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MARKET INSIGHT REPORT**Hitting the Broad Side of A Barn**

February 19, 2009

By John R. Taylor, Jr.

Chief Investment Officer

About an hour ago, Ben Bernanke finished speaking to the National Press Club in Washington and at this moment we are looking over the January 28 FOMC minutes. I find myself overwhelmed by the pseudo precision and the shallow intellectual arrogance of the whole process. Project inflation in a 5 to 6 year window? Get serious; these are the same people who missed the entire real estate decline, mortgage meltdown and the gigantic synchronized global recession that has followed. One thing that upsets me is that I feel obliged to listen to this stuff because the rest of the market does too. It is absolutely clear the US financial leaders Bernanke, Summers, Geithner, and Volcker are all in uncharted waters and they cannot see the hidden reefs and sandbars until the economy is upon them. Only Volcker gives the impression he is aware of how little all of us know about handling a globally inter-connected highly levered financial behemoth in this situation.

We are not anti-intellectual as we are certain a good knowledge of economics, as well as the theories and systems that are developed from it, is critical to the understanding of the current situation in a historical, monetary, and global framework. However, any analysis or theory, no matter how thorough or erudite it might be, is no more than one individual's or small team's view with all the biases which that entails. Many valuable economic ideas are regularly ignored – Friedrich Hayek and Hyman Minsky have spent time in the cold. Any study of a historical event is several critical steps away from being there, and while that event is happening no one has the knowledge that can be gained by looking back at it. As macroeconomics cannot be carried out like chemistry in a test-tube, it is impossible to run a controlled experiment, and its results cannot be viewed in the same manner. As Paul Ormerod points out in his book *Butterfly Economics*, any historical analysis of the forecasts by “blue chip” economists or by the government authorities shows they are totally inaccurate, no better than the flip of a coin. Furthermore, the range of results in the real world is very wide, meaning our assumptions of normality are false, as the experience of October 1987 and October 1998 should have taught us. Basically, no one can forecast worth a damn. If Capital Economics, a consultant we use, forecasts the US 2009 GDP at -2.0% while the Fed believes it will be -0.8%, and for 2010 our consultant comes in at 0.0% while the Fed is at +2.0%, what have we learned? We've learned to listen to a lot of different people, but I also know no one is going to be right. Looking at inflation, the Fed is forecasting PCE inflation for this year at 1.2% while Capital Economics sees it at -1.0% - a range of 2.2% for a year that is already part way over! However, Bernanke has just taken it upon himself to project and then manage the rate of PCE inflation in the 5 to 6 year timeframe so that it falls between 1.7% and 2.0%. They expect that we investors will pay attention to this rate of future inflation and will price the bond market accordingly. With all the historical data showing inability to manage these things, why would we believe the Fed can fine-tune our inflation expectations and through that the bond market? Although I would love to buy straddles on this forecast, millions of Americans will actually be subject to the Fed's strategies using that as an input.

Left out of this academic calculation is the banking system's health, the existence or not of the “near” banks, and the psychological state of the country's and the world's investors and consumers. What any historian of economics would tell you today is that future economic theories will explain all our failures and how we exacerbated the force of this downturn. We are in the wilderness and being smug about the depth of our learning will do nothing but get us in more trouble than we are in already.



