



Technical Analysis & Strategy

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Morning Comments March 8, 2010

Dinner Time!

Back on 2/22/10 we wrote, "We will stay hedged for now to see a bit more action and believe that building value, and closing above the 1109 levels will signal fresh upside while sub 50 day moving average closes still favor a hedged approach."

On breaking out through 1109, the market stopped precisely at the old 1115 level which we had discussed so often over the last 5 months or so, built value for 3 days, and then confirmed its upside move. We will now look for prices to achieve the 1185 level before thinking much more about the market in general. Sub-1115 closes would put us on alert for a potential failed upside break, and we will rehedged on sub-1109 closes.

One important thing that I want to point out this morning is that while I am still finding many attractive longs, I now see the list broadening a touch for the first time in a long time. Bullish action is starting to appear in some big, large cap names. Most of our longs over the past 12 months have been concentrated in small and mid cap issues. We haven't seen much in the upper tier of caps that interested us. This is a big change which, though nascent, I thought worth noting at this point, as I expect to speak more about this. This potential cap bias shift would serve to corroborate the notion that the current correction in SPX prices which began around late September/early October of last year has run its course and resolution is upon us. Be vigilant.

SPX 1138.70Y as of close 3/ 5

Index GPC



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And as far as CSCO goes, I also wanted to point out the relative strength chart for NWX, which I post below. We had recommended a basket of networking names back on 2/22/10 which has really performed aggressively. It's not surprising that CSCO wants to get into the game.



I also wanted to just quickly put up some regional bank charts. I really believe in these all year long, and we continue to see bullish action and long term base building progress in line with our thinking.

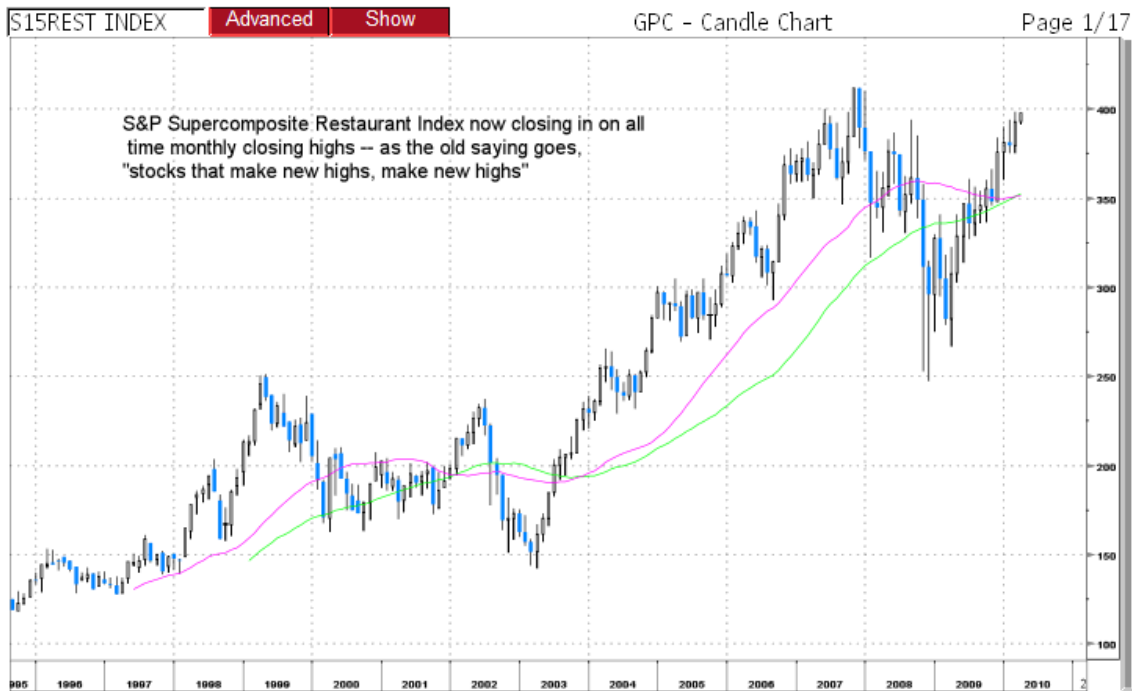
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We have been watching many restaurant names develop exceptionally strong patterns recently, and the time has now come to get involved here again as they emerge from massive consolidations. While sexy leaders like PNRA and CMG have shown the way, there are lots of lesser followed names now breaking out as well. I would like to point out the index charts to you as we are closing in on all time highs, as can be seen in the case of the broad Super Composite index. If you are looking at the consumer as a reason to be bearish, you aren't looking in the right spot the charts say. So today we are going to recommend a basket of stocks here to get rolling, buy BOBE, DIN, DRI, EAT, and RT. You see how I work.

S15REST 397.68Y as of close 3/ 5 Index **GPC**



S6REST 342.19Y as of close 3/ 5

Index **GP**



Equity**GPC**



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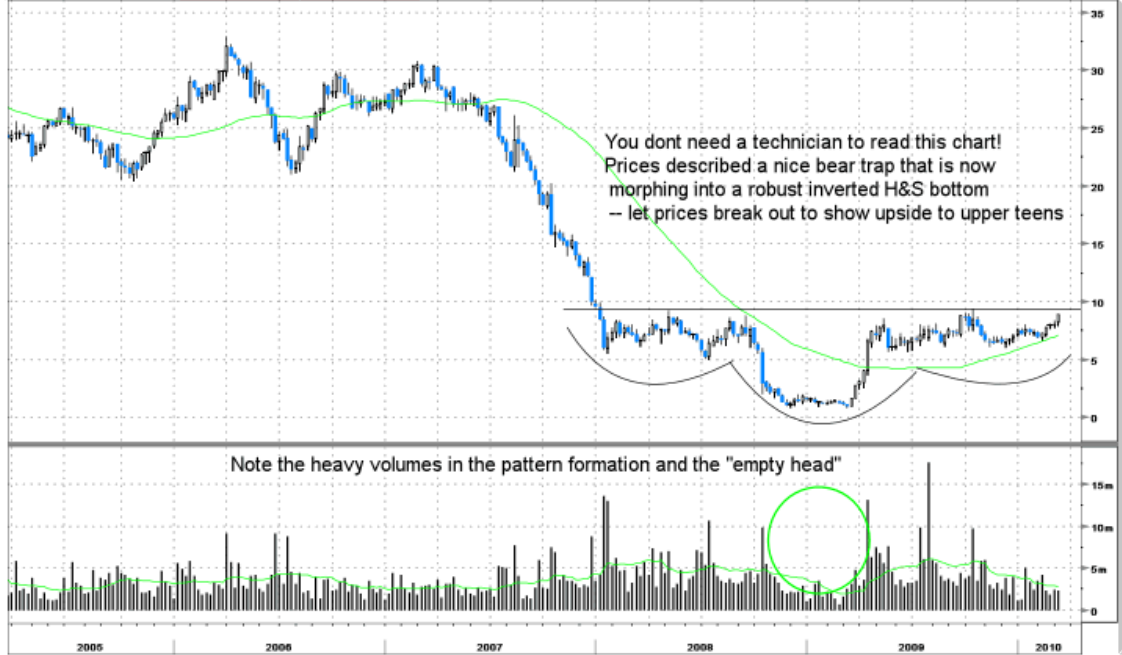


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RT US \$ C **8.92** +.44 N M8.91/8.92M 25x63
 As of Mar5 Vol 767,315 Op 8.56 Z Hi 8.93 N Lo 8.51 N

Equity**GPC**

RT US EQUITY **Advanced** Show GPC - Candle Chart Page 1/22



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