

### ROYAL BANK OF CANADA

Price (September 17, 2009)	\$57.15
52-Week Range	\$57.63-\$25.52
Shares O/S	1,412.23 million
Market Cap	\$80.71 billion
Enterprise Value	\$80.62 billion
Enterprise Value Per Share	\$57.09
50-day Average Volume	3,778,100
200-day Average Volume	5,406,800
Fiscal Year-End	October 31
Symbol	TSX: RY
Website	www.rbc.com

#### Financial Data

##### Selected Income/Cash Flow

C\$millions; 12 months ended	Oct-07	Oct-08	Jul-09
Revenues	\$41,307	\$37,566	\$37,300
EBIT	\$7,025	\$6,005	\$5,342
Net Income	\$5,492	\$4,555	\$3,589
Cash Flow (CF) From Ops	\$22,503	\$11,432	\$6,662

Selected Balance Sheet	At Oct-07	At Oct-08	At July-09
Cash (& Equivalents)	\$4,226	\$11,086	\$7,966
Total Debt	\$7,935	\$9,531	\$7,881
Shareholders' Equity	\$24,439	\$30,758	\$35,614
Total Assets	\$600,346	\$723,859	\$659,942
Enterprise Value	\$68,466	\$46,864	\$72,334

Key Ratios	At Oct-07	At Oct-08	At July-09
EBITDA Margin	17.0%	16.0%	14.3%
Return on Equity (ROE)	22.5%	14.8%	10.1%
Return on Assets (ROA)	0.9%	0.6%	0.5%
Total Debt/Total Capital	24.5%	23.7%	18.1%
Cash Flow/Total Debt	2.84x	1.20x	0.85x
Earnings Per Share	\$4.31	\$3.49	\$2.55
Cash Flow Per Share	\$17.67	\$8.76	\$4.73
Cash Per Share	\$3.31	\$8.27	\$5.64
Equity Per Share	\$19.15	\$22.93	\$25.22
Enterprise Value Per Share	\$53.65	\$34.94	\$51.22

eResearch Analyst: Bob Weir, B.Sc., B.Comm., CFA  
the UpTrend.com Analyst: Stephen Whiteside

eResearch Corporation 56 Temperance Street, Suite 501 Toronto, ON M5H 3V5 Telephone: 416-643-7650 Toll Free: 877-856-0765	theUpTrend.com 2 Bloor Street West, Suite 100 Toronto, ON M4W 3E2 Telephone: 416-915-6396
---	--

Note: Report prepared with public information only.



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

#### PROFILE

Royal Bank of Canada and its subsidiaries operate under the master brand name RBC. The Company is: (a) Canada's largest bank as measured by assets and market capitalization; (b) one of North America's leading diversified financial services companies; and (c) amongst the largest banks in the world as measured by market capitalization.

RBC provides personal and commercial banking, wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis.

It employs approximately 80,000 full and part-time employees who serve more than 18 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 53 other countries.

