

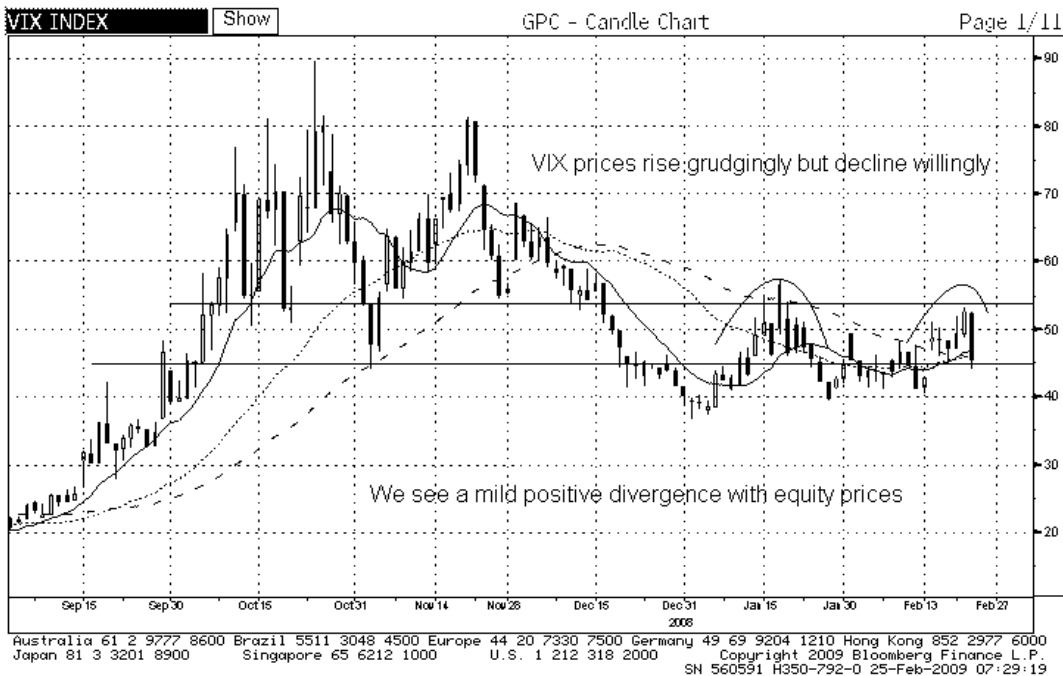
Morning Comments February 25, 2009

SPX prices turned just ahead of our 735 level and indeed traders were bloodied up a bit having been emboldened short after Monday's selling. In the essence of protecting gains we like reeling in the most extended shorts now and we note that many of the big defensive names we have been using all month have traveled about as far they can under normal conditions without a degree of reflexive correction or consolidation. Our larger intermediate/longer term structural short call stands but we recognize some correction of the YTD downtrend is inevitable as the rate of decline is unsustainable and must needs be refreshed either through time (drifting sideways now for a bit) or through price (testing the breakdown up just above 800.) So consider scaling back the shorts for a bit or as one trader said to me yesterday, "ok Blaze, so rearrange the deck furniture a bit here on the S.S. Titanic?" Yes.

SHCOMP turned just ahead of where we pegged support not unlike SPX and we still favor the Tigers relatively and the Shanghai absolutely on the long side.

DXY is working against a wide band of congestion that goes back to the early 90's and given the position of the Euro here which we think can rally a touch and the Yen which likely needs to test spot pivot around ~94 we expect a bit more grinding is in the cards here. Let's keep a close eye on MXN and BRL though as they are susceptible to thrusts with a negative bias for equity.

VIX 45.49Y as of close 2/24 Index **GPC**



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

DXY ↑ **87.282** +.387 Y / Msg: J.IVARONE
 At 7:38 Op 86.778 Hi 87.393 Y Lo 86.578 Prev 86.895

DXY CURRENCY GPC - Candle Chart Page 1/11



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P.
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BRL **2.3840Y** as of close 2/24 BGN Msg: J.IVARONE

BRL BGN CURRENCY GPC - Candle Chart Page 1/11



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