



Daily Stock Report for Tuesday Morning, April 27, 2010

Announcement: The Orlando, Florida seminar was just an incredible experience. We always meet so many really fine people. We'll keep you posted on the next one. I hope you learned a tremendous amount and enjoyed it as much as we enjoyed teaching you. God bless all of you and safe travels.

The 5 day consecutive uptrend in US stocks came to an end today with the Dow30 closing at virtually no change while the Nasdaq Composite was down 0.28%, the S&P 500 down 0.43% and the Russell 2000 down 0.42%.

Stocks may have a soft pullback that is likely going to be shallow as the buy on the dip pattern should still be in full effect. So far we haven't had any signals to suggest the market has peaked yet but be diligent in being aware of the trends. Stocks don't go up so much on a consecutive weekly gain without some leveling or corrective action.

What is most likely going to be the trigger point for a change in trend is a substantial negative economic overtone. Some report that would suggest rising inflation and that would result in higher interest rates.

GS, Goldman Sachs is dropping on the testimony that it is scheduled for Senate hearings this week. Goldman is undergoing intense damage control on the public image as attacks against them and their alleged practices may threaten their business. This drop today is no surprise but remember that stocks should be purchased when doubt and fear is abundant.

The \$150 price level is likely going to hold and today's 3.6% drop is mostly due to the nervousness around the hearings starting Tuesday. Now that the stock has corrected back down to near a support level, we are likely to see this bounce, especially if the hearings show the weakness of the SEC's case.

REPEAT: It is widely accepted that the business cycle that we are in now, which is an early phase of a recovering economy, is the most conducive to a powerful bond and stock market movement upward. And as the economy continues into the next phase, bonds tend to have lower returns and stocks tend still move up but not as fast of a rate as the previous cycle (the one we are in now).

Summary Opinion

All of the major indexes have surpassed the January highs and has resumed its bull market run that started over a year ago on March 10, 2009. Our current assumption is the **bull run should continue to make higher highs after any pullbacks.**

Calendar (All Eastern times)

Tuesday, 900am, Case-Shiller 20-city Index, -0.1%
Tuesday, 1000am, Consumer Confidence, 53.7
 Wednesday, 1030am, Crude Inventories, 1.89M
 Wednesday, 215pm, FOMC Rate Decision, 0.25%
 Thursday, 830am, Continuing Claims, 4.625K
 Thursday, 830am, Initial Claims, 440K
 Thursday, 1000am, Existing Home Sales, 5.30M
 Thursday, 1000am, FHFA Home Price Index, -0.2%
 Friday, 830am, GDP-Adv., 3.2%
 Friday, 830am, Chain Deflator, 0.9%

Follow-up notes:

ALNY, Alnylam Pharmaceuticals. Careful with this, stop at \$16.70.
WLP, Wellpoint Health position was stopped at \$58 which was the purchase price. This dropped in sympathy of the HUM, Human earnings and statements. Look to watch for another buy entry point in the next 1-2 days. This was mishandled and was there for the taking above \$61 in a 2-3 day swing.
POT, IPI, AGU. These should start moving up except MON is negative looking chart. Avoid MON.
BIIB, Biogen still doesn't act well yet, the volume has dropped off and the stock is meandering sideways and downwards. Wait a little longer to see if it makes new lows. It was preferable we saw increasing volume and continued parabolic drops further to flush out the sellers before we jumped in on the long side.
GOOG, Google should have decent support around this \$525 area.
TACT, Transact Technologies. If long, **consider closing Tuesday. Too low of volume** and too wide of spread between bid and ask.



Focus chart: (Worden Stockfinder chart)

DEAR, Dearborn Bankcorp. This is a developing bullshort as is many small cap banking stocks. The lower priced bullshorts are the most dangerous and should be given more time before opening short. As always, it is safer to see this stocks turn over and go down before shorting. Please study Bullshorts in The Wizard Training Course **BEFORE** you attempt to use this trading technique.

Scalp of the Day: (all eastern times)

MAN, Manpower had a nice drop and pop giving a 1.6% potential profit on the long side today.

These are the kind of trade ideas we will be giving in the Trading Room, which we are in beta testing right now. Put your email address and name on website page to be notified of actual launch date and info.

Swing Trade Ideas: (Usually hold time is days).

BZH, Beazer Homes. Consider small short, only lasting 2-3 days. Best to let this stop going up before shorting.

ALGN, Align Technology. Look for a long entry point, preferably below \$16.70.

PTRY, Pantry is moving up again the last two days. Consider opening small short gradually.

MCO, Moody's. Consider small long position.

GOOG, Google. Consider small long position.

Intermediate Trade Ideas: (weeks to months)

GSIC, GSI Commerce. Consider small long position.

