

S&P 500 above April high, Dow Theory reaffirms buy signal

S&P 500: Above the April high signals more upside

In a week that featured a mid-term election, the launch of QE2, and a nonfarm payrolls report, the US equity market remained strong. With the S&P 500 closing above the April high of 1220 on both Thursday and Friday, consolidated tape share volume expanded to 6.1bn on Thursday and 5.8bn on Friday, well above the 65-day average of 4.3bn shares. This is a positive sign for the market. A sustained break above 1220 on the S&P would point to a test of 1250 with the next resistance at 1300-1350. Should the S&P 500 fail to immediately follow-through above 1220, there is still a breakout in place and any pullbacks that hold the 1130-1120 area keep this breakout intact. Nearby support has developed at 1170-1150. Additional chart support remains at the summer lows at 1040-1010.

Dow Theory Buy signal reaffirmed

Based on the Dow Theory, the US equity market remains on the buy signal generated in July 2009. Last week both the Dow Industrials and Dow Transports broke above their April highs, reaffirming last summer's buy signal and the primary uptrend for the US equity market. [Page 3.](#)

Year 3 is the strongest year of the Presidential Cycle

With an average return of 13.9%, Year 3 is the strongest year of the Presidential Cycle. Based on the average monthly price returns for the S&P 500, the strongest period within the cycle is the rally from the mid-term year (Year 2) low into the end of Year 3, which averages 21.2%. The average advance from the mid-term year low into the end of Year 4 is 30.0%. What is interesting is that in the current cycle, the S&P 500 rallied 23.5% in 2009 (Year 1) and 9.9% so far in 2010 (Year 2). This means that the first two Years of the 2009 to 2012 cycle are well above the average Year 1 and Year 2 returns of 3.45% and 4.27%, respectively. But, in past cycles, strength in Years 1 and 2 has carried over into Years 3 and 4. [Page 4.](#)

Markets on the move

US 10-year yields remain in a downtrend with risk to 2.2%-2.0% and resistances at 2.85%-2.90% and 3.10%-3.25%. 2-year yields are also in a downtrend, but are testing projected channel support in the 0.34%-0.27% area with major resistance at 0.60%. Gold and silver remain strong. Gold resistance is \$1500-1600 and support is \$1265-1225. Silver shows upside potential to \$30-32 with supports at \$25-24 and \$20-19. The US Dollar Index shows risk to 75-74 while below 79-80. Crude oil is positioned for a breakout above \$87 for a move in to \$98-103.

Sectors on the move

Financials improved dramatically on QE2 and was the best performing sector last week, but this sector still needs to break through resistance and reverse a negative relative trend. Technology is breaking above major resistance and has the potential to reassert its longer term leadership trend. Energy continues to improve and is breaking out to new recovery highs with improving relative price strength vs. the S&P 500. Materials is breaking out and has a strong relative price trend. For charts and stock ideas see [pages 9-10.](#)



Mary Ann Bartels +1 646 855 0206
Technical Research Analyst
MLPF&S
maryann.bartels@baml.com

Stephen Suttmeier, CFA, CMT +1 646 855 1888
Technical Research Analyst
MLPF&S
stephen.suttmeier@baml.com

Jue Xiong, CFA +1 646 743 0228
Research Analyst
MLPF&S
jue.xiong@baml.com

Watch the ECRI Weekly Leading Index

The Economic Cycle Research Institute's (ECRI) Weekly Leading Index of US economic growth bottomed, but this index is lagging the rally in the S&P 500. The ECRI Leading Index has been a good predictor of the equity market this year, but given the strength of the equity market, we would expect this Index to be stronger. Should this index weaken, it may provide a red flag for the market rally.

S&P 500 (top) & ECRI Weekly Leading Index (bottom)



Source: BofA Merrill Lynch Global Research, Bloomberg

Support and resistance levels

Support Levels	1st Support	2nd Support
S&P 500	1130-1120	1040-1010
DJIA	10700-10600	9935-9750
NASDAQ Comp	2340-2280	2100-2060
Resistance Levels	1st Resistance	2nd Resistance
S&P 500	1220-1250	1300-1350
DJIA	11645-11865	12000-12500
NASDAQ Comp	2500-2600	2725-2860

Source: BofA Merrill Lynch Global Research

BofA Merrill Lynch does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 22 to 25. Analyst Certification on Page 21. Link to Definitions on page 21.

Contents

Volume Intensity Model is positive	3
Dow Theory reconfirms bull trend	3
A look into Presidential Cycle year 3	4
The FTSE 100 and the S&P 500	5
10-year yields remain in downtrend	6
2-year yields test downtrend support	6
Gold remains in an uptrend	7
US Dollar remains in a downtrend	7
The pattern for silver is bullish	8
Crude Oil attempts breakout	8
Sectors on the move	9
MZM growth positive from late June	11
Sector OBOS relative price model	12
Most Attractive Buy (MAB) List	16
Oscillator Methodology	18
Footnotes	19

The Volume Intensity Model (VIM) measures up volume (accumulation or buying) and down volume (distribution or selling).

The VIM has been positive since 10 September and is confirming the rally for the US equity market off the late August low. But since 29 September, distribution has ticked higher. If this trend continues and leads to a deterioration in the VIM, it would provide a headwind to the rally.

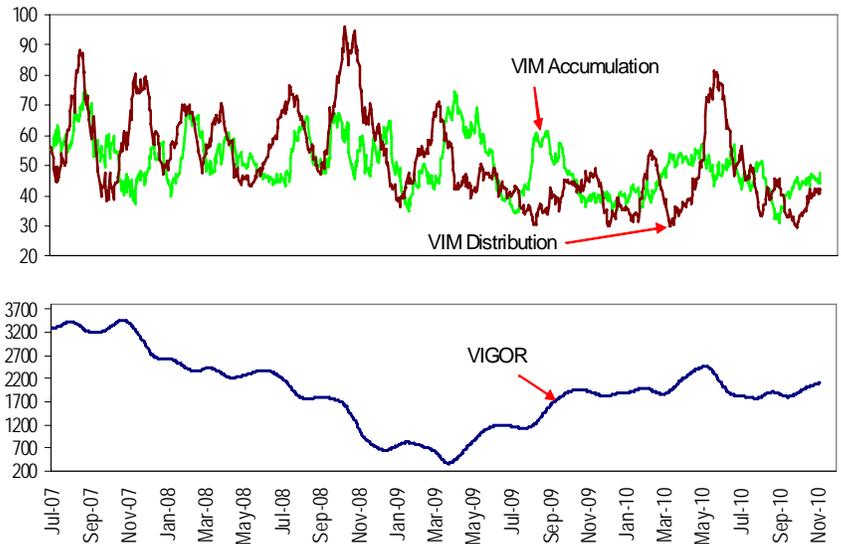
VIGOR pushed above the late August high and confirmed the S&P 500 break above 1130/1150. This signal reduces the risk that the market will form a major top. Should the S&P 500 sustain a break above 1220, we would look for continued strength in VIGOR. So far, VIGOR has lagged relative to the S&P 500 on the rally to the 1220 area.

VIGOR is an intermediate to longer-term indicator of accumulation vs. distribution.

Volume Intensity Model is positive

VIGOR confirmed the S&P 500 break above 1130/1150
But the pick-up in Distribution since 29 September is a concern

BofAML Global Research Volume Intensity Model (VIM) and VIGOR – daily chart



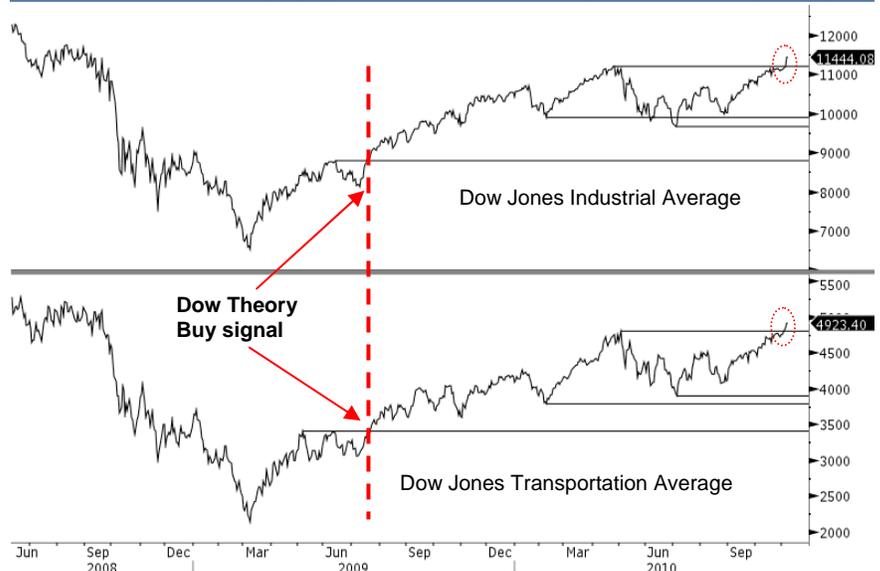
Source: BofA Merrill Lynch Global Research, FactSet, Bats Trading

Dow Theory reconfirms bull trend

Dow Theory buy signal from summer 2009 remains intact

Based on the Dow Theory, the US equity market is in a primary bull trend with both the Industrials and Transports confirming this bull trend.

