

Sept 24, 2014

Good Day Traders,

Market Update: This rebound relief like rally is being very specific with only certain stocks and Indexes. Yesterday we saw the Percentage of NYSE Stocks above Their 20 day SMA has slipped to a very extreme level and as advertised we are bouncing today. Both SPX and NDX are bouncing more robustly than the Russell, but in all cases it is another one of those big day up following a few days of big downs.

SPX: Rebounding from support at 1980 and hitting resistance at the 8 & 20. Whenever you see the moving averages grouped together like this the support or resistance is more significant.

NDX: The Index has powered up through the 8 & 20 so there is a good probability that we will power on up to the past highs. If the market remains wobbly we will watch for signs of weakness like reversal candlesticks or doji's. TQQQ provided a weak entry this morning from a secondary support at 86. I call this weak because it almost in "no-man's" land between more prominent levels of support and resistance. No real good trigger!

RUT: Price action came close to support at 1115 and bounced somewhat reluctantly and without as much gusto as the other Indexes. At the same time the Russell has more to make up due to its accelerated fall over the previous 3 days. If this bounce takes prices back to the 8 day EMA then that may be a good target profit taking in the TNA trade.

Trade Management: TSLA is resting with others starting to pile on about its valuation. Today it was the former President of GM, yeah he knows how to run a successful car manufacturing business! For the time being it appears that buyers are willing to come in zone bracket by the 50 day SMA and 244.49. Current price is resting just below the 50 day SMA and price is consolidating.

We sold the long TSLA Oct 14 255P this morning as buyers came into TSLA in the support zone. Profit $(13.05 - 11.70) = 1.35$ or \$135 per contract. We held one contract.

Currently the only position open on TSLA is the Sept 4 255C which we sold for 3.25 and it expires this Friday. We will look to roll this position tomorrow or Friday.

TNA: 150 share filled at \$68 on a half position. Mike T. and I discussed how we wanted to do this trade and we both agreed that while we do have a solid signal, the market is very volatile at this time so we'll wanted to go light with this first entry and let the market prove itself. We will use the 8 day EMA as the first profit target for the Income Generating Target or T1 and will place a conditional order to sell $\frac{1}{2}$ of this position at 70.25 which slightly inside the previous target due to the falling 8 day EMA. Here's the order:

Order Alert: Sell 75 shares of TNA

Type: Income Generating

Order: Sell to Close

Quantity: Sell 75 shares

Income Generating Target = 70.25 (this can be set as a market conditional order also) Capital Growth

Target = Use 8 day EMA Rule when price goes back above 8 day EMA

Initial Stop Loss = 7% max loss is at 63.24

The Market isn't giving us a lot this morning. The extreme condition on one of our triggers is in place for a trade on TNA or TQQQ or both, but little momentum at this point in the morning. Additionally, there is

Order Alert: Buy 150 shares of TNA

Type: Income Generating & Capital Growth

Order: Buy to Open

Quantity: 150

Trigger Conditions: Stop Limit; Stop = 68.00 Limit = 68.05

Income Generating Target = 70.50 = T1

Capital Growth Target = Use 8 day EMA Rule when price goes back above 8 day EMA

Stop Loss = The 7% max loss is at 63.24

Price may test back to 20 day SMA prior to breaking out, the order will be adjusted if this test materializes.

Sept 23, 2014

Good Day Traders,

Sometimes it's best to just stand back and limit market exposure and wait for things to settle down. This is where we find ourselves currently. Indexes are weakening and most stocks going along with the market. It seems that past support levels are breakdown which is a function of overall market weakness. If the pattern from the past few years repeats itself, September weakness usually leads to strength in the last 3 months of the year. We shall see.

Market Update: Each of the Indexes continued their downward trajectory today gapping down from yesterday's close. The uptrend that was reinstated couple of weeks ago is under pressure again. For those who follow the Percentage of Stocks Above Their 20 day Moving Average you are aware that this predictive indicator is extremely oversold. While we do not take trades of of this indicator, we do recognize that when it hits extremes below 25-30% there is often a tradable rally in the offing. With the extremes present viewing where the Indexes may find support for a bounce is prudent. We must remember that just because an indicator is extremely oversold and

that price action can't go lower, so we wait for a good reversal candlestick pattern before initiating trades in the Index ETF's.

SPX: After yesterday's Evening Star Bearish Reversal pattern the SPX resolved to the downside. Support at 1991 was broken and the next level of support is at 1980 just above the 50 day SMA. The bearish Expanding Top pattern also remains in play and a trip back to the bottom of this formation would show considerable weakness. This pattern could be more predictive of a more sustained downside move.

NDX: Both SPX and NDX remain the two strongest of the three Indexes we follow. So if we do get a tradable rally set up with price above the 50 day SMA, I would look to buy shares of TQQQ. Last year NDX started showing weakness around Sept 19th and moved down until Oct 9th before bouncing into the end of year move. While this year's price action is not exactly the same, the tone seems to be similar. One thing I've noticed is that this cyclical movement is about 2 weeks ahead of last year.



RUT: The Russell has retreated with acceleration 5.5% from the high on September 3rd. The strategic approach for trading one of the RUT ETF's was highlighted in last night's Update. This analysis is still valid. Notice how price appears to be diving into a blue pool of support. Waiting for price to hit the actual support zone provides a lower risk potential entry, if we get a good reversal signal.



Trade Management: TSLA closed below the 50 day moving averages after bouncing from support in the 244.50 zone. Most of the drop from 290 appear to be some serious profit taking and the talking heads are having a field day with stories about TSLA is ahead of itself. With current market condition any negative noise after a big run up can shake out investors to protect profit. TSLA is a Leaderboard stock and even the commentary there was characterizing the seriousness of the potential correction if the breakout level of 244.50 is broken. While there is some validity that such price action would speak to the weakness in the stock, calling it serious is at this point speculation because that won't be known until after the correction actually happens.

The Naked Put Trade hit its stop loss at 7.10 and the contracts were purchased back at market for 7.25 for a 5.15 loss. Fortunately we were able to partially offset this weekly loss with a double dip covered call. A long Oct 14 255P was opened today at 11.70 to provide protection if the prices continue to weaken. Between this and the covered call it will cover most of any downside so profits in place thus far will be protected.

Observation: With the 8 & 20 day moving averages now turning over and a short term bearish cross in place, any movement back towards the moving averages would provide opportunities to take a bearish protection position. Reference the slope of the 8 day EMA for an indication of the downside momentum currently present in TSLA. At the same time if the 244.50 level holds then this would be an excellent zone to reopen a naked put, but only one contract. We must remember the current momentum in the Indexes is down and this will influence 60-70% of all stocks.

Potential Trades: Many growth stocks are pulling back to retest past support. Some are rebounding and others are failing. A good example of this is EMES. Support failed just above 115. However, price did find support at the 100 day SMA at 108.74. Taking trades close to past support is a very good strategy because it put one really close to the stop loss if price do what they are not supposed to do.

Upside: The primary two trades I'm waiting for are TNA and TQQQ. If this year's market follows the pattern established over the past few years, then a very tradable rally is in the offing. From the low in October last year to the end of the year, TQQQ gained over 50% and TNA gained over 37%. We'll be standing by for support to be confirmed.

