Technical Strategy & Analysis

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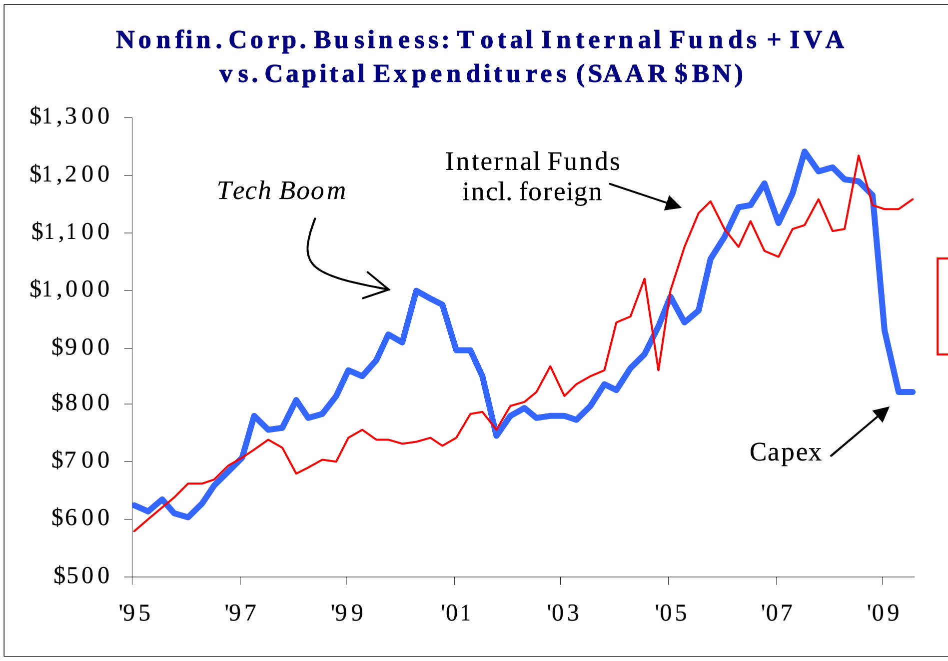
GOOD CASE TO BE MADE FOR SUSTAINABLE RECOVERY

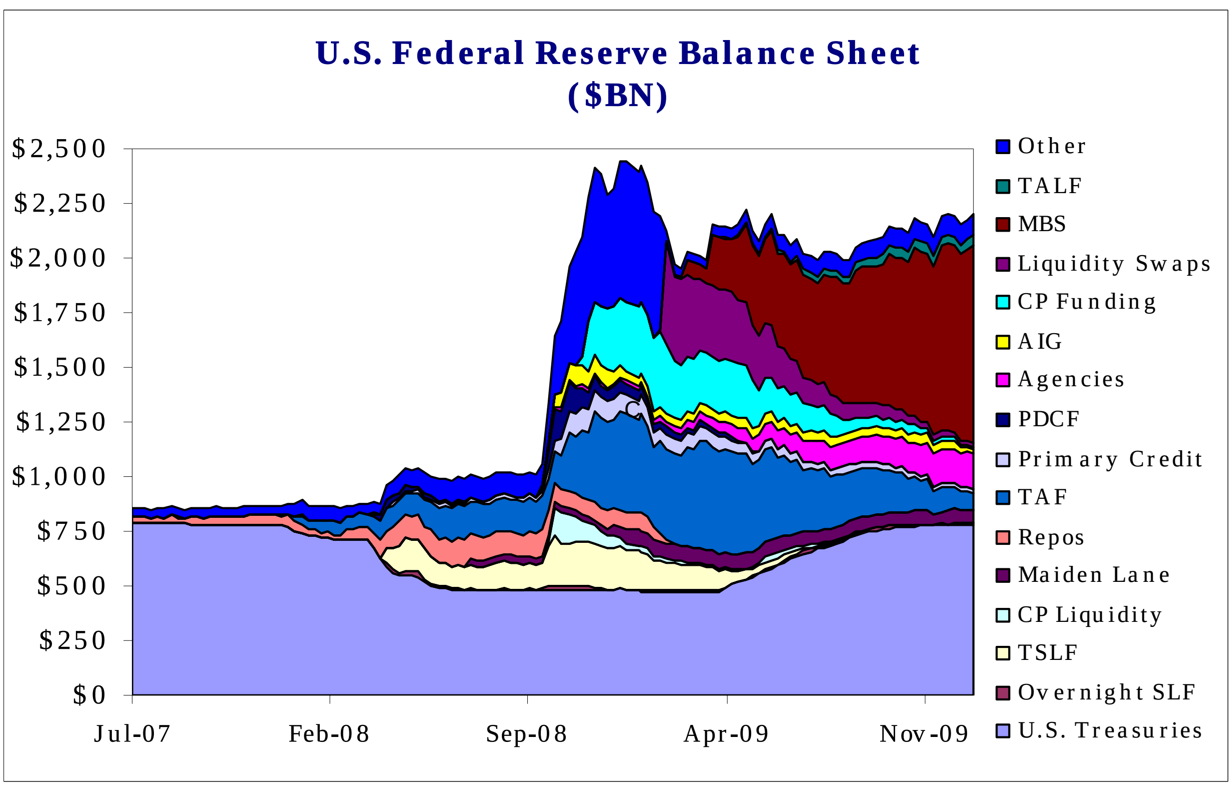
Allocation of First Stimulus Package, $BN

Category	Allocated	Available	Spent	% Spent
Spending	$575.30	$331.51	$179.37	31.2%
Tax Cuts	$211.80		$132.80	62.7%
Total	**$787.10**		**$312.17**	**39.7%**

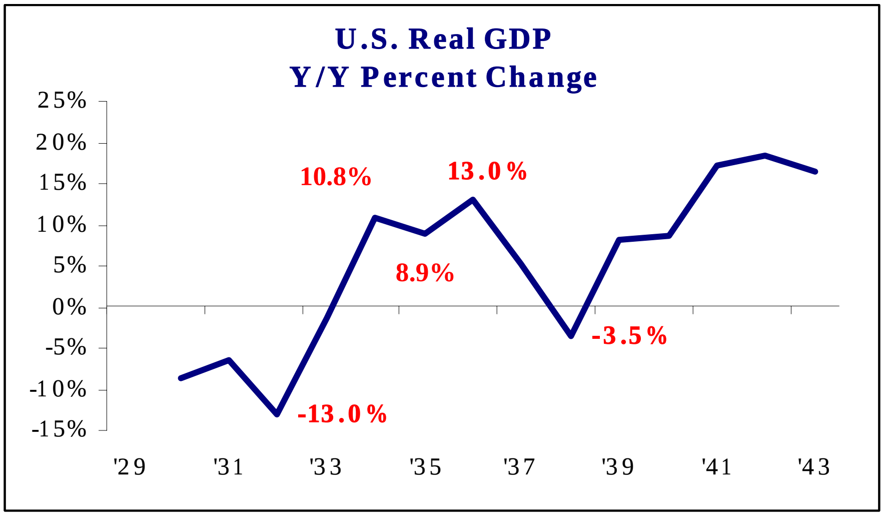
1. Unused Fiscal Stimulus
2. Strong Corporate Balance Sheets – Capex
3. Still-accommodative monetary policy

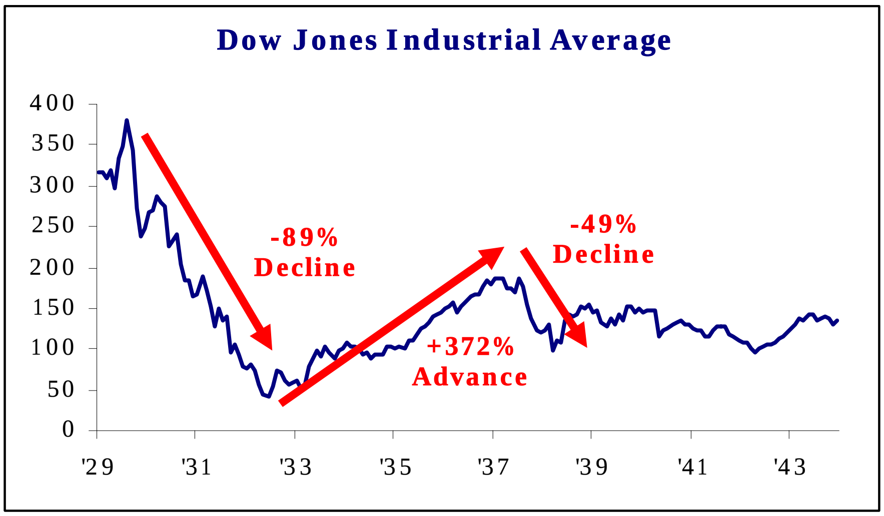


Dividends, hiring, capital investment, or M&A?



"G" CAN WORK FOR MARKETS & ECONOMY UNTIL THE BILL COMES DUE





While monetary stimulus is dependent upon the health of the financial sector to act as a proper transmission mechanism, fiscal stimulus is directly in the GDP equation and thus can have effects on both the economy and the markets. While it's one thing to fade monetary policy and say the Fed is "pushing on a string", it's much harder to fade fiscal policy – even in the 1930s, once the government decides to spend money, it generally "works".

That is until, of course, the bill comes due. The 1930s is again a good case in point: massive fiscal stimulus resulted in year-over-year GDP gains of 10.8%, 8.9%, and 13% in 1934, 1935, and 1936 respectively. The Dow rallied 372% during the same period, weakening only when the bill for government spending came due with higher marginal tax rates in 1937. For the time being, it might be hard to fade government spending (cyclical bounce). In the long-term however, stocks are likely to have trouble when both long-term interest rates and taxes move higher (secular problems).

We're Bullish Until...
(Bearish Inflection Points Worth Monitoring)

1. Commodity price inflation prompts China to slow economic growth (again).
2. ~~Uncertainty over Chairman Bernanke's reappointment carries on, stoking fears of regime change at the Fed.~~
3. A poorly subscribed Treasury auction signals reduced appetite for U.S. debt.
4. 10-year yields break out above long-term down-trend.
5. Increased anxiety over significant tax increases to close the structural deficit gap takes hold.
6. ~~Holiday sales come in below expectations with income under pressure as government transfers fade~~.
7. Mortgage rates push above 6.0% in 2010.
8. **Signs of protectionism creep into global policy.**

PERFORMANCE LEADING UP TO FIRST FED TIGHTENING FAVORS MATERIALS, INDUSTRIALS, ENERGY SECTORS

While we ultimately believe the "bill will come due" in the form of higher interest rates, higher taxes, or a weaker currency, it's not necessarily the *first* step in this direction which causes problem for the equity market – more often than not, it is the *last*. **A simple analysis of equity sector performance in the months leading up to and following the first Fed tightening finds that the Materials, Industrials, & Energy sectors are consistent outperformers.**

