

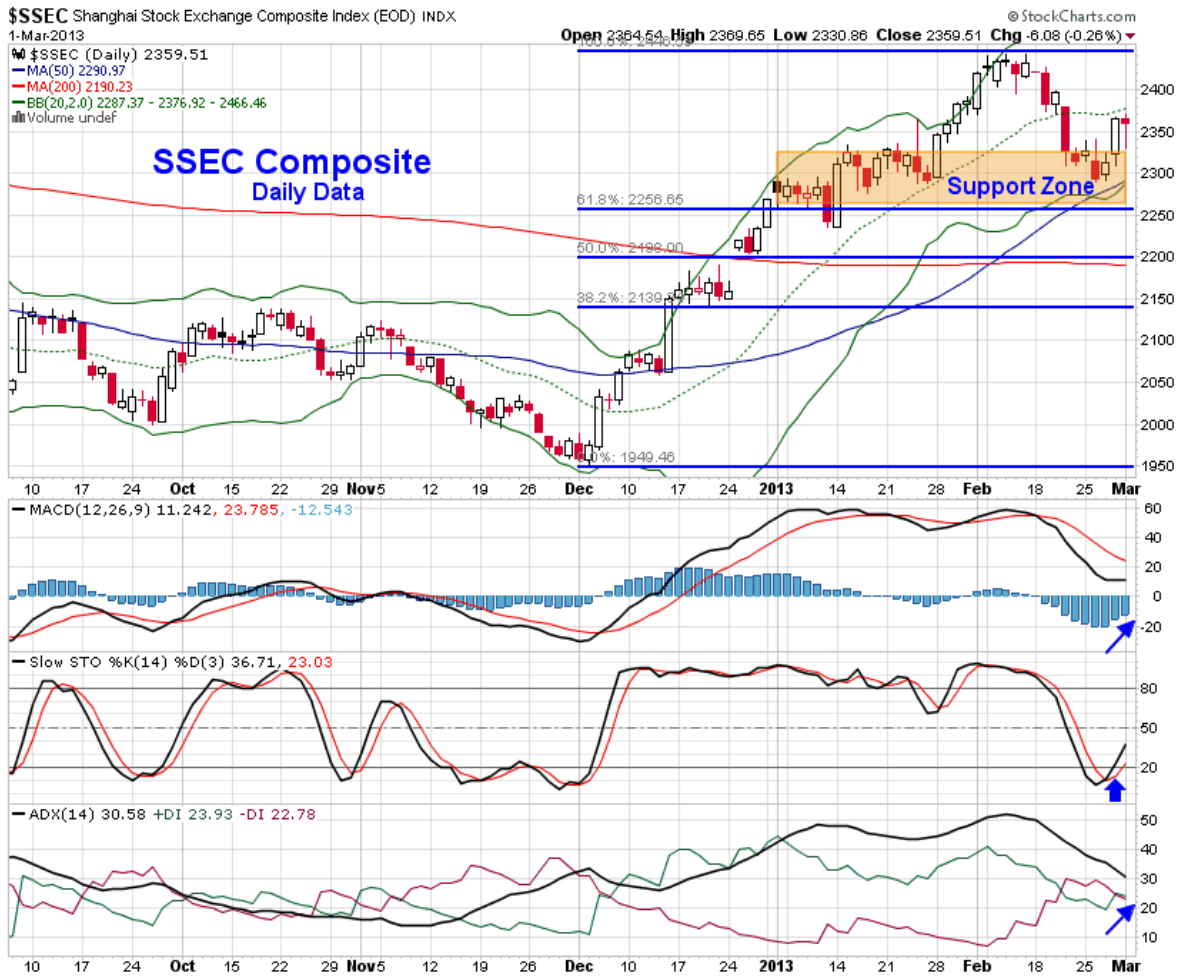


Shanghai Stock Exchange Monthly

Since our February report, the Shanghai Composite (SSEC 2360.00) has consolidated. Interestingly enough our first projected upside target in that report was listed as 2431.90, which represented a 38.2% Fibonacci retracement point of the November 2010 to December 2012 decline (see chart). On February 4th the composites intra-day high was 2443.03 and the close was 2432.40. The consolidation to date has been within normal technical bounds considering the advance off the lows of December. At this point we anticipate that the market could continue to digest its recent gains and possibly extend its pullback toward the 2325.00 to 2256.00 support zone, possibly 2200.00 (see second daily chart below).



The 50-day moving average, another support level, resides at 2291.00. Short-term technical models are currently rated Neutral, but have begun to firm. Weekly models, while they have lost a bit of upward momentum, remain Positive, which continues to bode well for the markets intermediate-term outlook. Monthly long-term models remain Positive (not shown). If you should have questions considering this report or any other stocks you may have an interest in, feel free to call or email us.



The FTSE China 25 Index Fund (FXI) has pulled back 9.5% (not shown) versus a drop of 6.5% for the SSEC Composite. Daily and weekly models are Negative, so we would wait until the FXI regains upward momentum before adding to positions. In our Global report dated February 6, we put FXI, which was rated a Buy, on a technical downgrade alert and on February 25, we downgraded the fund to a Hold. At this point, we would rate FXI an Avoid.

Chinese Stocks Relative Ratings vs. the S&P500 Index. (Data through 03/01/2013)

OVERWEIGHT	MARKETWEIGHT	UNDERWEIGHT
← FTNT TSM(-)	CTRP(-)	STP→ TSL LDK BIDU EGO UMC YGE

← Upgrade → Downgrade

(+) Technical Upgrade Alert (-) Technical downgrade alert



STP continued to deteriorate on an absolute and relative perspective over the past month, thus we downgraded the stock to an Avoid. While the stock may seem inexpensive at these levels, we believe that more risk is possible and would avoid commitments until the technical readings improve. CTRP has deteriorated as well and is approaching short-term support near 17.50 – 18.50. The technical models on both a daily and weekly basis are Negative, therefore we would not look to buy until those indicators show some improvement.



Chinese Stocks Momentum Model Ratings. (Data through 03/01/2013)

BUY	HOLD	AVOID
← FTNT	YGE(-)	STP→
TSM(-)		CTRP→
		TSL
		LDK
		BIDU
		EGO
		UMC

← Upgrade → Downgrade

(+) Technical Upgrade Alert (-) Technical downgrade alert



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Ronald F. Daino, CMT, formally a Managing Director and Global Market Strategist at Citigroup / Smith Barney, is founder and President of RFDaino Global Advisors, LLC, specializing in technical Analysis for institutional investors. He has over 27 years of experience in the markets. While at Citigroup / Smith Barney Mr. Daino managed the Global Technical Team and was responsible for the firm's Global Research product which focused on global stock and fixed income, foreign currencies, metals and energy markets. He was a key member of the technical group, which had been ranked on the Institutional Investor's All-America Equity research team from 1991-2004. He was a key member of the fixed-income team that had been ranked on the Institutional Investor's All America Fixed Income Team for Technical Analysis in 1993, 1999, 2000 and 2001. Mr. Daino is a Certified Market Technician (CMT), a member of the American Association of Professional Technical Analysts (AAPTA), and a member of the International Federation of Technical Analysts. He was an instructor at the New York Institute of Finance from 1989 to 2003.

About Dragon Gate Investment Partners

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