Dow Jones Industrial Average (top) and the Dow Jones Transportation Average (bottom)



Source: BofA Merrill Lynch Global Research, Bloomberg

Based on the Dow Theory, the US equity market is in a primary bull trend from the summer 2009 Dow Theory buy signal. This signal occurred when both the Dow Industrials and Dow Transports broke to new intermediate-term recovery highs for the rally off the March 2009 low.

Last week both the Dow Industrials and Dow Transports broke above their April highs, reconfirming last summer's buy signal. This reasserts the primary bull trend for the US equity market based on the Dow Theory.

The key supports for the Dow Theory are the July lows.

A look into Presidential Cycle year 3

Year 3 is the strongest year of the Presidential Cycle
Year 4 is the second strongest year of the Presidential Cycle

S&P 500 Presidential Cycle price returns

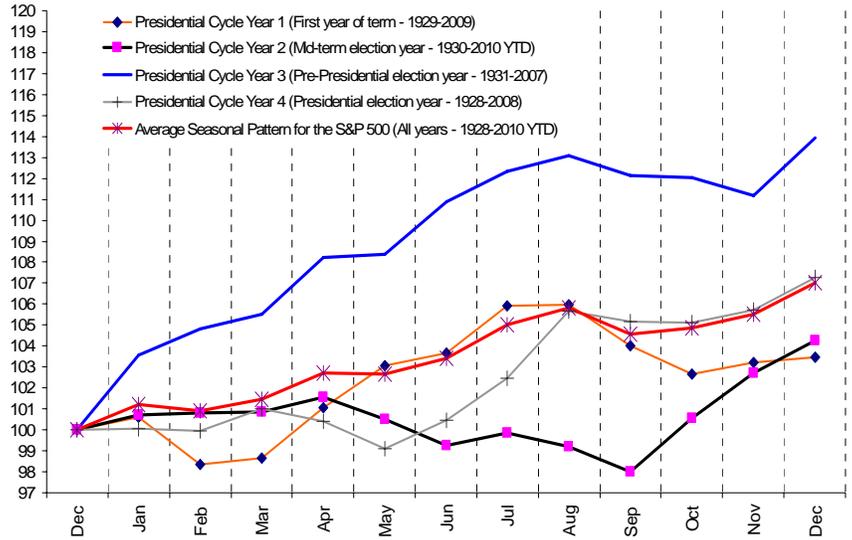
Year 1 (1929 - 2009)	3.45%
Year 2 (1930 - 2010 YTD)	4.27%
Year 3 (1931 - 2007)	13.95%
Year 4 (1928 - 2008)	7.25%
Average Annual Return (all years)	7.17%

Source: BofA Merrill Lynch Global Research, Bloomberg

Using the S&P 500 from 1928 to 2010 YTD, the Presidential Cycle underperforms the average annual price return of 7.17% for the S&P 500 in Years 1 and 2. This pattern changes in Year 3, which is the strongest year of the Presidential Cycle and with an average return of 14% shows significant outperformance. Year 4 performs inline with the average annual price return of the S&P 500 Index.

Between 1931 and 2007, Year 3 of the Presidential Cycle has shown a positive price return in 17 out of 20 years or 85% of the time.

Average S&P 500 monthly price chart for the Presidential Cycle – 1928 to 2010 YTD



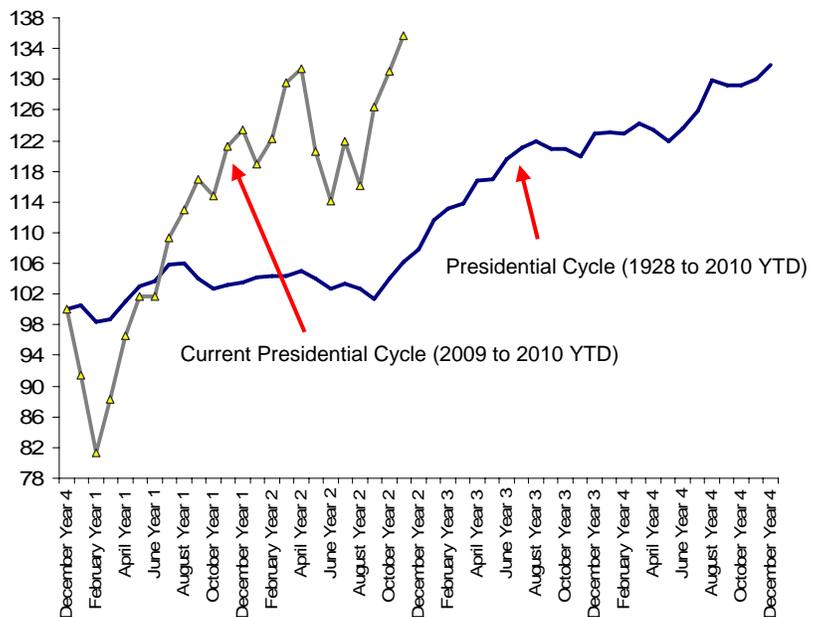
Source: BofA Merrill Lynch Global Research, Bloomberg

Presidential Cycle: strong rally off the mid-term year low

Based on the average monthly price returns for the S&P 500 for the Presidential Cycle, the strongest period within the cycle is the rally from the mid-term year (Year 2) low into the end of Year 3. The average return for this period is 21.2%. The average advance from the mid-term year low into the end of Year 4 is 30.0%.

What is interesting is that the S&P 500 has already rallied 35% from the end of 2008 to 2010 YTD. This equates to a 23.45% return for 2009 and a 9.93% return for 2010 YTD, meaning that the first two Years of the 2009 to 2012 Presidential Cycle are much stronger than the average returns of 3.45% and 4.27% for Year 1 and Year 2, respectively. But, in past cycles, strength in Years 1 and 2 has carried over into Years 3 and 4.

S&P 500 Presidential Cycle (Year 1 through Year 4) – 1928 to 2010 YTD



Source: BofA Merrill Lynch Global Research, Bloomberg

The FTSE 100 and the S&P 500

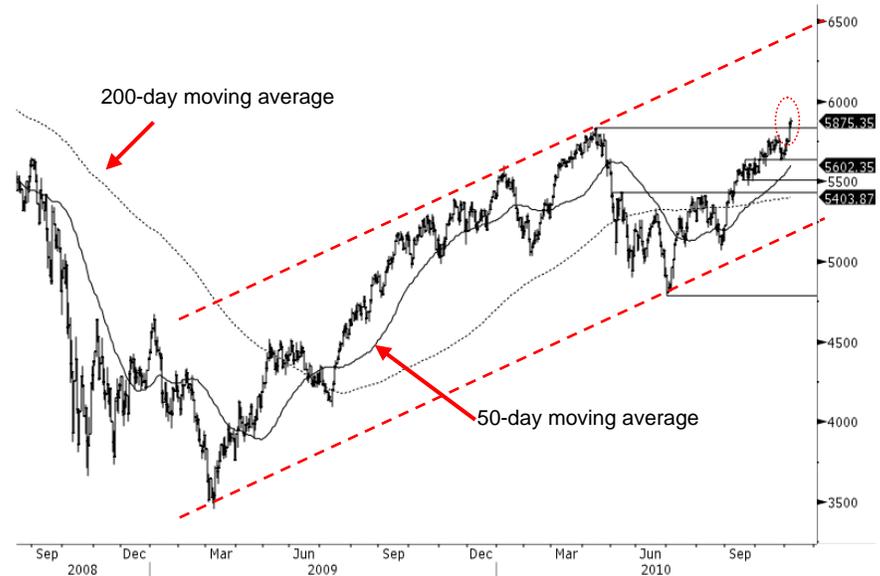
The FTSE 100 closes above its April high

The FTSE 100 leads & sets up more upside for the S&P 500

The FTSE is breaking above the April high of 5834 with projected channel resistance at 6400-6500 (9-10% from current levels). Supports are 5600 to 5400.

FTSE 100 Index – daily chart

The FTSE 100 has been leading the S&P 500. The breakout for the FTSE above the April 2010 high of 5834 bodes well for the S&P 500.



Source: BofA Merrill Lynch Global Research, Bloomberg

The S&P 500 also closed above its April high

Above 1220 points to a test of 1250 with next resistance at 1300-1350

Supports on the S&P 500 are 1170-1150, then 1130-1120

S&P 500 Index – daily chart

A break above 1220 on the S&P points to a test of 1250. The next level of resistance is 1300-1350 - 6% to 10% from current levels.

Should the S&P 500 fail to immediately follow-through on the upside, there is still an upside breakout in place and any pullbacks that hold above or within the 1130-1120 area keep this breakout intact.

Nearby support has developed at 1170-1150.

Additional chart support remains at the summer lows at 1040-1010.



Source: BofA Merrill Lynch Global Research, Bloomberg

10-year yields remain in downtrend

Projected support is 2.20%-2.00%
Resistances: 2.85%-2.90%, then 3.10%-3.25%

The double top off the 4.0% highs for cash 10-year US Treasury Note yields remains intact and projects downside to 2.20%-2.00%.

