Fellow Friends and Traders,

Monday's morning sharp reversal down and Thursday's gap-up openings, soon followed by new recovery highs across the board, suggested that the rally had further to go not only for the bigger picture but for the near term as well. Then something happened and it wasn't bullish: The market reversed course in the last hour. The indexes all gave back their early gains and dropped to lows for the day. Some averages made new closing lows at that time for the week, Thursday. In the process, bearish key reversals may have been triggered in the S&P cash and futures.

Friday's S&P action may have been rather boring but it is exactly what we need to produce some better two-sided trading. End-of-the-quarter anxieties may very well keep us positive and even take us higher but it seems that the multi-week all-out bullish move is ready for a pause. Most stocks or 89% are above their 50 DMAs or nose-bleed territory. Going into next week look for any early weakness to get long for the EOQ Markup Trade. Most mutual fund PMs are underperforming during the best 1st quarter performance since March 2000.

Even if the market doesn't rally into an expected markup there should be a rally into Friday morning's Jobs numbers. I believe electronic trading ends 9:15 AM Friday morning so buy any weakness and sell prior to the release. I believe the market has priced in job numbers as high as a 350,000 improvement. If the number is much different either side of that number things could get interesting.

I'll try to keep this simple. Looking ahead I'm focused on two things, 10-year T Bonds interest rates and market levels. If yields were to exceed 4-4.25% anytime soon (3.90% Friday) and the S&P broke 1150 hard I would guess we are going 5-10% lower rather quickly to the 200 DMA or 1050. Buy at this level with both hands and feet as discussed in *The NET Definitive Trading Bible*. If yields remain under 4% and the S&Ps hold above 1150 look for 1250 to be reached some by late May.

Trade review for the week:
Thursday morning, as I mentioned above, had the S&Ps reaching new yearly highs and was moving sideways in resistance at the 1173-75 area as noted on the Thursday Intraday "A" chart. We have a 30" Oscillator crossover with "D" (divergence) and leading "D" on the 5" chart. We had OEX 540W puts under $2.00. I sent out an Alert Email about 12:30 looking to buy puts into the $1.50 area and on weakness doing our usual long E-mini hedging. OEX puts did hit $1.50. I paid a little higher trying to scale-in. S&Ps hit a higher high at 1176.50.

NET traders got lucky but remember we put ourselves in the way to get lucky when a spat over the Greek bailout between financial ministers and the ECB (European Central Bank) head broke out. The S&Ps broke back through the ORBO (Opening Range Breakout) so support becomes resistance now. Two rallies occurred from buy levels that could have earned over $325 total per hedge selling our long E-mini hedge into resistance. Near 3:15, I sent another Alert Email out suggesting the sale of all puts into weakness. The puts hit $6.20 and closed at $5.60. Add in a potential $200 per contract profit from the hedge a NET Trader could have, optimally, earned 4X in about 3 hours. Click here to see the NET Weekly Money Chart 2010-03-26 , Thursday's 5 minute chart.

Friday presented two possible option trade setups. Early after the market opened, I send an Alert Email to buy the same 540W ITM puts near $1.50. In the Chat Room we missed the trade as the puts only reached $2.50 low but eventually hit a high of $7.10. A few NET Students tripled their money on the much cheaper OTM 535s when the market broke below Thursday's low. For me, I was not looking for Thursday's lows to be taken out.

After 12:00, I sent another Alert Email looking to buy the 535W calls under $0.75 into Thursday's lows. When the market failed to hold the MD lows I sent another Alert Email to average in lower. The calls hit $0.20. I suggested in the Chat Room that these calls could reach a $1.00. There were hedging possibilities but I won't bore you with the narrow range details. Suffice to say that some in the Chat Room doubled their money with only a $0.80 call high. I hedged and parlayed everything and only doubled my invested money. However, Friday's call trading action in the afternoon was emotionally draining. Click here to Friday's 5" Chart date 2010-03-26 .

The Euro:
This week I have just started to short the Euro. I will give my Alert Email subscribers more of my thoughts on this trade setup over the next few weeks. If memory serves me right from past currency problems, this is a multi-year move lower. I can see the Euro reaching parity with the USD over the next three years. U.S. equities, bonds and real estate should benefit while commodities may not. How's that for thinking out of the box? So, basically I'm long the USD and short the Euro. I'm hoping a resolution pops the Euro more as it did on Friday.

BTIM:
BTIM continues to be our shining star by rallying back nicely as expected from the retest of the breakout lows. NET Traders are now almost a full $2.00 above the Friday, March 12th close and well above the previous year's high. We love higher highs with higher lows. Go BTIM!! The general market is reaching out to speculative domestic names such as BTIM which are unaffected by the European disaster.

Good Trading,

Stan Moore
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may have. Past performance is no guarantee of future results.