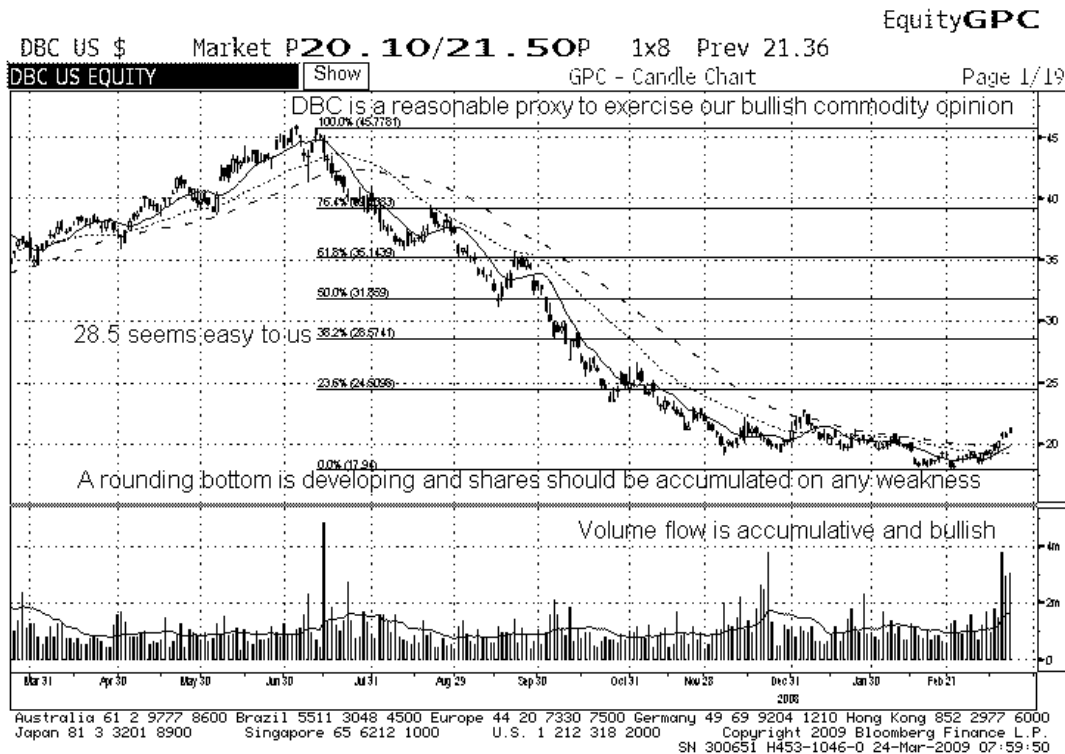


Morning Comments March 24, 2009

Liquidity has run wild trumping all other factors and the modest short we had recommended last week was DOA within minutes of the opening. We detailed our thoughts here in Friday's note which is attached.

Strengthening commodity prices have been tipped as a prime motivating factor signaling equity price increases and we respect that commodity prices are likely to strengthen further here from a technical perspective and a sustained price rally across the spectrum of a majority of commodities is likely in the coming months. It appears at least for now that the renewed bid in commodity prices stems principally from a weakening dollar and global fears of further devaluation rather than from increasing demand. That said we think traders will be best served long commodities directly rather than the second derivative equity as the source of strength is not demand at this point rather a reduction in the value of the trading unit.

We have been long of our favorite tech shares for some time and this has been a good absolute trade and a very good relative trade but given our views on commodities above we think tech should now begin to lose some shine on the relative front and the old bubble leader resource shares are likely to assume the mantle in the near to intermediate term.



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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