Nearby resistance has developed at 2.85%-2.90%. Holding below this resistance keeps the series of lower highs from the April 2010 high near 4% intact.

While below 3.10% to 3.25%, the breakdown from the double top remains intact and the bigger picture view remains for lower yields.

US 10-year Treasury Note yields – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

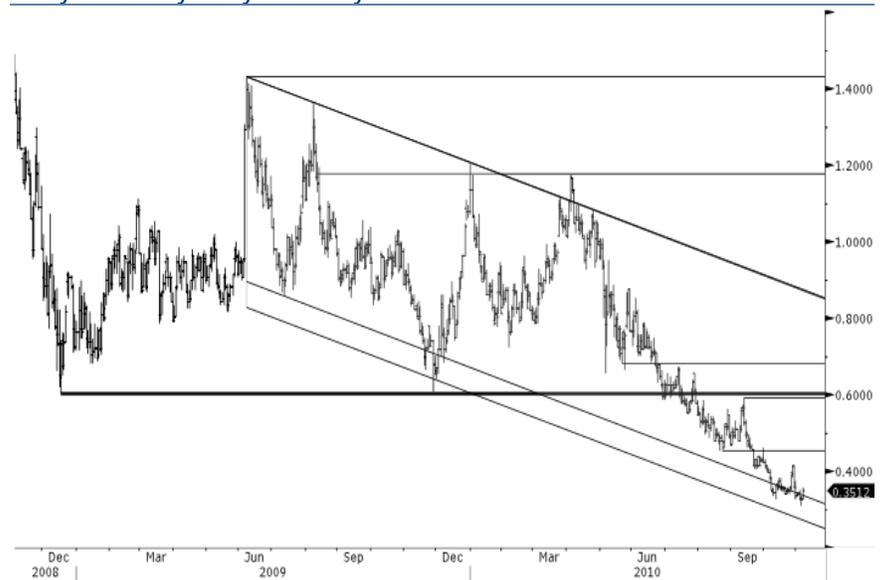
2-year yields test downtrend support

Projected channel supports are 0.34%-0.27%
Major resistance remains 0.60%

Cash 2-year Treasury Note yields remain in a downtrend, but are within a zone of projected down channel supports in the 0.34% to 0.27% area.

Nearby resistance is 0.41% to 0.45%, but while below the 0.60% area, the major breakdown remains intact and keeps the trend in favor of lower 2-year yields.

US 2-year Treasury Note yields – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

Gold remains in an uptrend Projected resistance is \$1500-1600 \$1325-1315 is developing as support ahead of \$1265-1225

We remain firm believers in the secular bull market for commodities and gold.

Gold achieved the objective of the head and shoulders pattern completed in September 2009 at \$1335 and is set up for a test of projected rising channel resistance at \$1425.

Our next resistance for gold is \$1500-1600, but using point and figure charts, we can project gold up to \$2000-2300.

In terms of support, the \$1325 to \$1315 area is developing as support ahead of stronger chart and uptrend support in the \$1265 and \$1225 areas.

Gold futures – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

US Dollar remains in a downtrend Projected support for the Dollar Index is 75-74 Interim rallies that stall by 78-80 keep the trend bearish for the DXY

The US Dollar Index remains within the downtrend from the June high and shows downside risk to support in the 75-74 area.

Interim rallies are not ruled out, but while below the 78 to 80 area, the risk remains for additional downside. The 79-80 area was prior support and is now a particularly strong resistance in our view.

US Dollar Index – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

The pattern for silver is bullish

A test of a major retracement level at \$27

Projected resistance is \$30-32, then back to \$41.50

First support is \$25.00 to \$22.85 with major support at \$20.00-19.50

Silver has been strong. Since the late 2008 lows, silver is up 220% vs. 105% for gold.

Silver is testing a major 61.8% Fibonacci retracement level at \$27 and clearing this level would make the case for an eventual full upside retracement back to the 1980 high of \$41.50.

The recently completed base for silver projects up to \$30-32.

First support for silver has developed between the \$25 and \$23.00-22.85 areas. But the major support is the upside breakout point in the \$20.00-19.50 area.

Silver futures – monthly chart



Source: BofA Merrill Lynch Global Research, Bloomberg

Crude Oil attempts breakout

Clearing \$87 targets \$90, then \$98 to \$103

First support is \$80-78 with uptrend support at \$75

Crude Oil Futures – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

The pattern for Crude Oil has improved and oil is attempting a breakout above resistance near \$87.

The next resistance is the 50% retracement level of the July 2008 to December 2008 decline near \$90.

Based on the price pattern and projected rising channel resistance, there is additional upside potential to the \$98 and \$103 areas. The \$103 area is the 61.8% retracement of the July-December 2008 decline.

First support is \$80-78 followed by uptrend support near \$75.

Additional supports are the recent range lows at \$68-65.

Sectors on the move

Financials show signs of life, but...

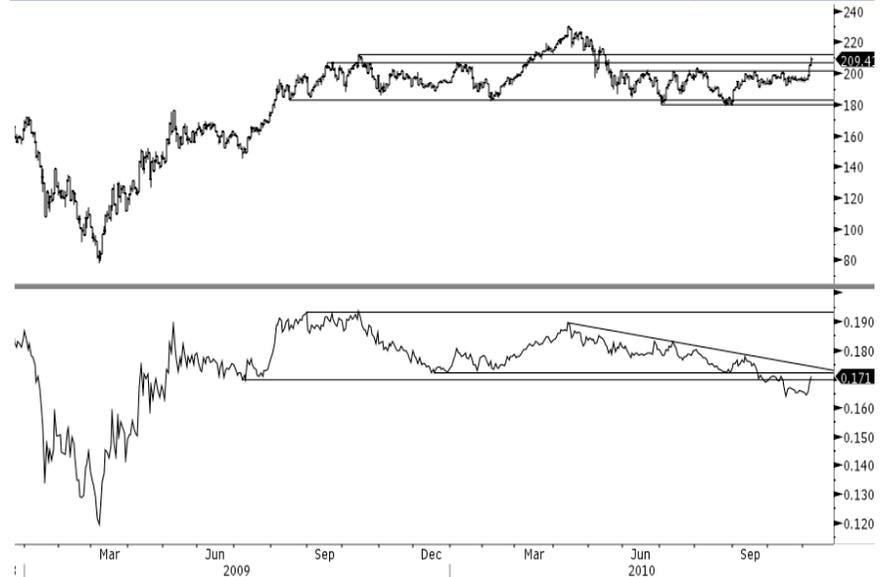
...can this sector reverse its weak relative price pattern

The Financials have been a market laggard as well as a potential headwind to the market recovery, but last week the sector benefited from the launch of QE2 and was the best performing sector for the week.

Financials broke above five-month range highs.

Last week Citigroup (C) broke out to the upside on heavy volume. Kimco Realty (KIM), which is on the Most Attractive Buy List (MAB List), also broke out.

S&P 500 Financials (top) and relative to the S&P 500 Index (bottom) – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

Technology breaks above major resistance

The relative price pattern has improved, but is testing resistance

Since holding relative price support in early September, Technology has been a strong sector. Technology is in position to reassert its longer-term leadership trend.

There are quite a few technology stocks that have broken out from big bases. Please refer to [Weekly Stock Charts, 28 October 2010](#) for stocks with big bases.

Among these Technology names are IBM (IBM) and Oracle (ORCL), which are both on the MAB List and have upside breakouts from bases in place.

S&P 500 Technology (top) and relative to the S&P 500 Index (bottom) – daily chart



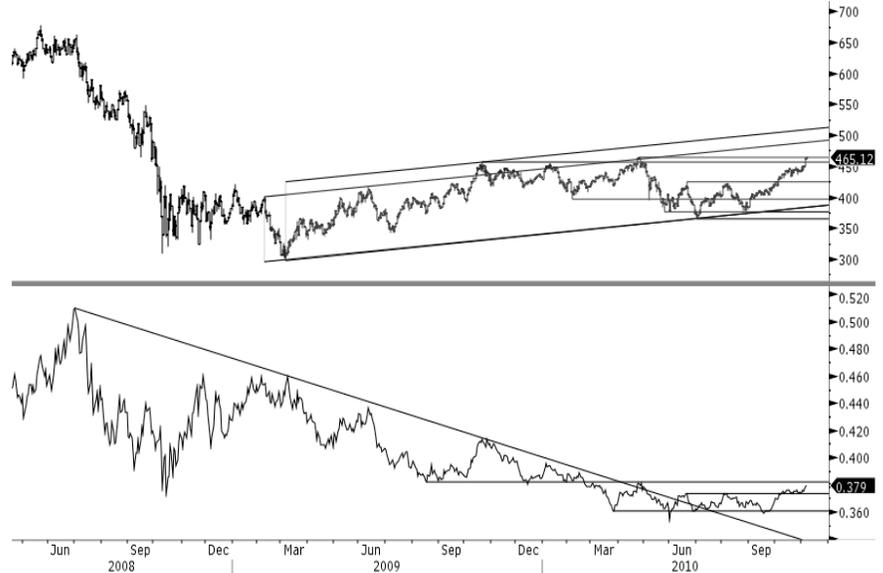
Source: BofA Merrill Lynch Global Research, Bloomberg

Energy is breaking out & bottoming vs. the S&P

Attractive stocks in Energy include Buckeye Partners (BPL), Chevron (CVX), which is on the MAB List, Enbridge Energy Partners (EEP), Forest Oil (FST), Hess (HES), MarkWest Energy (MWE), Royal Dutch Shell (RDS/B), and Schlumberger (SLB).

