

November Trading Picks

November is shaping up to be quite a decent month as far as our market calls and trading picks are concerned, after what was quite a respectable month of October, as well. If you haven't had a chance to look at the recap of stock picks and options picks from the month of October, please find the links to the same at the end of this write-up.

We'll start with a look at Options Trading Picks and follow that with a look at Stock Picks:



DIA was taking a beating when we went against the herd - well, we noticed that the lower bollinger band was rising into prices and was likely to provide a bounce - and featured a Long NOV 98.00 Calls

trading pick on the ETF. Support was found almost on cue and a sharp rally to the upper band took place, upon which profits of over 180% were taken 6 days later.



QQQQ [above] had sold off in late-October, but we noticed the potential for support from the lower bollinger band and from the 40-line on RSI, not to mention the 0-line on MACD, and decided to feature an at-the-money NOV 41.00 Calls trading pick. The stock rebounded almost immediately and, six days later, we booked profits of nearly 180% when the ETF reached the level of the previous highs.

SPY [below] was also showing a flat lower bollinger band, potential support from the 40-line on RSI and from the 0-line on MACD, when we featured a Long NOV 105 Calls pick on the underlying. A sharp rally ensued over the ensuing two and a half weeks. Profits of as much as 200-250% were available, but we hung on perhaps a little longer than we should have and the ETF slipped a little just as we were set to book profits. Nevertheless, gains of over 150% were taken, two and a half weeks into the trade.

[continued on next page]

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DOW (Dow Chemical Co.) NYSE

18-Nov-2009

Open 29.33 High 29.50 Low 28.70 Close 28.86 Volume 8.7M Chg -0.56 (-1.90%)

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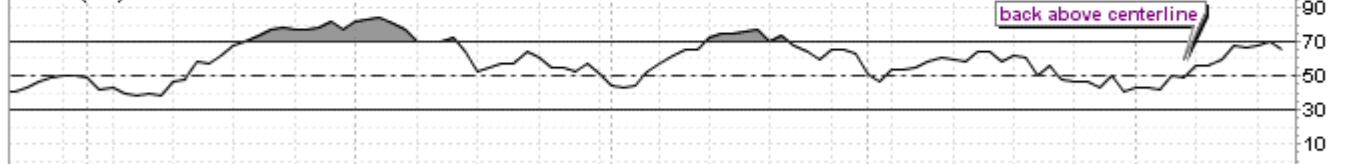
DOW (Daily) 28.86

BB(20,2,0) 22.12 - 25.91 - 29.71

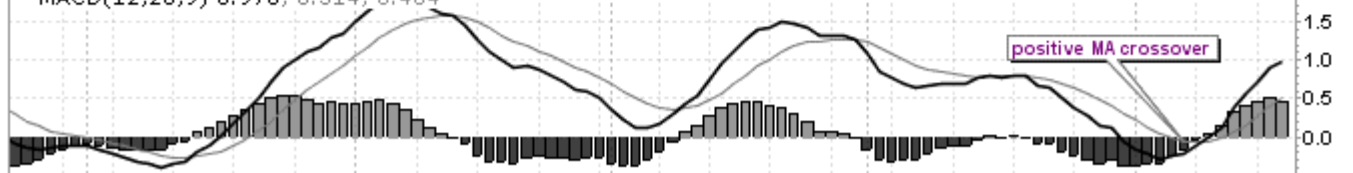
MA(20) 25.91



RSI(14) 65.65



MACD(12,26,9) 0.978, 0.514, 0.464



Volume 8,684,325

EMA(60) 13,308,206



DOW was showing bullish signals on the momentum indicators and looked set to break a bull rectangle, when we decided to feature a Long Calls trade on the underlying. The timing was perfect and the stock blasted through resistance the next day. Profits of over 100% were booked within a week of opening the trading pick.

BAC (Bank Of America Corp.) NYSE
 2-Nov-2009

Open 14.85 High 15.23 Low 14.12 Close 14.63 Volume 307.9M Chg +0.05 (+0.34%) ▲



BAC had made a false breakout to the upside of a rectangle, before slipping back towards support. The momentum indicators pointed to an imminent break of support. Rather than get too aggressive and jump into just a Long Puts trade, we decided to feature a Long Strangle that was constructed such that a bearish bias was built-in. As it turned out, the stock moved smoothly to the downside and profits of over 110% were available in less than 2 weeks; not a bad effort considering there were two legs in the options strategy that was chosen.



GS was showing a negative divergence on MACD. We chose a Long Strangle in this case as well. It was a bit of pity that we chose the more cautious route, because a Long Puts trade would certainly have brought a decent profit as the stock declined as much as 15 points over the ensuing week or two. Can't complain too much, however, since a profit of 5% was available when the trade was stopped.

