

# Market Technicians Association

## *The Power Utilities*

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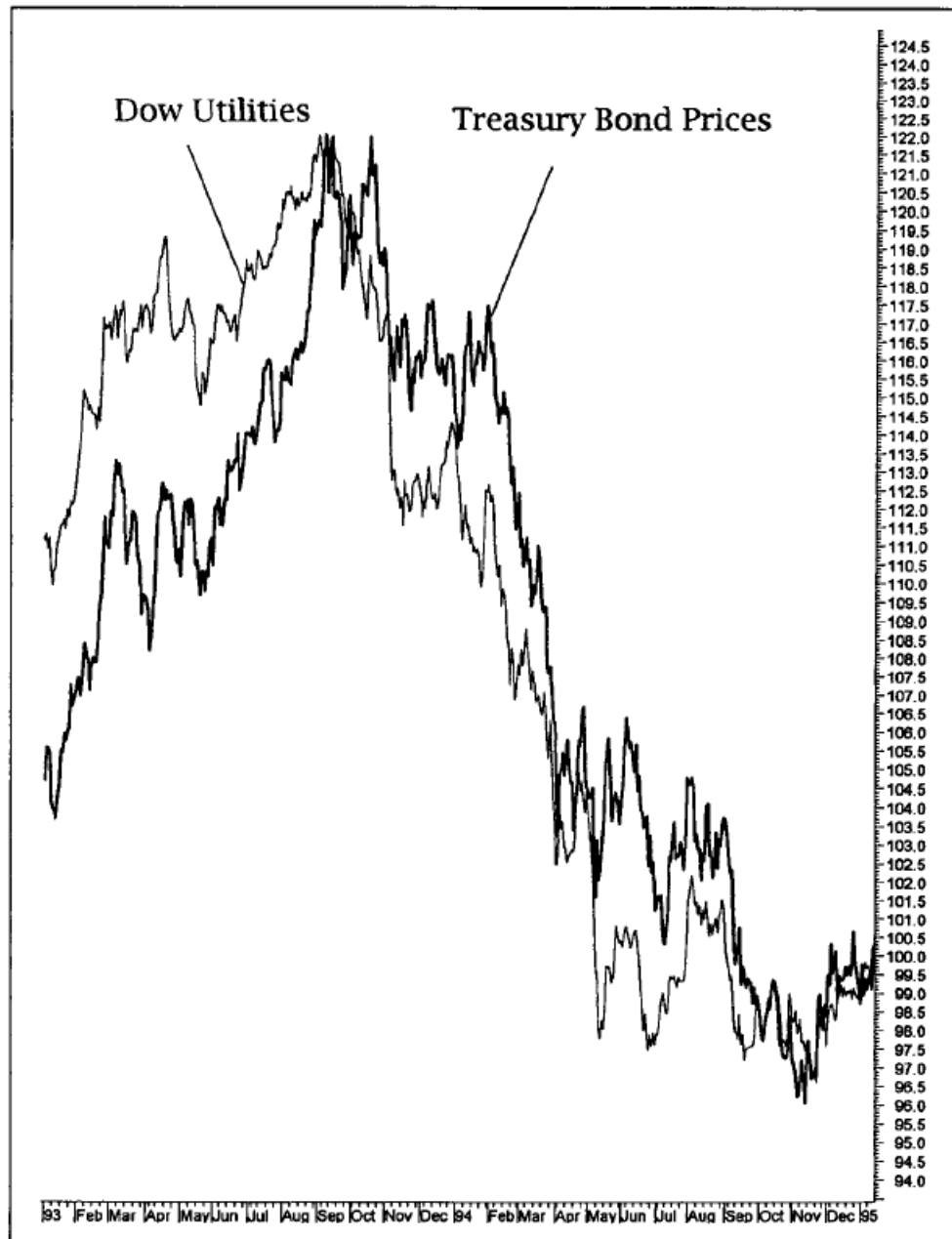
# Intermarket Relationships

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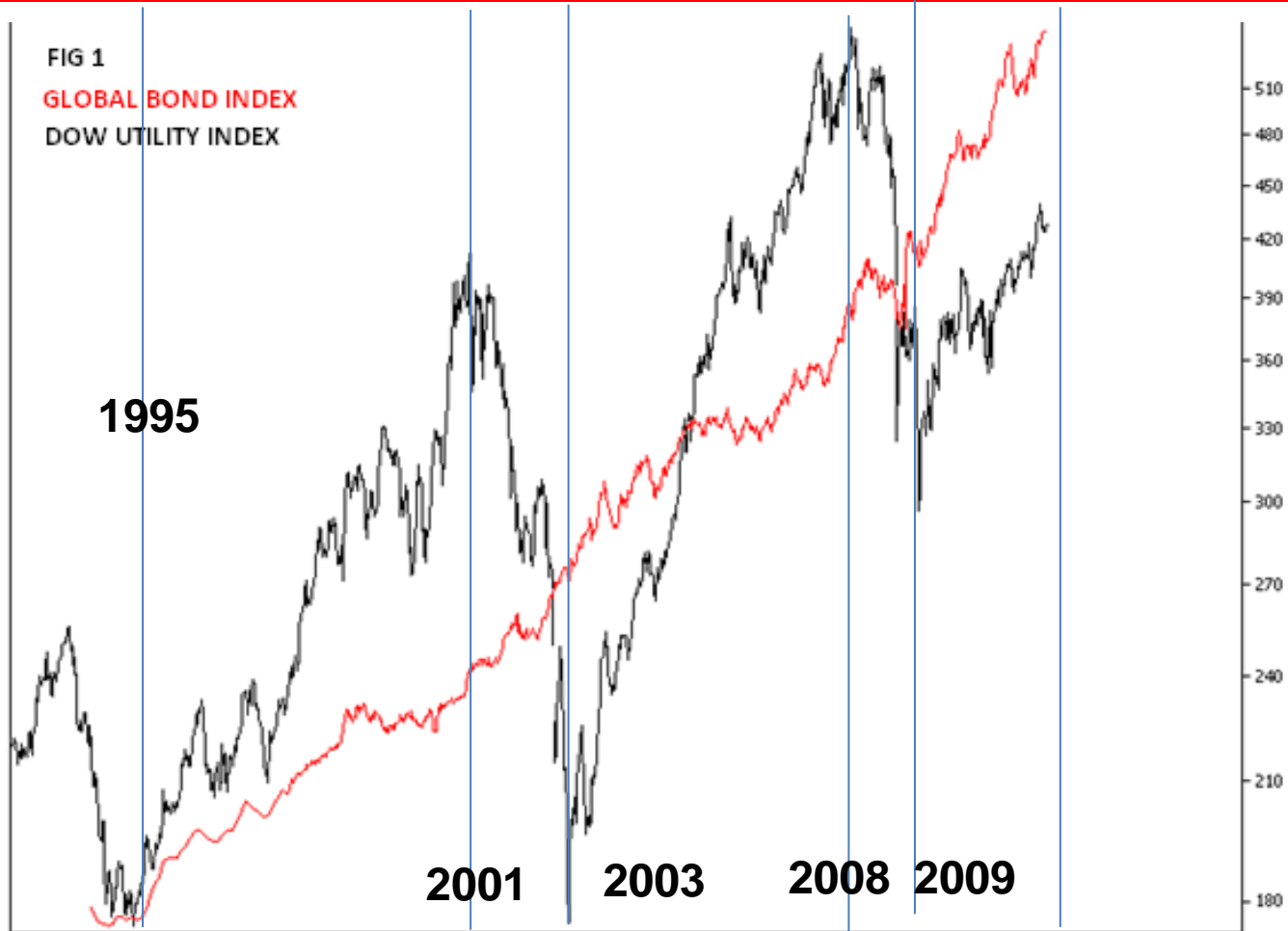
- Old Conventional model
- New Dynamic model
- Sensitive to Economic trends
- Bond vs. Utilities
- Copper vs. Bonds (Utilities)