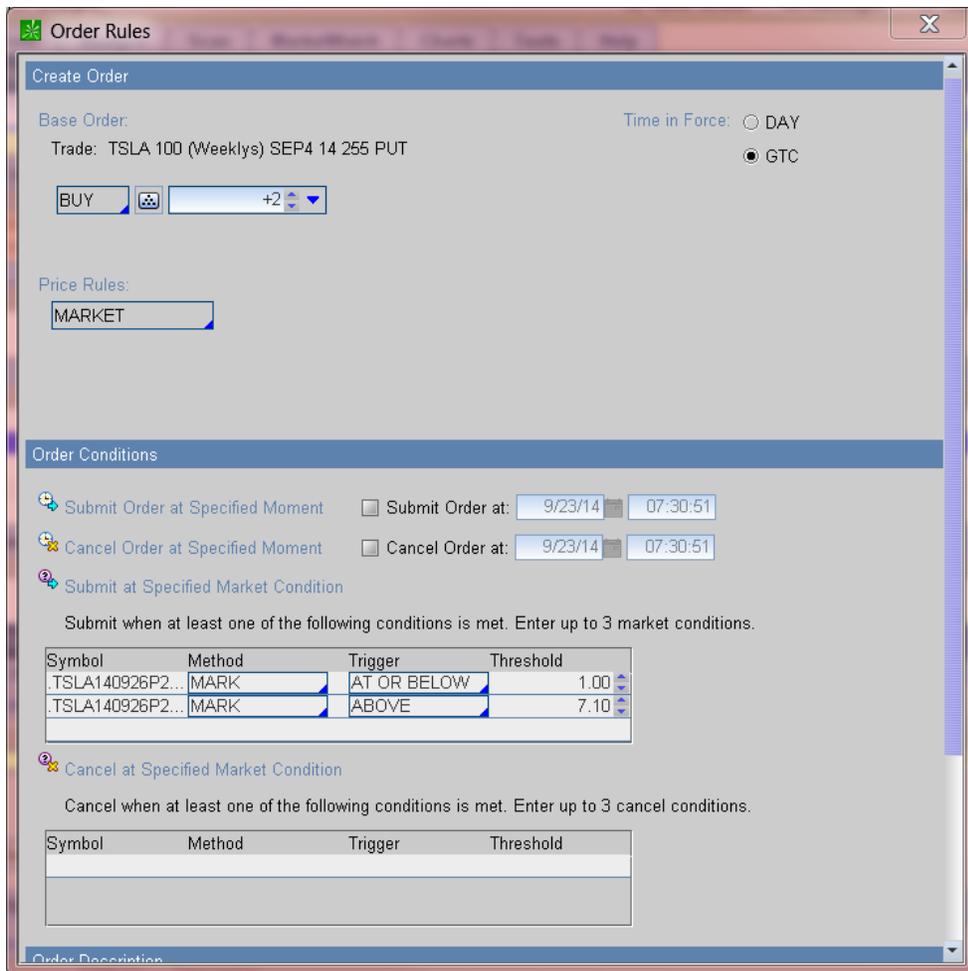
Other stocks with some upside potential (if support holds) include: TSLA, YY off the 100 day SMA, SWKS and BITA.

Toss Ups: BIDU, ALXN and VIPS.

Downside: NFLX & LNKD.

Sept 23, 2014
Good Day Traders,

Quick update on TSLA naked put trade and another covered call trigger. TSLA has rebounded from the support zone at 245 and is trying to retake the 50 day moving average currently at 251.65. The following GTC order will be placed to close out the naked put if price action continues up or if it reverses and falls below the 50 day again. Here's the order:



As we highlighted yesterday that if TSLA retakes 252.50 we would sell the 255 covered call. This order triggered this morning and resulted in collecting \$3.25 in premium on the Sept 4 255C. A GTC order will be placed to buy back the call at 30% of \$3.25 or 0.97 cents. This is the second covered call we've done on TSLA this week. The first trade generated \$184 in Income.

If TSLA continues to bounce and sustains a breakout above 252.50 then look for resistance at the 8 day EMA. With the current weakness in TSLA this would be a potential spot to take a more aggressive bearish position depending on market conditions.

Sept 22, 2014
Good Day Traders,

There will be no Mid-Week Market Sanity Check Training Session this week. I will be attending a conference from Wednesday through Saturday. October is a 5 week month so we will be back on schedule on October 1st.

Market Update: The Uptrend is Under Pressure again after today's price action! The Art & Science-Trader's Report last night hit the nail on the head on what may be happening to put us in a position to minimize losses and hold onto the gains for the year. Over the last three years all corrections have been short and shallow. Will the pattern continue? We will see.

SPX: Support at 1991 held, but momentum is again falling. We are back in the routine of big day down followed by a big day up, but if this routine is broken then perhaps we'll finally get some traction to the down side. If we continue to fall I would switch to either the ETF's for the NDX or RUT, which is QQQ or IWM respectively, to short. Of course consider very carefully about trading bearishly. We do all of our research only taking bullish trades and the system does extremely well without needing to trade to the downside.

NDX: Nothing has changed from the Update during the day.

RUT: Nothing has changed from the Update sent prior to market close.

A Lesson on Strategic Trade Planning: In today's earlier Market Update a chart of the % of Stocks on the NYSE above their 20 day SMA was provided. This chart showed that this indicator shows the action is again in the lower reversal zone below 30. There is a pattern that when lows are reached in the 20-30% range a reversal is typically in the offing. This indicator has been a very good predictor of this bullish reversal. So while we anticipate this reversal how does one take a strategic view of planning a trade and then exercise the patience to wait for the pattern to play out? Here's a planning approach that may help.

1. Identify zones on the chart where clues will come together for a strong entry
2. Determine what kind of trade you will execute, long ETF or Option
3. Set a conditional order or an alert for when price action reaches the level of interest?
4. Define the profit and stop loss targets

Each of these points should be written in your trade journal. Then wait for the set up to fulfill. Let's take TNA as an example.

TNA 20 y D D: 9/22/14 O: 70.48 H: 70.67 L: 67.9 C: 68.43 R: 2.77 FPL: N/A KeltnerChannels (0, 2.0, 20, ...



- Strong Support at \$60.50 - \$65
- A stop short of this zone would require a reversal candle
 - Initial Stop Loss below New Swing Low
 - Must bounce from Support
 - Oscillators falling close to support

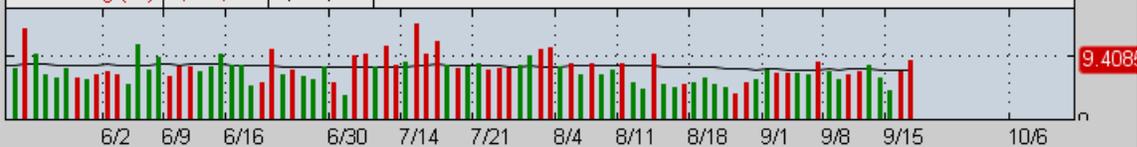
TrueStrengthIndex (8, 8, 3, EXPONENTIAL) -30.1057 -23.6045 0



Momentum (12, OHLC4) -7.16875 0



VolumeAvg (50) 9,408,594 7,824,841



6/2 6/9 6/16 6/30 7/14 7/21 8/4 8/11 8/18 9/1 9/8 9/15 10/6

Market Update: All the indexes reacted to the news regarding China's economy and the government's reluctance to announce a new stimulus package. At this point of the morning, selling has been the tune for the day. What we wait for now is the levels where the buyers step back in. I'm posting the chart of NYSE Stocks above their 20 day SMA. Note that with today's selling action the number of stocks above their 20 day SMA has again fallen below the 30% level and may be flirting with 20% level soon which has been the precursor to market bounces. Do we nibble on one of the leveraged ETF's at this point? No not yet. We'll continue to monitor through the end of the day. Let's prepare for a reversal, but wait for an indication that a bounce is actually happening.



Of the leveraged Index ETF's TQQQ is stronger than TNA, but TNA offers more option opportunities. We'll keep our eye on both.

SPX: Price action is currently looking like an Evening Star like pattern. This is a Bearish Reversal pattern. Normally we would expect this signal to lead to a bit of a pullback or correction, but the recent history of the SPX was that a bearish signals have quickly led to strong bounces. Price is setting just above 1991 which is support so we'll see if we push through to the downside or bounce here. Next support is at 1980 and the 50 day SMA.

NDX: Like the SPX price has dropped below the 8 & 20 day moving averages to sitting on the support zone that starts at 4050. Next stop is 4000 if support fails. Remember the trend remains up, but weakness is present as discussed in the Art & Science Trader's Report.

