

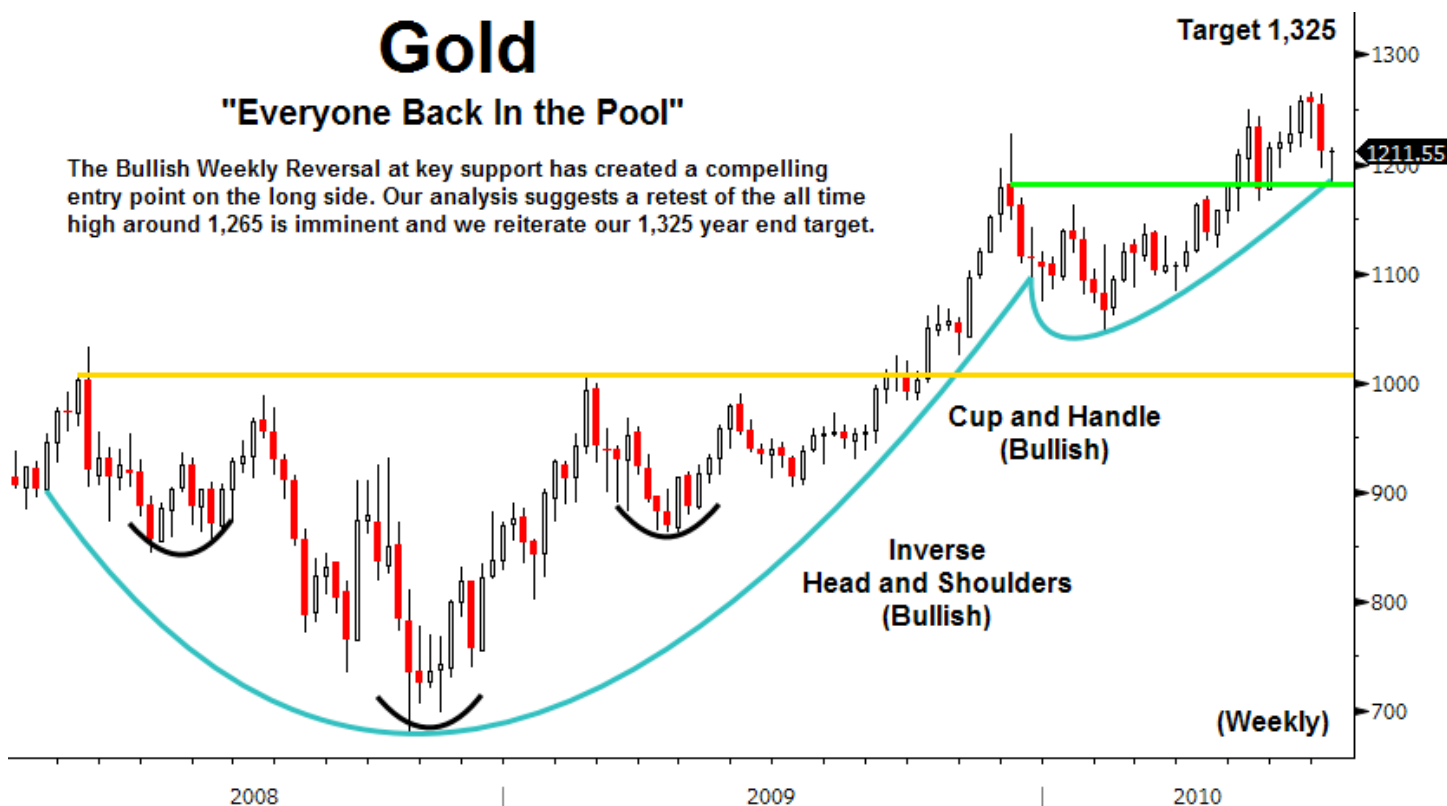
“Where We’re Going, We Don’t Need Roads”

Investor sentiment as measured by the AII percentage of Bulls plunged to 21% this week, the lowest level since March 5, 2009; one day before the low in the S&P 500 at 666. In addition, 10 year yields fell below 3% for the first time in over a year, Wall Street “Jedi” Barton Biggs capitulated on equities and the last line of defense at 1,008 (38.2% retracement) was severely tested as the S&P touched 1,010 and the correction reached 17%. Typically, when the litany of technical evidence is so seemingly one sided, the charts are best viewed through the lens of a contrarian. As we noted on Tuesday, “If every instinct you have is wrong, the opposite would have to be true.” And as is so often the case, when the boat becomes so overcrowded to one side, it invariably lists sharply back to the other side. And while there is still work to be done, the first three day rally (+4.76%) since mid-April buttressed our belief that the damage has been contained and that the recent reversal of fortune is poised to continue. More importantly, confidence is low, cash is high and conviction is weak. All of which has potentially created the ideal conditions for a “stealth” move higher. Keep in mind that markets drive the economic data and dictate fiscal policies, business decisions and consumer behavior; not the other way around. Have a great weekend.

