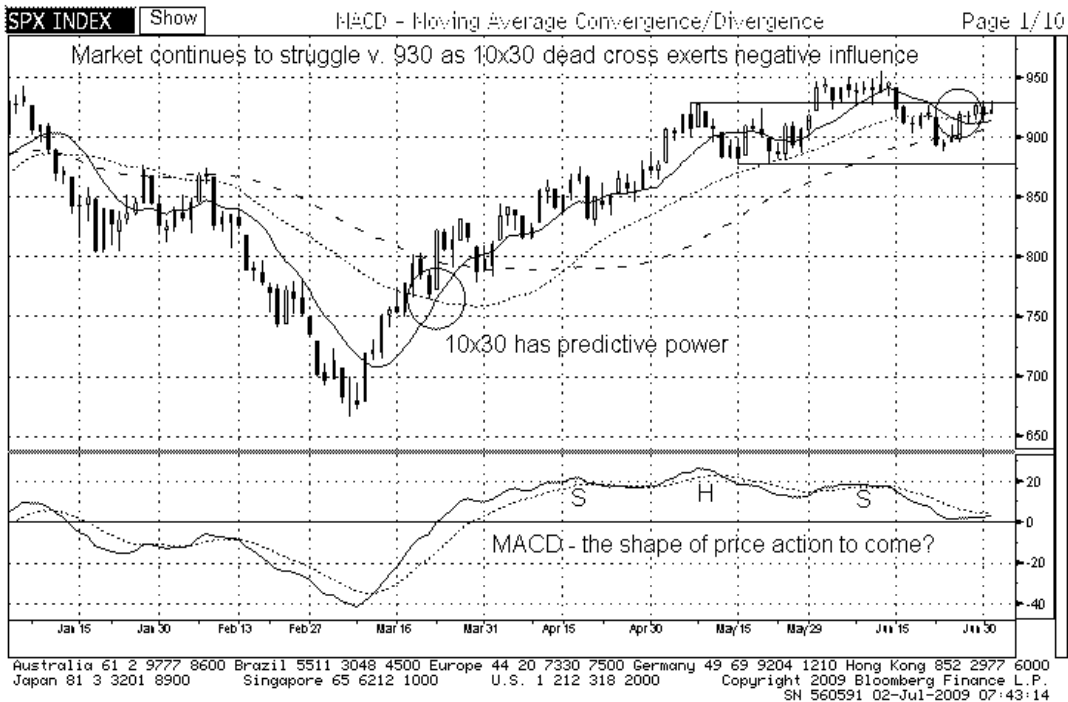


## Morning Comments July 2, 2009

Market prices are showing reluctance to advance on assaults of the ~930 level from which prices broke down in the first half of June. We have been sitting with smaller commitments long big cap tech hedged with SPX as we let this play out but now feel it is time to get more aggressive short in anticipation of negative seasonals and a price unfriendly reporting season, comfortable with nearby stops and let the recent dead crosses in 10x30 (or 2x dead crosses 10x30x50 in weakest elements) do their work. Momentum work is negative and must be refreshed immediately to avoid breakdown hence our comfort with nearby stops. As you are probably tired of hearing, I believe 100% that the old bubble leaders are the best place to express a short opinion ala tech in the aftermath of 2000 and so I am using XLI, XLB and single stock names in the space to move towards net short positioning right now. Market stops 931, ETF components let 30dMA overhead serve as the stop. I am watching SLX closely now as well but this needs to weaken up a bit more, I love the idea of getting short AKS, X and STLD in here but would like to see more evidence of weakness in these volatile names and I am not yet convinced I need beta shorts but I do want to have the names on deck. Look to the old bubble names which are now crowded up long and let the old bubble king POT show the way.

