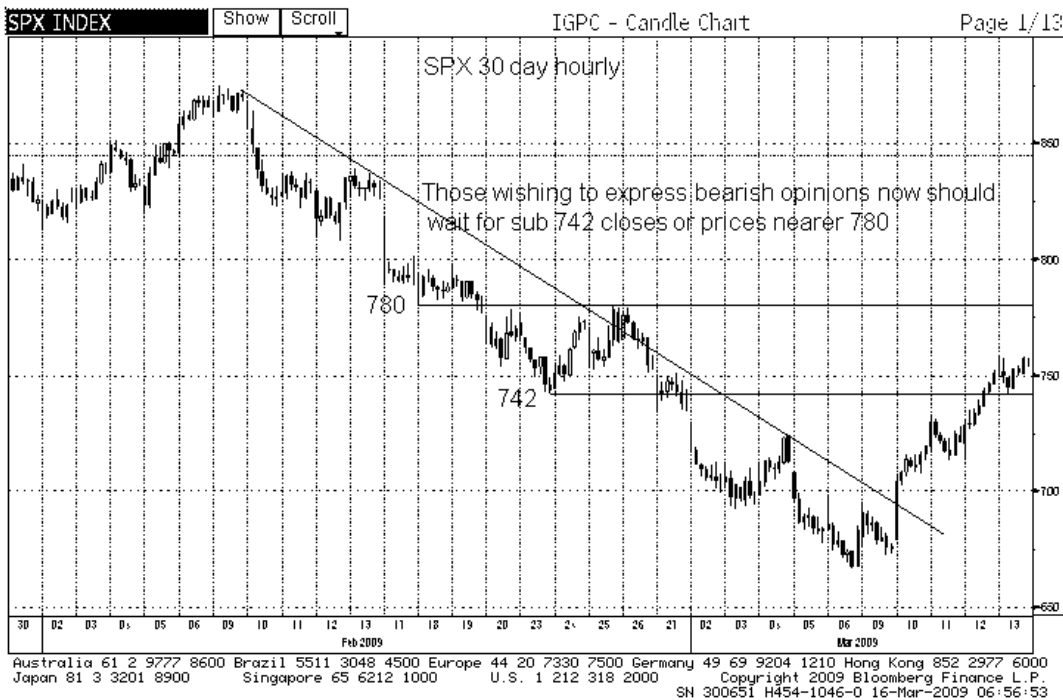


## Morning Comments March 16, 2009

SPX prices have strengthened up and are quickly moving back into an area that will allow for a major test of the true trend. Its important to watch what the tertiary currencies do now as the group strengthens towards 50dMA levels. We believe currency induced angst played no small role in the most recent move to new lows in equities and so action around current levels is a powerful tell. The most recent move down for SPX was lead by dollar sensitive defensives as we have written extensively about and this is the fundamental reasoning underpinning our thoughts here. We suspect that broadly speaking more work will be necessary to forge lasting bottoms for most currencies and so FX should become a limiting factor on equity prices in the next couple of days as recent gains are consolidated. Gold is coming off with the dollar demonstrating clearly that it is fear of international currency crises rather than USD fear driving prices at this point. The trailing 12 months currency correlation matrix I use is attached.

High yield CDS came off sharply last week after reaching new highs while investment grade rolled at a lower high diverging sharply with high yield. This relationship bears watching given the magnitude of the divergence.