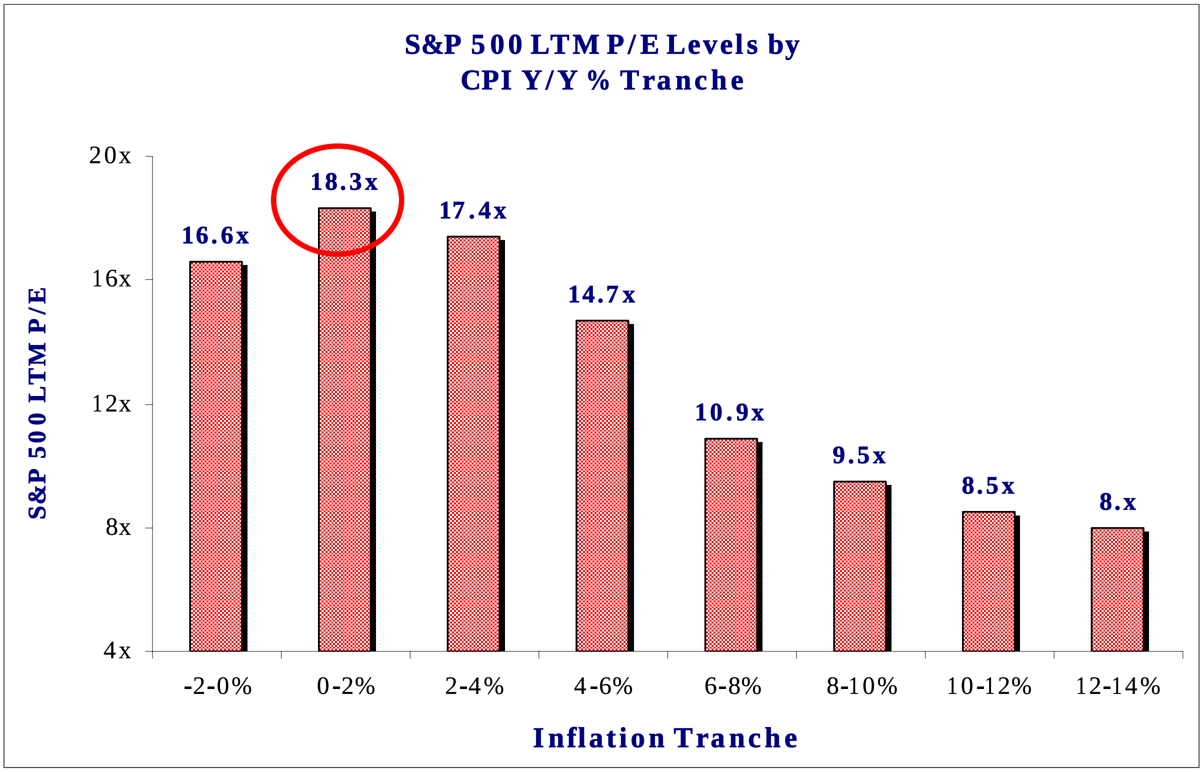
Average S&P 500 Sector Performance
***Before* & *After* First Fed Tightening**

	BEFORE		AFTER	
	-6 Mos.*	-3 Mos.	+3 Mos.	+6 Mos.
Materials	19.5%	11.4%	2.8%	12.1%
Industrials	17.5%	11.0%	-0.2%	6.6%
Energy	16.7%	8.7%	6.5%	10.7%
Discretionary	12.4%	3.6%	0.5%	8.2%
S&P 500	**11.6%**	**6.1%**	**0.8%**	**8.0%**
Financials	9.4%	5.0%	-1.2%	2.6%
Telecom	6.2%	3.5%	-1.7%	5.1%
Staples	6.0%	3.1%	-3.3%	3.1%
Health Care	5.9%	2.7%	0.4%	4.4%
Technology	5.2%	3.3%	-3.3%	6.7%
Utilities	-0.1%	1.7%	-4.4%	-2.6%

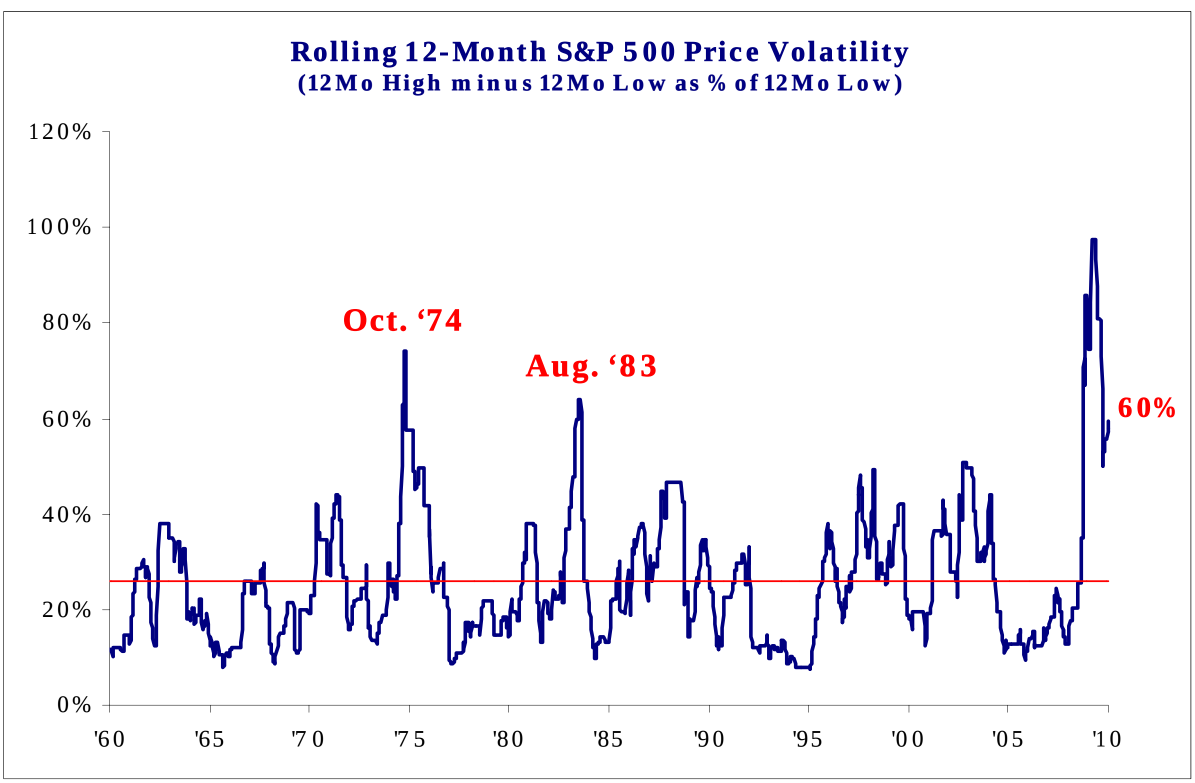
** Sorted; Aggregate of '83, '87, '94, '99 & '04*

INFLATION AND EARNINGS MULTIPLES

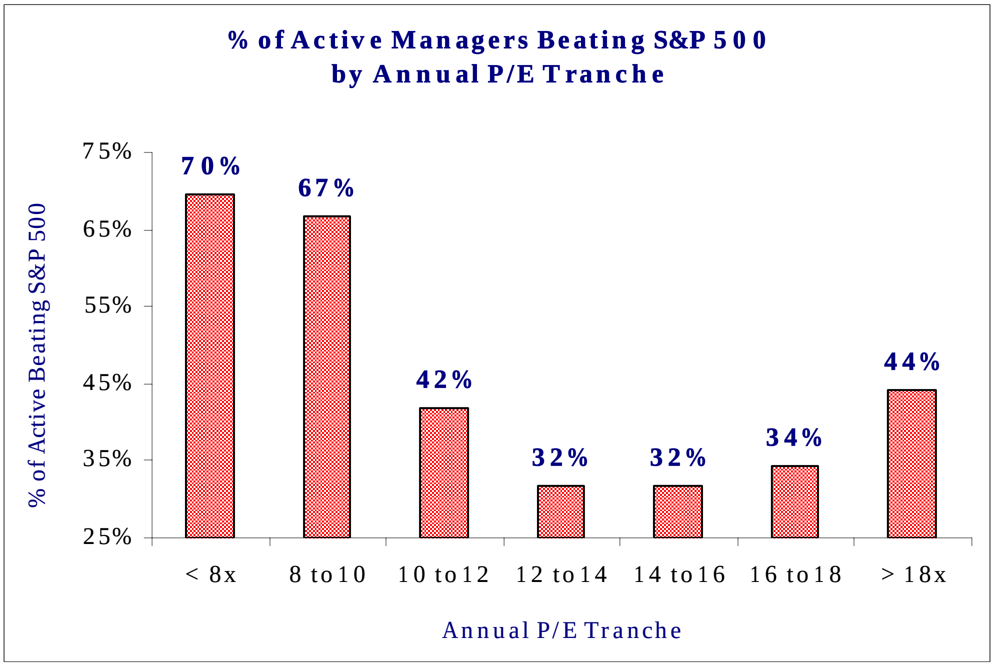
The sweet spot for multiples is in the 0-4% inflation range, with statistical breaks both below 0% and above 4%.