Gold

“Everyone Back In the Pool”

The Bullish Weekly Reversal at key support has created a compelling entry point on the long side. Our analysis suggests a retest of the all time high around 1,265 is imminent and we reiterate our 1,325 year end target.



S&P 500

We expect a retest of the 200 Day MA around 1,111 at a minimum. A close above 1,120 which holds would set the stage for a test of 1,150 and potentially 1,173. Support is back in place at 1,040 which must be respected.

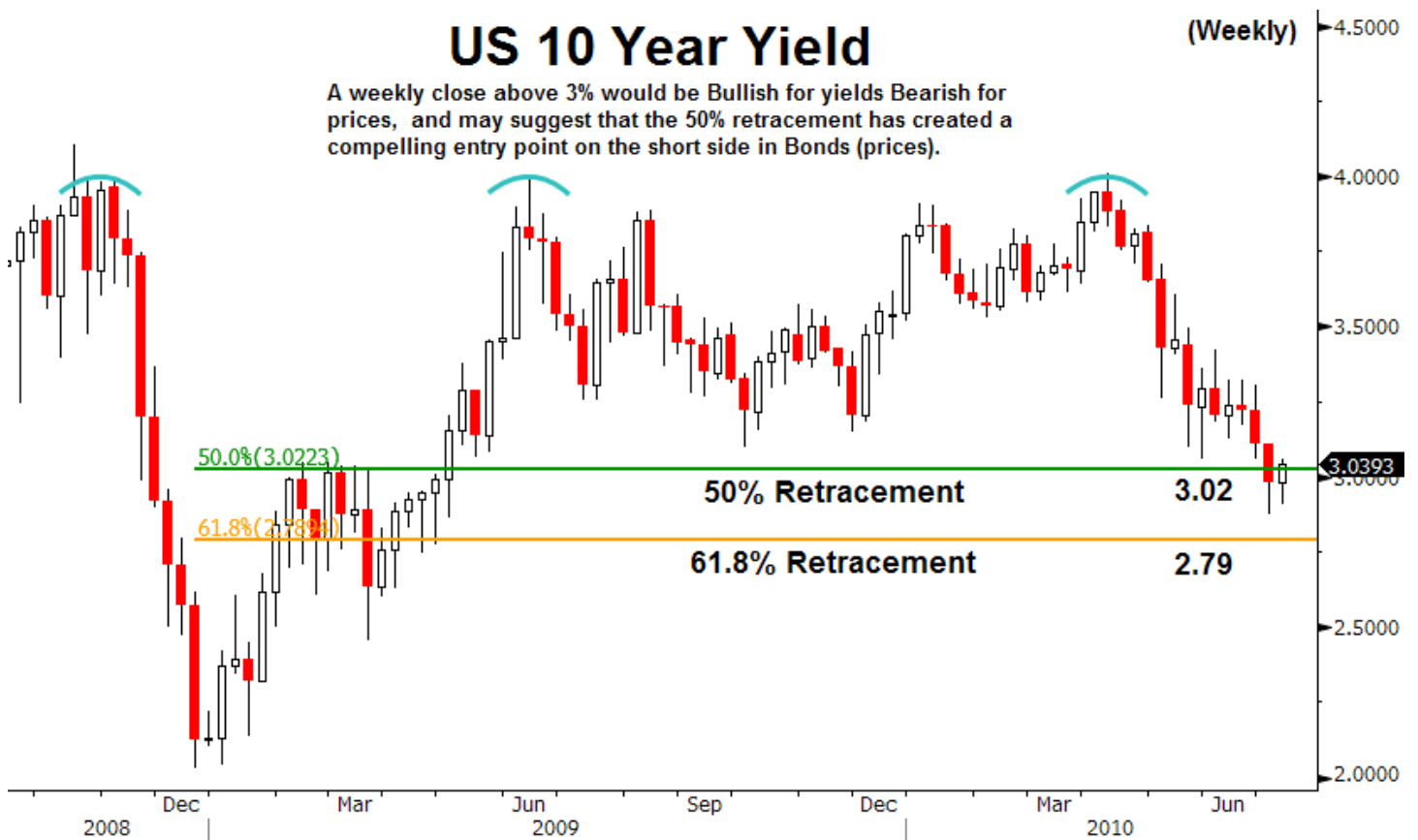


SPX -- S&P 500 INDEX G72 Daily 1/11/10 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 11:38:54

