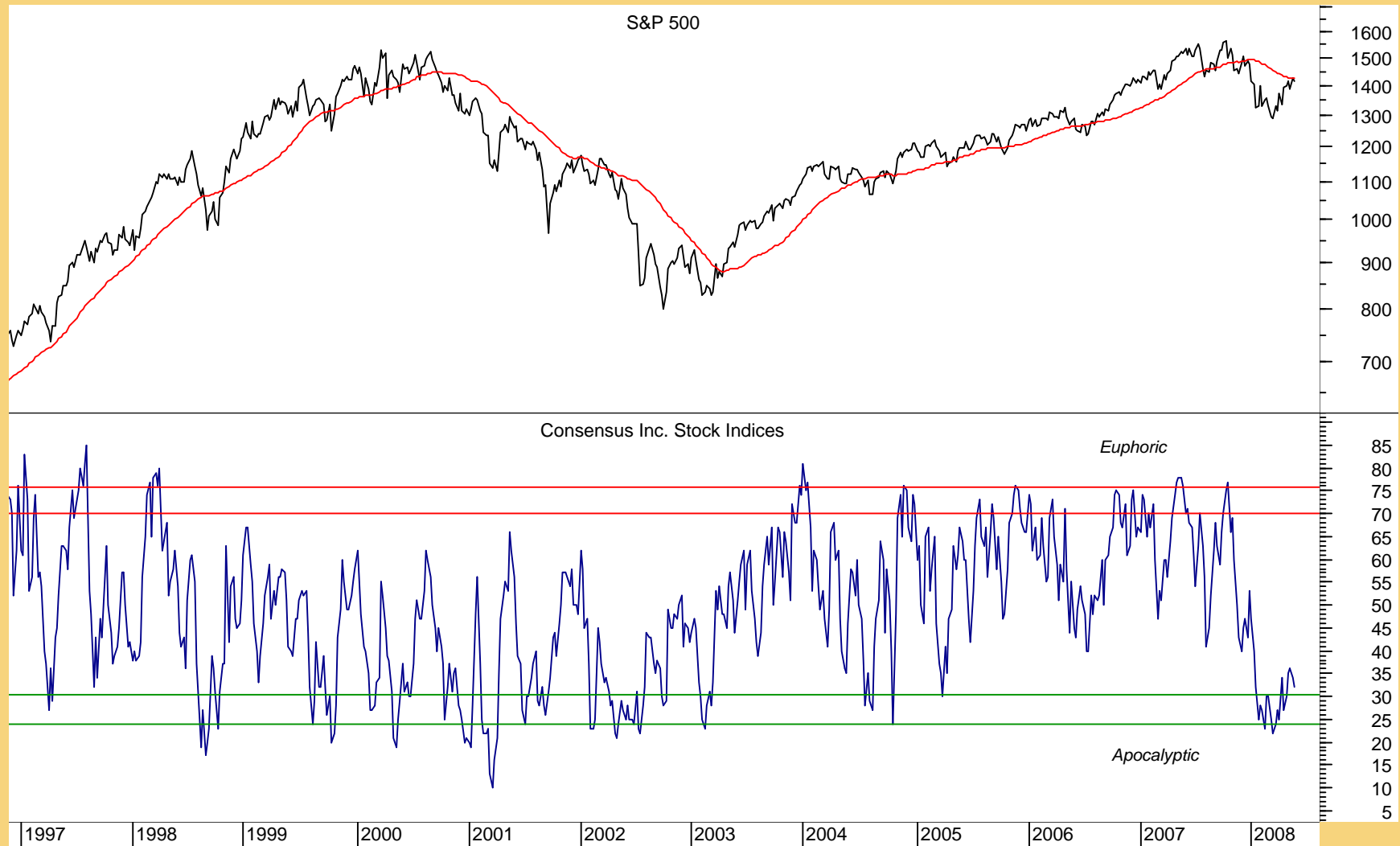
Ominous Breakdown in Financials?