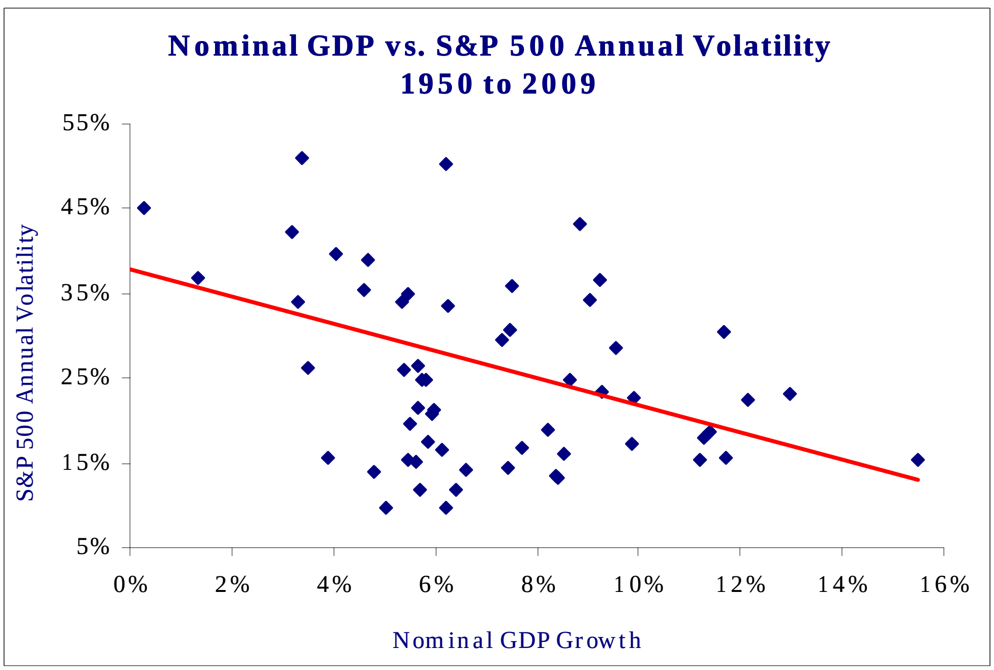


VOLATILITY RETURNS – GOOD FOR ACTIVE STRATEGIES



ENVIRONMENT REMAINS RIPE FOR ACTIVE MANAGEMENT TO OUTPERFORM PASSIVE STRATEGIES

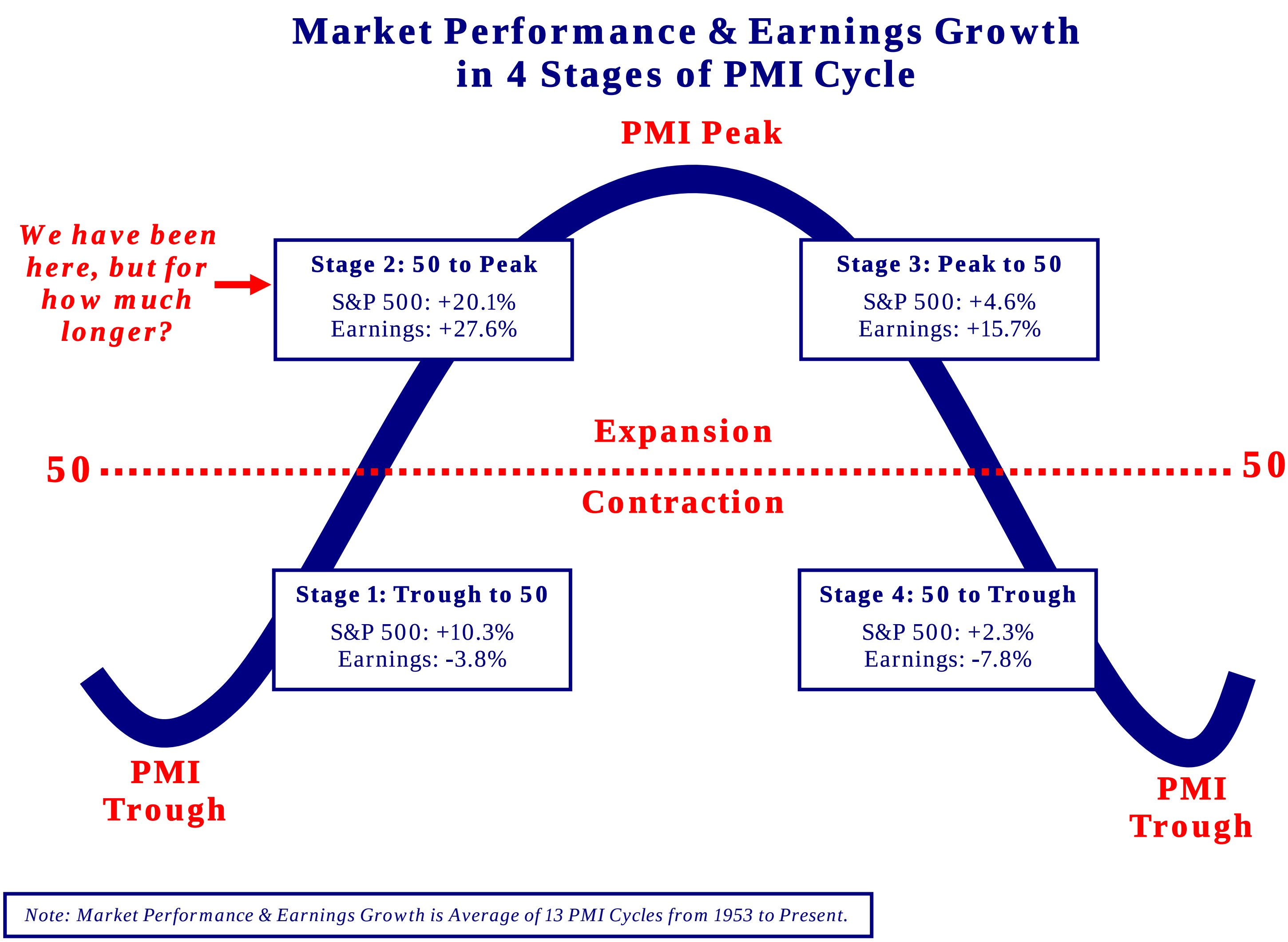




In the past 40 years there were really only two periods in which active managers handily beat passive strategies – the U.S. in the late '70s/early '80s and Japan in the 1990s. Both examples were marked by low real growth, elevated volatility, and one-decision sector bets – overweight Energy in the U.S. in the late '70s and underweight Financials in Japan in the '90s. As the accompanying table indicates, active managers tend to perform better when multiples are declining, while underperforming in periods of stable growth and stable multiples. One could surmise from all this that depressed growth environments and periods of multiple contraction tend to widen the differences between winners and losers across all industries, provide fertile ground for winner-take-all markets, and often introduce exogenous shocks in public policy that benefit the manager willing to trade around long-term, core holdings.

PMI INDICATING "EASY" GAINS FOR THE MARKET PROBABLY CLOSE TO OVER

The combination of fiscal stimulus, still-accommodative monetary policy, and inventory rebuilding has been associated with significant gains in manufacturing surveys. Our Chief Economist, Don Rissmiller, believes that while housing and autos may remain impaired, we are still looking at a solid bounce in capex & manufacturing to be the locomotive that helps the economy transition from recovery to expansion. **Using history as a guide, while the "easy" rebound in the market is probably close to over (the prior peak in the mfg PMI was 61.4%), a transition to a sustained recovery would provide further support for earnings.**



S&P 500 Performance In Manufacturing PMI Cycle

Manufacturing PMI Cycle	Stage 1 Trough to 50	Stage 2 50 to Peak	Stage 3 Peak to 50	Stage 4 50 to Trough
4Q '53 to 1Q '58	17.7%	40.5%	15.5%	-11.1%
1Q'58 to 2Q '60	18.9%	16.8%	-2.7%	-2.7%
2Q '60 to 2Q '67	13.6%	30.2%	7.2%	0.5%
2Q '67 to 4Q '70	6.7%	7.4%	-13.7%	2.8%
4Q '70 to 1Q '75	8.9%	11.2%	-38.5%	21.6%
1Q '75 to 2Q '80	0.6%	22.3%	5.3%	5.8%
2Q '80 to 2Q '85	18.8%	21.5%	9.5%	6.2%
2Q '85 to 1Q '91	10.1%	16.9%	28.7%	18.0%
1Q '91 to 1Q '96	3.4%	19.3%	17.7%	18.5%
1Q '96 to 4Q '98	3.9%	41.3%	7.4%	20.9%
4Q '98 to 2Q '01	4.6%	14.2%	-10.1%	-7.3%
2Q '01 to 1Q '09	-6.3%	-0.6%	28.7%	-45.7%
1Q '09 to Present	32.5%	--	--	--
Average	**10.3%**	**20.1%**	**4.6%**	**2.3%**

S&P 500 Earnings Growth In Manufacturing PMI Cycle

Manufacturing PMI Cycle	Stage 1 Trough to 50	Stage 2 50 to Peak	Stage 3 Peak to 50	Stage 4 50 to Trough
4Q '53 to 1Q '58	4.3%	23.0%	6.2%	-8.2%
1Q'58 to 2Q '60	-8.3%	18.1%	-4.1%	0.0%
2Q '60 to 2Q '67	-7.3%	47.5%	21.9%	-2.2%
2Q '67 to 4Q '70	-0.6%	8.7%	-2.2%	-8.9%
4Q '70 to 1Q '75	1.7%	30.3%	30.7%	-5.3%
1Q '75 to 2Q '80	-9.1%	51.2%	28.4%	0.5%
2Q '80 to 2Q '85	-0.8%	-5.3%	18.2%	-1.5%
2Q '85 to 1Q '91	1.9%	19.6%	30.6%	-14.6%
1Q '91 to 1Q '96	-9.8%	53.0%	16.1%	10.0%
1Q '96 to 4Q '98	2.1%	11.4%	0.8%	0.4%
4Q '98 to 2Q '01	1.8%	14.6%	8.6%	-16.2%
2Q '01 to 1Q '09	-17.0%	59.5%	32.8%	-47.9%
1Q '09 to Present	-7.9%	--	--	--
Average	**-3.8%**	**27.6%**	**15.7%**	**-7.8%**

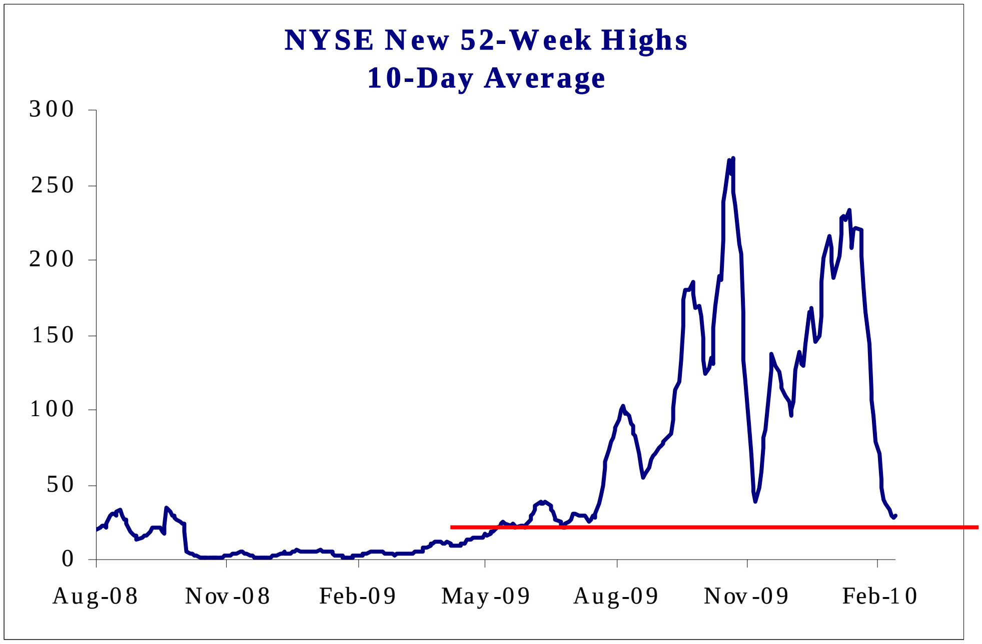
2-STEP PROCESS LIKELY NEEDED TO PUSH MARKET OUT OF ITS CURRENT TRADING RANGE

We are impressed with the resiliency the market displayed over the past week, and similar to previous consolidation periods over the last 12 months, buyers are again starting to step up at key technical levels. Following last Friday's successful test and hold of S&P 500 support at 1,044, recent daily closes have trended near the upper-end of the day's range (a positive signal). **<u>Ultimately, we believe it is likely a two-step process that will help push the market out of its current trading range.</u>**

<u>STEP 1:</u> Fresh Leadership Needs to Take Hold.

Over the last week, considerable progress has been made on this front – cyclical indices like the Semiconductors, Homebuilders, and Strategas' Proprietary Bellwether Index of economically sensitive stocks have started to outperform by a significant margin. Of note, **<u>a similar leadership profile took hold as the broader market emerged from weakness in June '09 and October '09.</u>** Additionally, on a relative basis, both groups have continued to chart "higher-lows" – illustrative of a very supportive technical backdrop.

STEP 2: *52-Week Highs Need to Reaccelerate & the % of Stocks Above their 50-Day Moving Average Has to Improve.*



It's difficult for the market to sustain an advance while the number of stocks making new 52-week highs remains anemic. While it appears this metric may be stabilizing, it is very important for it to reaccelerate.

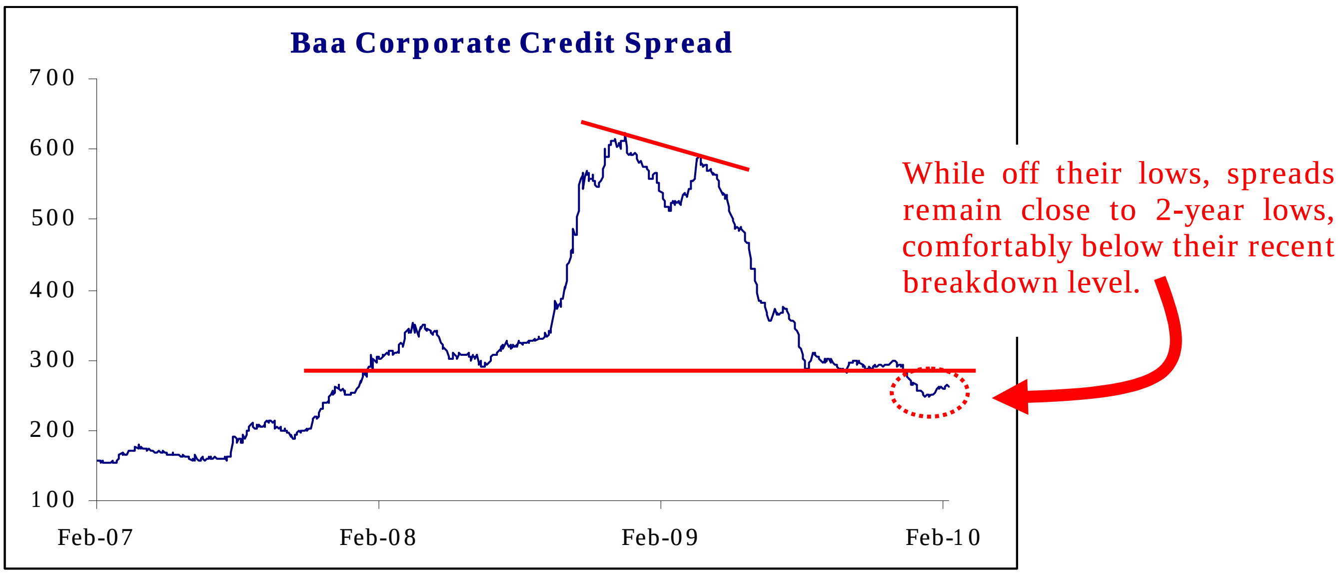
Similarly, we would like to see the majority of NYSE stocks move back above their 50-day average (we're off the recent low here, but more work is still needed).