## SUMMARY

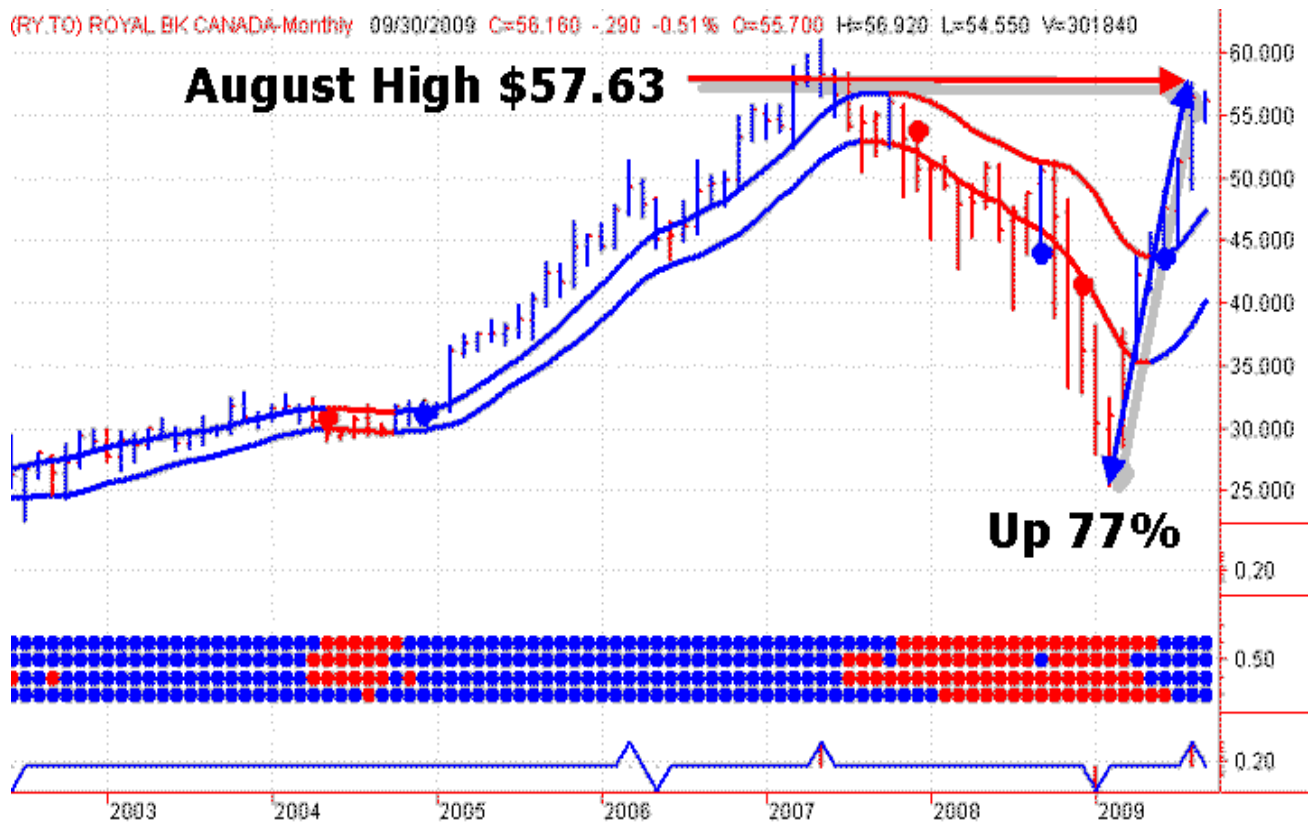
An imminent pull-back in the shares of The Royal Bank of Canada is expected after the stock's sharp rise since the February 2009 lows. If the current open gap support level (\$53.38 - \$54.55) does not hold, then a decline of 17% to 26%, or to \$42.50 to \$47.50, is possible.

On the upside, if the August 2009 highs can be exceeded, the price objectives are \$59.38 and then \$62.50.

## OVERBOUGHT

On a scale of 0 to 10, where "0" is substantially under-valued and "10" is substantially over-valued, the Royal Bank is currently ranked "10" on both the daily and weekly charts, indicating that RBC's stock is currently overbought.

The Royal Bank has been one of the star performers on the TSX since hitting a major low of \$32.50 in February. Being up 77% from its lows, the question is: Where is the stock going from here? So far the August highs are acting as resistance, but there is seems to be more than the August highs to deal with.