FX CONCEPTS

GLOBAL MACRO RESEARCH

CURRENCIES

INTEREST RATES

EQUITIES

COMMODITIES

DAY AT A GLANCE

February 19, 2009

	Currency/Instrument	Support		Resistance		Cycles	Medium Term Target	
		First	Second	First	Second			
Foreign Exchange	EUR/USD	1.2480	1.2400	1.2580	1.2640	ST: Down to Friday	1.2400	
	USD/CHF *	1.1715	1.1660	1.1830	1.1920	MT: Down to Friday or a few days longer	1.1920	
	GBP/USD	1.4140	1.4050	1.4265	1.4350		1.4100	
	EUR/CHF	1.4710	1.4650	1.4835	1.4910	ST: Down to Friday MT: Down to Friday, then up for two weeks	1.4650	
	EUR/GBP	0.8800	0.8725	0.8900	0.8950	ST: Down to Friday MT: Up to early March	0.9075	
	EUR/SEK	10.9600	10.9050	11.0650	11.1500	ST: Up to Monday	11.2000	
	EUR/NOK	8.8000	8.7550	8.8850	8.9500	MT: Up to late next week	8.9000	
	EUR/CZK	28.60	28.33	29.28	29.69	ST: Up into Friday	29.87	
	EUR/PLN	4.7400	4.6700	4.8600	4.9200	MT: Up to Friday, then up for two weeks	4.9900	
	USD/JPY	93.30	92.45	94.20	95.70	ST: Down to Friday MT: Up to the week of March 9	95.70	
	USD/SGD	1.5180	1.5125	1.5350	1.5410	ST: Up into Friday	1.5410	
	USD/KRW	1437	1423	1466	1481	MT: Up to Friday, then down for two weeks	1491	
	USD/INR	49.30	19.15	50.20	50.60		50.60	
	EUR/JPY	115.65	114.20	119.10	121.35	ST: Up on Thursday, down to Monday	122.70	
	GBP/JPY	131.00	129.35	134.90	137.45	MT: Up to the week of March 2	139.00	
	AUD/USD	0.6335	0.6275	0.6435	0.6495	ST: Down to Friday	0.6275	
	NZD/USD	0.5070	0.5000	0.5145	0.5190	MT: Down to Friday, then up for two weeks	0.5000	
	USD/CAD *	1.2530	1.2430	1.2710	1.2820		1.2710	
	USD/ZAR *	10.0900	9.8700	10.3800	10.6700		10.9500	
USD/MXN	14.5900	14.3000	14.7700	15.0000	ST: Up into Friday	15.1000		
USD/BRL	2.3200	2.3000	2.3690	2.3900	MT: Up to Friday, then down for two weeks	2.3900		
Interest Rates	Eurodollars	9-Dec	98.43	89.30	98.55	98.62	ST: Up into Friday	98.30
	US 10Y Notes	9-Mar	123-00	122-07	124-10	125-01	MT: Topping quickly, down for two weeks	119-30
	US 30Y Bonds	9-Mar	127-22	126-18	129-18	130-18		123-10
	Euribor	9-Sep	98.34	98.29	98.40	98.45	ST: Up into Friday	98.15
	Bunds	9-Mar	125.20	124.50	126.45	127.20	MT: Topping quickly, down for two weeks	124.00
	Sterling Deposits	9-Sep	98.10	98.03	98.24	98.34		98.00
	Gilts	9-Mar	121.65	120.75	122.85	123.45		119.20
	JGBs	9-Mar	139.25	139.00	139.90	140.25		137.75
	Aussie 90D Bills	9-Jun	97.30	97.23	97.43	97.50	ST: Up into Friday	97.10
	Aussie 3Y Bonds	9-Mar	96.99	96.90	97.10	97.17	MT: Topping quickly, down for two weeks	96.80
Equities	S&P 500		781.50	770.00	794.00	808.00	ST: Down into Friday	770.00
	NASDAQ		1,173	1,160	1,202	1,212	MT: Down to Friday, then up for two weeks	1,160
	Eurostoxx		2,078	2,012	2,145	2,185		2,012
	DAX		4,124	4,067	4,335	4,402		3,981
	FTSE		3,956	3,883	4,094	4,138		3,883
	Nikkei 225		7,479	7,403	7,662	7,728		7,403
Commodities	Hang Seng		12,712	12,495	13,194	13,502		11,790
	Crude Oil	9-Mar	33.55	32.10	37.15	38.50	ST: Up Thursday, down Friday	38.50
	Gold	9-Apr	952.00	930.00	1000.00	1023.00	MT: Up for a week or two	1001.00
	CRB Index		200.00	198.75	206.35	210.50		210.50

* Cycles refer to currency per USD



CURRENCY – Europe Long-Term View

February 19, 2009

Developed Currencies to Stabilize, Emerging to Remain Weak

By Jonathan Clark

The financial press is finally focusing on the problems we have been warning about for a long time in the Central and Eastern European (CEE) countries. Growth is collapsing and 2009 estimates for these emerging countries as a group are -5 to -10%. The press is concentrating on the impact of defaults on Western European banks, while we are far more interested in the flow of funds. The impressive economic performances in the CEE countries during the past 20 years are largely dependent on foreign capital. Banks mainly supply the capital, but on shortening maturities making them especially vulnerable to reversals. Capital flows dropped during two previous periods of economic and financial crises in the early 80s focused in Latin America and the late 90s focused in Asia and Latin America. This is again occurring and this time the spotlight is on the CEE countries. The credit default swaps (CDS) for Russia and the Ukraine are priced for default within five years. There is clearly a benefit of ERM membership as the 10-year CDS for Slovakia and Greece are 236 and 264 respectively, while the CDS for Poland and Hungary are 391 and 533 respectively. This argues that unless the CEE countries can negotiate early membership their respective currencies will be severely battered. The Czech Republic, Hungary, Poland and Romania are the countries in the EU with floating exchange rates, hence these are the ones we like selling. The RON has the greatest downside potential.