US 10 Year Yield

(Weekly)

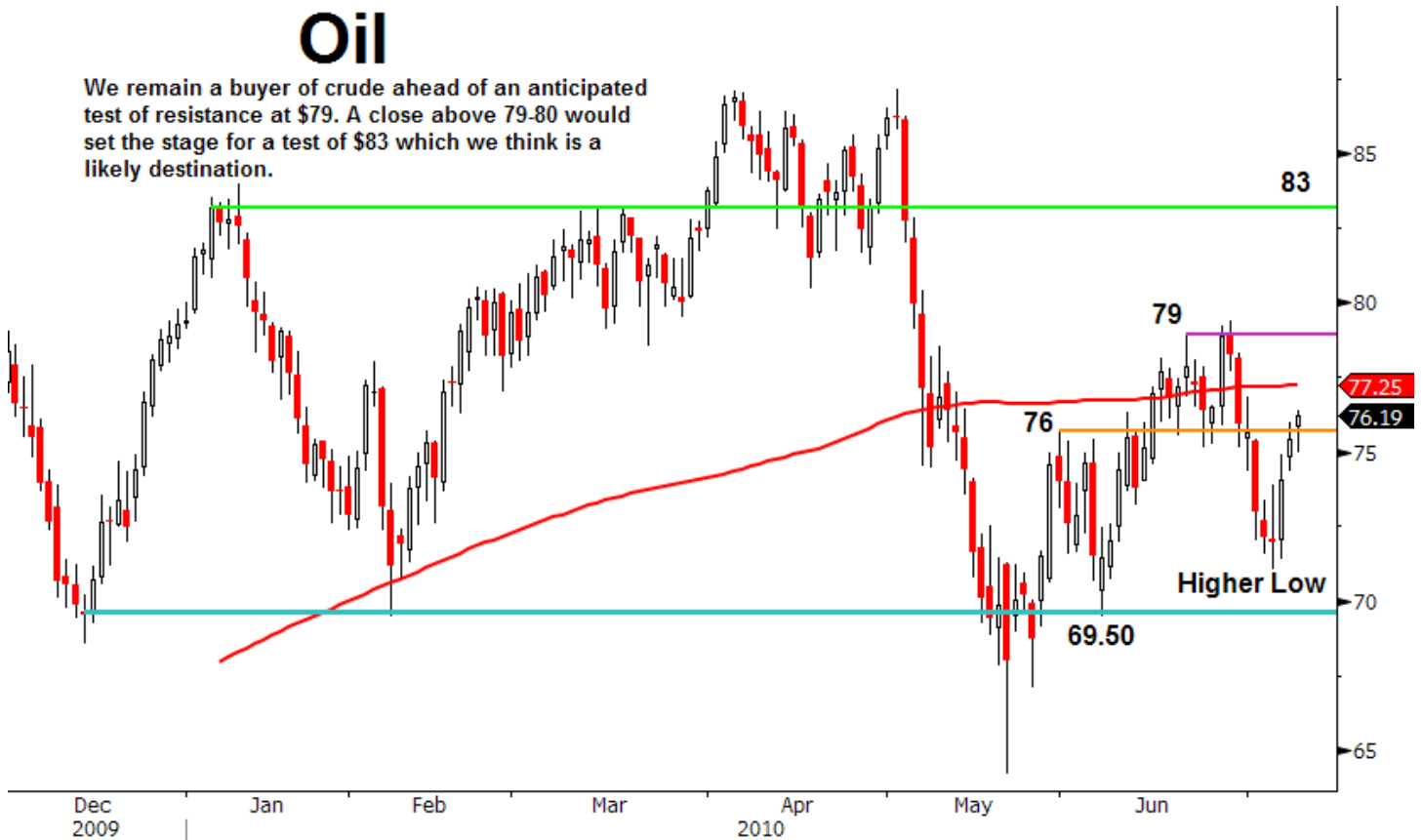
A weekly close above 3% would be Bullish for yields Bearish for prices, and may suggest that the 50% retracement has created a compelling entry point on the short side in Bonds (prices).