BANK OF AMERICA CORP
BAC

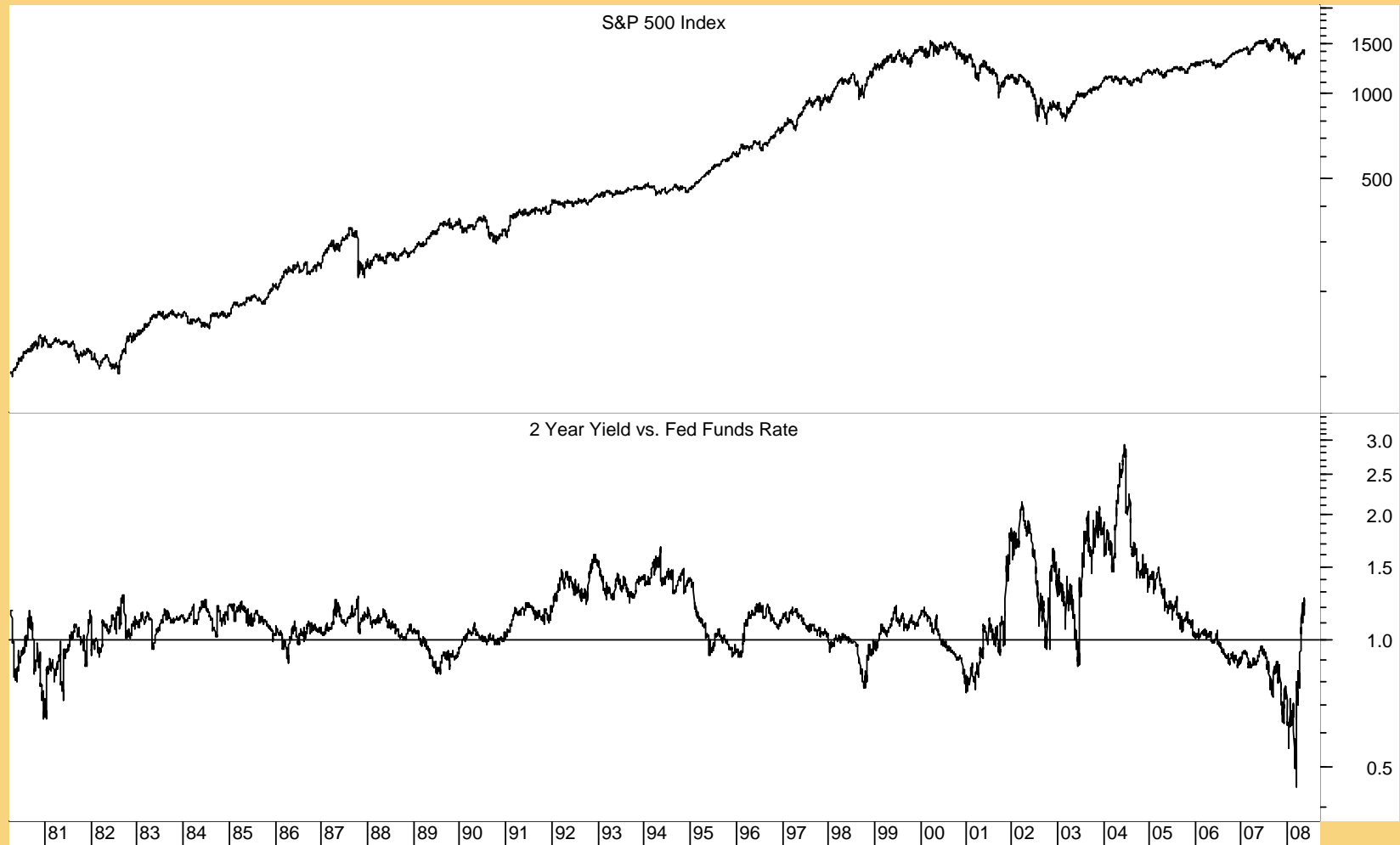
Other Diversified Financial Services
Mkt Cap: \$154646.09