The major European currencies are in far better shape than the emerging ones and should therefore be more stable, at least for a few weeks. These currencies are nearing a medium term low and this should be seen by early next week. They can fall to EUR/USD – 1.2400, USD/CHF – 1.1920 and GBP/USD – 1.4100. This level should hold on a closing basis and then these currencies should recover for two weeks. If the resistances at 1.2820, 1.1590 and 1.4530 break on a closing basis then they are headed higher into the week of March 9 and can rally to 1.3200, 1.1225 and 1.4900. If they prove that strong this rally could last into August before it ends, but this is less likely. The collapse of the Eastern European economies has the ability to trigger a credit crisis in Europe, in which case the euro, Swiss franc and pound will be very weak. The major downtrend is more likely to resume by the middle of March and we recommend using any strength seen to sell for the next leg of the major downtrend.

A close below the supports at 1.2400, 1.1920 and 1.4100 argue that the European currencies will continue lower without a pause. It is then headed lower into early May when a medium term low is due and our initial targets are 1.1950, 1.2300 and 1.3500. The longer-term cycles call for this overall weakness to last into late July or August, but it is more likely any aggressive weakness will be postponed for a few weeks.

February 19, 2009

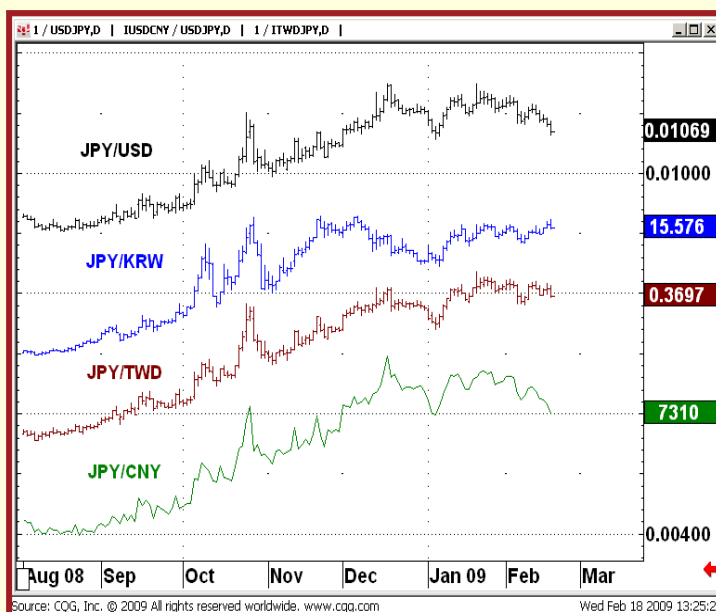
CURRENCY – Asia Long-Term View**USD/JPY Headed Higher Into Mid-April**

By Jonathan Clark

On Tuesday, USD/JPY closed above the strong resistance at 92.40 and this turned the medium term outlook positive. An early sign that the situation had changed was on Thursday when US equities turned lower and yet dollar/yen had a strong up day. This argued that risk appetites were losing influence and other factors were taking over. The catalyst for this change is almost certainly a collapse in Japanese exports of 35% from a year earlier. As a result the economy is now shrinking at a 12% annual pace. Recently resigned Finance Minister Nakagawa favored tax hikes, showing the government doesn't understand the severity of the

problem. As exports are 18% of GDP and the world is in a slowdown, Japan can't exploit this avenue as a way out of its problem. Fiscal austerity measures introduced in 2003 to cut Japan's massive debt must be reversed to turn the economy around, but the government is frozen in place, with an abysmal opinion rating. Cutting interest rates won't help as they are already extremely low and, even if they did, it would negatively impact household incomes. A significant weakening of the Japanese yen would help, but with the global contraction (a yen positive) this is unlikely without massive intervention, which is politically difficult. Even with intervention, capital won't flee Japan so the yen should remain stronger than the currencies of its major competitors like China and Korea.

The cycles in dollar/yen are quite clear and call for dollar strength into mid-April, but if this view is correct, equities must not weaken aggressively as this would mean a flight to safety. The cycles call for USD/JPY to reach 94.20 on Thursday before pulling back for a few days. The upmove should then resume into the week of March 9 when a medium term peak is due. A close above 94.20 will confirm the dollar will rally to 95.70 before peaking. We doubt this higher level will be surpassed and a further rally to the 99.00 area in April is less likely before the dollar turns down to begin a downtrend. The cycles then call for the dollar to move lower into late August or September. A close below 90.45 is needed to signal it is headed lower to our long-term objective of 88.00, and possibly by as soon as early April. This next decline is more likely to be delayed.





