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**Top Stocks** with Helene Meisler

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## The Market

While there was no selling pressure in the market today, there was also very little buying pressure. The late-day rally felt more like short sellers covering rather than longs buying.

Breadth remained negative all day, although it did manage to recover from its very poor readings earlier in the day. I suppose if I wanted to say something bullish about breadth, I could note that the cumulative advance-decline line is nowhere near the lows of a few weeks ago, when the **S&P 500** was last trading in this area.

Of course, the flip side of this is that the number of new lows on the **Nasdaq** is now at the highest level since the March lows. Don't freak out -- it's just that we haven't seen more than 20 new lows since the market bottomed, and today we saw 23. That's not a huge number, but it surely doesn't point in a bullish direction.

In the meantime, the S&P 500 bounced right off its 200-day moving average and neckline. My question is: Has this turned folks bullish? I ask because the put/call ratio, which as I noted [this morning](#) had been quite high, was relatively low all day today.

I'd say the market is in the middle of nowhere. I'd love to tell you it's oversold enough to get a decent rally that lasts, but I don't think that has happened just yet. As I explained this morning, however, I do believe we'll see the market rally tomorrow.

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The Market Volatility Index (VIX) got somewhat jumpy as it gapped up and, at least as the market headed into the open, folks were pretty negative. Then there is the Euro-Yen, which bounced right off support.



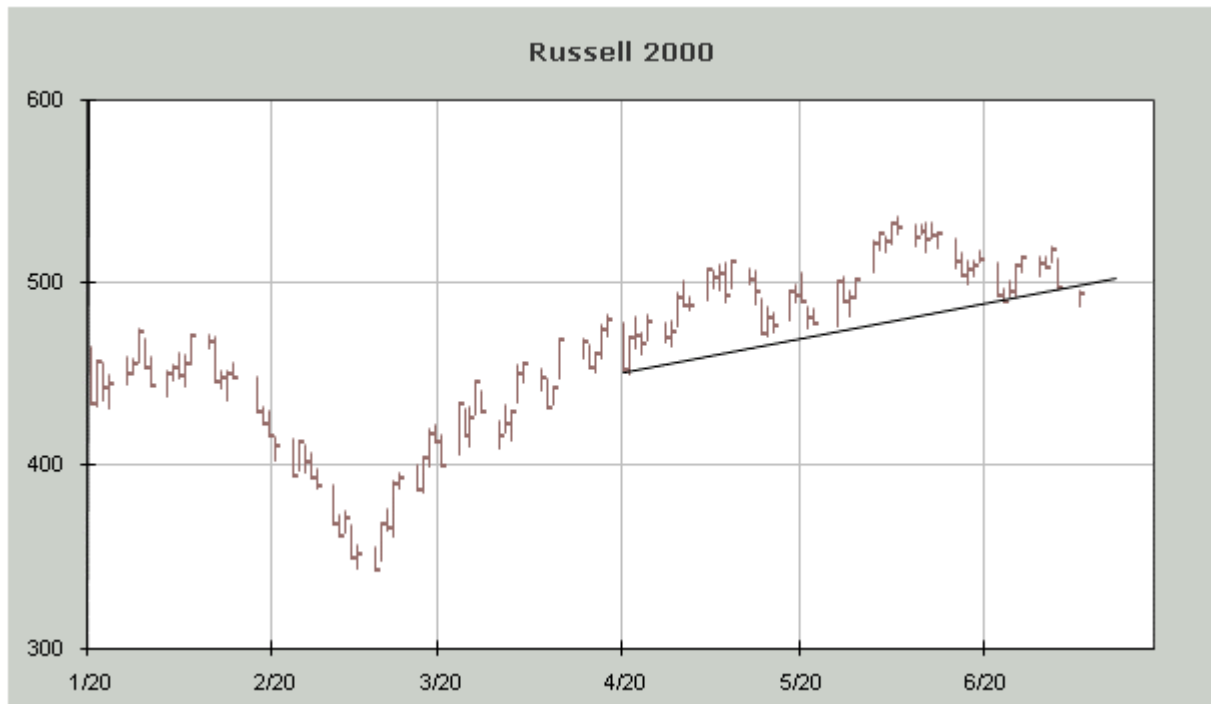
**CurrencyShares Australian Dollar Trust (FXA)**, which I discussed this morning, also bounced (much to my great surprise) off the \$78 area.

Therefore, I'll go with what I said this morning: I think it got too late to short and that the market is due for a rally. Also, a bounce tomorrow that proceeds to back and fill over the next several days could provide another mid-month buying opportunity, so for now I'd recommend staying on the sidelines.

(For a look at the latest *RealMoney* column, [click here.](#))

## New Ideas

One chart I am watching closely is the Russell 2000 which, unlike all the other major averages, broke the trendline. It did also close near the high of the day (along with the other indices), but unlike the others, it's still below the breakdown. I'm looking to see if it fails at that 500-505 area on a rally tomorrow. The Russell 2000 closed Monday at 494.03.