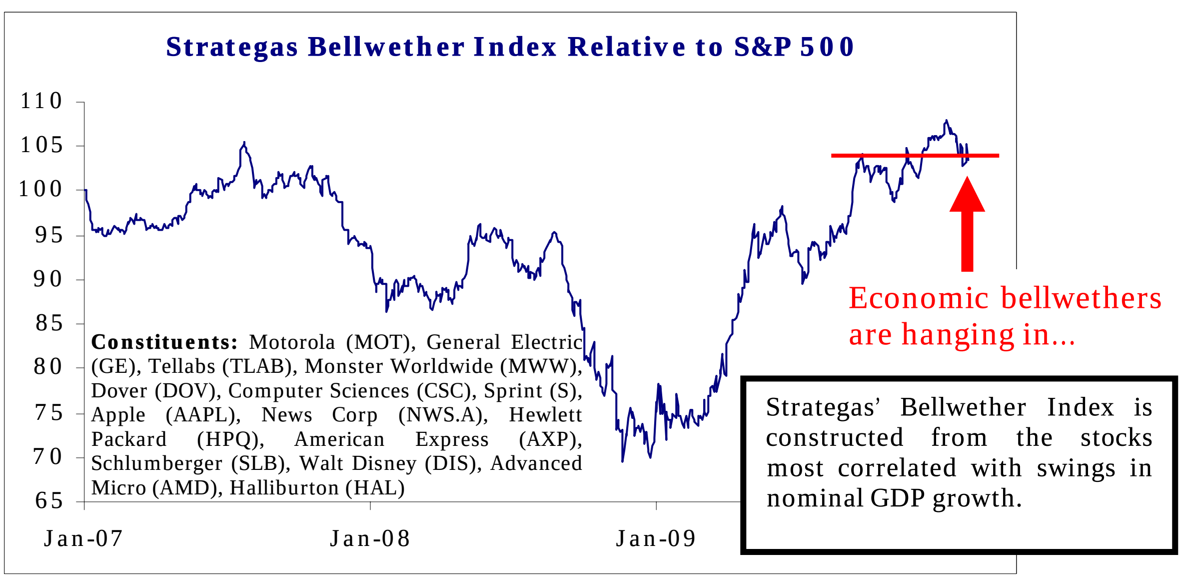
<u>**If the recent trend in favor of cyclical leadership is sustainable, look for improvements to both of these metrics to act as leading indicators that momentum is building for the broader indices to break out from their correction phase. While more work is still needed at this stage, recent developments are encouraging. Stay tuned.**</u>

MARKET CORRECTING WITH THE BENEFIT OF A SUPPORTIVE TECHNICAL BACKDROP

While Friday's late-afternoon recovery helped, yesterday's market action is a reminder that it's likely still too early to flash the all clear. Support at 1044 did hold on Friday, but additional downside pressure could bring the -10% correction level (1,035), or the market's 200-day moving average (1020) into play. **From a longer-term perspective, however, we continue to believe that equities are correcting with the benefit of a solid technical backdrop for several key reasons:**

- *Market's 200-day moving average is still upward sloping (trend is still moving higher);*
- *The pattern of "higher-lows" and "higher-highs" has not been broken yet;*
- *Despite equity volatility, investment grade credit spreads remain near 2-year lows (top chart);*
- *Our proprietary Bellwether Index of economically sensitive stocks is holding up (bottom chart);*





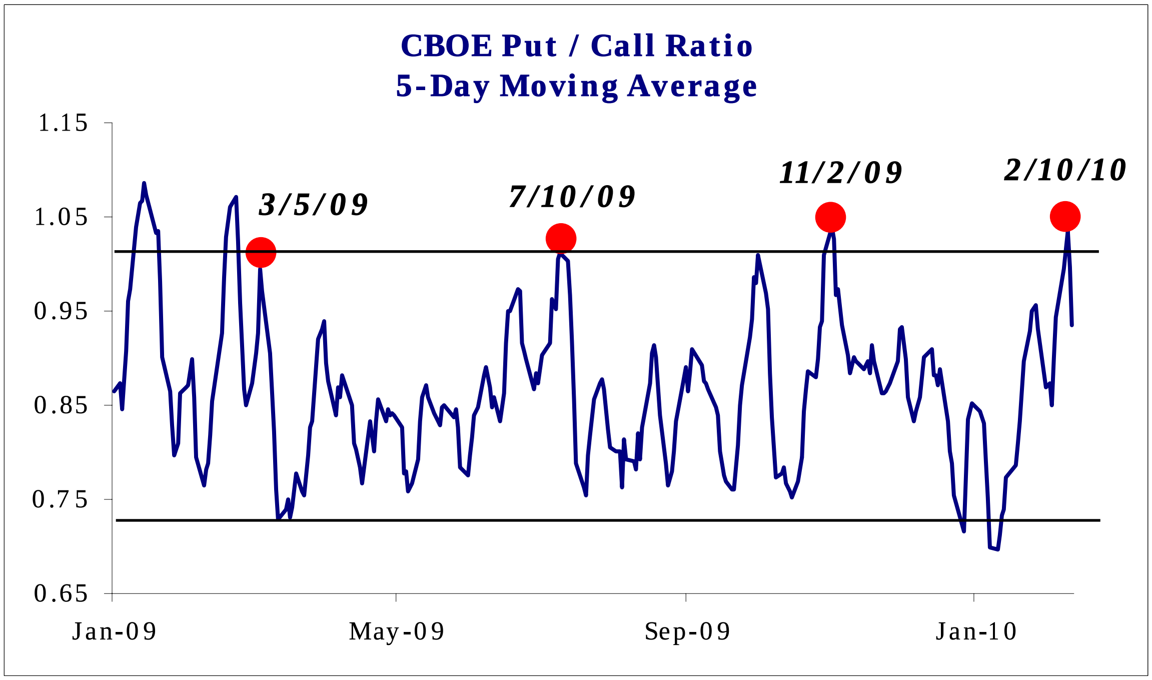
FORWARD GUIDANCE FROM ECONOMIC BELLWETHERS HAS BEEN POSITIVE

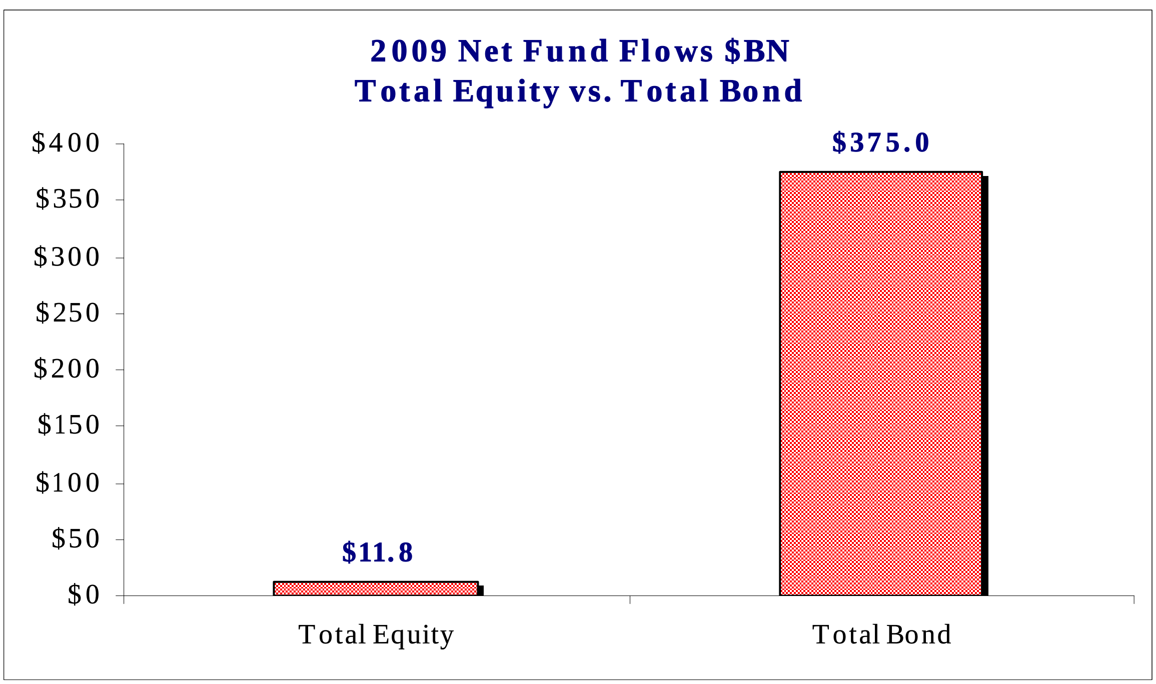
As Strategas' Strategy Team has written previously, Fed Chairman Alan Greenspan was rumored to have watched the stock market performance of Parker Hannifin for an economic signal. In that light, we constructed Strategas' Bellwether index using the stocks most correlated with nominal GDP growth – worth noting, the guidance from the companies that have reported thus far this earnings season has contained a number of positive outlooks.

Disney (DIS)	Performance improved over 2008 as park attendance and advertising revenue at media networks is better, though visibility still remains restrained and the focus will be on cost controls and brand building going forward. **Will build business going forward by investing in high quality branded content that will drive long-term growth.**
Monster Worldwide (MWW)	Global economy appears to be recovering from recession, positive signs of continued stability and improvement - Monster Employment Index for U.S. & Europe consistently show more positive trends. Conversations with customers are becoming increasingly more positive as they look to rehire and create jobs during this period of high labor productivity. **It is becoming evident that companies will need to expand their workforce to keep up with demand as the economy recovers.**
News Corp (NWSA)	Increased segment operating income growth guidance to a growth rate in the low 20% range due to a better-than-expected end to 2009. A majority of business segments reported double-digit revenue growth in 4Q, **evidence of a wide-spread improvement that we believe will continue in the coming quarters.**
Motorola (MOT)	**Management notes increased confidence in ability to execute in 2010 as outlook and visibility improve.** After reducing overall cost structure by $1.9BN in 2009, focus moving forward will remain on optimizing cost structure and improving cash flow. Highlights improved macroeconomic environment in most of the economies they compete in.
Advanced Micro Devices (AMD)	Entering 2010 feeling confident about the opportunity for PC Market growth - likely in the low double digits. **End-user demand was strong across all regions to close 2009 (even Eastern Europe), and management expects this trend to continue.**
General Electric (GE)	**Strengthening orders and services** underscore a much improved global outlook for 2010. Expects very solid earnings growth looking ahead to 2011 and 2012.
Schlumberger (SLB)	Oil demand will increase in 2010, particularly in the developing world, helping to sustain oil prices at current levels. **As customer confidence grows, exploration and production budgets will increase** and considerable leverage exists to increase investments in offshore markets and emerging markets. These events will be dependent on continued increases in economic growth in 2H 2010 beyond the current government stimulus packages
Halliburton (HAL)	Oil fundamentals are improving as demand recovers. **Will ramp up cost structure and start to build infrastructure in emerging markets like Iraq.** 2010 capital expenditure objective will provide the equipment necessary to support increased activity levels in 2010 and the coming years.
Apple (AAPL)	Demand cycle is recovering. International growth was particularly strong throughout 2009. **To date, have seen very few orders supported by stimulus funds - unsure of whether this will change or not.**
Dover (DOV)	Sequentially, order rates continue to improve across virtually all end markets - **anticipating revenue growth across all segments in 2010, and raising outlook.** Acquisition pipeline remains active, continuing with a "focused" M&A program. Potential for compensation headwind as some salaries and benefits are restored.
American Express (AXP)	**Transaction growth improved into year-end.** Expects global economy to continue to recover "gradually." It will be equally important to grow revenues as it is to grow earnings in 2010 and beyond.
Tellabs (TLAB)	**Expect overall head count to increase during 2010 with investments in growth areas**, namely markets outside the United Stares. Expect 2010 CapEx to be similar to 2009. Confident enough in business to initiate first cash dividend.