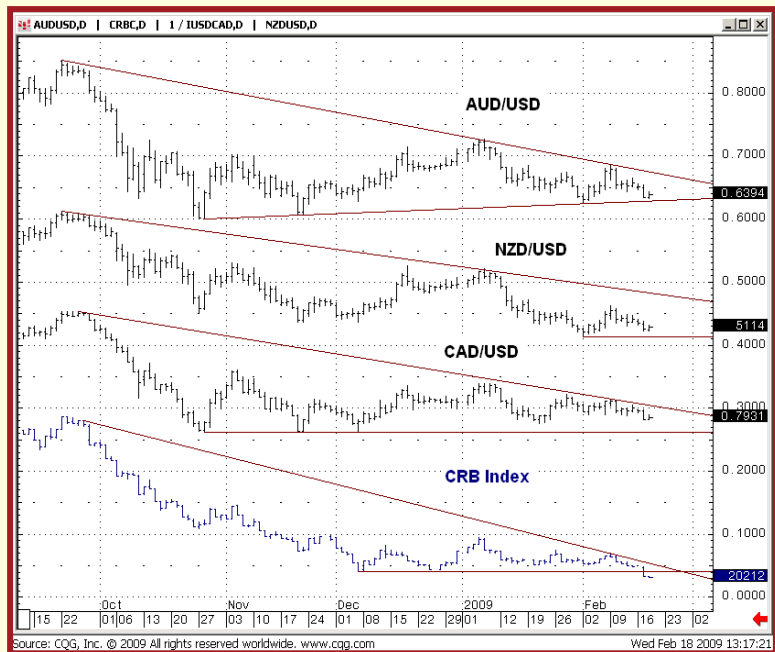
CURRENCY – Commodity Currencies Long-Term View

February 19, 2009

Sideways Trading Could Last Another Month

By Jonathan Clark

The commodity currencies performed relatively well during the past week considering the considerable headwinds. The CRB Index turned sharply lower on Tuesday and fell to its lowest level in more than six years, while the AUD, NZD and CAD all held above their lows of the past month. The longer-term cycles are negative on the commodity currencies into the third quarter of the year, but it is likely any aggressive weakness will be postponed for several weeks and possibly a month. Collapsing imports by the Asian Tigers makes Australia especially vulnerable to weakness, while the 10% decline in US industrial production during the past week will undermine Canada. As global demand falls commodity prices will continue to fall, further damaging the export prospects for the commodity exporting countries. **The AUD, NZD and CAD will fall to significant multi-year lows and the only question is when the weakness will be seen.**



The cycles call for the commodity currencies to decline into Friday or a few days longer before a medium term low is reached. The supports at AUD/USD – .6275, NZD/USD – .5000 and USD/CAD – 1.2700 have a good chance of holding at this time, at least on a closing basis. Provided the currencies lack much weakness during the next few days they should turn higher and strengthen for up to a month before the major downtrend resumes. A close above .6495, .5190 and 1.2240 is needed to turn the outlook positive into the week of March 16 or the following week and our maximum targets for this upmove are .6775, .5400 and 1.2025. Our strategy is to use the strength expected during most of March to add to short positions. The major downtrend should then resume. There is a great deal of pent up energy developing during the sideways trading of the past four months and we are expecting an aggressive downmove. A close below .6275, .5000 and 1.2700 will signal these currencies are headed sharply lower into late July or August. Our initial objectives will become .5900, .4815 and 1.3300 and they can be reached as soon as early April. Our ambitious longer-term objectives are .4680, .3800 and 1.4500.



February 19, 2009

CURRENCY – Crosses Long-Term View

Europe & Yen Crosses to Rally For Two Weeks

By Kristian Kerr & Joseph Palmisano

EUR/CHF and EUR/GBP both came under downside pressure last week. Growing concerns over the banking situation in Eastern Europe and weak global stock markets prompted the latest leg lower in EUR/CHF. The SNB has repeatedly voiced its concern over a strengthening franc and any further declines in the cross below 1.4650 should see intervention talk begin to resurface. The cycles say the cross should bottom by the end of the week and rally to the first part of March. EUR/GBP declined over the past few days on growing concerns of EU member banks large exposure to Central and Eastern Europe. The cycles say the cross should bottom late this week and then rally into the middle of March.

EUR/CHF should form a medium term bottom around the end of the week. The support at 1.4650 could be seen on Friday or early next week, but this level will probably hold on a closing basis. The cross will then turn up and rally into the middle of next week. A close above the resistance at 1.4910 will confirm that the cross is headed higher into the week of March 2 and will reach our target of 1.5155. Only a close below the support at 1.4650 means the decline will stretch into the middle of next week and the cross will fall to 1.4435 before bottoming, but this is unlikely. EUR/GBP is expected to form a medium-term low late this week and then rally for several weeks. The support at .8725 should contain any final weakness seen during the next few days and then the cross will then turn higher into the second half of next week. A close above .9015 will confirm the cross is headed higher into the week of March 16 or the following week and our target is .9220. It will take a close below .8725 to indicate the cross is headed directly lower into the week of March 2 and will fall to .8550, but this is unlikely.

