



January 21, 2009 Wednesday Evening

The banking sector had a big day up today with **BAC** moving up 31%, **WFC**-17%, **JPM**-25.1%, **C**-31% and **USB** had an extreme range of prices going below \$12 on their earnings report but rebounded up over 35% from the low to close above \$16. **This sector has moved up so much today that it is likely that this rebound could fizzle in a couple of days and have sharp down days after. The safest strategy is to take the profits on this rebound that may last for another couple of days and not try to get too greedy getting the top.**

The bungee cord is starting to return to its neutral position on these banking stocks and then back down they'll go again for a less severe drop before more gradually moving upward. It will be wide swings but you will have plenty of time to see the buy and sell signals. (Use the 15 min 5 day setting on the intraday, real-time chart to spot the swing trade buy and sell signals). In this market, it really makes sense to take the profits and look for lower prices to buy again later. This is the toughest part about a chart pattern like the banking stocks have had. If the banking stocks continue to go up after you sell, do you have the emotional discipline to stay out of them or will your greed gland kick in and cause you to buy them at a higher price just before they turnover and head down again?

The success of trading and investing is mostly dependent upon emotional control of both your fear and greed. Most people think it is the trading strategies or techniques or the "stock tips" that make them the money but it is mostly dependent upon the mental control.

Study the daily chart on **SKF**. The \$47 point drop today would indicate further price drop tomorrow and possibly Friday, giving you higher prices in financials. This is an inverse correlation because the SKF is a short ETF on the financials.

Oil had an outstanding rebound from yesterday's low of \$32.70/barrel to close at \$44.23 today. It's likely that oil has a couple down days after this \$12 two day run before further highs are seen. This would be a normal trading action of trying to move off the bottom.

Intermediate Trade Positions: Look for intermediate short entries on insurance stocks **PRU**, **MET**, and **HIG** **but not yet.**

I posted incorrect information on the table with **HWAY** last night. **HWAY**, Healthways is a hold and still is within an uptrend on the daily chart. Sorry about that.

Swing Trades: New ideas: No new ideas because it is likely we are seeing "backing and filling" so another day or two up should be followed by selling.

Day Traders/Intraday stock ideas: **FSLR**, First Solar had excellent scalp today from \$135.50 to \$141.80 at the close for a 4.6% potential profit. **RIMM** had a 2.5% potential. AAPL is going to be a dangerous stock to scalp tomorrow—it could go either way after moving up about \$8 aftermarket today on earnings report. **AMZN**, Amazon.com had an excellent scalp from \$48.40 to \$50.60 for a 4% potential profit on a long trade.

NOTES: Many sectors have broken down after today's rout in the stock market and no longer support the idea of a predictable bounce EXCEPT for the financial sector, specifically the money center banks. You have to ask yourself if they will fail or be allowed to fail. Sure BAC needs \$80 billion total now and has already received \$25 billion but will the government allow the largest bank in the USA fail? Not likely. This is the single best idea I've seen since November 21st, 2008. This is like a bungee cord that is stretched out and ready for a slingshot rebound in this sector. Takes courage and self-control but **buy banks long if you don't have any or hold those positions if you do**. The amount of time that the market will stay down at these prices on the bank stocks shouldn't be that long and prices will change very quickly.

