



## NEWSLETTERS & RECOMMENDATIONS - July 23, 2010

Dear Friends and Fellow Traders,

It's great to be back from a week of tramping through 3rd world jungles, visiting Mayan ruins, eaten by mosquitoes, swimming with the sharks and stingrays trying to rest and get away from the real world sharks of Wall Street and Obamanomics. The rest of my vacations will be spent lying on a beach somewhere, drinking and licking any wounds. Yes, wounds! Unless you sold all your BTIM like my brother did near \$7.00. He truly was relaxed and enjoyed the time we spent in Belize. As for me I sent an Alert Email at 3:00 AM MDT with instructions of what to do when not if BTIM broke \$5.00. I must say my email's strategy worked fine if you were not as cautious as I was out of touch every day while the markets were open.

Remember it was just last March when I noted to all of you to sell everything except BTIM. I fully expected the S&Ps to correct at least down to the 200DMA or 10%. The retreat slightly exceeded that target but stopped just above 1000 for a 15% correction. It's only called a correction until the market drops 20%. (There is no hard and fast definition of the term "market correction", but most will agree that it usually a 15-20% (max) drop in the markets in the midst of an overall uptrend.) Beyond that we call the decline a bear market. At that time the investment world turned very bearish, 980 and lower was just around the corner.

Instead as I noted on my Intraday Charts and a number of times in the Chat Room, I had a reverse head and shoulder target of 1100 on the S&P 30-minute chart. The market rallied over 7% from the July lows and is about flat on the year. During past recoveries markets have rallied sharply with PEs averaging 15 with very low rates and no inflation like exists today where PEs have traded near 17X. Is it any wonder than why those brilliant Wall Street strategists were so bullish so long and were so wrong. Depending on next year's earnings projection the market is currently trading between 12-13X or very cheap by historical standards. If the S&P goes lower than 1000 the markets will great value. Above 1150, there are strong economic headwinds. Some of these may be lifting and I'll explain why.

So why am I so happy? The Democrats are in disarray. Not only are they attacking one another they are attacking their party leaders. Remember, to pass Obamacare Obama had to promise to personally campaign for *those who didn't vote for passage*. The bill passed and many now feel that some Democrats have been thrown under the bus by leadership.

Maybe Obama secretly wants the Republicans to win in November so he can blame the Bush agenda again for his failure when he runs in 2012. All kidding aside there is a new wind swirling thought Washington D.C. these days. Cap and Trade is dead. Gentle Ben (or BB), two Democratic senators and other house members have spoken out for retaining the Bush tax

cuts. Speaker Pelosi responded that it'll be over dead body but the Bush tax cuts may be extended for a year or two. The only real question - will the cuts be extended for all tax payers? This is a huge win for equity markets. Just the tax comments by two Democratic senators rallied the market over 300 Dow points Thursday and Friday. Sharply higher taxes was one of the principal reasons I turned cautious looking out into 2010's second half.

Furthermore, B.B. stated the policy should be to not raise taxes but continue spending to further stimulate the economy. And, and another piece of this situation has the Dems caught between a rock and a hard place. There is nothing Obama can do between now and November to get the employment rate down much below 10%. No one in D.C. is in any mood to spend any more money for stimulus. The Dems blew their chances. Even Europe is now in a sweet spot with their short-term issues handled. Traders have 6 months to a year before the chickens come home to roost. It only matters when it matters.

I've saved the best news for last. Recently the FED had been telling us that the markets were growing nicely although slowly. Markets have been screaming for months that the economy was not recovering but getting weaker. Finally, B.B. told us Wednesday the markets were "unusually uncertain." He never understood the situation, the real financial (securitization) situation, like Sub Prime would not affect the economy. The problem was too small. Besides B.B. and the Fed has not even drawn up double-dip contingency plans. However, for such an event but he would take appropriate steps.

My key point is that he's got it finally but the markets have already corrected and are on a road to healing with or without Fed help. The market is always better with the Fed on the market's side. Somehow we will muddle through over the next 3-5 months with no serious damage until we see what the election brings. Think trading range for the next six months of, say, 1000-1150 and prosper MOORE.

### **Additional Thoughts on BTIM**

That was one of my most expensive vacations ever as BTIM dropped from \$7.02 a few weeks ago down to \$4.44 on Monday. Don't get sore buy more. This was nothing more than a bear raid. I've lived through many during my trading years on Wall Street. BTIM's short position increased 72% from 1.9M to 3.3M shares. That's one heck of a lot of selling to absorb with no up ticks needed. Don't forget there is also an 8M warrant arbitrage going on at the same time that may have resulted in additional sales of BTIM common on the unexpected weakness.

My strategy was to sell as many puts as I could on a break of \$5.00 given expected margin selling and buy as many calls as I could. Then I would sell as many shares as I bought calls on the expected Agora Conference rally after Dr West's presentation. I'd hoped to increase my net longs by buying more calls and selling puts but taking substantial \$s off the table by selling shares well over \$5.00. This way I create additional buying power should the need arise in the future.

I'm enclosing more of Patrick Cox's (an Agora Financial Analyst) comments in addition to the ones already sent this week, given while introducing Dr. West at the conference. Cox notes, "People always think the current state is permanent. They're wrong. The world goes through

cycles. We're in the middle of a terrible downturn right now and that means the opportunity out there is amazing. Nylon, television, radio, neoprene and home refrigerators all took off in the Great Depression. Transformational technologies are taking off again, right now in 2010 but no one's talking about them. This is your chance. BTIM reversed the aging of a normal human cell." Cox continues, "*BTIM is the most important company in the world.*" (Emphasis added.) He mentioned five other companies but that's for another time. At this time I'm only interested in Biotime. He did say and, I noted in an earlier Alert Email, that he thought BTIM could be up 500X over the next 10-15 years.

Today, BTIM is a very different company than the one I started accumulating over the last 3 years. BTIM should have close to \$30M in cash at year end or almost a \$1 a share with no debt. Biotime has over 200 patents and growing and they're worth over \$200M. They own their own manufacturing facility in Singapore, have a great Chinese joint venture and have 2-3 other joint ventures in companies with highly promising outlooks. I could go on. Suffice it to say BTIM's total market cap is only \$160M. Cox thinks it could be worth north of \$5-8B. Go BTIM!

So, if you still own BTIM, keep your shares and return to my recommended stock selling into technical strength at resistance points and buying dips into support areas. Stocks go up and down. The worst that can happen after you sell a portion is that the stock goes substantially higher and you cry all way to the bank.

### **Trade of the Week Reviewed**

I'll be brief. I sent another Alert Email suggesting another trading range day bound by 1081-83 on the low side and would look at calls there. We would look at puts between 1095 and 1098. The market opened lowered with the 495W puts hitting a low of \$1.40 and could have been sold on a scale up between \$3.50 and \$5.20.

Later in the afternoon we started to nibble on the 500W puts small near \$2.00 and scaling in as low as \$1. These puts traded as low as \$0.60 before hitting a high of \$2.50. Here given the market strength more money was made on the hedges while a small amount was lost on the actual puts. See Friday "C" chart, [NET Money Chart 2010-07-23](#).

Keep the faith. I have a few new ideas I'm looking at. HUN is doing great. YHOO has great value and shouldn't be a public company much longer. Someone should really take a buyout crack at them again. Stay tuned.

Good trading,

Stan Moore  
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***P.S. I will be traveling to Carlsbad, California and staying at the Four Seasons between August 23-31 where I look for to meeting old and new friends. Please contact me so we can setup a mutually agreeable time if you wish to meet.***