



U N I O N S E C U R I T I E S L T D .

CHAPPY'S PICKS FOR DECEMBER 10, 2007

Charts and technical commentary by David Chapman

Union Securities Ltd, 33 Yonge Street, Suite 901, Toronto, Ontario, M5E 1G4
fax (416) 604-0533, (416) 604-0557, phone (toll free) 1-888-298-7405

david@davidchapman.com
www.davidchapman.com

TSX INDICES

It was another up week for the markets, but the gains were slight.

The TSX composite gained just over one per cent on the week. It was a mixed bag, as some indices barely had gains while others had a decent week. On the plus side, golds, metals, materials and energy all bounced back to give the market a boost. On the other side, financials were down. We repeat that if financials can't go up then the markets have problems. They were led down by CIBC, which was hammered by over 10 per cent as they revealed potentially upward of \$10 billion in losses due to sub-prime loan exposure.

Most of our sub indices remain in down modes, or as we have termed them – stand aside. Sectors in up trends are the information technology group, metals and mining, gold, materials and utilities. Gold has faltered recently but thus far we do not see any clear indication of a top. Info tech, metals and mining are both demonstrating topping elements but could go higher. Materials are merely a combination of the gold and metals sectors. Utilities are interesting because as interest rates fall, utilities could actually do better. Here again we have topping type indications in the indicators but acknowledge that we could continue in this uptrend.

TSX COMPOSITE

	close on Dec 7	52-week high	52-week low	trend			strategy
				intermediate	short-term	week	
TSX Composite	13,862.97	14,646.82	11,407.27	neutral	neutral	up	stand aside
TSX 60	807.50	843.38	681.84	up	down	up	stand aside
Energy	340.22	373.90	277.48	down	down	up	stand aside
Financials	213.76	226.16	185.74	down	neutral	down	stand aside
Information Technology	38.94	40.30	29.54	up	up	down	long topping
Consumer Discretionary	117.50	130.72	105.56	down	down	up	stand aside
Consumer Staples	183.24	211.22	181.64	down	down	up	stand aside
Healthcare	41.34	54.62	41.94	down	neutral	down	stand aside; possible bottoming
Industrials	113.04	128.54	87.88	down	up	up	stand aside
Materials	335.42	347.36	205.30	up	neutral	up	long topping
Telecommunications	101.22	117.90	87.70	down	down	up	stand aside
Utilities	230.52	229.98	192.12	up	neutral	up	long topping
Gold	311.38	339.22	240.42	up	neutral	up	long hold
Metals & Mining	821.70	958.24	497.88	neutral	down	up	long topping
Real Estate	216.00	282.78	202.22	down	neutral	up (barely)	stand aside
Income Trusts	142.86	161.92	134.94	down	down	up (barely)	stand aside

EXCHANGE TRADED FUNDS

A number of the ETFs below moved from short-term trend down to short-term trend neutral. No new buy signals were seen.

Remember, these are all intermediate signals (based off weeklies).

ETF	intermediate trend	short-term trend	strategy (intermediate)
XGD/T Gold	up	up	long – hold
XMA/T Materials	up	neutral	long – hold
XIT/T Technology	up	up	long – topping
XFN/T Financials	down	neutral	stand aside
XEG/T Energy	down	up	stand aside
XRE/T REIT	down	down	stand aside
XIU/T TSX 60	up	neutral	stand aside
XSP/T S&P 500	neutral	up	stand aside
XBB/T Bonds	up	up	long - hold
XSB/T Short Bonds	up	up	long - hold
XIC/T Composite	neutral	neutral	stand aside
XMD/T Mid Cap	down	down	stand aside
QQQQ/N NASDAQ	up	neutral	stand aside
SPY/NY S&P 500	neutral	neutral	stand aside
EWJ/NY Japan	down	up	stand aside
FXI/NY China 25	up	neutral	long - topping
EEM/NY Emerging Markets	up	up	long - topping
GLD/NY Gold	up	up	long -hold
IEV/NY Europe	up	neutral	long – possible topping
IFN/NY India	up	up	long - hold
TLT/NY 20 yr. bond	up	up	long - hold

Buy: buy signal generated. Buy.

Long hold: buy signal has been generated and we continue in an uptrend.

Long topping: buy signal has been generated but we are seeing signs of topping. A warning only that we may be soon getting a stand aside signal.

Stand aside: a stand aside signal has been generated. Note – this is not a sell signal as our system is buy only. Nor is it a statement on the current conditions of the market which may be collapsing or may even be rising again but it has not as yet generated another system buy signal.

LONG PICKS (JUNIOR MINING STOCKS)

Very little movement here. We are stuck in tax-selling season. Many of these stocks have just drifted off as the bids fade, knowing there are sellers out there with blocks who for whatever reason want out. And no one will give them the satisfaction of paying up for them. Some issues have been pulled as a result of the lethargic market (Yukon Zinc for example). But overall there is nothing wrong with them and we continue in a new basing period.

stock	recommended for purchase	price (CAD or USD)		gain / (loss) to date (%)	stop price (if any)
		at purchase	current		
CGP/V * Cornerstone Cap.	1/30/06	\$0.48	\$0.60	25	
EXM/V * Exmin Resources	8/28/06	\$0.27	\$0.34	26	
VML/V * Verena Minerals	8/28/06	\$0.24	\$0.32	33	
CCE/V * Commerce Res.	11/13/06	\$0.355	close \$1.10	209	gain \$0.745
SLT/V * Solitaire Minerals	11/13/06	\$0.16	\$0.14	(13)	
GOG/V * Golden Tag	12/11/06	\$0.60	\$0.54	(10)	
NGG/V * New Guinea Gold	4/9/07	\$0.58	\$0.46	(21)	
EXS/V * Explor Resources	9/24/07	\$0.385	\$0.27	(30)	
YZC/V * Yukon Zinc	9/24/07	\$0.25	close \$0.14	(44)	loss \$0.11

LONG PICKS (ENERGY, METALS & OTHER STOCKS)

We are out of these areas right now.

stock	recommended for purchase	price (CAD or USD) at purchase current	gain / (loss) to date (%)	stop price (if any)
-------	-----------------------------	--	------------------------------	------------------------

ENERGY STOCKS

none

METAL & MINING STOCKS

none

OTHER STOCKS

none

* Clients or I own these stocks.

