



January 8, 2008 Thursday Evening

The stock market had the expected negative opening as a follow through with Wednesday's sharp down day as well as last night's drubbing that the Asian markets had. All eyes are on tomorrow's labor report. Whatever the number turns out to be will determine the trading action and direction tomorrow and possibly for several more days.

Whatever forecasts that are made can get obsolete if the market reacts negatively to a much worse than expected labor report tomorrow but it is likely the market has priced in negative economic news as we have been hearing that for 2 months now.

Expectations are for a loss of 500k jobs and an unemployment rate of 7.0%. It isn't a matter if the labor report is worse but by how much worse the numbers will be.

The housing stocks opened down and gave the best opportunity to cover short positions in this sector. This is a watch and wait how it acts and if you can get better prices in coming days.

Oil prices opened down, as expected, and this gave a very good price for **USO**, United States Oil Fund etf. This should be a hold for possibly a couple of weeks. Repeat: **This is the one position that we all should have in the coming months.**

Intermediate Trade Positions: New ideas: **SCHN**, Schnitzer Steel isn't correcting as hard as other stocks and should be considered as a long position. Look for a LONG entry point when the market itself turns up sharply the next several days.

PTR, PetroChina, China's largest oil company trades a little strange as do all the foreign stocks. When China's market is sharply down, like it was last night, PTR gaps down at the open, meaning the opening price starts lower from the previous day's close. This should start moving on an upward trend as both oil and China's market starts moving upward.

FXI, Xinhua 25 dropped further with a gap down. This is a good entry point for this stock.

MOS, Mosaic has a healthy looking chart for a long position. Like many stocks, they opened down and recovered sharply toward the end of the day. This is worth a small long position.

CAT, Caterpillar. This is a decent entry point to buy some CAT long for at least a swing trade.

DE, John Deere, had a higher high today and although this chart looks healthy, it is on the late side to be buying now. Consider letting it pullback some; watch and wait.

BNI, Burlington Northern, railroad, good entry point tomorrow, probably at the opening, depending up on the labor report that is announced at 530am Pacific Time, an hour before the regular stock market opens

XME, Metals & Mining ETF is worth a small position long.

BG, Bunge (food and beverage) should be watched. We would like a sideways action with not too much downward movement for a healthy sign of a potential long position within the next week or so.

Swing Trades: New ideas:

The slightly negative opening in oil stocks gave a good opportunity to cover these two swing short ideas, **COG** and **GDP** from last night's report. The oil stocks had the rebound I was looking for and this could catapult many of them to higher highs along with many other stocks.

Day Traders/Intraday stock ideas: **FSLR**, First Solar gave a small drop and big pop, watch this again tomorrow for another good scalp. **RIMM**, Research in Motion, gave another nice big drop and an equal pop. This should be good again tomorrow.

AMZN, Amazon.com gave us nothing tradable today; tends to be streaky on intraday trades but worth watching. **MON**, **MOS**, **XTO** are also favorites of mine for intraday trades; worth watching for drop and pop.

Oil stocks gave an excellent drop and pop today but they probably won't give us intraday trades tomorrow.

NOTES: This is not a good time to do much shorting, not even during intraday trades.

"Waiting is one of the hardest aspects of trading/investing....always has and always will be."

Mitch King

(Can I quote myself? Is that legal?)

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; DANGER	12-29-08	11.04	14-15
VRX , Valeant Pharm	LONG-INT	Sold 22.80, 1-6-09; Good entry pt now.	12-29-08	22	?
K , Kellog	LONG-INT	Sold 45.09, 1-6-09; buy at 43?	12-29-08	42.39	47
IBM , Int'l Bus. Mach	LONG-INT	Sold 87.70, 1-6-09; Bought a little today	1-8-09	86.14	92
UTX , United	LONG-INT	Sold 54.60, 1-6-09. Buy a little Friday.	12-29-08	50.92	55
LLL , Level 3	LONG-INT	We missed this, sorry about that.	Wait next time		
USO , US Oil Fund	LONG-INT	Sold 38.36, 1-6-09; Bought today.	1-8-09	32.00	50-55
XOM , Exxon Mobile	LONG-INT	Sold 82.14, 1-6-09; repurchase lower	12-29-08	78.28	87-88
CVX , Chevron	LONG-INT	Sold 77.56, 1-6-09; repurchase lower	12-29-08	71.25	85
COP , Conoco Phillip	LONG-INT	Sold 56.53, 1-6-09; Bought today	1-8-09	53	58-59
BP , British Petrol.	LONG-INT	Sold 48.89, 1-6-09; Bought today	1-8-09	48.33	51
RMBS , Rambus	SHORT-INT	Watch and wait. Look for something else	DELETE		
FXI , Xinhua 25 ETF	LONG-INT	Sold @ \$31.69, 1-6-09	1-2-09	30	40
PTR , PetroChina	LONG-INT	Hold; too late to sell now.	1-2-09	92.84	102+
PLD , Prologis	?	Too strong to short; consider LONG	Wait & Watch		

DHI, D.R. Horton	SHORT-SWI	Covered at open, 7.28, 1-8-09. Watch	1-7-09	7.84	
TOL, Toll Brothers	SHORT-INT	Covered at open, 20.20, 1-8-09. Watch	1-7-09	21.86	
KBH, KB Homes	SHORT-INT	Covered at open, 14.06, 1-8-09, watch	1-7-09	14.90	
PHM, Pulte Homes	SHORT-INT	Covered at open, 11.52, 1-8-09. Watch	1-7-09	12.42	
LEN, Lennar	SHORT-INT	Covered at open, 11, 1-8-9, Watch	1-7-09	10.86	
CNO, Consecro	LONG-INT	Still a hold; no sell signal yet.	12-31-08	4.15	5-6
HOTT, Hot Apparel	LONG-INT	Bot today on big drop and pop; hold	1-8-09	8.71	
AGU, Agrium	LONG-SWI	Sold 38.42, 1-6-09; watch POT and AGU	1-5-09	36.91	
FRPT, Force Protect	LONG-INT	Strong so far; hold position.	1-5-09	6.40	
AFFX, Affymetrix	LONG-INT	Getting stronger; hold.	1-6-09	3.18	4.50
MDR, McDermott,	LONG-INT	Acted strong today.	Wait & watch		
FCX, Freeport Mc	LONG-INT	3-4 more days before buying	Wait & watch		
COG, Cabot Oil	Short-SWI	Covered at \$27, 1-8-09.	1-7-09	29	
GDP, Goodrich Oil	Short-SWI	Covered at \$31, 1-8-09.	1-7-09	32.73	
SCHN, Schnitzer Stl	LONG-INT	Bought opening drop.	1-8-09	36.02	

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.

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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