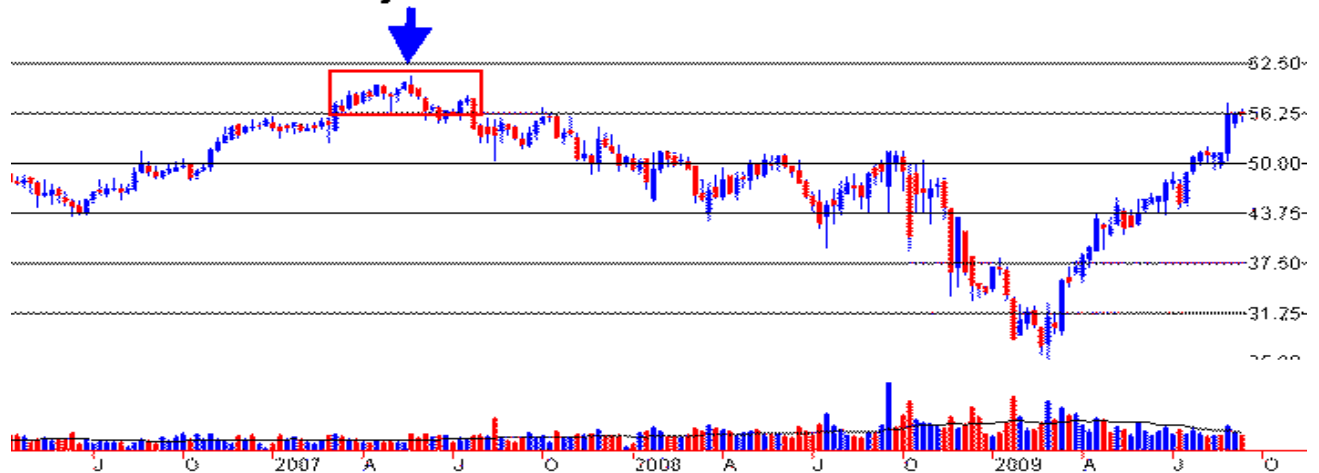
## BUYER'S REMORSE

The last time that Royal Bank was trading at these levels was in the spring of 2007. Starting in that year's RRSP season, and lasting for about six months, Royal Bank traded in a narrow range of \$56.25 to \$60.00.

Now that the stock has returned to these levels, long-term investors, who have suffered buyer's remorse for the last two years, have an opportunity to sell their shares and recoup most of their initial investment.

(RY.TO) ROYAL BK CANADA-Weekly 09/11/2009 C=56.160 -0.240 -0.43% O=56.600 H=56.920 L=55.270 V=154459

### Historic Buyers Remorse



This period of buyer's remorse can be seen on our weekly "Is It Safe" chart shown below, where a major early warning Sell signal showed in June of 2007, to our most recent early warning Buy signal that appeared in March of 2009. The red shading indicates when it is/was not safe to be in this stock.



After a major move up like this, a pullback of some sort should not be unexpected. A reasonable 10% pullback would not likely shake many long-term investors out of this stock. However, if the pullback was more than 10%, long-term investors would likely start to abandon the stock in anticipation of a much bigger decline that could possibly follow.

## SUPPORT

With reference to the weekly Fly Paper Channel Chart below, long-term support comes in between \$42.50 and \$47.50. From yesterday's \$57.27 close, this would be a decline of 17% to 26%. This is more than what the average long-term investor is likely to endure.