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 \$11.50, 1-7-09; still uptrend		11.04	14-15
K , Kellogg	LONG-INT	Sold 45.09, 1-6-09; still strong ;	1-14-09	43.33	47
IBM , Int'l Bus. Mach	LONG-INT	Up 11.5% today, hold.	1-8-09	86.14	92
LLL , Level 3	LONG-INT	Still in uptrend pattern; looking good.	1-13-09	77.92	
USO , US Oil Fund	LONG-INT	Sold 38.36, 1-6-09; hold	1-8-09	32.00	50-55
COP , Conoco Phillip	LONG-INT	Sold 56.53, 1-6-09; hold	1-8-09	53	58-59
BP , British Petrol.	LONG-INT	Weakest major oil stock; sell on rebound	1-8-09	48.33	45
FXI , Xinhua 25 ETF	LONG-SWI	Hold	1-15-09	25.25	29
PTR , PetroChina	LONG-INT	Hold, lowered target price.	1-15-09	78	88
HOTT , Hot Apparel	LONG-INT	Today confirmed top; sell on bounce	1-8-09	8.71	
AGU , Agrium	LONG-SWI	SLD 38.42, 1-6-09; today killed bounce	1-5-09	36.91	
MOS , Mosaic	LONG-INT	Today killed bounce; hold for bounce	1-9-09	40.37	
MDR , McDermott,	LONG-INT	Probably selling tomorrow	1-15-09	10.15	
FCX , Freeport Mc	LONG-SWI	Sell on rebound next day or two	1-14-09	24	
DE , John Deere	LONG-INT	Selling next couple of days	1-12-09	45.19	
XME , Metal/Mn ETF	LONG-INT	Selling next couple of days	1-13-09	26.14	
BNI , Burlington	LONG-SWI	Should continue rebounding	1-16-09	64	
XTO , XTO Energy	LONG-INT	No trade here; DELETE	1-13-09	35.79	43-44
APC , Anadarko Petr	LONG-INT	No trade here; DELETE	1-13-09	39.55	47-48
MO , Altria Group	LONG-INT	Sold @ 17; Safe 8.3% dividend	1-13-09	16.02	
SRS , Short Real Est	LONG-INT	Sold at \$74; DELETE	1-14-09	65.32	80-85
GS , Goldman Sachs	LONG-SWI	Sell next 2 days if LONG	1-14-09	75.88	

PXJ, Oil Services ETF	LONG-INT	Sell on rebound next day or two	1-15-09	10.50	
C, Citibank	LONG-SWI	Hold; should have strong up days ahead	1-16-09	3.60	5.50
RMBS, Rambus	LONG-SWI	Hold if long; sell next couple of up days	1-16-09	9.00	11+
BNI, Burlington Nrth	LONG-SWI	More up days ahead; hold	1-16-09	64	71-74
WFC, Wells Fargo	LONG-INT	Up 17% today; more up days ahead	1-16-09	17.50	20
BAC, Bank of Amer	LONG-SWI	Up 31% today; should have more up days	1-16-09	7.40	10
RIMM, Research Mot	LONG-INT	Looking strong; AAPL up 10 aftermkt	1-16-09	50.38	56
JPM, JP Morgan	LONG-SWI	Bot more at \$19.50; sell next 2 days	1-20-09	18.03	24
IYF, Financial ETF	LONG-INT	Sell next few days	1-21-09	32.40	38-39
USB, US Bancorp	LONG-SWI	Big swing today, \$12 to 16.50; earnings	1-21-09	12.50	18

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.

Mitch King
www.TradeStocksAmerica.com

Contents: stock trading, trading strategies, stock picks, stock market education, stock market investing course and educational stock trading videos.

Mitch King is the founder of **TradeStocksAmerica.com**. All material presented herein is believed to be reliable but we cannot attest to its accuracy. All material represents the opinions of Mitch King. Investment recommendations may change without notice and readers are urged to check with their investment counselors before making any investment decisions. Opinions expressed in these reports may change without prior notice. Mitch King and/or the staff at **TradeStocksAmerica.com** may or may not have investments in any stocks cited above before or after this newsletter is prepared. Opinions expressed in these reports may change without prior notice.

Disclaimer - Stock investing or stock trading has large potential rewards, but also large potential risk. There is risk of loss as well as the opportunity for gain when buying or selling stocks, bonds, option contracts or engaging in any strategy listed in the Daily Stock Report, The Wizard Training Course, The Trading Room and our seminar or workshops. You must be aware of the risks and be willing to accept the risks when investing or trading in any financial markets. Don't trade with money you can't afford to lose. This website is neither a solicitation nor an offer to Buy/Sell stocks. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this website. The past performance of any trading system or methodology is not necessarily indicative of future results.