The major yen crosses lacked much direction during the past month despite the increased risk aversion as evidenced by declining global equities. Despite a sharp downturn in equities the yen has declined as Japanese economic and political problems have come to the fore. The LDP government appears unable to come to grips with the weakest economy in more than 30 years, but we don't expect the divergence between equities and the yen to last for too long. Equities should quickly form a low and we then expect the yen crosses to rally for a few weeks. A minor high is due on Thursday, but the resistances at EUR/JPY – 119.10, CHF/JPY – 80.65, and GBP/JPY – 134.90 could hold at this time. Following a pullback lasting a few days, the crosses should resume its upmove into the early part of the week of March 2 when a medium-term peak is due and our targets are 122.70, 83.05 and 139.00. Following this peak, the crosses should decline for two weeks before making a final upmove into the middle of April. The longer-term downtrend should the resume and the crosses should decline into September and our objectives will become the 110.50, 74.80 and 125.50 areas. The supports at 114.20, 77.30 and 129.35 should hold and only a close below these levels signal the crosses are headed directly lower into early March. This negative scenario is unlikely and we are not expecting any aggressive weakness before the second half of April.

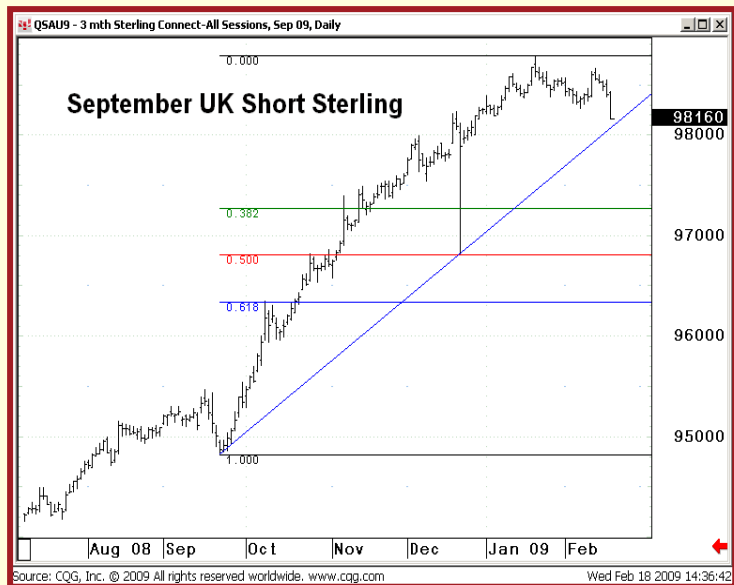


INTEREST RATE – Short-Term View

Sell Short Sterling on Strength

By Joseph Palmisano

The weakness seen in the short end of the global credit market during the past few days has turned the outlook negative for this segment of the market. This weakness was most aggressive in the Short Sterling Deposits as they fell to their lowest level in nearly two months. The Gilts traded to a new high for the past month on Wednesday before retreating. **We are in an unusual situation where the short end has peaked, but it could take a few days before the long end follows it lower.** The announcement the MPC voted 9-0 in favor of quantitative easing, while casting doubt on the effectiveness of further rate cuts, favors the Gilts over the Short Sterling. This shift in strategy resulted in a sharp adjustment in prices to reflect this new reality and this weakness can last a few weeks. **We recommend using any bounces seen to exit long September Depos positions.**



The Short Sterling Deposits have formed a medium term peak ahead of schedule and are headed lower into early March, but we are not expecting a significant downmove. During the past six weeks the momentum of the uptrend has slowed as the end of the easing cycle is approaching. This means the profits that can be earned from owning even the longer-dated Depos and earning the run-down has been significantly reduced. With the short end of the yield curve becoming anchored, it will be a flattening of the curve that will provide the future trading opportunities. We will therefore be looking for an opportunity to buy the longer-dated instruments at better prices.

The Depos formed its medium term peak ahead of schedule as it turned lower late last week. The pace of this downmove accelerated on Wednesday and this weakness should last a few weeks, but the pace of the downmove should slow. The shorter cycles call for a recovery into Friday, but the resistance at 98.34 should contain any strength seen. The downmove will then resume and a break of the support at 98.15 will confirm our negative outlook into the week of March 2 and our maximum objective is 98.00, but this is probably too ambitious. Only a close above 98.34 means the uptrend has already resumed and it will rally to the 98.55 area, but this is unlikely.



