

MarketWatch

May 17, 2010 9:53 AM EDT

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Latest News

- 9:53a Financials off early as Kimco, REITs rise
- 9:52a Tech stocks start week with mild gains
- 9:51a Nasdaq Composite up 7.17 points at 2,354.02
- 9:50a S&P 500 Index up 2.05 points at 1,137.73

DOW	+0.68	NASDAQ	+6.28	S&P 500	+0.86
10,621	+0.01%	2,353	+0.27%	1,137	+0.08%

Economy and Politics



Endangered species

Year's first batch of primaries will show depth of voters' anger at Congress. Among the most-threatened incumbents: Pennsylvania Sen. Arlen Specter (left), who has been in office 29 years.

BULLETIN U.S. stock indexes cling to single-digit gains after modest early rise

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March 1, 2010, 12:01 a.m. EST · Recommend (2) · Post: f t

Avoid the golden handcuffs

Commentary: Remove emotions and keep it simple

STORY QUOTES COMMENTS SCREENER (2)

By Thomas Kee

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LA JOLLA, Calif. (MarketWatch) -- In my January MarketWatch column, I said short the market. In February, I said buy it. That is the name of the game this year.

Opportunities will exist on both sides. Although the follow through from February's low has not been fulfilled to my expectations as of this writing, the increases were well underway. If you bought near the lows in February, you should expect to hold for a while longer. We are holding, ProShares UltraShort 20+ Year Treasury ETF (TBT 41.86, +0.07, +0.17%), ProShares Ultra Financials ETF (UYG 62.58, -0.43, -0.68%), ProShares Ultra Gold ETF (UGL 55.33, +0.23, +0.42%), and ProShares Ultra Oil & Gas (DIG 32.28, -0.14, -0.43%) with upside targets and risk controls in place.



TRADING STRATEGIES: MARCH Leap of faith

The market's recent gyrations have left investors in a bit of a daze, but the market is still in a state of flux.

Even though we profited handsomely from the oscillations in the market already, many other investors sat idle, and had negligible returns. Read last month's Trading Strategies column.

My concern is investors miss opportunities like this regularly, and this is a year where they will repeat, so none of us should miss out. My goal in this article is to offer a strategy that can be used all the time, regardless of market direction or economic conditions, or political concerns for that matter. That way, everyone can profit all the time. Another goal is to help everyone remove his or her emotions from the equation too.

Therefore, this strategy will not involve buying or shorting individual stocks at all. Instead, we will focus on exchange-traded funds, or ETFs. Investors become tied to stocks, when they know they should not be. I call this "golden handcuffs."

Many brokers use this tactic in conjunction with managed accounts. They point out the stocks in the portfolio, declare them best of breed, but fail to disclose that the stock prices of good companies go down too. The strategy I am proposing removes those

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First Take

'Law and Order' is not guilty!

NBC appears to be poised to pull the plug on "Law and Order," which is wrapping up its 20th season this month. What a network of spoilsports, writes Jon Friedman.

9:49 a.m. May 14, 2010 | Comments: 53

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"This isn't an article, it's an infomercial"

- tjbrew | 8:31 a.m. March 9, 2010

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handcuffs, because we use ETFs.

In order for investors to use a strategy effectively, it must also be easy, so that was a focal point at the onset. A complex strategy will not be implemented for very long. One of my primary objectives in creating this strategy was to keep it simple, and remove the risk of confusion.

Strategy: Trend Tracker

Trend Tracker trades ProShares UltraShort QQQ (QID 17.12, -0.07, -0.41%) and ProShares Ultra QQQ (QLD 61.71, +0.17, +0.28%) exclusively in conjunction with the Nasdaq. QID is the double short, and QLD is the double long. We are comfortable using the double ETFs because we are always in control of our risk. That is part of the simplicity.

Here is an example:

When support is tested in the Nasdaq, buy QLD and target resistance. When resistance is tested, take profits in QLD and buy QID. Then, when support is tested again, sell QID and buy QLD again. If ever support or resistance levels break, stop out immediately, to control risk. Repeat the process.

We have been using this strategy without QID and QLD for about seven years, but in 2008, when they went public, we began using these ETFs exclusively. Prior, we used individual stocks, but stocks are not directly correlated to the market, so the model had skew prior to 2008. With these ETFs, Trend Tracker is now directly correlated to market fluctuations.

Trend Tracker can be used manually, but the automated version is much more popular. We have a contest running now; it is an ongoing contest with the paper-trading version, which will help everyone learn how to use the strategy effectively. [Learn more about Trend Tracker, view the right side.](#)

Trend Tracker can be used in any market environment, regardless of economic conditions, and without sacrificing time or lifestyle. Best of all, it removes the emotions from this business. This month is a great time to start. Keep it simple. If you do, you will realize returns without the associated risk.

These recommendations may have already been disseminated to subscribers of Stock Traders Daily.

Thomas Kee is president and chief executive of Stock Traders Daily and the author of "Buy and Hold is Dead: How to Make Money and Control Risk in Any Market."

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