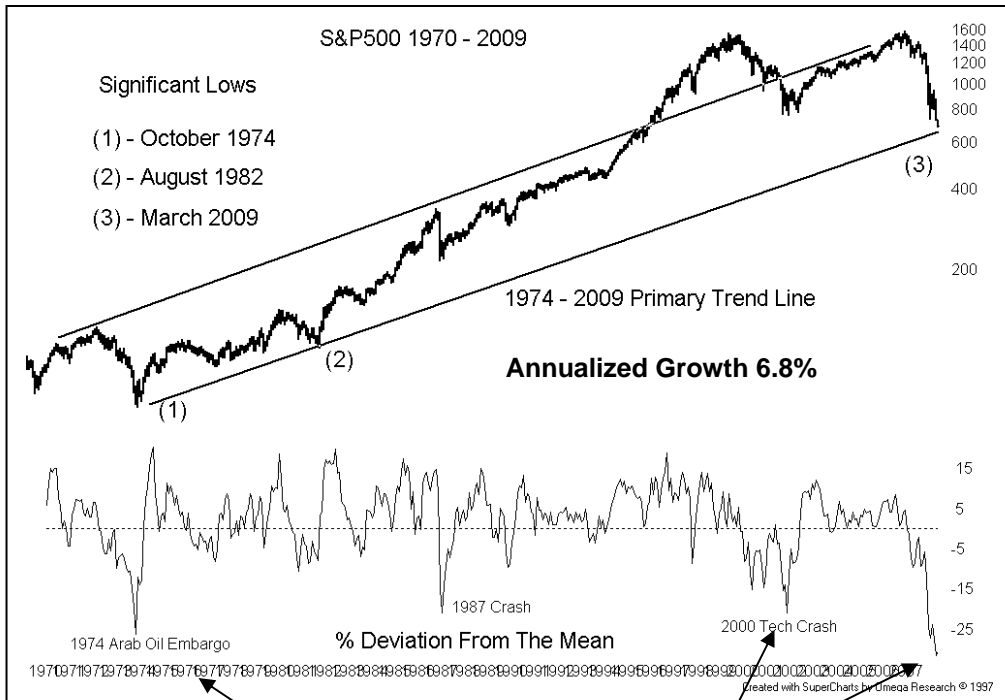


Bi-Weekly Update March 5, 2009 GT1294 TSX Comp 7629 DJII 6594

**The World Watches in Horror as Major World Bourses Break Under the November Lows (but)**  
When we all believe – we are usually wrong – this seems to be a classic bear trap



Extreme deviation from the long term mean

**Long term analysis**

**The S&P500**

The 40-year view of the S&P500 - (semi-log scale) reveals three significant lows

The lows of 1974 (1)

The lows of 1982 at (2)

The lows of 2009 (3)

In each case these lows - to include the 1987 crash and the 2002 technology crash - were accompanied by extreme negative deviation from the mean - in this case the 10-month simple moving average.

See chart top left

**The Nasdaq Composite**

The 40-year view of the Nasdaq Composite (semi-log scale) reveals several significant lows

