



Christian Bendixen, CMT
Director of Technical Research
cbendixen@baycrestpartners.com
+1 (646) 878-0001

Short-Term Trading Strategies February 5, 2010

Given our bearish intermediate view on the U.S equity markets, calling for a minimum 25% sell-off from the highs over the next few months, we have been monitoring a number of global markets with the intention of initiating additional short positions.

Fundamentally, we can make a strong case why China will continue to sell-off from current levels. For example, there are legitimate concerns about China's property market as the Chinese government continues to implement measures to constrain credit growth. As bank lending slows, demand will have a hard time keeping up and property prices will most likely decline. We also believe that Copper prices have much more downside over the next few weeks/months (we could see prices fall to the 210-240 area) as global inventories continue to rise and speculators unwind positions. This will have bearish implications for the Chinese stock market as well and increases our conviction that we are going to head lower. Technically, copper is broken and it has broken below the uptrend from last years lows with MACD breaking below the zero level and RSI falling below the previous support level (see Chart 1).

We were looking to initiate a short at approximately the 41 level in the FXI Exchange Traded Fund (ETF) but the market never gave us that opportunity and failed just under the 200 day sma. Despite the possibility of another small bounce, at this stage, we think the downside risk far outweighs any upside potential, and we are initiating a new short position to get some exposure to the downside in the Chinese stock market.

Technically, everything has lined up. We have broken the uptrend, broken below the 200 day sma, had a failed "throwback" rally, failed at the 50% Fibonacci retracement level, MACD has fallen below the zero level, and RSI has broken below previous support (see Charts 2-4). There are also signs of "distribution" when analyzing the volume and we had a recent "sell" signal from the crossover of three exponential moving averages that we use for momentum trading techniques (see Charts 2 & 5).

New short position: FXI (China) – short term target of 33.5, stops at 39.7

Active Positions for 2010

Symbol	Status	Position	Open Date	Cost Basis	Current Price	Timeframe	Target	Stop	Gain/Loss	Performance
DXY	Active	Long	12/9/2009	76.22	80.13	Intermediate	86.00	74.00	+3.90	+5.12%
EUR	Active	Short	12/9/2009	1.47	1.37	Intermediate	1.30	1.52	+0.10	+6.73%
JPY	Active	Long	12/17/2009	89.96	89.66	Short	100.00	87.00	-0.30	-0.33%
SPX	Active	Short	1/26/2010	1,095.80	1,063.11	Short	860.00	1135.00	+32.69	+2.98%

Active ETF Positions for 2010

Symbol	Status	Position	Open Date	Cost Basis	Current Price	Timeframe	Target	Stop	Gain/Loss	Performance
UUP	Active	Long	12/9/2009	22.56	23.55	Intermediate	24.97	22.00	+0.99	+4.39%
FXE	Active	Short	12/9/2009	146.99	137.16	Intermediate	125.00	151.75	+9.83	+6.69%
FXY	Active	Short	12/17/2009	110.33	111.60	Short	100.00	113.00	-1.27	-1.15%
SPY	Active	Short	1/26/2010	109.34	106.44	Short	86.00	113.50	+2.90	+2.65%

Closed Positions for 2010

Symbol	Status	Position	Open Date	Cost Basis	Timeframe	Target	Close Date	Close Price	Gain/Loss	Performance
SOX	Stopped	Long	12/17/2009	344.61	Short	385.00	1/12/2009	360.00	+15.39	+4.47%
UTY	Stopped	Long	12/9/2009	412.74	Short	450.00	1/22/2010	402.00	-10.74	-2.60%
RUF	Stopped	Long	1/8/2010	10.40	Short	14.00	1/22/2010	9.54	-0.86	-8.27%
DXY	Closed	Long	12/9/2009	76.22	Short	81.00	2/1/2010	79.41	+3.19	+4.19%
EUR	Closed	Short	12/9/2009	1.47	Short	1.38	2/1/2010	1.39	+0.08	+5.65%
GOLDS	Stopped	Long	12/17/2009	1098.90	Short	1250.00	2/4/2010	1073.00	-25.90	-2.36%
BKX	Stopped	Long	1/6/2010	45.23	Short	57.00	2/4/2010	45.10	-0.13	-0.29%

Closed ETF Positions for 2010

Symbol	Status	Position	Open Date	Cost Basis	Timeframe	IT Target	Close Date	Close Price	Gain/Loss	Performance
XLB	Active	Long	2/1/2010	30.46	Short	33.2	2/4/2010	30.85	+0.39	+1.28%

