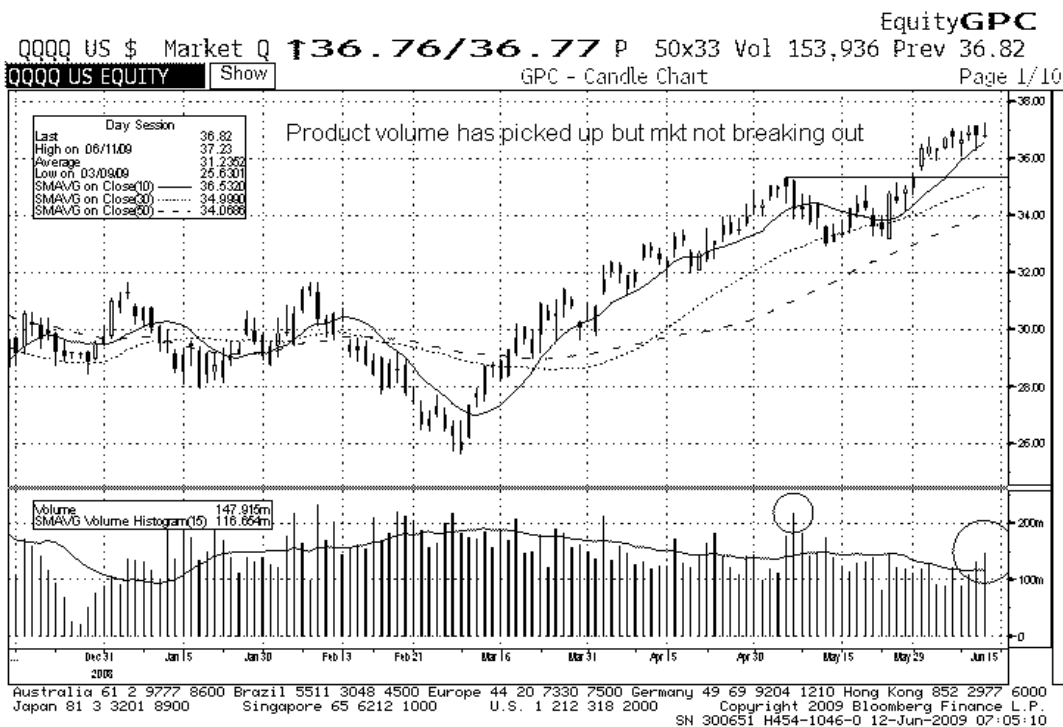
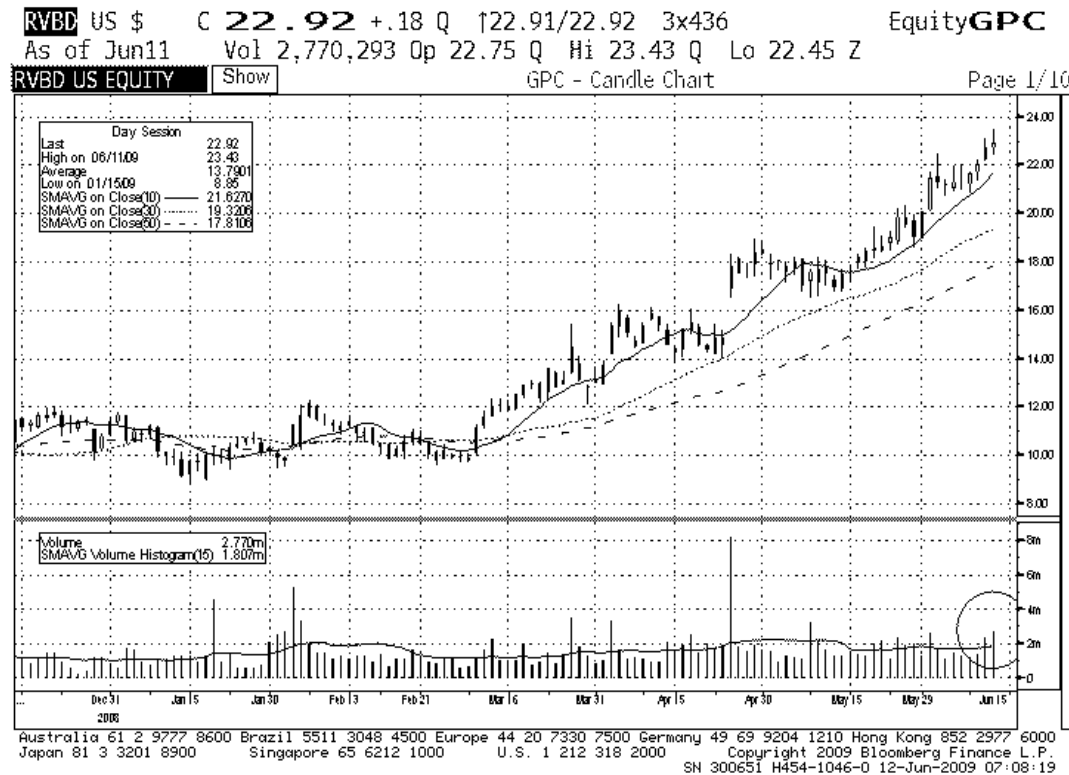
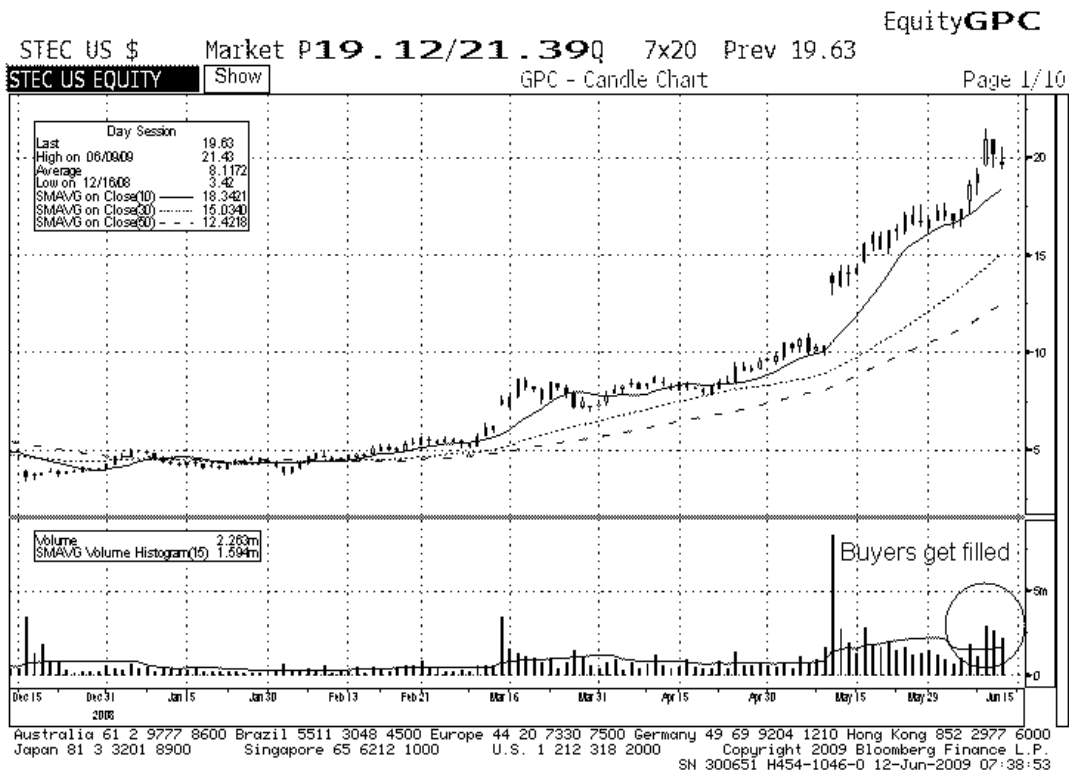


Morning Comments June 12, 2009

Index product volume has accelerated but the market has not broken out. I have been waiting for the volume to come on for some time as I understand it to be an expression of the buy orders that chased the market up finally getting filled. I fear the volume while so extended in conjunction with an inability to break out. Monitor this situation and give the market a chance to prove whether it can break out but be cognizant of increasing risk now if momentum traders can't force the indexes up immediately. I am maintaining my long large and mega cap tech longs for my upside Composite target which we are rapidly approaching but feel managers need to continue to derisk small and mid cap tech winners. The high volume EPS driven gap up tech basket (all small and mids) we have been using since mid February hit new highs recently up in excess of 40% nearly doubling market returns and many are hyper extended and now show the rising volumes which likely breed consolidation. I have been speaking about this a bit more recently and mentioned it in Bloomberg's chart of the day column yesterday, have a read. Be disciplined for target prices and be disciplined on the stops as well as risk levels rise.



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



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