

Chris SCHUMACHER Last Close: \$15.07

NovaGold (NG:NYSE)

52-Week Range:
\$7.58 - \$18.20

Shine Fades on This Gold Name

- NovaGold's stock has gotten stuck in a congestion range.
- The next likely move is a break of range support and a downtrend continuation.
- Also, an update on Foot Locker.

The Short Advisor Portfolio

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

Chris SCHUMACHER Last Close: \$15.07

NovaGold (NG:NYSE)

52-Week Range:
\$7.58 - \$18.20

Shine Fades on This Gold Name

NovaGold (NG) experienced a strong gap higher from the \$12 price level to \$15 in July 2006. The resulting move up pushed the price as high as \$18 before it fell again during the past two months. What followed was congestion near the lows of the base between \$15 and \$16.

After a gap higher such as this, distribution pressure typically becomes stronger until buyers meet the supply. This tends to create a congestion range.

(Continued on the next page)

NovaGold (NG) -- Daily



Then after a congestion range forms from distribution, the next likely move is a break of range support and a downtrend continuation. This scenario is confirmed by a close under the former support. In the case of NovaGold, a close under \$15 would confirm a downtrend continuation signal.

So the ideal entry strategy for this setup will be to see price move back to \$15.90. The stop will be placed at \$18.10, offering \$2.20 in risk.

The first profit target will be placed at \$13.70, with a final profit target at the gap-fill level of \$12.25.

If the price closes under \$15 without first offering an entry, this trade setup is no longer valid.

Update

Foot Locker (FL) moved under \$23.40 without first offering an entry. This trade setup is no longer valid, and has been taken off the Watch List.

The Short Advisor Portfolio						
Company	Entry Date	Cost Basis	Stop-Loss	Targets	Most Recent Price	% Gain/Loss
Motorola MOT	10/19/2006	\$23.25	\$24.60	\$21	\$ 23.32	-0.30%
MEMC Electronic Materials WFR	10/05/2006	\$33.91	\$40.10	\$20	\$ 36.00	-6.16%

The Short Advisor Watch List

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

The Short Advisor Performance

Average Return Open Positions	-3.23%	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	-0.25%	

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](#).

Chris Schumacher

Schumacher serves as 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 -- [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 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.

TheStreet.com's Short Advisor contains the authors' own opinions, and none of the information contained therein constitutes a recommendation by TheStreet.com or any of the contributors that any particular security, portfolio of securities, transaction, or investment 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 and Mr. Schumacher are restricted from transacting for their own benefit in securities discussed in *TheStreet.com's Short Advisor*. However, certain of TheStreet.com's affiliates and employees may, from time to time, have long and short positions in, or buy or sell the securities, or derivatives thereof, of companies mentioned in *TheStreet.com's Short Advisor* and may take positions inconsistent with the views expressed.