Stock Bulls are NOT Abundant



Fed Supportive, but



Swap Spreads Widening Modestly



5/27/2008

ISI Group

18

Crude at Upper Trend Channel

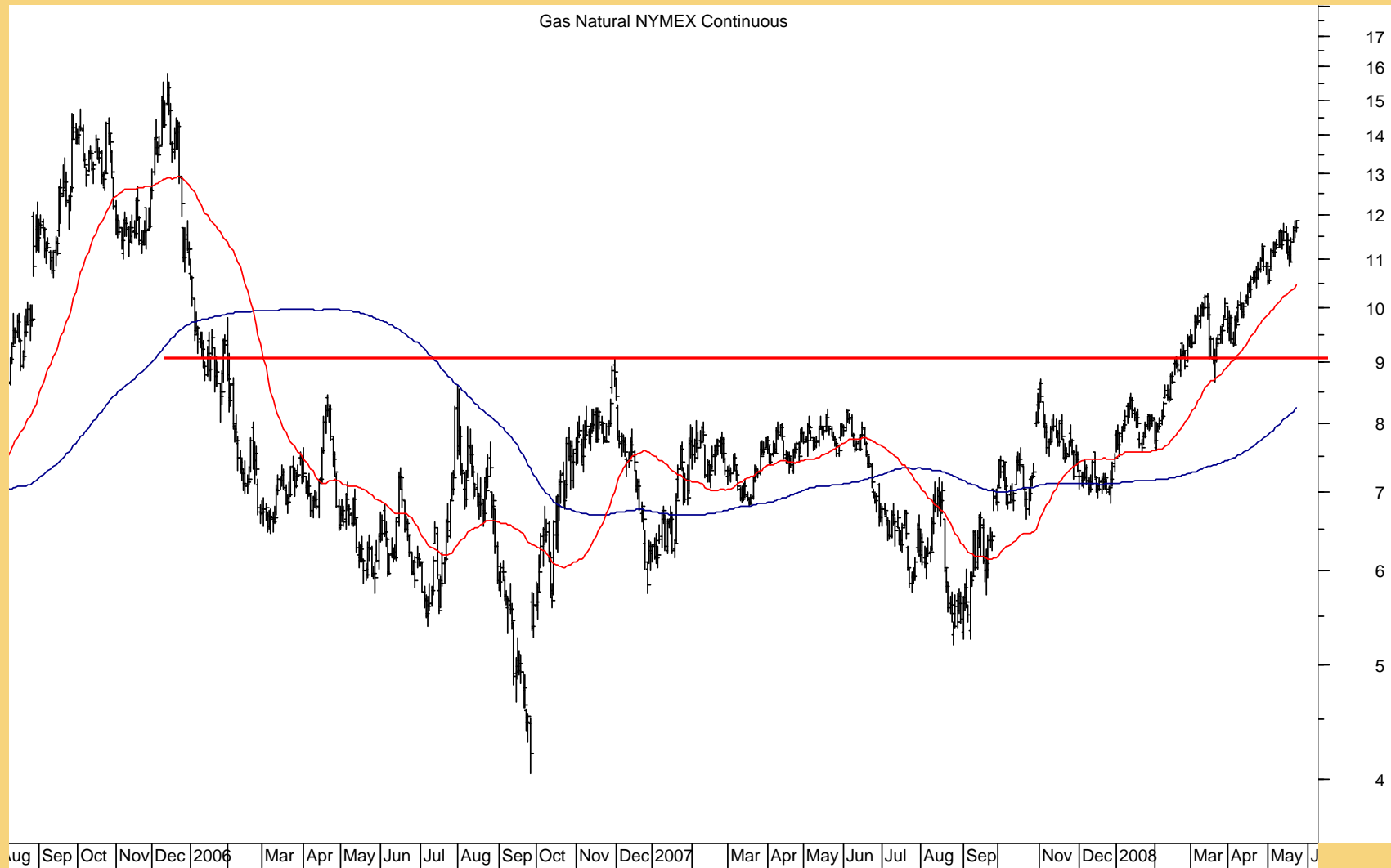


5/27/2008

ISI Group

19

Nat Gas is Still A Favorite of Ours

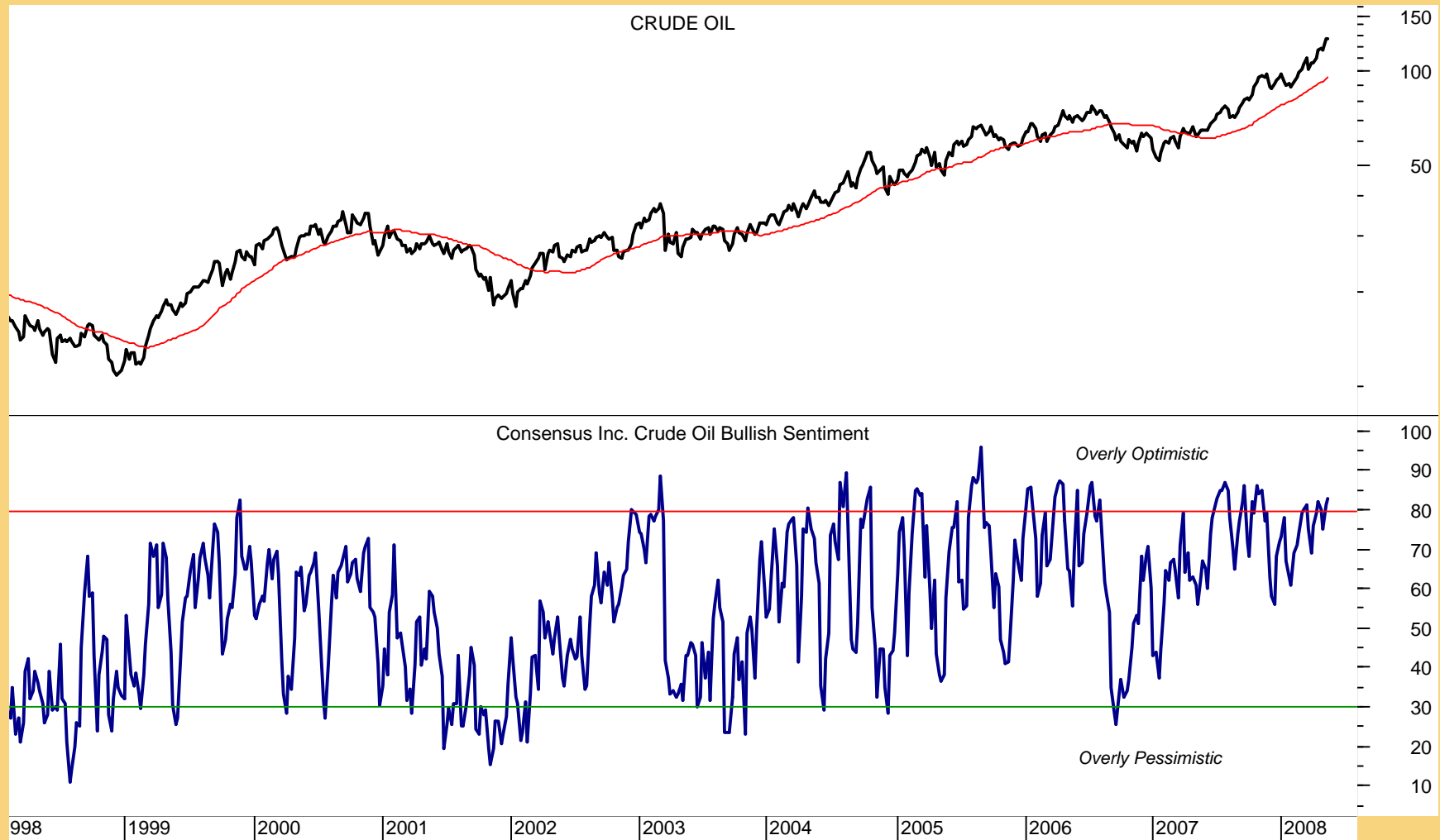


5/27/2008

ISI Group

20

Bulls Not As Aggressive Given Move