# Utilities vs. Bonds

- Trend together.
- Peaked together in late 1993
- Bottomed together in late 1995
- Falling bond prices hurt utility stocks

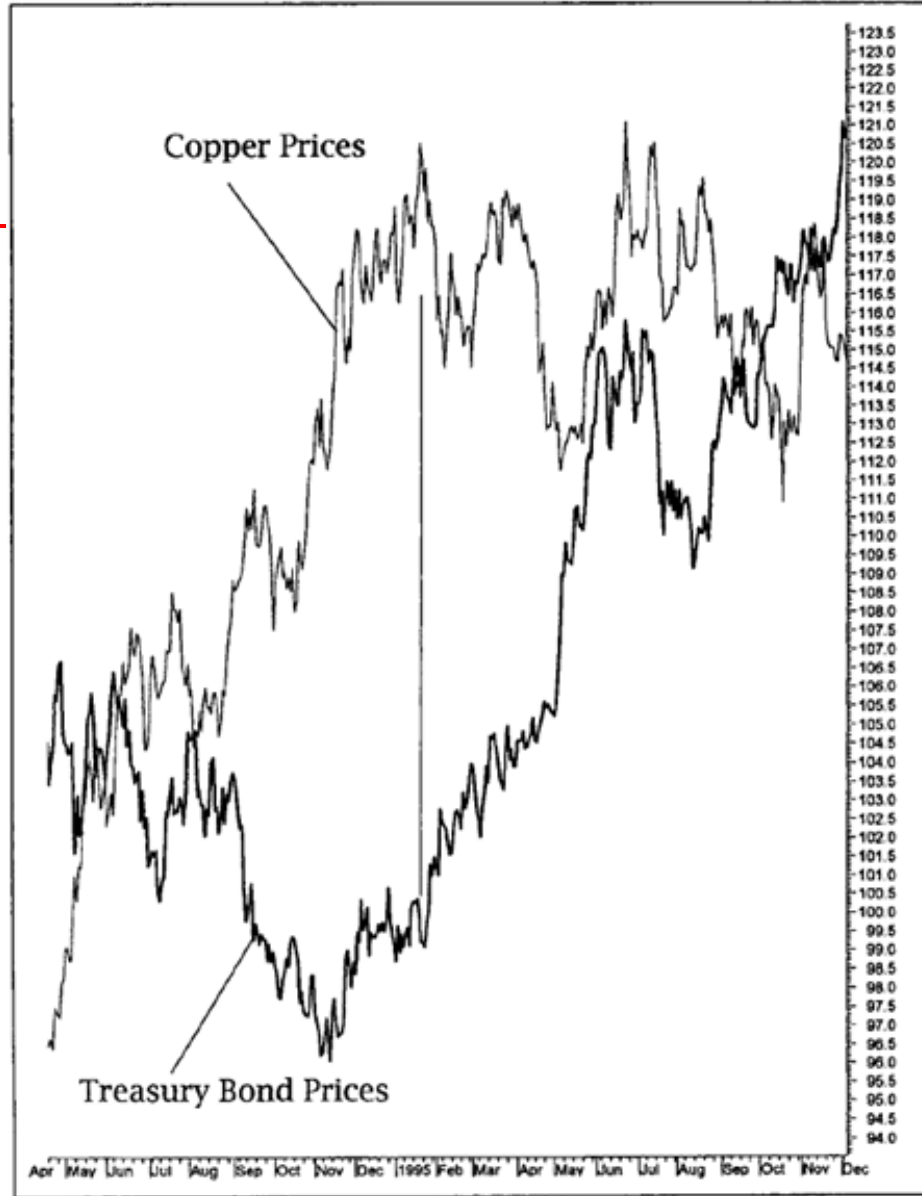