GS, Goldman Sachs. Consider small long position, should bounce this next few days.

IPI, Intrepid, Potash. Giving us another chance to buy long if you don't have a long position yet.

Aggressive Investors-Traders

Many small cap banking stocks have been moving up sharply this last week and should be monitored for potential shorts.

This sector run-up is a typical sign that they turn into excellent bullshorts but the low priced ones are very dangerous because they can move up substantially higher. Also, watch for those with low float. See stock symbols: **CSNT, PSBC, DEAR, EUBK, MBTF, MBHI, IBCP, BAYN, IBNK, ASFN, STSA, TIBB, CACB, HMPR, OPHC, GFLB.**

CPY, Cpi Corp. is still moving up and is no longer looking like a good bullshort. Study this in The Wizard Training Course before you try this and make sure you don't build a big position.

Fair Warning: These are high risk-high reward ideas. Bullshorts are an advanced technique that should be studied in The Wizard Training Course before working with this. This is a high risk-high reward strategy that requires an advanced trader-investor with high risk tolerance. Do not make this position a high percentage of your account or one day you will pay.

Day Traders/Intraday stock ideas: Continue to watch these highly active stocks for intraday scalps: **FTBK, IDIX, ABK, CPE, EDMC, CPRX, ABK, AGM, AIG, PURE, CPBY, KERX, ARQL, ABIO, MED, CRAI, C, CNAM, MGH, TEAR, ZANE, ITMN, TIVO, WLP, NUVA, DTSI, AEA, DOV, TSTC, MOS, AGU, IPI, POT, HUM, AIG, TM, AMLN, ROSG, MEI, ICXT, NEXM, SGI, STEC, ZUMZ, INSP, SOLF, SWC, KNDI, CADC, OESX, ATHX, HPJ, RINO, SIGA, SEED, NLST, ZOOM, AGO, NABI, POT, THOR, MEE, HGSI, RIG, CRK, XTO, APC, PCS, PRU, BIDU, EBIX, WCRX, ATPG, HIG, MTL, R, UTA, GMCR, CME, ICE, AKS, TOL, A, HOT, MA, CME, ELON, AM, FSLR, SQNM, RDN, TNDM, TRIT, AMZN, JDAS, VVUS, AIG, PCX, MTL, CMED, RYL, BKD, GILD, FXI, AIG, MSO, BBBY, GOOG, INTC, SBUX, AMGN, HD, KO, MRK, OXY, BLK, ICE, WFC, FNM, CETV, , TNDM, X, HOT, EJ, MON, CMG, COG, BLK, WFC, STP, FSLR, AAPL, BIDU, MSFT, QCOM, GOOG, DELL, PAYX, SBUX, IPI, MEE, FXI, GS, USB and TSL (short and long) for potential scalps.**
Independent Oil stocks worth monitoring: **XTO, COG, EOG, GMXR, ATPG, APA, APC, CHK, CRK, NXY, FST, GDP, SWN.** Remember the technical indicator **MACD should be weighted** more than the stochastics in evaluating your technical indicators. **Look for stocks to open down and possibly dropping a little more after the open to give the ideal drop and pop pattern in which to consider buying long on the first bottom.**

Stock List	Type	Notes	Open Price	Close Price
SBUX, Starbucks	LONG-INT	Still strong after Thursdays big gain.	24.30	
GOOG, Google	LONG-INT	Dropped Monday on news phone wont have Verizon	457	
TM, Toyota Motors	LONG-INT	Downgrades, monitor but no hurry to buy, looks neg.		
WLP, WellPoint	LONG-INT	Stopped for breakeven; monitor for buy entry again	58	58
CMG, Chipotle Mex	LONG-INT	Up 14.1% Thursday on earnings release.	109.20	
HSIC, Henry Schein	LONG-INT	Higher high Friday, up 2.1%.	56.97	
MDR, McDermott	LONG-SWI	Higher high Monday	26.44	
SNDK, Sandisk	LONG-SWI	Up 5.6% Friday, higher high.	35.75	
ROK, Rockwell Auto	LONG-INT	Higher high on Monday.	56.14	
AF, Astoria Financ	LONG-INT	Closed for 17.2% profit, consider selling.	14.88	17.44
CMI, Cummins	LONG-INT	Higher high on Monday, steady uptrend.	61.83	
DNDN, Dendreon	LONG-SWI	Breaking out, higher high Monday, +2.6%	37.26	
AAPL, Apple Cmptr	LONG-INT	Still moving up, +1.64% Friday, higher highs.	236	
WFMI, Whole Foods	LONG-INT	Up 6% last week on earnings, new move up now.	38.75	
RF, Regions Financ	LONG-INT	Still moving up, look for higher highs.	8.54	
ALGN, Align	LONG-SWI	Small long position, looking for target of \$18	16.65	
IN, Intermec	LONG-INT	Consider selling Tuesday.	13.26	
MOS, Mosaic	LONG-INT	Danger below 51.75, set stop.	52	
GS, Goldman Sachs	LONG-INT	Stopped at breakeven, if still long, should bounce soon	156	156
KERX, Keryx Bio	Aggressive	Closed for 12.2% profit.	4.77	4.25
BIIB, Biogen.	LONG-INT	Consider buying long position again next 1-2 days	52.13	
PTRY, Pantry Stores	SHORT-SWI	Watching for short swing again; Tuesday prob right day		
VRNM, Verenum	LONG-INT	Closed at breakeven.	4.30	4.30
CNX, Consol Energy	LONG-INT	Sell if doesn't go above \$46 next 2 days.	43.27	
IPI, Intrepid Potash	LONG-INT	Above \$27.25 is healthy sign for uptrend.	26.40	
POT, Potash	LONG-INT	Above \$112 is healthy sign for uptrend.	108.41	
AGU, Agrium	LONG-INT	Repurchase at lower price, should bounce.	62.50	
MON, Monsanto	LONG-INT	Should move up but sell if below \$64	67.11	

