

### THE BANK OF NOVA SCOTIA

Price (October 5, 2009)	\$47.12
52-Week Range	\$49.19-\$23.99
Shares O/S	1020.43 million
Market Cap	\$48.08 billion
Enterprise Value	\$29.70 billion
Enterprise Value Per Share	\$29.11
50-day Average Volume	3,022,200
200-day Average Volume	3,497,200
Fiscal Year-End	October 31
Symbol	TSX: BNS
Website	www.scotiabank.com

#### Financial Data

Selected Income/Cash Flow			
C\$millions; 12 months ended	Oct-07	Oct-08	Jul-09
Revenues	\$26,427	\$26,618	\$25,698
EBT	\$5,226	\$3,950	\$3,883
Net Income	\$4,045	\$3,140	\$2,960
Cash Flow (CF) From Ops	\$2,011	\$20,112	\$542
Selected Balance Sheet			
	At Oct-07	At Oct-08	At July-09
Cash (& Equivalents)	\$25,149	\$34,892	\$24,824
Total Debt	\$2,210	\$10,317	\$6,458
Shareholders' Equity	\$18,804	\$21,642	\$23,397
Total Assets	\$411,510	\$507,625	\$485,856
Enterprise Value	\$29,685	\$15,293	\$28,472
Key Ratios			
	At Oct-07	At Oct-08	At July-09
EBITDA Margin	19.8%	14.8%	15.1%
Return on Equity (ROE)	21.5%	14.5%	12.7%
Return on Assets (ROA)	1.0%	0.6%	0.6%
Total Debt/Total Capital	10.5%	32.3%	21.6%
Cash Flow/Total Debt	0.91x	1.95x	0.08x
Earnings Per Share	\$4.09	\$3.18	\$2.93
Cash Flow Per Share	\$2.03	\$20.38	\$0.54
Cash Per Share	\$25.56	\$35.17	\$24.34
Equity Per Share	\$19.11	\$21.82	\$22.94
Enterprise Value Per Share	\$30.17	\$15.42	\$27.91
Multiples			
	At Oct-07	At Oct-08	At July-09
Price/EPS	13.08x	12.63x	15.67x
Price/EBITDA	10.07x	10.09x	12.06x
Price/Cash Flow	26.17x	1.98x	86.42x
Price/Enterprise Value	1.77x	2.61x	1.65x

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Note: Report prepared with public information only.



Source: [www.bigcharts.com](http://www.bigcharts.com)

#### PROFILE

The Bank of Nova Scotia is a Canadian financial institution active in both Canada and internationally. In Canada, the Bank provides a range of retail, commercial, corporate, investment, and wholesale banking services through its network of branches and offices. The Bank has three segments: Canadian Banking, International Banking, and Scotia Capital.

Canadian Banking, which includes wealth management operations, provides retail and commercial banking services through branch and electronic delivery channels to individuals and small- to medium-sized businesses in Canada. The retail services include consumer and mortgage lending, credit and debit card services, savings, checking and retirement products, personal trust services, retail brokerage, mutual funds and transaction services. In addition to credit, commercial clients are provided with deposit and cash management services.

International Banking supplies retail and commercial banking services through branches, subsidiaries, and foreign affiliates. The products, services, and channels offered are generally the same as those in Canadian Banking.

Scotia Capital is an integrated corporate and investment bank which services the credit, capital market, and risk management needs of the Bank's global relationships with corporations, financial institutions, and governments. The services provided include credit and related products, debt and equity underwriting, foreign exchange, derivative products, precious metals products, and financial advisory services. It also conducts trading activities for its own account and provides short-term Canadian dollar funding for the Bank.

