



Blaze Tankersley, CFA CMT	+1 212 480 1400
Senior Managing Director btankersley@baycrestpartners.com	
Equities/Derivatives Trading	+ 1 646 878 0005

Morning Comments February 2, 2009

Index ETF volume picked up Friday as prices began to break down and we expect volumes to flow still greater across equity markets as the downside prevails towards its nadir for this episode. A variety of techniques suggest to us SPX ~720-740 contains this leg on the downside were we would look to cover shorts.

Gold is staging a large bearish reversal this morning demonstrating the type of action that has led to near term tops frequently over the past year. Our feelings here are quite well known to our readers and we continue to view the real fundamentals of the gold market bearishly and the current up move as a transient speculation. Look for gold to top around current levels.

Treasuries are coming into a high risk/reward long area and we would expect the conflux of weaker equity and topmy gold to drive prices up quickly immediately. Take TLT out long around ~104 with stops close by under Fridays action.

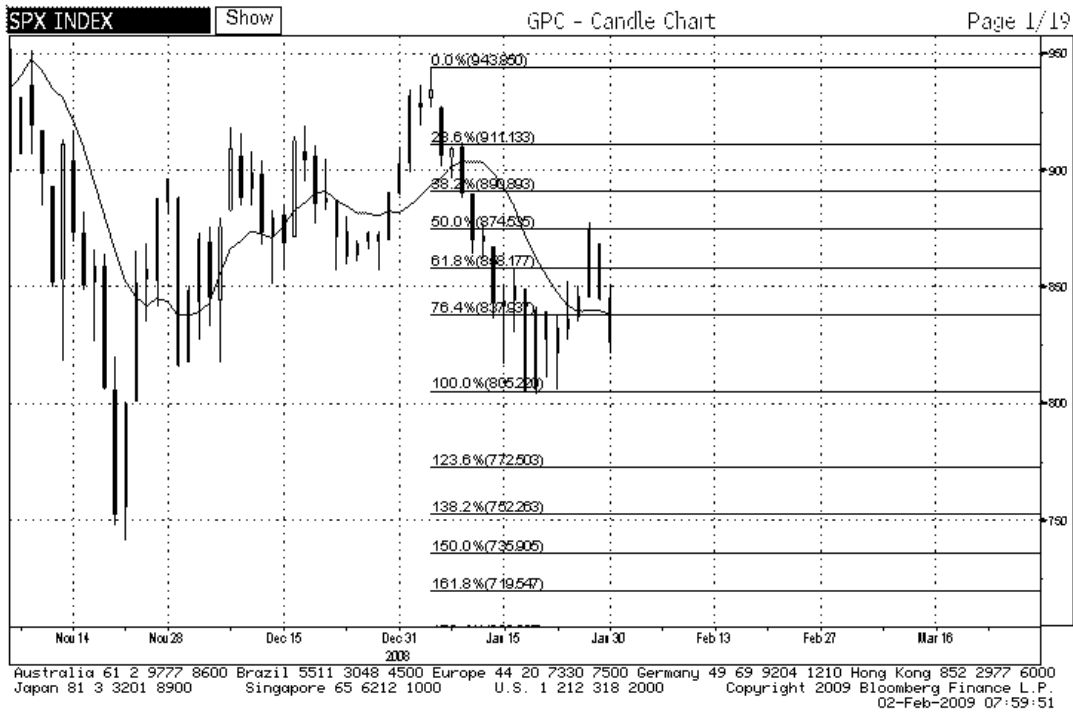
Oil has been a real struggle long as we have been too early in the bottoming process here. Our work continues to point to the potential for a major intermediate term bottom but we are cognizant that this is a market that wants to stop out longs albeit however briefly. We are undeterred in our belief in this market long but take appropriate steps with respect to risk should recent lows fail.

The markets play cruel jokes on its participants and we sense a cruel and clever one brewing now for equities. With everyone focused on financials the high weight index names go unremarked it seems. These defensive staple and big energy names that drive the indexes are quietly being distributed in favor of more offensive positions. The joke is that as managers become more bullish and interested in taking risk they sell the heavyweight index names to buy more offensive names and the more the market declines. We will be speaking a lot more about this during the week.