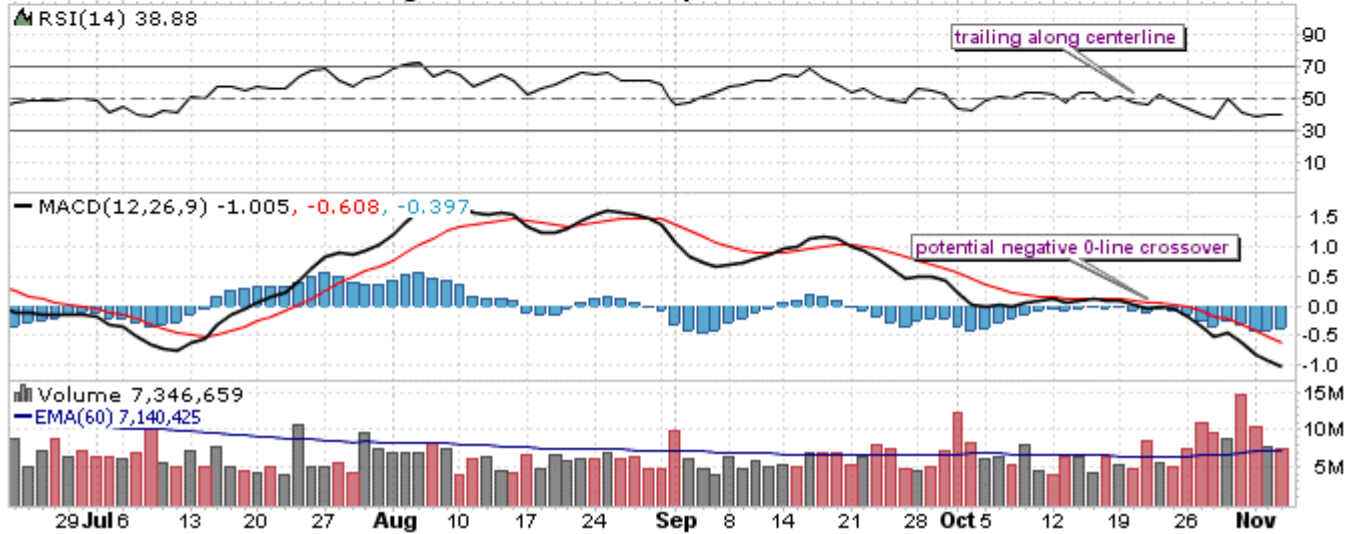
MET (Metlife, Inc.) NYSE

4-Nov-2009

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Open 33.69 High 33.72 Low 32.55 Close 32.70 Volume 7.3M Chg -0.02 (-0.06%)

100 MET (Daily) 32.70



MET was showing a potential head & shoulders pattern (the right shoulder was still forming) when we featured a Strangle on the underlying. The stock went on to break the neckline and follow-through a couple more points before bouncing back towards the neckline. A profit of 30% was taken on this two-legged options strategy.

And, now for a look at **Stock Trading Picks** from the month of November, so far...



QCOM was showing a positive divergence on MACD when we featured a long stock pick on it. The buy signal kicked in shortly thereafter and a sharp rally ensued.

FAS (Direxion Daily Financial Bull 3x Shares) NYSE

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19-Nov-2009

Open 79.05 High 79.16 Low 75.40 Close 76.17 Volume 32.7M Chg -4.37 (-5.43%)



FAS had sold off big time - from 95 to 65 - between the highs and the lows in October. We noticed the possibility of support at a level of 65 on price and at respective levels on RSI and MACD, and featured a long stock pick on the chart. There was a bounce of as much as 10 points before profits were booked when a protective stop was triggered.



A long stock pick was featured on BGU when the ETF hit its lower bollinger band, which was flat at the time. A rally of as much as 20% took place between support and the highs two weeks later.



UYM was also testing its lower bollinger band when we initiated a long stock pick on the ETF. A rally of as much as 25% took place over the ensuing two weeks.