## SUMMARY

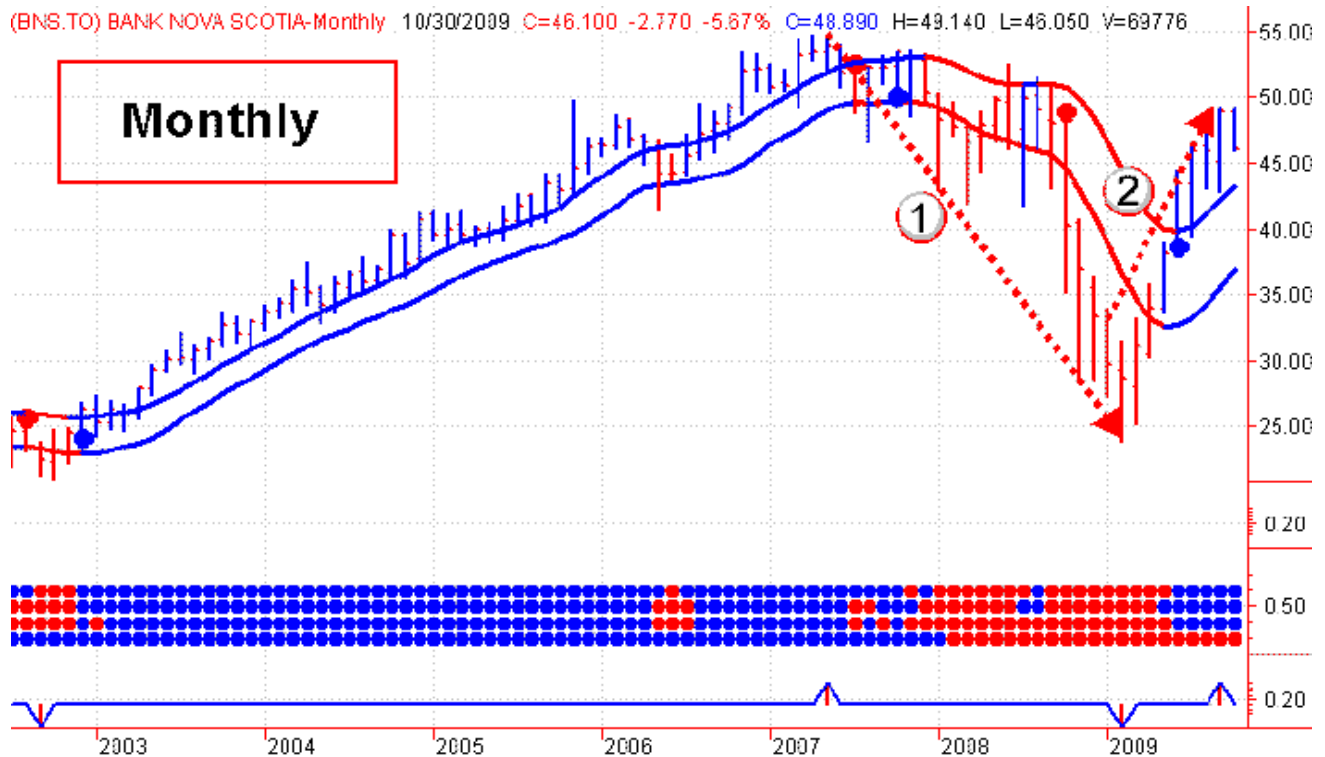
Short-term investors: Sell.

Long-term investors: Prepare to sell. No Sell signal generated yet, but on the cusp.

