

Chris SCHUMACHER Last Close: \$6.41

ENGlobal (ENG:Amex)

52-Week Range:
\$5.25 - \$15.20

Running Out of Steam

- Shares of ENGlobal have fallen since the second quarter of 2006.
- The stock sat out the broader market's rally and appears headed for new lows.
- Also, updates on the Biotech HOLDERS, Harvest Natural Resources, NovaGold and Salesforce.com.

The Short Advisor Portfolio

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

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Regards,
David Morrow
Editor-in-Chief

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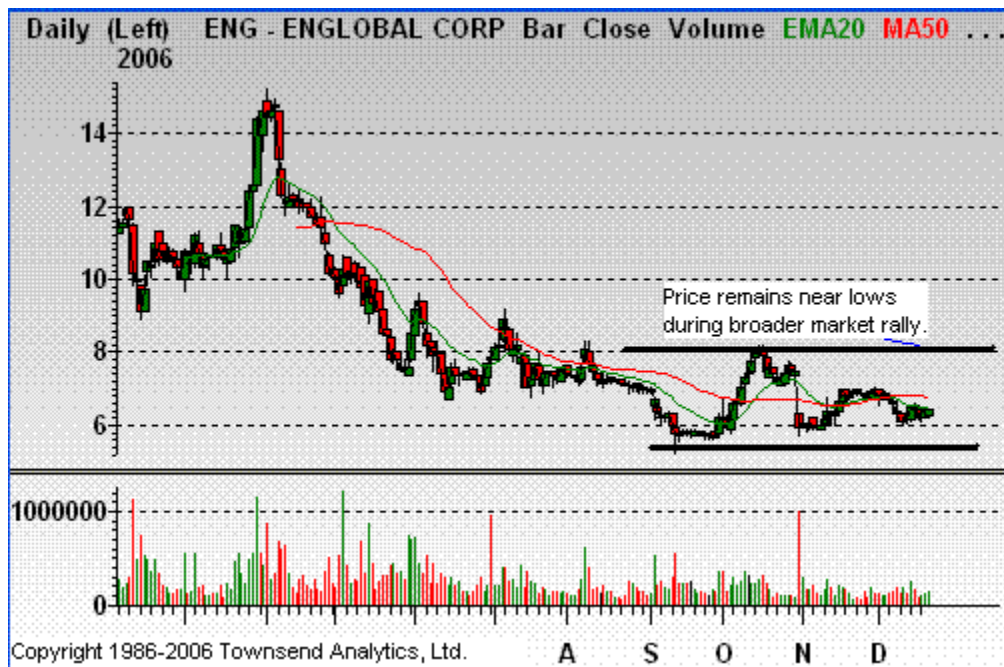
Shares of **ENGlobal** (ENG) have been weak since the second quarter of 2006. Price has dropped steadily downward from a euphoric high of \$15.20 in April to a trading range between \$6 and \$8 a share.

As the chart below shows, the euphoria in April was characterized by the large spike in buy-side volume

along with the vertical price movement higher. This type of move usually leads to an exhaustion point in the stock's ramp higher and creates a sharp reversal. In this case, ENGlobal's share price plunged from \$15 to \$12 before steadily moving lower toward \$6 in July.

(Continued on the next page)

ENGlobal (ENG) -- Daily



Since the July period, shares have made a succession of lower highs, which suggests additional distribution pressure. Given that the broader market has rallied considerably since August while ENGlobal's stock price has remained stuck in a narrow range near its lows, distribution pressure still outweighs accumulation pressure. This should lead to new lows in the coming months.

The ideal entry strategy for this short setup will be to see the price move back above \$7.05, and then take entry at \$7.05 as the shares resume their decline. The stop will be placed at \$8.25, which will offer \$1.20 in risk. The profit target will be at \$5.85 to satisfy the 1-to-1 reward/risk ratio.

If ENGlobal's price moves below \$5.80 before offering the entry, this trade setup is no longer valid.

Updates

Biotech HOLDRs (BBH) set up last week with an entry at \$184. The stop is placed at \$189, and the profit

target is at \$179 to satisfy the 1-to-1 reward/risk scenario.

Harvest Natural Resources (HNR) has not set up yet. The ideal setup is an entry at \$11.35, with a stop at \$12.15. This offers 80 cents in risk. The first profit target will be placed at \$10.55 to serve the 1-to-1 reward/risk scenario, with a second profit target at \$8.50. If the price moves below \$9.50 before offering an entry, this trade setup is no longer valid.

NovaGold (NG) remains open with the entry at \$15.90. The stop is at \$18.10, offering \$2.20 in risk. The first profit target is \$13.70, with a final profit target at the gap-fill level of \$12.25.

Salesforce.com (CRM) remains open with an entry at \$40.50. The first profit of \$38.90 has been filled, and the stop was lowered to \$41.50 on the remaining position. The next profit target is at \$33. The final profit target will be \$28.60, which is the area that will fill the gap left from August.

The Short Advisor Portfolio						
Company	Entry Date	Cost Basis	Stop-Loss	Targets*	Most Recent Price	% Gain/Loss
Biotech HOLDRs BBH	12/19/2006	\$184	\$189	\$179	\$ 183.25	0.41%
Salesforce.com CRM	12/12/2006	\$40.50	\$41.50	\$33 (1)** \$28.60 (2)	\$ 36.05	10.99%
Federated Department Stores FD	12/01/2006	\$40.30	\$40.30	\$33	\$ 38.09	5.48%
LAM Research LRCX	12/21/2006	\$50.42	\$54.20	\$40	\$ 49.80	1.23%
Motorola MOT	10/19/2006	\$23.25	\$21.50	\$19	\$ 20.26	12.86%
NovaGold NG	10/24/2006	\$15.90	\$18.10	\$13.70 (1) \$12.25 (2)	\$ 16.58	-4.28%

* (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*
Harvest Natural Resources (HNR)	Schumacher	12/12/2006	\$10.29	\$11.35	\$12.15	\$10.55 (1) \$8.50 (2)
Kohl's (KSS)	Fitzpatrick	12/14/2006	\$69.82	\$68.25	\$71.20	\$60

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

The Short Advisor Performance

Average Return Open Positions	4.45%	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	-0.42%	
Total Average Return	-0.33%	

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

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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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