



# The Coe Report

Intraday Bulletin

1.06pm EDT 11 January 2010

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## Near-term Market View

The **S&P 500** ended on Friday at 1144.98, fulfilling our target of 1145. Today's open was to the upside but the index got cold feet 30 minutes later. Leadership this morning was provided by the Dow Jones Utility average, up by around 0.8%, the S&P was flat. So the week is starting on a downer, with a defensive rotation. We remain cautious at current levels and stops on some of the portfolio trades are tightened.

## Buy

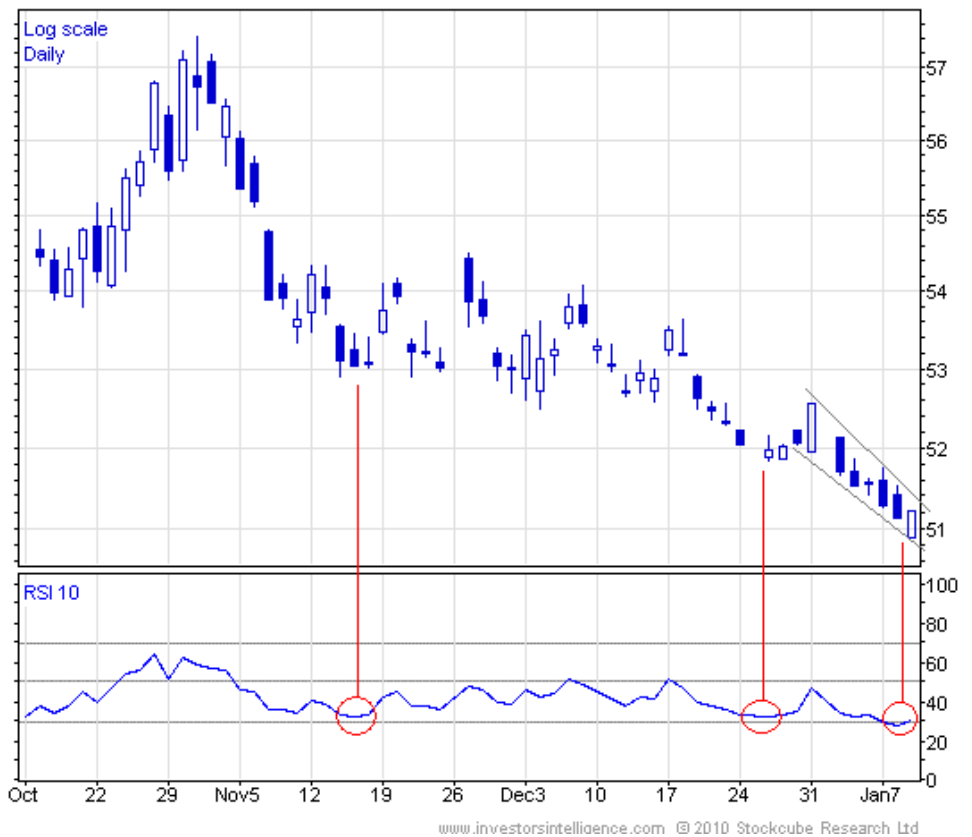
The **ProShares Short S&P 500 (SH)** ETF is a straightforward method to play downside on the index.

Essentially, this chart is a mirror image of the index chart shown on Friday. Like that chart, momentum is at an extreme. The chart is oversold, with the 5-day RSI at the same level as it was ahead of previous bounces. Some of those previous moves only lasted two sessions, so if bought, a quick exit strategy to lock in any profit is necessary.

We will open a long in SH at 2.30pm and the trade will have a portfolio weighting of 20%. The initial stop will be placed at \$50.80 and an end-of-day close is needed beneath that to trigger closure on the next session. That stop would be moved to entry and switched to intraday as soon as a 1% gain is realized. The initial target is \$52.50 and if broken decisively, it would be raised to resistance at \$54.