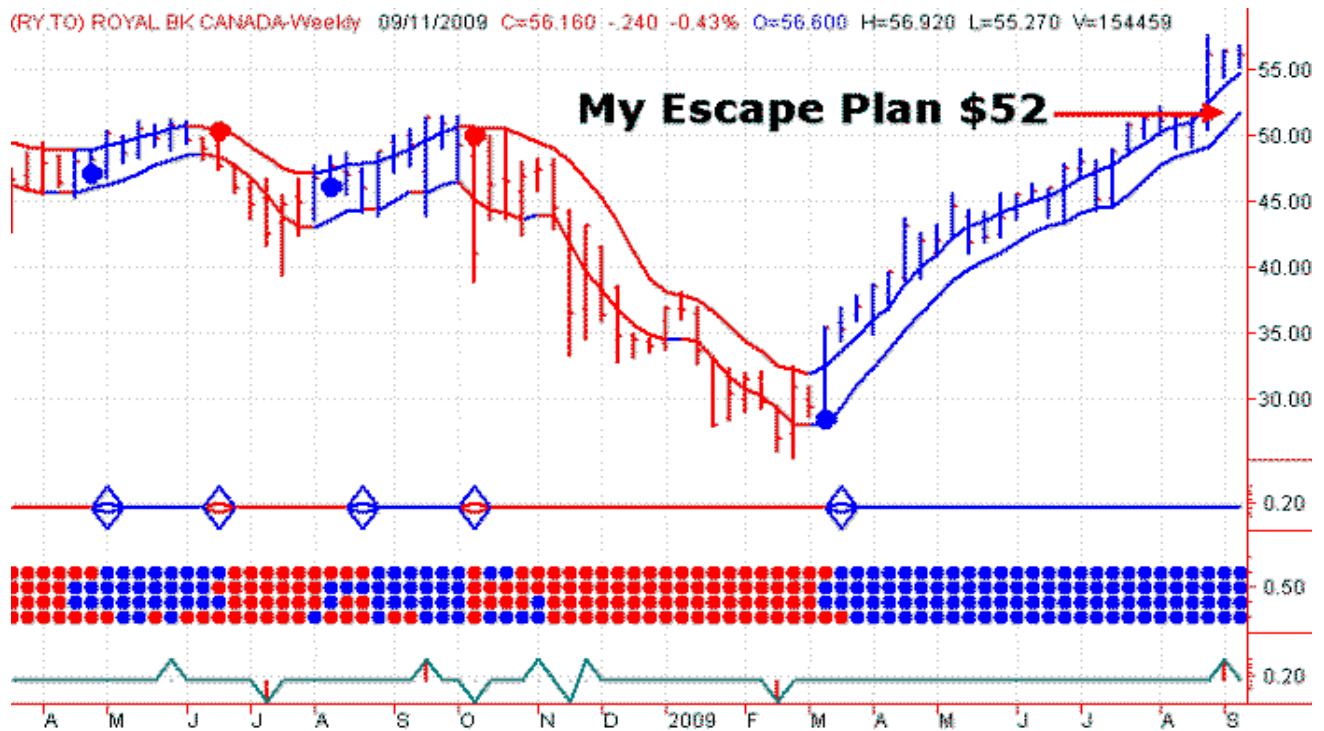
## LOOKING AHEAD

Possible future scenarios include the following:

**Scenario 1** would be that the stock moves higher from here and, after a successful move above \$60.00, continues to move up to test the \$62.50 resistance target.

**Scenario 2** would be that the stock moves lower from here. The Pros (i.e., institutions) would be expected to give up control on a weekly close below \$51. This would be slightly more than a 10% decline from yesterday's close.

Using the weekly Right Side Chart, a Sell signal would occur on a weekly close below \$52. This breakdown point will continue to move higher.