# Global Bonds vs. Dow Jones Utility Index

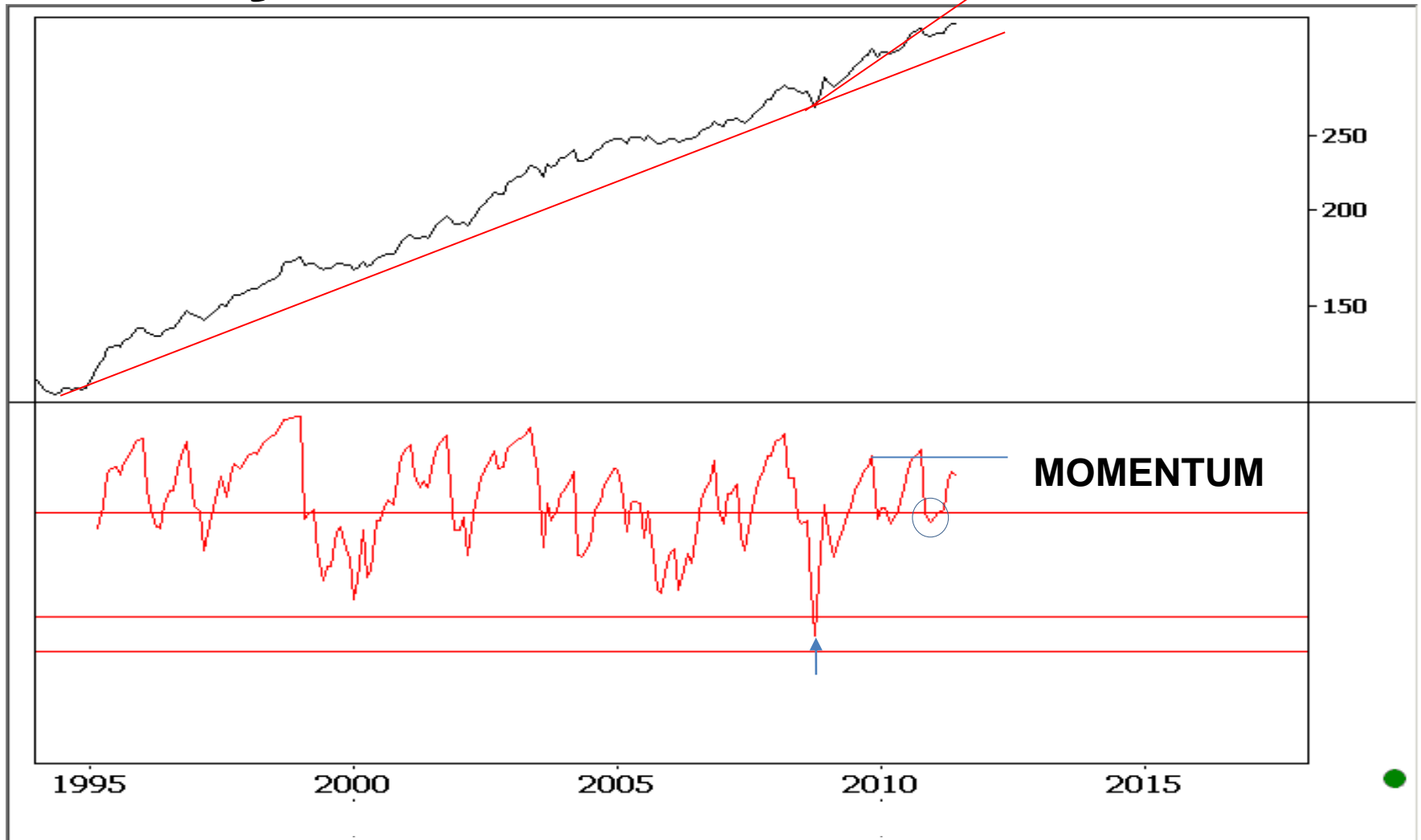


# Copper vs. Bonds

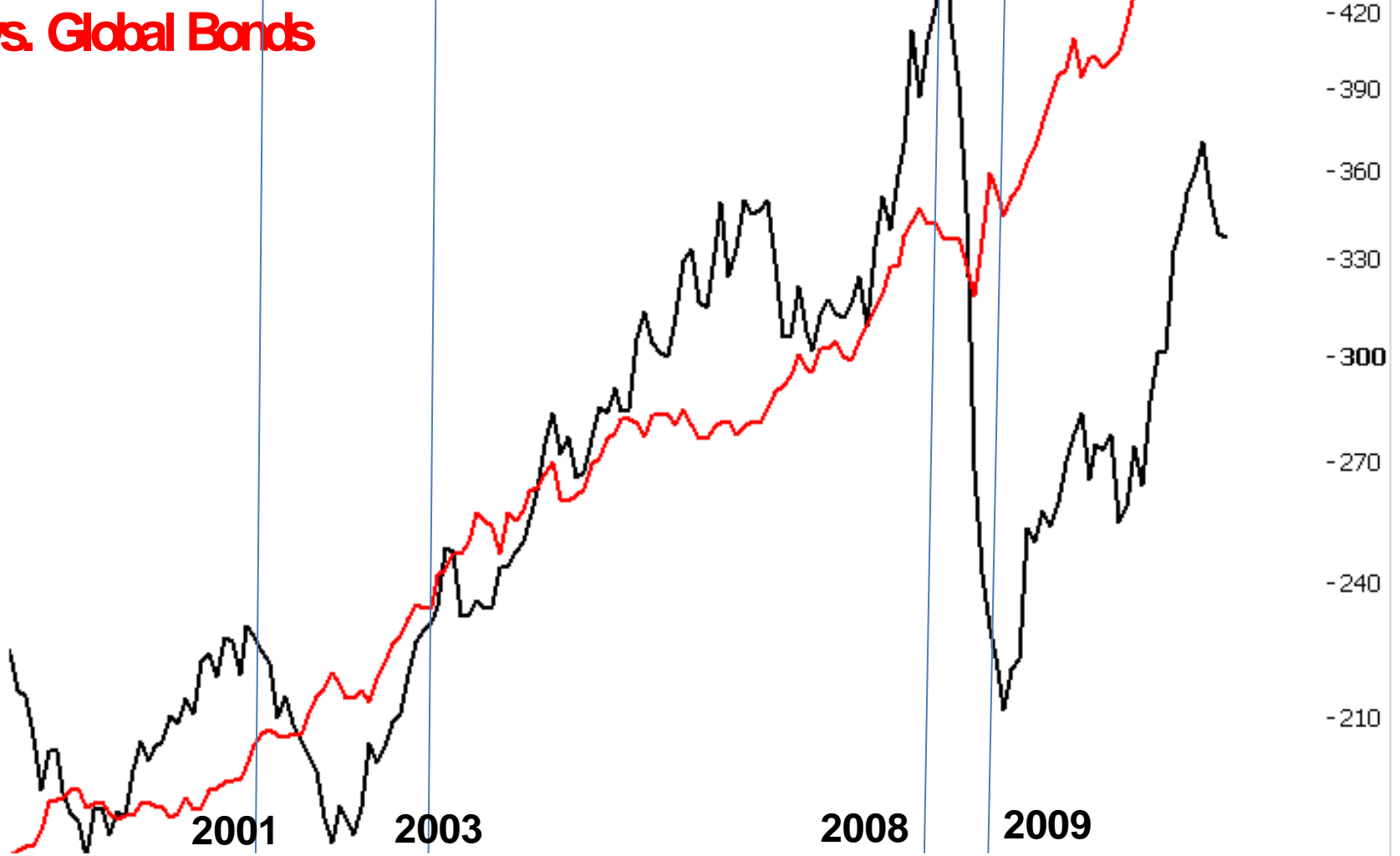
- 1995 Copper peak
- Coincided with bond lows.
- Utilities tumbled

