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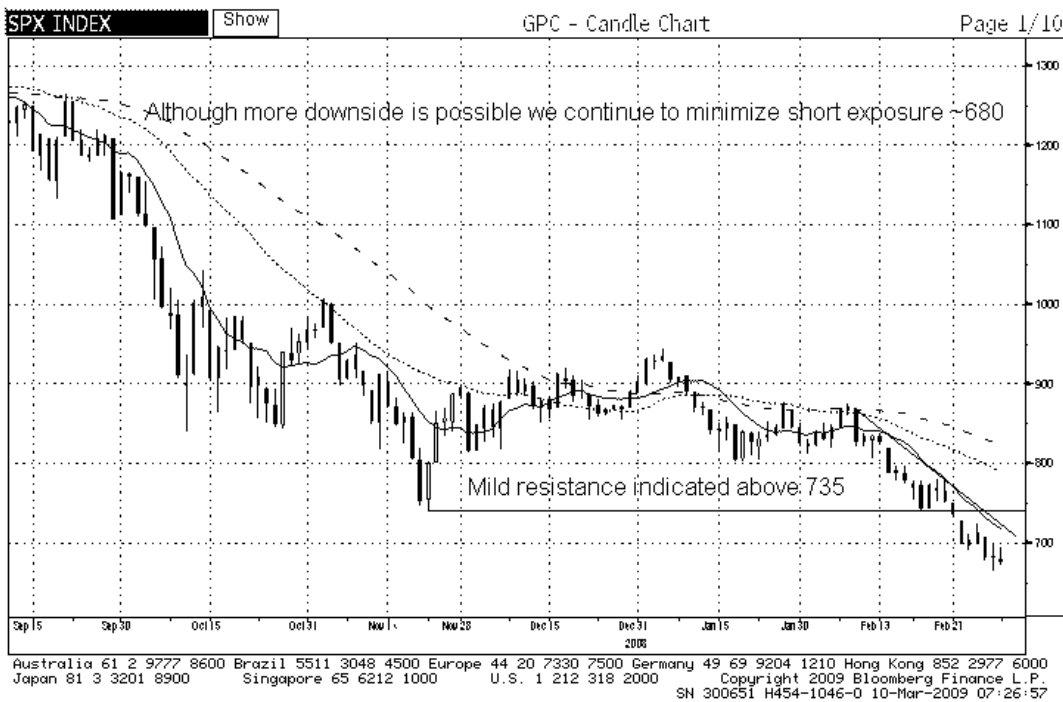
**Equities/Derivatives Trading** + 1 646 878 0005

## Morning Comments March 10, 2009

While more downside is clearly possible we believe that the risk/reward short SPX at current levels is wholly unattractive and recommend minimizing short exposure. We understand the conflux of weakening gold, strengthening copper and crude prices (along with a collapse in crude contango), higher treasury yields and a growing positive divergence between Asian equity markets and SPX as portending a growing and powerful force to spark a rally. The severely oversold condition that currently exists in SPX prices compounds that risk in our opinion. Further, we interpret the recent collapse in traditionally defensive sectors such as staples, healthcare, biotech and utilities as late cycle phenomena arguing for reduced short exposure and reflective of a maturing bear market. We see single stock action that smacks of the, "shooting of the last generals," playing out recently as well. Corporate credit conditions are one of the very few things we follow that refute this line of reasoning at this point but attribute some of this divergence at least to a heavy calendar. While we do not believe that this is THE bottom we recognize that conditions that will allow a significant rally are growing.

SPX 676.53Y as of close 3/ 9

Index GPC



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

**SHCOMP ↑ 2158.568 +39.820** Index **GPC**  
 At 03:15 Vol 83,940 Op 2097.139 Hi 2159.268 Lo 2088.162  
**SHCOMP INDEX** Show GPC - Candle Chart Page 1/10



**HG1 ↑ 165.65 +2.70** E 164.90/165.10 E 2x1 Comdty**GPC**  
 At 6:53 Vol 14 Op 163.90 Hi 165.65 Lo 163.25 Prev 162.95  
**HG1 COMB COMDTY** Show GPC - Candle Chart Page 1/10



**TWSE ↑4671.02 +42.78**  
At 01:46 Op 4605.92 Hi 4688.63 Lo 4605.92

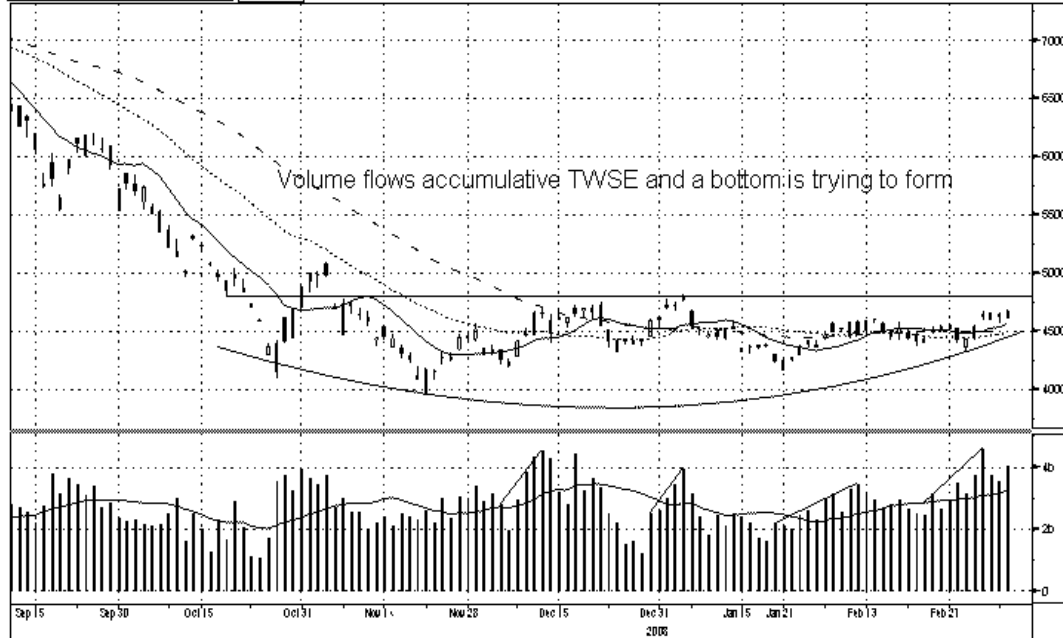
Index **GPC**

TWSE INDEX

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GPC - Candle Chart

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