** before interest (dividends)

SHORT PICKS

With another up week in the markets, no surprise that most of our picks had gains. But they were small gains or sorry losses (we are short after all). Some were off slightly. Only WMT is being threatened with a possible stop out. Hold the shorts.

We were looking for lows in the market this coming week and instead we are rising into the week. The Fed is out on the 11th. Maybe there is a Fed surprise in store. No cut will shake the market down. And we are unsure at this time which way the pros are positioned for the option expiration on the 21st. But key may be to go with the flow after the cut and remember the market will try and whip saw you.

stock	recommended for sale	price (CAD or USD)		gain / (loss) to date (%)	stop price (if any)
		at purchase	current		
BHS/NY Brookfield Homes	3/19/07	\$33.40	\$16.32	51	\$19.00
BNS/T Bank of Nova Scotia	5/7/07	\$53.75	\$52.10	3	\$53.50
C/NY Citigroup	7/16/07	\$52.16	\$34.31	34	\$38.00
BCE/T * BCE Ltd.	8/13/07	\$39.45	\$39.65	(0)	
WMT/NY Wal-Mart	8/13/07	\$46.69	\$49.02	(5)	\$50.00
BSC/NY Bear Stearns	10/8/07	\$129.30	\$100.94	22	\$120.00
QQQQ/Q NASDAQ shares	10/8/07	\$52.80	\$52.33	1	\$56.00
HD/NY Home Depot	10/8/07	\$34.27	\$29.49	14	\$33.00
BA/NY Boeing	10/14/07	\$95.98	\$93.16	3	\$99.00
UTX/NY UTX Tech.	10/14/07	\$81.17	\$78.07	4	\$82.50
CAT/NY Caterpillar	10/14/07	\$80.10	\$74.20	7	\$83.00
EBAY/Q eBay	10/29/07	\$36.87	\$33.73	9	\$39.87
IGT/NY IGT Gaming	10/29/07	\$42.99	\$43.57	(1)	\$44.50
HXD/T ** Horizon Pro Bear Fund	10/29/07	\$19.15	\$20.33	6	

- * BCE Ltd. Is on the list on the premise that the leveraged buy out at \$42 to be financed for the purchase of BCE by Teachers Pension and a couple of large US private equity funds will collapse. The close date has already been pushed back a couple of times and is now for the first quarter 2008. Given market conditions there remains a real risk that the deal will collapse or require repricing or that the LBO funds will not be available or only at considerable higher prices. BCE has been trading regularly under the purchase price for the past several weeks.
- ** Horizon Pro Bear Fund being a bear fund is actually a purchase not a short sale.

GOLD PORTFOLIO

Gold stocks were up on the week despite the weakness on Friday. Our small portfolio showed some improvement. But right now we still appear to be locked in a corrective period.

stock	recommended for purchase	price (CAD or USD)		gain / (loss) to date (%)	stop price (if any)
		at purchase	current		
MBF * Millennium BullionFund	11/20/06	\$8.34	\$8.26	(1)	
ECU/T * ECU Silver	11/12/07	\$2.38	\$2.17	(9)	
USA/V * USA Silver	11/12/07	\$0.91	\$0.75	(18)	
SGF/T * Shore Gold	11/12/07	\$5.15	\$4.73	(8)	\$4.00

* Clients or I own positions.

STOCK PICKS

We are continuing to stand aside on picks until these markets stabilize.

Note: The opinions, estimates and projections stated are those of David Chapman as of the date hereof and are subject to change without notice. David Chapman, as a registered representative of Union Securities Ltd. makes every effort to ensure that the contents have been compiled or derived from sources believed reliable and contain information and opinions, which are accurate and complete.

The information in this report is drawn from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed, nor in providing it does Union Securities Ltd. assume any responsibility or liability. Estimates and projections contained herein are Union's own or obtained from our consultants. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any securities and is intended for distribution only in those jurisdictions where Union Securities Ltd. is registered as an advisor or a dealer in securities. This research material is approved by Union Securities (International) Ltd. which is authorized and regulated by the Financial Services Authority for the conduct of investment business in the U.K. The investments or investment services, which are the subject of this research material are not available for private customers as defined by the Financial Services Authority. Union Securities Ltd. is a controlling shareholder of Union Securities (International) Ltd. and the latter acts as an introducing broker to the former. This report is not intended for, nor should it be distributed to, any persons residing in the USA. The inventories of Union Securities Ltd., Union Securities (International) Ltd. their affiliated companies and the holdings of their respective directors and officers and companies with which they are associated have, or may have, a position or holding in, or may affect transactions in the investments concerned, or related investments. Union Securities Ltd. is a member of the Canadian Investment Protection Fund and the Investment Dealers Association of Canada. Union Securities (International) Ltd. is authorized and regulated by the Financial Services Authority of the U.K.