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## Market Commentary: S&P Hurling Toward 1229

The first turndown on the daily chart on the **S&P 500** since the test of the low on May 13 marked a low Wednesday, as the index went on to make another new swing high Thursday at 1198.

The immediate turnaround to higher levels after a one-day pullback is strongly bullish behavior and indicative of the notion that the market may be in a fast run to new swing highs above 1229 S&P.

Propelled by solid economic data and a blowout report from homebuilder **Toll Brothers** (TOL:NYSE) (which exploded nearly 6 points to \$91.65), stocks made substantial gains on Thursday.

I was wrong when I stated Wednesday that the market has nothing to get excited about, as an upside revision in the first-quarter GDP and the Toll Brothers earnings beat generated meaningful traction despite higher oil prices.

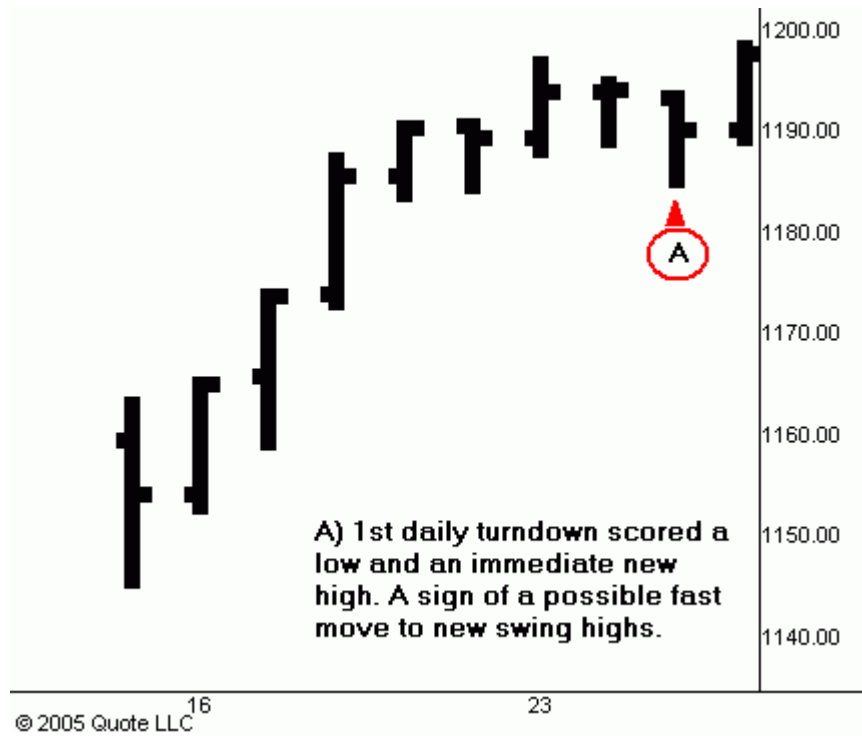
Despite those higher crude prices, stocks caught a bid that stuck. In my view, two other factors also buoyed stocks. The dollar continues to rebound, making a seven-month high against the euro, and shorts generally do not like to press their bets in front of a long weekend.

**Conclusion:** With a high on Thursday at 1198.95, the S&P has tagged the low of the high-bar weekly reversal bar from the week ending March 11. The low of that high-bar week was 1198.15. As I anticipated earlier this week, the bulls may manipulate the S&P above 1200 going into the long holiday weekend. But I believe if that occurs, the ability to hold above 1200 early next week will speak more clearly to the notion of a fast move above 1229.

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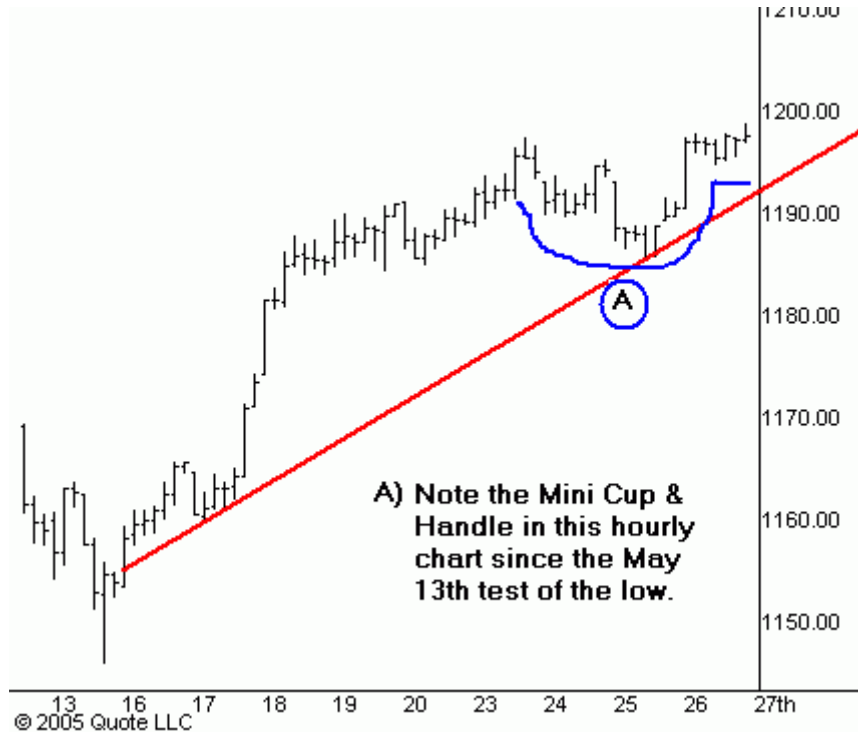
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### S&P 500 Daily