February 19, 2009

TRADE OF THE DAY (TOD) & PORTFOLIO

TOD

Trade	Stop Loss	Take Profit
Sell AUD/USD at 0.6434	0.6497	0.6245
Previous Trade: Sold USD/CHF at 1.1754 and bought on the close at 1.1764 (-0.09%)		
P&L:	MTD: +2.67%	QTD: +3.78%
		YTD: +3.78%

Currencies

Trade	Stop Loss	Take Profit
Sell GBP/USD at 1.4325	1.4490	
Buy USD/JPY at 92.60	91.30	
Current Portfolio:		
Instrument	Position	Entry Date
None		
Entry Price	Stop Loss	Take Profit
P&L:	MTD: -0.96%	QTD: -0.96%
		YTD: -0.96%

Interest Rates

Trade	Stop Loss	Take Profit
Sell H9 Gilts at 122.67	123.91	118.96
Current Portfolio:		
Instrument	Position	Entry Date
M9 Aussie Bills	Long	16-Feb
Entry Price	Stop Loss	Take Profit
97.24	97.30	97.65
P&L:	MTD: +4.03%	QTD: +4.03%
		YTD: +4.03%

Equities

Trade	Stop Loss	Take Profit
Buy the S&P 500 at 742.00	713.00	
Current Portfolio:		
Instrument	Position	Entry Date
Entry Price	Stop Loss	Take Profit
P&L:	MTD: -7.34%	QTD: -7.34%
		YTD: -7.34%

Commodities

Trade	Stop Loss	Take Profit
Sell H9 Corn at 358	367.00	332.00
Current Portfolio:		
Instrument	Position	Entry Date
Entry Price	Stop Loss	Take Profit
P&L:	MTD: -5.38%	QTD: -5.38%
		YTD: -5.38%



February 19, 2009

MEDIUM TERM MODELS – FX

Currencies	GMT		Close	L/S	Entry	P/L	Increase To	Decrease To	System To
	Currency	Time							
EUR/USD	15:00	1.2556	-1	1.2735	-10.53%	> 1.2808 -2	N/A	> 1.3119 1	
USD/CHF	15:00	1.1764	1	1.1485	-7.81%	N/A	N/A	< 1.1638 -1	
GBP/USD	15:00	1.4223	-1	1.483367	8.10%	> 1.431 -3	N/A	> 1.4983 1	
EUR/CHF	15:00	1.4771	-1	1.4904	-4.55%	> 1.4865 -2	N/A	> 1.4915 1	
EUR/GBP	15:00	0.8828	-3	0.8845	-10.96%	N/A	< 0.8802 -1	> 0.9337 1	
EUR/SEK	15:00	10.9829	1	10.8353	1.80%	< 10.9425 3	N/A	< 10.4714 -1	
EUR/NOK	15:00	8.8188	-3	8.9466	22.90%	N/A	< 8.7820 -1	> 8.8701 1	
EUR/CZK	15:00	28.95	3	27.81	14.15%	< 28.64 1	N/A	N/A	
EUR/HUF	15:00	303.504	3	290.47	20.81%	< 301.27 1	N/A	N/A	
EUR/PLN	15:00	4.78296	3	4.4302	36.33%	< 4.7574 1	N/A	N/A	
USD/JPY	15:00	93.75	1	91.74	-1.48%	< 91.56 3	N/A	< 90.23 0	
EUR/JPY	15:00	117.71	-3	116.95	9.28%	N/A	< 115.65 0	> 119.68 2	
CHF/JPY	15:00	79.69	1	78.46	0.87%	< 78.12 2	N/A	< 76.63 -1	
GBP/JPY	15:00	133.34	-3	135.41	10.19%	N/A	< 129.7 -1	> 136.74 1	
AUD/JPY	2:00	59.93	0	59.53	-8.56%	N/A	N/A	> 60.74 2	
USD/SGD	2:00	1.5328	2	1.5094	1.43%	< 1.5102 0	> 1.5447 3	N/A	
USD/KRW	2:00	1465.00	2	1388.32	-7.86%	< 1407.09 0	> 1528.11 3	N/A	
USD/TWD	2:00	34.65	3	34	7.85%	< 33.98 1	N/A	N/A	
USD/PHP	2:00	47.21	1	47.78	-7.09%	< 47.12 0	> 48.85 2	N/A	
USD/INR	3:30	49.93	1	48.98	3.74%	< 48.41 0	> 50.08 2	N/A	
USD/IDR	2:00	11920	1	11825	-4.39%	< 11534 -1	> 12626 2	N/A	
AUD/USD	2:00	0.6393	0	0.6453	-3.34%	> 0.6538 -2	N/A	> 0.6564 2	
NZD/USD	2:00	0.5108	-1	0.52855	-8.08%	> 0.5227 -3	N/A	> 0.5882 1	
USD/CAD	15:00	1.2584	1	1.2655	-5.61%	< 1.2417 2	N/A	< 1.1891 -1	
USD/ZAR	15:00	10.2025	1	10.0265	-18.54%	< 10.0272 -1	> 10.2718 2	N/A	
USD/MXN	15:00	14.6395	2	14.6529	-1.26%	< 14.4648 0	N/A	N/A	
USD/BRL	15:00	2.3441	0		-17.25%	< 2.2584 -2	> 2.3816 1	N/A	
USD/CLP	15:00	596.80	-2	616.65	7.47%	< 558.47 -3	> 597.51 0	N/A	