SENTIMENT STILL NEAR-TERM OVERSOLD

One of the unique aspects of the equity market's move off the March low is that investors have actually appeared to get more bearish even as stocks have pushed higher. For instance, the put-call ratio was higher in July, November, and February, than it was at the March low (top chart). This is a trend that has also developed with the fund flow data - fixed income flows continue to outpace equity flows by a very wide margin (bottom chart) – **<u>these just are not the type of readings consistent with major market tops in our view.</u>**

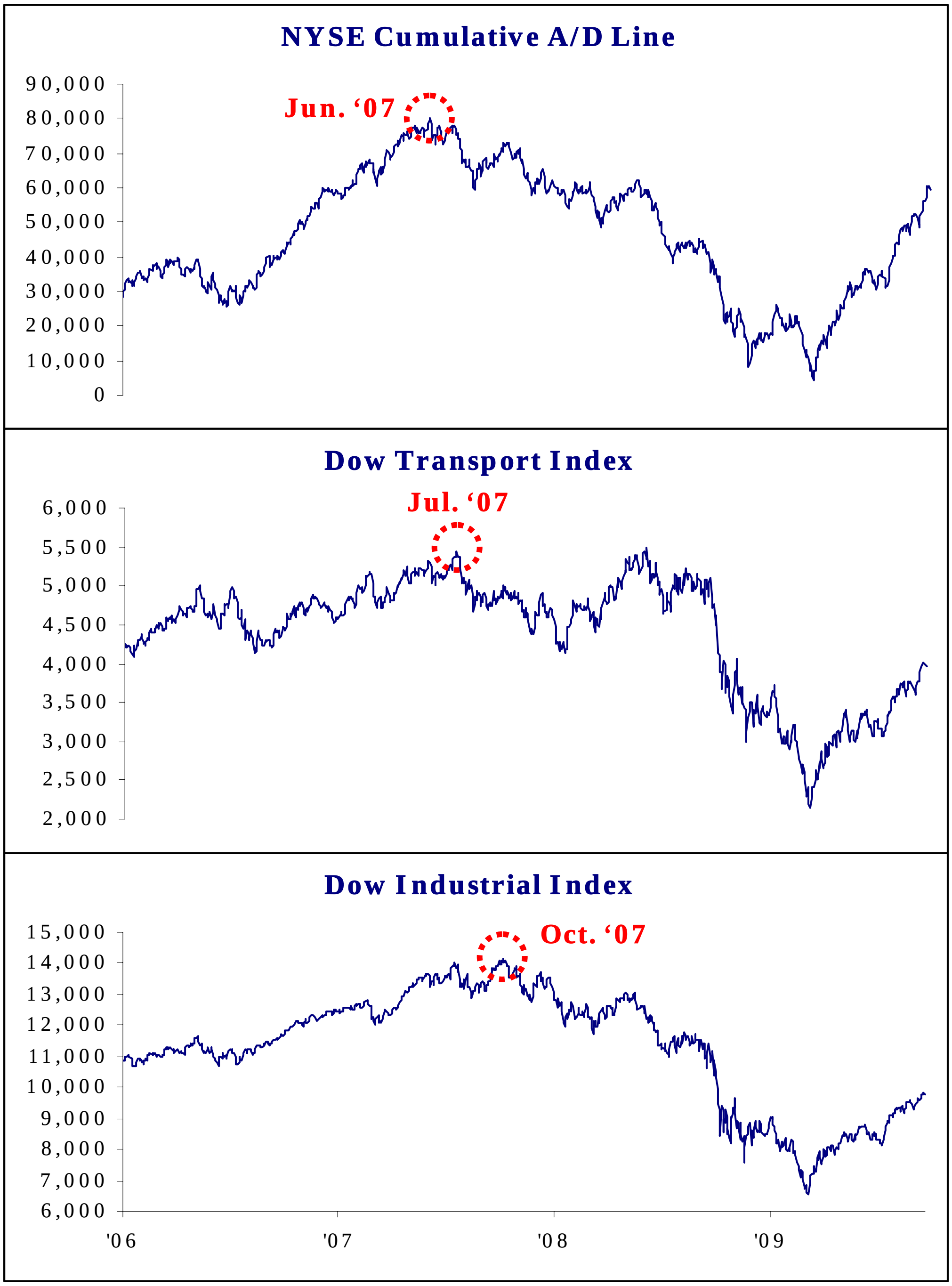




JANUARY'S HIGHS WERE "FULLY CONFIRMED," THIS IS AN IMPORTANT DISTINCTION

It's important to note that January's highs were "fully confirmed" – that is to say, strength was across the board (all the major averages were at new highs, breadth was very strong, new highs robust, and cyclical indices were participating as well). It would be rare for this technical set-up to get you into much trouble… **<u>Given this level of participation, we believe any market selloffs are likely to remain counter-trend (relatively short and shallow).</u>** The 2007 example, shown below, illustrates the importance of fully confirmed highs.

<u>THE 2007 EXAMPLE:</u>



<u>Sequence of Events:</u>

June '07:
NYSE Cumulative A/D Line peaks.

July '07:
Dow Transportation Index peaks, A/D Line already in decline.

October '07:
Dow Industrials reaches all-time high without confirmation from the A/D Line or Transports.

June '08:
Transports again rally to a new high, but this time without broader market or A/D confirmation.

Key Takeaway: Bearish divergences foreshadowed the broader market's decline by the mid-part of 2007. **<u>We are in the exact opposite situation right now – new highs are all "full-confirmed." This is a key element in our near-term bull case.</u>**

MARKET'S LONG-TERM TREND & MOVING AVERAGE PROFILE ARE VERY SUPPORTIVE

- Weekly RSI & MACD charts began to showcase positive divergences by late-'08, an important indication that base-building has been underway for over a year now. Said another way, technical repair did not *begin* with the March '09 rally.
- The 50-day moving average has broken up through the 200-day average (*see table below*).
- S&P 500 consolidated to a "higher-lows" during the June to July and October correction phases, as the 200-day moving average continues to transition higher.
- Monthly MACD has broken up through signal line.

S&P 500 Performance Following 50-Day Moving Average Breaking Up Through a *Declining* 200-Day Moving Average

Date of Cross	S&P Level	+1 Month	+3 Months	+6 Months	+12 Months
Sep. 19th, 1932	7.34	0.8%	-5.0%	-9.7%	50.4%
Aug. 18th, 1941	10.13	2.6%	-8.6%	-16.3%	-13.8%
Aug. 14th, 1942	8.58	-0.3%	11.5%	24.4%	38.0%
Dec. 18th, 1953	24.99	1.8%	7.0%	16.2%	40.1%
Jun. 3rd, 1957	47.37	2.3%	-4.1%	-12.7%	-6.1%
May 8th, 1958	43.99	1.5%	9.2%	18.8%	30.3%
Jan. 3rd, 1963	63.72	4.1%	5.7%	9.8%	18.5%
Feb. 3rd, 1967	87.36	1.1%	7.5%	9.5%	5.6%
Oct. 21st, 1970	83.66	0.1%	12.6%	23.5%	14.3%
Mar. 7th, 1975	84.30	-4.7%	9.7%	1.6%	17.6%
May 22nd, 1978	99.09	-2.9%	5.3%	-3.6%	1.4%
Sep. 28th, 1982	123.24	8.4%	14.2%	23.2%	36.3%
Sep. 12, 1984	164.68	-0.3%	-1.2%	9.1%	11.5%
Jun. 28th, 1988	272.31	-2.3%	-1.2%	1.8%	19.6%
Average Percentage Gain		**0.9%**	**4.5%**	**6.8%**	**18.8%**

Since 1929, we've counted 14 instances where a rising 50-day moving average has broken up through a declining 200-day moving average. Over the following 12-months, stocks tend to do very well – up, on average, 18.8%.

PLENTY OF SUPPORT IN 1,000 RANGE,
PUSH TO 1,230 MORE LIKELY THAN RETEST OF 900

Number of Trading Days it took the S&P 500 to go *DOWN* from…

1500 to 1400	41 Days
1400 to 1300	41 Days
1300 to 1200	132 Days
1200 to 1100	**14 Days**
1100 to 1000	**5 Days**
1000 to 900	**8 Days**
900 to 800	21 Days
800 to 700	68 Days

Number of Trading Days it took the S&P 500 to go *UP* from…

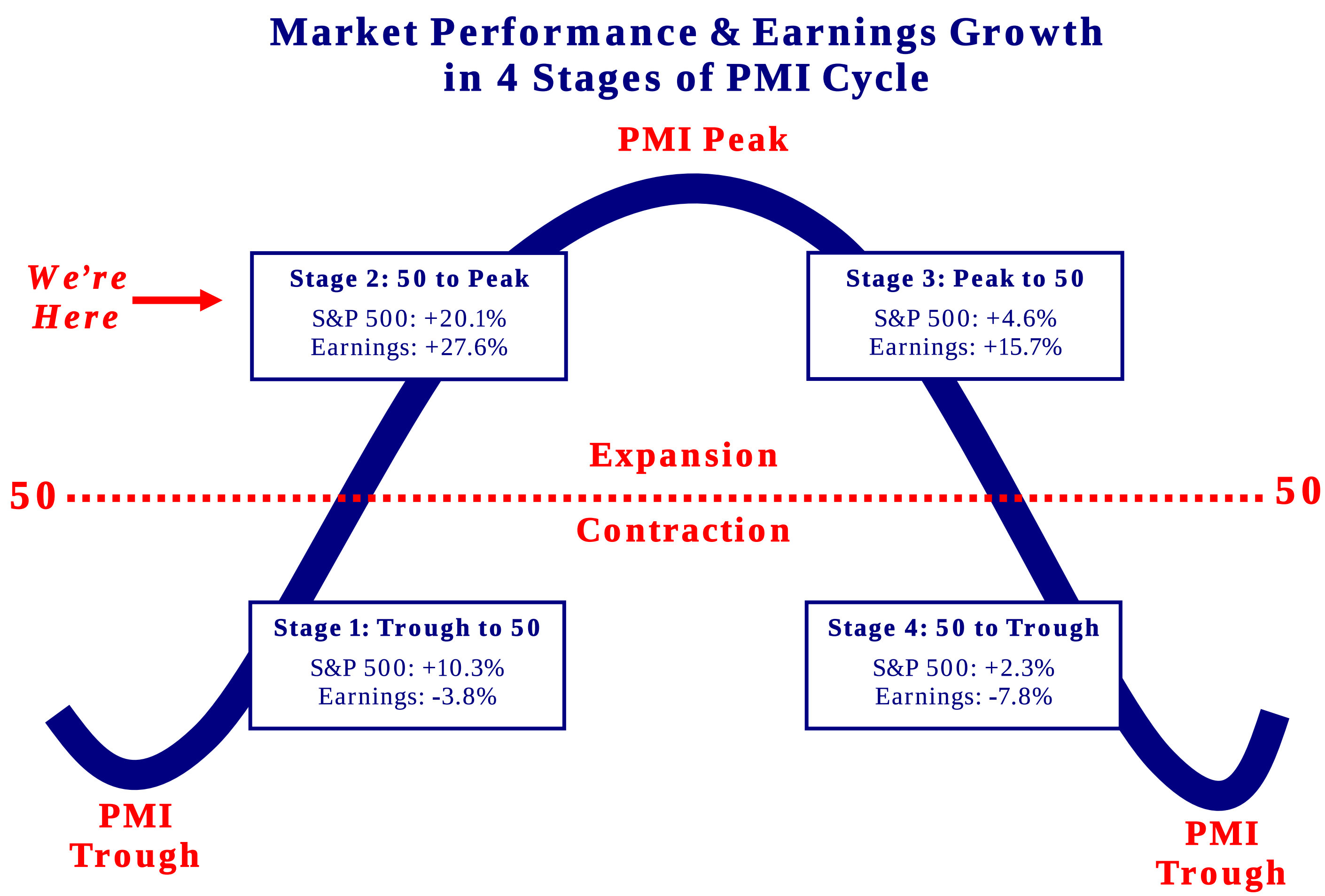
700 to 800	14 Days
800 to 900	29 Days
900 to 1000	**63 Days**
1000 to 1100	**75 Days**

Given the speed of last year's decline, there doesn't look to be too much new resistance to contend with in the 900 to 1,200 range as the market currently pushes higher. As a general rule of thumb, it's easier for the market to retrace ground it has already covered than chart new territory.