Active Options Positions for 2010

Option Symbol	Status	Underlying	Position	Open Date	Cost Basis	Current Closing Exit Price	Gain/Loss	Performance
June 143-130 Put Spread	Active	FXE	Long	1/20/2010	3.70	5.80	+2.10	+56.76%
March 109-100 Put Spread	Active	FXY	Long	1/20/2010	2.30	0.80	-1.50	-65.22%
June 23 Call	Active	UUP	Long	1/20/2010	0.65	0.90	+0.25	+38.46%
March 110-100-90 Put Fly	Active	SPY	Long	2/3/2010	1.96	2.42	+0.46	+23.47%
September 105-95-85 Put Fly	Active	SPY	Long	2/3/2010	1.32	1.17	-0.15	-11.36%

Closed Options Positions for 2010

Option Symbol	Status	Underlying	Position	Open Date	Cost Basis	Close Date	Closing Exit Price	Gain/Loss	Performance
March 143-138 Put Spread	Closed	FXE	Long	1/20/2010	1.80	2/1/2010	2.95	+1.15	+63.89%
March 23 Call	Closed	UUP	Long	1/20/2010	0.34	2/1/2010	0.58	+0.24	+70.59%

Technical Analysis & Strategy

Chart 1: HG1 with RSI & MACD



Chart 2: FXI Daily



Technical Analysis & Strategy

Chart 3: FXI Weekly

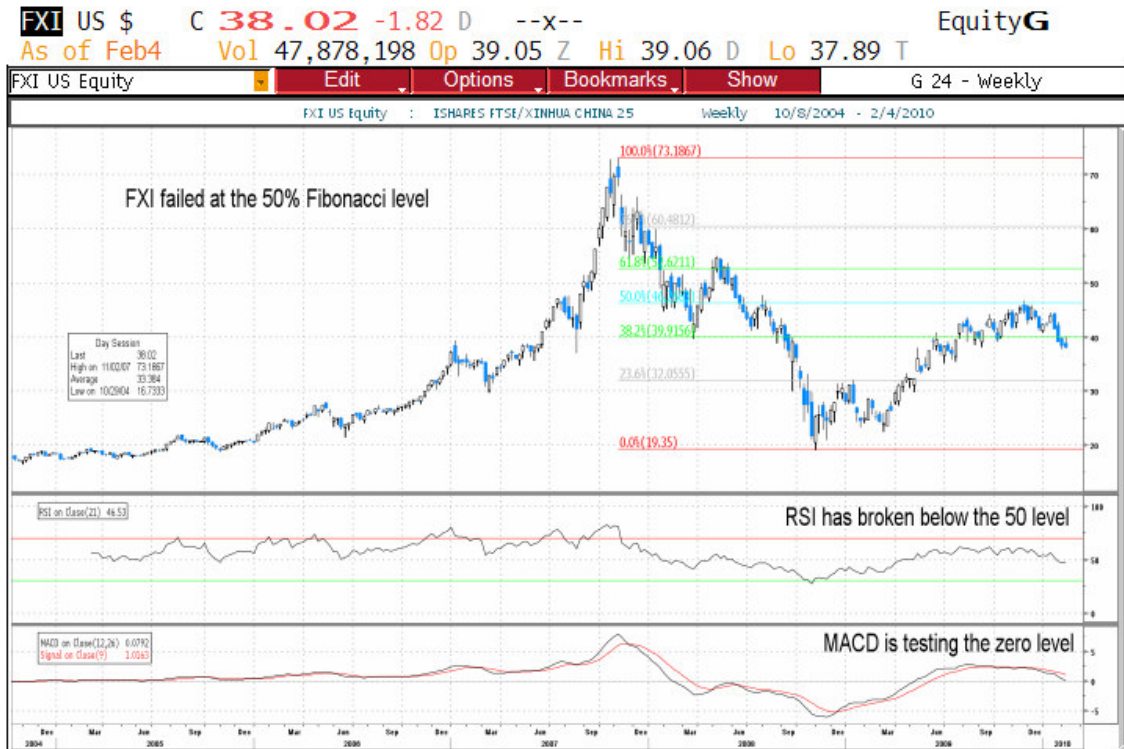


Chart 4: FXI Daily with RSI



Technical Analysis & Strategy

Chart 5: FXI Daily with Exponential Moving Averages



Technical Analysis & Strategy

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.

The information presented in this document is believed to be reliable. This document does not constitute an offer or solicitation to buy or sell. For accredited investors only. Options are not suitable for all investors. Please ensure that you have read the options risk disclosure document, accessible at <http://www.optionsclearing.com/publications/risks/riskstoc.pdf>

Price targets given in this report were obtained using technical analysis. Targets, support and resistance levels are based on previous price action and offer no guarantee of future performance.

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