



Page 1	Market Commentary: Studying Market Symmetry
Page 3	Pivot Points
Page 4	The DayTrading Report: BOOM, ELOS and IR
Page 7	The Swing Report: APPX, Observations and Trailing Stops
Page 9	Notes and Guidelines

## Market Commentary: Studying Market Symmetry

The geometry of the market keeps playing out: The low of the high-bar reversal week from March, which was 1198, continues to act as resistance restraining the advance. Likewise, our 1191 pivot, or "square" on the Gann Square of Nine chart, continues to support the market.

Remember that 1191 is 90 degrees down from this year's 1225 closing high on the daily chart. The **S&P** closed at 1191.50 Tuesday.

I know many new readers of this column must think these "squares" or number harmonics are simply esoteric and a ridiculous way to view price action. But I've seen them work too many times over the years to not respect that the market has its own internal mechanism in price (and time in the way of cycles) that generates its own agenda over the short, intermediate and long pull.

Long-term readers have seen many of my examples in the past of how the market gets magnetized to squares and square-outs time and time again.

In my thinking, it makes much more sense to follow the price action and the way patterns play out at these key levels rather than try to assimilate a never-ending barrage of information of which one can never tell how much of it is garbage and unfit for trading consumption, and how much of any fundamental information already has been discounted and acted on by the big-money movers and shakers.

*(Continued on the next page)*

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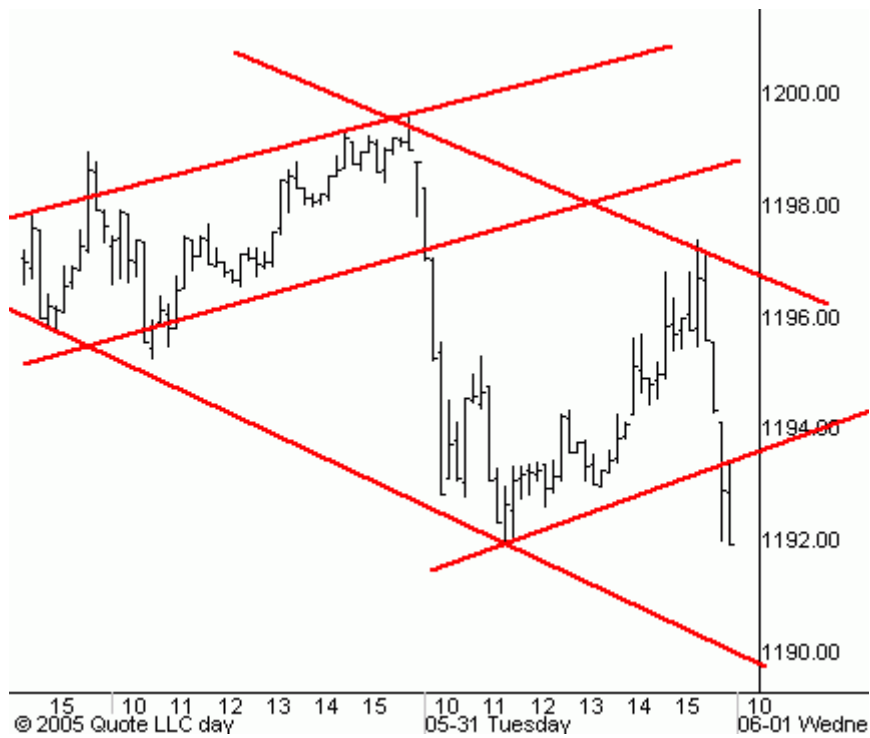
As my dad used to say: "The market doesn't move, it is moved," in more ways than one. As W.D. Gann used to say, "God geometrizes."

Our job as traders is to connect the dots with the price action day by day as the market crystallizes from square to square in this natural progression.