Since the market's reversal in March, there has been a not inconsiderable period of time, 138 days, for the base building process to mature and support to firm in the important 900 to 1,100 range.

PULLING TOGETHER FUNDAMENTALS & TECHNICALS: PMI IN SWEET SPOT FOR MARKET PERFORMANCE

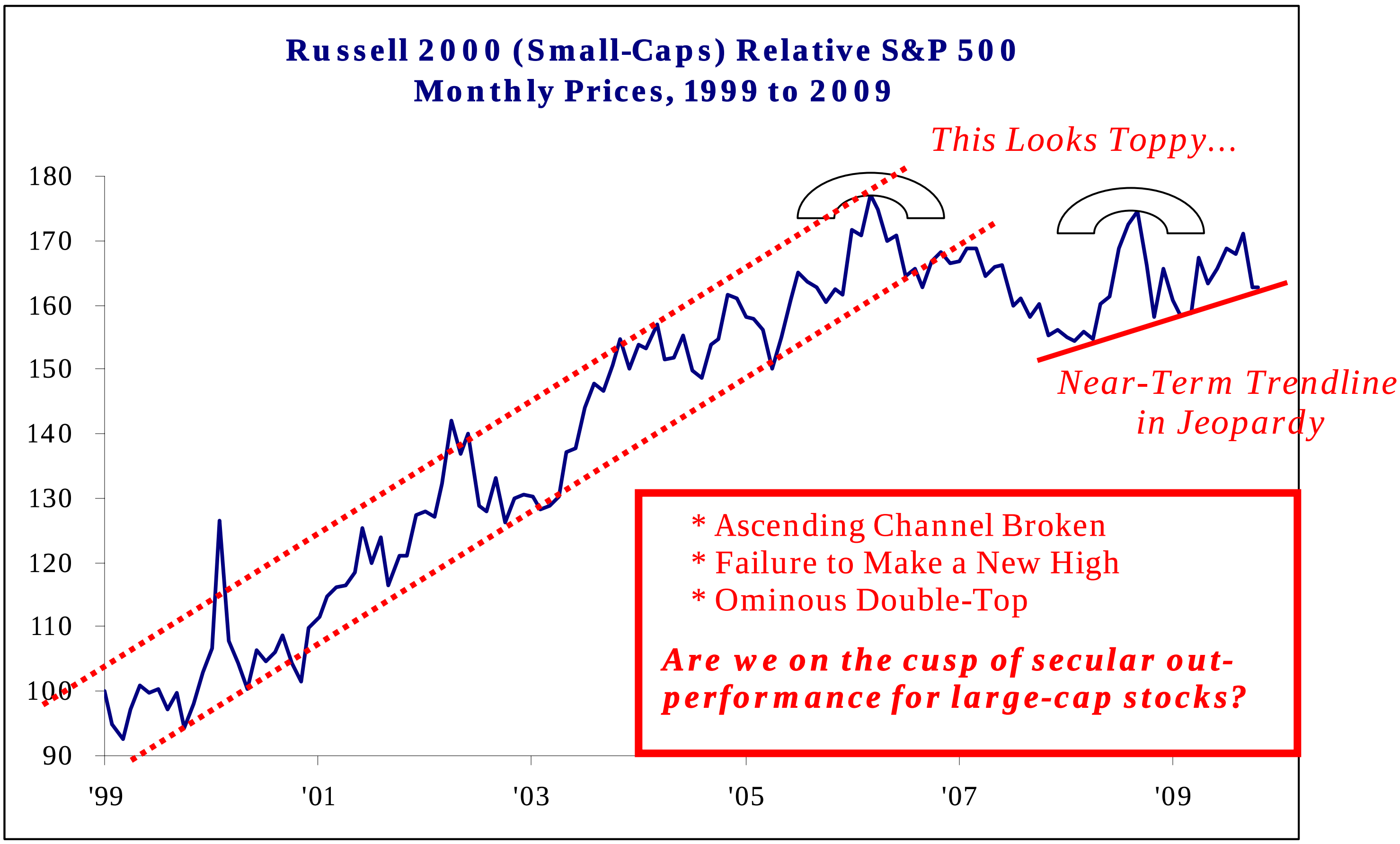
Perhaps the most important piece of economic news lately was the strength in the manufacturing PMI which is now well above the all-important 50 demarcation line between contraction and expansion. We believe a combination of still-unused fiscal stimulus, still-accommodative monetary policy, and inventory rebuilding is likely to set the stage for a self-sustaining recovery which could lead to further gains in this measure. If history is any guide, this would suggest that the market is in the sweet spot in terms of overall returns and profit gains. **<u>This underscores our belief that, despite recent weakness, there is ultimately little to stand in the way of a stronger market in the first half of the year.</u>**



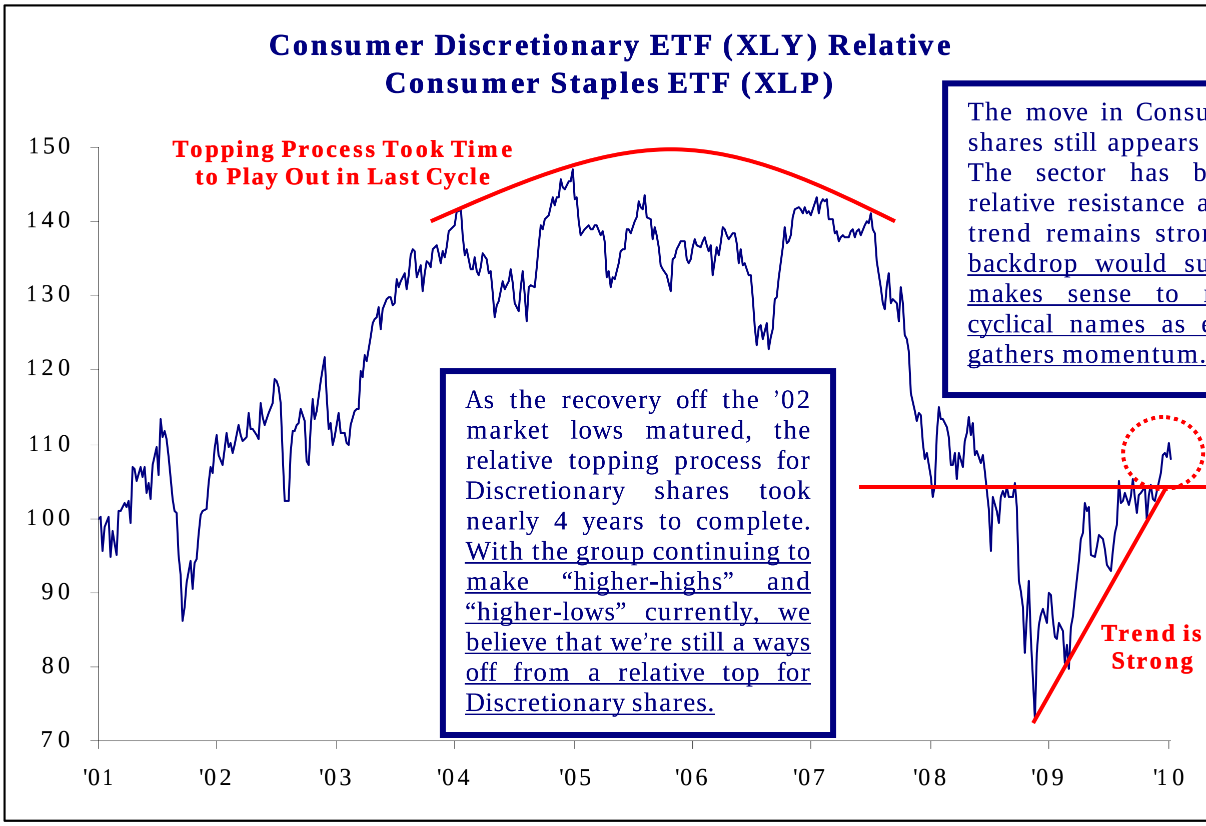
Note: Market Performance & Earnings Growth is Average of 13 PMI Cycles from 1953 to Present.

WILL THE "TEENS" FINALLY BE THE DECADE FOR LARGE-CAP STOCKS?

After outperforming for much of the last decade, the small-cap trade is starting to showcase classic technical signposts of exhaustion. The multi-year up-trend has been broken, and the Russell 2000 has failed to make a new high relative the S&P 500 on the monthly price chart. With "lower-highs" being set, we're keeping a close eye on the near-term trend line**.** **It looks like we could be on the verge of a sustained period of outperformance for large-cap stocks.**