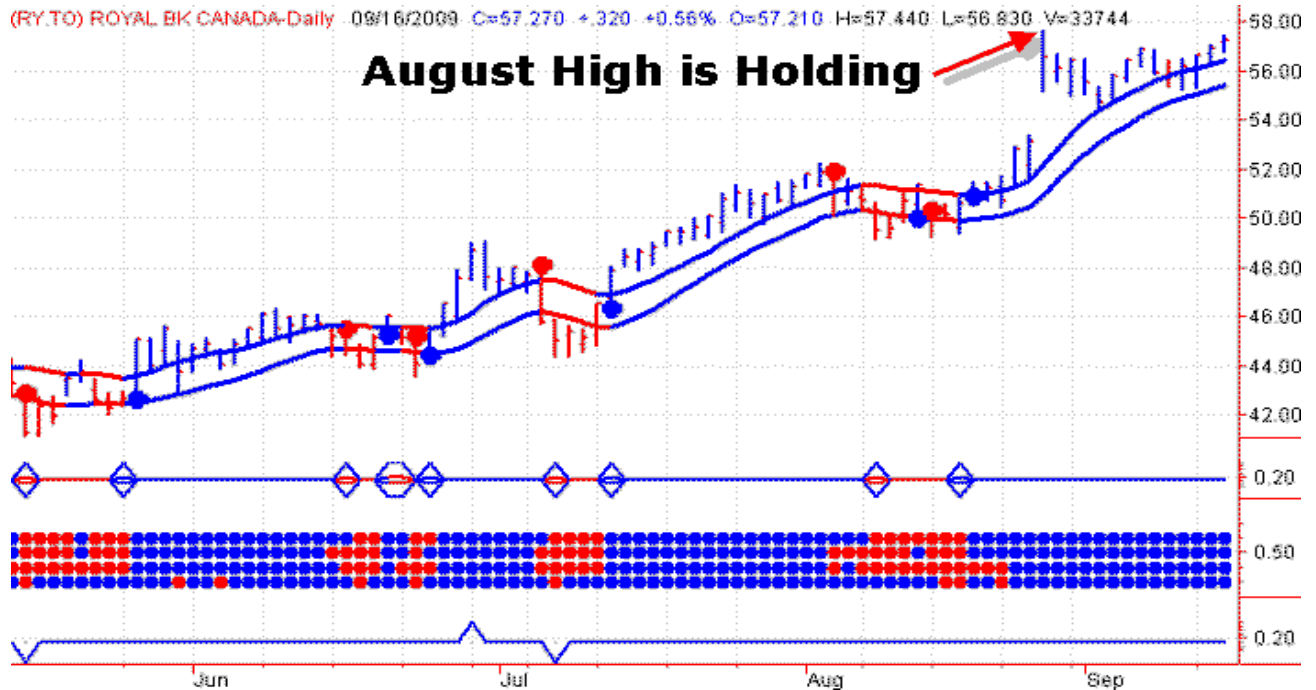


And VERY conservative long-term investors would likely exit the stock on a weekly close below \$48.



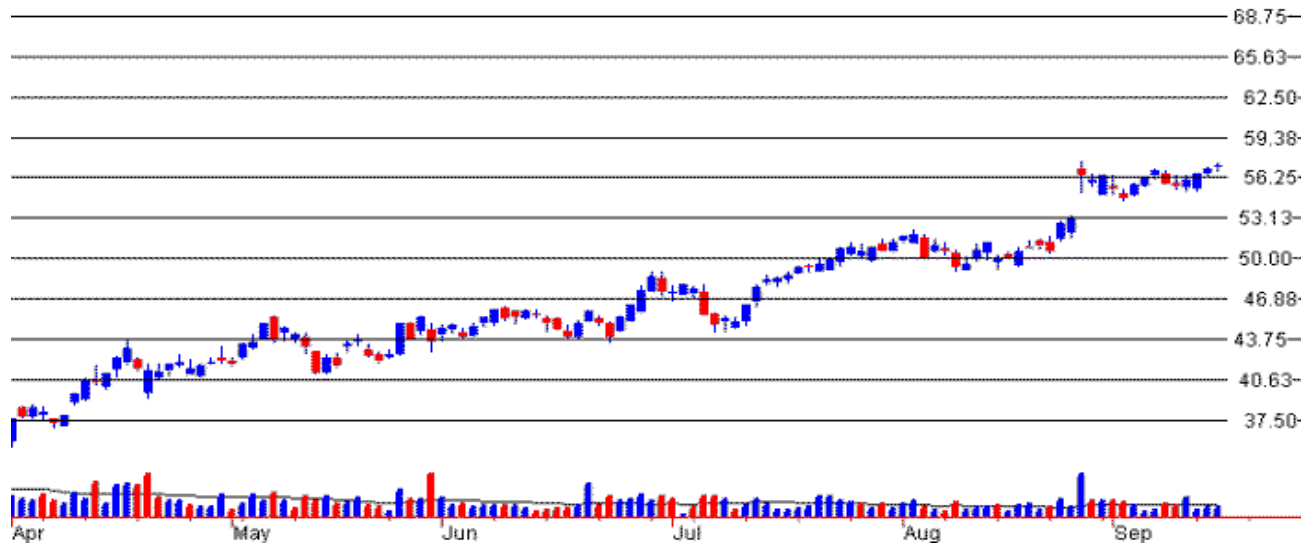
## DAILY CHARTS

Looking at the Daily Charts, the August high has not been breached.