## S&P 500 Pivot Point

S&P 500 -- 60-Minute



# THE DAYTRADING REPORT

## Chart 1

Harman International  
(HAR:NYSE)  
Long

Entry: 84.10  
Stop: 83.10  
Pattern: Expansion Pivot / 180



**Chart 2**

**Davita  
(DVA:NYSE)  
Long**

**Entry: 45.35  
Stop: 44.35  
Pattern: Expansion Breakout / 180**



# THE SWING REPORT

## Chart 1

**Shopping.com**  
**(SHOP:Nasdaq)**  
**Long**

**Entry: 17.30**  
**Stop: 16.00**  
**Initial Target: 19.00 (trade toward)**

**Pattern:** Jack-in-the-Box



**Chart 2**

**Fortune Brands  
(FO:NYSE)  
Long**

**Entry: 86.80**  
**Stop: 85.80**  
**Initial Target: 88.50 (trade toward)**

**Pattern:** Cooper 1-2-3 Pullback / NR7



### OBSERVATIONS AND TRAILING STOPS

-- Friday is day two in **Pharmion** (PHRM:Nasdaq) (short). We are short from 20.35. Maintain the stop at 22.35 and the initial target at trade toward 18.35. As of Thursday's close, we are down 57 cents.

-- Friday is day two in **Apple Computer** (AAPL:Nasdaq) (long). We are long from 40.10. Maintain the stop at 38.10 and the initial target at trade toward 42.10. As of Thursday's close, we are up 65 cents.

-- **Shopping.com** (SHOP:Nasdaq) did not trigger and we will use it again.

-- Friday is day four in **Avid Technology** (AVID:Nasdaq) (long). We are long from 56.90. Raise the stop to 56.90 and adjust the initial target to trade toward 58.50. As of Thursday's close, we are up 1.24.

-- Friday is day five in **Gen-Probe** (GPRO:Nasdaq) (short). We are short from 42.20. On Thursday, as per instructions, we covered our first piece, locking in a gain of 2.00. Lower the stop to 41.25. As of Thursday's close, we are up 2.00 on the second piece.

-- Friday is day six in **Laserscope** (LSCP:Nasdaq) (long). We are long from 34.25. Maintain the stop at 32.35 and adjust the initial target to trade toward 35.75. As of Thursday's close, we are up 84 cents.



## Notes and Guidelines

### DayTrading Report:

Trades marked ▲ indicate stocks that are considered small-cap, trading 500K shares or less. As you know, thin stocks are generally more volatile and trade with a wider spread.

**Trades marked \* indicate patterns that don't conform to the original rules of the pattern but are defined as "in the spirit of" their namesakes.**

**The 1-Point Gap Rule:** Any stock recommendation that opens 1 or more points above the listed entry price (for longs) or 1 or more points below the listed entry price (for shorts) should be ignored for the day. Please note that history suggests that entering a stock on a gap open increases your potential for a loss.

Reminders: A signal is not valid unless the stock trades at or above the listed entry price for longs and at or below the listed entry price for shorts. ***If a position moves 1 point in your favor in this choppy environment, it is a good idea to sell half the position and move your stop on the remaining position to break even.***

Charts: The green line is a simple 10-day moving average, the blue line is a simple 20-day moving average, and the red line is a simple 50-day moving average.

### The Swing Report:

Trades marked ▲ indicate stocks that are considered small-cap, trading 500K shares or less. As you know, thin stocks are generally more volatile and trade with a wider spread.

**Trades marked \* indicate patterns that don't conform to the original rules of the pattern but are defined as "in the spirit of" their namesakes.**

**The 2-Point Gap Rule:** Any stock recommendation that opens 2 or more points above the listed entry price (for longs) or 2 or more points below the listed entry price (for shorts) should be ignored for the day. Please note that history suggests that entering a stock on a gap open increases your potential for a loss.

**Initial Target:** Target price at which you should look to sell/cover half your position.

Reminders: A signal is not valid unless the stock trades at or above the listed entry price for longs and at or below the listed entry price for shorts. ***If a position moves 2 points or more in your favor in this choppy environment, it is a good idea to sell half the position and move your stop on the remaining position to break even.***

Charts: The green line is a simple 10-day moving average, the blue line is a simple 20-day moving average, and the red line is a simple 50-day moving average.

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