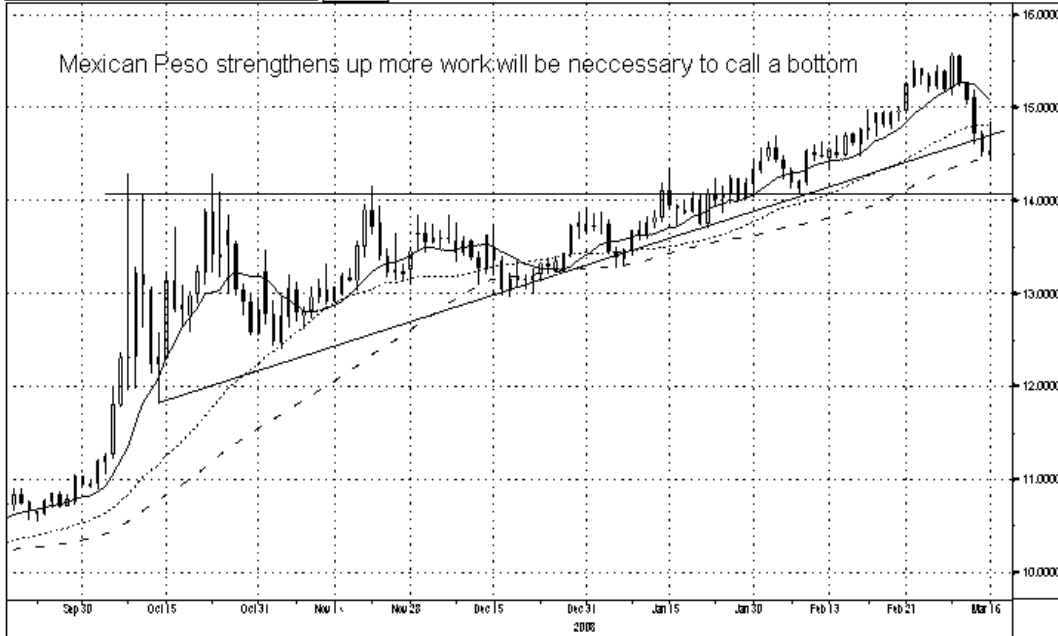
SPX 756.55Y as of close 3/13 Index IGPC



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

**MXN** ↓ 14.4925 - .0295 BGN 14.4857/14.4994 BG CurncyGPC  
 At 7:16 Op 14.5450 Hi 14.8647 Lo 14.4466 Close 14.5221 Value 3/18/09

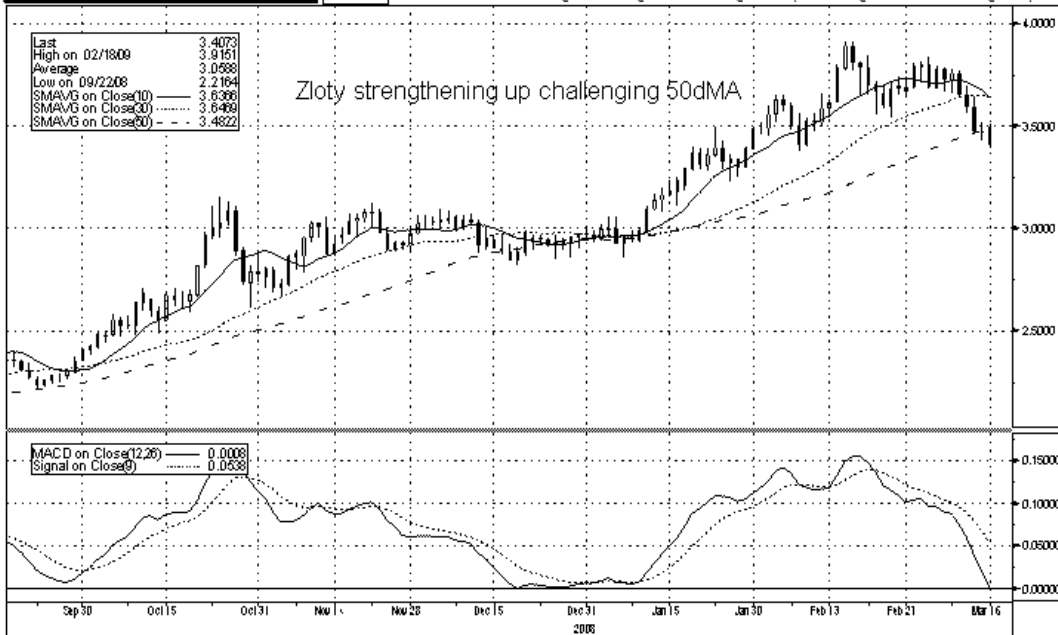
MXN BGN CURRENCY Show GPC - Candle Chart Page 1/10



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.  
 SN 300651 H454-1046-0 16-Mar-2009 07:16:05

**PLN** ↑ 3.4073 - .0631 BGN 3.4048/3.4099 BGN CurncyMACD  
 At 7:14 Op 3.4945 Hi 3.5116 Lo 3.3969 Close 3.4704 Value 3/18/09