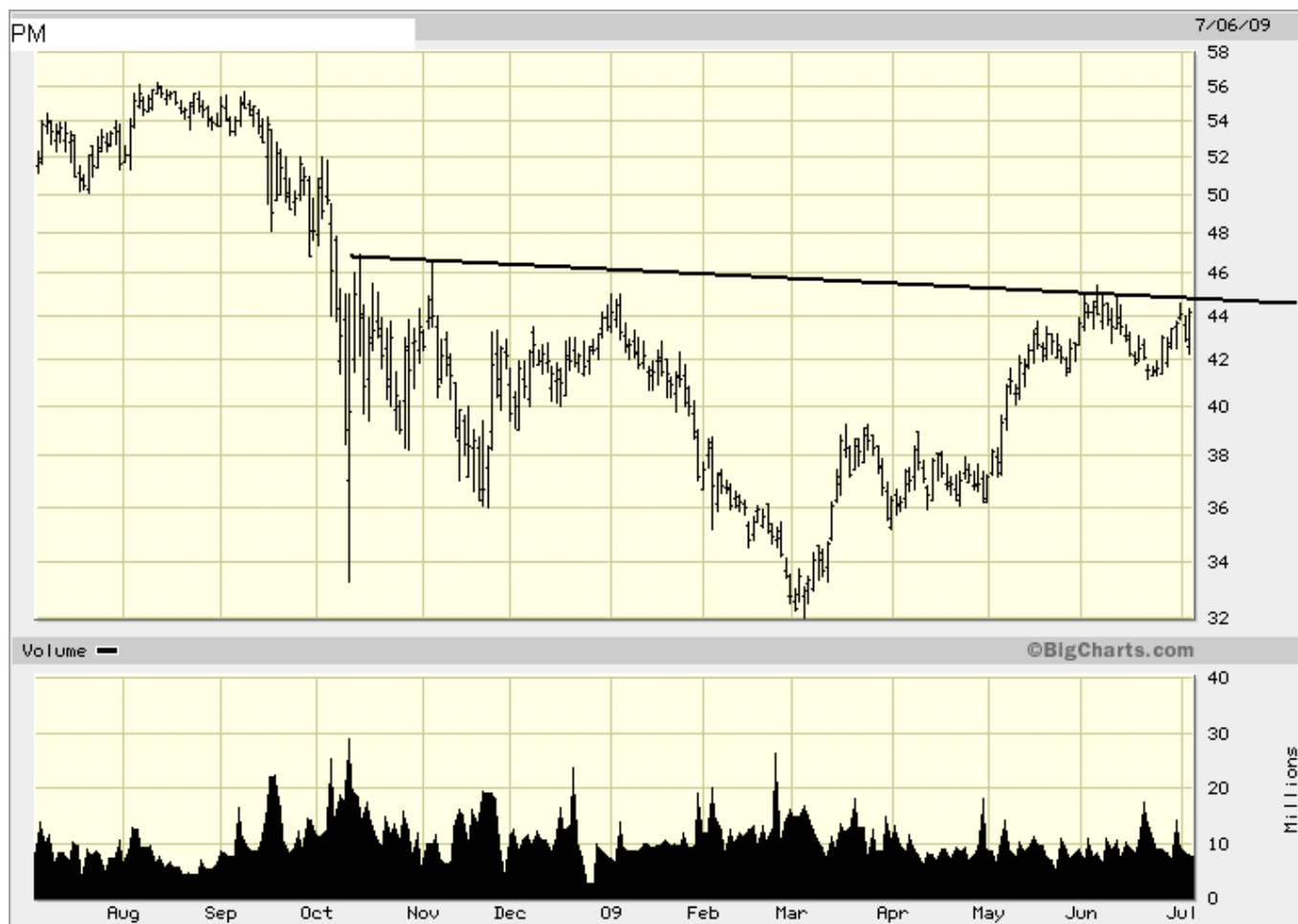
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Last week I [looked at Valero Energy \(VLO\)](#) and said I might like the stock if it came down for a retest. Well, it retested today. Give it a bit of leeway, using a stop at \$15.50 on a closing basis, but I think Valero can get up to the \$18-\$19 area on a rally. Shares closed Monday at \$16.65.



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One “defensive” stock I did not discuss last week has quite a base. If **Philip Morris (PM)** can get out through that \$45 area -- on volume, please! -- the move would be a breakout from the base. It has resistance at \$48 and then more at \$50. Shares closed Monday at \$44.15.



Incidentally, I have been asked about **Akamai (AKAM)**, a stock I [suggested on the short side](#) not very long ago. I thought it would -- and I suppose it still could -- get to \$16. Still, today's bounce off \$18 on volume tells me that, on a short term basis, it would probably best to cover the short here. Akamai shares closed Monday at \$18.64.