ExxonMobil (XOM) is also improving and shows increasing volume on the current rally.

S&P 500 Energy (top) and relative to the S&P 500 Index (bottom) – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

Materials break out to the upside Relative pattern is strong and testing resistance

Last week, gold stocks perked up and rallied with volume. Agnico-Eagle Mines (AEM), Harmony Gold (HMY), and Hecla Mining (HL) broke out to the upside on higher volume.

Barrick Gold (ABX) and Goldcorp (GG) are testing their recent range highs on increasing volume - since volume tends to lead price both ABX and GG may be in position for upside breakouts. Barrick Gold is on the MAB List.

Other materials stocks with strong charts are Albermarle (ALB), Ball Corp. (BLL), Crown Holdings (CCK), DuPont (DD), and PPG Industries (PPG).

S&P 500 Materials (top) and relative to the S&P 500 Index (bottom) – daily chart



Source: BofA Merrill Lynch Global Research, Bloomberg

MZM growth positive from late June

MZM is still supportive for the equity market

M1, M2, and MZM money supply annualized rate of change

	13Wk RoC	6M RoC	1Y RoC	As of:
M1	13.6%	10.2%	6.0%	10/25/10
M2	7.3%	6.6%	2.9%	10/25/10
MZM	10.9%	7.9%	0.9%	10/25/10

Source: BofA Merrill Lynch Global Research, Bloomberg, Federal Reserve

After a period of negative growth for MZM money supply, the 13-week annualized rate of change for MZM turned positive in late June. In our view, this is a supporting factor for the US equity market.

M1, M2, and MZM money supply annualized rate of change

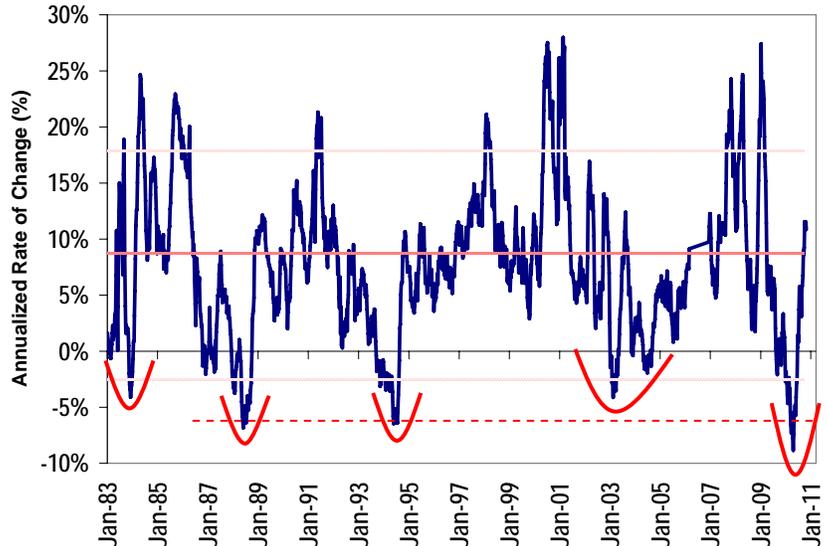
	10/25/2010	10/18/2010	10/11/2010	10/4/2010	9/27/2010	9/20/2010	9/13/2010	9/6/2010	8/30/2010
M1									
13 Wk RoC	13.64%	14.90%	17.46%	15.23%	7.90%	7.09%	14.83%	11.82%	11.07%
6M RoC	10.24%	8.68%	10.42%	9.77%	7.00%	4.16%	4.89%	7.48%	6.91%
1Y RoC	5.98%	5.06%	5.84%	7.42%	7.35%	5.99%	4.81%	6.80%	8.36%
M2									
13 Wk RoC	7.27%	7.99%	7.88%	7.84%	5.22%	4.34%	5.25%	3.17%	3.13%
6M RoC	6.59%	7.33%	6.62%	5.53%	5.40%	4.43%	4.01%	3.34%	2.86%
1Y RoC	2.93%	3.28%	3.30%	3.31%	2.93%	2.75%	2.79%	3.02%	3.00%
MZM									
13 Wk RoC	10.86%	11.53%	11.12%	11.56%	9.23%	8.61%	9.02%	6.74%	5.80%
6M RoC	7.92%	8.60%	7.35%	6.05%	5.27%	4.39%	3.01%	1.83%	0.72%
1Y RoC	0.89%	1.10%	0.81%	0.88%	0.16%	0.21%	0.11%	-0.07%	-0.11%

Source: BofA Merrill Lynch Global Research, Bloomberg, Federal Reserve

MZM growth is positive and mean reverts

History suggests that the MZM annualized growth rate has the potential to overshoot the mean and so far, this is proving to be the case.

MZM – 13-week rate of change (%) annualized – weekly chart



Source: BofA Merrill Lynch Global Research, Bloomberg, Federal Reserve

From December 2009 into April 2010, MZM money supply saw the worst contraction on a 13-week rate of change annualized basis since the 1980s. YoY growth for MZM reached -9.29% on 19 April 2010, exceeding the prior lows from May 1988 and May 1994 of -6.87% and -6.47%, respectively.

As of 25 October 2010, the YoY growth rate on an annualized 13-week rate of change basis was 10.9%. This improvement from the April lows is supportive for the US equity market. The MZM YoY growth rate has mean reverted, but history suggests that MZM growth can overshoot the mean. So far, this is proving to be the case.

The barbell is working with new recovery highs for defensive & cyclical sectors.

The S&P 500 reached a new recovery high last week and seven out of the ten sectors have also reached new recovery highs.

The more cyclical Consumer Discretionary, Energy, Materials, and Technology sectors achieved new highs along with the S&P 500. These sectors joined the higher yielding, more defensive Consumer Staples, Telecom, and Utilities sectors, which recorded new recovery highs in late September/early October.

With both cyclical and defensive sectors moving to new highs, the barbell strategy for 4Q 2010 that focuses on cyclical as well as higher yielding quality stocks appears to be working. But, given the broader market rally, the cyclicals are outperforming so far.

Sector OBOS relative price model

Consumer Discretionary, Technology, and Materials are top ranked

Consumer Discretionary, Technology, and Materials are part of the cyclical side of the "barbell" strategy for 4Q, where both the cyclicals and high yield, high quality stocks should perform well. All three of these sectors are breaking to new recovery highs along with the S&P 500.

Telecom remains strong

With a 2-year base in place that points to strong performance from Telecom, this sector is the higher yielding part of the "barbell" strategy for 4Q.

Financials is the weakest sector and a market headwind

The Financials have been a market laggard as well as a potential headwind to the market recovery, but last week the sector benefited from the launch of QE2 and was the best performing sector for the week. If this sector cannot reverse its weak relative price trend, it may be difficult for the US equity market to sustain the rally.

Energy continues to improve

Energy shows signs of a bottom on both a relative and an absolute price basis.

Health Care, Staples, and Utilities are lower ranked

While Telecom is strong, these defensive sectors are weaker. But, Staples and Utilities reached new recovery highs.

Sector relative price oscillator rankings as of 04-Nov-10

Rank	Sector	Overbought > 1, Oversold < 0
1	S&P 500 Consumer Discretionary	0.692 Neutral
2	S&P 500 Technology	0.626
3	S&P 500 Materials	0.618
4	S&P 500 Telecom	0.616
5	S&P 500 Energy	0.478
6	S&P 500 Health Care	0.432
7	S&P 500 Consumer Staples	0.428
8	S&P 500 Industrials	0.379
9	S&P 500 Utilities	0.352
10	S&P 500 Financials	0.338 Neutral

Source: BofA Merrill Lynch Global Research

Historical sector ranks

The table below shows weekly ranks of the 10 sectors within the S&P 500 by relative momentum (1=highest 10=lowest). A sector that rises in rank indicates improving relative momentum and vice versa.