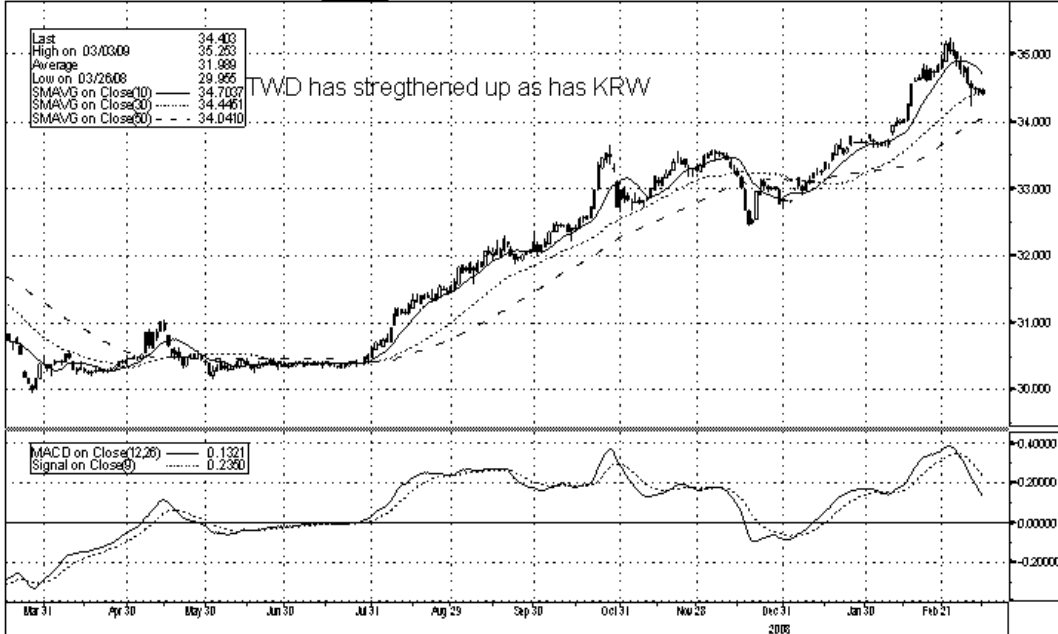
PLN BGN CURRENCY Show MACD - Moving Average Convergence/Divergence Page 1/10



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
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**TWD 34.403 - .080 BGN 34.391/34.416 BGN** Curncy**MACD**  
 At 03:59 Op 34.470 Hi 34.497 Lo 34.393 Close 34.483 Value 3/18/09

**TWD BGN CURRENCY** Show MACD - Moving Average Convergence/Divergence Page 1/19



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**DXY ↓ 86.598 - .830 Y /** Curncy**GPC**  
 At 7:02 Op 87.588 Hi 87.766 Lo 86.555 Prev 87.428

**DXY CURRENCY** Show GPC - Candle Chart Page 1/10



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<HELP> for explanation. Currency**CORR**  
 1<GO> to Edit, 2<GO> for more options, <MENU> to return to correlation menu

1) Edit	2) Actions	3)	currency corr matrix								
03/16/2008	- 03/16/2009	Daily	Calculation	Correlation	Local CCY						
Correlation Matrix (10 Rows x 10 Columns)											
Security	MXN	PLN	CZK	HUF	COP	BRL	KRW	SPX	I	RUB	TRY
1) SPX	-0.697	-0.453	-0.369	-0.500	-0.207	-0.541	-0.105	1.000	-0.212	-0.613	
2) KRW	0.227	0.126	0.056	0.144	0.211	0.195	1.000	-0.105	0.081	0.168	
3) COP	0.249	0.331	0.322	0.299	1.000	0.453	0.211	-0.207	0.285	0.363	
4) RUB	0.264	0.533	0.588	0.539	0.285	0.269	0.081	-0.212	1.000	0.364	
5) CZK	0.474	0.815	1.000	0.787	0.322	0.426	0.056	-0.369	0.588	0.599	
6) PLN	0.548	1.000	0.815	0.806	0.331	0.442	0.126	-0.453	0.533	0.597	
7) HUF	0.573	0.806	0.787	1.000	0.299	0.437	0.144	-0.500	0.539	0.660	
8) BRL	0.613	0.442	0.426	0.437	0.453	1.000	0.195	-0.541	0.269	0.612	
9) TRY	0.631	0.597	0.599	0.660	0.363	0.612	0.168	-0.613	0.364	1.000	
0) MXN	1.000	0.548	0.474	0.573	0.249	0.613	0.227	-0.697	0.264	0.631	

