

Morning Comments February 24, 2009

SPX prices are declining into the 735 level that we believe should show some meaningful albeit temporary support. Unfortunately, the measured pace of the move into this level has lagged our expectations in terms of swiftness and diminished a bit the efficacy of the potential bid but as we wrote on Friday, "We will look to cover a portion of our shorts at the first signs 735 is bid." Please see Friday's note for our strategy here. We continue to be disappointed with the markets reluctance to just give up and liquidate and the longer this tendency persists the worse the inevitable plunge will be when it finally does.

SHCOMP has succumbed to global equity pressure and looks to be declining into the 2100-2120 level from which prices broke out recently were we would continue to build longs.

DAX has moved down towards an area of support at 3755 synonymous with the 735 level in SPX and we think a bid develops here prior to lower prices being achieved.



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 Charts courtesy of Bloomberg Finance L.P.

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