



NEWSLETTERS & RECOMMENDATIONS - December 13, 2009

Fellow Friends and Traders,

Another week of good news and the markets goes nowhere. The news next week will be mixed with the PPI and CPI showing higher inflation but not enough to send the markets lower. The last FED meeting of the year will be the week's highlight.

There is no doubt that next week's meeting of Federal Reserve policymakers will receive lots of attention and generate lots of headlines. The result is likely to be rather anticlimactic. However, I don't anticipate any major changes to Fed policy and there will certainly be no shift in the target interest rate even though last month's employment data was better than expected. Federal Open Market Committee members will not view a single data point as the start of a trend and even though the employment report will be on their minds, jobs will not have a significant impact at this meeting. Before any rate hike, the Fed will remove the words "extended period" from its statement and I don't believe that's in the cards yet.

It may be hard for the market to extend any gains next week given the current Dubai situation. On Monday as much as \$5.25 Billion of Islamic bonds are coming due. The chance of full repayment at this point is slim. However, overseas bankers are speculating that Nakheel, the borrower, may repay part and extend the rest. Most of the bonds are selling near \$0.50 on the dollar since crashing late November. Anything would be better than an outright default. If there is a favorable settlement we could see a rally as the USD should sell off. Right now commodities like oil and gold sold off nearly 10% since the USD found its new legs. It's hard to imagine any rally without commodities at this point. Stay tuned it may get a little bumpy out there.

I noted a potential call trade in the Chat Room and on the 2:00 PM "B" Wednesday chart near the Dubai news low of November 25th and the 50 DMA. I was hoping for a slightly lower low that never came. The Market bounced sharply from a triple bottom Wednesday and the calls went from \$3.00 to nearly \$9.00 but I don't of anyone who did this trade.

Biotime rang the opening bell on Tuesday and did we ever get a surprise. Dr West was interviewed by CNBC for a few minutes and BTIM immediately exploded to \$5.25 just as my Internet went down. BTIM spend the rest of the day trading under \$5.00. Volume hit nearly 800,000 shares. These rallies out of the blue are almost never sustained and should be sold. We can purchase the shares back lower later on as those Johnnie come latelys get buried once again.

The interview was quite the introduction on national cable for BTIM and for stem cells in general. I personally feel that Biotime's price will move higher over the next year even if there were no extraordinary events. The stem cell field is advancing too fast. I feel there will be at least one extraordinary event within six months and at least two within a year. Go BTIM!

Keep those cards and letters coming.

Good Trading,

Stan Moore
702.267.0396