ProShares Short S&P500 (SH) 51.21 +0.09

11 Jan 2010

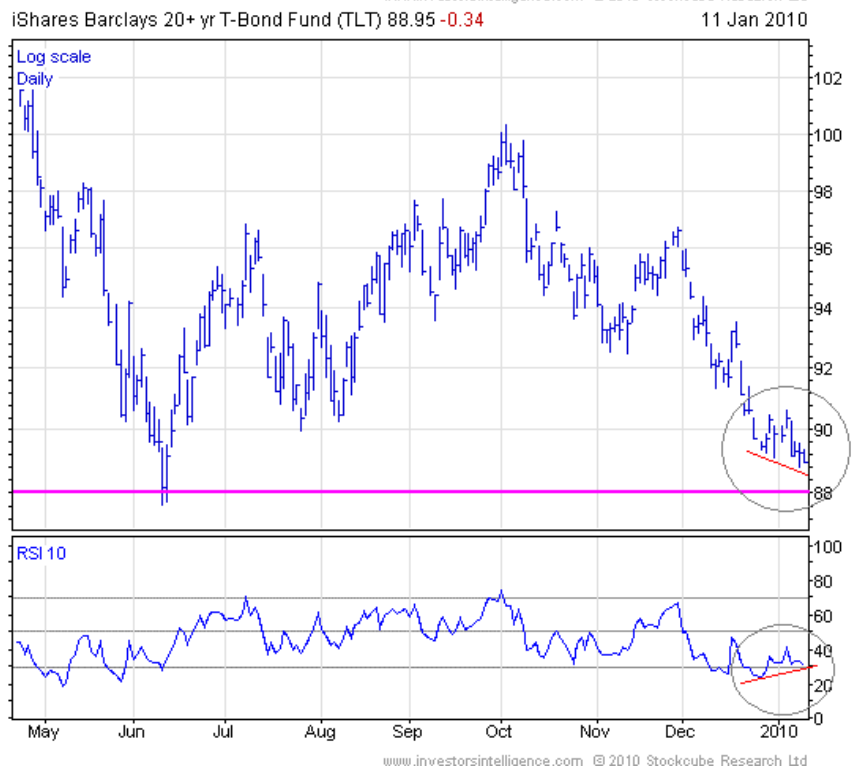
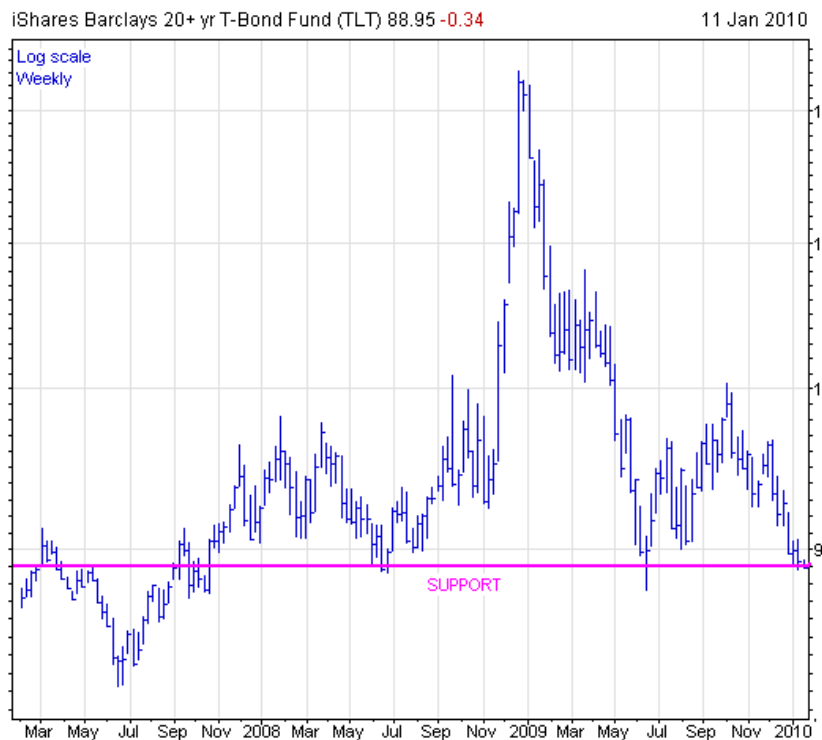


## Buy

The **iShares 20+ year T-Bond Fund (TLT)** is trading at a three year support shelf across \$90, highlighted on the weekly bar chart.

Short-term momentum, 10-day RSI, has developed a bullish divergence relative to price action. That coupled to the presence of support implies rally potential, with risk limited to just under that June low. If a bounce were to develop from the \$88 to \$90 level, it is likely to travel all the way up to \$98, establishing a similar range to that of November 2007 through to May 2008.

