

The Daily Market Report for For February 10, 2006

(Provided to you before 7:30 PM PT the night before the trading session in review by Stock Traders Daily)

The Report shown here is intended to be used to help you better understand where to enter your trades based on current Market trends. You will find a technical summary for the Markets listed below, and in addition, you will find specific market–related trading recommendations for Day Trades, Swing Trades, and Long Term Investments. These trading recommendations, which are based on a strict technical discipline, help you achieve accurate Market timing on a regular basis. Look at the trading suggestions, watch the Markets, and execute your trades accordingly.

SUMMARY
We are expecting the Market to begin the day with a bias to decline on Friday.
Near Term support should be considered inflection.
We should be prepared for both a re–test of mid term support, or a turn higher in the Market as well.
So long as the Market remains under longer term resistance we will expect declines over time.

Near Term Outlook	The near term charts are telling us to expect the Markets to begin the day with a bias to decline as they open on Friday and they suggest that near term support levels should be considered levels of inflection as well. Expect tests of near term support levels early in the day according to the near term charts.
Mid Term Outlook	The mid term charts are telling us that the Markets may have tested mid term resistance levels. Friday will be telling. Pay attention to the mid term parameters. If the Markets turn higher on Friday, expect already established resistance levels to be tested. However, a breakdown on Friday will almost surely prompt a re–test of mid term support levels again. Direction is uncertain at this time.
Long Term Outlook	Unless longer term resistance in the DOW and NASDAQ is tested, the longer term charts continue to tell to us expect declines. If these resistance levels break higher though, aggressive increases should be expected instead.

Day Trading Analysis

Summary: Near Term support should be considered inflection.

We are expecting the market to begin the day with a bias to decline as it opens on Friday and we are expecting the Market to test 2248 soon thereafter. We are considering 2248 to be a level of inflection on Friday as well. If 2248 holds as support, we expect the Market to turn higher and we expect a re-test of 2283. If 2248 breaks lower though, we expect aggressive declines and a test of 2225 instead. In any respect, use 2248 as your trading indicator on Friday.

Initial intraday trading parameters for the NASDAQ exist between 2248 – 2283

If 2248 breaks lower expect 2225

If 2283 breaks higher expect 2310

Otherwise expect 2248 – 2283 to hold

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These Parameters are telling us to trade the Market as follows...

If 2283 is tested first, these parameters tell us to short the Market with a downside target of 2248. However, if 2283 breaks higher instead, an increase to 2310 should be the target.

Conversely, if 2248 is tested first, these same Parameters tell us to buy the Market with an upside target of 2283. However, if 2248 breaks lower, these same Parameters are telling us to short with an expected downside target of 2225

Swing Trading Analysis

Summary: We should be prepared for both a re-test of mid term support, or a turn higher in the Market as well.

We are preparing both for a re-test of 2243 and a turn higher (and an official test of 2310). However, we may need to adjust our resistance level to 2283. Please make note of this. If the Market dips to 2243 and then turns higher again, we will adjust the mid term level of resistance to 2283 for swing trades during the session on Friday. If, on the other hand, the Market turns higher on Friday without testing 2243 first, expect us to leave 2310 in place as resistance. In addition, MXIM is poised to re-trigger as a long on Friday. Please make note of that and buy according to the trading plan in the alerts viewer.

Initial Swing Trading Parameters for the NASDAQ exist between 2243 – 2310

If 2243 breaks lower expect 2120

If 2310 breaks higher expect 2360

Otherwise expect 2243 – 2310 to hold

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Current Positioning:

We should be overweight longs at this time

These Parameters are telling us to trade the Market as follows...

These Parameters are telling us to short the Market near 2310 if that level is tested first, with a downside target of 2243. However, if 2310 breaks higher, these same Parameters tell us to expect 2360.

Conversely, if 2243 is tested first, these same Parameters tell us to buy the Market with an upside target of 2310. However, if 2243 breaks lower, these same Parameters are telling us to short with an expected target of 2120

Long Term Trading Analysis

Summary: So long as the Market remains under longer term resistance we will expect declines over time.

The longer term charts are telling us that the Markets are likely to trend lower over time until such time as the longer term support levels are tested again.

Initial long term trading parameters for the NASDAQ exist between 2110 – 2350

If 2110 breaks lower expect 2009

If 2350 breaks higher expect 2500

Otherwise expect 2110 – 2350 to hold

These Parameters are telling us to trade the Market as follows...

If 2350 is tested first, these charts tell us to short with a downside target of 2110. However, if 2350 breaks higher these same Parameters are telling us to expect 2500

But, if 2110 is tested, these same Parameters tell us to buy the Market with a target of 2350. However, if 2110 breaks lower, these same Parameters are telling us to expect 2009

IMPORTANT: The rules of trading say that a test of support or resistance Parameters occur in the NASDAQ when the NASDAQ comes within 3 points of our trading Parameter (15 points for the DOW and 1.5 points for the SWhen, for example, the Market comes within 3 points of a support level, and, according to rule, we look for a long position, we would refer to the Focus List at that exact time to find which stocks are best to trade. In order to work efficiently for Market–timing purposes, we must look for trading ideas at the exact time the Market offers us trading signals.