QLD (ProShares Ultra QQQ Fund) NYSE

19-Nov-2009

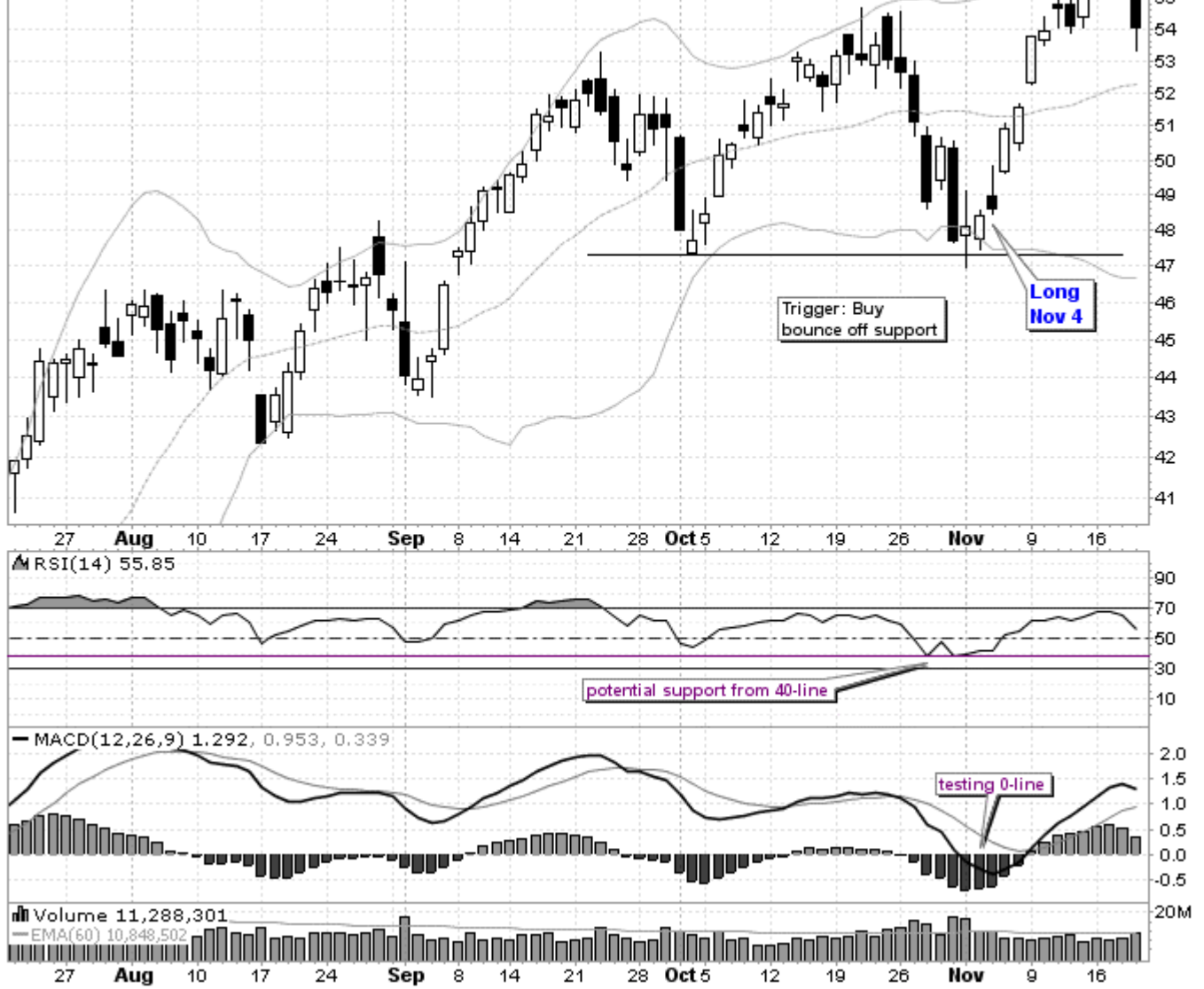
Open 55.09 High 55.11 Low 53.30 Close 54.05 Volume 11

StockCharts.com
Exit Nov 19 -1.80 (-3.22%)

QLD (Daily) 54.05

BB(20,2.0) 46.65 - 52.26 - 57.86

MA(20) 52.26



QLD was featured when the ETF tested support at 47 on price, the 40-line on RSI and the 0-line on MACD. The flat bollinger band was also a source of support and a bounce that soon took the ETF to new highs, ensued.