RUT: Fell further and faster than the other Indexes this morning but also finding a support zone starting at 1126 running down to 1120. Of course there is significant support at the 1107 level and we should know soon if this is a viable downside target.

Trade Management: TSLA sold off to the breakout support of 244.50. We closed the covered call side of our weekly trade for a profit of \$1.84 when we bought back the Sept 4 270C for 54 cents. Right now the naked Sept 4 255 Put is underwater but the plan is to hold until Thursday or Friday and then reloaded. Right now the \$244 level is our stop on this the Naked Put trade. A conditional order is in place to buy back the Put if price goes below \$244.

TSLA will continue to be a long term hold to continue doing credit trades against it as a demonstration trade. A bounce back to the 50 day SMA or 252 may set up an opportunity to double up on the covered call for week. An alert will be broadcast is that trade sets up.

The remainder of the both account are in cash until a proper entry Action Point appears to either the upside or downside.

Sept 18, 2014

Good Day Traders,

Market Update: The market is back in confirmed uptrend per IBD's Big Picture. Buyers came in 3 days ago and provided the traction for the move up! Two strong days of buying with a day of indecision sandwiched in between. Yesterday's long legged spinning top is a cousin of the doji, and price tends to move in the direction of the open after one of these indecisive candlesticks. Today the direction was up.

SPX: Closed at a new all-time high! Time to party like 1999! Those who were trading back in 1999 and 2000 will get that comment. Clearly buyers are still in control of the overall market and when price reached the appropriate support level they stepped in. Did the Fed's decision help? Perhaps that provided a green light to press higher because with frozen interest rates people will not be moving much capital out of equity for larger returns.

NDX: Right back at resistance and a break out here would propel prices towards 4147 which was a swing high from 2000. 4816.35 was the all-time high for the NDX, so is that in the cards? We shall see. If we price do break through the 4147 there is no significant resistance all the way to the all-time high. From the low to the high this year has been a range of over 680 points and this amount added to where we are brings the all-time high into range. As with the SPX,

with the shorter term moving averages turning positive we will evaluate each retracement to these for an opportunity to go long one of leveraged Index ETF's.



RUT: Remember that the Russell is the weakest link Index. It is currently working with in a down trending channel, without the same level of buying activity present in the SPX and NDX. With that said though, it can go on a tear and catch up with the other indexes very quickly. Currently there is resistance at 1163 and the top of the down trend channel and coming off of new swing low. This Index represents the small caps that continue to lag the rest of the market. Some of the growth stocks we track in the private watch list are listed in the RUT. At this point the price action for the week is positive.

Trade Management: We took a small loss on the MBLY position after price action yesterday activated the 8 day EMA rule with a close below the 8 day. The loss was only 2.2% and was offset nicely by gains in TSLA and the covered call and naked put trade actives closed today. MBLY is still a stock of interest and on the IBD Leaderboard list, it is just not done basing so

we'll keep it on the list and watch for another entry Action Point. When price action behaves like MBLY did today, I'm very thankful for the 8 day EMA rule rather than using the 7% stop loss! It really minimized the downside.

TSLA: We filled on both the Sept 4 14 255P and the Sept 4 14 270C.

For those unfamiliar with how Think or Swim designates their option chains the abbreviation of the month is the expiration month, the next number is which week it will expire followed by the year it will expire and then finally the strike price and type of option round out the designation. There is also the Option Code which for the 255 Put is TSLA140926P255. This tells us that the option is for TSLA, in 2014 which expires on 9/26. The P is for put and 255 the strike price. I will use each of these when defining which option I'm trading. If there is a question on this drop me a note.

There was a question regarding how did I open a new covered call with the other covered call in place we opened earlier this week. The answer is I did not have an open covered call. Remember when I said I place a GTC order to buy back the covered call when I have collected 70 of the premium. The option that was opened at the start of the day was the Sept 14 267C, it hit my standing GTC order to buy it back at 0.65, so the shares of TSLA were open for another covered call.

The other question dealt with margin requirements for the Naked Put position, in an IRA the cash must be on hand for the position, so a 250 Put would tie up \$25K in capital. But depending on the broker in a margin account the same naked put may require ¼ to ½ of the trading capital. If an account is not big enough the naked puts may not be an option.

Current Option Positions:

.TSLA40926P255 sold for 2.14; GTC order in place to buy to close the put at 0.62

.TSLA40926C270 sold for 2.40; GTC order in place to buy to close the call at 0.72

I try not to adjust these positions through Thursday of next week unless one or either of the position automatically closes. The best outcome would be reached if TSLA's price stays between 255 and 270 next week.

Potential Trades: Waiting for proper set ups.

Upside: TNA & TQQQ on bounce off 8 day EMA, BITA

Toss Ups: (could go up or down) VRX, VIPS, AMZN, ARRS, WUBA & FANG

Downside: QIHU, NFLX, LNKD & UBNT

TSLA: There was a late order placed for both a weekly covered call and naked put this afternoon. As price settled out this afternoon, I applied the process covered in the Training Video "Turbo Charged Covered Calls" to estimate what value of option I wanted to sell to achieve a 1.5% - 2% return on the position through Friday of next week. The

Sept 17, 2014

Good Day Traders,

Market Update: Even though the Fed Report was not a surprise the market look to take the non-news in stride and do very little except bounce between support and resistance. The SPX was strongest and the Russell was the weakest Index, but what next? Will the Chinese implementation of a QE program spur the markets in to a renewed strength or will the weight of a 3-5 year bull market continue to generate drag? We shall see.

SPX: Today's Price Action came within a whisper of the all-time high of a couple of weeks ago. The positive is that the closing stayed above the 8 & 20 day moving averages and a bit of momentum showed up, but the wide range again provides clues that these big moves are not showing a healthy market environment. As said in the last update last night, this wide range due disorderly and unpredictable daily moves are challenging to trade so we wait. Today would be considered a stall day as reflected by a long legged spinning top.

NDX: Similar story to the SPX again today is beginning to sound like a broken record, but it's what's happening. Positive we're not getting a bigger sell off while excesses are being worked off. This is both good and bad because a purging of the system would help reset the playing field and fresh opportunities would emerge. The NDX and trading the related ETF's remains a toss-up in both directions.

RUT: Remains the weakest of the Indexes. Clearly the 8 & 20 day moving averages have crossed and the 50 day SMA has steepened its downward slope. A break below the 100 & 200 day moving averages or a retest back towards the 8 day may provide bearish trade entry Action Points, but right now be may toss around a bit before a solid entry presents itself. We can almost sense the battle between buyers and seller taking place. Patience is the key word. If a good set up to trade TNA presents itself a Trade Alert will be generated.

Trade Management: MBLY filled today at 50.89 and then pattered around finish below the 8 day EMA slightly. Of course we would all prefer that when we enter a position it take off in a positive manner; however that is not the reality of the market. Sometimes they do and sometimes they don't! So while I don't like placing a stop loss so close to the closing price doing this has saved my bacon on many occasions, so the rules work. The challenge often is having the fortitude to take the rebound trade is another proper entry Action Point appears after getting stopped out. However we haven't been stopped out as right now but the 8 day EMA Rule has been activated.

I will keep the OCO order in place but change the Stop Loss trigger to 15 cents below today's low which is 49.75.

Order 1:

Stop Loss Conditional Order: Sell to Close 200 share of MBLY at Market

Condition: Price below 49.75

Order 2:

Income Generating Order: Sell to Close 100 shares of MBLY

Condition: Price at or Above 55.00

Order is GTC and will be modified if Income Generating T1 = 55 is hit

The Order Rules for the Stop Loss looks like this on Think or Swim:

Order Rules

Create Order

Base Order: Trade: MBL Y OCO Time in Force: DAY
 EXTENDED HOURS
 GTC
 GTC+EXTENDED

SELL -200

Price Rules: MARKET

Order Conditions

Submit Order at Specified Moment Submit Order at: 9/17/14 16:53:46

Cancel Order at Specified Moment Cancel Order at: 9/17/14 16:53:46

Submit at Specified Market Condition

Submit when at least one of the following conditions is met. Enter up to 3 market conditions.