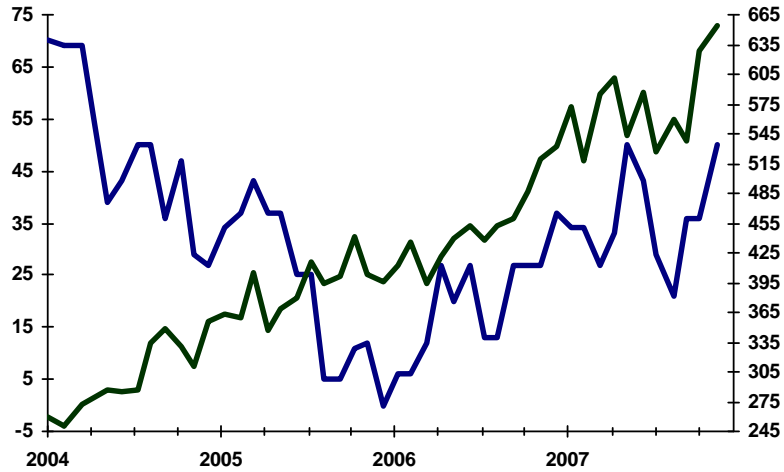


Energy Stocks Still Strong

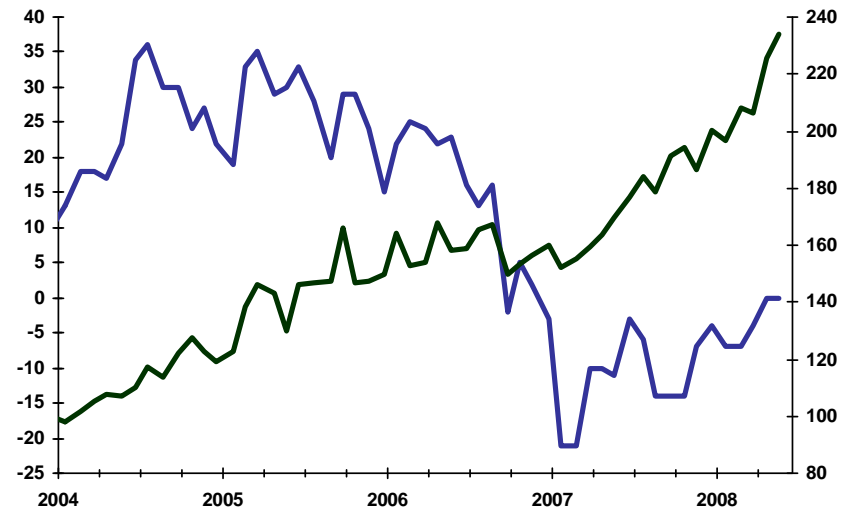


Bulls Not Aggressive on Energy

ISI HEDGE FUND SECTOR ALLOCATION SURVEY
 % Long - Short Energy
 S&P Energy Sector Absolute Performance (Right)



ISI EQUITY SECTOR ALLOCATION SURVEY
 % Overweight - Underweight Energy
 S&P Energy Sector Relative Performance (Right)



