

**Dan FITZPATRICK**

Last Close: \$68.89

Kohl's (KSS)

**52-Week Range:**  
\$42.78 - \$75.54

**Bears Go Shopping**

- Retail has been a mixed bag of late, and Kohl's is one name that's struggling.
- After a weak bounce in the stock price, the bears are pushing the envelope again.
- Plus, updates on Adobe, Federated Department Stores and Motorola.

**The Short Advisor Portfolio and Watch List**

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

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## Bears Go Shopping

The retail sector has been a mixed bag recently, filled with a lot of mediocre department stores.

One stock that's really struggling in the department store industry group is **Kohl's (KSS)**.

After printing a series of higher highs and higher lows, the stock began rolling over last month and looks like it's close to completing a top. Let's take a look at the chart.

*(Continued on the next page)*

### Kohl's (KSS) -- Daily



The November high appears to mark the maximum power of the bulls. Since that time, the stock has fallen back to test the prior low of around \$68.50 in late November. After a weak bounce, the bears are pushing the envelope again.

Short entry is on a print at \$68.25 -- just below the November low. If the short entry is triggered, then protect the trade with a buy stop at around \$71.20 -- just above the 50-day moving average.

The price target for this short is \$60.

Notice that support is actually down around \$58, but it's best to take this one step at a time.

#### Updates

**Adobe (ADBE):** The short entry was at \$37.90, with a stop at \$41. The stock has been moving higher over the last few days on a short-term oversold bounce, but I'll honor the stop and leave it where it is.

**Federated Department Stores (FD):** The short entry was at \$40.30, with a stop at \$43.10. The stock continues to decline, so I'll lower the buy-stop to \$40.30 for a worst-case breakeven.

**Motorola (MOT):** The short entry was at \$23.25, and the bears still have the best of this stock. The current price target is \$20, but I'll lower it to \$19 and just use a tighter trailing stop. The current stop is \$22.75, but I'll lower it to \$22.05.

| The Short Advisor Portfolio       |            |            |           |  |                   |             |
|-----------------------------------|------------|------------|-----------|--|-------------------|-------------|
| Company                           | Entry Date | Cost Basis | Stop-Loss | Targets*                                 | Most Recent Price | % Gain/Loss |
| Adobe<br>ADBE                     | 12/07/2006 | \$37.90    | \$41      | \$32 (1)<br>\$30 (2)                     | \$ 40.30          | -6.33%      |
| Salesforce.com<br>CRM             | 12/12/2006 | \$40.50    | \$42.10   | \$38.90 (1)**<br>\$33 (2)<br>\$28.60 (3) | \$ 39.17          | 3.28%       |
| Consolidated Edison<br>ED         | 11/29/2006 | \$48.20    | \$49.25   | \$47.15 (1)<br>\$45.30 (2)               | \$ 48.61          | -0.85%      |
| Federated Department Stores<br>FD | 12/01/2006 | \$40.30    | \$40.30   | \$33                                     | \$ 38.34          | 4.86%       |
| Huntsman<br>HUN                   | 12/05/2006 | \$18.25    | \$19.10   | \$17.45 (1)<br>\$15.90 (2)               | \$ 18.91          | -3.62%      |
| Lee Enterprises<br>LEE            | 11/08/2006 | \$28.90    | \$30.30   | \$27.50 (1)<br>\$23.30 - \$23 (2)        | \$ 29.27          | -1.28%      |
| Motorola<br>MOT                   | 10/19/2006 | \$23.25    | \$22.05   | \$19                                     | \$ 20.65          | 11.18%      |
| NovaGold<br>NG                    | 10/24/2006 | \$15.90    | \$18.10   | \$13.70 (1)<br>\$12.25 (2)               | \$ 16.69          | -4.97%      |

\* (1) Indicates initial profit target; (2) Indicates final profit target. \*\* Initial target hit Dec. 13.

### The Short Advisor Watch List

| Company                         | Author     | Date Published | Current Price | Entry Price | Stop-Loss | Targets*                  |
|---------------------------------|------------|----------------|---------------|-------------|-----------|---------------------------|
| Harvest Natural Resources (HNR) | Schumacher | 12/12/2006     | \$10.16       | \$11.35     | \$12.15   | \$10.55 (1)<br>\$8.50 (2) |

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

### The Short Advisor Performance

|                                 |        |  |
|---------------------------------|--------|--|
| Average Return Open Positions   | 0.29%  | 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 | -0.36% |  |
| Total Average Return            | -0.34% |  |

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](#).

### Contact Info

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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.

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