Symbol	Method	Trigger	Threshold
MBLY	MARK	BELOW	49.75

Cancel at Specified Market Condition

Cancel when at least one of the following conditions is met. Enter up to 3 cancel conditions.

Symbol	Method	Trigger	Threshold
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The Order Confirmation is:

Order Confirmation Dialog

Account: 861390844 (WSR Acct) Auto send with shift click

#1 Order Description	SELL -200 MBLY MKT GTC OCO [TO CLOSE]
#1 Order Conditions	MBLY MARK BELOW 49.75
#2 Order Description	SELL -100 MBLY MKT GTC OCO [TO CLOSE]
#2 Order Conditions	MBLY MARK AT OR ABOVE 55.00
Cost of #1 Order including commissions	credit \$10,046.00 - \$5.00 = credit \$10,041.00
Cost of #2 Order including commissions	credit \$5,023.00 - \$5.00 = credit \$5,018.00
Cost of Trade including commissions	credit \$5,023.00 - \$5.00 = credit \$5,018.00
Buying Power Effect	\$0.00
Resulting Buying Power for Stock	\$2,441.10
Resulting Buying Power for Options	\$732.33

Note:

QUEUE EDIT DELETE SEND

TSLA: Weekly Covered Call: Sold one contract of the TSLA140920C267.5 (Sept 20 267.50 call) collected 2.07 in premium. Set a GTC order to buy back the call at: 30% of the premium collected or 0.65

Potential Trades: FANG is removed from the potential trade list for now. An after-hours announcement said that about 2.3 million more shares were going to be sold, thus diluting current price.

Good Day Traders,

We had two fills this morning one on the TSLA covered call the other on MBLY.

TSLA: Weekly Covered Call: Sold one contract of the TSLA140920C267.5 (Sept 20 267.50 call) collected 2.07 in premium. Set a GTC order to buy back the call at: 30% of the premium collected or 0.65

MBLY: Bought to open 200 shares of MBLY at 50.89

7% Stop Loss is at 47.32

Placing the following One cancels Other (OCO) order, Good Till Cancelled (GTC) on MBLY

Order 1:

Stop Loss Conditional Order: Sell to Close 200 share of MBLY
Condition: Price at or below 47.23

Order 2:

Income Generating Order: Sell to Close 100 shares of MBLY
Condition: Price at or Above 55.00

Order is GTC and will be modified if Income Generating T1 = 55 is hit

Sept 16, 2014

Good Day Traders,

Market Update: Nice pop today, but did it do much to change the trading landscape? With the Feds reporting their plan for interest rates and more tapering of quantitative easing, the Indexes will probably do their regular volatile Fed Meeting Dance. After the market digests the policy remarks tomorrow perhaps the market will get some solid traction either up or down in a few days. While some may try to make a case that a huge up day following an huge down day is positive, history says that these wide and loose days are the sign of market weakness not strength. One thing for certain is when we have big up days following big down days with not preparatory price action jumping in to an Index triggered trade is challenging!

SPX: Good follow up to a hammer on the daily chart yesterday. Today's Bullish Engulfing pattern on the daily chart and a rebound above both the 8 and 20 day moving averages is positive. Unfortunately the range of price action makes planning and executing trades in Index ETF's challenging! It seems that we are back in the big moves from support to resistance and then back to support. We will stand by for a good entry.

NDX: Price action finished with a Bullish Piercing Line signal that closed at the 8 & 20 day moving averages. The overall story on the NDX is almost identical to SPX.

RUT: The small cap Index stopped at the 50 and 200 day SMA's! If the market turns negative, then RUT will probably fall faster than the other Indexes and a drop below the 200 & 100 may be the trigger for a bearish trade using either of the Russell ETF's; IWM or TNA.



Trade Management: We are currently long only TSLA at 20% of trading capital. We're watching "Go To" list for which stocks are holding up while the market is churning.

TSLA: An analyst comment today resulted in buyers coming in at support and driving price up today. We place a conditional order to sell a weekly covered call today if prices reached \$263 and missed the trigger by 54 cents. For those who are able to watch the market towards to end of trading and price is closing in on a trigger by around 50 cents, it's not a bad idea to override the conditional order. There is clear resistance at 267.26 so if price does reach this level simultaneously with the moving averages rolling over a set up for a bearish trade may set up.

With TSLA's daily and weekly trading range it is idea for shorter term swing trades, between support and resistance and back. I will reassess the weekly covered call position in the morning and will send out a new alert to members who get the "Special Alerts".

Potential Trades: The list of potential trades based on pull back to support provides a target rich environment. Here is a short list of stocks with potential upside bounces or breakouts from downtrends: BIDU, FANG, SWKS, WUBA, UA**, CAVM, FLT, GLOG and MBLY**. The two stocks highlighted with ** are particularly interesting.

Order Alert: Buy to Open 200 shares of MBLY

Type: Income Generating & Capital Growth

Order: Buy to Open

Quantity: 200 Share

Trigger Conditions: Stop Limit; Stop = 50.79 Limit = 50.89

Income Generating Target = 55.00 = T1

Capital Growth Target = Use 8 day EMA Rule

Stop Loss = 8 day EMA Rule; The 7% max loss is at 47.32

Price may test back to 20 day SMA prior to breaking out, the order will be adjusted if this test materializes.



Stop Loss = Close 25 cents above today's high which is at the downtrend line

Sept 15, 2014

Good Day Traders,

On my trading system one of my alarms is a klaxon horn sound for a diving submarine, heard that sound a lot today. Fortunately our orders were in prior to market open this morning so we profited nicely as price action on some high flyers and the Russell slipped off the slippery slope we highlighted in the Art and Science of Active Trend Trading this past weekend.

After the morning's excitement I met for coffee with a friend who has been trading options and wondering why he's not making any money. We met at Tully's on Main Street Pleasanton and looked at his trades and listened to his story. While I never offer advice, I do share my observations when traders ask me to take a look at what they're doing. His is one more story I can add to the growing number of "traders" who are trading a strategy with no foundational system. He complained of not having the time to develop a system and how he didn't have time to develop the system...what was funny I had just showed him the returns from the Active Trend Trading System for this year and past years. The thought never dawned on him that he could become an Active Trend Trader and learn an already successful system right now! He thought he had to do it all by himself and at his stage of life he didn't have time. So logically he figured he would trade a strategy and depend on luck to succeed. Oh well, one more name for the storybook!

Market Update: IBD is saying that the Uptrend is Under Pressure in tonight's Big Picture. Each Index has closed below the 8 & 20 day moving averages and it appears that a moving average cross has either already happened or is imminent. Today the SPX held up better than either the NDX or the Russell. We should know over the next couple of days if price failure accelerates or stabilizes as the process resets and new areas of support and resistance are tested.

SPX: The daily chart finished with a hammer at support. While this is a candlestick reversal pattern, and may provide a bounce at this point the momentum on the Index continues to fall. I guess this is some of the Art of Technical Analysis that comes from observing thousands of charts showing similar patterns, and knowing that in this case, the candlestick reversal pattern is not in synch with either the weekly chart or the indicators. Might we hammer out support at the 1980 level? Yes and if that happens we will let that guide our trades. For now the pattern is looking a lot like the one from late July and perhaps more severe downside is on the horizon.

NDX: An excellent break of support at 4050 with a projected down path to support around 4000 or even the 50 day SMA. A move back to the 50 day SMA would be a retracement of almost 50% from the high last week. When a stock or Index begins to correct it's a good idea to calculate where a 5-10% correction would be for NDX a 5% correction would be down around 3905 and would almost be a round trip of the gains made in August. I'm not saying that this is where price is going, but if I know where a 5% correction would take price action I can better judge the severity of the correction. It also shows whether this is organic support at the level!



