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**Top Stocks** with Helene Meisler

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## The Market

Well, at least the market got a rally! The reality, however, is that it registered an oversold reading last Thursday, at which point the S&P 500 reached 1065-ish -- and the index is still at around 1065. So the market's been oversold for a week, and it's gone nowhere!

Let's see if tomorrow can change that. Strictly speaking from the standpoint of indicators, I would remind you that the market will not read as overbought until the end of next week. So there is still room for the market to make a move that will get it out of the pattern we've seen for the past week -- that is, working off the oversold condition by going sideways.

There were a few important statistics from today that I believe we need to cover. The first is that the weekly survey results from the American Association of Individual Investors showed the lowest bullishness (22%) and the highest bearishness (56%) since the March lows. I typically find this survey to be useless on a week-to-week basis, since these folks jump around like day traders. But when it makes a move such as this -- to such an extreme level -- it is well worth paying attention to.

Further, the put/call ratio was quite high for such a big up day today, having come in at 87%. In fact, we have not seen a reading below 80% since mid-October, when the market made its high. So either folks are jockeying for protection via puts before the employment number tomorrow, or they are just outright bearish. Either way, the **Dow** industrials are back above 10,000, and folks are not giddy.

The other standout bullish statistic is the breadth. As I stated above, the **S&P 500** is still where it was a week ago, and breadth -- because it was so strong today -- actually made a marginal higher high than it did last Thursday. We have not seen breadth do that in three weeks, so I think this needs to be highlighted.

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The highlight on the negative side -- or, perhaps we'll call it the lowlight -- was volume. Really, folks, I would like to spin it positively, but it simply wasn't that good. It came in at a lower level than it did yesterday. In fact, it was at its lowest level of the week on the **NYSE**.

I praised the expansion of the number of stocks making new highs on the **Nasdaq** yesterday, when the figure came to 42 but, in this area, today's rally was really not great. For all the "up-ness," the index managed only two more new highs at 44. Come on -- that is not good.

However, the market remains oversold or, at least, it's not yet overbought. It'll probably get into that neutral territory, where it is no longer oversold but not yet overbought, around Wednesday of next week. So if the employment number takes the market up, that's fine; it would be in keeping with the oversold nature of the market. If the employment number takes the market down, well then, I expect the market will still try to rally again next week.