Sector rankings: current and historical

	04-Nov-10	28-Oct-10	21-Oct-10	14-Oct-10	07-Oct-10	30-Sep-10	23-Sep-10	16-Sep-10	09-Sep-10
S&P 500 Consumer Discretionary	1	1	1	4	3	3	6	9	10
S&P 500 Consumer Staples	7	8	9	9	8	8	5	4	7
S&P 500 Energy	5	6	7	5	5	7	10	10	9
S&P 500 Financials	10	10	10	10	10	10	9	7	5
S&P 500 Health Care	6	2	6	7	9	9	7	6	6
S&P 500 Industrials	8	7	3	2	2	2	4	5	3
S&P 500 Technology	2	4	5	6	6	5	8	8	8
S&P 500 Materials	3	5	4	3	4	4	2	2	4
S&P 500 Telecom	4	3	2	1	1	1	1	1	1
S&P 500 Utilities	9	9	8	8	7	6	3	3	2

Source: BofA Merrill Lynch Global Research

S&P 500 OBOS industry model

1 industry near oversold, none overbought

S&P 500 Relative Price Momentum Oscillator for 04-Nov-10

	Rank	Industry	Overbought > 1; Oversold <0	Sector	2 Yr. Max	2 Yr. Min
↓	1	Office Electronics	0.692 Neutral	Information Technology	0.901	0.015
	2	Airlines	0.689	Industrials	1.240	-0.181
↑	3	Auto Components	0.673	Consumer Discretionary	2.178	-0.325
	4	Automobiles	0.664	Consumer Discretionary	2.694	-0.631
↓	5	Internet & Catalog Retail	0.661 Neutral - Downgraded	Consumer Discretionary	1.470	0.125
	6	Internet Software & Services	0.651	Information Technology	0.966	0.256
↑	7	Hotels Restaurants & Leisure	0.651	Consumer Discretionary	0.944	0.172
	8	Textiles Apparel & Luxury Goods	0.651	Consumer Discretionary	1.078	0.146
↑	9	Life Sci Tools & Svs	0.645	Health Care	0.879	0.083
↑	10	Energy Equipment & Services	0.644	Energy	0.917	-0.409
	11	Electrical Equipment	0.632	Industrials	1.162	0.013
	12	Diversified Telecommunication Services	0.626	Telecommunication Services	1.555	-0.063
	13	Chemicals	0.624	Materials	1.005	-0.112
	14	Machinery	0.612	Industrials	0.933	-0.268
↑	15	Specialty Retail	0.608	Consumer Discretionary	1.025	0.065
↑	16	Metals & Mining	0.601	Materials	1.313	-0.568
	17	IT Services	0.598	Information Technology	1.116	0.242
	18	Tobacco	0.596	Consumer Staples	0.780	0.218
↑	19	Software	0.594	Information Technology	0.914	0.223
	20	Computers & Peripherals	0.562	Information Technology	1.103	0.116
	21	Multiline Retail	0.548	Consumer Discretionary	1.227	-0.178
↑	22	Food & Staples Retailing	0.546	Consumer Staples	1.314	0.014
↑	23	Leisure Equipment & Products	0.545	Consumer Discretionary	1.097	0.040
	24	Road & Rail	0.543	Industrials	0.891	-0.106
	25	Health Care Tech	0.542	Health Care	1.499	0.035
	26	Media	0.538	Consumer Discretionary	1.098	0.013
↑	27	Semiconductors & Semiconductor Equipment	0.526	Information Technology	1.001	0.177
	28	Health Care Providers & Services	0.522	Health Care	1.164	0.122
	29	Communications Equipment	0.521	Information Technology	0.924	0.274
	30	Multi-Utilities	0.511	Utilities	0.956	0.134
↓	31	Electronic Equipment & Instruments	0.503	Information Technology	1.065	-0.111
↓	32	Insurance	0.474	Financials	1.383	-0.529
	33	Capital Markets	0.466	Financials	1.779	-0.343
	34	Wireless Telecommunication Services	0.458	Telecommunication Services	1.443	-0.110
↑	35	Paper & Forest Products	0.446	Materials	1.847	-0.402
	36	Real Estate Investment Trusts	0.444	Financials	1.033	-0.634
↓	37	Household Durables	0.438	Consumer Discretionary	1.087	-0.029
	38	Pharmaceuticals	0.436	Health Care	1.350	-0.056
	39	Building Products	0.428	Industrials	2.205	-0.466
	40	Oil Gas & Consumable Fuels	0.423	Energy	1.264	-0.022
	41	Distributors	0.423	Consumer Discretionary	1.437	-0.004
	42	Biotechnology	0.421	Health Care	1.081	-0.077
	43	Containers & Packaging	0.391	Materials	1.175	-0.024
	44	Thriffs & Mortgage Finance	0.387	Financials	0.771	-0.228
	45	Gas Utilities	0.384	Utilities	1.468	0.130
	46	Household Products	0.384	Consumer Staples	1.462	0.080
↓	47	Trading Companies & Distributors	0.370	Industrials	0.775	0.182
	48	Beverages	0.364	Consumer Staples	1.366	0.148
	49	Consumer Finance	0.361	Financials	2.197	-0.552
↓	50	Air Freight & Logistics	0.356	Industrials	1.202	0.056
	51	Ind Power Producers & Energy Traders	0.353	Utilities	1.198	-0.235
	52	Aerospace & Defense	0.352	Industrials	0.838	0.222
↓	53	Construction & Engineering	0.340	Industrials	0.953	-0.003
	54	Food Products	0.321	Consumer Staples	1.241	-0.014
	55	Commercial Banks	0.307	Financials	2.001	-0.792
	56	Diversified Financial Services	0.306	Financials	2.075	-1.066
	57	Electric Utilities	0.294	Utilities	1.121	-0.122
↑	58	Construction Materials	0.288 Upgraded	Materials	1.217	-0.323
↓	59	Industrial Conglomerates	0.287	Industrials	1.614	-0.803
	60	Health Care Equipment & Supplies	0.267	Health Care	1.071	-0.183
↑	61	Commercial Services & Supplies	0.228 Upgraded	Industrials	1.016	0.052
↓	62	Personal Products	0.211 Neutral	Consumer Staples	1.050	-0.247
↓	63	Diversified Consumer Services	0.060 Near Oversold	Consumer Discretionary	1.297	-0.178

Source: BofA Merrill Lynch Global Research

Top 100 S&P 500 stocks by market cap
Top 100 stocks ranked by OBOS relative price momentum
3 stocks near overbought, 5 stocks near oversold

Top 100 S&P 500 stocks by OBOS reading as of 04-Nov-10

ID	Name	Rank		ID	Name	Rank	
1	WAG WALGREEN CO	0.892	Near Overbought	51	NWSA NEWS CORP	0.446	Neutral
2	EBAY EBAY INC	0.890	Near Overbought	52	MRK MERCK & CO	0.441	
3	DOW DOW CHEMICAL	0.820	Near Overbought	53	APA APACHE CORP	0.440	
4	TXN TEXAS INSTRUMENTS INC	0.757	Neutral	54	KFT KRAFT FOODS INC	0.437	
5	CCL CARNIVAL CORP/PLC (USA)	0.747		55	NEM NEWMONT MINING CORP	0.436	
6	QCOM QUALCOMM INC	0.733		56	CELG CELGENE CORP	0.433	
7	PM PHILIP MORRIS INTERNATIONAL	0.700		57	SPG SIMON PROPERTY GROUP INC	0.425	
8	MA MASTERCARD INC	0.684		58	LOW LOWE'S COMPANIES INC	0.425	
9	ORCL ORACLE CORP	0.682		59	BMV BRISTOL-MYERS SQUIBB CO	0.423	
10	SLB SCHLUMBERGER LTD	0.675		60	GS GOLDMAN SACHS GROUP INC	0.422	
11	FCX FREEPORT-MCMORAN COP&GOLD	0.673		61	MSFT MICROSOFT CORP	0.421	
12	GOOG GOOGLE INC	0.660		62	HAL HALLIBURTON CO	0.418	
13	UNP UNION PACIFIC CORP	0.654		63	SO SOUTHERN CO	0.418	
14	BEN FRANKLIN RESOURCES INC	0.632		64	GLW CORNING INC	0.414	
15	AMZN AMAZON.COM INC	0.631		65	DIS DISNEY (WALT) CO	0.413	
16	DD DU PONT (E I) DE NEMOURS	0.630		66	USB U S BANCORP	0.412	
17	APC ANADARKO PETROLEUM CORP	0.629		67	CVX CHEVRON CORP	0.410	
18	VZ VERIZON COMMUNICATIONS INC	0.629		68	BK BANK OF NEW YORK MELLON CORP	0.397	
19	MO ALTRIA GROUP INC	0.595		69	TGT TARGET CORP	0.393	
20	F FORD MOTOR CO	0.590		70	DVN DEVON ENERGY CORP	0.392	
21	EMR EMERSON ELECTRIC CO	0.589		71	COP CONOCOPHILLIPS	0.385	
22	TRV TRAVELERS COS INC	0.588		72	INTC INTEL CORP	0.380	
23	COST COSTCO WHOLESALE CORP	0.585		73	MON MONSANTO CO	0.379	
24	V VISA INC	0.584		74	CSCO CISCO SYSTEMS INC	0.373	
25	BAX BAXTER INTERNATIONAL INC	0.580		75	CVS CVS CAREMARK CORP	0.368	
26	DE DEERE & CO	0.576		76	AMGN AMGEN INC	0.365	
27	T AT&T INC	0.569		77	GE GENERAL ELECTRIC CO	0.358	
28	CAT CATERPILLAR INC	0.568		78	BA BOEING CO	0.356	
29	DHR DANAHER CORP	0.558		79	MET METLIFE INC	0.331	
30	HON HONEYWELL INTERNATIONAL INC	0.557		80	OXY OCCIDENTAL PETROLEUM CORP	0.331	
31	HD HOME DEPOT INC	0.554		81	TWX TIME WARNER INC	0.331	
32	IBM INTL BUSINESS MACHINES CORP	0.537		82	ABT ABBOTT LABORATORIES	0.329	
33	DTV DIRECTV	0.533		83	WFC WELLS FARGO & CO	0.324	
34	AFL AFLAC INC	0.531		84	UPS UNITED PARCEL SERVICE INC	0.323	
35	KO COCA-COLA CO	0.528		85	FDX FEDEX CORP	0.319	
36	DELL DELL INC	0.527		86	AXP AMERICAN EXPRESS CO	0.317	
37	CMCSA COMCAST CORP	0.521		87	UTX UNITED TECHNOLOGIES CORP	0.316	
38	XOM EXXON MOBIL CORP	0.507		88	MS MORGAN STANLEY	0.310	
39	C CITIGROUP INC	0.505		89	BRK.B BERKSHIRE HATHAWAY	0.294	
40	MCD MCDONALD'S CORP	0.500		90	JPM JPMORGAN CHASE & CO	0.276	
41	NKE NIKE INC	0.499		91	CL COLGATE-PALMOLIVE CO	0.265	
42	AAPL APPLE INC	0.498		92	LLY LILLY (ELI) & CO	0.257	
43	ESRX EXPRESS SCRIPTS INC	0.491		93	PX PRAXAIR INC	0.248	
44	UNH UNITEDHEALTH GROUP INC	0.489		94	BAC BANK OF AMERICA CORP	0.242	
45	PFE PFIZER INC	0.478		95	PNC PNC FINANCIAL SVCS GROUP INC	0.204	Neutral
46	JNJ JOHNSON & JOHNSON	0.461		96	MMM 3M CO	0.198	Near Oversold
47	PG PROCTER & GAMBLE CO	0.460		97	EXC EXELON CORP	0.195	Near Oversold
48	EMC EMC CORP/MA	0.460		98	HPQ HEWLETT-PACKARD CO	0.192	Near Oversold
49	GILD GILEAD SCIENCES INC	0.450		99	PEP PEPSICO INC	0.156	Near Oversold
50	WMT WAL-MART STORES INC	0.450	Neutral	100	MDT MEDTRONIC INC	0.138	Near Oversold

