



NEWSLETTERS & RECOMMENDATIONS - May 23, 2010

Fellow Friends and Traders,

All I heard and read last week was that investors were cutting back risk. Traders or investors have been too complacent about risky assets. I see China rolling economically while Europe is trying to bail itself and their banks out. Carry traders are carted out head first while the U.S. is generating Greek-like debt numbers. I'm wondering if HFT traders are next to lose their jobs with the new financial regulations. Investors need to get ready for a whiff of deflation and lower bonds yields. Yet, I feel the world is better than you think. I smell opportunity and, if time permits, I will put out my next 3 Special Situation recommendations soon to our Alert Email subscribers. I'll call this my Get Rich Slowly Program.

One major thing to keep in mind at this point is that a failed rally attempt back to high is a major change in market character. We have not seen this happen much at all during the last 15 months. Many traders, I guess, were/are not prepared for Mr. Toad's wild ride after all while traders were dumping assets like we're headed for new lows.

At this point I'm sure most of the downside risk is off the table for now. Friday's opening sell-off was climatic, to say the least, coming after a 30-to-1 negative Decline-to-Advance ratio on Thursday. I cannot remember a number so poor before. The extra hard sell off came after Germany moved to ban all short sales. Many US investors remember all too well the 28% market decline suffered over eight days after the SEC imposed a similar short ban in September 2008. The first time I was concerned but not much the following times. Most portfolio managers (PMs) around the world will embrace America in this flight from risk. In a sorry state of world affairs we're still the best of breed.

The buy and hold strategy has been dead for some time now. Even PMs are trading around their core positions. Unfortunately, they are selling weakness and buying strength when it should be the other way around. This makes for great market volatility and profits for a NET trader.

Trade Reviews:

The hardest and most rewarding trade in these last 3-4 weeks was to short the indexes (i.e. the OEX puts) to protect and/or make money for one's account(s). Short traders were taken out and shot these last 14-15 months. Even then my "Put Protection Trade" didn't make enough money to completely protect my large BTIM position. Still, ***my short protection trade earned a 9X return in the 3-4 weeks the trade was on!***

However, I can buy a lot more BTIM lower now. BTIM retraced back to the BO level of

\$5.25-.50 for an excellent reentry.

BTIM's CEO Dr. Michael West will be speaking at a stem cell conference in Boston next week on May 27. Information can be found on the company's [website](#) .

For the second time in as many weeks NET traders had another possible 10X+ *return in less than one hour* . In an Alert Email sent at 2:48 PM I suggested buying the 490 calls starting at \$0.75 scaling in lower. See Email Alert date 2010-05-21 2:48 PM, see trade entry below:

From: stan@neweratrader.com
Sent: 5/21/2010 2:48:08 P.M. Eastern Daylight Time
Subj: New Era Trader / Looking @ 490 calls \$.75 scale in throwaway into 1070

Hello Intraday Chart/Alert Email subscriber,
Again Hedge.
Good trading,
Stan Moore

and 3:48 PM trade exit Alert Email:

From: stan@neweratrader.com
Sent: 5/21/2010 3:48:27 P.M. Eastern Daylight Time
Subj: New Era Trader / Hits \$1.55 I and I'm already gone. Tonned \$\$s on hedge

Hello Intraday Chart/Alert Email subscriber,
Good trading,
Stan Moore

(Of course hedging always helps reduce costs and parlaying allows building a larger position.)

Shortly thereafter the calls hit a low of \$0.20. I then sent another Alert Email to sell the calls trading at \$1.40-2.00. ***The calls finally closed at \$4.40 for a total possible return of 5-22X in about one hour! That's leverage with minimal risk!*** See the

Friday's

[NET](#)

[Weekly Money Chart 2010-05-21](#)

I have just finished a two-part 40 minute video on the Put Protection Trade on the daily chart and another reviewing the 20 bagger and related subjects from the 30- and 5-minute charts this week. If you would like a link to this two-part advanced-subject video send me an email.

Congrats to all the put and call traders that scored big time these last few weeks. This success warms the bottom of my heart.

Keep those cards and letters coming.

Good trading,

Stan Moore
702.267.0396

P.S. "The world is on a journey to an unstable destination, to unfamiliar territory, on an uneven road and, critically, having already used its spare tire." Pimco's Mohamed El Erian, May 2010