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

## New Ideas

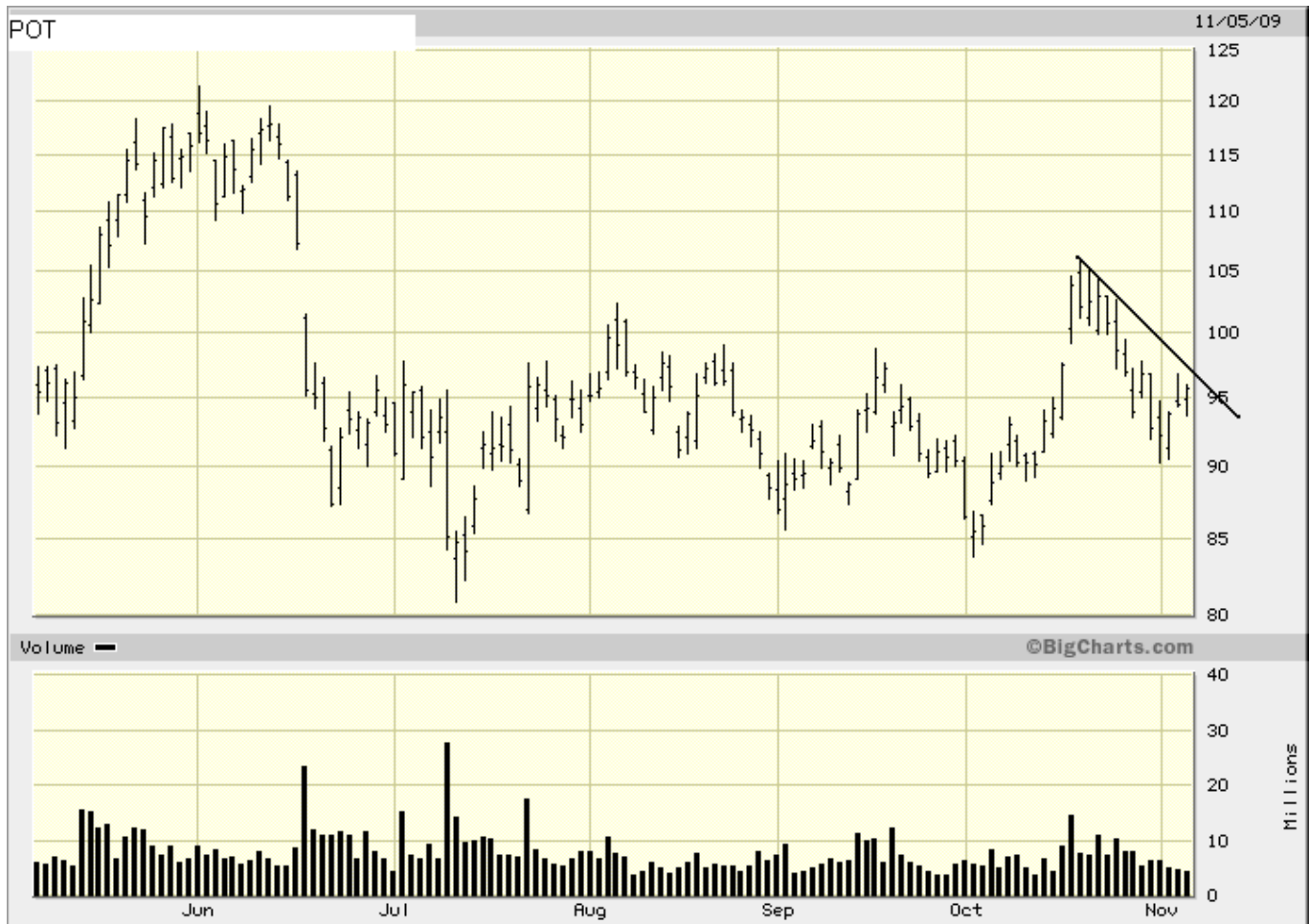
I don't like to trade on days when the monthly government employment numbers are released, because the market gets quite emotional. Let's look at the chart of the Market Volatility Index (VIX) today. I am watching this 25 level (or, actually, just below that point). If the index does not break down through that level in the next few days, that would represent a change.

As you can see, on the chart I have circled the last three times we saw a jumpy VIX. In each case, the index just blew right through support on the way down. So, if it doesn't blow through this support on the way down (an upward move for the market), that would point to a change in the character for this particular oversold bounce. The VIX ended Thursday at 25.43.



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I keep getting asked about **Potash (POT)**, so I thought I'd take a look at it tonight. I like the way it consolidated yesterday's gains today, as well as the fact that it now has the potential to break out across that sharp downtrend line. If it can cross that downtrend line, look for a next target at around \$100. The stop is \$93. Shares closed Thursday at \$95.65.



