

Dan FITZPATRICK

Last Close: \$27.50

NVE (NVEC:Nasdaq)

52-Week Range:
\$12.36 - \$39.85

Spinning at Support

- NVE is testing prior support, and it looks like the shares are headed lower.
- After tripling in price over the summer, the stock's been struggling.
- Plus, updates on ConocoPhillips, MEMC Electronic Materials, Nucor, Oil Service HOLDRs, RPC and Shuffle Master.

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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Spinning at Support

Although the semiconductor sector had a good day Wednesday, for the most part the group has not been participating in the recent market rally in technology stocks. One of the lesser-known semiconductor stocks is **NVE Corp. (NVEC)**, which also continued to fall yesterday.

This stock tripled in price between June and September, but has been struggling ever since, and I believe it has further to fall. Let's take a look.

(Continued on the next page)

NVE (NVEC) -- Daily



This former highflier reversed last month and quickly fell to \$27.50 before bouncing. But the bulls have not been able to follow through, and the stock has rolled over once again.

RSI is at its lowest level since the reversal began in mid-September, confirming the downtrend. A prudent short entry is at around \$27.20, with a stop then placed at \$30.10.

The downside target for this trade is \$20, though we will watch this trade closely and make adjustments as necessary. Also, earnings are scheduled to be announced on Oct. 19.

Open Positions

ConocoPhillips (COP): The cost basis in the model portfolio for this short trade is \$66.10. We've been following it down with a current adjusted stop at \$60.55. We'll leave the stop where it is, with a \$50 price target on the remaining half of this position.

MEMC Electronic Materials (WFR): The short entry was \$33.91. This stock is quite volatile, with moves about three times greater than those of the S&P 500. So we'll give the trade some room and leave the stop at \$40.10.

Oil Service HOLDRs (OIH): The current adjusted stop is \$131. This exchange-traded fund still looks as if it has a ways to fall, so again we'll give the trade some room and leave the stop where it is.

RPC (RES): The cost basis in this trade is \$19.25, with an adjusted stop right at the entry level to give a "break-even" trade if the stock reverses. Let's leave that stop as is also.

Closed Positions

Nucor (NUE): After hitting the entry at \$47.90 a month ago, Nucor started catching some bids from the bulls. This position closed out last Thursday at the adjusted stop of \$51 for a 6.5% loss.

Shuffle Master (SHFL): This stock hit the adjusted stop of \$27.75 last week and was also closed out for a 6.5% loss in the model portfolio.

The Short Advisor Portfolio						
Company	Entry Date	Cost Basis	Stop-Loss	Targets*	Most Recent Price	% Gain/Loss
ConocoPhillips COP	08/17/2006	\$66.10	\$60.55	\$50 (2)	\$ 57.63	12.81%
Oil Services HOLDRs OIH	09/21/2006	\$123.30	\$131	\$90	\$ 122.65	0.53%
Nasdaq 100 Trust QQQ	10/10/2006	\$41.50	\$42.30	\$40 (1) \$38 (2)	\$ 41.54	-0.10%
RPC RES	09/14/2006	\$19.25	\$19.25	\$12.50	\$ 18.27	5.09%
RadioShack RSH	10/03/2006	\$19.50	\$20.50	\$18.50 (1) \$17.50 (2)	\$ 19.88	-1.95%
MEMC Electronic Materials WFR	10/05/2006	\$33.91	\$40.10	\$20	\$ 36.42	-7.40%

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

The Short Advisor Watch List

(There are no stocks currently on the Watch List.)

The Short Advisor Performance

Average Return Open Positions	1.50%	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	-0.23%	
Total Average Return	-0.19%	

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.

He graduated from the McGeorge School of Law. Fitzpatrick invites your feedback, comments and suggestions [via email](#).

Chris Schumacher

Schumacher serves as a managing partner of GST Capital Group. He is a financial trader, speaker, writer and author of *Techniques of Tape Reading* (2003, McGraw Hill). Schumacher 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](#).

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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 and Chris Schumacher are outside contributors to 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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