

As outlined in our last short-term update (see below for details), we expect this minor leg 4 (sharp move/bounce higher) to last roughly 4 to 5 trading days and to head towards ~760-780. In general, these minor leg 4 rallies unravel relatively quickly, and usually have shallow pullbacks in the middle of the move.

Short-Term Technical Outlook 03/06:

Going forward, you will only get these short-term updates if you email me back.
Thank you to those who have already replied.

The goal of this product is to complement our intermediate-term technical outlooks with short-term actionable calls. In addition, we feel it's important to provide technical color and highlight technical developments as they arise, even if we do not make a call. This does not alter our intermediate and longer-term views.

SHORT-TERM UPDATE

Bottom Line: Expect a move/reversal back up to ~760-780 over the next week from the ~650-680 area, which could be reached by Friday. We expect the S&P to fail at ~760-780 and head back towards ~600-625 from there. However, we believe we are only a few of weeks away from completing this final move lower and from seeing the beginning of a major primary counter-trend rally that should last for a few months.

The important point to drill into here is that as we approach our downside intermediate price targets in the S&P we continue to cover shorts, and minimize our exposure on the short side. Having said that, we will not go outright long until we feel confident that everything has lined up for a major counter-trend rally. Nevertheless, a move above 805 would confirm that this rally started earlier than we had expected.

Since the beginning of January, we have argued for one major final leg lower to the 650-700 area that would be followed by a robust and sustainable counter-trend rally. As we mentioned before, we will inform our clients when the timing is right to begin aggressively accumulating shares, and we will also provide our clients with a list of the most promising stocks/sectors that we expect to outperform the broader market.

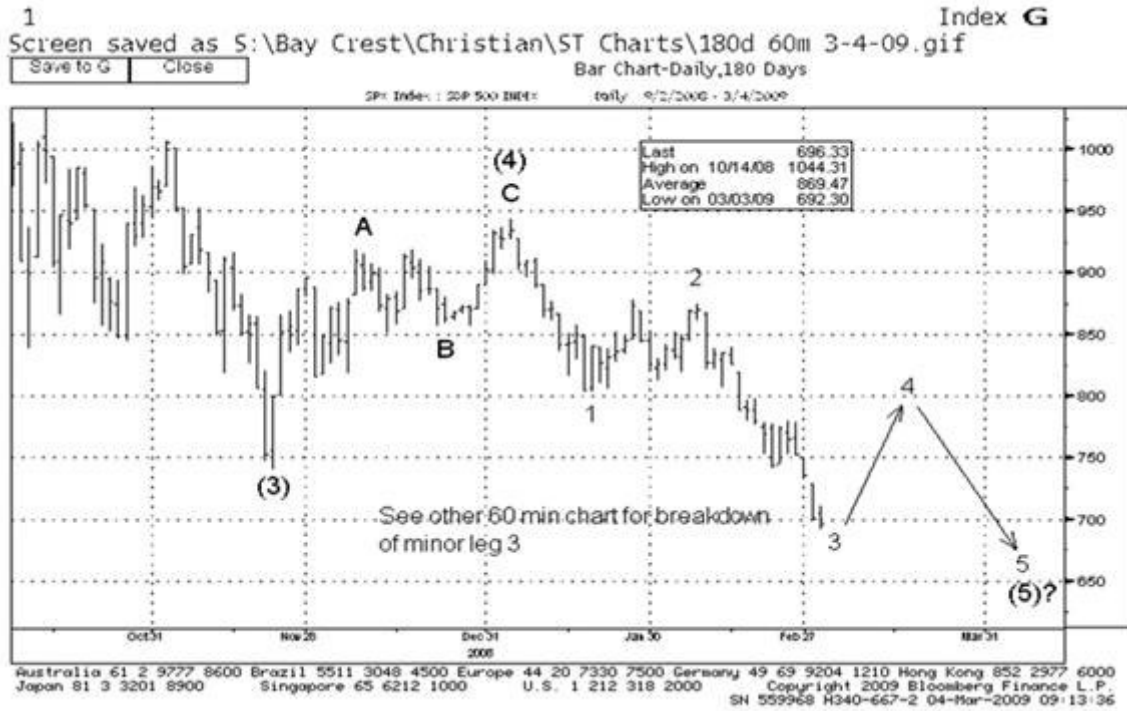
On Tuesday Feb 24th, we closed out a portion of our structural short positions since we expected a bounce, and we will close out another portion of shorts at ~650-680, despite the possibility that the S&P could head towards ~600-625 by the end of the month.

