



January 28, 2009 Wednesday Evening

The stock market caught on fire today and totally changed character from the previous weeks. From the opening, the volume was brisk and stocks on the NYSE were 7 to 1 advancers vs. decliners. The speculation that the Feds may separate banks' bad assets into another bank buoyed the sentiment and the Dow30 opened up 140 points in the first 15 minutes and built from there throughout the day.

After the market closed today the Democratic controlled House passed the \$819 billion stimulus package which includes spending increases and tax cuts. It is a good boost short term but on the long term horizon, it is frightening to think how the US government is going to pay for it. The good news is we are still long bank stocks and a few others that should benefit this week.

Our list of banking stocks, **WFC, BAC, USB, C** and **JPM, GS** if you are still long those two, really moved up strongly, especially **WFC**, Wells Fargo. **WFC** was up 29.6% at the close because the whole sector moved up **and** WFC announced they would not need any more money to absorb the money losing Wachovia Bank, that their dividend would not be reduced and the 'bad bank' news made them the biggest beneficiary of today's combined news events.

So the sentiment is likely to change to a more positive one and we could see higher highs on the daily charts for many of these stocks on the stock list and ones that have been deleted. I left a lot of money on the table by being conservative two days ago but a lot of money is and will be made on the existing bank stocks after 8% to 29% gains like today. I pulled the trigger on selling the two tech stocks **IBM** and **RIMM** two days ago (noted bad sell) and the ag-chemical stocks yesterday but you have to decide for yourself how much money you can risk if the whole market turns against you. This is a process balancing risk, your own personal tolerance, portfolio size, time you can allocate toward the stock market and what your own emotional profile allows you to do.

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** could take a period of weeks before it completes a bottoming process. We are looking for \$35 to be a support level.

**Intermediate Trade Positions:** **Possible short ideas:** **AAPL**, Apple Computer is on a nice run and if it follows its recent pattern, it could return to its recent \$80 low. See the video link for explanation and start with very small position. Allow AAPL to run up a little more before opening a very small short position with it.

**AMLN**, Amylin Pharmaceutical has five out of five indicators that I watch starting to show a weakening pattern. This group of biotechs/pharmaceuticals appears to have run its course. As with any **SHORT** position, start with very small position relative to total portfolio.

**WCG**, Wellcare Health Plans. This might be a little ahead of itself; Look for \$14 to go long.

**SGR**, Shaw Group builds basic infrastructures that could benefit from Obama's infrastructure build-out. Excellent uptrend on daily chart; worth a small position LONG here.

### Swing Trades:

**GERN**, Geron started correcting again today but rebounded as a bullish market kept it up. It is still within tolerances of a correcting stock but this point is always a critical point to test its first high. This market has not been a speculative one on the long side so it is unlikely it goes back up to \$8. The odds are this gradually drifts down below \$6 in the coming 1-2 weeks.

**Day Traders/Intraday stock ideas:** Intraday trading continued to be very good today with the usual drop and pop technique. **ICE** had another nice drop and a nice 3% pop. **BLK** and **CME** just went straight up, and **POT** had good opportunities as well. **AMZN** and **FSLR** gave a good drop and pop from the premarket drop to the pop near the open. **BIDU**, Baidu had an outstanding drop and pop today with a \$11-12 pop or over 10% gain in the first hour. If you are working with this technique, build charts for each of these and monitor all of them. Often times they give buy and sell signals at the same time because they are on computer buy programs representing the large funds and pensions.

Intraday trading techniques have been doing very well and are likely to continue in addition to swing and intermediate trades. 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
<b>HWAY</b> , Healthways	LONG- INT	<b>Decisive higher high today; hold</b>		11.04	14-15
<b>K</b> , Kellog	LONG-INT	<b>Weak today compared to market; SELL?</b>	1-14-09	43.33	47
<b>IBM</b> , Int'l Bus. Mach	LONG-INT	Sold 90.55 1-27-09; <b>bad sell</b>	1-8-09	86.14	92
<b>LLL</b> , Level 3	LONG-INT	<b>Need higher high; tighten trailing stop</b>	1-13-09	77.92	
<b>USO</b> , US Oil Fund	LONG-INT	Close to support; should bottom here	1-8-09	32.00	50-55
<b>COP</b> , Conoco Phillip	LONG-INT	<b>Hold</b>	1-8-09	53	58-59
<b>BP</b> , British Petrol.	LONG-INT	\$45 target; <b>hold</b>			45
<b>FXI</b> , Xinhua 25 ETF	LONG-SWI	Uptrending slowly; <b>hold</b> .	1-15-09	25.25	29
<b>PTR</b> , PetroChina	LONG-INT	<b>Starting to move up; hold</b>	1-15-09	78	88
<b>AGU</b> , Agrium	LONG-SWI	Sold \$34 1-27-09			
<b>MOS</b> , Mosaic	LONG-INT	Sold \$37 1-27-09	1-9-09	40.37	
<b>FCX</b> , Freeport Mc	LONG-SWI	Sold 24 1-27-09	1-14-09	24	
<b>MO</b> , Altria Group	LONG-INT	Let this drop for a while; watch, 8.3% div	1-13-09	16.02	
<b>GS</b> , Goldman Sachs	LONG-SWI	Sold 77.75 1-26-09; <b>look for higher high</b>	1-14-09	75.88	82
<b>PXJ</b> , Oil Services ETF	LONG-INT	Sold \$11.97 1-26-09; <b>nice move today</b>	1-15-09	10.50	

C, Citibank	LONG-SWI	<b>Moving up; weakest of 6 banks, hold</b>	1-16-09	3.60	5.50
RMBS, Rambus	LONG-SWI	Sold 1-26-09 at \$9; <b>Watch &amp; wait</b>	1-16-09	9.00	11+
BNI, Burlington Nrth	LONG-SWI	<b>Strong two days up; hold</b>	1-16-09	64	<b>74</b>
WFC, Wells Fargo	LONG-INT	<b>Biggest jump of banks, +26.5%; hold</b>	1-16-09	17.50	20
BAC, Bank of Amer	LONG-SWI	<b>Nice move; hold</b>	1-16-09	7.40	10
RIMM, Research Mot	LONG-INT	Sold @ \$51 1-27-09; <b>Bad sell</b>	1-16-09	50.38	56
JPM, JP Morgan	LONG-SWI	<b>Nice jump; keep holding</b>	1-20-09	18.03	
IYF, Financial ETF	LONG-INT	<b>Keep holding if long</b>	1-21-09	32.40	38-39
USB, US Bancorp	LONG-SWI	<b>Should keep moving up; hold</b>	1-27-09	13	
HNT, Healthnet	LONG-INT	<b>Strong uptrend; looking good; Hold</b>	1-23-09	14.20	
ICE, Intercont Exch	LONG-INT	<b>Gained 6.2% today; should keep moving</b>	1-23-09	51	<b>68-69</b>
POT, Potash	LONG-SWI	Sold 77.72 1-27-09.	1-23-09	73.25	
USG, US Gypsum	LONG-INT	<b>Still in downtrend; wait and watch</b>			
TSO, Tesoro	LONG-INT	<b>Oil/gas refining; hold. (forgot to post)</b>	1-27-09	16.05	
GERN, Geron	BULLSHORT	<b>Downtrend; should continue down</b>	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  
[www.TradeStocksAmerica.com](http://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.