UWM (Ultra Russell 2000 Fund) NYSE

12-Nov-2009

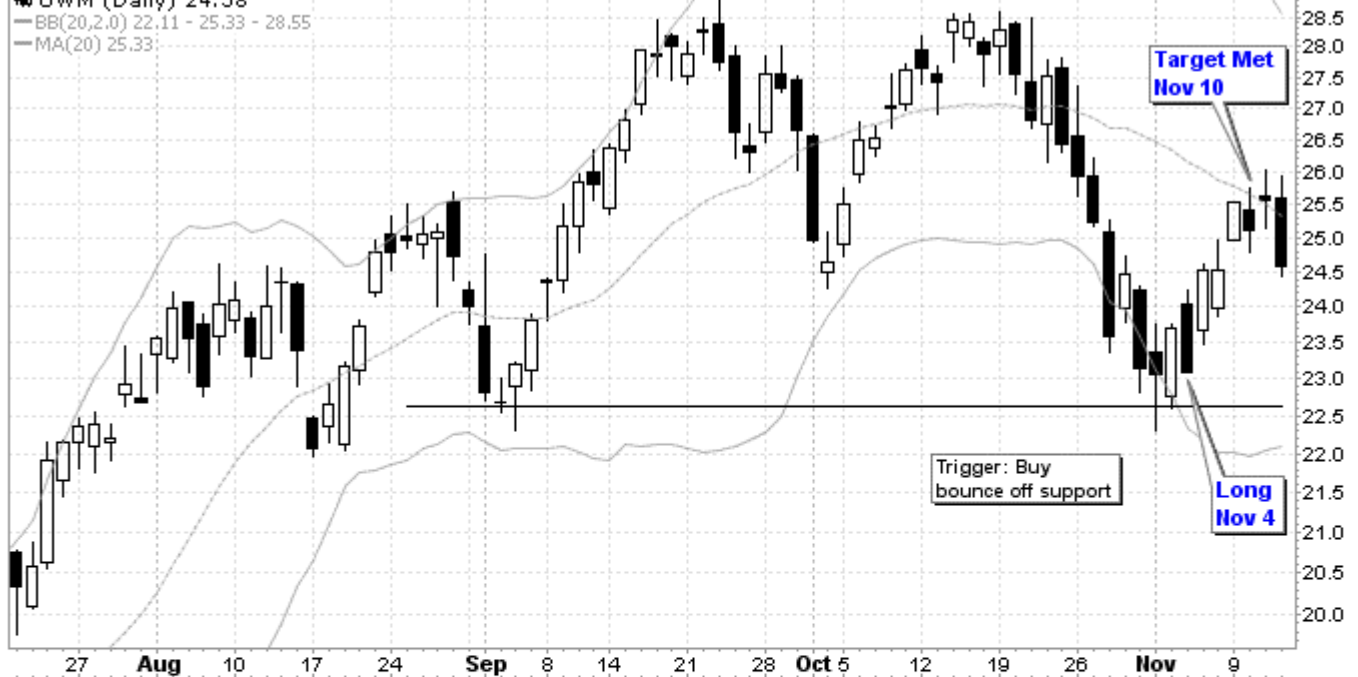
Open 25.59 High 25.94 Low 24.45 Close 24.58 Volume 2.9M Chg -0.98 (-3.83%)

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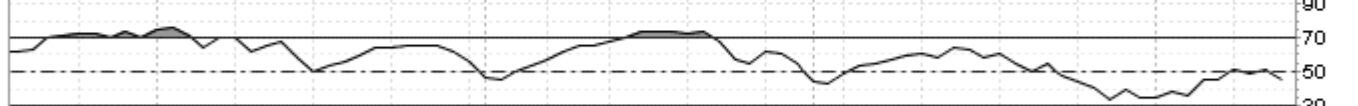
UWM (Daily) 24.58

BB(20,2,0) 22.11 - 25.33 - 28.55

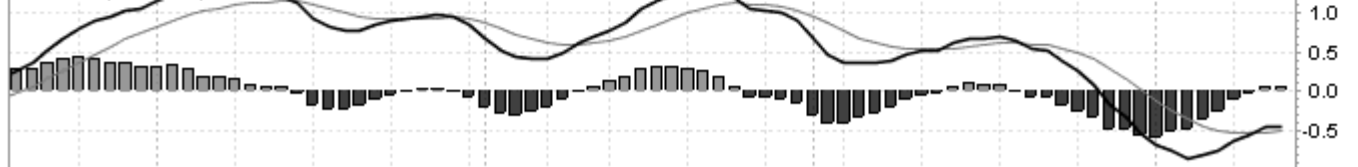
MA(20) 25.33



RSI(14) 45.76



MACD(12,26,9) -0.437, -0.496, 0.059



Volume 2,906,781

EMA(60) 3,142,956



UWM was featured as a potential long stock pick, when prices tested support at 22.50. A quick move to the 20dMA took place and the trading pick was closed.

That was a look at trading picks that have been available to members of TheMarketMessenger.com, so far in the month of November. A position in virtually any of several of these trading picks would have paid for an entire year's subscription to our Swing Traders package.

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October Trading Picks: [Stock Picks](#) - [Options Picks](#)

That's it for this issue of Purely Technical.

Best of Luck!

Asher Pinto

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