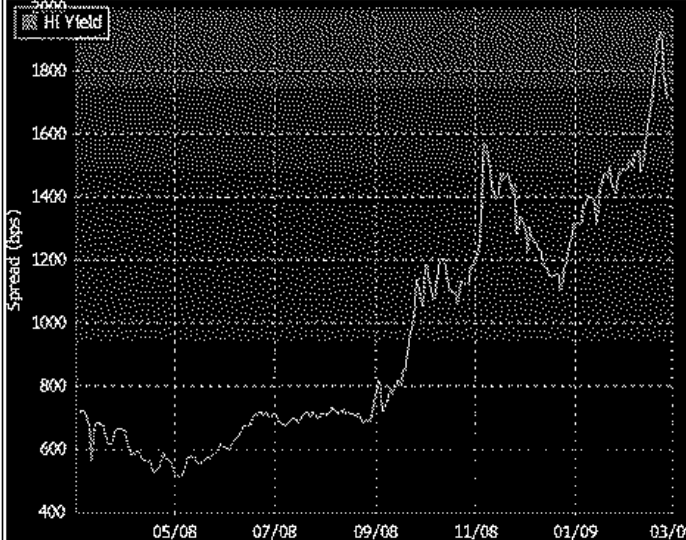
Color bands based on Statistical Significance: Most Significant Significant Less Significant Least Significant  
 Click on a security to view more options, or on a matrix value to view correlation and scatter charts.  
 Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 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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<HELP> for explanation. Currency**GCDS**  
 99<GO> to save current selections

Pricing Source  CMAN Page 1/9 CDS Sector Graph

Region, Sector, Rating  America  CDX Indices

\* 5Yr CDS History Normalize Period 1 Year



	Reference Name	5Y Sprd.
101)	Hi yield	1715.2
102)	Emerging Market	782.9
103)	Cross Over	631.8
104)	Hi Vol	614.5
105)	Investment Grade	237.6

60) Sector(GCDS)  
 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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<HELP> for explanation.  
 99<GO> to save current selections

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Pricing Source  CMAN  
 Region, Sector, Rating  America  CDX Indices

Page 1/10 CDS Sector Graph

\* 5Yr CDS History  Normalize

Period  1 Year

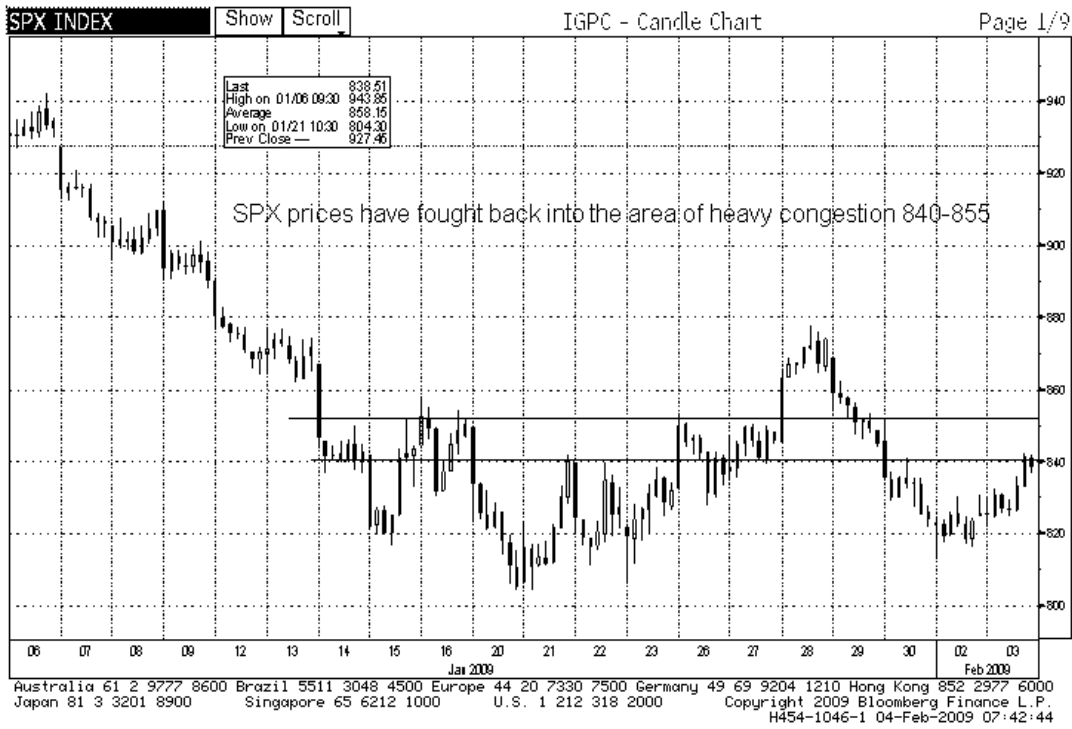


Reference Name	5y Sprd.
101) Hi yield	1715.2
102) Emerging Market	782.9
103) Cross Over	631.8
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60) Sector(SCDS)  
 Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
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 SN 300651 H454-1046-0 16-Mar-2009 07:36:19

SPX 838.51Y as of close 2/ 3

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