



Daily Stock Report for Thursday Morning, June 24, 2010

Announcement: We are diligently working on the Trading Room where we will deliver real time stock ideas that are primarily for intraday scalps (at first). Imagine if you had a team of people looking for high probability set-ups where the odds are high you can make money either long or short, someone to comment on how they are acting, and occasionally show you a real time chart from our desktop. We will also have audio with some commentary available and occasionally we will review how a trade went that day. This is our goal to provide a variety training but most importantly, many stock ideas with symbols and name of company during the day. Most of these intraday scalps usually occur in the first 2 hours of the trading session. But with the high volatility in the market lately, many days are very good scalping. Go to this link to put your name on the waiting list for the Trading Room: <http://www.tradestocksamerica.com/trading-room.php>

US stocks spent most of the day in negative territory after the New Home Sales report confirmed yesterday's disappointing Existing Home Sales Report. The Fed left interest rates unchanged, as expected, but their comments were not as optimistic as previous meetings.

The noticeable change in Fed comments were that "financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad." Their comments were more negative on housing by saying "housing starts remain at a depressed level."

And finally acknowledging that "underlying inflation remained lower." This should read, "deflationary pressures are still dominant."

(Should I just write for them what they should say? They are always behind the curve).

The Dow30 closed up slightly, the Nasdaq Composite down 0.33%, S&P 500 down 0.3% and the Russell 2000 down 0.26% Wednesday.

Homebuilder stocks moved up today decisively in spite of the back to back dismal housing reports and the Fed's comments. This is common to see Wall Street sell on the rumor and buy on the news or that may be backwards.

Note that the initial euphoria on the Chinese floating the yuan (also known as renminbi) has worn off and appears to be what large money managers used to sell their long positions into.

By the way, if you are buying a home or refinancing, this is probably the lowest rates we are going to see for quite some time, probably years.

Summary Opinion

We have had a decent rebound the last week and have broken through important resistance levels. We should get some mild pullback before seeing an attempt at higher highs. **Use this rebound to gradually sell your long positions into this rise.**

Calendar (All Eastern times)

Tuesday, 1000am, Existing Home Sales, 6.10M
 Tuesday, 1000am, FHFA Housing Price Index, 0.3%
 Wednesday, 1000am, New Home Sales, 427K
 Wednesday, 1030am, Crude Inventories, 1.69M
 Wednesday, 215pm, FOMC Interest Rate Decision, 0.25%
Thursday, 830am, Durable Orders, -1.4%
Thursday, 830am, Initial Claims, 458K
Thursday, 830am, Continuing Claims, 4571K
 Friday, 830am, GDP estimate, 3.0%
 Friday, 955am, Univ Michigan Sentiment, 75.5

Follow-up notes:

ARST, ArcSight has turned over the last several days but could rebound a little. Watch closely; danger if this exceeds recent high of \$25.78.

RURL, Rural should give a gradual and gentle correction and may last for a couple of weeks but continue to keep stop loss of it if it exceeds \$8.30 from the June 16th high.



Focus chart:

LTBR, Lightbridge moved up over 60% today on a typical bullshort headline that reads: "Lightbridge Invents New Transformational Nuclear Fuel Technology." This stock has only 9 million shares in the float so it will be very volatile. This should move up more tomorrow on Thursday before shorting it and it is best to let these peak out and turn over before opening short. Don't get leveraged, especially while it is still going up or you may be flipping burgers at MacDonalds!

Scalp of the Day: (all eastern times)

RHT, Redhat gave an excellent short scalp with a potential profit of 4.5% right after the open today.

The intraday scalp potential is likely to be more muted as lower volume, less participants and a correcting market will likely result in fewer intraday trade ideas this week.

These are the kind of trade ideas we will be giving in the Trading Room, which we is 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**).

DSW, DSW. Consider small long position.

BYI, Bally Technologies. Consider small long position.

RURL, Rural Metro. Consider opening a small **short** position.

Intermediate Trade Ideas: (weeks to months)

JPM, JP Morgan Chase. Consider small long position.

AAPL, Apple Computer. This has been really strong with the iPhone 4 introduction. Monitor for buy entry on these down days.