Gold Resuming Uptrend

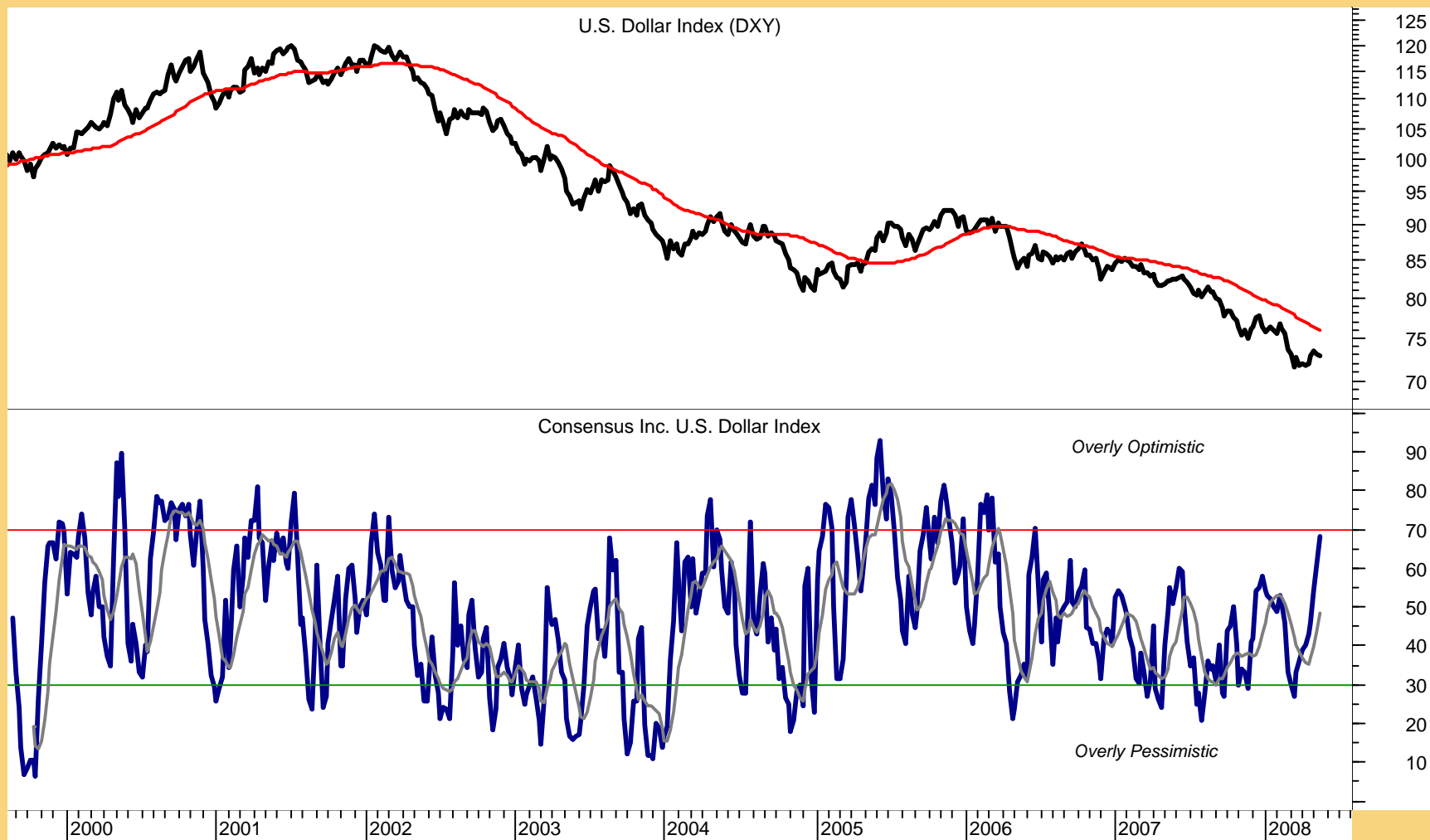


5/27/2008

ISI Group

24

We Remain Dollar Bears



5/27/2008

ISI Group

25

Industrial Metals Index Looks Toppy



5/27/2008

