

Chris SCHUMACHER

Last Close: \$9.84

Seabridge Gold
(SA:Amex)

52-Week Range:
\$1.91 -- \$10.49

Not So Precious

- The end could be near for the rise in Seabridge's stock price.
- The combination of rising price and decreasing volume is a bearish scenario.
- Also, updates on Advance America, Alcoa, Calgon Carbon, Hewitt, Lear, Playboy and Sonoco Products.

The Short Advisor Portfolio

The Short Advisor Portfolio and Watch List are on page 4 of today's issue.

Chris SCHUMACHER Last Close: \$9.84

Seabridge Gold
(SA:Amex)

52-Week Range:
\$1.91 -- \$10.49

Not So Precious

Seabridge Gold (SA:Amex) has enjoyed the recent speculation in gold prices. As this stock was reaching \$8 a share in mid-December, talk about gold in general began to hit the airwaves. Financial media, newsletters and folks at barbershops all began to discuss buying gold again.

But when cab drivers and the barbershop crowd start talking about something, usually the end is near. This is what could be happening in Seabridge's stock

price. After several months in 2005 of slow but steady price appreciation, the gold rush was on again into the end of the year.

Seabridge's stock price moved up rapidly, from about \$5 a share in October to more than \$10 in December. Typically, euphoric price moves like that are not sustainable.

(Continued on the next page)

Seabridge Gold (SA:Amex) -- Daily



What happened next was a strong price rejection above \$10 in late December, which led to a move lower to \$8.70. Since that exhaustion move higher, volume has waned considerably as price tries to retest that former high. The combination of rising price accompanied by decreasing volume is usually a bearish scenario -- fewer investors are willing to support the stock price as it rises. Therefore, this stock has a higher probability to retrace under the \$8.70 level.

The setup for this trade will be for entry at \$10.10 with a stop at \$10.80. This offers 70 cents in risk. The profit targets will be placed at \$9.40 and \$7.50. The first profit target is based on the 1-to-1 reward/risk scenario, and both targets are at former resistance levels that should now serve as support. If the price moves under \$9 without first offering an entry, this trade is no longer valid.

Open Positions

Advance America (AEA:NYSE) is still open with the entry at \$12.50 and the stop at \$14.10. The profit targets will be for a move into \$10.90 and then into \$9.60. Partial profits can be taken near \$10.90, and the rest of the position will be banked in full near the \$9.60 level.

Alcoa (AA:NYSE) set up this week with the entry at \$29.80. The stop is placed at \$32.40 for \$2.60 in risk. The first profit target is at \$27.20 for a 1-to-1 reward/risk ratio. The final target will be placed near the downtrend channel support near \$21-\$22.

Hewitt Associates (HEW:NYSE) set up with the entry at \$27.75, and the stop is a break above \$30. The first target is at \$25.50. If the support at that level breaks, the next target will be placed at \$22.25.

Lear (LEA:NYSE) is still open with an entry at \$30. The stop level should have been brought to break-even after the first profit target near \$28.80 was hit, satisfying the 1-to-1 reward/risk ratio. The second profit target will be placed at \$22-\$23. This would serve a near 7-to-1 reward/risk ratio on this trade setup.

Playboy Enterprises (PLA:NYSE) set up with an entry at \$14.40. The stop level is placed at \$16.10, just above the last resistance in 2005. With \$1.70 in risk, the profit target will be placed at \$12 support to satisfy the 1-to-1 reward/risk ratio.

Closed Positions

Sonoco Products (SON:NYSE) hit the break-even stop on the remaining part of the position. This stock setup is no longer open.

Watch List

Calgon Carbon (CCC:NYSE) has not set up yet. The ideal entry for this setup is at \$7.80, with a stop at \$8.50 for 70 cents in risk. The profit target will be to see a move back down to \$7.10 to satisfy the 1-to-1 reward/risk ratio. Partial profits can be taken here. The final profit target will be for a move under \$6.

Should the price drop under \$6 without first offering an entry, this trade setup is no longer valid.

The Short Advisor Portfolio						
Company	Entry Date	Cost Basis	Stop-Loss	Targets*	Most Recent Price	% Gain/Loss
Alcoa AA	12/29/2005	\$ 29.80	\$32.40	\$27.20 (1) \$21-\$22 (2)	\$ 28.95	2.85%
Advance America AEA	11/30/2005	\$ 12.50	\$14.10	\$10.90 (1) \$9.60 (2)	\$ 12.61	-0.88%
Amgen AMGN	1/12/2006	\$ 77.35	\$80.50	\$70	\$ 77.60	-0.32%
Applebee's APPB	01/05/2006	\$ 22.22	\$23.10	\$20 (1) \$15 (2)	\$ 22.24	-0.09%
Anheuser-Busch BUD	12/01/2005	\$ 43.65	\$45.15	\$40 (1) sub-\$40 (2)	\$ 42.65	2.29%
Hewitt Associates HEW	12/30/2005	\$ 27.75	\$30.00	\$25.50 (1) \$22.25 (2)	\$ 27.29	1.66%
Lear LEA	01/05/2006	\$ 30.00	\$31.20	\$28.80 (1) \$22-\$23 (2)	\$ 24.24	19.20%
Playboy Enterprise PLA	01/05/2006	\$ 14.40	\$16.10	\$12	\$ 14.72	-2.22%

* (1) Indicates initial profit target; (2) Indicates final profit target.

The Short Advisor Watch List

Company	Author	Date Published	Current Price	Entry Price	Stop-Loss	Targets*
Calgon Carbon (CCC:NYSE)	Schumacher	1/9/2006	\$7.18	\$7.80	\$8.50	\$7.10 (1) under \$6 (2)

* (1) Indicates initial profit target; (2) Indicates final profit target

The Short Advisor Performance

Average Return Open Positions	2.81%	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	-0.63%	
Total Average Return	-0.51%	

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 -- [send him an email](#).

Contact Info

- ▶ **Customer Service:**
Please email
members@thestreet.com,
or call 1-866-321-TSCM (8726)
Mon. - Fri. 8 a.m. to 6 p.m. ET;
or outside the U.S. and in
Canada, call 1-212-321-5200

Legal Information

Please note that short-selling is a risky strategy and is not suitable for all investors. Selling short involves selling stock you have borrowed from your broker (typically on margin) with the intent of purchasing it at a lower price and taking the profit. However, you may be forced to buy the stock if its price goes up, resulting in losses greater than the amount you invested. You should make sure you are able to fully assess and afford the inherent risks.

Dan Fitzpatrick, a contributor to The Short Advisor, is an Outside Contributor to RealMoney. Chris Schumacher, a contributor to The Short Advisor, is an Outside Contributor to RealMoney. Steven Smith, a contributor to The Short Advisor, is a reporter for TheStreet.com. TheStreet.com is a publisher and has registered as an investment adviser with the U.S. Securities and Exchange Commission. We are not a registered broker-dealer.

The Short Advisor contains the authors' own opinions and are provided for informational purposes only. You should not rely solely upon The Short Report for purposes of transacting securities or other investments, and you are encouraged to conduct your own research and due diligence, and to seek the advice of a qualified securities professional, before you make any investment. None of the information contained herein constitutes, or is intended to constitute a recommendation by Mr. Fitzpatrick, Mr. Schumacher, Mr. Smith, or TheStreet.com, Inc. of any particular security or trading strategy or a determination by Mr. Fitzpatrick, Mr. Schumacher, Mr. Smith, or TheStreet.com, Inc. that any security or trading strategy is suitable for any specific person. To the extent any of the information contained herein may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. Past results are not necessarily indicative of future performance.

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