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Morning Comments May 27, 2009

Please don't misunderstand my comments today when I say this is easy right now. I never take a flippant approach to trading the markets and it is in all ways and in all things a deadly serious game fraught through with uncertainty and the markets are always willing and desirous to turn in a moment to devour the overconfident or unwary trader. That said, the time comes periodically to let things be what they are for a time and accept in patience the nature of the situation.

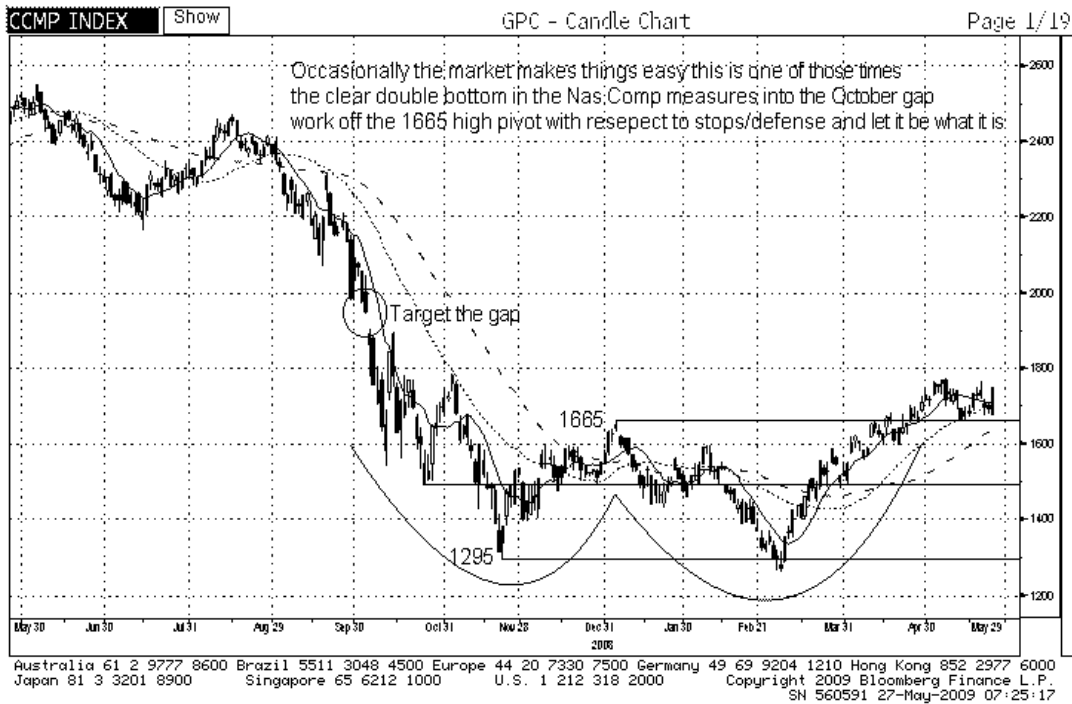
The Nasdaq Composite has emerged as the clear leader in the tape and I have found myself writing frequently on the virtues of tech these past several months, I see this trend increasing in strength rather than diminishing. I am intrigued by the increasing numbers of tech stocks pressing up into multi year highs driven by better than expected earnings and guidance even as the old bubble construction, material and resource names bounce around their lows sloppily as misguided bulls pursue the object of their previous affection, ala the tech names in the post 2000 era, chasing what was good and missing what is good. This is as it should be. Here is the easy part, the turn up against the high pivot yesterday in Nasdaq has shown me clearly to be long versus that level 1665, getting defensive below that level, stopping below 1600 and letting the big double bottom play out for high 1900 low 2000 initial projections. It is easy for me to believe in this trade, given the action I see at the stock specific level and especially in light of the action in many of the Asian indexes where this trade has been playing out in spades (why disbelieve that the same will happen here?)