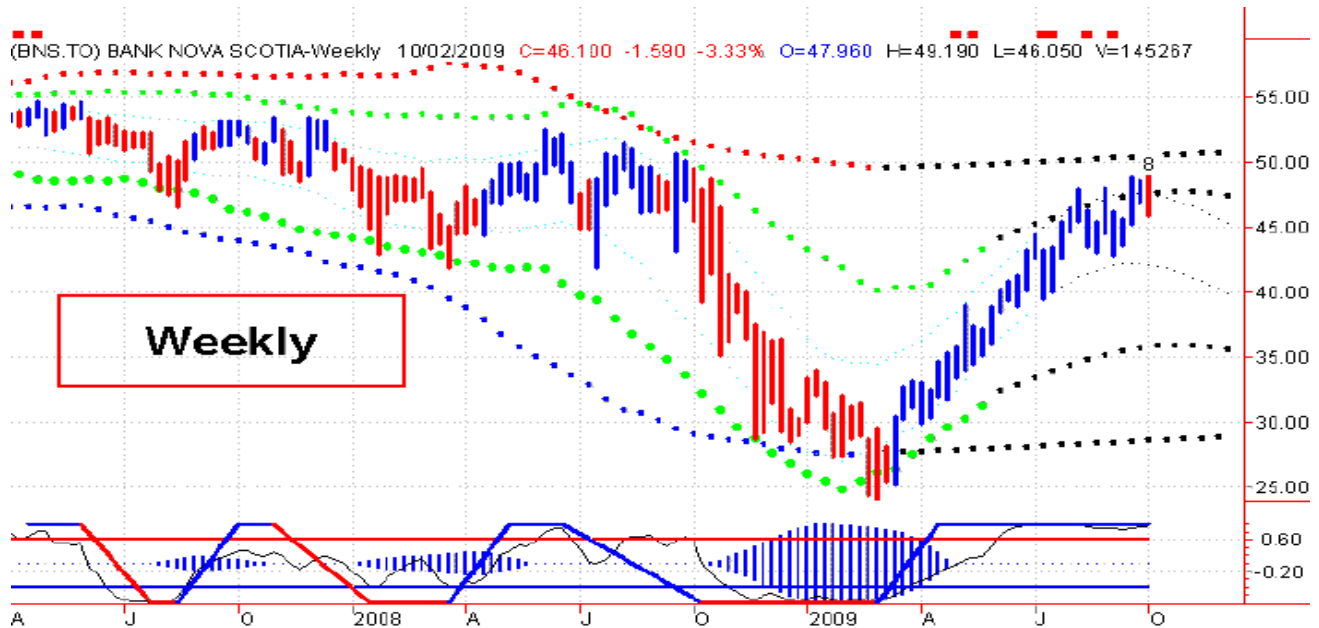
## IS THE PARTY OVER?

After exhibiting an impressive run since 2003, BNS reached its zenith in mid 2007 and went into a downtrend for 17 months. After bottoming in February of this year, BNS has recovered 80% of its decline from the 2007 highs to the 2009 lows (See 1 on the chart below.) For 2009 as a whole, the stock is up nearly 40% (2).

Note: theUpTrend.com charts are colour-coded: **Blue** = Bullish; and **Red** = Bearish.



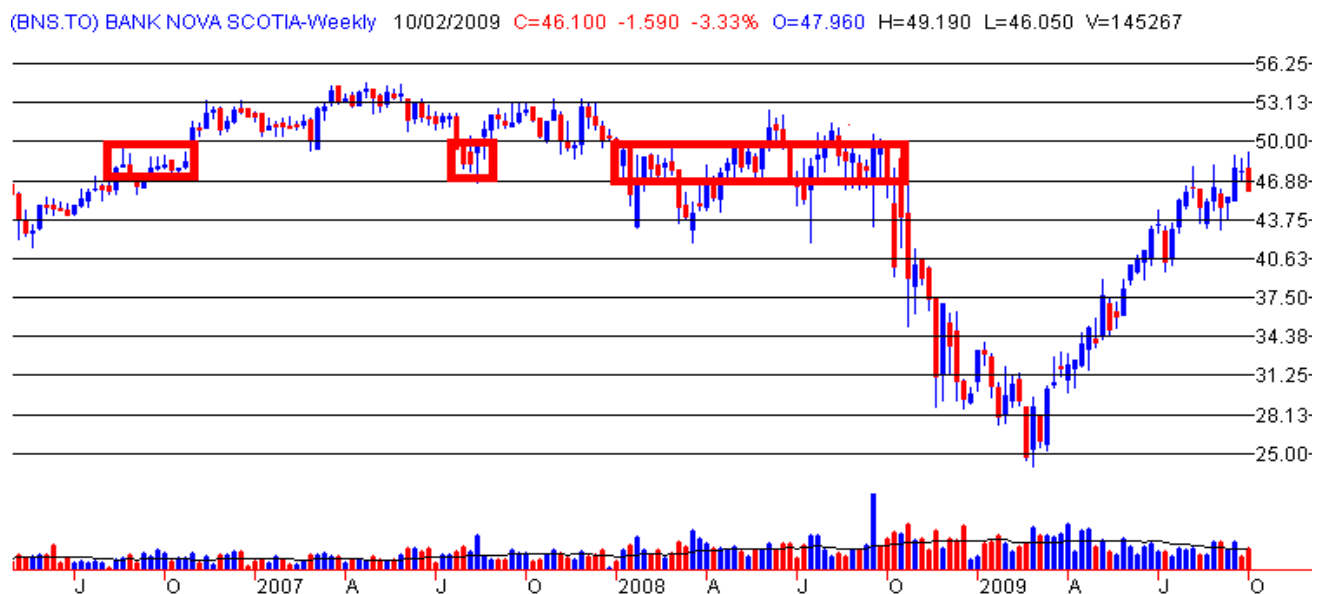
However, it looks like the good times are coming to an end. The stock has reached the upper end of the Long-Term Price Projection, and last week's negative price movement generated the first Red Weekly Price Bar since mid March (chart next page).