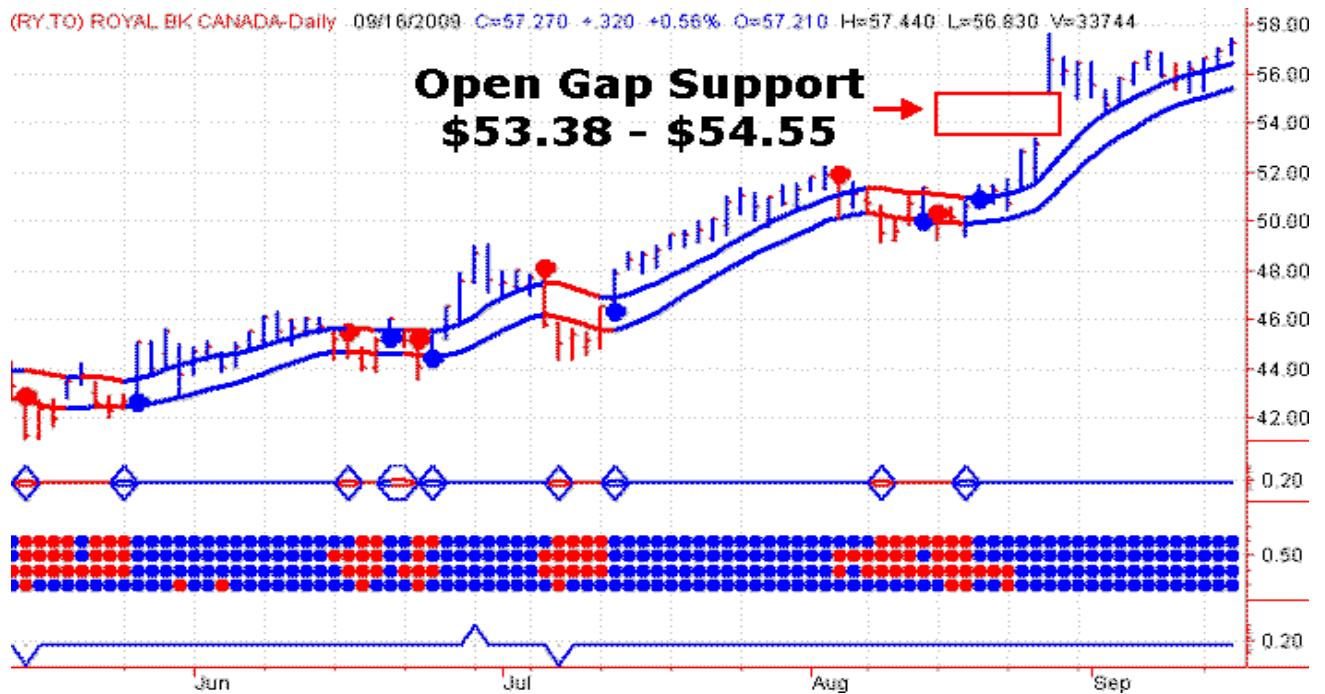


If the stock can break out above the August highs, the upward targets, shown below, are \$59.38, and then \$62.50.

