

The only Market Letter of its kind. Where in **BULL** or **BEAR** Markets
the Hedge Position Provides The Best Strategic Approach



SHORTEX

TRADING TACTICS ON LONG & SHORT POSITIONS

APR 7, 2010 VOL XXXII #468-10

DOW JONES IND: 10,897.44 S&P 500: 1,182.46
TRANSPORT: 4,396.05 NASDAQ COMP: 2,431.16
UTILITIES: 384.22 RUSSELL 2000: 699.40

ADVISORS BEARISH: 19.1% ADVISORS BULLISH: 48.3%
CBOE GOLD INDEX /GOX/: 203.61 SINCE JAN 1 +1.7%
CBOE VOLATILITY INDEX /VIX/: 16.71 (HIGH OF 103 SET 10/10/08)
PUTS/CALLS PRICE PREMIUM RATIO: 0.59 (HIGH OF 2.58 SET 10/06/08)
DOW'S CURRENT '09: EPS \$655, P/E: 16.7 VS. DOW'S '10: \$786, P/E: 13.9
NYSE SHORT INTEREST: 14,132,853,373 SHRS MID-MARCH VS
13,878,332,151 SHRS END-FEB UP 1.8%
NASDAQ COMP SHORT INTEREST: 6,647,556,973 SHRS MID-MARCH
VS 6,766,241,351 SHRS END-FEB DOWN 1.7%

HOT SECTORS: REGIONAL BANKS, GOLD, OIL/GAS/REFINERS,
WIRELESS SERVICES

COLD SECTORS: FERTILIZER/CHEMICAL, CONSTRUCTION MAT'L,
UTILITIES, IT TELECOMM

Joseph Parnes
President & Editor

Letters to the editor:
We welcome letters from our readers
email editor@shortex.com

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Shortex is a publication of Technomart Investment Advisors
401 Washington Ave Suite 801
Baltimore, MD 21204-4806
(P) 410.828.6555 1.800.877.6555 (F) 410.828.6584
(E) info@shortex.com www.shortex.com www.technomartga.com

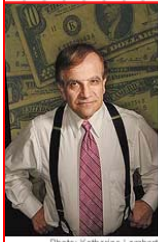


Photo: Katherine Lambert

MARKET TREND

Economy gathering steam: causing gains in stocks/equities, commodities. Fueling investors recovery hope and inflation worries. Mandated by the avalanche of US debt structures, weighing on Treasurys.

- FOMC meeting policy reiterates its stay of interest rates at current level a while longer.
- Expectancy of economy recovery: A causative for falling value of bonds and forming inflation.
- Previous government Note auctions being disappointed, could see a surprise when next scheduled auctions on three, 10 and 30-yr debt to be held in coming week.

FUTURE FORECAST

Expectation of investors/traders have changed dramatically; where they were looking for the drop of Dow by 10%-20%. Now they are flirting with Dow sniffing 11,000 level.

- Dow's recently recorded sixth drop in the past 27 trading days.
- Institutional investors are in accumulation mode realizing equities rise; despite strength in US Dollar: fear of being left behind a catalyst.
- Bullish signs appearing: where primary resistance lines on major indexes have broken upward:
Dow @ (10,560-10,729), S&P 500 @ (1,150-1,165), NASDAQ Comp (2,326-2,345).
- Defiance of ETFs of some sectors: the likes of regional banks, dry bulk shipping, some commodities to advance by 8%-13%: signaling the market's confirmed rally a start at best.
- The Arms Index (Short-Term Trading Index:) number of advancing stocks divided by the number of declining are hovering @ 0.88-1.05 of their 4-week moving average for NYSE, NYSE AMEX and NASDAQ.
- Dow Jones Transportation Index has completed its correction. Trading above its 50-day moving average. Challenging the secondary resistance line of (4,300-4,400) has been completed. Complementing the Elliot Wave Theory.
- Based on the expanded P/E on the major indices due to coming robust earnings: Dow's earnings of \$810.00 and S&P 500 earnings of \$78.00.

-Dow Jones @ P/E of 17: could visit 13,770.

-S&P 500 @ P/E of 20: could visit 1,560.