## RESISTANCE BANDS

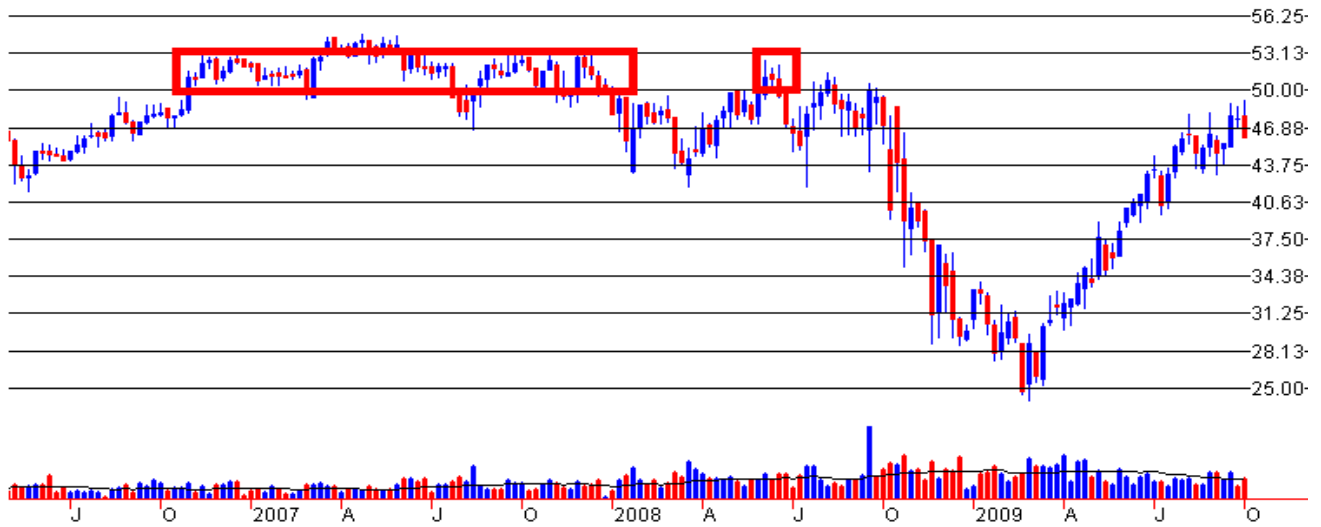
For the last three months, the stock has been trying to test the \$50 resistance area, but without success. This is attributable to the two powerful long-term bands of resistance that have formed. These are shown on the following two charts.

The first band of resistance runs between \$46.88 and \$50.00, shown on this first chart.



The second band of resistance runs between \$50.00 and \$53.13, shown on this second chart.

