Dear Friends and Fellow Traders,

Bernanke does his semi-annual report on the economy and interest rates to the House and Senate panels Feb 24-25. Bernanke will assure Congress over and over again there will be no tightening until there is real job growth in the economy. The stock markets should be relieved.

The other big geopolitical event out there, Greece, has been put-off by the EU until March 16th. However, we may glean something from two events scheduled for next week. First, we have a $7 Billion 10-year Greek government bond auction. If successful, the offering could help soothe bond markets across Europe which remain jittery weeks after the crisis over Greece’s finances first flared. But, if the new bond issue falters, European Union leaders could be forced to decide whether an EU bailout of Greece is in order.

Second, Union workers in Greece are planning a national strike on Wednesday to protest the countries austerity measures recommended by the EU. In any case, next week will be interesting to observe how all this plays out.

There is very little out there this week to get traders’ blood racing. What can I say? We will let the market tell us what to do.

Trade of the week in review:
With the put setup we got real lucky last week. Thursday afternoon the S&Ps reached a rather large resistance area, the 50 DMA, coupled with the largest 60% sell of the recent 9% sell off. If there was ever of high-probability put trade this was it. I (email) alerted traders before 2:00 EST to buy puts in the area near $2.00 and scale-in. Hedging is always a prescribed for aggressive trading and greater profit-making opportunities.

The market traded in a narrow range after reaching the sell area for the next two hours. We were able to pick-off a few nice hedges for enough profits (as much as $400 per put) to pay for the original puts while allowing us to scale in under $1.10 for some additional puts. The puts closed near $0.80.

This is the lucky part. Approximately minutes after the close Thursday the Fed raised the discount rate 25 basis points. Over the next 5-6 hours the market sold off nearly 14 S&P points in the overnight session. Aggressive traders could have scaled into E-minis some 10-14 points lower before going to bed knowing they were locking in as much as $400-500 profits against each long put even if the markets went lower. Only E-minis were available overnight; if intraday, I would have recommended cheap calls.

I sent out an Alert Email before Friday’s opening to sell all puts into early weakness. The 505 puts opened near $1.20 and rose to $1.50 by 10:00 AM. Traders may have lost very few $s on the long puts if they failed to average-in lower (all part of the NET Methodology) but hedged traders could have earned anywhere from $900 to $1100 per put contract. Great work if you can get it. Reference the NET Money Chart 2010-12-19 .

A triple call trade occurred Friday morning that I missed because a $1.70 OTM call was a bit expensive for what I thought was going to be a narrow range day. However, Friday afternoon gave us some additional profitable long put with long E-mini hedged trades.

Summary:
Many of you have often hear me say, "I rather be lucky than good looking" but it's important to remember we position ourselves in a trade to get lucky. Just keep thinking 10 bagger of which there have been four so far this year! Show me something more profitable than this and I'm all ears.

I am leaving for a 10 day vacation starting after the close this coming Friday and returning for work Tuesday March 9th. There will be no newsletter, alert emails or charts will I'm away. If needed, the Chat Room will be open to display charts and indicators.

Good trading,

Stan Moore
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