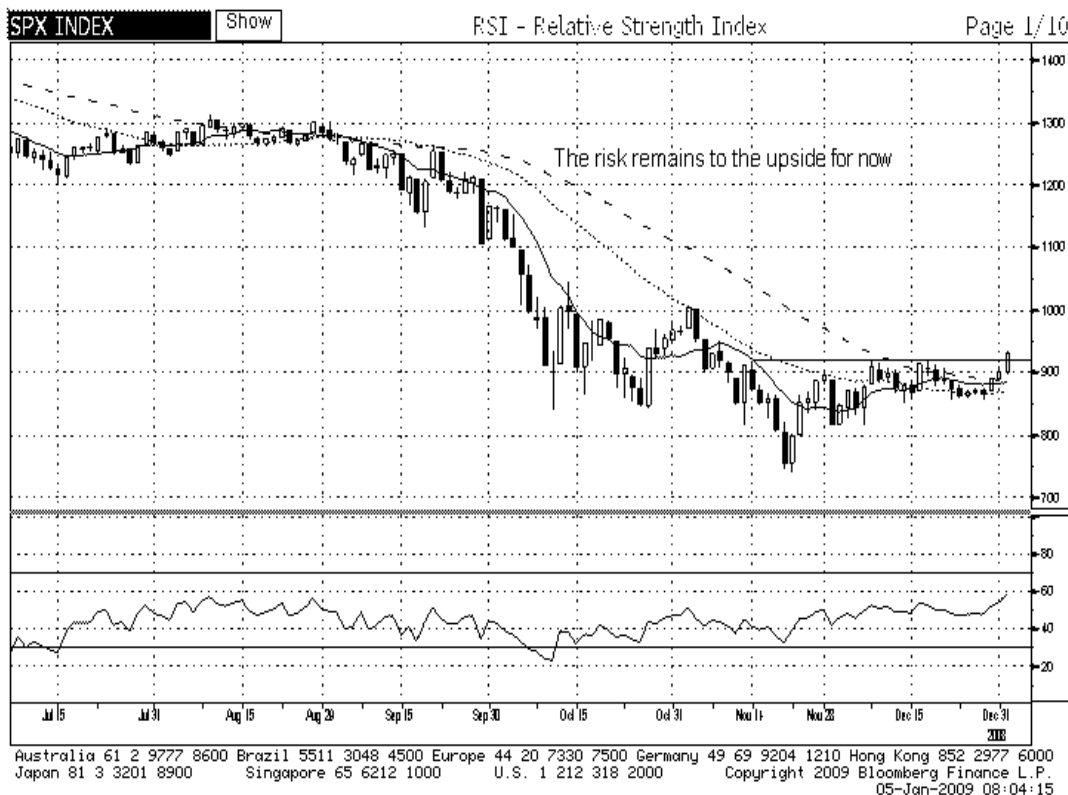


Morning Comments January 5, 2009

The risk remains to the upside in SPX over the near term and our bullish calendar projection will have run its course shortly. The continued contraction in high yield CDS spreads and the depressed level of the VIX relative to its recent highs are the limiting factors that will attempt to halt a further advance as the SPX challenges heavy resistance ahead of the 1000 level. The bulk of an intermediate term bottom is often formed over a 3 month period in our experience and that criteria have been met here so with a little more backing and filling something durable is likely to unfold now. Let the limiting factors of a depressed VIX and tighter high yield CDS spreads do their work setting up an opportunity for a bigger long trade back towards 1050. Ideally using a nice spike in volatility and pullback in junk to time a bigger trade entry. We have been consistent sellers of VIX since October but its time to close those trades out for now. Longer term accounts raise stops from 850 to 885 traders get nervous now with longs below 920. Welcome back all!