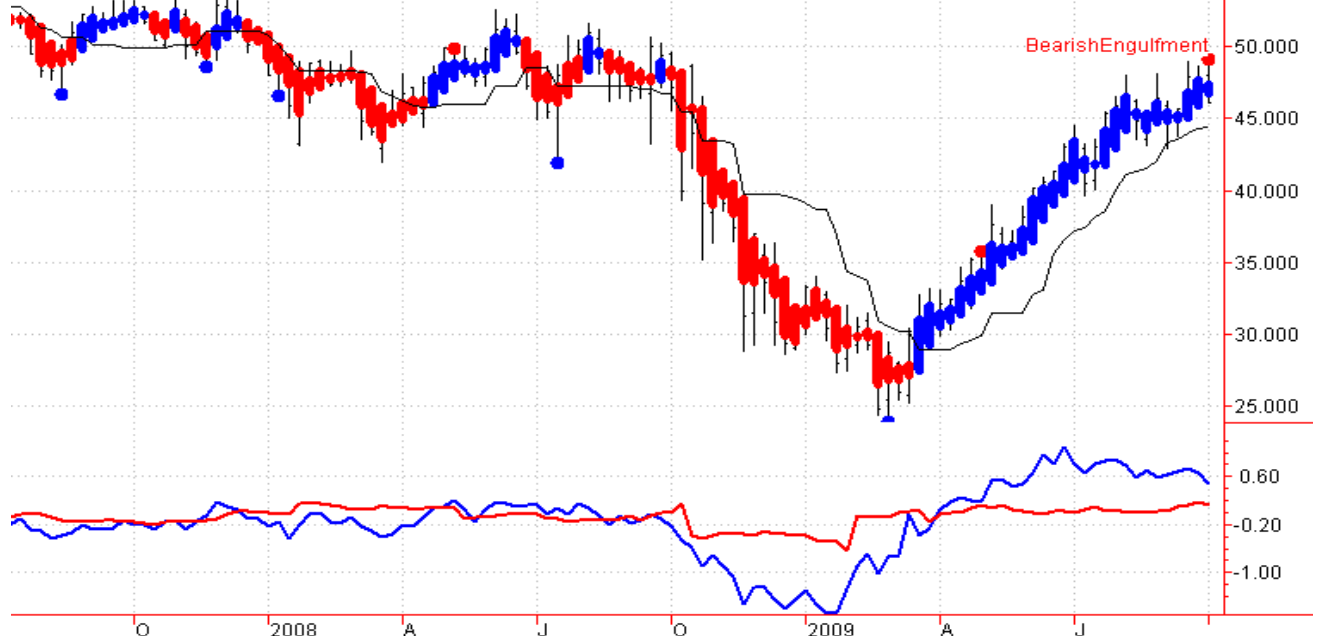
(BNS.TO) BANK NOVA SCOTIA-Weekly 10/02/2009 C=46.100 -1.590 -3.33% O=47.960 H=49.190 L=46.050 V=145267



### INITIAL LONG-TERM BEAR SIGNAL

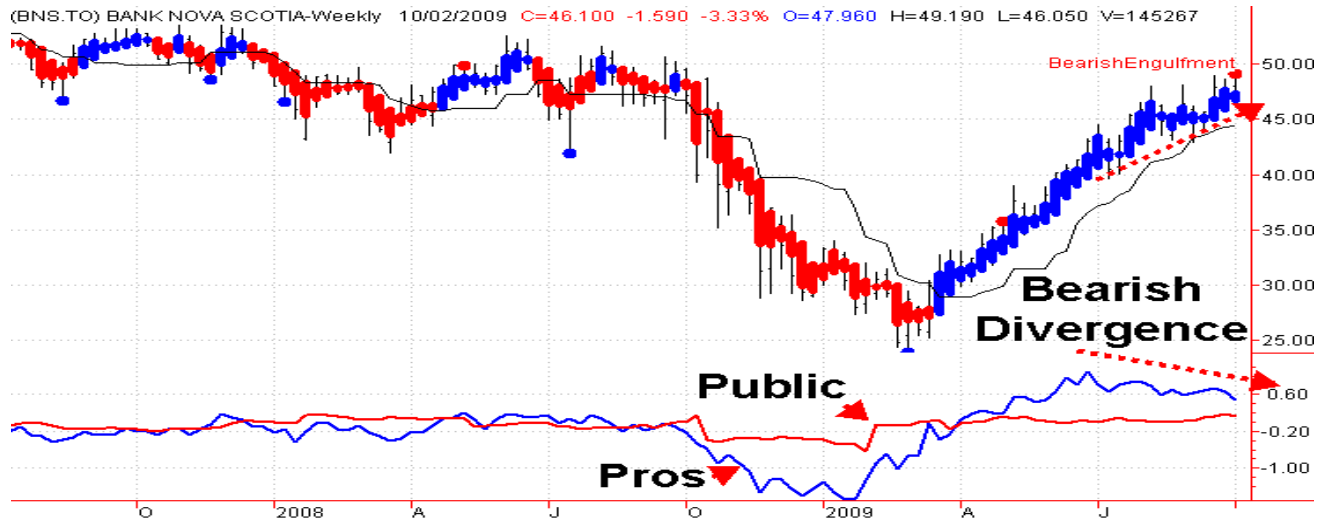
Last week's negative price action provided a new Weekly Bearish Engulfment Signal, indicating that a potential market top for the stock may be in place. However, this signal has not yet been confirmed, which requires additional negative price action.

