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## Morning Comments June 22, 2009

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I haven't been writing much lately and as I look at the returns thus far for the month its easy to see why. Nasdaq Composite closed within a point of its June 1 close on Friday. Now I am not going to say trading has been dull because of the obvious connotations but let's just say it's been completely unremarkable with sluggish price action and relatively anemic volumes. That changed on Friday and now I'll shift up a gear in awareness paying much greater attention to the market (I have cared more about the action in single names with less concern about the market for some time) given the surge in trade volumes Friday which, expiration activity notwithstanding, were the highest YTD for Nas and the second highest behind the March expiration for the SPX. I also attach my note of 6/12 which provides some backdrop on my thinking with respect to my opinion on volume interpretation at this point.

Given the action I think its prudent now to have an immunization program ready for the long book should the SPX continue to close below the 920-23 level that contained June's action thus far and from which prices have begun to show a greater willingness to break down. I would rather not play net short at this point as i do not see sufficient consolidation has occurred to warrant this yet. The Composite warns of deeper consolidation when closing below its recent low pivot at 1785. Hedge quality Nas longs with short SPX when closing below SPX 920 and/or below Comp1785. SPX closes below 920 allow for deeper corrective action to 878-880 initially. Be nimble around these levels willing to give up a bit now to preserve the year's earnings. The battle between better economic data and rising rates/fuel costs and the impact on the consumer seems to be what matters most to the market now. Also I have begun to see some stops elected amongst my longs recently VRSN being the first and RCL recently as well with some others getting close and this tells me to be on heightened alert as its been a while since this has occurred.

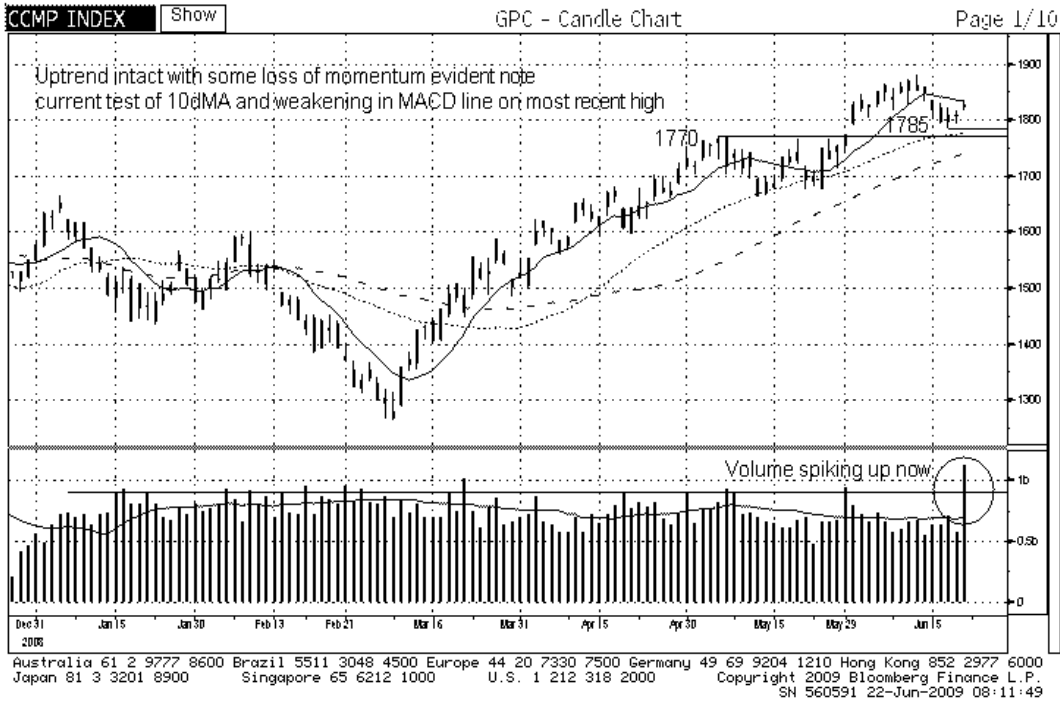
One more thing to be clear, the reason I have for some time been speaking about the Nasdaq Composite first and the SPX as more of an afterthought is reflected in the fact that the Composite is up over 15% this year and the SPX is up 2%. Being bullish Tech and Nas has treated me well this year while worrying about old leaders and financials has been distracting at best.

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Charts courtesy of Bloomberg Finance L.P.

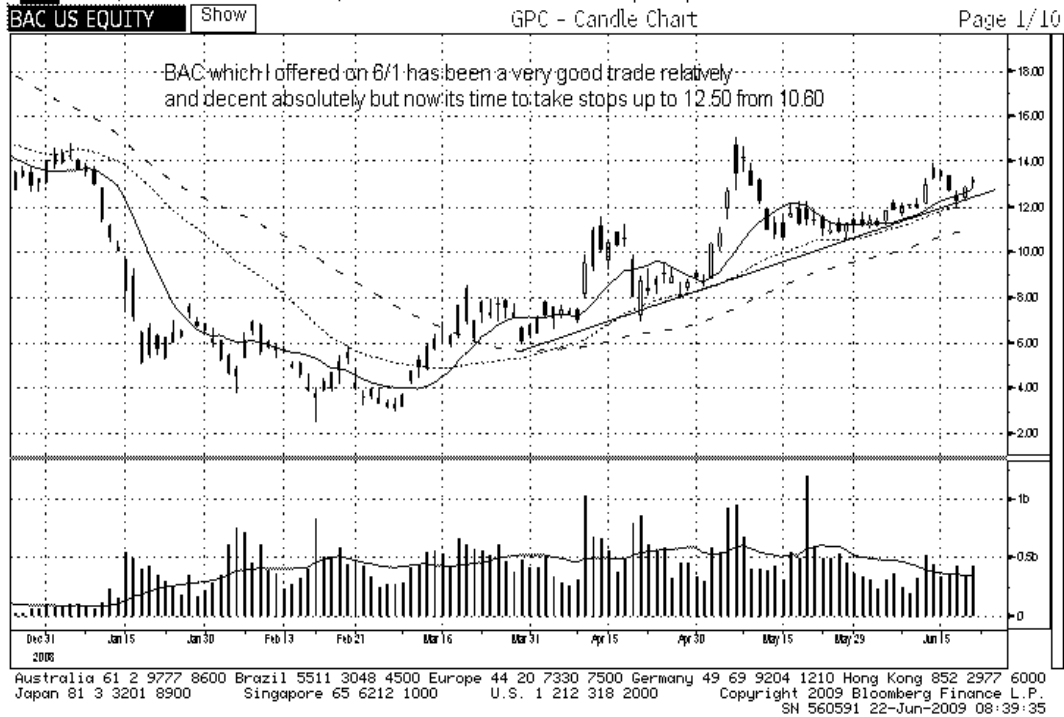
CCMP 1827.47Y as of close 6/19

Index GPC



Equity GPC

SBAC US \$ Market T 12.97/12.98 T 333x45 Vol 1,672,533 Prev 13.22



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