

Bianco Research L.L.C.

An Arbor Research & Trading Company

Independent · Objective · Original

Volume 15, No. 46

1731 North Marcey, Chicago IL 60614

www.biancoresearch.com

Market Facts

The Nikkei-NASDAQ Analog Enters Make-or-Break Zone

By Howard L. Simons (847) 304-1511

March 11, 2010

This last week has provided us with the ten-year anniversary of NASDAQ 5000 and the one-year anniversary of the 2007-2009 bear market low. This makes it the perfect time to update a [December 2009](#) comparison of the NASDAQ Composite and the Nikkei 225 (thin red and thick blue lines, respectively).

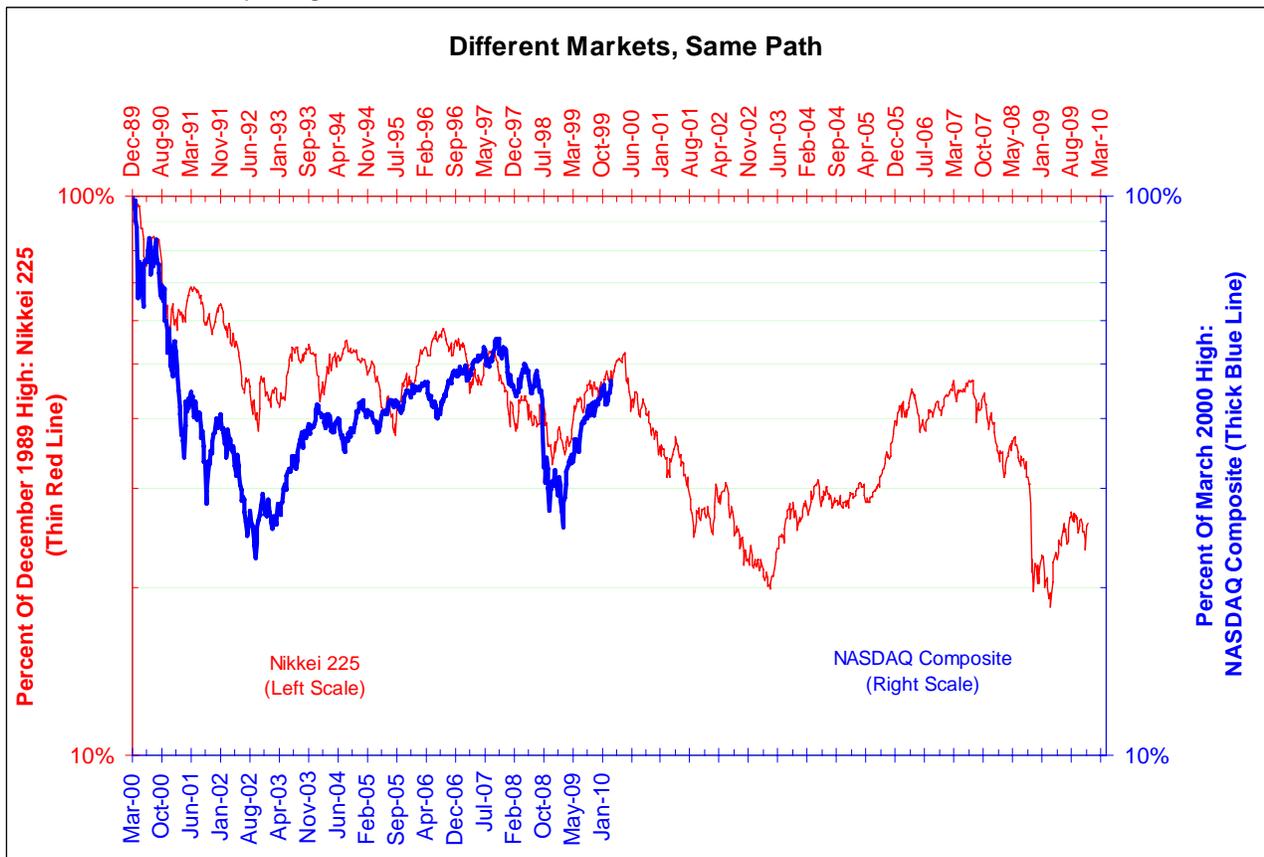
Both series are re-indexed to their respective highs and displayed on a semi-logarithmic scale to facilitate percentage comparisons.

If the analog remains intact, the next 16 weeks, a period ending June 25, 2010, will be critical. The Nikkei 225 gained 9.95% between December 24, 1999 and April 14, 2000 before joining the rest of the world's

bourses (we love that word) on a long slide that would not bottom until October 2002 and not move higher convincingly until the start of the Iraq War in March 2003 and the start of the first of two wars on deflation in May 2003.

A parallel gain in the NASDAQ Composite would put it at 2,558 on June 25th; it closed at 2,358.95 yesterday. The index has moved further in both directions in less time.

If the analog holds after that, avert your gaze: The total return on the Nikkei 225 between April 14, 2000 and April 25, 2003 was a Fibonacci-esque -61.4%.



Bianco Research L.L.C.

1731 North Marcey, Suite 510
Chicago IL 60614

Phone: (847) 304-1511

Fax (847) 304-1749

e-mail: research@biancoresearch.com

<http://www.biancoresearch.com>

For more information about the contents/ opinions contained in these reports:

President (847) 756-3599

James A. Bianco jbianco@biancoresearch.com

Strategist/Analysts (847) 304-1511

Howard L. Simons hsimons@biancoresearch.com

Greg Blaha gblaha@biancoresearch.com

Ryan Malo rmalo@biancoresearch.com

For subscription/service Information:

Arbor Research & Trading, Inc.

Director of Sales & Marketing (800) 606-1872

Fritz Handler fritz.handler@arborresearch.com

Arbor Research & Trading, Inc.

1000 Hart Road, Suite 260
Barrington IL 60010

Phone (847) 304-1560 Fax (847) 304-1595

e-mail inforequest@arborresearch.com

<http://www.arborresearch.com>

Domestic - For more information about Arbor Research & Trading and its services:

New York Sales Office

The Chrysler Building, 405 Lexington Ave
New York, NY 10174

Edward T. McElwreath ed.mcelwreath@arborresearch.com

Phone (212) 867-5326 Fax (212) 370-1218

International - For more information about Arbor Research & Trading and its services:

London Sales Office

3rd Floor 4 Broadgate

London England EC2M 2QS

Phone 44-207-100-1051

Neil Tritton neil.tritton@arborresearch.com

Ben Gibson ben.gibson@arborresearch.com

Chicago Sales Office

James L. Perry james.perry@arborresearch.com

Phone (847) 304-1560 Fax (847) 304-1595

Geneva Sales Office

Rich Kleinbauer rich.kleinbauer@arborresearch.com

Phone (41) 22 365-1850

Far East Sales Office

Robert Reynolds robert.reynolds@arborresearch.com

Phone (847) 756-3680 Fax (435) 647-3073