SPX 931.80Y as of close 1/ 2

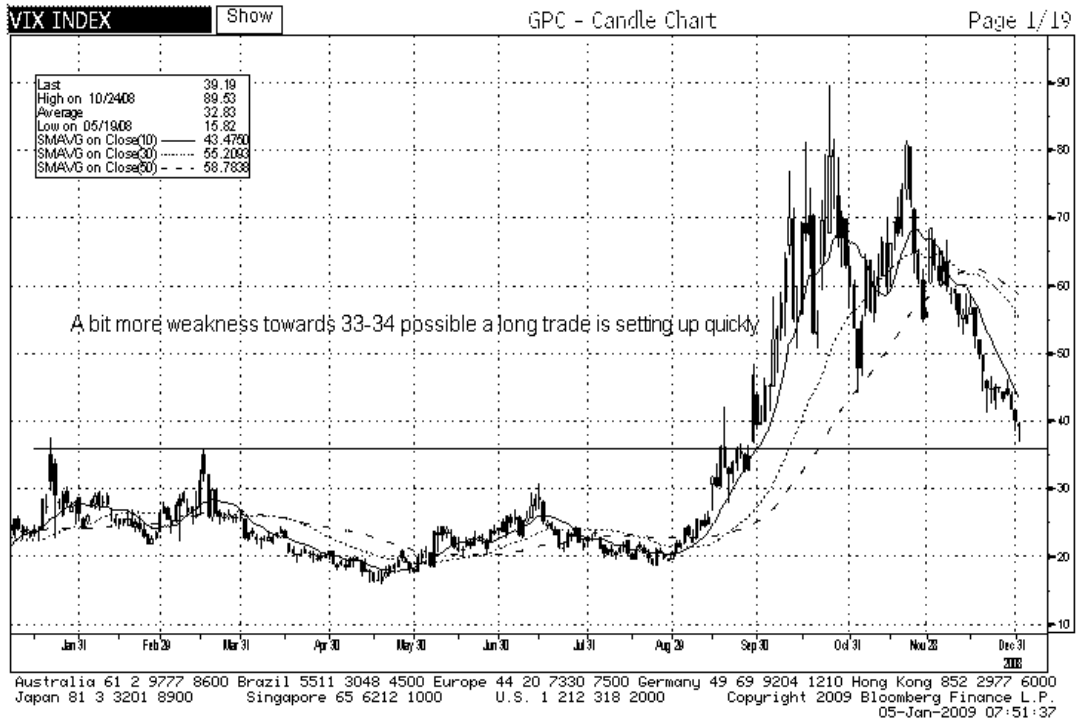
Index RSI



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

VIX 39.19Y as of close 1/ 2

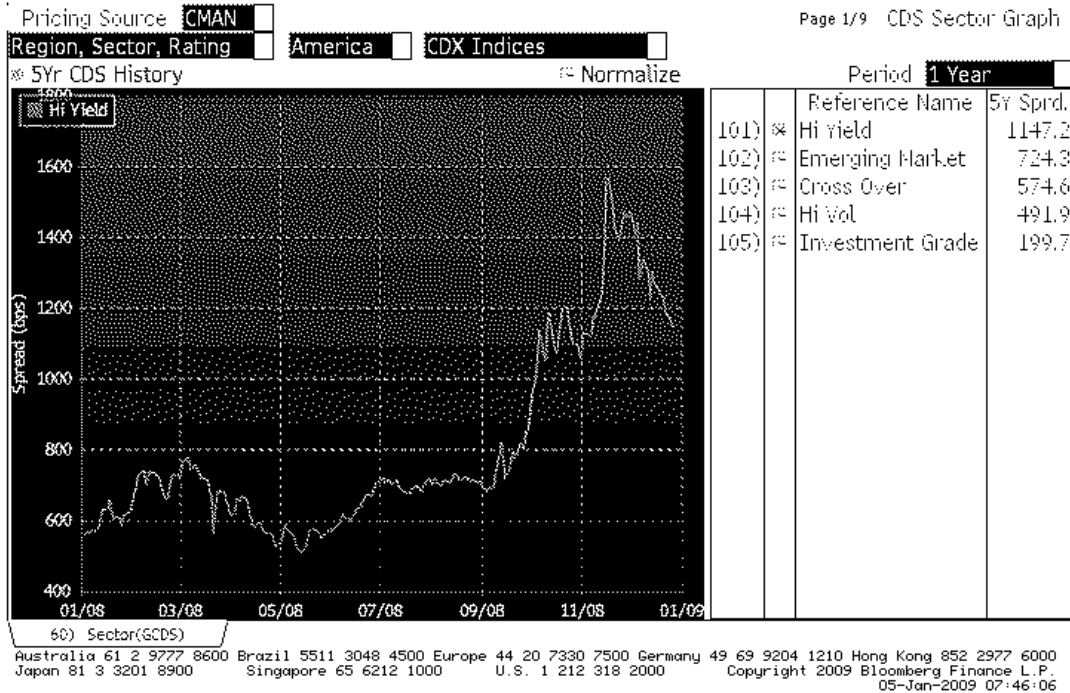
Index GPC



<HELP> for explanation.