HTWR, Heartware. Monitor for a buy entry, possibly as low as \$62.

MYE, Meyers. Consider small long position.

APKT, Acme Packet. Consider small long position.

Aggressive Investors-Traders (High risk, high reward)

LTBR, Lightbridge, **very good bullshort** possibility. See notes under Focus Chart

CWLZ, Cowlitz Bancorp. We missed the top of this bullshort but monitor this for a potential rebound to \$5 as a 2nd helping on this short.

Typical procedure for Bullshorts: The way to handle this is to let it run up further and let it stop going up before shorting it. It is best to see this peak and go down before opening a short. This is the lowest risk strategy to handle these potentially high profit trades. This technique must be studied in the Wizard Training Course before attempting trading these and this is for the most aggressive and experienced investors/traders.

Stock List	Type	Notes	Open Price	Close Price
SBUX, Starbucks	LONG-INT	Monitor for buy entry, watch for \$26-27 buy entry.		
GOOG, Google	LONG-INT	Can't seem to gain momentum, consider selling.	480	
CMG, Chipotle Mex	LONG-INT	Should have higher highs; consider stop at \$139	109.20	
SNDK, Sandisk	LONG-INT	Higher high again Wednesday.	38.95	
AAPL, Apple Cmptr	LONG-INT	Missed last buy opportunity around \$242		
HTWR, Heartware	LONG-INT	Closed Tuesday for 21% profit; monitor for repurchase	57.07	69
NFLX, Netflix	LONG-INT	Closed for 27.6% profit; still on uptrend though.	94	120
XOM, Exxon Mobil	LONG-INT	Stopped for 4.5% profit; consider selling on rebound.	59.80	62.50
WLP, Wellpoint	LONG-INT	Stopped Tuesday for 3.8% profit;	52.50	55
XTO, XTO	LONG-INT	Stopped Tuesday for 5.4% profit; consider selling.	41.98	44.25
BR, Broadridge	LONG-INT	Closed Tuesday for breakeven.	19.48	19.50
NBL, Noble Energy	LONG-INT	Stopped Tuesday for 3.3% profit.	62.43	64.50
HUM, Humana	LONG-INT	Stopped Tuesday for 3.1% profit.	47.20	48.70
PBR, Petrobras	LONG-INT	Consider selling on rebound.	37.95	
AMGN, Amgen	LONG-SWI	Closed Tuesday for 5.5% profit, consider selling.	53.62	56.54
BIDU, Baidu	LONG-INT	Steady uptrend continuing.	71.40	
MA, Mastercard	LONG-INT	Closed Tuesday for 10.1% profit.	204.3	225
EFII, Electronics	LONG-INT	Closed Tuesday for 2.2% profit.	10.12	10.35
ESLT, Elbit Systems	LONG-INT	Bullish on down day Tuesday.	51.10	
SCVL, Shoe Carnival	SHORT-SWI	+11.5% profit; cover short; might bounce now.	23.80	21.34
MTRX, Matrix	SHORT-SWI	Stopped Monday for 5% loss, consider covering short.	10	10.50
OMX, Office Max	SHORT-SWI	Covered short Monday for 10.9% profit, cover short!	17.36	15.65
CSL, Carlisle	SHORT-SWI	Covered short Wednesday for 4.9% profit; cover short.	39.88	38
RURL, Rural	SHORT-SWI	In correction phase, looking for \$7-7.20 to cover short	8.01	
PGNX, Progenics	Aggressive	Closed for 15% profit; consider covering short early Wed	6.25	5.60
CHTP, Chelsea Ther	LONG-INT	Closed Monday for 7.5% profit; consider selling.	3.16	3.40
BPI, Bridgepoint Ed	LONG-INT	Stopped for 2.1% loss.	20.72	20.30
BYI, Bally	LONG-SWI	Small long position	36.23	
DSW, DSW	LONG-SWI	Small long position	24.25	
MYE, Myers	LONG-SWI	Small long position.	8.00	
APKT, Acme Packet	LONG-INT	Small long position.	28.06	
JPM, JP MorgChase	LONG-INT	Small long position.	38.28	

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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