## Updates

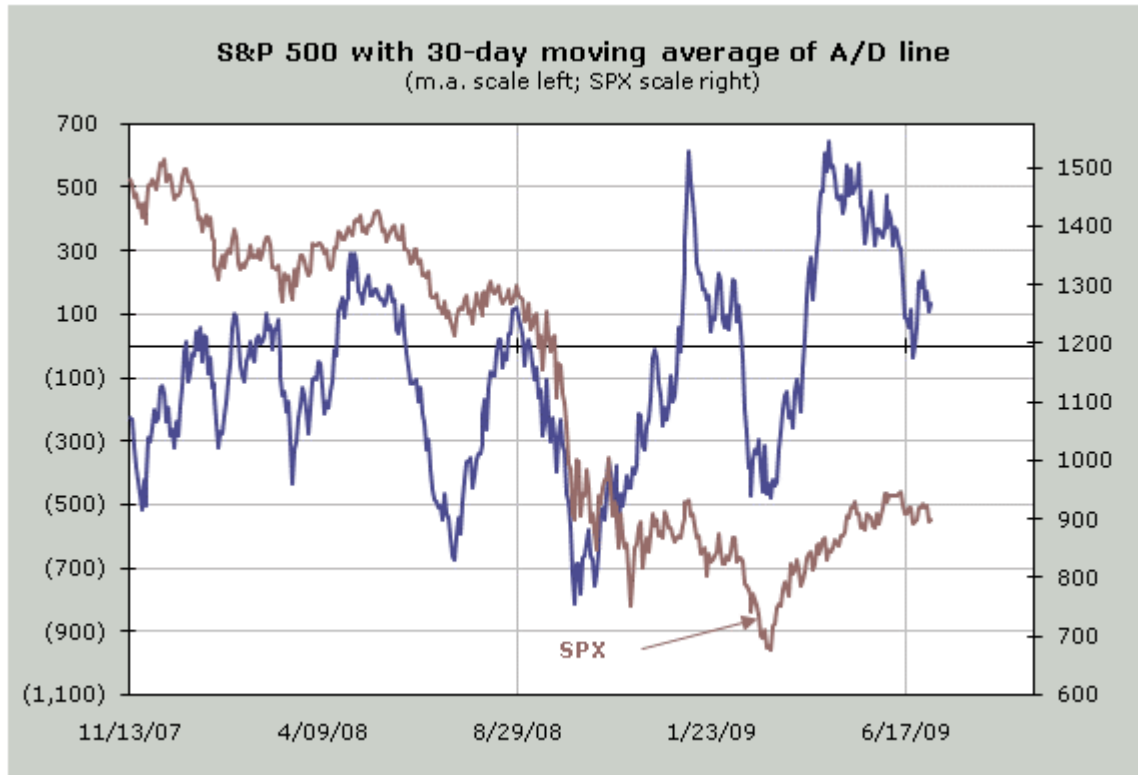
**Verizon (VZ) (long):** The stop remains at \$30 on a closing basis, although I suggest moving it down to \$29.50. Shares closed Monday at \$30.36.

**UltraShort QQQ ProShares (QID) (long):** I will probably surprise everyone here, but I recommend closing out this trade. I simply prefer that the stock be flat here, as I don't have a great sense of which way the market wants to go right now. Exit the position. Shares closed Monday at \$33.74.

**UltraShort Oil & Gas ProShares (DUG) (long):** This didn't get to the target of \$22 -- only \$21.50. And while I think it still has some more room to rally, it's come quite far, quite fast, so I suggest exiting this trade, too. You've got a profit that you shouldn't give up. Shares closed Monday at \$20.50.

## Today's Indicator

The 30-day moving average of the advance-decline line is not yet oversold. That will come next week.



(For an explanation of the methodology I use for *TheStreet.com Top Stocks* newsletter, please [click here](#).)