RUT: The Russell did not disappoint to the downside this morning and provided nice profit trading TNA puts held over from last week. Today's assault on the 50 day SMA succeeded in slipping off the slope, dropping and closing below both the 100 & 200 day SMA's. This was the weakest of the Indexes and its fall has potentially done more damage than the fall in the other Indexes. A case can be made for a drop to support at 1107. I will highlight an potential entry set up with TNA to benefit for this move. Notice how the 50 day SMA's downslope has now steepened and will serve as a great point to plan trades around.

Trade Management: If you just starting out trading growth stocks today's price action provides a valuable lesson on how quickly profits can vanish with growth stocks! If I were not doing the demonstration trade with TSLA, I would have been totally flat the market except for the bearish

trades we carried over from last week. The Active Trend Trading System would had no other trades on, so damage from today's drop have been avoided!

TNA: Last week as the Russell became weaker we bought 5 put contracts. 3 of the Oct 18, 77P were sold last week for a small gain at as prices approached the 50 day moving average. Today the remaining 2 contracts were sold at 6.95 for a profit of \$1.80 or profit of \$360.

With the momentum moving down on the Russell, more downside in TNA is expected, so a retracement up into the midsection of today's bearish candle may provide another opportunity to buy another set of put options. The midsection of today's candle is 72.69 which is just above the 100 day SMA. If price action moves above this level in the morning, a conditional order will be place to buy the Oct 18, 77P if price falls back below the 100 day SMA. The order alert will go out if this scenario sets up.

Currently the bid-ask spread is a bit wide on TNA's puts, but Think or Swim has been doing a great job of filling in the middle of the spread or closer to the ask when selling options. Do not place an option trade as a market order you will not be happy with where you are filled!

TSLA: Morgan Stanley provided the excuse for traders to take profit in TSLA this morning. Today's range was over \$25 to the downside. MS maintained their target of \$318 but stated that price was ahead of itself. Price recovered at the uptrend line and support at \$250. All the bearish trade profit targets were hit so the loss due to the price drop in TSLA was minimized. Here are the option trades that closed today for total of \$1559 in positive cashflow. Total return on TSLA is 35.51% since opening the position on July 31, 2014.

9/12/2014	9/15/2014	TSLA	Covered Call	Sept 287.5C	2.39	76.99%	\$ 1.84	1	\$ 184.00
9/10/2014	9/15/2014	TSLA	Long Put	Oct 285P	15.35	19.22%	\$ 2.95	1	\$ 295.00
9/10/2014	9/15/2014	TSLA	Long Put	Oct 285P	15.35	30.29%	\$ 4.65	1	\$ 465.00
9/10/2014	9/15/2014	TSLA	Long Put	Oct 285P	15.35	40.07%	\$ 6.15	1	\$ 615.00

The key thing at this point is to stay synched with TSLA's price movement as it reestablishes levels of support and resistance. Then strategically plan the covered call and put orders. Note how we are keeping the size of the positions small because there is no need to be overly aggressive.



Potential Trades: Do not confuse much of today's sell-off action as an orderly pull back. This was close to being panicked selling a bounce at would not be a surprised but this may be little more than a dead cat bounce. It will be good to have a mix of choices to both the upside and downside. If we do get a long side setup taking profits quickly would be in order.

Here stocks that held up fairly well today: PANW, GMCR & APPL.

Downside Plunges: Wait for short set up on YY, BIDU and NFLX.

Sept 12, 2014

Good Day Traders,

At some point either the buyers or sellers stop stepping in at the support and resistance levels and new battle lines are drawn.

Sept 11, 2014

Good Day Traders,

Nice battle between buyers and sellers so far today. Are the cracks in the armor getting bigger and thus paving the path for a correction? I'm not sure yet, but we'll see if support holds or price accelerates to the downside.

SPX: For the past couple of weeks we've been talking about a potential rounding top action on both the SPX and NDX. Why is this of interest? Rounding tops can often be precursors to significant market corrects. Of course the same thing goes for rounding bottom. At this point we're not ready to call this a rounding top, but clues are starting to emerge. I want to emphasize the potential part of the above statement. While we stay observant for clues both on daily and weekly charts, currently the confirmed uptrend is still in effect.

NDX: Will NDX again close below the 8 day EMA and find support for a bounce at the 4050 level? As highlighted above, NDX looks like it is forming a potential rounding top. If price does break 4050 then the next level of support will be at 4000. Will this be tradable? Perhaps using puts on TQQQ or shorting QQQ. The next clue we're looking for is acceleration to the downside if Momentum slips below the zero line.



RUT: Acting a bit like a ping pong ball between support and resistance. This Small Cap index is actually performing better than the other two tracking indexes this morning. Price gapped down to start the day and then has built from there and is currently sitting at the 8 day EMA. We have an order in for TNA based on resistance at the 8 day EMA so we will see if this resistance holds or price moves above this. Regardless, the indexes are mixed today—again!

Earlier today an alert went out to short VRX as price action has run up to the top of a down trending channel.

The order would be:

Sell to Open 200 shares of VRX

Type: Income Generating & Capital Growth

Order: Sell to Open

Quantity: 200 Share

Trigger Conditions: Stop Limit; Stop = 118.85 Limit = 118.75

Income Generating Target = 116.50

Capital Growth Target = 110.00

Stop Loss = Close 25 cents above today's high which is at the downtrend line



Order 2: Trigger Order At 12:58:00 PDT

Stop Loss Trade 100 shares of GLOG

Type: STOP LOSS

Order: Sell to Close
Quantity: 100 Shares
Trigger Conditions: End of Day
Order: Sell At Market

Sept 10, 2014

Good Day Traders,

A few weeks ago we indicated that once institutional trades came back to the work there might be a strong temptation to take profits on because of the low momentum rally that started while they were away during much of August. Yesterday it appears that this started happening with the acceleration of selling taking place during the final two hours of the day.

SPX: Now that support at 1991 has been broken, this level reverses polarity and now becomes a level of resistance and we can use this to strategically look at potential downside trades if price action pulls back to this level. Where might price fall to? The 50 day SMA lines up very well with the 38.2% Fibonacci retracement of the up move during August. One of the things observed by Charles Dow when he was developing what became his theory is that pullbacks tend to be in the range of 1/3 to 2/3's of the most recent rally. Isn't it interesting that this observation just happens to coincide with the 38.2% - 61.8% Fibonacci retracement levels?





NDX: Holding support a zone that begins at 4052. A break of this zone will increase the probability of revising support at 3997 – 4000. The Nasdaq 100 is the strongest of the Indexes, but if it drops the identified support that may result in the weaker Indexes accelerating the down move.

RUT: Most susceptible to a blow out to the downside especially if the other Indexes weaken further. The daily chart shows there will be support at the 100 & 200 day SMA's. This level is at about 1150, so an acceleration of selling into the close reach this zone quickly! If we get a close below the 50 day SMA then the next support level can become a target. A wedge up to the 1163 level or to the 8 day or 20 day moving averages may provide an opportunity to enter a downward trade on IWM or TNA.



Trade Management: Currently 21% invested in the Margin Account with TSLA being the only holding. TSLA is holding the 8 day EMA and a support zone between 252.51 and 253.66. Currently this position is up over 30% since we purchased share on July 31st. We will discuss TSLA this evening in the Mid-Week Market Sanity Check Training Session.

If you are holding TSLA and not selling premium against it then the 8 day EMA Rule applies for a stop loss.

Stocks of Interest: CELG, FANG, FLT & STZ are bulling back to support and could become viable long trades in the near future.

Sept 9, 2014

Good Day Traders,

Bending but not breaking! This is how I would describe what's going on in the indexes this morning. Nice bounce up first thing then the sellers came in a pushed prices back to support levels. Now prices are simply resting—but today's is not done.

Today is my Granddaughter's 1st birthday, so I'll do a market update and then it's off to her party! Kind of wished we still lived in Hawaii because they really know how to do up the first birthday—huge celebration.