US Generic Govt 10 Yr G72 Weekly 7/13/07 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 11:39:51

Oil

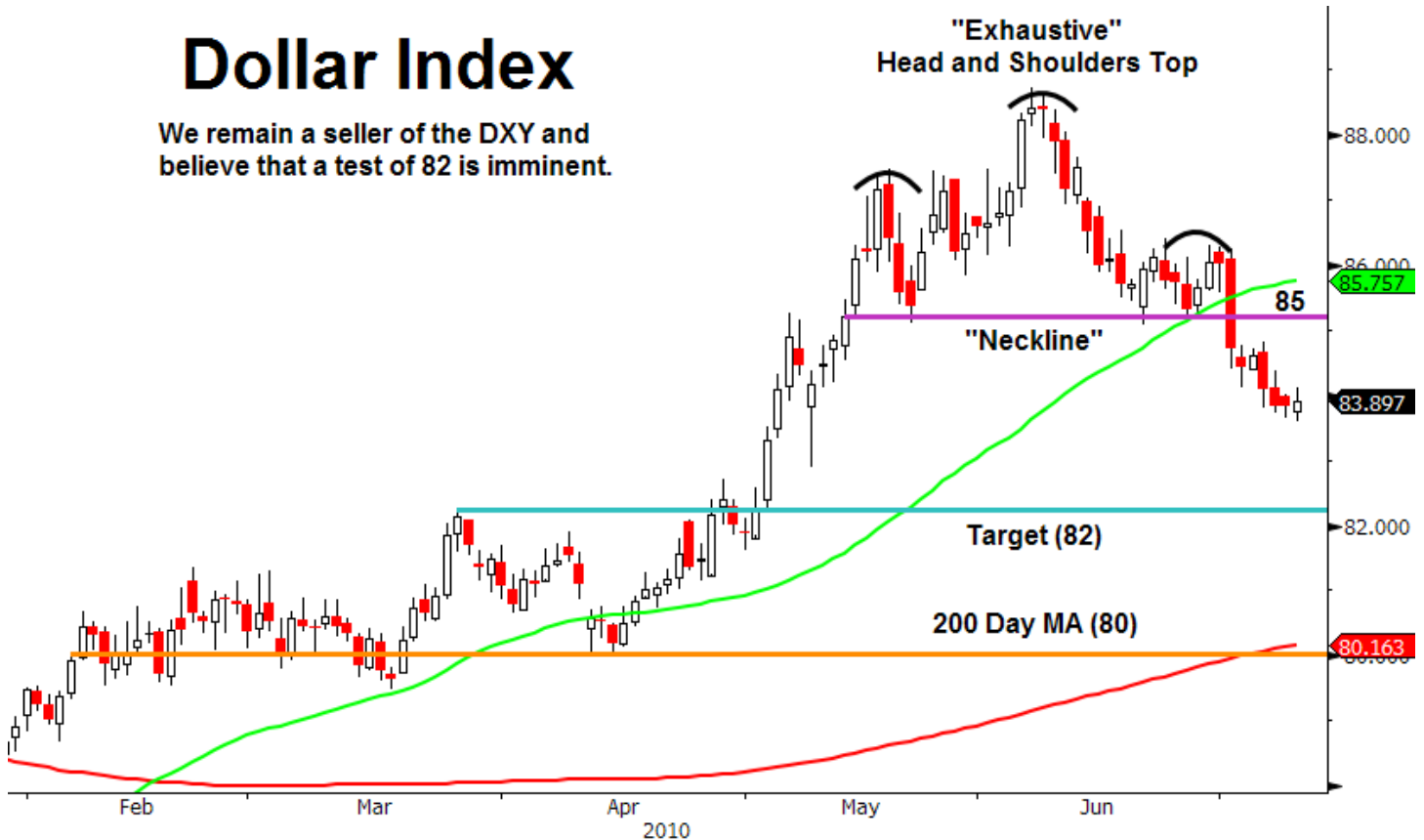
We remain a buyer of crude ahead of an anticipated test of resistance at \$79. A close above 79-80 would set the stage for a test of \$83 which we think is a likely destination.



CL1 -- Generic 1st 'CL' Future G72 Daily 1/11/10 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 10:43:22

Dollar Index

We remain a seller of the DXY and believe that a test of 82 is imminent.



DXY -- DOLLAR INDEX SPOT G72 Daily 1/11/10 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 10:46:05

MSCI EM Index

We continue to anticipate a retest of resistance at 983. A Breakout above 983 would generate a strong buy signal.



