



January 15, 2009 Thursday Evening

The stock market followed the scenario we were looking for, a negative opening, selling in the bank stocks and a substantial rebound in many stocks. This is the first big day of volatility for 5-6 weeks where the market lulled investors into thinking all is well.

The trendlines were broken yesterday and even more today but most stocks should be rebounding up at least a few days as a snap back from an oversold condition. Today was the 7th down day in a row for most stocks in most sectors and the financial sector has the deepest oversold stock charts. The major bank money centers have the best opportunities for gains in long positions. They have the ideal parabolic curve downward with increasing volume..... stocks like **WFC**, Wells Fargo and **BAC**, Bank of America.

The ag-chemical stocks **MOS**, **MON**, **AGU** and **POT** had nice drop and big pops today that should carry over at least into tomorrow on the upside for a nice profit. **AGU** had a 10% rebound from today's bottom and the \$29.25 buy only gave a 40 cent profit but the \$29.40 buy on the second helping at 9:40am was the big move of over 10% in the following 2 hours. This could easily move up \$2-\$3 a share tomorrow which it would be prudent to take those profits before the weekend. The same buy program moved **MOS** in a similar pattern and this had a 13% move off the bottom and could move up another \$2 as well. **MON**, Monsanto was more erratic giving \$2 on the first attempt and \$2 on the second.

The question always becomes whether to scalp these highly volatile days or focus on buy entry points for gradual purchases for a swing trade that last for days. I mentioned on the video last night that the money is in the swing trade as opposed to the intraday trades with stock patterns like we have in the financials.

With this evening's headlines like "**Congress clears way for second half of bailout**" and **BAC**, "Bank of America gets another \$20 billion" should result in an up day tomorrow, especially with the financials. **WFC** and **BAC** are the best ideas in this sector and note trading volume in **BAC** was over twice as high as Tuesdays at 552 million shares traded. This really sets up a strong rebound in these two stocks. **C**, Citigroup is a different animal that has multiple problems and even though this has the same chart pattern, **WFC** and **BAC** are lower risk.

Oil prices had a new 4 year low of \$33.20 today and so far I am wrong about oil. I don't usually hold onto an idea because of stubbornness of inflexibility but I am still in the camp that oil will have substantial rebounds and provide substantial profits over months. Many of the oil stocks rebounded today in spite of oil prices dropping. REPEAT: This sector has the highest probability odds of making money on the LONG side from at this price point.

Intermediate Trade Positions: New ideas: **WFC**, Wells Fargo. Also see note above. Excellent chart and excellent buy point tomorrow if not purchased today. Fill complete position size on WFC tomorrow.

RIMM, Research in Motion hit higher high today, which is one of the few stocks that moved like this. It didn't drop at all and moved up 9% today. This is normally a good sign for the coming weeks to be so strong in a down market. Probable cause for big move is AAPL news of Jobs off duty for 5 months.

Swing Trades: New ideas: **BNI**, Burlington Northern had a decent move upward off the bottom today by 8.5% and the strategy here is to let it bounce for a couple of days to recover losses if you didn't have a stop on this. OR you take more of a Hail Mary pass and hang onto it for some weeks or possibly months looking for a longer term recovery.

RMBS, Rambus. Got a rebound off bottom \$7.75. This might pullback tomorrow morning in which could be a good bounce for a swing long. Fasten seatbelts because this is an erratic stock but should move up

Day Traders/Intraday stock ideas: **AAPL** moved about as expected. This could be a shallow drop and big slow pop tomorrow.

Monitor the usual stocks of **FSLR**, **RIMM**, **AMZN** for drop and pops or there probably wont be much of a drop, just a slight gap up and then pop, so we can call that a gap and pop, lol.

NOTES: This is not a good time to do much shorting, not even during intraday trades. When the market presents a good time to short don't be intimidating selling short when a good sell signal arises. Start with extra small positions until you learn how to read the charts and build your confidence.

When I list several stocks from the same sector, like the housing industry for example, don't short all of them unless you are well diversified and it represents a small percentage of your total stock account (in that same account).

REPEAT: Keep an eye out for biotechs; they are building momentum and often do well in January.