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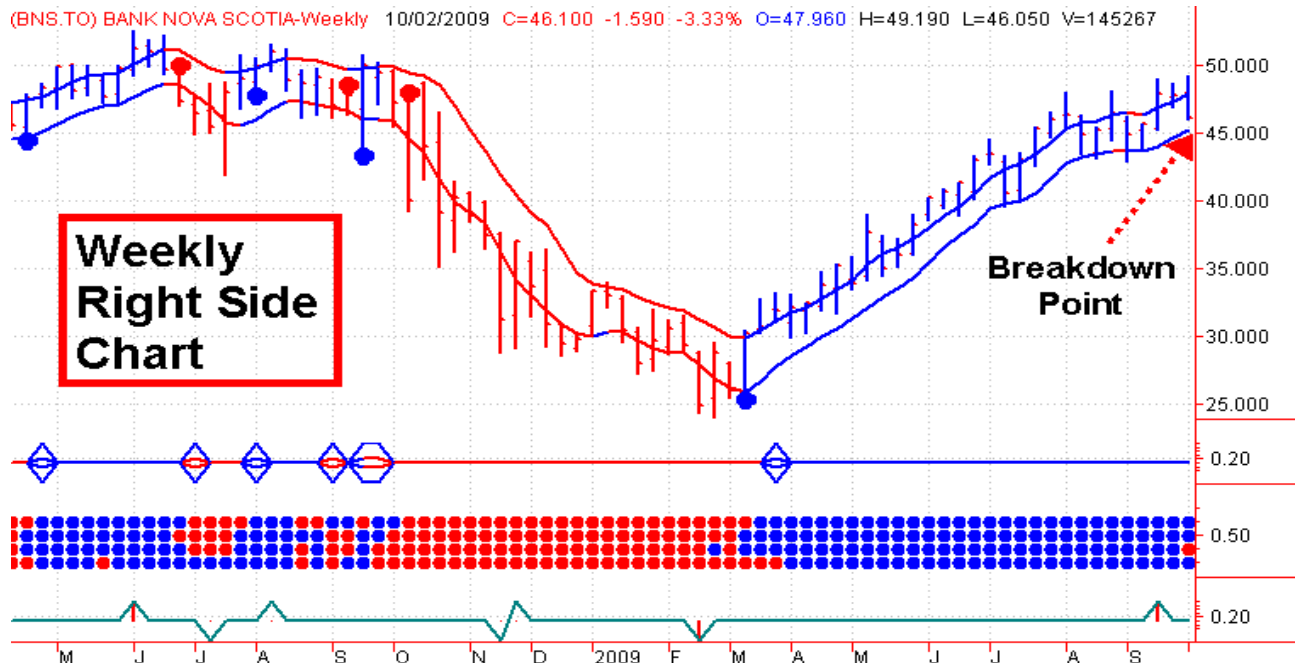
## ACTION BY THE PROS

The following chart shows the activity by the Pros (i.e., the institutions and money managers). While prices have continued to rise, the Pros have been selling into this strength. This discrepancy, in which the stock price has moved higher while the indicator has moved lower, is called Bearish Divergence. This is a negative.