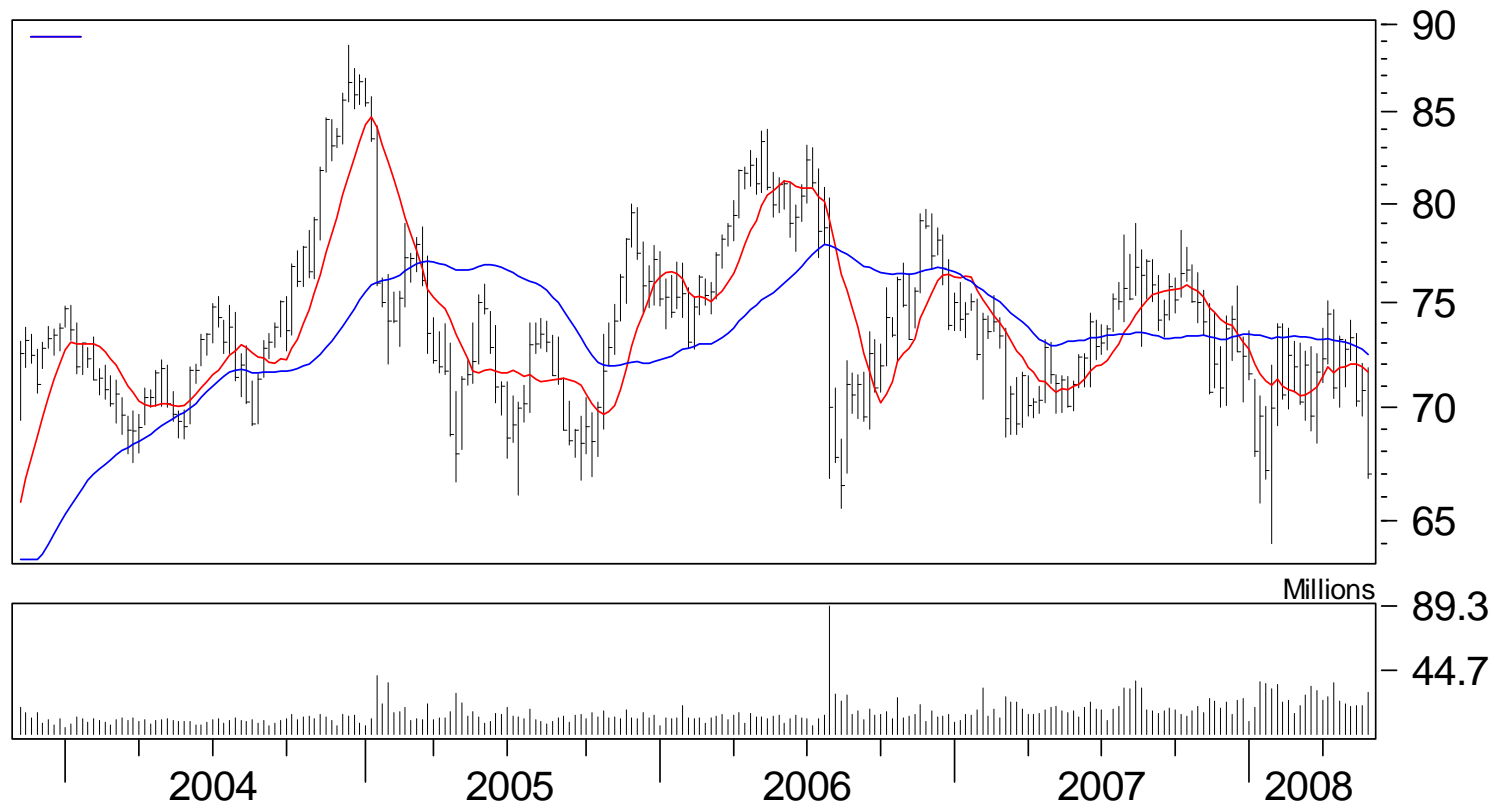
ISI Group

26

Ominous Breakdown?

UNITED PARCEL SERVICE INC
UPS

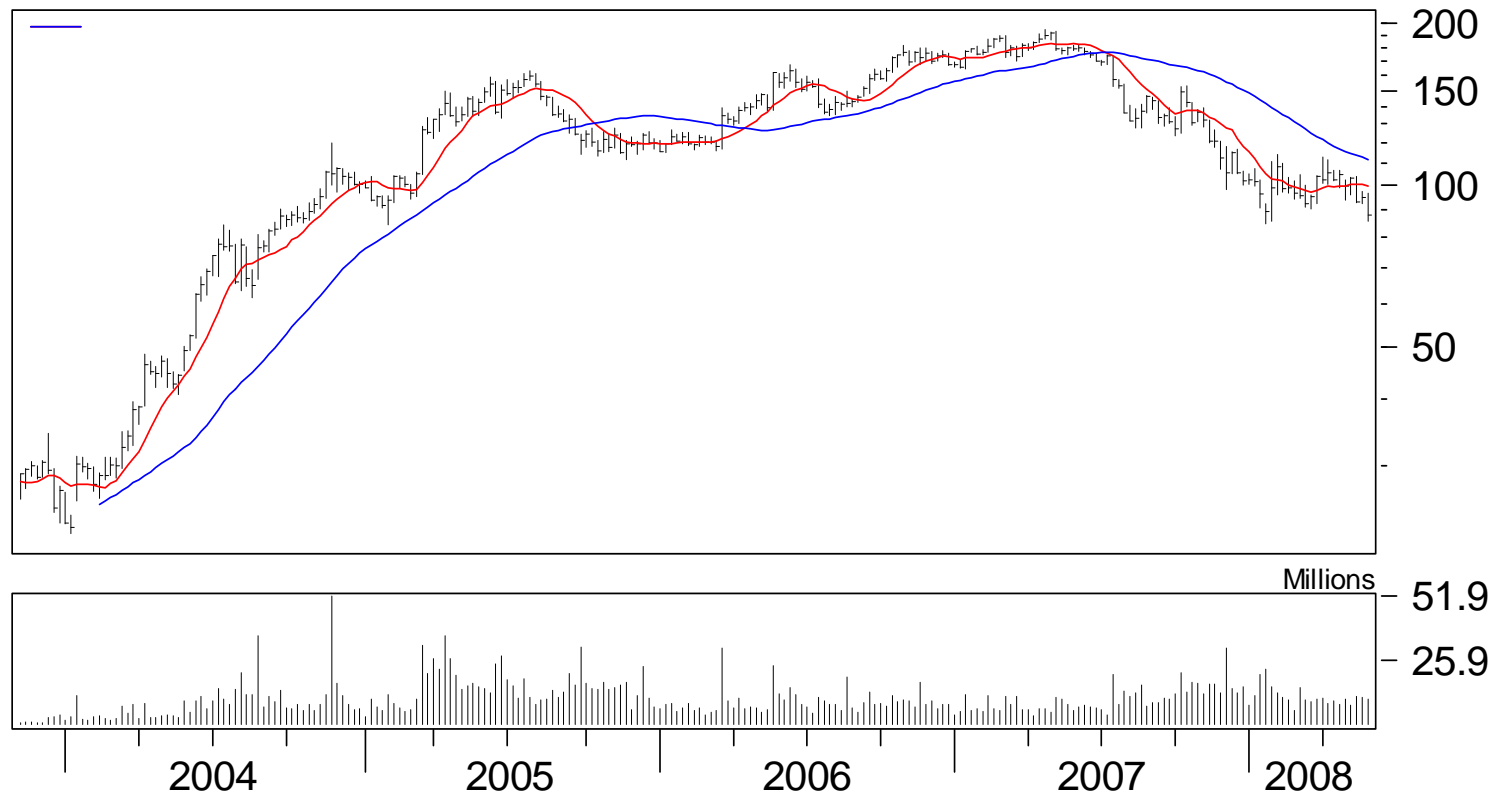
Air Freight & Logistics
Mkt Cap: \$71153.10



