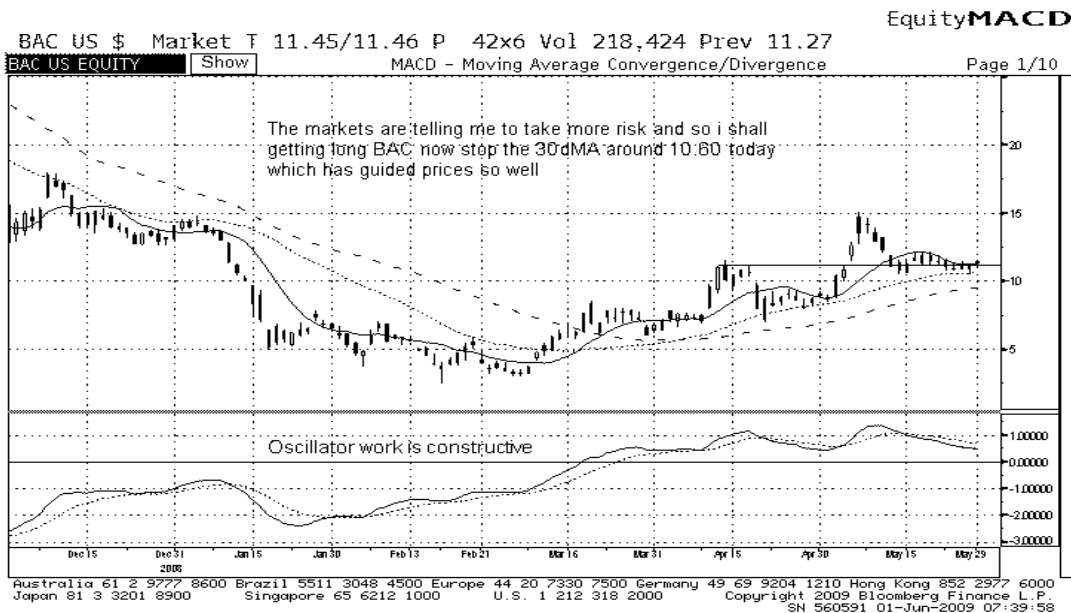


Morning Comments June 1, 2009

I have uncovered a new indicator and it appears to be working quite well, much to my regret. Here is the methodology, back in the middle of April I had a request from a customer to be taken off my distribution list when I made some rather bullish predictions on a number of various Asian equity indexes. I didn't think much of it at the time (except that I had not previously lost readership over difference of opinion) until a few weeks back when I published a note talking about what I saw as generally bullish US equity index action where I wrote, "The key question in a bigger sense is really whether or not the market is now trending up and whether we can expect it to be higher in the months and quarters ahead the action in the coming days or weeks notwithstanding. We believe the weight of the evidence suggests we are in the early stages of establishing a durable uptrend at this point and thus our focus on how the market behaves around the support of the moving averages and the previous high volume distributions." This time I got another request to be removed from the distribution accompanied by the comment, "I don't want to hear anymore of this bullish talk." Last week when I wrote again about my view that the Nasdaq Composite would achieve prices near 2000, I lost another bearish reader. Kidding aside and in all seriousness, I wanted to point this out to show just how emotionally vested many have become. (I now hope for lower equity prices so I can stay in business!)

I am alert for signs of failure in gold now as prices test the highs and bullishness is extreme. Oscillator work is dangerous for bulls here but price action is still strong. I have not been a fan of gold and view it to be one of the final bastions of global market bears and doomsday theorists (perversely many bulls are long as well) and as such ripe to be swept aside with stabilization in markets across the globe while the greatest panic of our lifetimes continues to abate. I'll give you the readership count on that observation tomorrow.



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

GCI ↓ **985.00** +6.20 E E 984.70/985.10 E 3x2 Comdty**MACD**
 At 7:22 Vol 839 Op 978.80 Hi 988.10 Lo 975.90 Prev 978.80

GCI COMB COMDTY Show MACD - Moving Average Convergence/Divergence Page 1/19



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.
 SN 560591 01-Jun-2009 07:28:54

GOLDS ↓ **985.01** +5.86 ANON 984.67/985.35 UBZK Comdty**RSI**
 At 7:30 Op 980.26 Hi 988.94 Lo 975.95 Prev 979.15

GOLDS COMDTY Show RSI - Relative Strength Index Page 1/22



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.
 SN 560591 01-Jun-2009 07:31:03

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