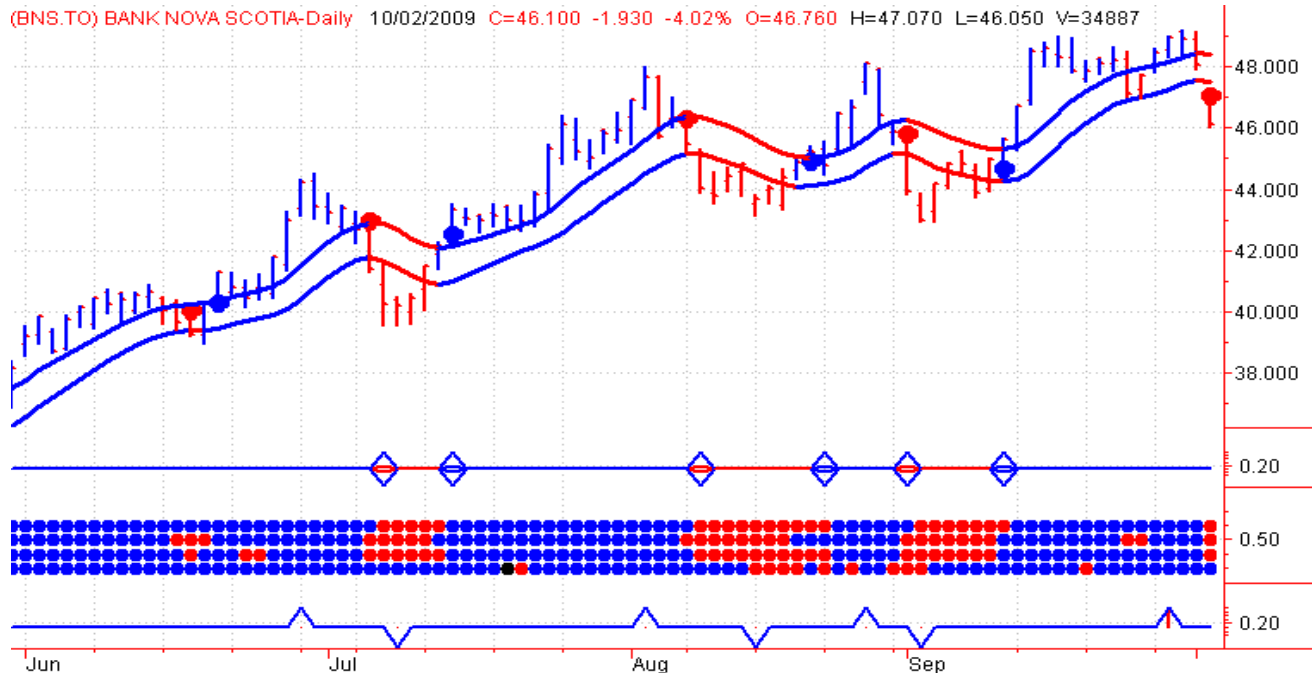
## DECISION-MAKING

What should investors do? The Weekly Right Side Chart indicates that long-term investors should consider exiting the stock when there is a weekly close below \$45.



## SHORT-TERM VIEW

The immediate outlook for BNS stock is not sanguine. And the longer-term outlook for BNS is equally not promising. Longer-term investors need the stock to generate a new Daily Buy signal. However, this does not look like it is going to happen. In fact, last Friday's (October 2, 2009) sell-off in financial stocks generated a new Daily Sell signal for BNS. Now, a daily close above \$48.25 is required to generate a new Daily Buy signal. Should it occur, it would alleviate downward pressure on the stock and give it another opportunity to take out resistance at \$49.



## CONCLUSIONS

- (1) Long-term investors should be aware that BNS has run into two bands of significant long-term resistance between \$46.88 and \$53.13. There is additional psychological resistance at \$50.00. Last week's negative price movement generated a couple of negative early warning signals, but was not enough to create a new Sell signal for long-term investors. However, long-term investors should be prepared to sell on a weekly close below \$45.00.
- (2) Short-term investors should sell. The short-term indicators are currently negative.
- (3) Investors who are seeking a low-risk buying opportunity for BNS should continue to wait until there is a significant sell off.



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