We will buy TLT today at 2.30pm. We would exit following an end-of-day close beneath \$87.50. The trade will be allocated 7.5%.



## Stop Adjustments

The stop for the **IPATH Industrial Metals (JJM)** long is raised to \$40.60 and is now intraday.

The stop for the **SPDR Gold Trust (GLD)** is tightened to \$112 and is now intraday.

The stop for the **PowerShares Water Resources (PHO)** is raised to \$17.50; remains EOD3.

The **Amazon (AMZN)** stop is raised to \$128.78 and is now intraday.

The **Hartford Financial Services (HIG)** stop is raised to \$25.75 and is now intraday.

## Position Closure

The long in **Nike (NKE)** will be closed out at 2.00pm (failing to break above \$66).

## Portfolio

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Target	Stop	Alloc %	Comment
19 Oct 2009	<b>IPATH DJ-AIG INDSTR METALS</b>	JJM	Long	36.418	41.19	+13.10%	41.50	40.60	5	Stop type - ITD
28 Oct 2009	<b>PowerShares DB US Dollar Index Bearish</b>	UDN	Long	28.09	27.8	-1.03%	29	27.40	5	Stop type - EOD3
2 Nov 2009	<b>Powershares DB Oil Fund</b>	DBO	Long	27.38	28.64	+4.60%	31.50	28.20	5	Stop type - ITD
4 Nov 2009	<b>TJX Cos.</b>	TJX	Long	38.635	38.55	-0.22%	50	36	5	Stop type - EOD3
13 Nov 2009	<b>PHILIP MORRIS INTERNATIONAL</b>	PM	Long	50.06	49.26	-1.60%	56.26	47.20	5	Stop type - EOD3
13 Nov 2009	<b>Mastercard Inc</b>	MA	Long	234.31	253.98	+8.39%	260	250.90	5	Stop type - ITD
16 Nov 2009	<b>GSI Commerce Inc</b>	GSIC	Long	19.70	25.85	+31.22%	25	25.10	2.5	Stop type - ITD
18 Nov 2009	<b>PowerShares Water Resources</b>	PHO	Long	16.61	17.7	+6.56%	18.50	17.50	5	Stop type - ITD
25 Nov 2009	<b>Nike Inc</b>	NKE	Long	65.71	65.72	+0.02%	70	62.87	5	Stop type - EOD3
9 Dec 2009	<b>SPDR Gold Trust</b>	GLD	Long	110.0425	111.37	+1.21%	130	112	5	Stop type - ITD
14 Dec 2009	<b>Talbots Inc</b>	TLB	Long	8.59	10.59	+23.28%	10	10.10	2.5	Stop type - ITD
16 Dec 2009	<b>Burger King Holdings Inc</b>	BKC	Long	18.46	18.71	+1.35%	20	17.85	2.5	Stop type - EOD
16 Dec 2009	<b>Tyco Electronics Ltd</b>	TEL	Long	23.6225	25	+5.83%	30	24.36	5	Stop type - ITD
21 Dec 2009	<b>Amazon.com Inc</b>	AMZN	Long	132.71	133.52	+0.61%	166	128.78	5	Stop type - ITD
21 Dec 2009	<b>JPMorgan Chase &amp; Co</b>	JPM	Long	41.849	44.68	+6.76%	47.47	43.86	5	Stop type - ITD
23 Dec 2009	<b>Hewlett-Packard Co</b>	HPQ	Long	52.395	52.59	+0.37%	68.90	51	5	Stop type - EOD3
6 Jan 2010	<b>Hartford Financial Services Group Inc</b>	HIG	Long	26.29	26.22	-0.27%	30	25.75	5	Stop type - ITD

(Friday's closing prices)

### Key to Stops

**ITD** executed when the stop is touched intraday.

**EOD** activated on an end of day close beneath the stop level. Trades should then be closed out on the following day. Our trade will be closed out at the day's mid-range (to reflect a fair/average exit price).

**EOD3** activated on three consecutive end of day closes beneath the stop level. Trades should then be closed out on the fourth day. Our trade is closed out at the day's mid-range.

**Tarquin Coe, Technical Analyst.** Let us know your feedback at [analysis@investorsintelligence.com](mailto:analysis@investorsintelligence.com)

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