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Morning Comments March 18, 2009

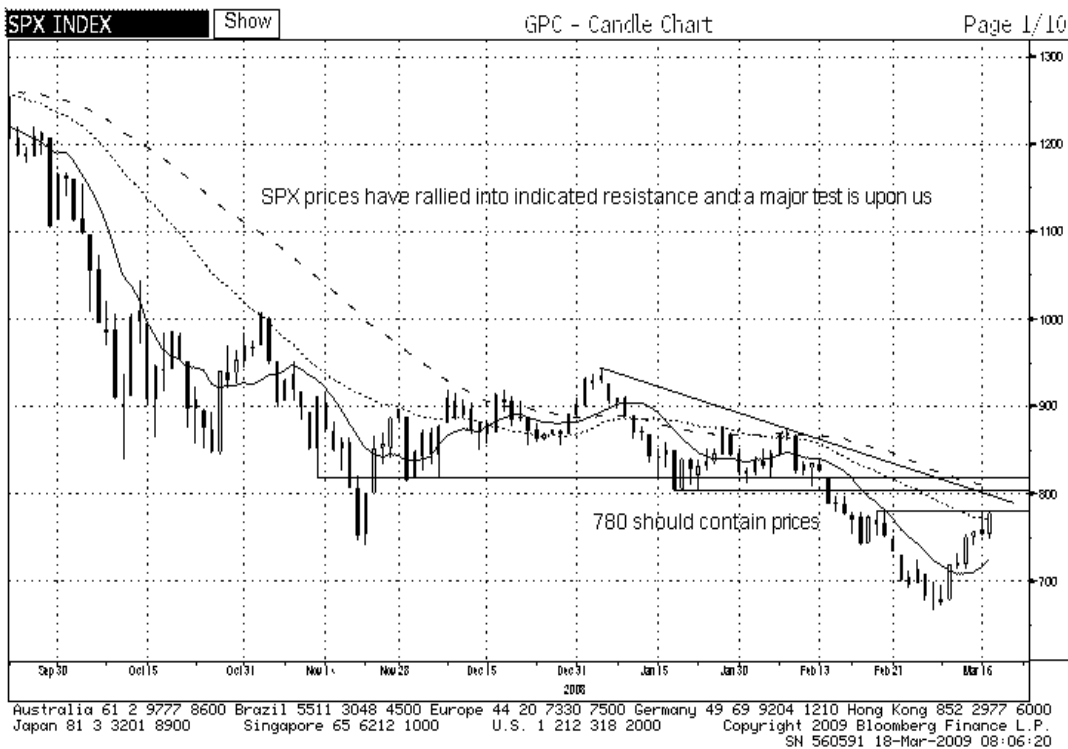
SPX prices have rallied quite nicely in line with our thinking and now an important test is on. We like fading prices easily right here v. 780 playing very tight as building value and closing above 805 can close a powerful bear trap under prices. Note the heavy intersection of lateral resistance around the bottom of the price structure and the 50dMA bounded by the fresh but untested downtrend line from the early Jan highs. Prices should begin to fail immediately in the next day or so else the picture will likely take a more bullish turn. Look for prices to try to stabilize at 735 in the very short term at which point we will reassess the action.

Keep an eye on TNX as traders boldly test for the level of Fed bid. TNX/SPX correlations continue to be loosely positive and we think this reflects risk appetite and not just dollar doomsday scenarios.

Anecdotally, I'm looking for some real sweet book covers now to signal when the real turn is on. If you see any Dow 1000 covers please let me know!

SPX 778.12Y as of close 3/17

Index **GPC**



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

TNX 30.03Y as of close 3/17
 Vol n.a. OpInt n.a.

Msg:R.FRIEDLAND

TNX INDEX Show GPC - Candle Chart Page 1/10



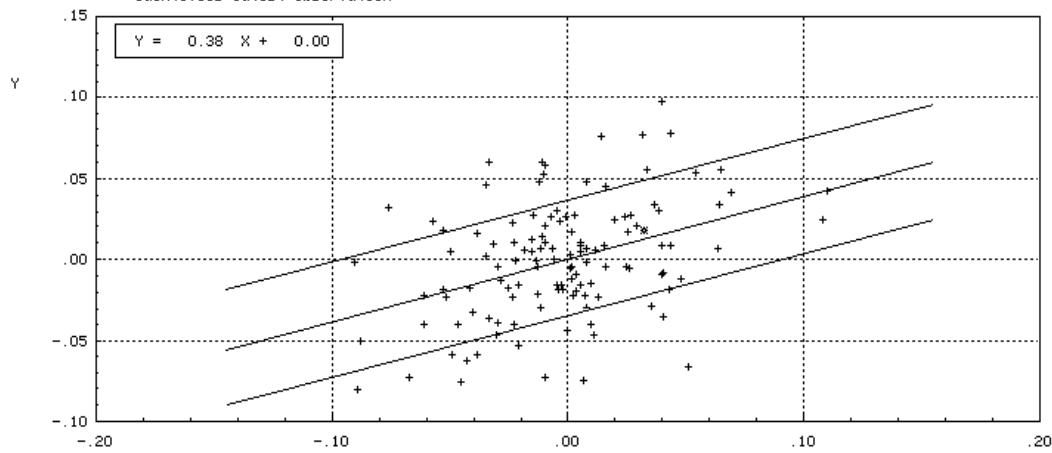
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<HELP> for explanation.
 <PAGE> for historical data, <MENU> to Update Matrix.

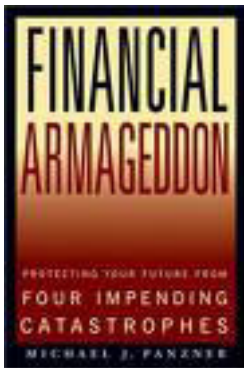
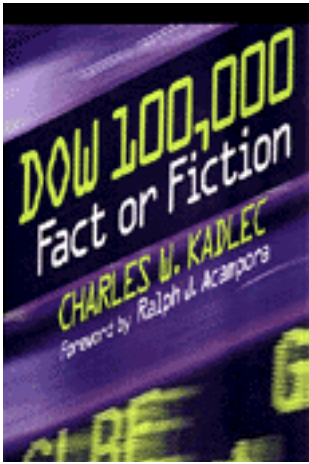
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HISTORICAL REGRESSION ANALYSIS		Name :TXN/SPX	Page 1of 7
Set # 2			
RANGE	9/18/08 TO 3/17/09	Correlation	R2
PERIOD	D (D-W-M-Q-Y)	0.39163	0.15337
		Standard Error	Observations
		0.03290	123
Y =	TNX -- 10-YR YIELD USD	Slope	Intercept
X =	SPX -- S&P 500 INDEUSD	0.38274	0.00058
		t-Test	Coefficient Error
		4.68191	0.08175

*Identifies latest observation



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