



## Short Term Trading Ideas January 8, 2010

As we discussed in our weekly update released on Jan 6<sup>th</sup>, our strategy is to identify sectors that have a good risk/reward vis-à-vis the S&P to bet on additional upside over the next few weeks. We went long semis in mid December and we initiated a new long position in financials earlier this week.

Homebuilders (like financials) is another sector that has underperformed the broader market since August of 2009. The sector and several names gapped up on high volume on the back of Lennar's better than expected earnings results a couple of days ago. The housing market still faces massive headwinds, but the fundamentals appear to be improving in the near-term, and we believe that the price action is constructive. The sector also reversed intraday losses to close positive on the day shaking off the plunge in pending home sales that was reported earlier this week.

The technicals are bullish on various time frames (see Charts 1 and 2). For example, RSI is finding a new floor for support at a higher level, which is an intermediate bullish development. On the daily, the MACD indicator is inflecting just above the zero level and RSI is holding the 50 level, all short-term bullish developments, and we think this index has the potential of reaching the first major Fibonacci retracement level of the entire decline since 2005.

**New long position: RUF (Home Builders) – short term target of 14, stops at 9.5**

## Technical Analysis & Strategy

### Active Short-Term Trading Ideas

**Long UTY (Utilities)** with a short-term target of 450. Stops at 402.

**Long SOX (Semis)** with a short-term target of 385. Stops at 360.

**Long BKX (Financials)** with a short-term target of 57. Stops at 42.

**Long DXY (Dollar)** with a short-term target of 81-82 and an intermediate target of 86-88. Stops at 74.

**Short EURUSD (Euro)** with a short-term target of 1.38-1.4 and an intermediate target of 1.3-1.32. Stops at 1.52.

**Long USDJPY (Short Yen)** with a short-term target of 100. Stops at 87.

**Long GOLDS (Gold)** with a short-term target of 1250. Stops at 1068.

### Closed Short-Term Trading Ideas

**Short IBOV (Brazil)** had stop elected at the 65,500 level.

**Long DXY (Dollar)** had stop elected at the 75 level.

**Short EURUSD (Euro)** had stop elected at the 1.505 level.

**Short UTY (Utilities)** had stop elected at the 412 level.

**Short MID (S&P 400)** had stop elected at the 712 level.

**Short RTY (Russell 2000)** had stop elected at the 608 level.

**Short SPX (S&P 500)** had stop elected at the 1116 level.

\*Stops on a closing basis

Symbol	Status	Position	Open Date	Cost Basis	Current Price	ST Target	IT Target	Stop	Gain/Loss	Performance
UTY	Active	Long	12/9/2009	412.74	412.75	450.00		407.00	+0.01	+0.00%
DXY	Active	Long	12/9/2009	76.22	77.68	81.00	86.00	74.00	+1.45	+1.91%
EUR	Active	Short	12/9/2009	1.47	1.44	1.38	1.30	1.52	+0.03	+2.28%
SOX	Active	Long	12/17/2009	344.61	363.75	370.00		330.00	+19.14	+5.55%
GOLDS	Active	Long	12/17/2009	1,098.90	1,131.22	1,250.00		1,068.00	+32.32	+2.94%
JPY	Active	Long	12/17/2009	89.10	92.65	100.00		87.00	+3.55	+3.98%
BKX	Active	Long	1/6/2010	45.23	46.69	57.00		42.00	+1.46	+3.23%

# Technical Analysis & Strategy

**Chart 1: RUF Weekly with RSI**



**Chart 2: RUF Weekly with RSI & MACD**



# Technical Analysis & Strategy

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