**Conclusion:** In my view, the S&P, in moving above and holding convincingly above 1183 -- which is the 50% point of this year's range of 1229 to 1136 S&P -- indicates its eventual conversion of the 1200 level, which has recently acted as resistance. It indicates an eventual move -- sooner rather than later -- above 1229 -- probably toward 1260ish S&P. Short-term support remains 1191 S&P, while key support is 1183. A break below 1180 would be problematic for the bulls.

## Pivot Points

S&P 500 -- 10-Minute



(A test of 1190 on Wednesday that holds after the first hour should invite a test of 1194-1196. Above 1196 a challenge of 1200 could play out.)

# THE DAYTRADING REPORT

## Chart 1

**Dynamic Materials  
(BOOM:Nasdaq)  
Long**

**Entry: 44.45  
Stop: 43.45  
Pattern: 180**



**Chart 2**

**Syneron Medical  
(ELOS:Nasdaq)  
Long**

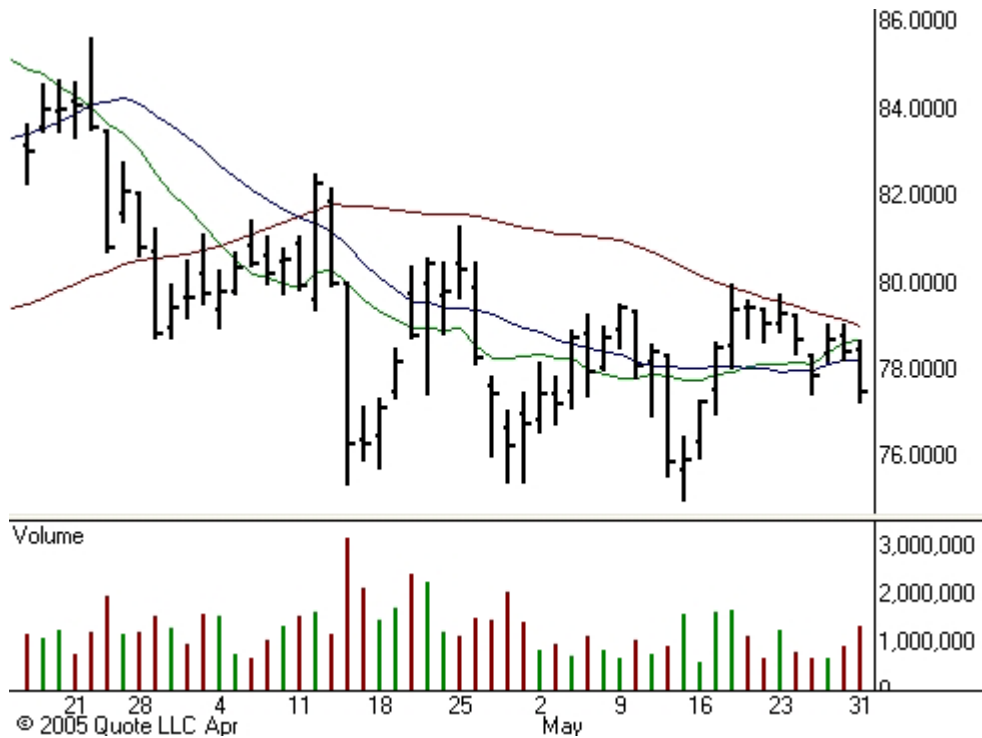
**Entry: 34.00  
Stop: 33.00  
Pattern: Expansion Breakout**