(STATED IN EACH ISSUE SINCE #460-09 DATED OCT 21, 2009)

DOW MOMENTUM: (10,680-11,050), S&P 500: (1,110-1,220), NASDAQ COMP: (2,310-2,480).
 ACCUMULATE/TAKE POSITIONS IN STRONG ACTING ISSUES: AFLAC /AFL/ (55.26), APPLE /AAPL/ (240.50), CHIPOTLE /CMG/ (122.47), DRESS BARN /DBRN/ (27.58), FORD MOTOR /F/ (12.58), J.M. SMUCKER /SJM/ (60.80), TRW AUTO /TRW/ (31.35).

LONG POSITIONS

AMERICA MOBILE /AMX/ "NYSE"

TODAY'S PRICE: \$51.04
52 week high 51.96, 52 week low 28.19
Market Cap: \$83.74 bil, Volatility (beta) 1.49
 The Mexican heavyweight/regional wireless giant. Part of billionaire Carlos Slim's corporate holdings. A beneficiary of US economic improvement. Share-exchange offer for Carso Global Telecomm a plus.
BUYING RANGE: 49-51
NEAR TERM OBJECTIVE: 61
INTER MED OBJECTIVE: 69
STOP LOSS: 46

BEST BUY /BBY/ "NYSE"

TODAY'S PRICE: \$44.19
52 week high 45.55 ,52 week low 31.25
Market Cap: \$18.51 bil, Volatility (beta) 1.37
 The consumer electronics, enjoys FY Q4 gains of 3% in its market share. Earnings up 37% @ \$779 mil or \$1.82/shr vs. \$570 mil or \$1.35/shr. Expected yearly earnings of \$3.45-\$3.60/shr on revenue of \$52-\$53 bil within reach.
BUYING RANGE: 41-44
NEAR TERM OBJECTIVE: 50
INTER MED OBJECTIVE: 58
STOP LOSS: 38

CREE INC /CREE/ "NSDAQ"

TODAY'S PRICE: \$76.71
52 week high 77.86, 52 week low 24.50
Market Cap: \$8.15 bil, Volatility (beta) 0.98
 The provider of light-emitting diodes (LEDs) chipmaker. Expectation to exceed Q3 upside guidance of 41c-44c/shr. (Recommended in issue #465-10 dated 02/03/10 @ 59.94 for intermed objective of 75.) Volatile.

BUYING RANGE: 73-77

NEAR TERM OBJECTIVE: 85
INTER MED OBJECTIVE: 94
STOP LOSS: 66

CSX CORP /CSX/ "NYSE"

TODAY'S PRICE: \$51.87
52 week high 53.15, 52 week low 26.72
Market Cap: \$20.18 bil, Volatility (beta) 1.24
 The freight rail Co. lifted its quarterly dividend by 9.1% to 24c/shr. The early-cycle recovery leader is seeing institutional accumulation to 354 mutual funds, up from 264 funds. Owing 90 mil + shares.
BUYING RANGE: 50-53

NEAR TERM OBJECTIVE: 61
INTER MED OBJECTIVE: 69
STOP LOSS: 46

GOLDMAN SACHS /GS/ "NYSE"

TODAY'S PRICE: \$176.45

52 week high 193.60, 52 week low 112.50

Market Cap: \$92.73 bil, Volatility (beta) 1.43

The investment banking Co. could potentially beat the FY Q1 estimates, due to compensation accrual change.

Breakout through 175-177. Could signal short-covering; challenging the primary resistance line of 183-185. Volatile.

BUYING RANGE: 170-176

NEAR TERM OBJECTIVE: 185

INTER MED OBJECTIVE: 195

STOP LOSS: 164

JACOBS ENGINEERING /JEC/ "NYSE"

TODAY'S PRICE: \$44.36

52 week high 49.73, 52 week low 33.70

Market Cap: \$5.58 bil, Volatility (beta) 1.36

The professional contractors for construction, industrials, commercial and governments globally. A beneficiary of contract awards from emerging, oil producing countries. Current P/E of 16.20 warrants expansion to 19-20.