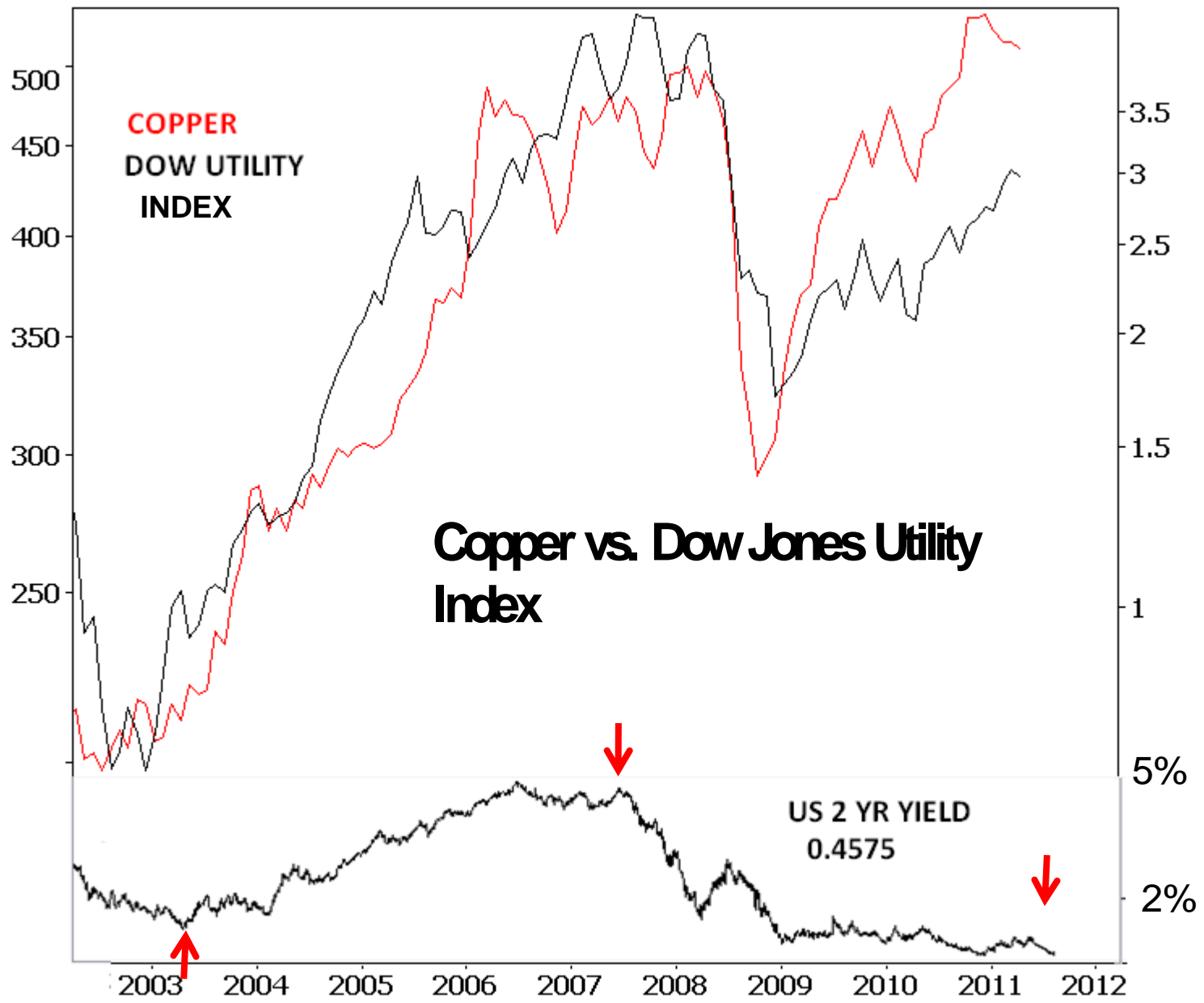


# Barclays Bond Global



# CRB (COMMODITY INDEX) vs. Global Bonds





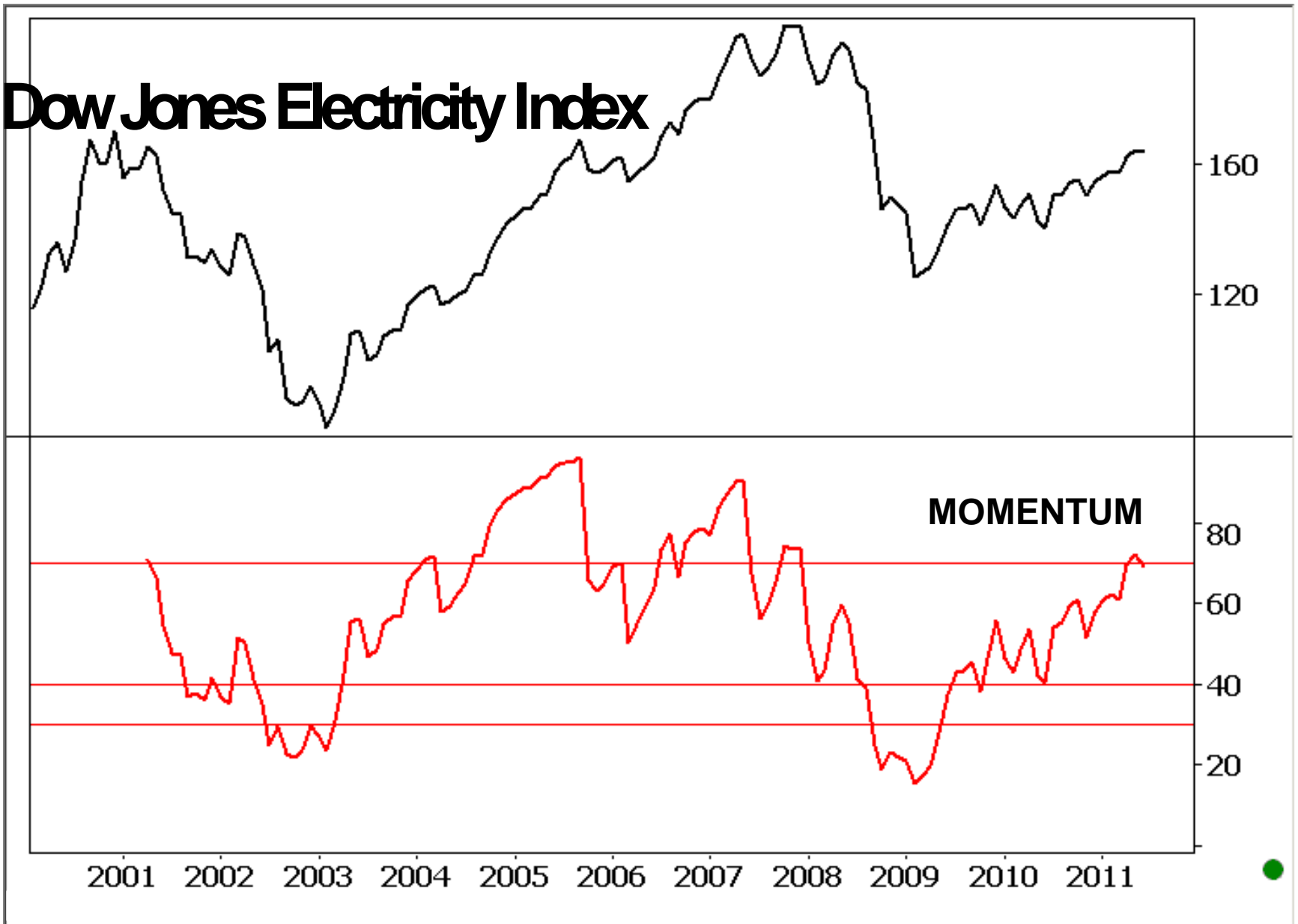


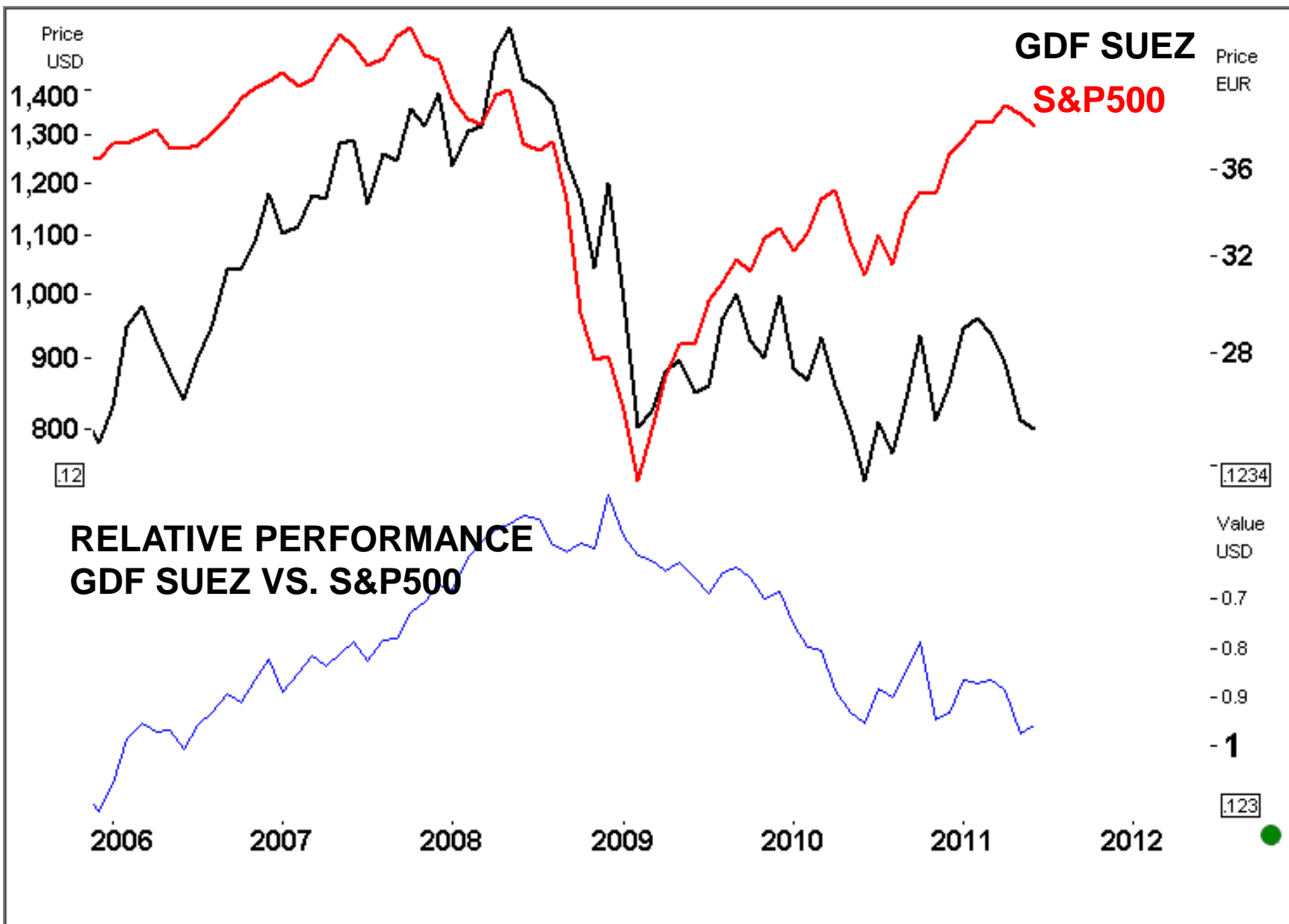