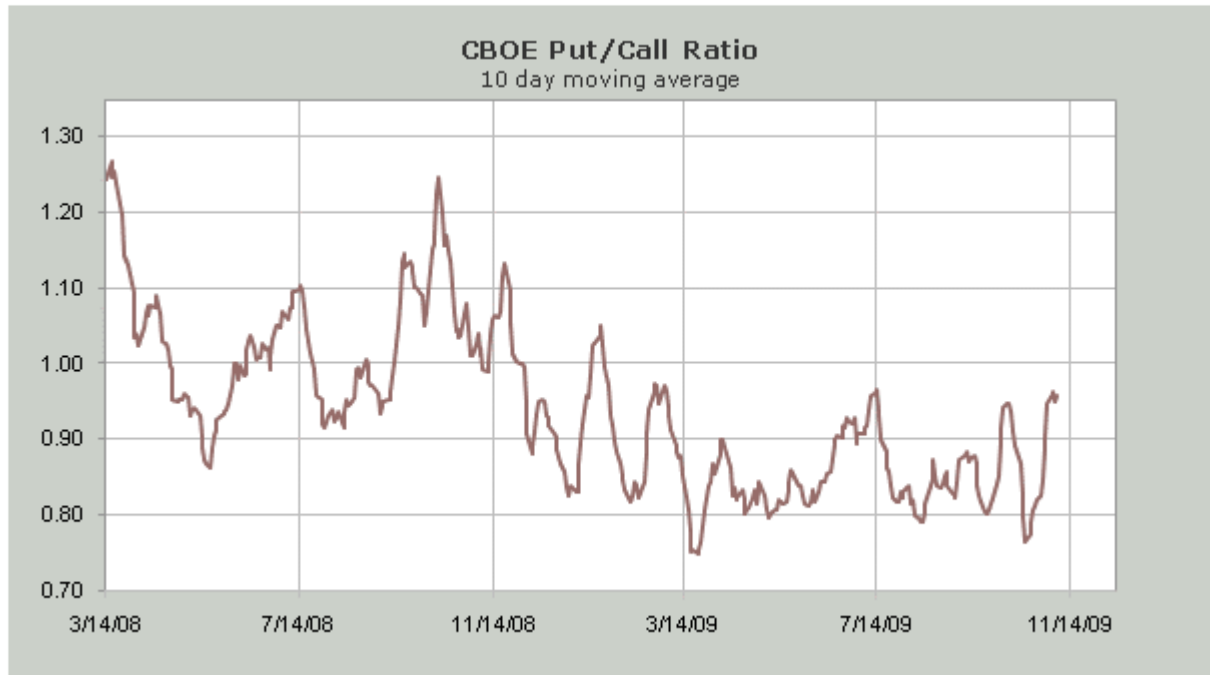
## Updates

(Based on reader feedback, I'm going to try and keep a list of all the stocks mentioned in New Ideas, accompanied with stops and targets. As always, feel free to [email me](#) with any questions.)

Stock	Long / Short	Stop	Target	Latest Closing Price	Notes
<b>Wal-Mart (WMT)</b>	Long	\$49.50	\$55	\$51.28	Nudge the stop up; the company is due to report next week. Some profits should be taken in the event of any rally near \$52.
<b>McDonald's (MCD)</b>	Long	\$60	\$62-\$64	\$61.48	Stop raised again.
<b>Best Buy (BBY)</b>	Long	\$38	\$41-\$42	\$40.05	* * *
<b>Qualcomm (QCOM)</b>	Long	\$41	\$43-\$44	\$43.85	Reached target range. Close the trade.
<b>Clorox (CLX)</b>	Long	\$58	\$62-\$64	\$59.47	* * *
<b>Ultra Russell2000 ProShares (UWM)</b>	Long	\$23	\$25-\$26	\$24.52	If we see a pop on the employment number, even if it's not into the \$25-\$26 area, some profits should be taken.
<b>Jabil Circuit (JBL)</b>	Short	\$14	\$13	\$14.24	Stopped you out on the remainder.
<b>Boeing (BA)</b>	Short	\$51.50	\$46	\$49.77	Got into your short zone, so you're in the trade.

## Today's Indicator

The 10-day moving average of the put/call ratio is just now turning downward.



\* \* \*

(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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If **National Oilwell Varco (NOV)** cannot get through \$45 on the oversold rally, then the chart is going to start to look like a head-and-shoulders top. If you're long the stock, you should be concerned if it fails to achieve that level. Otherwise, I suppose it's a stock in an uptrend. Shares closed Thursday at \$43.54.



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**Equinix (EQIX)** had a target of \$95, and the stock has achieved it. It has now broken a short-term uptrend line and made a lower low. I suggest selling into a rally back to the underside of that broken uptrend line. Shares closed Thursday at \$92.02.



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**Yanzhou Coal Mining (YZC)**, a Chinese coal stock, has a measured target of \$19. But if it doesn't bust through \$17 shortly, it will start to look like a big failure up there, as this is the third time up to the area. Shares closed Thursday at \$16.67.



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**Southwestern Energy (SWN)** is a chart with higher highs and higher lows but, as you can see, I've set a target at \$50 and another one at around \$54. The stock is OK, since it's still in an uptrend. Still, it got into the target zone, and I expect that it will be more apt to stall out in that \$50 area than it will be to keep on trucking. Shares closed Thursday at \$45.55.



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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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