The SPX and NDX are holding up better than the RUT. That is starting to sound like a broken record but that is what's happening. I still believe at least a short term top is coming in the future and that topping is a process right now we're in "no man's" land waiting for set ups on TNA and TQQQ for trades in either direction.

SPX: Price action is currently at support of 1991 but below the 8 day EMA. We first start seeing cracks in a trend when the moving averages are assaulted multiple times and eventually turn over in the case of a downward change in trend. This is what we're seeing with the S&P. If prices close below the 8 day EMA it increases the probability that prices will roll to the 20 day SMA and so on down the line.



NDX: Strongest index of the three but the 8 day EMA is being hammered over.

RUT: If price closes below the 1163 level then we can start looking for short or put entries in IWM or TNA.

Potential Trades: We have been talking about the potential for a pullback beginning during the first couple of weeks in September. At this point the seeds may be there for a pullback but they are yet to germinate. Strong stocks like TSLA are holding up well with only minimal profit taking. There have been several questions about how far should stocks pullback in recent emails. A better question to ask is how far does the stock or ETF need to pullback to provide a proper entry Action Point? As we talked about at Saturday's BAMB meeting, 60-70% of all breakouts will pull back towards the breakout price. This pullback on some stocks is all the way to the breakout price for stronger uptrends it will be a pullback to a higher low. Regardless of

which of these events happen there will be clues revealing a proper entry Action Point. Often the clues converge providing multiple indications that price is finishing the pullback. Our job as traders is to look for the clues and convergence of clues. If you want a primer on the clues we look for in the Active Trend Trading System, go to the Training Video page: <http://activetrendtrading.com/training-webinar-recordings/> and choose 1. Getting Started with Active trend Trading.

Sept 8, 2014

Good Day Traders,

Market Update: The Indexes were mixed today. SPX down, NDX & RUT up a bit, but well contained within the trading range of the last 10 days. The boundaries are pretty well set so when the battle is won between the buyers and sellers trades in the Index ETF's will emerge.

SPX: The top of the range is at 2011 and the bottom of the range is at 1991. The index was down slightly and rest just on top of the 8 day EMA. The Momentum continues to bleed down so this is a negative, but the 20 day SMA has accelerated its climb and this is a positive. A close below the 8 day EMA with a confirmation move below the low of that day would provide greater clarity for a downside move.

NDX: Closed slightly up from Friday's close but is plagued with similar characteristics as the S&P. Currently range bound between a floor at 4050 and a ceiling at 4100.

RUT: The Russell is bound by an upward sloping trend line and support at 1163 and a top at 1183. Price action closed just above the 8 day EMA. The one clue that continues to flash warning lights is how the 50 day SMA continues to roll over. It would not be surprising for price to push towards the 1180 level put in a reversal candle and move down over the latter part of September. At this point that is only speculation at this point. For all three of the Indexes the word that best describes them is "sluggish"!

Trade Management: Currently Invested at 20.66% so we are ready with plenty of cash when the market decides which way it wants to move.

VIPS: VIPS did a nice job of reversing this morning off of the 50 day SMA. The move resulted in our Put Trade Stopping out at 9.70 or a dime loss on the second contract. The total trade resulted in a gain of \$250 over a 5 day period.

TSLA: Closed two short put positions on TSLA that I'm using as part of the Weekly Option Strategy on this entity. We will be sharing about this strategy on Wednesday night. Conceptually the idea is to collect approximately 0.7 – 2.5% in premium each week against a stock we own. Last Friday I sold 2 put contracts of the Sept 2 14 275P as price bounced from the 8 day EMA at 275ish for \$5.55. This means I collected \$1100 in premium by selling these naked puts. With today's positive price action in TSLA I was able to buy one contract back at \$2.74 and the other at \$1.64. I keep the difference between what I sold the contracts for and how much it cost to buy them back. In this case the profit was \$281 on one contract and \$391 on the other contract.

This strategy is a very good strategy especially when the market is resting and we'll cover it on Wednesday. Then for Premium Members who want option alerts the set up for these trades will start going out.

Other things we're watching: On most of these we're waiting for the pullbacks to complete. The stocks include: MYGN, SLCA, TRIP, CAVM, INVN, AAPL (could go either way), and FLT.

Sept 5, 2014

Good Day Traders,

It appears that the RUT will gap down this morning which will also result in a gap down in TNA. It appears that it will be gapping close to a support level, so a conditional order will not be placed to enter a put at this time until prices settle out.

I use the Intraday Hourly Chart to help time identify proper entry Action Point and Optimum Entry timing. Right now it appears gap down may be followed by a bounce. Note that on the Hourly Chart the 50 period SMA is approximately the equivalent of the 8 day EMA on the daily chart and once it has been breached it works very well as a potential trigger for trades in the direction of the short term trend.

Right now we will stand by for a good entry.



Sept 4, 2014

Good Day Traders,

Market Afterhours: And I quote, “For individual investors, the situation is challenging.” This was the take away from today’s Big Picture in IBD. My response, Yup! One of the items I check to gather clues on the health of the indexes is the number of leaders up in volume and the number of leaders down in volume in the Market Pulse section. Today the leaders down in volume outnumbered those up about 2 to 1. Make me go hmmm...is the September pullback shaping up like we’ve been talking about for several weeks?

Market Update: All three of the indexes we track came straight off a support level in early August and provided little opportunity join in the monthly long rally. The August rally in the Indexes was achieved on lower Momentum which is not a sign of a healthy market. New highs

have been reached, but was this just a fake-out? As highlighted earlier today the Bearish Reversal patterns from yesterday on both the NDX & RUT are still valid and actually confirmed based on today's daily price action.

SPX: The S&P put in a great Outside Day today just above support at 1191. The close sits just on top of a turning over 8 day EMA. A break below this support could lead to a move to either the 20 or 50 day SMA. We will find out soon if the S&P moved to far, too fast.



NDX: The Nasdaq 100 is showing similar characteristic to the S&P. Came off a support level in early August and is now either resting or putting in a rounded top like formation. Yesterday's

Bearish Engulfing pattern was tested but closing prices continued down to just below the 8 day EMA. Until proven otherwise a retreat from current highs should be treated as a bullish pullback set up. This is an important factor to remember when a trend is in place the higher probability trade is to wait for a set up in the direction of the longer term trend. We attempt to maintain this posture until price action proves differently.

RUT: The Russell continues to be the weakest of the Indexes tracked. Price action today finished at the short term up trend line that started on August 4th. There are several conflicting clues on the chart, but if the other indexes do find that down is the path of least resistance the Russell through either IWM or TNA may provide the best opportunity of trading to downside. The conflicting clues are upward trending 20 day SMA, but downward trending 50 day SMA. The 100 & 200 day SMA's have gone flat. Today's close was below the 8 day EMA, if this is validated by a move below support at 1163 on volume 1150 or lower would be a potential target. If price action follows a similar pattern as it did when the RUT fell on 7/7/14 we will use Active Trend Trading techniques that will assist with entering trades off the intraday one hour charts. Because it appears that prices are turning over prior to reaching past highs, this can be viewed as a sign of weakness in the index.

Potential Trade: TNA may set up for a put trade if we gap below 75.38. An alert will be sent out on how to trade this if pre-market futures look to provide this gap down.

Trade Management: Two open positions currently and invested at 23% in the Margin Account.

TSLA: Today TSLA moved higher finished the day coming off the highs and then sold off into the middle of the daily range. There is strong support at 280 and if this level is breached price will probably test to 275 which should synch up with when the 8 day EMA gets to this level. Right now I'm looking for an opportunity to add to the TSLA position. Currently price is extended but appears to want to go higher. Remember there is now no overhead resistance because of last week's breakout.

VIPS: A small put trade was entered on VIPS today based on a break down from the 20 day SMA. The price action on VIPS is a perfect example of why moving averages make great profit targets. The low came right to the 50 day SMA and bounced. As we say, it doesn't happen every time but it does happen all the time!