# Elements of changing Sector Dynamics

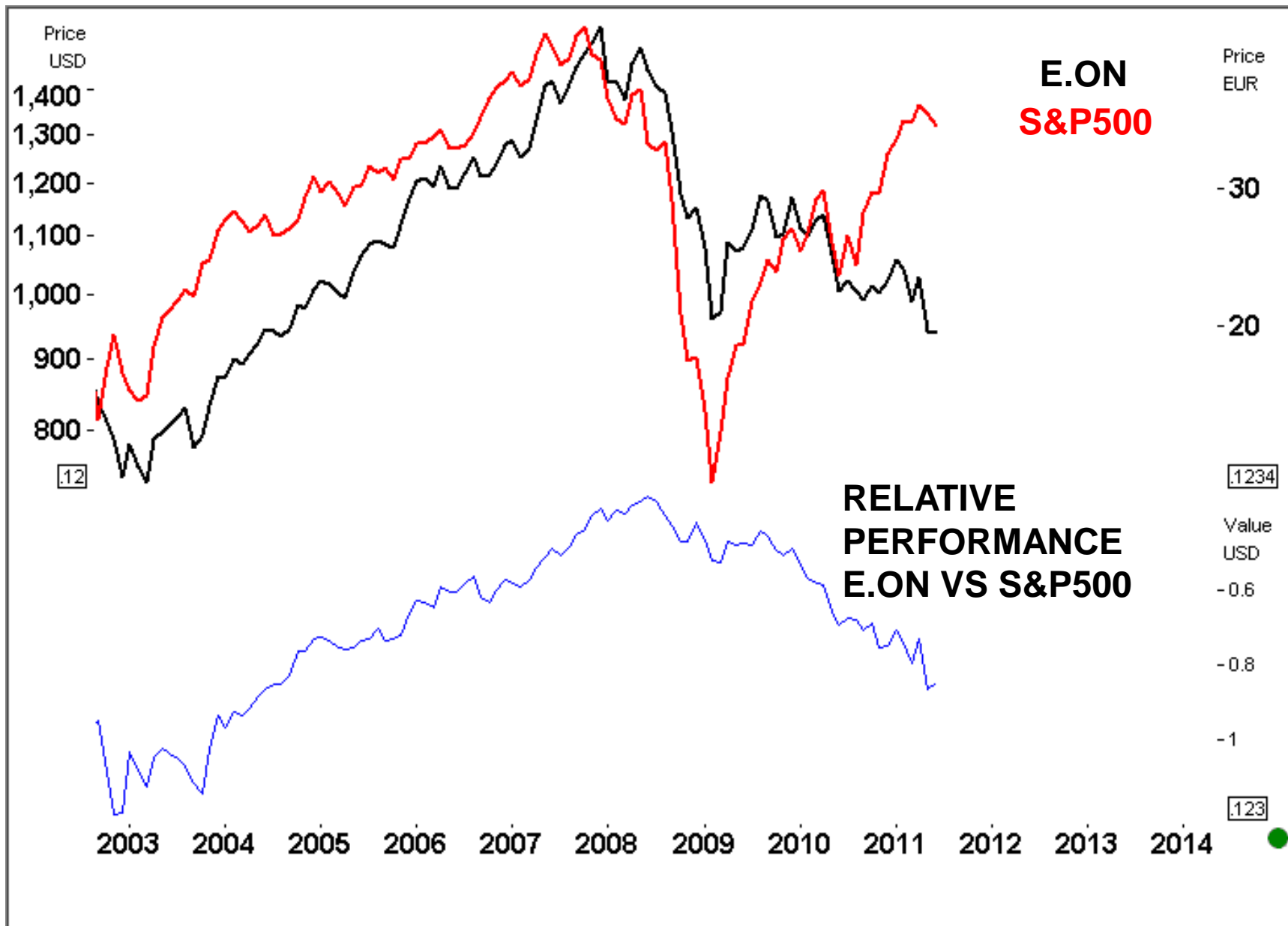
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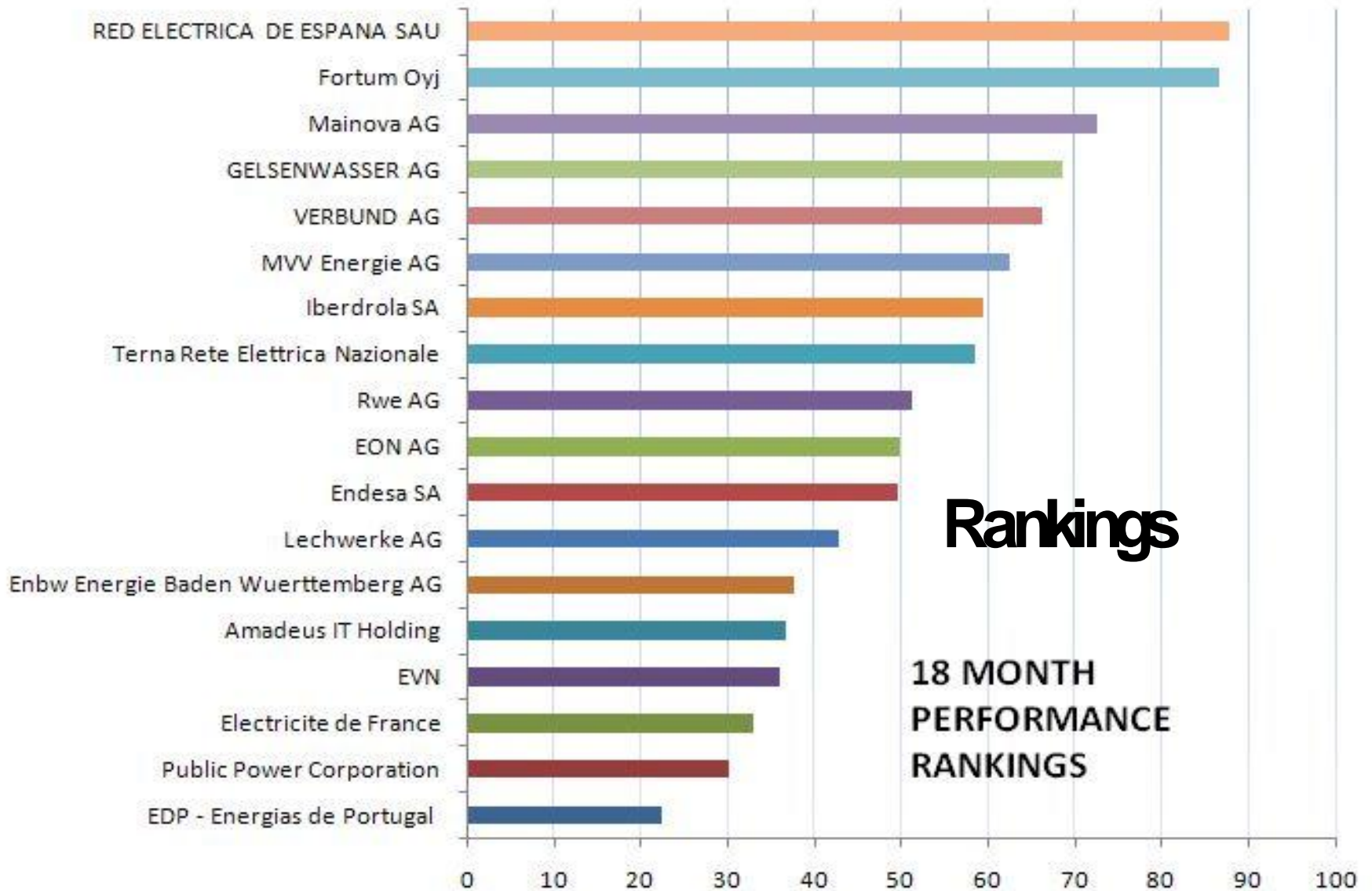
- Commodity- performance
- Risks and Rising costs (interest rates - Capital Intensive)
- Bond and Utility- performance
- Elements Lead to Electricity performance
- Geopolitical Headwinds
- Tariffs – Regulated and Unregulated Utilities
- Arbitrage (Spot & Futures)