Source: BoFA Merrill Lynch Global Research

08 November 2010

S&P 500 OBOS top & bottom “tails”

1 stock overbought, none oversold

Large-cap stocks ranked by relative price momentum as of 04-Nov-10

Rank	Ticker	Company	Sector	Overbought > 1, Oversold < 0
1	KG	KING PHARMACEUTICALS INC	Health Care	1.136 Overbought
2	WAG	WALGREEN CO	Consumer Staples	0.891 Near Overbought
3	EBAY	EBAY INC	Information Technology	0.889 Near Overbought
4	TIF	TIFFANY & CO	Consumer Discretionary	0.849 Near Overbought
5	MHP	MCGRAW-HILL COMPANIES	Consumer Discretionary	0.847 Near Overbought
6	DOW	DOW CHEMICAL	Materials	0.820 Near Overbought
473	MMM	3M CO	Industrials	0.197 Near Oversold
474	MRO	MARATHON OIL CORP	Energy	0.197 Near Oversold
475	MTB	M & T BANK CORP	Financials	0.197 Near Oversold
476	DPS	DR PEPPER SNAPPLE GROUP INC	Consumer Staples	0.195 Near Oversold
477	EXC	EXELON CORP	Utilities	0.195 Near Oversold
478	ZMH	ZIMMER HOLDINGS INC	Health Care	0.194 Near Oversold
479	HPQ	HEWLETT-PACKARD CO	Information Technology	0.191 Near Oversold
480	KMB	KIMBERLY-CLARK CORP	Consumer Staples	0.185 Near Oversold
481	ECL	ECOLAB INC	Materials	0.178 Near Oversold
482	MI	MARSHALL & ILSLEY CORP	Financials	0.171 Near Oversold
483	SYU	SYSCO CORP	Consumer Staples	0.171 Near Oversold
484	CLX	CLOROX CO/DE	Consumer Staples	0.168 Near Oversold
485	FE	FIRSTENERGY CORP	Utilities	0.166 Near Oversold
486	WPO	WASHINGTON POST -CL B	Consumer Discretionary	0.158 Near Oversold
487	K	KELLOGG CO	Consumer Staples	0.157 Near Oversold
488	PBCT	PEOPLE'S UNITED FINL INC	Financials	0.157 Near Oversold
489	PEP	PEPSICO INC	Consumer Staples	0.155 Near Oversold
490	AVP	AVON PRODUCTS	Consumer Staples	0.155 Near Oversold
491	APOL	APOLLO GROUP INC -CL A	Consumer Discretionary	0.141 Near Oversold
492	MDT	MEDTRONIC INC	Health Care	0.138 Near Oversold
493	BF.B	BROWN-FORMAN -CL B	Consumer Staples	0.136 Near Oversold
494	NRG	NRG ENERGY INC	Utilities	0.125 Near Oversold
495	CCE	COCA-COLA ENTERPRISES INC	Consumer Staples	0.083 Near Oversold
496	ETR	ENTERGY CORP	Utilities	0.081 Near Oversold
497	EOG	EOG RESOURCES INC	Energy	0.074 Near Oversold
498	HRB	BLOCK H & R INC	Consumer Discretionary	0.035 Near Oversold
499	RSG	REPUBLIC SERVICES INC	Industrials	0.007 Near Oversold

Source: BofA Merrill Lynch Global Research

Most Attractive Buy (MAB) List

MAB List constituents as of 08 November 2010

Members of the MAB List by sector as of 08 November 2010

Addition date	Symbol	Name	Price (04 November 2010)	BofAML Rating	Footnotes
Consumer Discretionary					
1/26/09	MCD	McDonald's Corp.	\$79.18	B-1-7	BCObgijopsw
Consumer Staples					
9/8/09	MO	Altria Group Inc.	\$26.15	B-1-7	BObjpw
6/15/09	CLX	Clorox Co.	\$62.14	B-2-7	BCObvw
3/24/08	WMT	Wal-Mart Stores Inc.	\$55.36	A-1-7	BCObgijopsv
Energy					
1/5/10	CVX	Chevron Corp.	\$85.14	A-2-7	Bbijopsv
Financials					
11/2/09	KIM	Kimco Realty Corp.	\$17.61	C-1-7	Bbgijopsv
Healthcare					
8/24/09	MRK	Merck & Co Inc	\$36.65	XRWW	BObjopsv
12/21/09	UNH	UnitedHealth Group Inc.	\$36.80	C-1-7	BCObgijopsv
Industrials					
7/26/10	BA	Boeing Co.	\$70.85	B-1-7	BObgijopsv
8/3/09	EMR	Emerson Electric Co.	\$56.75	B-1-7	BObjopsw
Information Technology					
10/19/09	ADP	Automatic Data Processing Inc.	\$45.76	B-1-7	Bbijopsw
4/22/08	IBM	International Business Machines Corp.	\$146.79	B-1-7	BObjopsw
1/5/10	ORCL	Oracle Corp.	\$29.47	B-1-7	BObgijopsv
Materials					
6/7/10	ABX	Barrick Gold Corp.	\$49.31	C-1-7	BObjopsv
Telecom					
3/9/09	VZ	Verizon Communications Inc.	\$33.52	A-2-7	BObjopsv
Utilities					
6/7/10	PGN	Progress Energy Inc.	\$45.11	A-1-7	Bbijpsv

** RESTRICTED. SOLICITATION OF COMMISSION ORDERS IS PROHIBITED.

One or more Analysts Responsible for Recommending the Securities in this Report Owns Such Securities: None

Source: BofA Merrill Lynch Global Research

Most Attractive Buy (MAB) List

The MAB List was introduced in February 2006. It is designed to identify common stocks that, in our view, are attractive based on technical analysis. The primary objective of the list is to generate superior risk-adjusted returns versus the benchmark (S&P 500) over the long term through both tactical and strategic stock selection. While the MAB List seeks to generate these returns by capturing short-to intermediate-term (three to six months) price appreciation for the selected stocks, positions can be held longer term. The primary strategy of the MAB List is to hold stocks that have strong performance while removing stocks from the list that are not performing as well. The list is always 100% invested in common stocks and has no cash or fixed income components. The MAB List is not intended to represent a diversified investment portfolio.

Our universe of candidates for entry into the MAB List begins with BofA Merrill Lynch Global Research Buy (1) or Neutral (2) rated stocks within the S&P 500. In addition, stocks covered by BofA Merrill Lynch Global Research outside of the S&P 500 with 1 or 2 ratings are also considered. Any stock that is Underperform (3) rated is not a candidate for addition to the MAB List.

To determine which of these candidates will enter the MAB List, our analysis starts with the ten S&P 500 GICS sector indices. From there we identify industry groups and then individual stocks within those groups that have positive or constructive technical price trends and chart patterns based on our analysis. We do not use a quantitative model to select securities for the MAB List.