The Early Growth Period

The lows of 1974

The lows of 1982

The lows of 1984

The Mature Growth Period

The lows of 1984

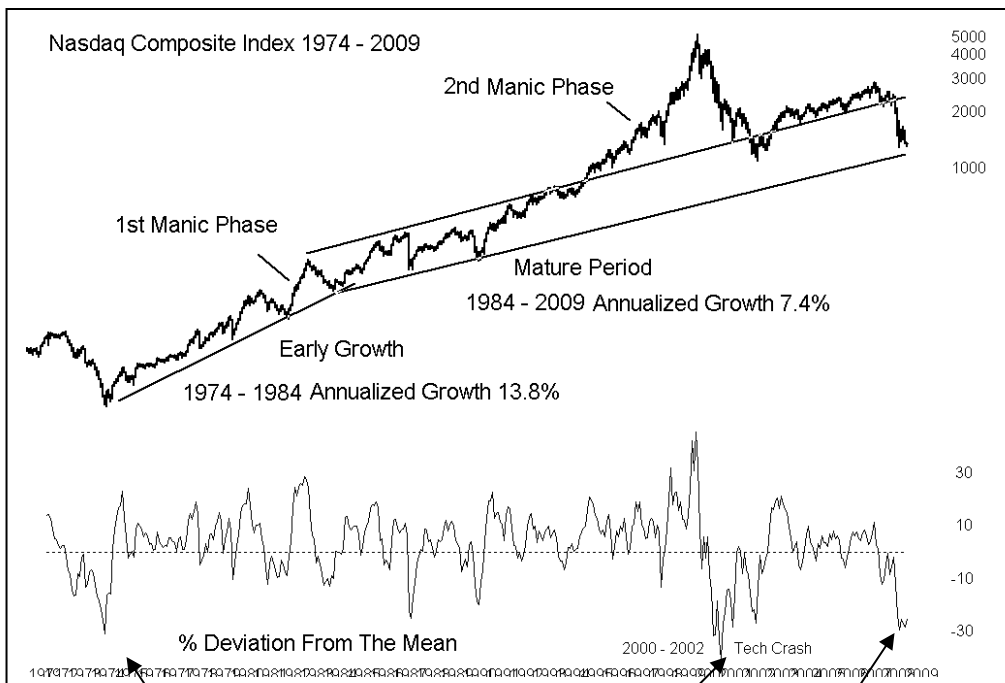
The lows of 1987

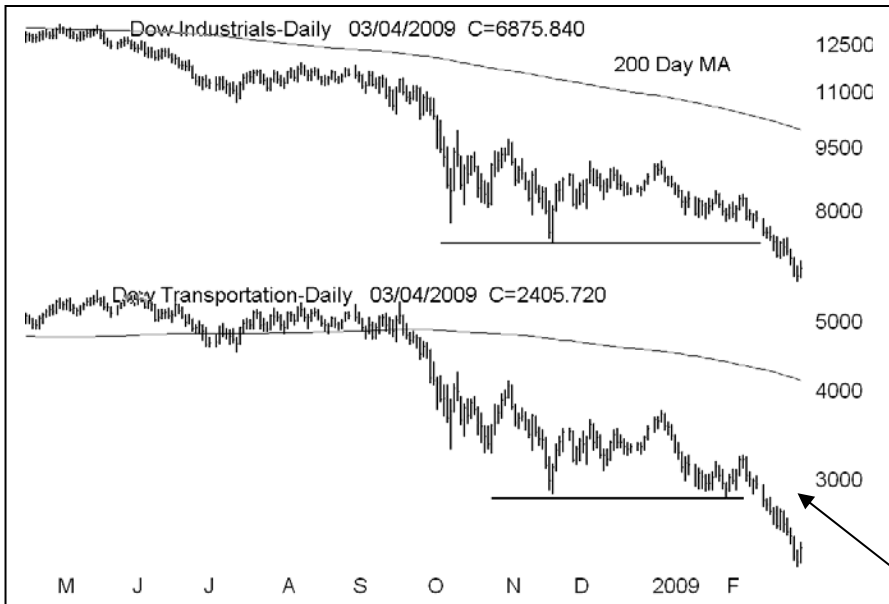
The lows of 1990

The lows of 2009

Note the lows of 1974, 1987, 2002 and 2009 all accompanied by extreme negative deviation from the mean

See chart lower left





**The Dow Industrials and the Dow Transports** both break under their respective November 2008 lows as the world watches in horror

Perhaps too obvious a technical “sell” signal and perhaps a bear trap

Currently the math argues against any more lows for now because both averages have been sold down too far under their 200 day moving averages (the mean)

See chart top left

**The Transports** at the close of March 3, 2009 are - 43 % under the mean – a number not seen since the 1974 lows.

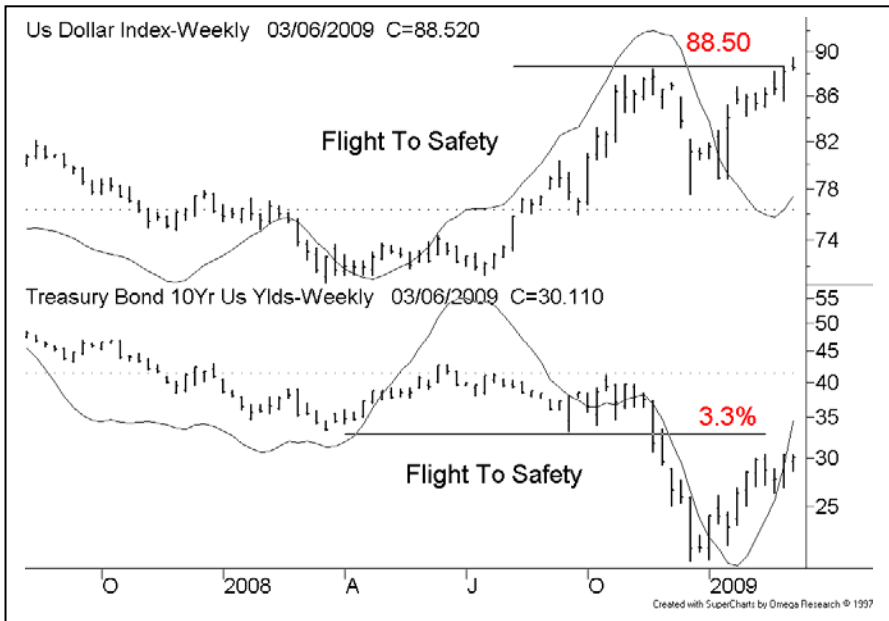
This is a shocking over-sold condition – the 911 terrorist attack lows printed only a – 28% decline from the mean

Another bullish sign – **money seems to be leaving the “safe” places** such as the US dollar and US Treasuries

This would suggest investor willingness to take on a little more risk – such as technology – energy and heaven forbid – financial

See chart center left

Note the important 3% yield level on the 10-yr Note – a breakout here would be very bullish for equities



Risk Appetite Returns

**We need leadership** - and the all important technology sector is answering the call

The Semiconductor Index is leading the all important SPDR Technology index

See chart lower left

Note the strong relative perform when the SPDR Technology is spread against the S&P500