(RY.TO) ROYAL BK CANADA-Daily 09/16/2009 C=57.270 +.320 +0.56% O=57.210 H=57.440 L=56.830 V=33744

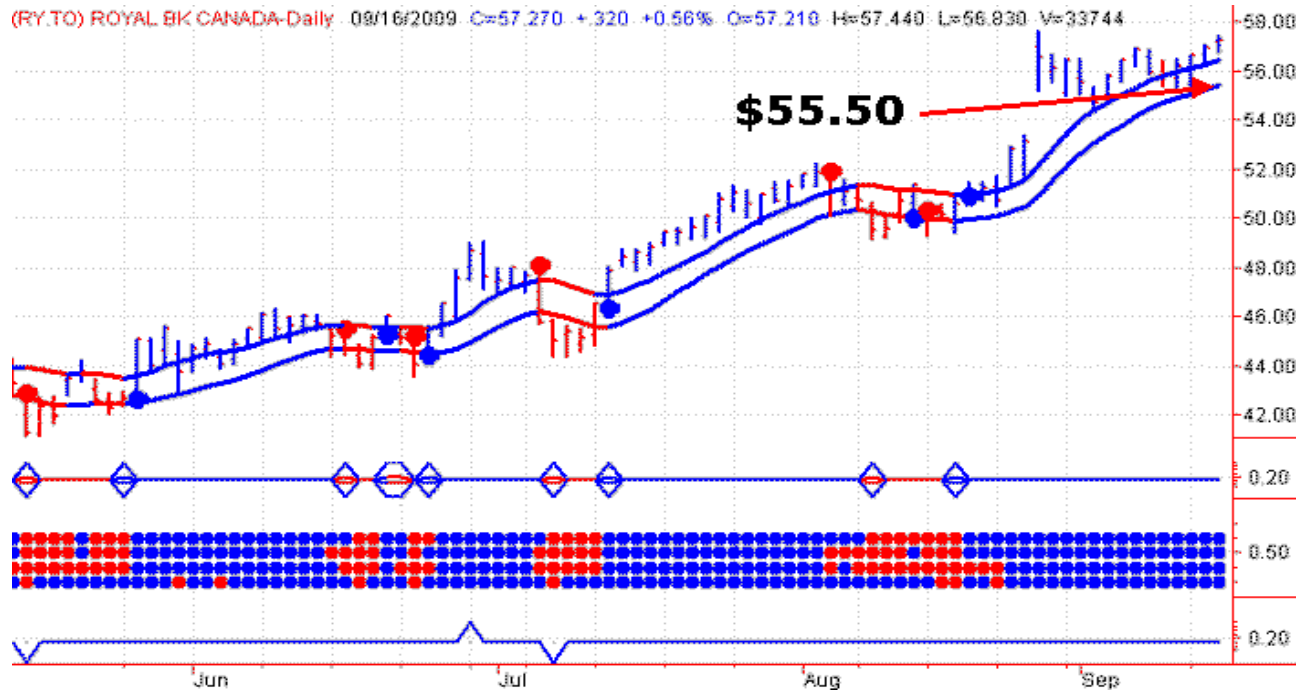


Looking down, there is an open gap support between \$53.38 - \$54.55.



While this gap may be breached intraday, decisions should be based only on closing prices.

Thus, the strategy at this point for trading accounts is to exit this stock on a daily close below \$55.50.



## CONCLUSIONS

- (1) The Royal Bank has had an excellent run off its February lows.
- (2) The stock is currently overbought both on a daily and weekly basis, and a pullback should be expected at any time.
- (3) If the August highs can be breached, higher prices up to \$62.50 would be expected.
- (4) If the current open gap does not act as support, then a pullback of 17% to 26% would be expected.



---

## DISCLAIMERS

### **eResearch Disclosure Statement**

eResearch is registered with the Ontario Securities Commission as a Securities Adviser and as a Limited Market Dealer. The business activities and operations associated with eResearch's registration as a Securities Adviser are carried out solely by its Research Services division, which provides research and analysis to the investment community. The business activities and operations associated with eResearch's registration as a Limited Market Dealer are carried out solely by its Capital Services division, which engages only in capital market services with Corporate Issuers and Accredited Investors. eResearch does not manage money or trade with the general public which, combined with the full disclosure of all fee arrangements, the strict application of its Best Practices Guidelines, and the creation of an effective "Chinese Wall" between the Research Services and the Capital Services divisions, should eliminate potential conflicts of interest.

eResearch makes all reasonable efforts to provide its research, via e-mail, simultaneously to all subscribers. eResearch posts all of its Research on its own website ([www.eresearch.ca](http://www.eresearch.ca)), disseminates its research through its extensive electronic distribution network, and provides notification of its research through newswire agencies.

### **theUpTrend.com Disclosure Statement**

TheUpTrend.com is an information service for investors and traders, and is neither a recommendation nor an offer to buy or sell securities. TheUpTrend.com is not a broker or an investment adviser, and is not acting in any capacity to influence the purchase of any security. TheUpTrend.com and its personnel may already have positions in equities presented. TheUpTrend.com, its officers, directors, employees, and consultants shall not be liable for any damages, losses, or costs of any kind or type arising out of or in any way connected with the use of its products or services. In many instances, securities presented should be considered speculative with a high degree of volatility and risk. Before trading securities, an investor or trader should consult with a qualified broker, investment adviser, and/or other market professionals. All commentaries, suggestions, recommendations, and trade decisions are based solely on technical analysis and are not based upon company fundamentals, news, earnings, or rumors. Past performance is not indicative of future performance. Further information regarding theUpTrend.com can be obtained from its website: [www.theuptrend.com](http://www.theuptrend.com).