Ticker Symbol	Type	Notes	Purchase Date	Open Price	Target Price
HWAY , Healthways	LONG-INT	Sold at open \$11.50, 1-7-09; Hold	12-29-08	11.04	14-15
VRX , Valeant Pharm	LONG-INT	Stopped 1-15-09 \$21.6	12-29-08	22	?
K , Kellog	LONG-INT	Sold 45.09, 1-6-09; hold	1-14-09	43.33	47
IBM , Int'l Bus. Mach	LONG-INT	Sold 87.70, 1-6-09; hold	1-8-09	86.14	92
LLL , Level 3	LONG-INT	Hold	1-13-09	77.92	
USO , US Oil Fund	LONG-INT	Sold 38.36, 1-6-09; No worries	1-8-09	32.00	50-55
COP , Conoco Phillip	LONG-INT	Sold 56.53, 1-6-09; No worries	1-8-09	53	58-59
BP , British Petrol.	LONG-INT	Sold 48.89, 1-6-09; Fill position	1-8-09	48.33	51
FXI , Xinhua 25 ETF	LONG-SWI	Should reach \$29 next 2 weeks	1-15-09	25.25	29
PTR , PetroChina	LONG-INT	Bought today; hold	1-15-09	78	92-93
PLD , Prologis	SHORT-INT	Covered at \$11.50, DELETE	1-12-09	13.75	
DHI , D.R. Horton	SHORT-SWI	Looking good; bumpy ride coming	1-7-09	7.84	
TOL , Toll Brothers	SHORT-INT	Buy SRS long; this is Ultrashort realestate	1-7-09	21.86	
KBH , KB Homes	SHORT-INT	Buy SRS long; this is Ultrashort realestate	1-7-09	14.90	
PHM , Pulte Homes	SHORT-INT	Buy SRS long; this is Ultrashort realestate	1-7-09	12.42	

LEN, Lennar	SHORT-INT	Buy SRS long; this is Ultrashort realestate	1-7-09	10.86	
HOTT, Hot Apparel	LONG-INT	Good recovery.	1-8-09	8.71	
AGU, Agrium	LONG-SWI	Sold 38.42, 1-6-09; see notes above	1-5-09	36.91	
FRPT, Force Protect	LONG-INT	Strong so far; stopped 6.25.	1-5-09	6.40	
AFFX, Affymetrix	LONG-INT	Still hold;.	1-6-09	3.18	4.50
MDR, McDermott,	LONG-INT	hold	1-15-09		
FCX, Freeport Mc	LONG-SWI	Change to swing trade	1-14-09	24	
MOS, Mosaic	LONG-INT	Hold	1-9-09	40.37	
DE, John Deere	LONG-INT	Hold; don't buy more.	1-12-09	45.19	
XME, Metal/MngETF	LONG-INT	Careful, set close stop loss	1-13-09	26.14	
BNI, Burlington	LONG-SWI	Excellent buy point if you don't own	1-12-09	10.15	
XTO, XTO Energy	LONG-INT	Hold	1-13-09	35.79	43-44
APC, Anadarko Petr	LONG-INT	Hold	1-13-09	39.55	47-48
MO, Altria Group	LONG-INT	MO ignoring market, hold. 8.3% dividend	1-13-09	16.02	
SRS, Short Real Est	LONG-INT	Sold at \$74 on rebound early.	1-14-09	65.32	80-85
GS, Goldman Sachs	LONG-SWI	Looks anemic; hold.	1-14-09	75.88	
PXJ, Oil Services ETF	LONG-INT	Good rebound off bottom, hold.	1-15-09	10.50	
C, Citibank					

SWI (SWING): 2-7 days **INT:** Intermediate term position 8 days to several months. **Open Price:** price paid on opening long position or price sold on short position. **Bold notes on table above represent changes from previous day.**

Thoughts: Best odds only, be decisive, aggressive, mentally flexible, stay in position size, don't overtrade and wait a little longer to buy and wait a little longer to sell. You will find that will make you more money on your trades. Trade what you see, not what you hope for. **Intermediate trades are really important to have trailing stop losses set.**

Don't trade unless the setup is there for you, then use the charts to tell you when the odds are heavily in your favor. Don't force anything to work for you, let the setups develop and then take advantage of that. Be patient. Stay in position sizes without letting any intraday trade represent no more than 10-15% of your total account value. As you build your account, your position size percentage should get smaller and smaller to lower your risk.

Have a great day and I'll talk to you tomorrow.

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