The MAB List will hold at least one stock per sector. The list holds a greater number of stocks in sectors that are more attractive based on our analysis and a smaller number of stocks in sectors that are less attractive according to our analysis.

The MAB List is reviewed on a weekly basis. Any stock on the list that becomes Underperform (3) rated is removed immediately, even if the stock is considered technically attractive according to our work. Any additions and deletions will be published in our MAB List Constituent Changes report. The MAB List is also published weekly in our Market Analysis Comment report. All changes are effective as of the close on the trading day following the date of the release of the research report.

Oscillator Methodology

The overbought/oversold oscillator is a relative price model, which means we calculate the ratio of the index of each industry group to the Index by dividing the current industry index value by the current Index value. We then take a 13-week rate of change of the ratio and compare with its historical trading pattern. An industry group is “overbought” or “oversold” relative to its historical levels when the ratio is +/- 2 standard deviations (square root of the variance) away from its mean. We normalize the data to adjust for volatility so we can compare high-volatility industry groups such as technology to low-volatility industry groups such as utilities.

For the Top 500 Stocks, we apply the same methodology, but use the stock price relative to the Index.

How to read the Oscillator

An industry group is “overbought” when the oscillator is greater than 1.0 and “oversold” when the oscillator is below 0. A group is “near overbought” between 0.8 and 1 and “near oversold” between 0.2 and 0. Those groups in between the range are ranked neutral.

A stock is overbought when the oscillator is greater than 1 and oversold when the oscillator is below 0. A stock is near overbought between 0.8 and 1.0 and near oversold between 0.2 and 0. Those stocks in between the range are ranked neutral.

How to interpret the Oscillator

Under the Oscillator model, when an industry group or stock has a statistically significant move away from its historical normal trading pattern relative to the market, a mean reversion is generally anticipated, provided the fundamentals of the industry group have not been significantly altered. Therefore, we are flagging those industry groups and stocks that have moved or are close to moving +/- 2 standard deviations away from their historical mean.

Industry groups and stocks with good fundamentals that are oversold or approaching oversold could be candidates for adding to a portfolio, while those groups and stocks that are overbought or approaching overbought with deteriorating fundamentals could be candidates for profit taking.

We do caution that: (a) The Oscillator is a quantitative model and its results may not coincide with Merrill Lynch’s fundamental research opinion on the subject security. This model is best used in conjunction with fundamental analysis; (b) The Oscillator model attempts to measure relative price performance and, thus, even when successfully implemented, may result in returns that are negative in absolute terms; (c) Groups and stocks may remain overbought or oversold for several weeks or at times for months after such conditions are identified by the model; (d) the Oscillator model does not consider commissions or other transaction costs that may negatively impact investment returns.

Due to the nature of quantitative analysis, the issuers or securities recommended or discussed in this report are not continuously followed. Accordingly, investors must regard this report as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or securities.

Footnotes

s - MLPF&S or an affiliate has received compensation for investment banking services from this company within the past 12 months.

i - The company is or was, within the last 12 months, an investment banking client of MLPF&S and/or one or more of its affiliates.

v - MLPF&S or an affiliate expects to receive or intends to seek compensation for investment banking services from this company or an affiliate of the company within the next three months.

j - MLPF&S or an affiliate has received compensation from the company for non-investment banking services or products within the past 12 months.

o - The company is or was, within the last 12 months, a securities business client (non-investment banking) of MLPF&S and/or one or more of its affiliates.

p - The company is or was, within the last 12 months, a non-securities business client of MLPF&S and/or one or more of its affiliates.

g - MLPF&S or an affiliate was a manager of a public offering of securities of this company within the last 12 months.

r - An officer, director or employee of MLPF&S or one of its affiliates is an officer or director of this company.

O - MLPF&S or one of its affiliates has a significant financial interest in the fixed income instruments of the issuer. If this report was issued on or after the 10th day of a month, it reflects a significant financial interest on the last day of the previous month. Reports issued before the 10th day of a month reflect a significant financial interest at the end of the second month preceding the date of the report.

C - Merrill Lynch is affiliated with an NYSE Designated Market Maker (DMM) that specializes in one or more securities issued by the subject companies. This affiliated NYSE DMM makes a market in, and may maintain a long or short position in or be on the opposite side of orders executed on the Floor of the NYSE in connection with one or more of the securities issued by these companies.

B - MLPF&S or one of its affiliates is willing to sell to, or buy from, clients the common equity of the company on a principal basis.

b - MLPF&S or one of its affiliates acts as a market maker for the equity securities recommended in the report.

(B and b are for US Exchange traded stocks only, there are some exceptions to this regarding London companies).

- One or more analysts responsible for covering the securities in this report owns securities of the covered company.

G - MLPF&S or one of its affiliates acts as a market maker for the preferred securities recommended in the report. (For preferreds)

H - MLPF&S or one of its affiliates is willing to sell to, or buy from, clients the preferred securities of the company on a principal basis. (For preferreds)

q - In the US, retail sales and/or distribution of this report may be made only in states where these securities are exempt from registration or have been qualified for sale.

z - The country in which this company is organized has certain laws or regulations that limit or restrict ownership of the company's shares by nationals of other countries.

(z is applied to stocks from Taiwan, India and Brazil)

P - Class A shares are variable voting

Q - Class A shares are subordinate voting

R - Class A shares are nonvoting

S - Class B shares are limited voting

T - Class B shares are nonvoting

U - Class B shares are restricted voting

V - Class B shares are subordinate voting

W - Class S shares are subordinate voting

X - Common shares are subordinate voting

Y - Common shares are limited voting

Link to Definitions

Basic Materials

Click [here](#) for definitions of commonly used terms.

Consumer & Retail

Click [here](#) for definitions of commonly used terms.

Energy

Click [here](#) for definitions of commonly used terms.

Financials

Click [here](#) for definitions of commonly used terms.

Healthcare

Click [here](#) for definitions of commonly used terms.

Industrials

Click [here](#) for definitions of commonly used terms.

Macro

Click [here](#) for definitions of commonly used terms.

Media & Telecom

Click [here](#) for definitions of commonly used terms.

Technology

Click [here](#) for definitions of commonly used terms.

Analyst Certification

I, Mary Ann Bartels, hereby certify that the views expressed in this research report about securities and issuers accurately reflect the research model applied in such analysis. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Important Disclosures

Investment Rating Distribution: Aerospace/Defense Electronics Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	18	50.00%	Buy	14	77.78%
Neutral	14	38.89%	Neutral	9	75.00%
Sell	4	11.11%	Sell	2	50.00%

Investment Rating Distribution: Consumer Products Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	35	53.85%	Buy	17	53.13%
Neutral	14	21.54%	Neutral	7	58.33%
Sell	16	24.62%	Sell	7	43.75%

Investment Rating Distribution: Electrical Equipment Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	20	52.63%	Buy	7	38.89%
Neutral	11	28.95%	Neutral	5	50.00%
Sell	7	18.42%	Sell	4	57.14%

Investment Rating Distribution: Energy Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	168	60.87%	Buy	96	63.16%
Neutral	55	19.93%	Neutral	26	57.78%
Sell	53	19.20%	Sell	19	40.43%

Investment Rating Distribution: Health Care Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	122	53.51%	Buy	52	45.61%
Neutral	55	24.12%	Neutral	31	59.62%
Sell	51	22.37%	Sell	16	32.00%

Investment Rating Distribution: Non-Ferrous Metals/Mining & Minerals Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	86	58.11%	Buy	21	28.77%
Neutral	38	25.68%	Neutral	11	35.48%
Sell	24	16.22%	Sell	1	4.76%

Investment Rating Distribution: REITs (Real Estate Investment Trusts) Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	41	45.56%	Buy	25	60.98%
Neutral	27	30.00%	Neutral	20	74.07%
Sell	22	24.44%	Sell	13	59.09%

Investment Rating Distribution: Restaurants Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	12	48.00%	Buy	8	66.67%
Neutral	8	32.00%	Neutral	5	62.50%
Sell	5	20.00%	Sell	4	80.00%

Investment Rating Distribution: Retailing Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	102	57.63%	Buy	38	39.18%
Neutral	41	23.16%	Neutral	17	45.95%
Sell	34	19.21%	Sell	13	38.24%

Investment Rating Distribution: Technology Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	125	54.11%	Buy	47	41.96%
Neutral	54	23.38%	Neutral	26	53.06%
Sell	52	22.51%	Sell	12	24.00%

Investment Rating Distribution: Telecommunications Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	93	51.96%	Buy	35	46.05%
Neutral	50	27.93%	Neutral	20	47.62%
Sell	36	20.11%	Sell	15	50.00%

08 November 2010

Investment Rating Distribution: Tobacco Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	7	63.64%	Buy	0	0.00%
Neutral	2	18.18%	Neutral	0	0.00%
Sell	2	18.18%	Sell	0	0.00%

Investment Rating Distribution: Utilities Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	75	40.98%	Buy	29	43.28%
Neutral	58	31.69%	Neutral	27	51.92%
Sell	50	27.32%	Sell	15	33.33%

Investment Rating Distribution: Global Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1948	54.31%	Buy	821	46.73%
Neutral	891	24.84%	Neutral	397	49.07%
Sell	748	20.85%	Sell	259	37.16%

* Companies in respect of which MLPF&S or one of its affiliates has received compensation for investment banking services within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofAML Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofAML Comment referencing the stock.