Fresh Breakdown in Discretionary

SEARS HOLDINGS CORP
SHLD

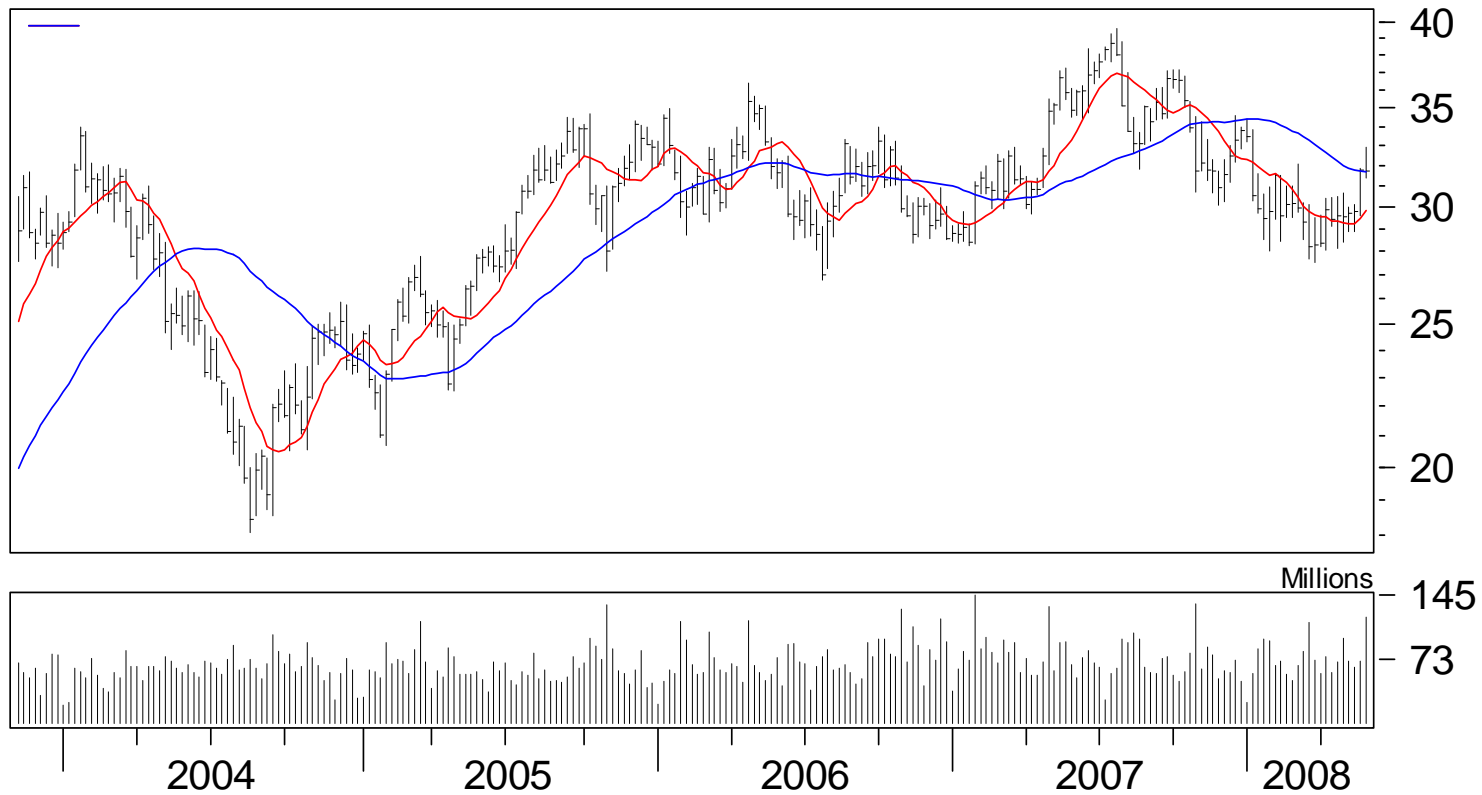
Department Stores
Mkt Cap: \$11893.20



Fresh Breakout in Technology

TEXAS INSTRUMENTS INC
TXN

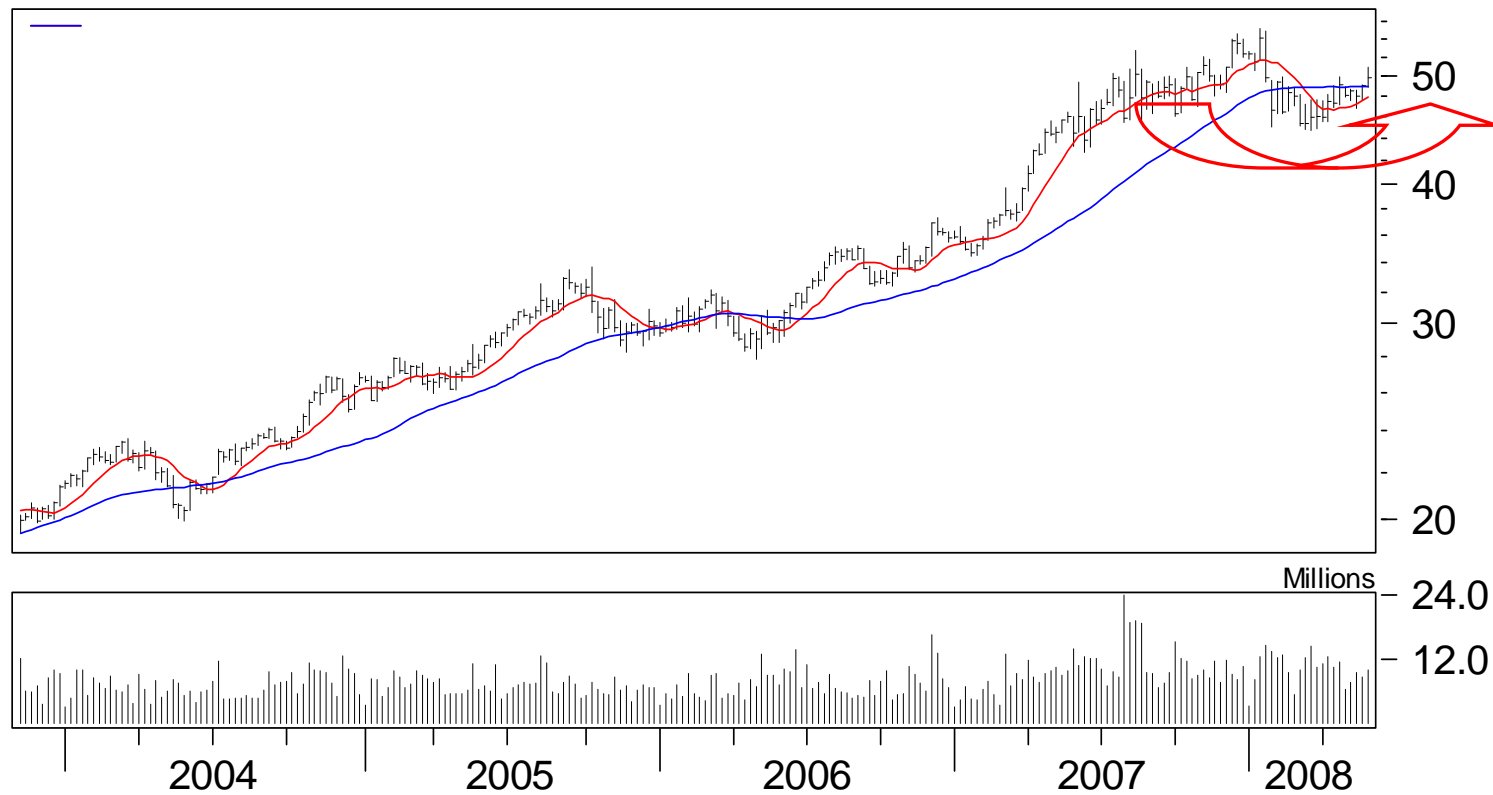
Semiconductors
Mkt Cap: \$42102.69



Fresh Breakout in Utilities

PPL CORP
PPL

Electric Utilities
Mkt Cap: \$18903.64



Legal Stuff

ANALYST CERTIFICATION: The views expressed in this Report accurately reflect the personal views of those preparing the Report about any and all of the subjects or issuers referenced in this Report. No part of the compensation of any person involved in the preparation of this Report was, is, or will be directly or indirectly related to the specific recommendations or views expressed by research analysts in this Report.

DISCLOSURE: Neither ISI nor its affiliates beneficially own 1% or more of any class of common equity securities of the subject companies referenced in this Report. No person(s) responsible for preparing this report or a member of his/her household serve as an officer, director or advisory board member of any of the subject companies. Neither ISI nor its affiliates have any investment banking or market making operations. At various times these reports mention clients of ISI from whom ISI has received non-investment banking securities related compensation in the past 12 months.

DISCLAIMER: This material is based upon information that we consider to be reliable, but neither ISI nor its affiliates guarantee its completeness or accuracy. Assumptions, opinions and recommendations contained herein are subject to change without notice, and ISI is not obligated to update the information contained herein. Past performance is not necessarily indicative of future performance. This material is not intended as an offer or solicitation for the purchase or sale of any security.