MCO, Moody's	LONG-INT	Small long position, should start moving up.	26	

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.**

Current positions are highlighted in yellow. Green colored lines are next probable positions to consider. Red, take action or watch closely, no color usually were stocks just finished trading or are watching. Realize that opinions about stock ideas can be changed at a moment's notice during any trading day without any warning!

IMPORTANT: The notes in this stock list is how I have been writing notes to myself about stocks for 16 years. They are general guidelines as to how I am approaching a particular stock and conditions may change during the next trading day that may cause a change in opinion before the next evening report is written.

Remember not to get too heavy in one sector and gradually move in because it is unrealistic to think we get the exact bottom. We want to gradually move into this sector and eventually build full size long positions in them that may be swing trades lasting for days or intermediate trades lasting weeks.

If you spend too much money too quickly, you will run out of ammunition, then get emotionally stressed when stocks are going against you. If you get too leveraged you may be forced to sell at a loss because you are racking up losses at twice as fast if you are margined 2 to 1 and then miss the big move up we are looking for in oil and gas stocks.

Advice: Don't get leveraged in any one position long or short. Spread your money out between a variety of stocks and the higher amount of money you are working with, the smaller percentage of money you can afford to trade in one stock position. The main reasons why people fail to make money in stocks consistently (according to Mitch King):

1. They are too emotional, controlled by greed and fear.
2. Not using a high probability technique to buy and sell (or no technique at all!)
3. Position size is too big in one stock relative to total account value (which is related to #1 above). Not patient or willing to spend enough time to learn a good trading technique.
4. Expectations are unrealistic to make large amounts of money in a short time period and at the same time violating #1, 2, 3 or 4 above.

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 and swing 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.

Stop losses: Many people ask about stop losses on intraday trading and my response is that the stops should be wider because they are stops "just in case" a disaster news event hits the stock. When you follow the technical indicators as I show you on the intraday scalping tutorials, rarely will a stop loss be hit. The indicators can be used with uncanny accuracy as a forecasting tool so don't set your stop losses on the intraday scalping too tight.

Anyone setting tight stops while scalping will consistently lose money on scalping because stocks move around a lot even though they follow the technical indicators.

Stop losses on swing and intermediate term trades can be set anywhere from 5-7-10% and trailing stop losses are best.

Progress Report: We have had numerous requests for the real-time the Trading Room and this is being developed. The delivery of information and quality of ideas will be very unique—there won't be anything like this!

More thoughts: Keep steady, calm, decisive, aggressive. Have no fear and no greed. Keep looking at what to be doing next in a calm manner. Don't focus on the past or beat yourself up what you did or didn't do or what you should have done. Just keep playing the next shot, which in this business your next shot could be just sitting on the sideline.

If you have been uncomfortable shorting stocks, which most people are, try to learn this technique, it will be a useful tool in the coming years.

When several stocks from the same sector are listed, like from the housing industry or steel 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).

Also note that we are in what Martin Pring, PhD explains in his book *The All-Season Investor*, the business cycles and which one is good for various financial investments. He would describe that we are in Stage II of the business cycle which is positive for bonds and stocks but negative for commodities. Sometime in 2010, we probably approach Stage 3 business cycle with rising inflation and interest rates, which are usually bad for stocks and bonds.

A couple of technical analysis books you should consider:

Technical Analysis Explained, Martin Pring.

Technical Analysis from A to Z, Achelis

Technical Analysis for the Financial Markets, John Murphy.

Put the odds in your favor and have a great day!

Mitch King

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