



January 27, 2009 Tuesday Evening

The stock market moved up slightly today in what has been a trend that is slightly biased toward the upside. The market has been a little indecisive but could easily get on a nice bullish run if we get some traction after tomorrow's Fed meeting. What can come out of the meeting tomorrow, an interest rate reduction to 0%? It wouldn't help, might even spook the market. Overall, the odds are fairly good that the market would be bullish and go up if the Fed announces some specific action to help the economy and at this point, it is going to be a creative unprecedented action.

The way to monitor this market, in general, is to see if it is a weak and meandering rebound like it is shaping up to be or if we get a broad robust rebound that everyone would like. If it is the first scenario, the market could continue to be a nervous one that sells at the drop of a pin and what we have to protect against is a new leg down that exceeds the November 21, 2008 lows.

We have earnings for another 7-10 days and here is a link that may be useful to you as a favorite on your computer. This is the earnings schedule and the average estimate among analysts. It is not a good practice to hold a stock going into earnings of that company because the volatility is likely to be high, and odds are good some earnings disasters could take a stock down 15-20%. Look up your company that you are long and see when their earnings are released and close that position before announcement. It is a gambling behavior to knowingly keep it open through earnings.  
<http://biz.yahoo.com/research/earnical/today.html>

The ag-chemical stocks stalled today and these could be sold anytime as a safety precaution (**MON, MOS, AGU, and POT**).

**The banks did surprisingly well today which looks like it could start gaining some momentum.** **JPM** and **GS** were sold from the stock list yesterday but if you still own any of the 6 banks we have discussed this last week (**JPM, GS, BAC, WFC, USB, C**) it would be worth holding them long.

**Oil** dumped today on reports that consumption will remain low and that the OPEC members are heeding the new output restrictions agreed to in the last meeting. Hopefully it isn't stubbornness on my part to hold onto the idea that oil will rebound this year. We could have sold off our oil stocks yesterday to capture the USO profit. It could take a period of weeks before oil gets its footing and moves up to higher highs.

**Intermediate Trade Positions: None:** Let's wait until after the Fed announcement tomorrow at 215pm EST before looking at any new positions.

**Swing Trades:** Focus on intraday trades until the Fed meeting is over.

**GERN**, Geron started correcting nicely today with a steady downward intraday chart all day. A general rule that I use is if a bullshort opens down like it did today, I start opening short positions. This stock closed down 11.1% today and is likely to fall below \$6 and possibly in the low 5s as a target price. This should have 2-3 more down days, especially if the market turns negative.

**Day Traders/Intraday stock ideas:** Intraday trading continued to be very good today with the usual drop and pop technique. ICE had another nice swing today with a shallow drop and a nice 5.5% pop. Watch this tomorrow to continue. **BLK, CME, MON, and POT** had excellent opportunities as well.

**Repeat:** Intraday trading techniques have been doing very well and are likely to continue. Be disciplined with your position size and try to control any strong feelings of greed and fear.

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	Getting stronger uptrend.		11.04	14-15
K, Kellogg	LONG-INT	Look for higher high above \$45.75.	1-14-09	43.33	47
IBM, Int'l Bus. Mach	LONG-INT	Sold 90.55; wait and watch	1-8-09	86.14	92
LLL, Level 3	LONG-INT	Steady uptrend; hold	1-13-09	77.92	
USO, US Oil Fund	LONG-INT	Close to support; should bottom here	1-8-09	32.00	50-55
COP, Conoco Phillip	LONG-INT	Hold	1-8-09	53	58-59
BP, British Petrol.	LONG-INT	\$45 target			45
FXI, Xinhua 25 ETF	LONG-SWI	Uptrending slowly; hold.	1-15-09	25.25	29
PTR, PetroChina	LONG-INT	Should have strong upswing; hold	1-15-09	78	88
AGU, Agrium	LONG-SWI	Sold \$34			
MOS, Mosaic	LONG-INT	Sold \$37	1-9-09	40.37	
FCX, Freeport Mc	LONG-SWI	Sold 24;	1-14-09	24	
MO, Altria Group	LONG-INT	Let this drop for a while; watch, 8.3% div	1-13-09	16.02	
GS, Goldman Sachs	LONG-SWI	Sold 77.75 1-26-09; down to mid 60s?	1-14-09	75.88	82
PXJ, Oil Services ETF	LONG-INT	Sold \$11.97 today 1-26-09	1-15-09	10.50	
C, Citibank	LONG-SWI	In bottoming process now;	1-16-09	3.60	5.50
RMBS, Rambus	LONG-SWI	Sold today \$9; Watch & wait	1-16-09	9.00	11+
BNI, Burlington Nrth	LONG-SWI	Up 6.8% today; hold	1-16-09	64	74
WFC, Wells Fargo	LONG-INT	In bottoming process now	1-16-09	17.50	20
BAC, Bank of Amer	LONG-SWI	Should gradually trend upward; hold	1-16-09	7.40	10
RIMM, Research Mot	LONG-INT	Sold @ \$51 1-27-09	1-16-09	50.38	56
JPM, JP Morgan	LONG-SWI	Still strong today; indicators turning up	1-20-09	18.03	
IYF, Financial ETF	LONG-INT	Hold for rebound if still long	1-21-09	32.40	38-39
USB, US Bancorp	LONG-SWI	Trying this again long	1-27-09	13	
HNT, Healthnet	LONG-INT	Strong uptrend; looking good; Hold	1-23-09	14.20	
ICE, Intercont Exch	LONG-INT	Starting to move up; hold	1-23-09	51	65-67
POT, Potash	LONG-SWI	Sold 77.72 opening.	1-23-09	73.25	
SAY, Satyam Cmptr	LONG-SWI	Heading down now; too dangerous now			
USG, US Gypsum	LONG-INT	Bottomed, should be ready to buy.			
GERN, Geron	BULLSHORT	Should drop for a couple more days	1-26-09	8.25	5.50


**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

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