## Reader Feedback and Questions

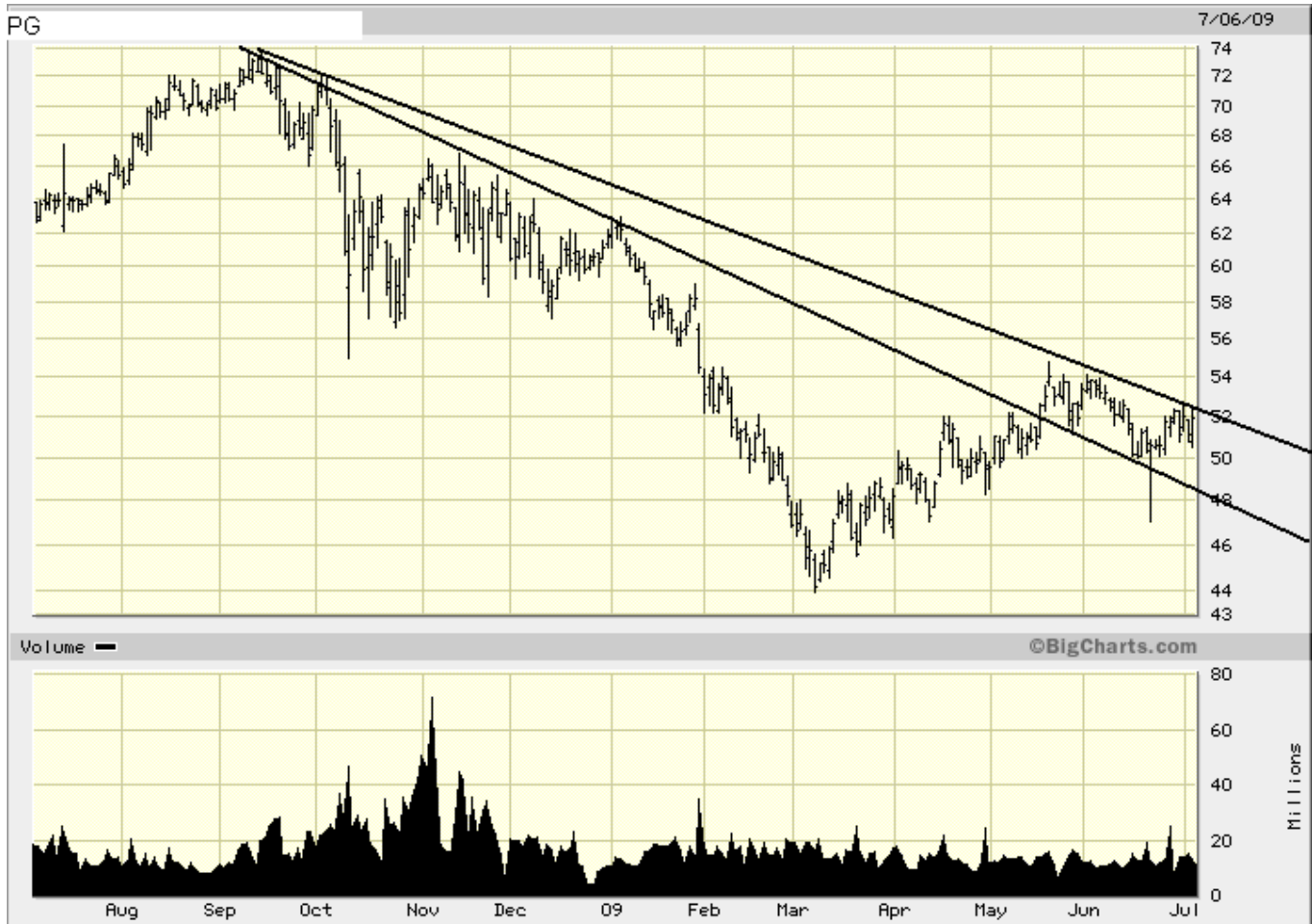
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**United States 12 Month Oil (USL)** is a gasoline ETF that, along with oil, has taken quite a tumble of late. USL is now coming into some support at the uptrend line in the \$34-\$35 area. I think we will see a rally, or at least an attempt at one, from that uptrend line. But that red (flat) line at \$36-\$37 now represents resistance, so I suggest selling into a rally near that level. Shares closed Monday at \$35.01.



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So many of the consumer nondurables have been terrific (I reviewed many of them [last Wednesday](#)), but **Procter & Gamble** (PG) has been somewhat out of it. It would not be preferable to see P&G break \$50 on a closing basis, and if it can cross through \$52 I'd give it some credit. But it seems to me that, with so many better charts in the group (check out **Heinz** (HNZ), for example), why pick the laggard? Shares of P&G closed Monday at \$52.17. Heinz finished at \$36.44.



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The chart of Class-B **Berkshire Hathaway** (BRKB) really doesn't inspire much confidence. But, at the same time, it hasn't broken that \$2,800 level yet, has it? If you're long, you should use that as your stop. I'm not so sure it can easily get through \$3,000, though. Shares closed Monday at \$2,855.



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My guess is that **Bio-Reference Laboratories (BRLI)** is making a top. My main argument for this is that the measured target is at around \$33, so it's pretty close to the target area. If you're long, I recommend using a stop at \$28-\$29. There is something positive about the chart, and that is the volume: It has gone up on rallies, which is a bullish indication. Just use that stop. Shares closed Monday at \$30.11.



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Helene Meisler writes a technical analysis column on the U.S. equity markets for TheStreet.com's *RealMoney*. TheStreet.com is a publisher and has registered as an investment adviser with the U.S. Securities and Exchange Commission.

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