**Chart 3**

**Ingersoll-Rand  
(IR:NYSE)  
Short**

**Entry: 77.20  
Stop: 78.20  
Pattern: \*Expansion Pivot**



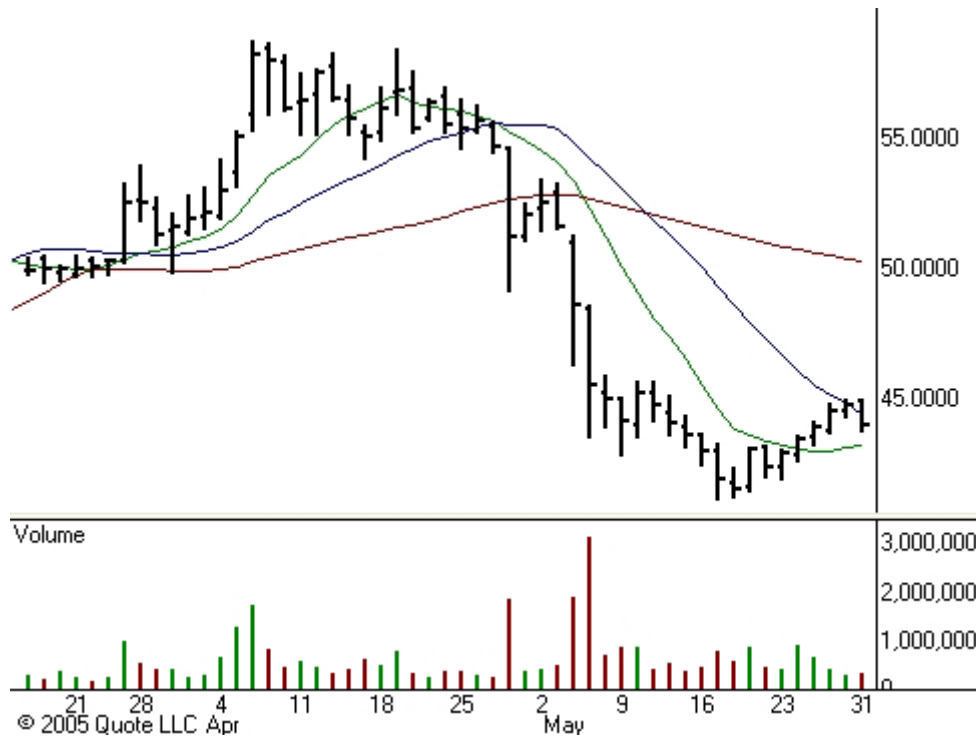
# THE SWING REPORT

## Chart 1

**American Pharmaceutical Partners  
(APPX:Nasdaq)  
Short**

**Entry: 43.70**  
**Stop: 45.00**  
**Initial Target: 42.00 (trade toward)**

**Pattern: 180 / Pullback Pivot**



### OBSERVATIONS AND TRAILING STOPS

- Wednesday is day two in **Vornado Realty Trust** (VNO:NYSE) (long). We are long from 78.70. Maintain the stop at 77.70 and the initial target on trade toward 80.70. As of Tuesday's close, we are down 15 cents.
  
- Wednesday is day three in **Shopping.com** (SHOP:Nasdaq) (long). We are long from 17.30. Maintain the stop at 16.00 and the initial target on trade toward 19.00. As of Tuesday's close, we are down 23 cents.
  
- Wednesday is day three in **Fortune Brands** (FO:NYSE) (long). We are long from 86.80. Maintain the stop at 85.80 and the initial target on trade toward 88.50. As of Tuesday's close, we are down 30 cents.
  
- Wednesday is day four in **Pharmion** (PHRM:Nasdaq) (short). We are short from 20.35. Lower the stop to 21.35 as it is day four, and maintain the initial target on trade toward 18.35. As of Tuesday's close, we are up 2 cents.
  
- Wednesday is day four in **Apple Computer** (AAPL:Nasdaq) (long). We are long from 40.10. Maintain the adjusted stop at 39.00 and maintain the initial target on trade toward 42.10. As of Tuesday's close, we are down 34 cents.
  
- Wednesday is day six in **Avid Technology** (AVID:Nasdaq) (long). We are long from 56.90. We sold our first piece at 58.50 for a gain of 1.60. Raise the adjusted stop to 57.90 and look to sell the second piece on trade toward 60.00. As of Tuesday's close, we are up 1.74 on the second piece.
  
- On Tuesday, we were stopped out of our second piece of **Laserscope** (LSCP:Nasdaq) (long) for a scratch, after locking in a gain of 1.50 on the first piece.



## 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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