Hitting the 50 day triggered an order to sell 1 contract of the Sept 14 215P for \$12.40, which reflects a 26.5% gain from a purchase price of \$9.80. Our second target T2 is a move towards \$200 on VIPS which should provide a price of approximately 15.40. Stop loss on remaining contract will \$9.80.

Sept 4 mid-day

Market Update: Yesterday's Bearish Engulfing patterns are still intact on both the NDX & RUT. The SPX is starting to show a long upper wick indicating where the sellers came in drive prices down. Daily Momentum on all three indexes is still moving to lower values. The uptrend continues but all are showing signs of being over-extended at least in the short term.

While a significant purge of the indexes would potentially set up some opportunities there has been no sign of large scale profit taking. Remember the Indexes and individual stocks either pullback to moving averages or go sideways until the moving averages catch up. If price just goes sideways this is often the indication of strength because holders were not willing to sell their shares.

Trade Management: Our only holding currently is TSLA, which is holding support at 280 nicely. With the new price target of \$400 and a strong chart we'll be looking for pullbacks to add to the position.

Trade Planned: VIPS has rebounded from a sell off the other day where price broke through the 50 day SMA on huge volume. The stock is not shortable, so buying a put might be appropriate. I will not write up the order details because Active Trend Trading is not focused on Option Trading. But for those familiar with options, I would go long the Sept 215P if price action breaks 209.98. I would only buy 2 contracts at market. Expiration is only 2 weeks away so need a quick move to the 205 level or lower. Order placed good for day only with a 30% stop loss on the put purchase price.



Order: Sell to Open 100 shares of VIPS at 209.98 Day Order

Type: Short sell on rebound to Resistance

Trigger: At or Below 209.98

Sell to Open: 100 Shares at Market

Income Generating Target = \$205 Buy Back All Shares

Initial Stop Loss: 8 day EMA Rule

The Market has popped a bit this morning and with the longer wicks starting show up on several of the

Sept 2, 2014

Good Day Traders,

As of 10:30 am PDT the markets are mixed. Price action moved up first thing this morning but has now cooled off. If the S&P closes at its current level we will have a Bearish Engulfing pattern on the daily charts. This could be signaling that it's time to rest or pull back. Look for acceleration in the selling during the afternoon and we'll chat about this in this evening's update.

I didn't take a position in BIDU because I was away from the office this morning. It rocketed out of the formation we highlighted several times this weekend. This is one of those cases where one can be right about the market but not expect similar behavior by a specific stock and have the stock not cooperate. For those who've been around the market for a while you know that occasionally individual stocks diverge from what the market is doing. If you did trigger on this trade there is resistance at \$229, so plan the trade to exit a portion on upward momentum.

TSLA is a perfect example of individual stocks moving against the market and we will continue to ride this winner until it signals a turn. A new upgrade with a price target of \$400 helped spur this morning gap and run.

Updates will be posted this evening along with any trade set up alerts.

August 27, 2014

Good Day Traders,

When we give a trade a chance to breathe occasionally it goes the wrong way, but that's why we follow rules. Both AWAY and YY triggered the 8 day EMA Rule but will be handled in slightly different ways. New stop losses are set up in Trade Management section.

Market Update: With only two days left until the Labor Day weekend, trading should become more volatile but on lower volume the next two days. All three of the Indexes we track showed stalling today or even pulling back a bit. Again the Markets were mixed some up some down.

As far as trades on any of the Index ETF's at this point we're in no-man's land no long trade and now short trade.

Trade Management on AWAY: The price action dropped below the 8 day EMA today and this triggers the necessity for a hard stop. We set an OCO order GTC this afternoon on AWAY that will stay in place through tomorrow. The first OCO is a Hard Stop at 32.60 and the other half of the order to sell 200 shares at 34.40. The reason we're using a failure of the up trending line is because it is very close to the actual stop of the 8 day EMA Rule, and often this will be penetrated and a bounce off the trend line happening immediately. The stop is still well within the max allowable stop of 7%.

Trade Management on YY: Price closed below the 8 day EMA today thus activating the sell rule. The following order is now in place Good till Cancelled.

Order: OCO to sell YY

Type: Stop Loss: Sell to Close 400 shares Good Till Cancelled (GTC)

Trigger: At or Below 32.60

Sell to Close: 400 shares at Market

August 26, 2014

Good Day Trend Traders,

I love using conditional orders! Today when the conditional order fired on YY to sell the Income Generating portion of the position I was nowhere near my trading platform! I was enjoying a luncheon with the ministry group I work with every Tuesday when the position was sold. Of course I get an alert on my smart phone, so it was great to be sitting there eating my spicy chicken Caesar Salad and have the phone start vibrating!

The first portion of the trade was triggered at 90.80 with a 50 cent trailing stop the close price was 90.43 on 125 shares for a IG profit of $(90.43 - 88.19) = \$2.24$ per share or \$280. The rest of the position will be held for Capital Growth.

Market Update: Straight up from the bottom. As I've said several times since the Indexes bounced up from support on 8/8/14 this rally has been challenging to enter and the reason is because it has had no pause or pull back to a proper entry Action Point. Today the action across the Indexes was mixed with the Russell powering up and the SPX and NDX showing signs of slowing! For trading the Index ETF's with now pull back entries to speak of we've been relegated to the sidelines during this move up and that's OK. In trading Rules are to be lived by and if no proper entry Action Point appears we stay out of the way. We know there will be more opportunities in the future!

SPX: We saw a little selling coming in at the highs yesterday and today selling was even easier to see! Positives for the SPX is that it did manage to hold and close above 2000, and negative for the Index is a reversal Shooting Star pattern by the close. Since the low on 8/7 to today's high price action the range has almost been 6% in less than 3 weeks. This type of accelerated, steep ascent is not sustainable and at some point profits will be taken. Often time this type of move is followed by significant rounds of selling, so we shall see. Not saying get short but if you have profits in an ETF that mimics the SPX at least partial profit taking may be in order. Prices are well extended above the 20 day SMA and whenever this extension is over 2% pullbacks often take place.



NDX: In the very near future we will be introducing a new observation that takes into account how far away from the 20 day SMA prices are extended. There are some great clues available to us for planning both exits and entries. The NDX provide a great example of this extension and pending reversion to the mean. It is rare for prices to extend much more than 2.5% above the 20 day. NDX is currently extended almost 3%! Is it time for a pullback or consolidation? I believe "Yes" is the appropriate response.

Today's candlestick formation on the NDX is a Doji Bearish Harami. This can also be considered a stalling day and if you look it is also an "inside day". An inside day is a day where today's price action is contained totally within the price range of yesterday. At potential tops and bottoms this can be a clue that a reversal is imminent. Again like the SPX, the weight of the clues is increasing favoring a pull back or consolidation.

RUT: Strongest move of any of the other Indexes today. Have you noticed that the Russell led the Indexes down and lagged the Indexes moving up, and now does not seem to be phased by today's weakness in the other two? Could it be sector rotation back to small cap stocks? As we highlighted yesterday the RUT chart has not provided orderly pullback and it appears the lack of order is continuing. Prices are quickly approaching critical extension values here too!

Trade Management SWKS: Retested 54.50 breakout level and the 8 day EMA line today and finished with a Hammer signal that could be tempting to add to the existing position but the volume is lacking. Keep the 8 day EMA Rule as the stop loss.

Trade Management on TSLA: Price still hanging in there and retesting 265.

Trade Management on AWAY: Continues to move up on higher volume. See today's video for further information.

Trade Management on YY: We closed the Income Generating Trade just before the close today. The 8 day EMA Rule is in effect for the remaining shares. A break out above resistance could add another \$5 to current price. Additionally there is a bigger pattern which could add about \$40 over the next 120 days.

Good Day Trend Traders,

I've received a couple of questions about what I saw with both YY and AWAY that led me to enter trades on these stocks. Basically for both it was a convergence of clues convinced me that both provided proper entry Action Points. I think it might be easiest to dissect both entries in a video. So check at: <http://activetrendtrading.com/market-update-videos/>

Let me know how you like these video updates. If they are more effective I may start doing more of these for both Market Review and Trade Review.