Prices can turn tomorrow, next week or next year and no one can know when that will occur but I recommend to be patiently long the Nasdaq for the objective ~2000 level or sub 1665 close where I will be defensive. Use the weak TRAN as a gauge for risk, since this index should show signs of failure well before its stronger cousin, I prefer prices above 2972 TRAN. The one major source of risk I see in the trade is a marked strengthening in the dollar and that is all I fear currently. It's a mechanical trade in my mind that's why its easy.

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

CCMP 1750.43Y as of close 5/26

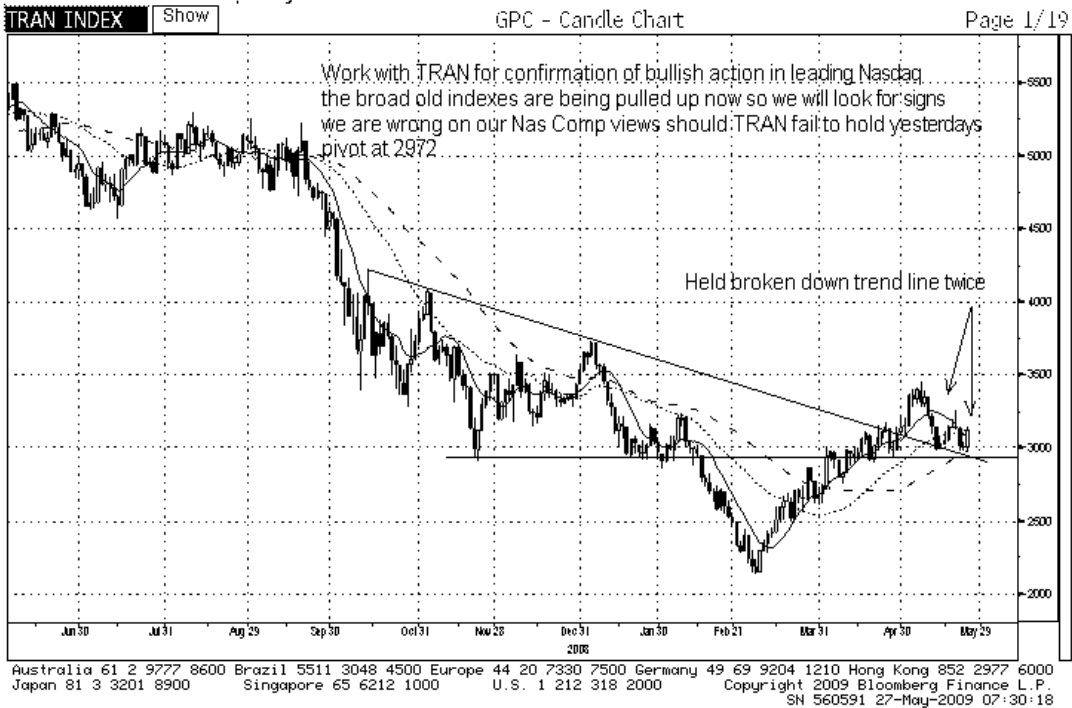
Index **GPC**



TRAN 3127.81Y as of close 5/26

Index **GPC**

Vol 21,511y



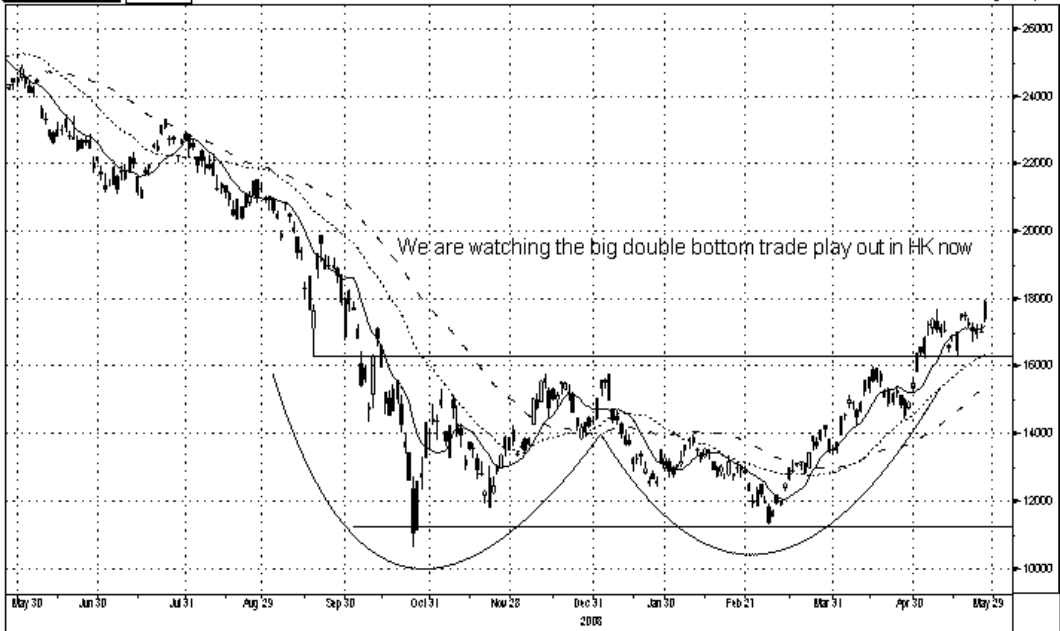
HSI ↑17885.27 +893.71
At 04:01 Op 17395.61 Hi 17984.02 Lo 17347.89

Index **GPC**

HSI INDEX Show

GPC - Candle Chart

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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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KLCI ↓1047.68 -3.95

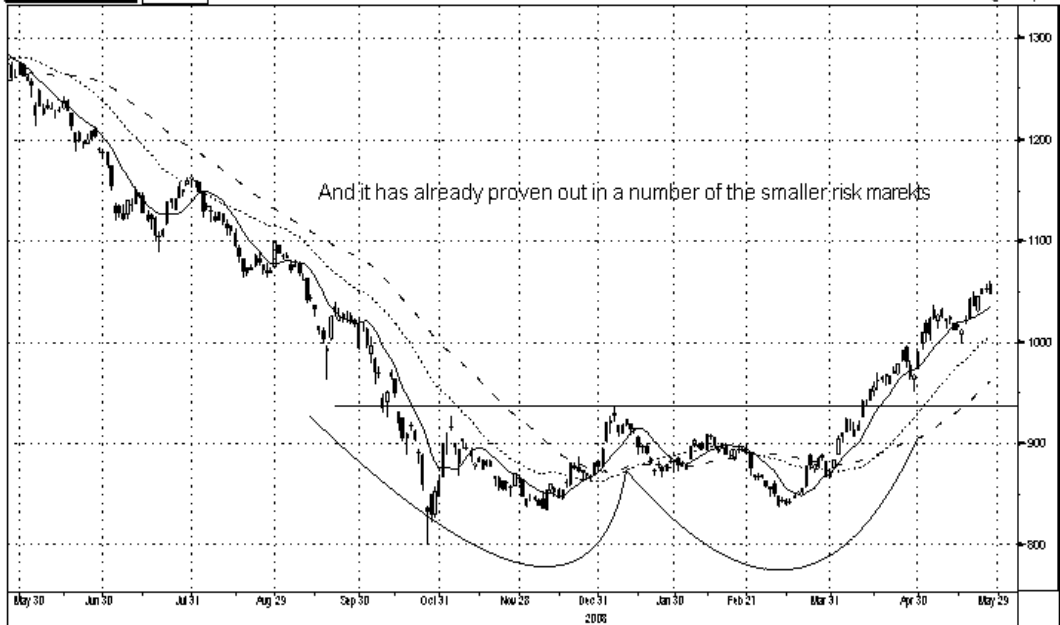
Index **GPC**

At 07:21 Op 1057.93 Hi 1059.88 Lo 1047.54

KLCI INDEX Show

GPC - Candle Chart

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