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

SPX 825.88Y as of close 1/30

Msg:R.FRIEDLAND



GC1 ↑ 908.10 -19.20 E E 908.70/908.90 E 1x1
 At 7:51 Vol 1,078 Op 929.00 Hi 928.80 Lo 903.90 Prev 927.30

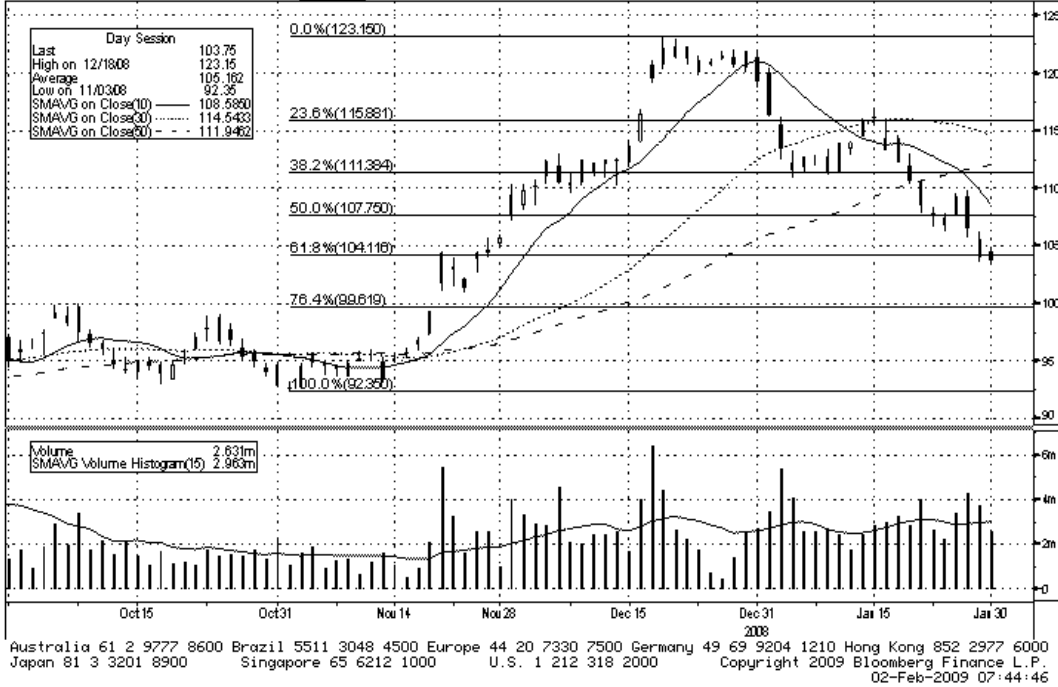
Msg:R.FRIEDLAND



Msg: R.FRIEDLAND

TLT US \$ Market T **103.21/104.60P** 1x8 Prev 103.75 X

TLT US EQUITY GPC - Candle Chart Page 1/10



USO US \$ Market T **28.37/28.43** T 40x30 Vol 192,157 Prev 29.22

USO US EQUITY GPC - Candle Chart Page 1/10



Important Disclosures

Analyst Certification - The author certifies that this research report accurately states his/her personal views about the subject securities, which are reflected in the substance of this report. The author certifies that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. The research provided in this report is based on technical analysis provided by Bay Crest Partners LLC. Technical analysis is the study of price and volume and the interpretation of trading patterns associated with such studies in an attempt to project future price movements. The investments discussed in this report may not be suitable for all investors. Investors should use technical analysis as one input into formulating an investment opinion.

Potential Conflicts of Interest

Analysts employed by Bay Crest Partners LLC are compensated from revenues generated by the firm. Bay Crest Partners LLC generally prohibits any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. Additionally, Bay Crest Partners LLC generally prohibits any research analyst from serving as an officer, director or advisory board member of a company that such analyst covers.

Company Specific Disclosures

Bay Crest Partners LLC does not expect to receive or intend to seek compensation for investment banking services from any or all companies listed.

Additional Information

Please write to Bay Crest Partners LLC 40 Wall Street, 45th Floor, New York, NY 10005 Attention: Compliance Department.

Other Disclosures

This report is issued and approved by Bay Crest Partners LLC, a registered member of NYSE, FINRA, ARCA, ISE, NASDAQ, NFA. This report does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account the investment objectives, financial situation or specific needs of any particular client of Bay Crest Partners LLC. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. The analyst writing the report is not a person or company with actual, implied or apparent authority to act on behalf of any issuer mentioned in the report. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances.

We recommend that investors independently evaluate particular investments and strategies. Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Bay Crest Partners LLC accepts no liability for any loss arising from the use of information contained in this report. All information, opinions and statistical data contained in this report were obtained or derived from public sources believed to be reliable, but Bay Crest Partners LLC does not represent that any such information, opinion or statistical data is accurate or complete, and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice. Nothing in this report constitutes legal, accounting or tax advice. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice on the tax consequences of investments. This report may provide addresses of, or contain hyperlinks to, Internet web sites. Bay Crest Partners LLC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

This report or any portion hereof may not be reprinted, sold, or redistributed without the written consent of Bay Crest Partners LLC.