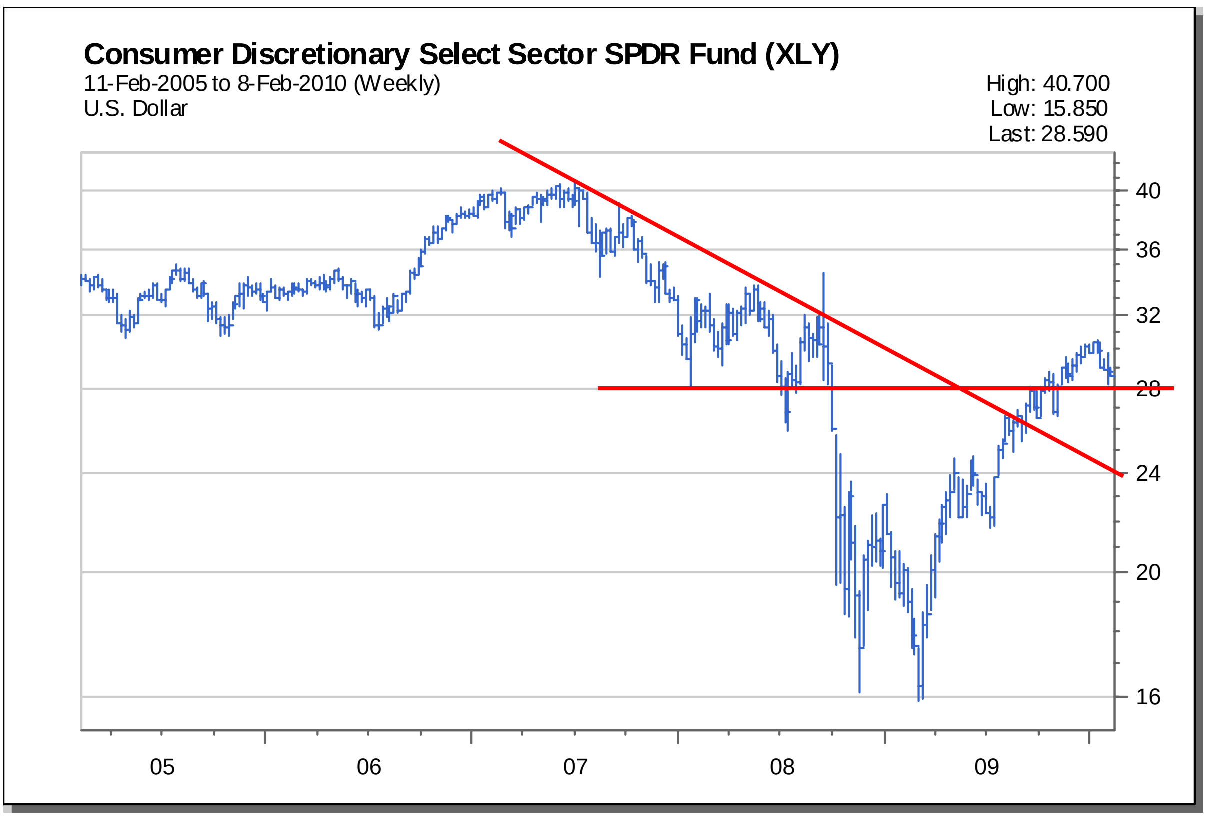


ON RELATIVE BASIS, CYCLICAL TRADE STILL LOOKS YOUNG, TIME TO ADD MORE DISCRETIONARY EXPOSURE



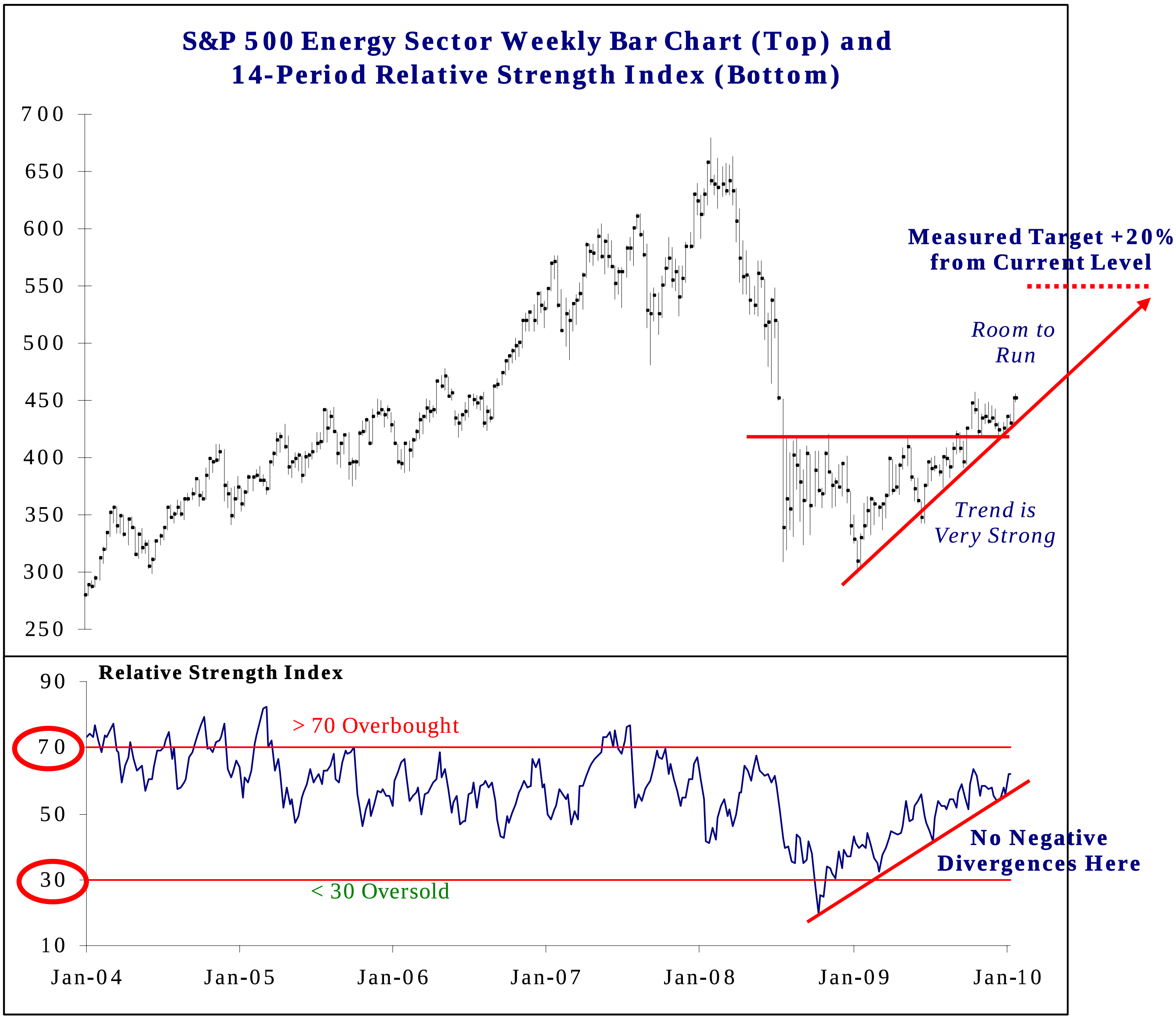
As the recovery off the '02 market lows matured, the relative topping process for Discretionary shares took nearly 4 years to complete. <u>With the group continuing to make "higher-highs" and "higher-lows" currently, we believe that we're still a ways off from a relative top for Discretionary shares.</u>

The move in Consumer Discretionary shares still appears to be quite young. The sector has broken out above relative resistance and the underlying trend remains strong. <u>The technical backdrop would suggest that it still makes sense to rotate into more cyclical names as economic recovery gathers momentum.</u>



LONGER-TERM, FOUNDATION FOR ENERGY SECTOR REMAINS TECHNICALLY SOLID AS WELL

Following roughly 12-months of range-bound price action, the Energy sector has broken out above key weekly resistance. While the sector has certainly lagged the broader market's recovery, it's arguably one of the healthiest long-term charts we can find – **the secular uptrend was never broken (the '02 low was never violated), technical momentum continues to accelerate (RSI making higher-lows), and a measured target from the breakout level points to the next major resistance level at just over +20% from the breakout line.**

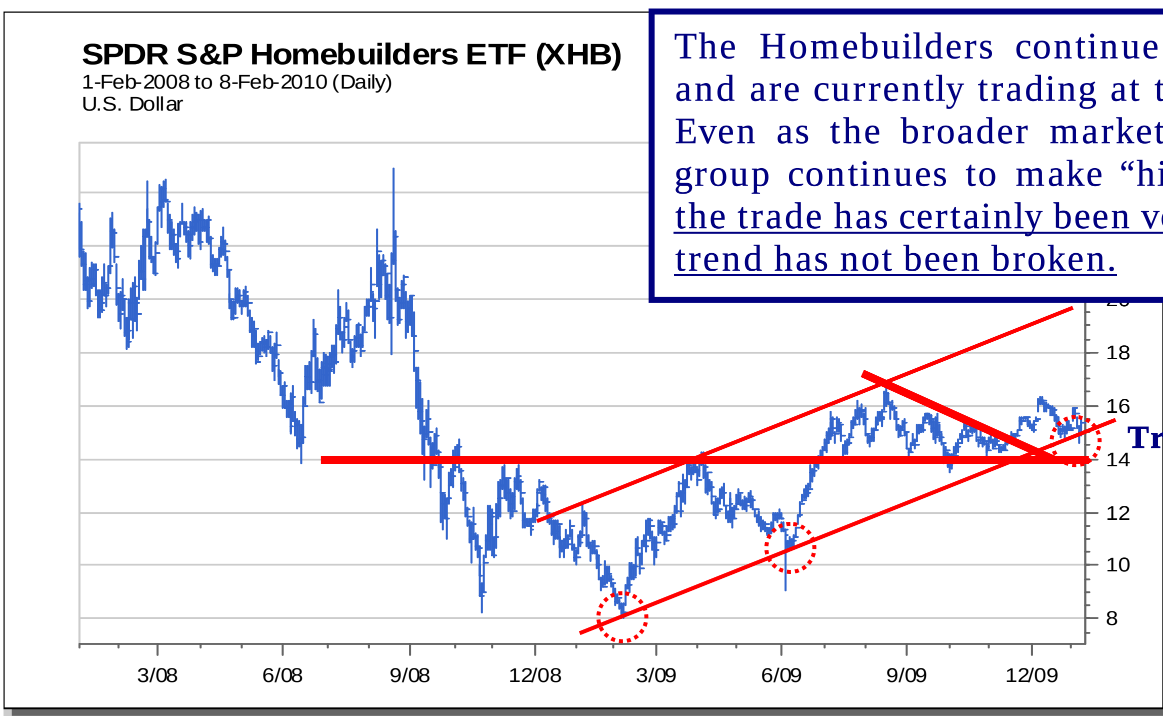


TRADERS TAKE NOTE: O&G BELLWETHER HALLIBURTON (HAL) TRADING NEAR RELATIVE SUPPORT

Halliburton (HAL), a constituent of Strategas' Bellwether Index – the 15 S&P 500 stocks with the highest correlation to nominal GDP growth – is in a very supportive relative trend. <u>This is likely a good signal for the broader O&G Service group.</u>

Buying pullbacks to trendline support has been an effective strategy over the last 12 months.