BUYING RANGE: 41-44

NEAR TERM OBJECTIVE: 53

INTER MED OBJECTIVE: 59

STOP LOSS: 38

SPECIAL SITUATION

PIER 1 IMPORTS /PIR/ "NYSE"

TODAY'S PRICE \$7.25

52 week high 7.70, 52 week low 0.58

Market Cap: \$870.38 mil, Volatility (beta) 5.29

The houseware retailer: benefiting from good margins.

Expected quarterly earnings of 31c/shr vs. loss of 33c/shr in the same qtr-year-ago.

BUYING RANGE: 6.0-7.70

INTER MED. OBJ.: 9.30

NEAR TERM OBJ: 11.50

STOP LOSS: 5.20

FIRST SOLAR /FSLR/ "NSDAQ"

TODAY'S PRICE: \$126.60

52 week high **207.51**, 52 week low **\$98.71**
Market Cap: **\$10.73 bil**, Volatility (beta) **1.54**

The solar energy Co. is being faced with lower subsidies from Sovereign countries. Cutting its product prices by more than 20%. May see erosion in its share value. The stepper-rebound from low 100s has seen resistance in 122-127 area. Volatile.

TAKE SHORT POSITION: 122-127

COVER SHORT: 105

STOP LOSS: 135

JOSEPH A. BANK /JOSB/ "NSDAQ"

TODAY'S PRICE: \$59.37

52 week high **59.90**, 52 week low **28.06**
Market Cap: **\$1.08 bil**, Volatility (beta) **1.63**

The clothier retailer enjoys earnings growth in 33 of past 34 qtrs. Divergence appearing in its technical accumulation. Over-extended. Subject to profit taking/retraction. Volatile.

TAKE SHORT POSITION: 55-59

COVER SHORT: 47

STOP LOSS: 64

MONSANTO /MON/ "NYSE"

TODAY'S PRICE: \$68.06

52 week high **93.35**, 52 week low **66.57**
Market Cap: **\$38.09 bil**, Volatility (beta) **0.68**

The agriculture giant firm reported lower quarterly profit below expectation. Competition and struggling herbicide business, not a good sign. Falling below primary support line of 69-71. Erosion to continue. (Recommended in issue #459-09 dated 09/30/09 @ 77.40, cover short @ 65).

TAKE SHORT POSITION: 67-69

COVER SHORT: 55

STOP LOSS: 74

MOSAIC /MOS/ "NYSE"

TODAY'S PRICE: \$56.95

52 week high 68.28, 52 week low 37.08

Market Cap: \$25.68 mil, Volatility (beta) 1.24

The agriculture/fertilizer co enjoying quadrupling profit on lower raw material costs. Sell-off with heavy volume has continued since its formed premature.

Gapped-up pattern @ 61-64.

TAKE SHORT POSITION: 55-58

COVER SHORT: 47

STOP LOSS: 65

RIOTINTO /RTP/ "NYSE"

TODAY'S PRICE: \$242.00

52 week high 248.97, 52 week low 120.00

Market Cap: \$120.33 bil, Volatility (beta) 1.50

The producer of iron-ore/aluminum/copper ascending during the alleged scandal of the corporate officers. Over-extended. Subject to profit-taking. Volatile.

TAKE SHORT POSITION: 238-245

COVER SHORT: 198

STOP LOSS: 257

TOYOTA MOTOR /TM/ "NYSE"

TODAY'S PRICE: \$79.87

52 week high 91.97, 52 week low 71.00

Market Cap: \$127.09 bil, Volatility (beta) 0.72

The Japanese car manufacturer, reported unit sales in March: 186, 863 units, +35.3%. All due to incentive, lower price and possible loyal customers. Rebound from low 70s to current level could meet resistance @ 83-84 area.

TAKE SHORT POSITION: 79-83

COVER SHORT: 70

STOP LOSS: 88

SPECIAL SITUATION

MGIC INVESTMENT /MTG/ "NYSE"

TODAY'S PRICE: \$11.50

52 week high 12.20, 52 week low 1.46

Market Cap: \$1.49 bil, Volatility (beta) 3.13

The provider of private mortgage insurance is embracing volatility risk premium insurance. Up 18% with heavy volume. Possible attribute to short-covering in the speculative mortgage insurance market.

TAKE SHORT POSITION: 11-12

STOP LOSS: 7

COVER SHORT: 13.20