Trade Wisely & Profitably,
Dennis

Aug 25, 2014

Good Day Trend Traders,

Last week of August prepping for the Labor Day Weekend festivities and trading the slight bullish bias that tends to accompany this weekend. We've got a great Training Session planned for Wednesday evening this week that will go over Longer Term Signals for Longer Term Trades. I appreciate all the great comments being made on the subject matter and quality of our training curriculum. Each training session is aimed at provide Active Trend Traders with the tools they need to become Master Traders.

Market Update: It's been mentioned several times that the market tends to have a positive bias in the days leading up to Labor Day, in fact there tends to be a positive bias before each long weekend holiday. If you've ever wondered why, it's because many of the institutional traders are away from their trading desk taking some time off. For the retail customer there is a bullish tendency that comes through in periods of light volume! Even IBD talked about this in today's Big Picture today's market move to new highs was "volume challenged".

Once the institutional traders come back it is not unusual to see a brief sell off as they take profits in positions driven up by retail buyers.

SPX: Over the weekend we said that Friday's candlestick pattern was a Bearish Dark Cloud and that it would be voided if we get a close over Thursday's high and that's exactly what happened today. Today's price action breached a new high above 2000 but failed to close above this benchmark. At the same time, price did close in the upper half of the candle which is positive. But wait there's more...taking a look at the daily and weekly chart there is some significant negative divergence taking place in the oscillators, which doesn't mean sell everything and go short it just gives a glimpse at the internals of the Index and suggest that momentum is lacking in the move to record levels.

NDX: Price gapped up and went nowhere! One could say this qualifies as a stall day give the candlestick is a small body Spinning Top a cousin of the Doji. With each move higher prices extended from the significant moving averages and what will eventually happen is price action will retreat reverting back to the mean or go sideways until the averages catch up! Like the SPX there is negative divergence building on both the daily and weekly charts.

RUT: The Russell really battled to hold above the breakout level of 1163 and also finished with a Spinning Top. In the "How to Make Money Trading Stocks—Market Stock Talk Show" this weekend we talked about orderly pull backs that allow us to plan objective entries. Over the past few months the Russell's chart provides a great view of a series of orderly pull backs that led to some great gains. This type of pull backs has been absent from our most recent bounce from support. The lack of these orderly pullbacks provides a clue as to the lack of strength with the internals of the Russell and any other entities that demonstrates similar price action.



Trade Management SWKS: Price action testing the breakout at 54.50, will we bounce or move back to the up trending support line. Two ways to go with a stop loss at this point with partial profit off the table use the 8 day EMA Rule (which we'll cover briefly on Wednesday night) or a close below the uptrend line. Additionally we may be getting a set to purchase more shares to pyramid into a full position. The overall uptrend is intact.

Trade Management on TSLA: Price didn't rest long at the 8 day EMA and rebounded back towards resistance zone above 265. I will get the report on selling weekly premium on TSLA out tomorrow.

Trade Management on AWAY: Yes, the rating on AWAY is lower than we like, but it was on the IBD 50 list earlier in the year and thus part of the Running List for this year. Something is going on with this stock with increasing buying volume over the past two days. The Income Generating Profit Target (T1) is 35.50 where ½ of the position will be closed. Often volume and price moves before there is an upgrade in ratings. I'm not reading the tea leaves here just taking the clues from the chart. The stop loss will be a close below the uptrend line that started on 6/9/14 and connects all the most recent swing low on 8/12/14.

Trade Management on YY: Price action broke the Flag Trend line early this morning and then retested! Resistance showed up at 89.85 and pushed prices down but held the breakout. We're using a trigger at 90.80 to trigger a 50 cent trailing stop on the Income Generating portion of the trade and the 8 day EMA Rule on the whole trade.

Aug 20, 2014

Good Day Traders,

Finally back from SoCal and getting back in the swing of things. I'm very thankful to be a trader because of the flexibility it provides to travel around and enjoy family & friends all over the place! October it will be off to Hawaii for our yearly trip. I will keep the updates going and mid-week webinar going while over there!

Market Update: The SPX & NDX is pushing a bit higher this morning with the SPX back at the resistance zone formed around the yearly high. NDX of course has broken above the 3997 level so this will be support if profit taking begins. Today's price action on the NDX could turn a Bearish Harami by the end of the day we will see what's in the price action.

So far today the Indexes are mixed with the Russell showing weakness dropping back below the 50. The 50 appears to be serving as the gatekeeper for the Russell's move to higher territory. If more significant weakness does present itself the RUT appears most prone to correction. Note there are now several levels of support that could act as a spring board if the downward movement continues.

Trade Management on WUBA: For those who took profit at the Income Generating Target (T1) yesterday congratulations! As you can see WUBA is a very volatile stock and today it is posturing for the earnings report tomorrow morning. If WUBA finished the day here it would be putting in a Evening Star like pattern which is bearish. So the question is do we hold over earnings?

Right now it would seem prudent to close the remaining position at the end of the day because prices are not above 10% from the purchase price. I will send out an alert prior to closing the position.

Trade Management on SWKS: Continuing to push higher, using 8 day EMA Rule for profit stop.

Trade Management on TSLA: Pulling back from resistance to support. Look for trade opportunities at between \$245 -\$250.

Good Day Traders,

So far we're getting a typical Fed Announcement Day kind of action today. What often happens is that after the Fed makes its announcement about 11:15 this morning Pacific time is that there will be a volatile move either up, down or both. This is why I find it best just to step aside don't do anything big. Secondly, it sometimes takes a day or so after the Fed Announcement for the Street to digest and then react longer term, so again patience is a critical trait to exhibit.

Managing Open Trades:

GLOG: GLOG's spin off company GLOP reports BMC tomorrow morning. Since entering the trade on GLOG on the 7/22, it has done nothing except continue to consolidate with a downward drift. With GLOP reporting earnings tomorrow there will most likely be some spill over to GLOG. I'm placing an order on GLOG that will limit exposure to earnings of GLOP and also cover the set stop loss on GLOG if price action closes below the 50 day SMA (the original stop loss).

The current 50 day SMA is sitting at 27.01 so a close below this level will trigger a trade to close all shares. I will use the timing feature available on the Think or Swim platform to trigger this trade. Secondly, if price appear to be closing above the 50 day I still want to sell ½ of the current position as protect during earnings on GLOP. Both orders will trigger at 12:58:00 PDT as a One Cancels Other Order.

Order: One Cancels Other (OCO)—which ever order triggers it will cancel the other order.

Order 1: Trigger Order At 12:58:00 PDT

Stop Loss Trade 200 shares of GLOG

Type: STOP LOSS

Order: Sell to Close

Quantity: 200 Share

Trigger Conditions: Below 27.01

Order: Sell At Market

Order 2: Trigger Order At 12:58:00 PDT

Stop Loss Trade 100 shares of GLOG

Type: STOP LOSS

Order: Sell to Close

Quantity: 100 Shares

Trigger Conditions: End of Day

Order: Sell At Market

Orders on other positon remain unchanged.

Order Rules



Create Order

Base Order:

Trade: GLOG OCO SUBMIT AT 7/30/14 12:58:00

SELL -200

Time in Force: DAY

EXTENDED HOURS

GTC

GTC+EXTENDED

Price Rules:

MARKET

Order Conditions

Submit Order at Specified Moment Submit Order at: 7/30/14 12:58:00

Cancel Order at Specified Moment Cancel Order at: 7/30/14 09:04:12

Submit at Specified Market Condition

Submit when at least one of the following conditions is met. Enter up to 3 market conditions.

Symbol	Method	Trigger	Threshold
GLOG	MARK	BELOW	27.01

Cancel at Specified Market Condition

Cancel when at least one of the following conditions is met. Enter up to 3 cancel conditions.

Symbol	Method	Trigger	Threshold