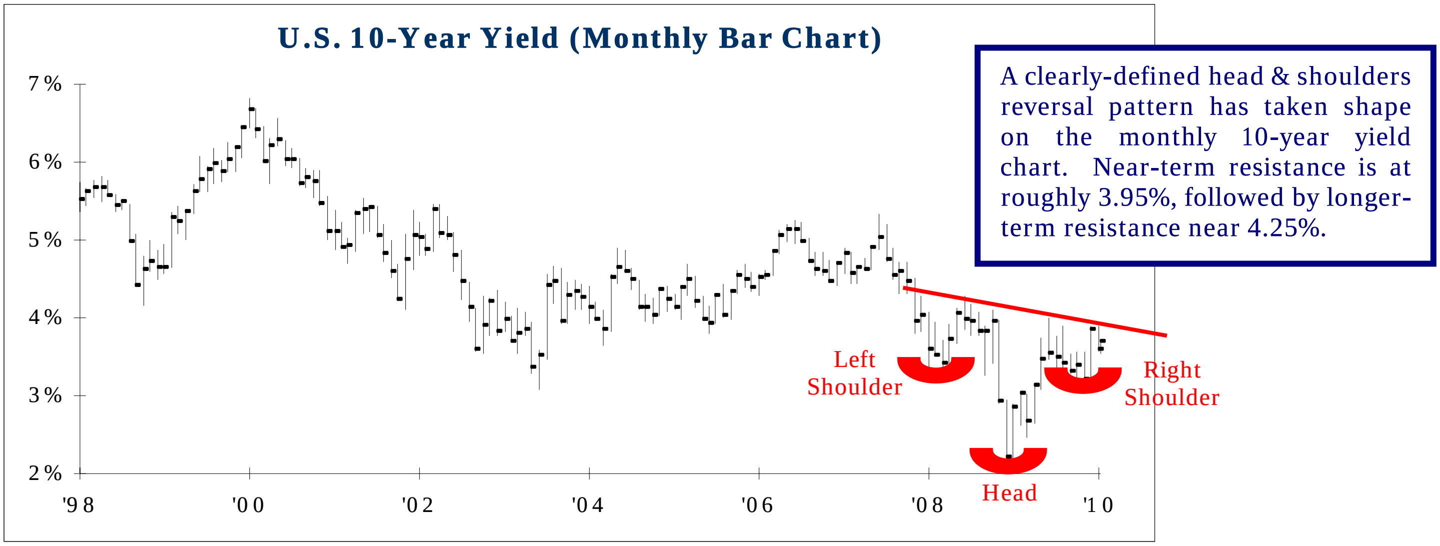
TRADERS TAKE NOTE: TECHNICAL SET-UP FOR HOMEBUILDER ETF (XHB) STILL SOLID

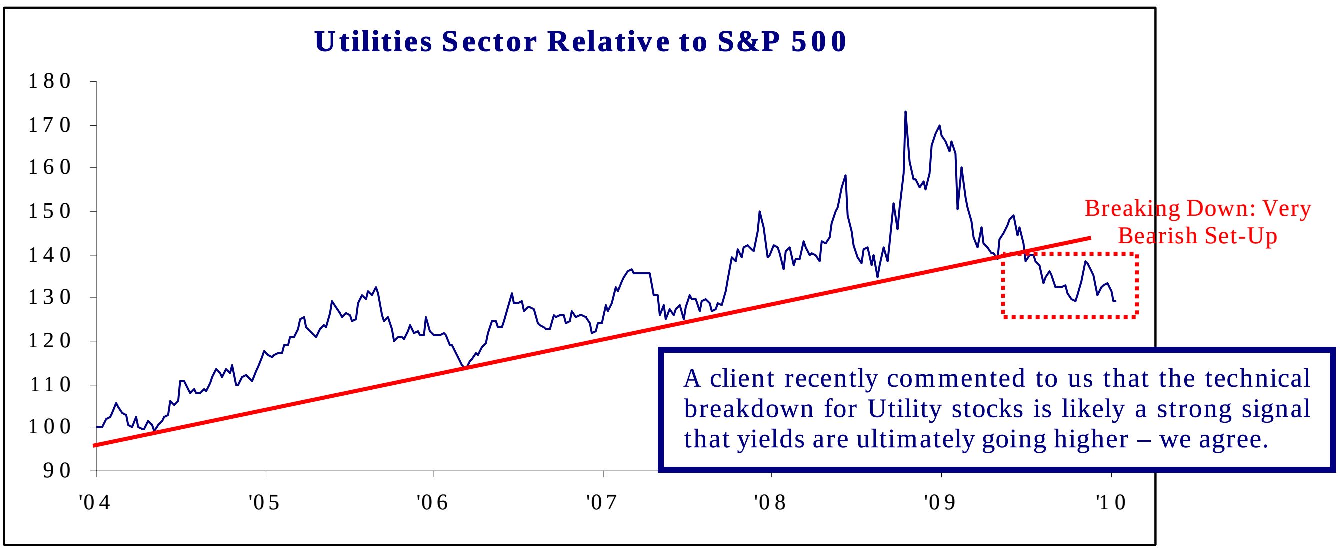


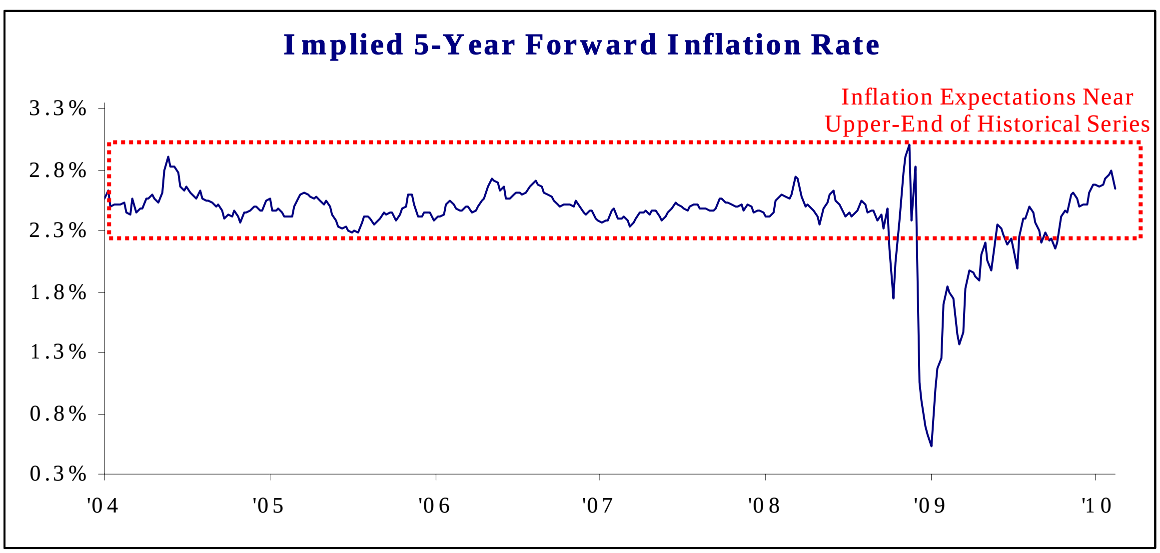
The Homebuilders continue to hold up well, and are currently trading at trend-line support. Even as the broader market consolidates, the group continues to make "higher-lows." <u>While the trade has certainly been volatile, the upward trend has not been broken.</u>

Trendline Support is Holding

SUBTLE TECHNICAL SIGNALS SUGGEST TREASURY YIELDS POISED TO CHART HIGHER







RISE IN GOLD PRICES BEARISH FOR TREASURY MARKET

While the indicator below has, admittedly, not been the most reliable signal for bond yields over the last decade, the longer historical series is more compelling. Over the last 40 years, bond yields have followed the previous year's change in gold price 30 times, for a success rate of 75%. With gold prices up roughly +30% in 2009, the stage could be set for yields to move materially higher in 2010.

	Annual Change in Gold Prices	Change in 10Yr Yields the Following Year	
1969	-14.4%	-17.5%	CHECK
1970	6.5%	-9.4%	X
1971	16.1%	8.8%	CHECK
1972	47.0%	7.6%	CHECK
1973	67.0%	7.2%	CHECK
1974	72.3%	4.9%	CHECK
1975	-23.7%	-12.2%	CHECK
1976	-4.1%	14.2%	X
1977	22.6%	17.6%	CHECK
1978	37.0%	12.9%	CHECK
1979	126.5%	20.3%	CHECK
1980	15.2%	12.5%	CHECK
1981	-32.6%	-25.7%	CHECK
1982	14.9%	13.6%	CHECK
1983	-16.3%	-2.4%	CHECK
1984	-19.2%	-22.0%	CHECK
1985	5.8%	-19.6%	X
1986	19.0%	22.6%	CHECK
1987	24.5%	3.1%	CHECK
1988	-15.3%	-13.2%	CHECK
1989	-2.2%	1.7%	X
1990	-4.6%	-17.0%	CHECK
1991	-7.7%	-0.2%	CHECK
1992	-5.7%	-13.3%	CHECK
1993	17.4%	35.0%	CHECK
1994	-1.9%	-28.8%	CHECK
1995	1.0%	15.2%	CHECK
1996	-4.5%	-10.5%	CHECK
1997	-21.7%	-19.1%	CHECK
1998	-0.6%	38.6%	X
1999	0.8%	-20.6%	X
2000	-5.9%	-1.2%	CHECK
2001	1.5%	-24.5%	X
2002	23.9%	11.3%	CHECK
2003	21.7%	-0.6%	X
2004	5.0%	4.1%	CHECK
2005	17.2%	7.1%	CHECK
2006	23.8%	-14.4%	X
2007	31.7%	-45.0%	X
2008	3.5%	42.8%	CHECK
2009	27.6%	?	

75% Success Rate

TECHNICAL SET-UP FOR SEMICONDUCTOR BELLWETHER LOOKS GOOD AS BOTTOMING PROCESS COMPLETES

AMD is a constituent in Strategas' proprietary Bellwether Index – a collection of the 15 S&P 500 stocks with the highest correlation to nominal GDP growth over the last 10 years (82% overall).

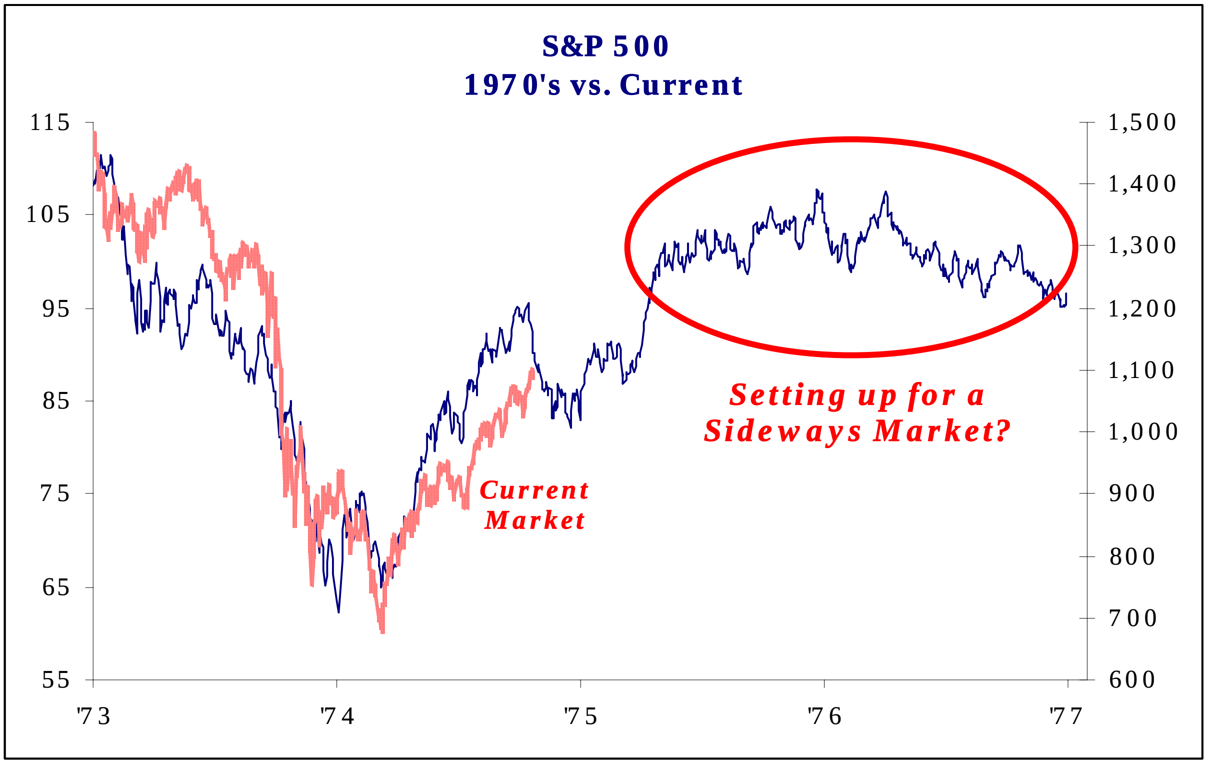
STILL CAUTIOUS ON UTILITIES:
RELATIVE WEAKNESS KEEPS US SELLERS OF STRENGTH

U.S. DOLLAR INDEX ABOVE 50-DAY MOVING AVERAGE, DIVERGENCES STILL GATHERING MOMENTUM

Strategas' Technical Analysis team is available to do custom work on specific markets, sectors, or individual equities you may be working on. Please contact your Strategas' salesperson for more information.

1970's REDUX?

Many of our clients and friends that have seen multiple cycles believe that over the next several years, the market will be reminiscent of the period following the '73-'74 bear market. After an initial rally off the bottom, the major market indices marked time for several years. **Increasingly we believe the investment landscape over the next several years will likely be bullish for real assets, neutral for stocks, and bearish for bonds.**



Real Returns Across Asset Class (1975 to 1980)

	Gold	Large-Cap Stocks	Home Prices	T-Bills	Long-Term Corp. Bonds	Long-Term Govt. Bonds
12/31/1974	**$1**	**$1**	**$1**	**$1**	**$1**	**$1**
12/31/1975	$0.67	$1.28	$1.01	$0.97	$1.06	$1.00
12/31/1976	$0.61	$1.51	$1.03	$0.96	$1.19	$1.11
12/31/1977	$0.70	$1.31	$1.09	$0.95	$1.13	$1.03
12/31/1978	$0.91	$1.29	$1.16	$0.94	$1.05	$0.94
12/31/1979	$1.96	$1.38	$1.19	$0.93	$0.89	$0.82
% Return	**96%**	**38%**	**19%**	**-7%**	**-11%**	**-18%**

Commodity Exposure Outperformed

Fixed Income Underperformed by a Wide Margin