MXEF -- MSCI EM G72 Daily 1/11/10 to 7/8/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 10:49:38

Euro STOXX 50

While an ominous "Double Top" looms large we expect the Index to challenge the 200 Day MA and the high end of the recent range around 2,800. While resistance is formidable, any breakout above 2,800 would generate a measured upside target around 3,100.



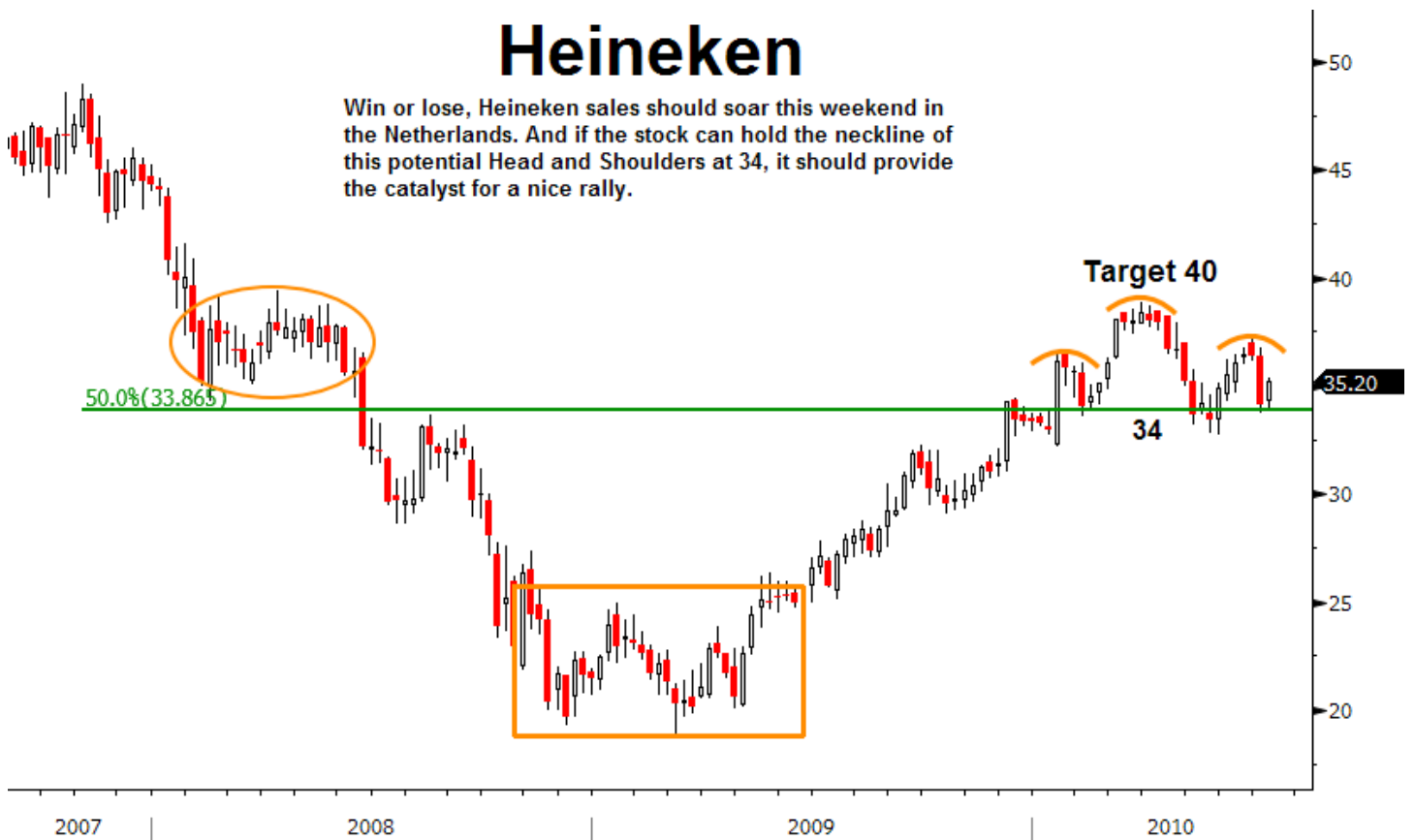
SX5E -- ESTX 50 € Pr G72 Daily 1/11/10 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 10:57:40

IBEX 35



IBEX -- IBEX 35 INDEX G72 Daily 1/11/10 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 11:59:26

Heineken



HEIA NA: Heineken NV G72 Weekly 6/29/07 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 11:18:51

