

**Dan FITZPATRICK**

Last Close: \$56.45

Monsanto  
(MON:NYSE)

**52-Week Range:**  
\$32.62 -- \$65.60

**Monsanto's Spring Is Turning Soggy**

- After hitting a 52-week high, the stock has been bouncing above support at \$56.
- Secondary indicators suggest that support level is about to break.
- Also, updates on ATP Oil & Gas, American Pharmaceutical, Kerr-McGee and Apple.

**The Short Advisor Portfolio and Watch List**

The Short Advisor portfolio and watch list are on page 4 of today's issue.

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## Monsanto's Spring Is Turning Soggy

**Monsanto** (MON:NYSE) hit a 52-week high in early April, but has been struggling ever since. The current pattern is indicative of a top that is now

turning south. Let's look at the chart.

*(Continued on the next page)*



Notice how the \$56 level is established support? Since April, the stock has hit \$56 on four separate occasions. Each time, demand has halted the downtrend and caused a snapback rally. However, there is only so much demand for one stock.

By the looks of the secondary indicators, Monsanto is about to chew through the demand at \$56 and fall lower. The RSI is tracking the price action, setting a lower high and resting on the low from April. Money flow peaked on the last rally and is now weighted toward excess selling pressure. While the 20-day average of the Accumulation-Distribution line is still trending higher, the line itself has flattened.

The short entry on Monsanto is at a level just beneath Wednesday's low of \$56.02 – say, around \$55.95. If the stock trades that low, we can consider support broken. Once the position is opened, a stop should be placed above yesterday's high – at \$58.05. Note: I want to avoid the even numbers of \$56 on the short entry, and \$58 on the buy-stop. Price action can often migrate to the even figure, only to hit numerous limit orders placed at that obvious level -- and promptly turn around.

The initial target for this short is \$50.

#### **Other Positions**

**ATP Oil & Gas** (ATPG:Nasdaq): Wednesday's intraday high was just 9 cents beneath the buy-stop. While it is rarely a good idea to adjust stops to allow for additional losses, I think it's a good idea to do it in this case. Why? Because the \$20 level has previously acted as support on three separate occasions. Now, it could serve as resistance. A stop just above the \$20 level could get hit just as the stock is topping out. So I want to raise the stop just a tad – to \$21.05. Even if the position is stopped out, the entry of \$19.95 leaves just a small loss.

**Kerr-McGee** (KMG:NYSE): The gap-down open on May 19 traded well below the entry price of \$73.45. With the stock now climbing back to \$75, the underlying reason for the trade -- anticipated break of support -- is negated. I'll take this one off the Watch List and call it a scratch.

**American Pharmaceutical Partners** (APPX:Nasdaq): This stock hit the adjusted stop of \$42.55 and is closed out for an 8.2% gain.

**Apple Computer** (AAPL:Nasdaq): This trade was stoppec out at \$38 for an 11.1% loss. I had anticipated further weakness in Apple, but the market proved me wrong.

If you have any questions about these trades, please send me [an email](#).

### The Short Advisor Portfolio

Company	Entry Date	Cost Basis	Most Recent Price	% Gain/Loss
ATP Oil & Gas ATPG	04/15/2005	\$ 19.95	\$ 20.00	-0.25%

### The Short Advisor Watch List

(There are no stocks currently on the watch list.)

### The Short Advisor Performance

Average Return Open Positions	-0.25%	Performance results listed here reflect values of stocks as of the close of the most recently completed trading day but do NOT take into account dividends paid, interest earned or commissions. Results are updated overnight and posted prior to the market open the following business day. The Total Average Return figures reflect changes since inception on March 12, 2003.
Average Return Closed Positions	-0.30%	
Total Average Return	-0.30%	

To see the full Short Advisor portfolio, including closed positions, visit  
<http://www.thestreet.com/k/sr/portfolio.html>.

## Contributors

### **Dan Fitzpatrick**

Dan Fitzpatrick is an independent trader in stocks and options, with experience as co-manager of a hedge fund. Fitzpatrick has taught seminars on technical analysis, options trading and asset protection strategies for traders and business owners, and is a member of the Market Technicians Association. Fitzpatrick graduated from the McGeorge School of Law. He invites your feedback, comments and suggestions [via email](#).

### **Steven Smith**

Before joining TheStreet.com as a full-time writer, Smith spent two years as the senior finance writer at Ziff-Davis Media's *The Net Economy* publication. Before Ziff, Steve spent three years writing for Individual Investor.com. He wrote extensively on options, technical analysis and a variety of trading strategies. Smith was a seaholding member of the Chicago Board of Trade (CBOT) and The Chicago Board Options Exchange (CBOE) from May 1989 to August 1995. During that six-year period, he traded multiple markets for his own personal account and acted as an executing broker for third-party accounts. Smith welcomes [your email](#) questions and comments.

### **Chris Schumacher**

Schumacher serves a managing partner of GST Capital Group. He is a financial trader, speaker, writer and author of *Techniques of Tape Reading* (2003, McGraw Hill). He has delivered seminars throughout the U.S., is a featured speaker at trading expos and a guest contributor to CNBC's "Bullseye" program.

He is a graduate of The Ohio State University and has served as a guest lecturer at The Ohio State University's Fisher College of Business as well as the Center for Entrepreneurship. While Schumacher cannot offer specific investment or trading advice, he invites your feedback. Just [send him an email](#).

### Contact Info

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Mr. Fitzpatrick, Mr. Schumacher and Mr. Smith are restricted from trading in securities discussed in The Short Advisor.