Price charts for the securities referenced in this research report are available at <http://pricecharts.ml.com>, or call 1-888-ML-CHART to have them mailed.

MLPF&S or one of its affiliates acts as a market maker for the equity securities recommended in the report: Altria Group, Automatic Data, Barrick Gold, Boeing, Chevron Corporation, Clorox, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, Progress, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

MLPF&S or an affiliate was a manager of a public offering of securities of this company within the last 12 months: Boeing, Kimco Realty, McDonald's Corp, Oracle, UnitedHealth Grp, Wal*Mart Stores.

The company is or was, within the last 12 months, an investment banking client of MLPF&S and/or one or more of its affiliates: Automatic Data, Barrick Gold, Boeing, Chevron Corporation, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, Progress, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

MLPF&S or an affiliate has received compensation from the company for non-investment banking services or products within the past 12 months: Altria Group, Automatic Data, Barrick Gold, Boeing, Chevron Corporation, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, Progress, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

The company is or was, within the last 12 months, a non-securities business client of MLPF&S and/or one or more of its affiliates: Altria Group, Automatic Data, Barrick Gold, Boeing, Chevron Corporation, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, Progress, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

MLPF&S or an affiliate has received compensation for investment banking services from this company within the past 12 months: Automatic Data, Barrick Gold, Boeing, Chevron Corporation, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, Progress, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

MLPF&S or an affiliate expects to receive or intends to seek compensation for investment banking services from this company or an affiliate of the company within the next three months: Automatic Data, Barrick Gold, Boeing, Chevron Corporation, Clorox, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, Progress, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

MLPF&S together with its affiliates beneficially owns one percent or more of the common stock of this company. If this report was issued on or after the 10th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 10th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Altria Group, Automatic Data, Clorox, Emerson, IBM, McDonald's Corp.

MLPF&S or one of its affiliates is willing to sell to, or buy from, clients the common equity of the company on a principal basis: Altria Group, Automatic Data, Barrick Gold, Boeing, Chevron Corporation, Clorox, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, Progress, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

The company is or was, within the last 12 months, a securities business client (non-investment banking) of MLPF&S and/or one or more of its affiliates: Automatic Data, Barrick Gold, Chevron Corporation, Emerson, IBM, Kimco Realty, McDonald's Corp, Merck & Co, Oracle, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

Due to the nature of strategic analysis, the issuers or securities recommended or discussed in this report are not continuously followed. Accordingly, investors must regard this report as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or securities.

Due to the nature of quantitative analysis, the issuers or securities recommended or discussed in this report are not continuously followed. Accordingly, investors must regard this report as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or securities.

08 November 2010

Due to the nature of technical analysis, the issuers or securities recommended or discussed in this report are not continuously followed. Accordingly, investors must regard this report as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or securities.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking revenues.

MLPF&S is affiliated with an NYSE Designated Market Maker (DMM) that specializes in one or more securities issued by the subject companies. This affiliated NYSE DMM makes a market in, and may maintain a long or short position in or be on the opposite side of orders executed on the Floor of the NYSE in connection with one or more of the securities issued by these companies: Clorox, McDonald's Corp, UnitedHealth Grp, Wal*Mart Stores.

BofA Merrill Lynch Global Credit Research analysts regularly interact with sales and trading desk personnel in connection with their research, including to ascertain pricing and liquidity in the fixed income markets.

Other Important Disclosures

MLPF&S or one of its affiliates has a significant financial interest in the fixed income instruments of the issuer. If this report was issued on or after the 10th day of a month, it reflects a significant financial interest on the last day of the previous month. Reports issued before the 10th day of a month reflect a significant financial interest at the end of the second month preceding the date of the report: Altria Group, Barrick Gold, Boeing, Clorox, Emerson, IBM, McDonald's Corp, Merck & Co, Oracle, UnitedHealth Grp, Verizon Comm., Wal*Mart Stores.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

"BofA Merrill Lynch" includes Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its affiliates. Investors should contact their BofA Merrill Lynch representative or Merrill Lynch Global Wealth Management financial advisor if they have questions concerning this report.

Information relating to Non-US affiliates of BofA Merrill Lynch and Distribution of Affiliate Research Reports:

MLPF&S and BASL distribute, or may in the future distribute, research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch (Frankfurt): Merrill Lynch International Bank Ltd, Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd; Merrill Lynch (Milan): Merrill Lynch International Bank Limited; MLPF&S (UK): Merrill Lynch, Pierce, Fenner & Smith Limited; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co, Ltd; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd.; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): Merrill Lynch CIS Limited, Moscow; Merrill Lynch (Turkey): Merrill Lynch Yatirim Bankasi A.S.; Merrill Lynch (Dubai): Merrill Lynch International, Dubai Branch; MLPF&S (Zürich rep. office): MLPF&S Incorporated Zürich representative office; Merrill Lynch (Spain): Merrill Lynch Capital Markets Espana, S.A.S.V.; Merrill Lynch (Brazil): Banco Merrill Lynch de Investimentos S.A.

This research report has been approved for publication in the United Kingdom by Merrill Lynch, Pierce, Fenner & Smith Limited and BASL, which are authorized and regulated by the Financial Services Authority; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co, Ltd, a registered securities dealer under the Securities and Exchange Law in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited, which is regulated by the Hong Kong SFC and the Hong Kong Monetary Authority; is issued and distributed in Taiwan by Merrill Lynch Securities (Taiwan) Ltd.; is issued and distributed in Malaysia by Merrill Lynch (KL) Sdn. Bhd., a licensed investment adviser regulated by Malaysian Securities Commission; is issued and distributed in India by DSP Merrill Lynch Limited; and is issued and distributed in Singapore by Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd (Company Registration No.'s F 06872E and 198602883D respectively) and Bank of America Singapore Limited (Merchant Bank). Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. are regulated by the Monetary Authority of Singapore. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 provides this report in Australia in accordance with section 911B of the Corporations Act 2001 and neither it nor any of its affiliates involved in preparing this research report is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this report in Brazil.

Merrill Lynch (Frankfurt) distributes this report in Germany. Merrill Lynch (Frankfurt) is regulated by BaFin.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-US affiliates. MLPF&S is the distributor of this research report in the US and accepts full responsibility for research reports of its non-US affiliates distributed to MLPF&S clients in the US. Any US person receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates.

General Investment Related Disclosures:

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

Securities and other financial instruments discussed in this report, or recommended, offered or sold by Merrill Lynch, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the company or the market that is anticipated to have a short-term price impact on the equity securities of the company. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Merrill Lynch is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

UK Readers: The protections provided by the U.K. regulatory regime, including the Financial Services Scheme, do not apply in general to business coordinated by BofA Merrill Lynch entities located outside of the United Kingdom. BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

MLPF&S or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. MLPF&S or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Merrill Lynch, through business units other than BofA Merrill Lynch Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented in this report. Such ideas or recommendations reflect the different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Merrill Lynch is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report.

In the event that the recipient received this report pursuant to a contract between the recipient and MLPF&S for the provision of research services for a separate fee, and in connection therewith MLPF&S may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom MLPF&S has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by MLPF&S). MLPF&S is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities mentioned in this report.

Copyright and General Information regarding Research Reports:

Copyright 2010 Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. iQmethod, iQmethod 2.0, iQprofile, iQtoolkit, iQworks are service marks of Merrill Lynch & Co., Inc. iQanalytics®, iQcustom®, iQdatabase® are registered service marks of Merrill Lynch & Co., Inc. This research report is prepared for the use of BofA Merrill Lynch clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Merrill Lynch. BofA Merrill Lynch Global Research reports are distributed simultaneously to internal and client websites and other portals by BofA Merrill Lynch and are not publicly-available materials. Any unauthorized use or disclosure is prohibited. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets) without first obtaining expressed permission from an authorized officer of BofA Merrill Lynch.

Materials prepared by BofA Merrill Lynch Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch, including investment banking personnel. BofA Merrill Lynch has established information barriers between BofA Merrill Lynch Global Research and certain business groups. As a result, BofA Merrill Lynch does not disclose certain client relationships with, or compensation received from, such companies in research reports. To the extent this report discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this report. BofA Merrill Lynch Global Research personnel's knowledge of legal proceedings in which any BofA Merrill Lynch entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving companies mentioned in this report is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch in connection with the legal proceedings or matters relevant to such proceedings.

This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of MLPF&S, any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Merrill Lynch Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This report may contain links to third-party websites. BofA Merrill Lynch is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or any affiliation with BofA Merrill Lynch. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Merrill Lynch is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

Certain outstanding reports may contain discussions and/or investment opinions relating to securities, financial instruments and/or issuers that are no longer current. Always refer to the most recent research report relating to a company or issuer prior to making an investment decision.

In some cases, a company or issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such company or issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with MLPF&S or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Merrill Lynch nor any officer or employee of BofA Merrill Lynch accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.