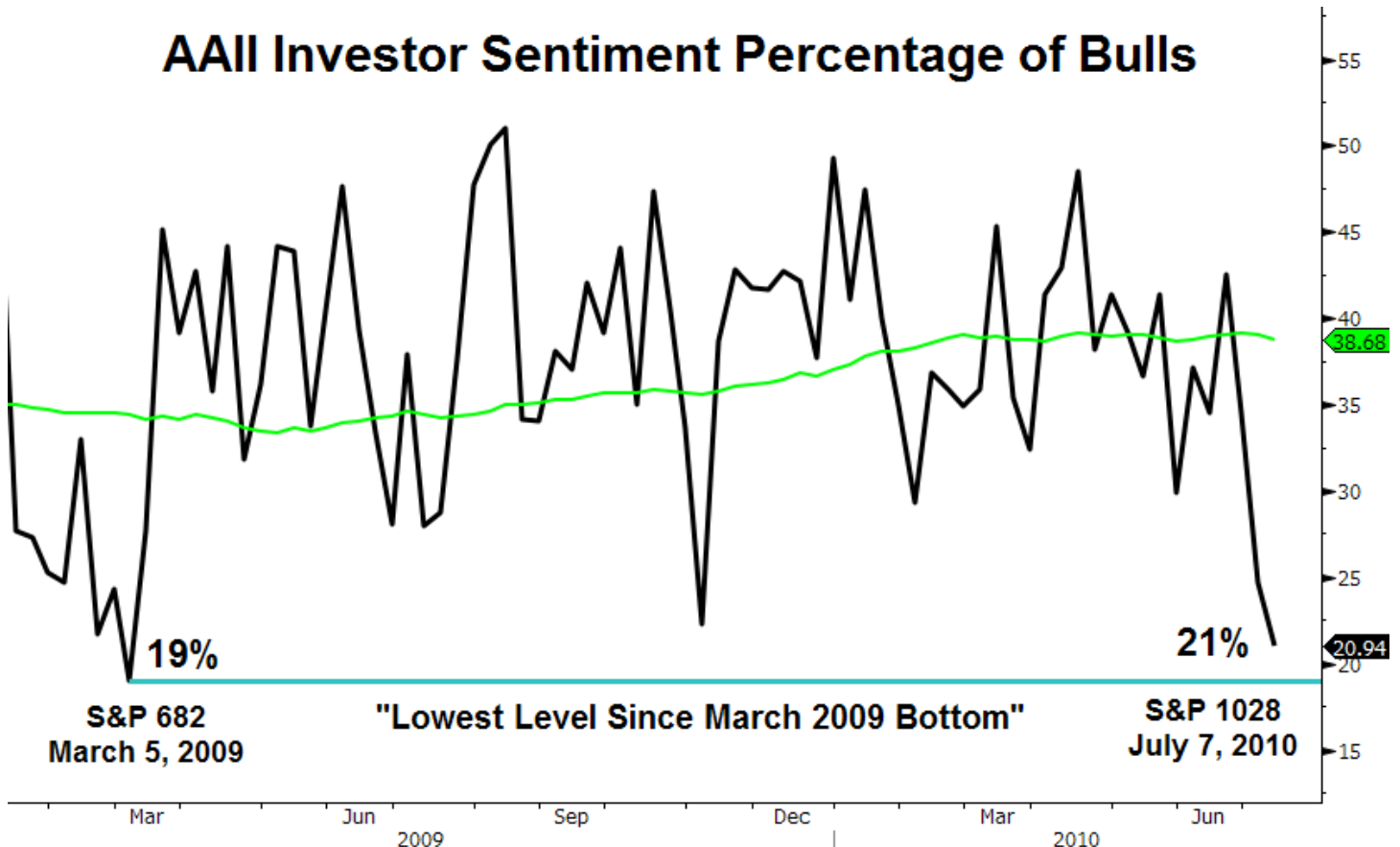
Shanghai Composite

A break back above 2,500 would be Bullish and may suggest that the recent breakdown was in fact false. The presence of a Bullish Reversal pattern or "Hammer" lends credence to the case for a short term rally.



SHCOMP - SHANGHAI SE COMPOSITE G72 Daily 1/11/10 to 7/9/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 11:33:18

AAll Investor Sentiment Percentage of Bulls



S&P 682
March 5, 2009

"Lowest Level Since March 2009 Bottom"

S&P 1028
July 7, 2010

Investor Sentimt Bullish G208 weekly 7/10/08 to 7/8/10 Copyright 2010 Bloomberg Finance L.P. 09-Jul-2010 11:27:02

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