Now that we are finally approaching our price targets for the completion of leg 5, it is time to sharpen our pencil. We are confident that we will reach the 650 level, but there is now a good chance that we will reach the critical 624 level. This target is based on our work on the technical structures since May 19th '08.

Given that we broke below 735, we are in the following scenario:

- We are completing minor leg 3 of intermediate leg 5 which started on Jan 6th

(intermediate leg 4 began in late November '07 and ended on Jan 6th). Minor leg 4 should take us back to ~760-780, before we get the final leg lower to complete this intermediate leg 5. The chart below illustrates this scenario.



We have broken down minor leg 3 (minor leg 3 also needs to subdivide in 5 legs) on this 60min futures chart below, for those of you that want to understand our work on the substructures.

Leg 3 started on Feb 9th, and we believe we are in the process of completing the final leg 5 (the final substructures) of minor leg 3.

Ideally, we were looking for one more plunge to complete this move that should end somewhere around ~650-680.

We then expect a sharp move/bounce higher that will last for a few days that will take us all the way back to the ~760-780 area once again, before we roll over for one last move lower.

SPH9 ↓ **697.20** -11.20 M M 697.20/697.60 M
 At 8:20 Vol 5,236 Op 709.40 Hi 711.80 Lo 693.10 Prev 708.40

Index **GP**

SPH9 COMB INDEX Show Scroll IGPC - Candle Chart Page 1



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
 Copyright 2009 Bloomberg Finance L
 SN 845477 6992-62-3 05-Mar-2009 08:30

Christian Bendixen, CMT
 Director of Technical Research
 Bay Crest Partners, LLC
 40 Wall St. 45th Fl
 New York, NY

Direct: (646) 878-0001
 Trading:(646) 878-0005

Important Disclosures

Analyst Certification - The author certifies that this research report accurately states his/her personal views about the subject securities, which are reflected in the substance of this report. The author certifies that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. The research provided in this report is based on technical analysis provided by Bay Crest Partners LLC. Technical analysis is the study of price and volume and the interpretation of trading patterns associated with such studies in an attempt to project future price movements. The investments discussed in this report may not be suitable for all investors. Investors should use technical analysis as one input into formulating an investment opinion.

Potential Conflicts of Interest

Analysts employed by Bay Crest Partners LLC are compensated from revenues generated by the firm. Bay Crest Partners LLC generally prohibits any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. Additionally, Bay Crest Partners LLC generally prohibits any research analyst from serving as an officer, director or advisory board member of a company that such analyst covers.

Company Specific Disclosures

Bay Crest Partners LLC does not expect to receive or intend to seek compensation for investment banking services from any or all companies listed.

Additional Information

Please write to Bay Crest Partners LLC 40 Wall Street, 45th Floor, New York, NY 10005 Attention: Compliance Department.

Other Disclosures

This report is issued and approved by Bay Crest Partners LLC, a registered member of NYSE, FINRA, ARCA, ISE, NASDAQ, NFA. This report does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account the investment objectives, financial situation or specific needs of any particular client of Bay Crest Partners LLC. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. The analyst writing the report is not a person or company with actual, implied or apparent authority to act on behalf of any issuer mentioned in the report. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances. We recommend that investors independently evaluate particular investments and strategies. Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Bay Crest Partners LLC accepts no liability for any loss arising from the use of information contained in this report. All information, opinions and statistical data contained in this report were obtained or derived from public sources believed to be reliable, but Bay Crest Partners LLC does not represent that any such information, opinion or statistical data is accurate or complete, and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice. Nothing in this report constitutes legal, accounting or tax advice. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice on the tax consequences of investments. This report may provide addresses of, or contain hyperlinks to, Internet web sites. Bay Crest Partners LLC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

This report or any portion hereof may not be reprinted, sold, or redistributed without the written consent of Bay Crest Partners LLC.