February 19, 2009

MEDIUM TERM MODELS – CASH & FUTURES

(All turns are at the close of pit trading)

	Contract	Month	Close	L/S	Entry	P/L	Increase To	Decrease To	System To
Interest Rates	Eurodollars	9-Dec	98.490	-2	98.460	-0.20%	N/A	N/A	> 98.745 2
	US 2Y Notes	9-Mar	108-275	-1	108-255	-0.52%	< 108.781 -3	N/A	> 109.180 3
	US 5Y Notes	9-Mar	118-150	2	118-180	-2.16%	N/A	> 119.1563 1	< 117.984 -1
	US 10Y Notes	9-Mar	123-215	1	124-140	-8.16%	N/A	N/A	< 123.438 -1
	US 30Y Bonds	9-Mar	128-21	1	129-11	-6.92%	N/A	N/A	< 128.34 -1
	Cad 10Y Bonds	9-Mar	126.14	1	124.49	1.03%	N/A	N/A	< 125.47 -1
	Euribor	9-Sep	98.370	2	96.9425	0.65%	N/A	> 98.655 1	< 97.940 -2
	2Y Schatz	9-Mar	108.330	1	108.01	-0.22%	< 108.305 2	N/A	< 108.120 -1
	Bobl	9-Mar	117.470	1	116.085	0.18%	N/A	N/A	< 116.910 -1
	Bunds	9-Mar	125.72	2	123.20	4.44%	N/A	N/A	< 125.00 -1
	Sterling Deposits	9-Sep	98.180	1	94.370	-0.09%	N/A	N/A	< 98.185 -2
	Gilts	9-Mar	122.50	1	117.92	2.22%	N/A	N/A	< 121.53 -1
	Euroswiss	9-Jun	99.59	1	99.16	-0.05%	N/A	N/A	< 99.55 -3
	Euroyen	9-Jun	99.475	2	99.465	-0.32%	N/A	N/A	< 99.460 -2
Equities	JGBs	9-Mar	139.64	3	139.30	-5.20%	N/A	< 139.20 1	< 138.68 -3
	Aussie 3Y Bonds	9-Mar	97.035	1	97.035	-1.78%	N/A	N/A	< 96.850 -1
	Aussie 90D Bills	9-Jun	97.39	-3	97.09	-1.17%	N/A	N/A	> 97.62 1

Index

Commodities	S&P 500		788.42	-1	825.88	4.54%	> 818.61 -2	N/A	> 872.70 1
	NASDAQ		1188.77	-1	1187.04	2.70%	> 1204.49 -2	N/A	> 1241.65 1
	S&P/Toronto 60		489.49	-1	529.47	4.96%	> 521.13 -2	N/A	> 539.36 1
	Eurostoxx		2118.47	-1	2276.22	7.75%	> 2176.76 -2	N/A	> 2322.43 1
	DAX		4204.96	-1	4472.81	2.26%	> 4329.70 -3	N/A	> 4866.31 1
	FTSE		4006.83	-1	4059.88	-0.08%	> 4134.75 -2	N/A	> 4510.92 1
	CAC-40		2874.07	-1	3015.6867	4.80%	> 2935.79 -2	N/A	> 3316.22 1
	Nikkei 225		7534.44	-2	7994.05	11.50%	N/A	N/A	> 8939.24 2
	ASX 200		3413.2	-2	3458.6	8.27%	N/A	> 3538.5 -1	> 3629.7 2
	Hang Seng		13016	-2	13278.21	3.95%	N/A	N/A	> 14633.31 2

Contract

Commodities	Crude Oil	9-Apr	37.41	-1	47.11	16.94%	N/A	< 37.22 -1	> 50.90 1
	Natural Gas	9-Apr	4.238	-1	4.827	4.60%	> 4.346 -2	N/A	> 5.380 1
	RBOB	9-Apr	1.1497	-1	1.2908	29.68%	N/A	N/A	> 1.2943 1
	Gold	9-Apr	978.20	2	887.51	17.79%	N/A	< 937.30 1	< 828.82 -2
	Copper	9-Mar	143.6	-1	142.30	-0.13%	> 154.20 -2	N/A	> 160.84 1
	Wheat	9-Mar	510.75	-2	556.00	14.15%	N/A	> 525.00 -1	> 550.25 2
	CRB Index		200.55	-1	218.82	6.72%	> 213.14 -2	N/A	> 233.48 1