# Dow Jones Electricity Index



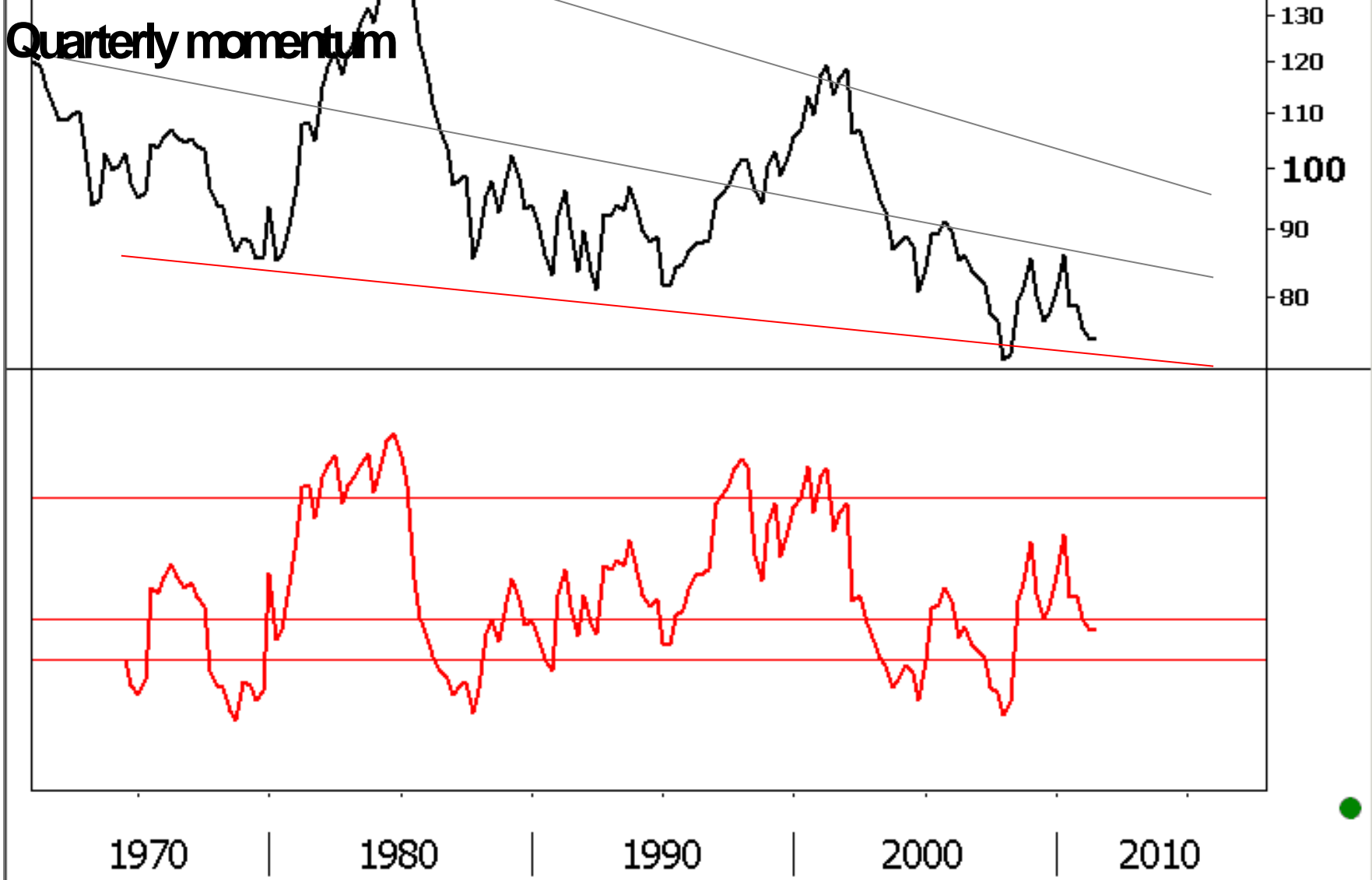






# Dollar Index

Quarterly momentum

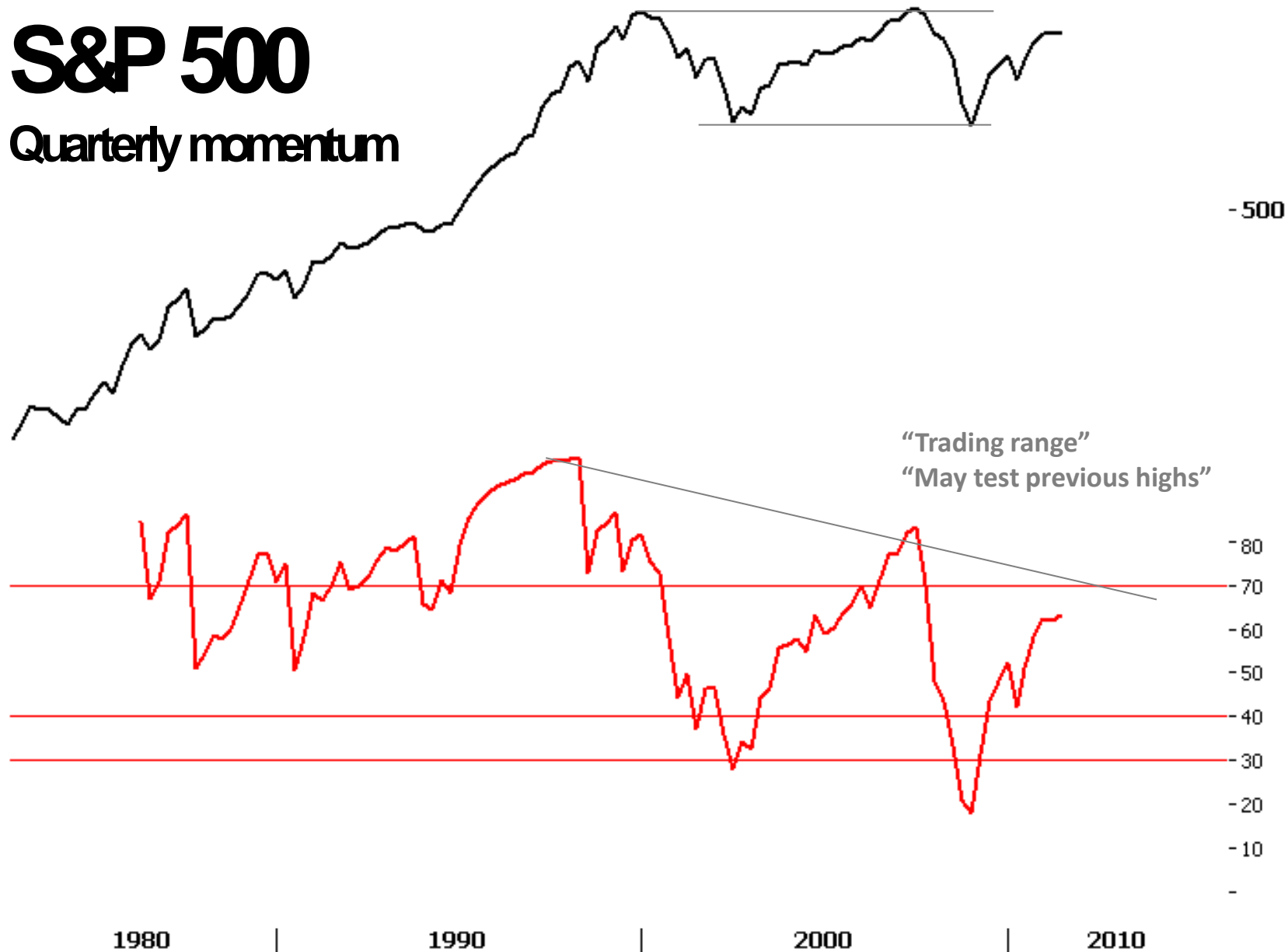


# Monthly US\$ Govt. 2 year yields



# S&P 500

## Quarterly momentum





# Conclusion

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- Volatility in the Power Industry will create many trading opportunities
- Leverage (Unknown risks caution)
- Oil, Gas, Coal, Hydro, Nuclear, Wind & Solar
- Trading technical medium and short term trends
- Good stock picking techniques in the Utilities