SPX 923.33Y as of close 7/1 Index MACD



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

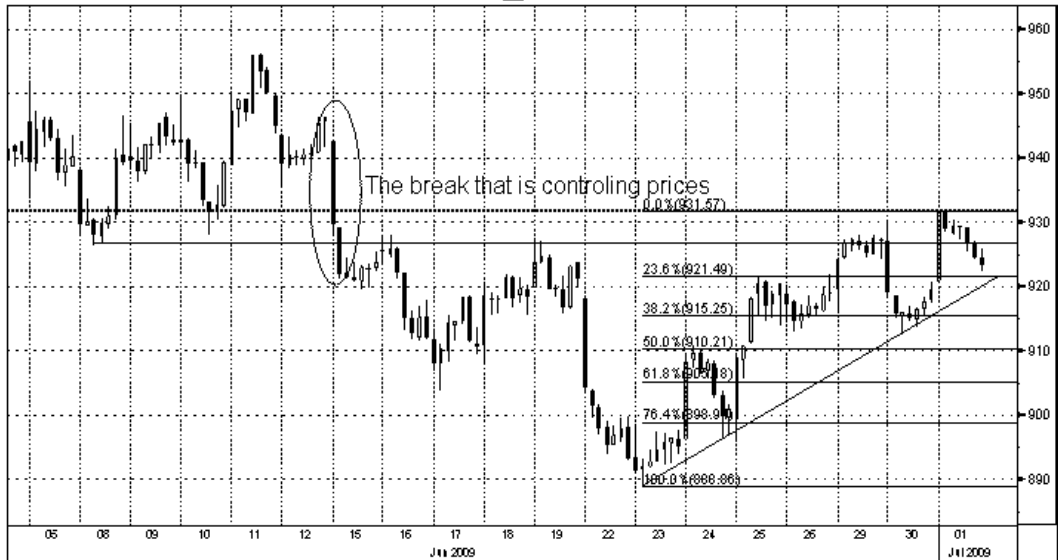
**SPX 923.33Y** as of close 7/1 Index **IGPC**

