

MARKET SNAPSHOT

U.S.	EUROPE	ASIA		
STOXX 50	2,159.62	+9.46	0.44%	
FTSE 100	5,335.03	+30.55	0.58%	
DAX	6,361.25	+30.21	0.48%	

DAX	6,361.25	+0.48%	Oil (WTI)	92.10	-0.51%	U.S. 10-year	1.776%	+0.034	BAC:US	6.83	-2.71%	JPM:US	32.51	-2.93%	Gold	1,576.10	-0.79%
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DayByDay Beats RBS, Goldman In AQ Ranking

By Adria Cimino - Mar 27, 2012 1:00 AM GMT+0200

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Day By Day, a Paris-based research company with 80 clients, gave the best trading recommendations on European equities over the past three years, trumping [Credit Suisse Group AG \(CSGN\)](#) and [Goldman Sachs Group Inc. \(GS\)](#), according to a report by AQ Research.

The study by London-based AQ measured which firms gave the most accurate forecast on stock movements. [Royal Bank of Scotland Group Plc \(RBS\)](#) and Credit Suisse took second and third place, respectively, while Goldman Sachs took the eighth spot in the rankings, which were released today.

Valerie Gastaldy, a technical strategist and partner at Day By Day who studies charts of trading patterns to predict price changes, decides which stocks and industries to favor. A team of five analysts assist her. She said that cutting losses early is a central part of her strategy.

"If a stock loses 15 percent, for example, I stop my buy," Gastaldy said in an interview. "I'll say 'wait a minute, I was wrong,' and that makes an enormous difference. Last March, I had a buy on banks and by May, I didn't have a single one even though fundamental analysts still had a lot."

The [Stoxx 600 Banks Index \(SX7P\)](#) fell 5.3 percent from the start of March 2011 to the beginning of May, before tumbling a further 43 percent though Nov. 23 amid concern the euro-region debt crisis was spreading from [Greece](#) to the larger economies of Italy and [Spain](#), according to data compiled by Bloomberg.

'Best Advice'

AQ said it scored the success of each trading recommendation and compiled an average over the past three years. Research houses that gave absolute recommendations were measured on the basis of a share-price change, while companies that gave relative suggestions were graded on the price movement compared with an underlying index.

"It's a view of who gave the best advice over a tough time in the equity research world," William Russell-Smith, managing director at AQ Research, said in an interview. "The result is based on having the highest scores and being the most consistent."

Gastaldy, 47, was born in [Monaco](#) and earned an MBA from the Essec business school in a suburb of Paris. She said she learned technical analysis about 25 years ago while working as a market maker at Meeschaert-Rousselle.

Her manager agreed to give a technical analysis course for executives at Dauphine University, and wanted someone to split the hours with him. Gastaldy studied the technique

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to teach the classes and found that it worked better than fundamental analysis, where investors look at metrics such as price-to-earnings ratios.

Futures Products

She later managed futures products for private clients at Tuffier Ravier Py. After taking nine years off to raise her three children, she joined Day By Day in 2000.

Gastaldy said she has a "top down" strategy, looking first at the market, then the industries and finally at specific stocks. She analyzes the economic cycle using data from the Tempe, Arizona-based [Institute for Supply Management](#) and studies market sentiment by looking at how prices evolve versus implied volatility. Once she determines how enthusiastic investors are about taking on risk, she decides which industries to favor and which to avoid.

"When aversion to risk is about fear of a hard landing in [China](#), like today, then it's best to be cautious about automakers or basic-materials stocks," she said.

Specific Shares

For the selection of specific shares, Gastaldy buys stocks with the highest [relative strength](#) within their industry, and sells those with the lowest score on this measure. Relative strength gauges a stock price compared with the average of other shares in the industry group.

Although her equity picks sometimes can mirror those of fundamental analysts, she said her views often deviate in the cases of stocks that face takeover speculation, such as [Hermes International SCA](#). (RMS)

In December, Hermes's family owners created a new holding company after LVMH Moet Hennessy Louis Vuitton SA, the world's largest maker of [luxury goods](#), built up a 22 percent stake. The new [capital structure](#) should limit speculation of a takeover, according to HSBC Holdings Plc analysts. Gastaldy started a buy recommendation on Hermes earlier this month.

"Fundamental analysts say it's too expensive so won't buy it," she said. "But I look at the relative strength and if the momentum is favorable, I'll buy it."

Gastaldy also recommends buying banks and has a buy rating on Paris-based Societe Generale SA, Barclays Plc and Banco Santander SA.

"I will try to play financials longer than usual, so for a few months," she said. "I hope I can do it. If the market tells me I'm wrong though, I won't push it."

To contact the reporter on this story: Adria Cimino in Paris at acimino1@bloomberg.net

To contact the editor responsible for this story: Andrew Rummer at arummer@bloomberg.net

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