

Dan FITZPATRICK

Last Close: \$88.44

MasterCard (MA:NYSE)

52-Week Range:
\$40.20 - \$97.14

Bears Crash Party

- MasterCard's enjoyed a very successful IPO this year.
- But after a steep surge during the past week, the stock is rolling over.
- Plus, updates on Joy Global, Marvell Technology and Motorola.

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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Bears Crash Party

MasterCard (MA) has been one of the most successful IPOs of 2006 since its debut in late May. But after the shares' 25% run-up since last week, the stock is rolling over, and those buyers

who were the last to the party are now in trouble. Let's take a look.

(Continued on the next page)

MasterCard (MA) -- Daily



Over the past couple of days, MasterCard has pulled back from Monday's peak on heavier than average volume. On the chart, I've shown the stochastics oscillator, which is a measure of momentum. You can see how the oscillator has rolled over after peaking at 90.

Now, it's not uncommon for stochastics to remain overbought for an extended period of time. That's what we see during August and September for MasterCard. But when a stock starts to pull back after a steep run-up, the usual follow-through is to the downside.

So the short entry is just below Wednesday's low – at \$87.95. After the trade is opened, set a buy-stop at \$92.05, just above yesterday's high. Since the thesis for this trade is that the stock is correcting from an overbought condition, any surge of strength is enough to prove that scenario wrong, which is why the stop is set a bit tight. But the target for the trade is \$75, which will fill last week's gap.

Updates

Joy Global (JOYG): This stock hit the entry at \$36.97, but has been moving up the past five consecutive days. The current stop is at \$40.95, and I'm inclined to leave it there. If that stop is hit, then Joy Global is likely completing a base and is ready to move higher. But until that stop is hit, the October high is a lower high since September and supports the bearish thesis.

Marvell Technology (MRVL): Marvell has been on the Watch List with an entry of \$16.35, but earnings are due to be announced next week. This isn't a good time to be shorting the stock, so I'm taking it off the Watch List.

Motorola (MOT): This trade is working nicely since the stock was shorted at \$23.25. Lower the buy-stop to \$22.75 to lock in a slight profit. The price target has been \$21, but the downside momentum is strong. So I'll drop the price target to \$20.

The Short Advisor Portfolio						
Company	Entry Date	Cost Basis	Stop-Loss	Targets*	Most Recent Price	% Gain/Loss
Joy Global JOYG	11/02/2006	\$36.97	\$40.95	\$29	\$ 40.09	-8.44%
Lee Enterprises LEE	11/08/2006	\$28.90	\$30.30	\$27.50 (1) \$23.30 (2)	\$ 28.90	0.00%
Motorola MOT	10/19/2006	\$23.25	\$24.05	\$20	\$ 21.47	7.66%
NovaGold NG	10/24/2006	\$15.90	\$18.10	\$13.70 (1) \$12.25 (2)	\$ 15.71	1.19%

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

The Short Advisor Performance

Average Return Open Positions	0.10%	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	-0.28%	
Total Average Return	-0.28%	

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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