Screen saved as C:\Documents and Settings\btankersley\Desktop\spx 7 1 h.gif

**SPX INDEX** Hide Scroll IGPC - Candle Chart Page 1/9

Period 60 Range 20 Upper Candle Chart How. Avgs Currency USD

Time 09:30 - 16:15 Lower None How. Avg Events



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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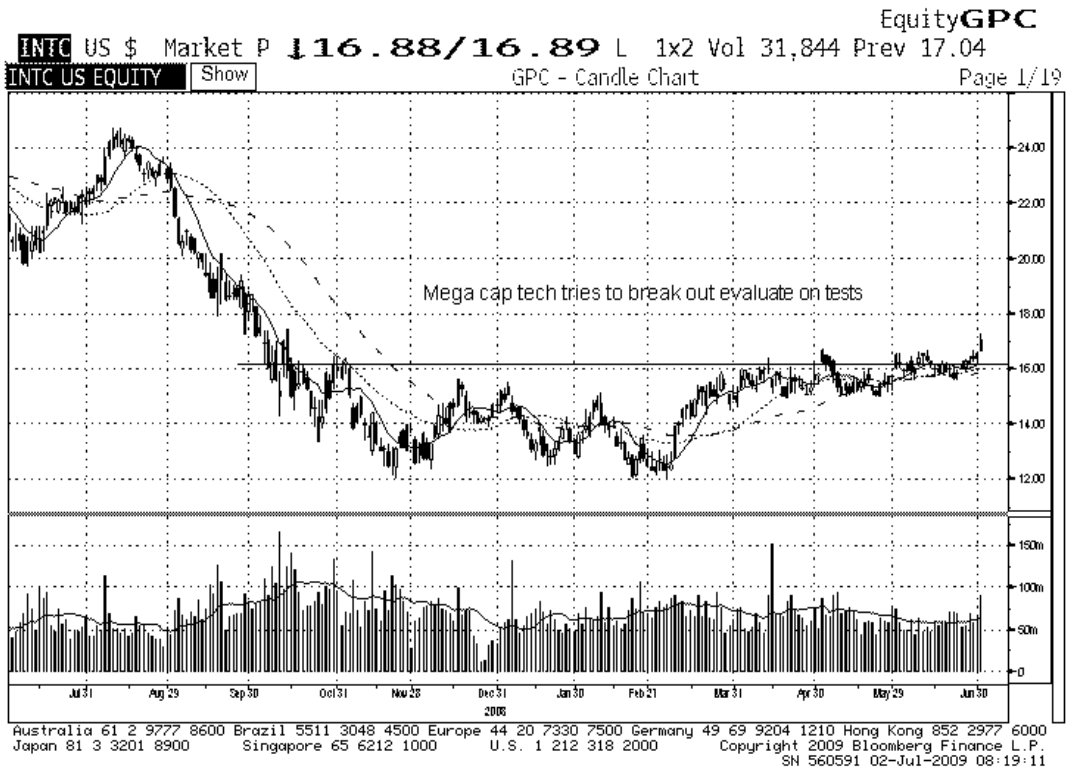
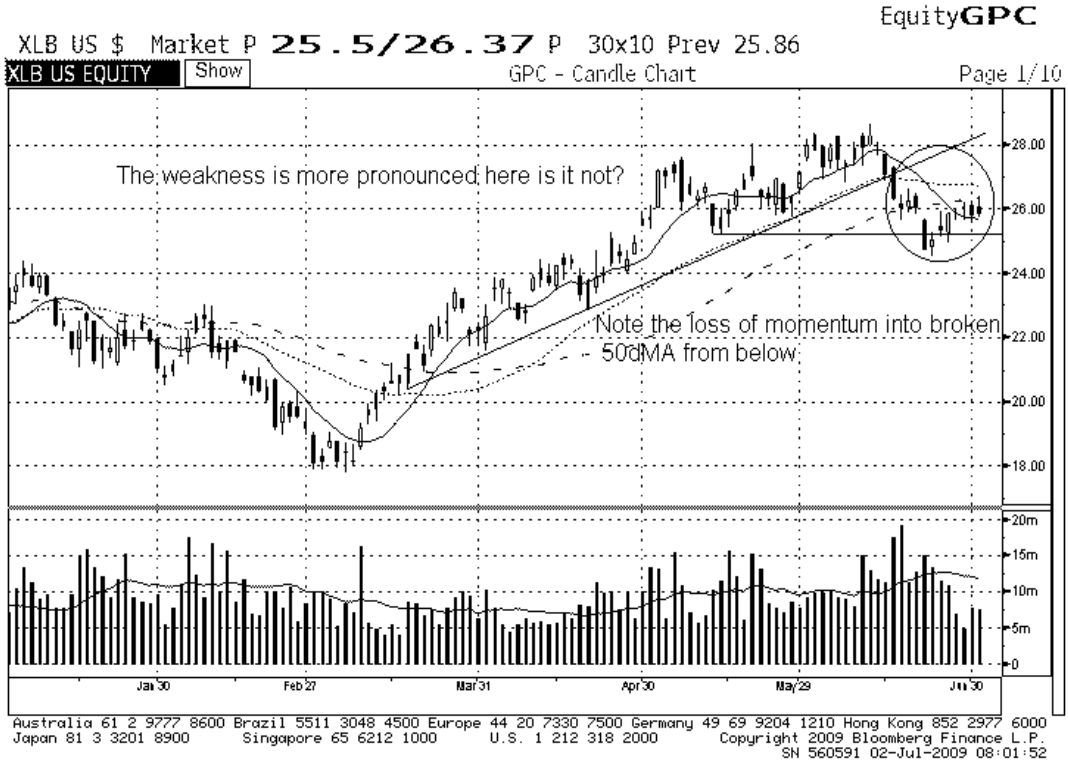
Equity **GPC**

**XLI US \$** Market **P21.38/22.48P** 5x5 Prev 22.05

**XLI US EQUITY** Show GPC - Candle Chart Page 1/10



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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