Msg:R.FRIEDLAND

99<GO> to save current selections



DXY ↓ **83.035** +1.196 Y /
 At 7:36 Op 81.507 Hi 83.086 Lo 81.336 Prev 81.839

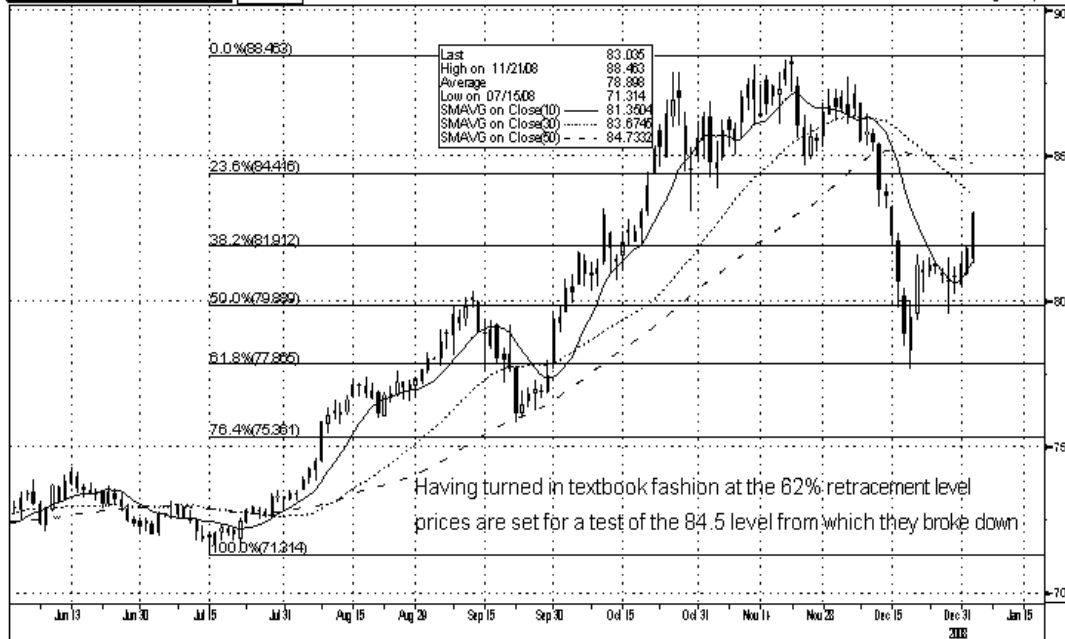
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DXY CURRENCY

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GPC - Candle Chart

Page 1/19



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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P.
 05-Jan-2009 07:36:30

TNX **24.16Y** as of close 1/2

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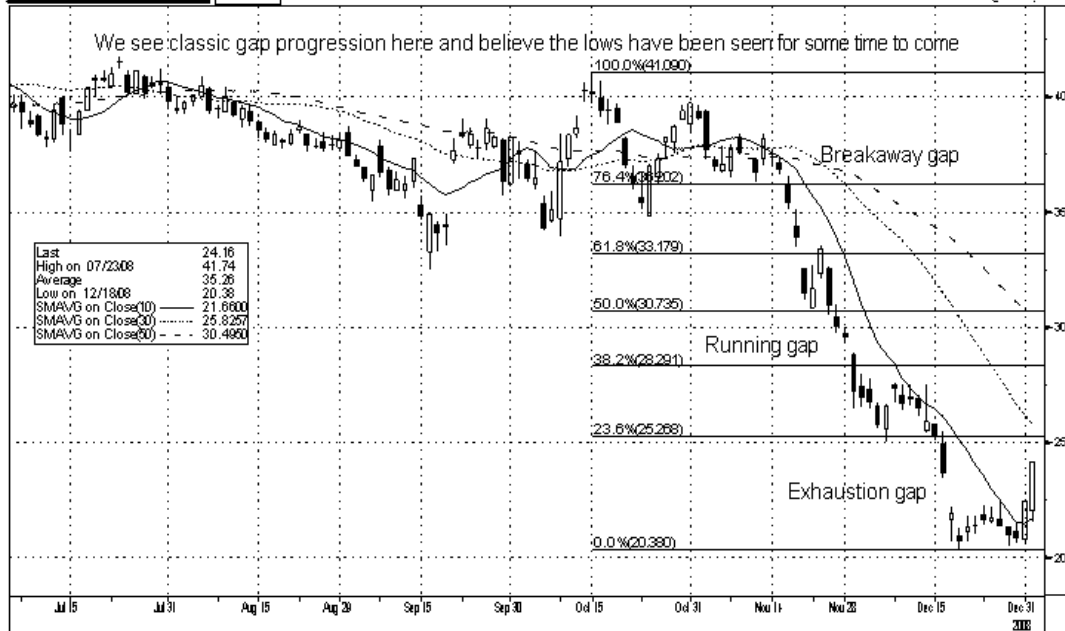
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TNX INDEX

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Page 1/10



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