

## Equity Index Update February 11, 2009

“Meet the new boss, same as the old boss.”

SPX prices are pressing back down now to test buyers that probably don't care a whole lot about what government officials have to say anyway. Testing the mid-Jan lows now critical ahead of a deeper move towards 700 and the action in the index heavyweight names we have discussed recently is tipped bearishly. We will look for 855-857 to cap any rally attempts. Closes down through 820 should lead to bearish acceleration.

Gold is testing important lateral resistance and we continue to use 932 to stop what we believe is a high risk/reward short setup. We are completely cognizant that gold is gathering psychological power in the marketplace while defying the massive drop in the CRB and the marked strengthening of the dollar over the last 6-9 months. We won't step in front of a mania should it unleash right here, right now. But make no mistake gold is a very singular bet in our opinion, a simple one way bet on the demise of fiat currency. The idea that shiny yellow rocks or other baubles can preserve you should our currency fail is evidence of a misguided mania. That said if prices can build value above 932 I will go long as well. Its kind of like buying SUNW at 150 in December of 99, I hope I can get out at 250 before I become a believer.



The results presented should not and cannot be viewed as an indicator of future performance.  
 Charts courtesy of Bloomberg Finance L.P.

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