LONG TERM MODELS – FX

February 19, 2009

Current Position	Currency	Entry Price	Entry Date	YTD P&L	Turn Level
Short	EUR/USD	1.3530	6-Jan	4.09%	1.3400
Long	USD/CHF	1.1350	20-Jan	-2.56%	1.0860
Long	GBP/USD	1.4410	29-Jan	-4.91%	1.3990
Short	EUR/CHF	1.5180	18-Feb	-5.22%	1.5145
Short	EUR/GBP	.9030	30-Jan	-1.46%	.9120
Long	EUR/SEK	10.7950	11-Feb	1.65%	10.8400
Short	EUR/NOK	9.6580	2-Jan	8.04%	9.0480
Short	EUR/AUD	1.9500	6-Feb	0.69%	1.9980
Long	USD/JPY	106.80	17-Feb	-1.11%	89.70
Short	EUR/JPY	119.00	12-Jan	-5.19%	126.05
Short	CHF/JPY	79.05	20-Jan	-7.78%	83.40
Long	GBP/JPY	129.40	29-Jan	-15.30%	124.90
Long	AUD/JPY	62.40	6-Feb	-7.77%	56.80
Short	AUD/USD	.6720	17-Feb	-7.39%	.6790
Short	NZD/USD	.5360	17-Feb	-5.09%	.5420
Long	USD/CAD	1.2230	12-Feb	-3.88%	1.2420
Long	USD/CZK	19.10	31-Dec	19.02%	20.30
Long	USD/PLN	3.0280	5-Jan	21.97%	3.1390
Long	USD/ZAR	10.2750	23-Jan	-9.01%	9.6500

Total P/L : -21.23%

Sold USD/CAD on 05-Feb at 1.2230 and bought on 12-Feb at 1.2510 (-2.29%)

Bought AUD/USD on 06-Feb at .6720 and sold on 17-Feb at .6335 (-5.10%)

Bought NZD/USD on 06-Feb at .5360 and sold on 17-Feb at .5070 (-5.31%)

Sold USD/JPY on 05-Sep-08 at 106.80 and bought on 17-Feb at 92.70 (+13.17%)

Bought EUR/CHF on 28-Jan at 1.5180 and sold on 18-Feb at 1.4725 (-2.91%)

Bold denotes change in position from the previous week. P/L's include forwards

All value dates are last trading day of the quarter, and at maturity are rolled forward three months



GLOSSARY

February 19, 2009

Model Positions Terms

AVERAGE ENTRY Average entry price of the position. If the position is increased during the life of the trade, the average entry is the weighted average of the entry levels. If the position has been decreased, the average entry is the original entry price.

INCREASE An increase level is the rate at which the model will add to its position. If this particular level is reached or surpassed at the time indicated, it will trigger the model to increase to the leverage factor explained below:

EXAMPLE: GBP/USD from -1 to -3 if < 1.6150

HEADLINE: GBP/USD from -1 to -3 at 1.6130

* The model will increase its short position from -1 to -3 if the £/\$ spot rate falls below 1.6150 at precisely 14:00 GMT. The headline will show the model turn(s) at the trading time (eg. 14:00 GMT). In this example, the cable spot rate at 14:00 GMT was 1.6130 therefore the model increased its leverage factor by 2.

LONG(+)/SHORT(-) Indication of the model's position and leverage factor.

LEVERAGE MAXIMUM: 3 LEVERAGE MINIMUM: 0

EXAMPLE: -3 indicates the model is short 3 (max leverage)

GMT / TURN TIME The time at which the models decide to hold, increase, decrease or reverse existing positions. (GMT: Greenwich Mean Time)

SYSTEM REVERSAL Indicates the level above or below which the model will turn for reverse position from long to short or from short to long.

YEAR RESULTS YTD (year-to-date) leveraged returns. The average leverage of the models is slightly less than 2

Commentary Terms

CYCLES The time between two lows or two highs. FX Concepts analysis focuses on a number of cycles that vary in length depending on the currency. Short cycles last 3-4 days, medium term cycles last 2 - 5 weeks. Longer cycles are for several months or longer .

TRADING SESSIONS Refers to three trading sessions:
“**Early Trading**” – Far East Trading Session
“**Middle of the Worldwide Day**” – European Trading Session
“**Late Trading**” – North American Trading Session

SUPPORT/RESISTANCE Based on proprietary trend line analysis derived from classical Gann Theory

TARGET Target selected per currency pair by the research analysts derived from our proprietary Gann line and trend channel analysis.