

# Around The Horn Plan

## Thursday, January 26, 2012



Symbol ECA  
 Description ENCANA CORP  
 Pattern Fast Ball

Sector Symbol \$XOIX  
 Oil & Gas Exploration & Production

Position Long  
 Entry 20.95  
 Stop 20.48  
 Initial Target 21.45  
 Ratio 1.06  
 50% To Target 21.20

Resistance 2	22.26
Resistance 1	21.46
Pivot	20.04
Support 1	19.24
Support 2	17.82

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Symbol	GTI	Sector Symbol	\$DJI
Description	GRAFTECH INTL LTD		
Pattern	Fast Ball	Electrical Components & Equipment	

Position	Long	Resistance 2	17.93
Entry	17.29	Resistance 1	17.50
Stop	17.05	Pivot	16.77
Initial Target	17.62	Support 1	16.34
Ratio	1.37	Support 2	15.61
50% To Target	17.46		

# Around The Horn Plan

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Symbol	MTH	Sector Symbol	\$HGX.X
Description	MERITAGE HOMES CORP		
Pattern	Fast Ball	Homebuilding	
Position	Long	Resistance 2	29.03
Entry	28.04	Resistance 1	28.39
Stop	27.73	Pivot	27.30
Initial Target	28.40	Support 1	26.66
Ratio	1.16	Support 2	25.57
50% To Target	28.22		

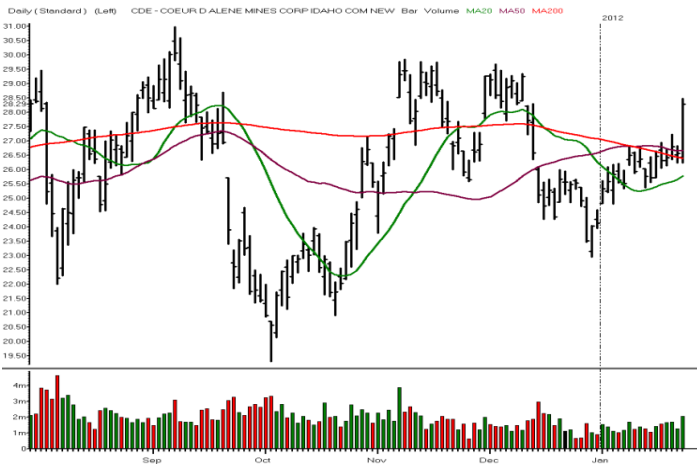
# Stocks To Watch

Thursday, January 26, 2012



SOTHEBYS

Symbol	<b>BID</b>
Pattern	Fast Ball
Position	Long
Entry	35.85
Stop	?
Initial Target	36.42
50% To Target	36.14
<b>Resistance 2</b>	<b>36.92</b>
<b>Resistance 1</b>	<b>36.24</b>
<b>Pivot</b>	<b>35.08</b>
<b>Support 1</b>	<b>34.40</b>
<b>Support 2</b>	<b>33.24</b>
Sector	Specialized Consumer Services
Sector Symbol	\$CMR.X



COEUR D ALENE MINES CORP IDAHO COM NEW

Symbol	<b>CDE</b>
Pattern	Fast Ball
Position	Long
Entry	28.59
Stop	?
Initial Target	29.09
50% To Target	28.84
<b>Resistance 2</b>	<b>29.92</b>
<b>Resistance 1</b>	<b>29.11</b>
<b>Pivot</b>	<b>27.67</b>
<b>Support 1</b>	<b>26.86</b>
<b>Support 2</b>	<b>25.42</b>
Sector	Precious Metals & Minerals
Sector Symbol	\$XAU.X



DU PONT E I DE NEMOURS & CO

Symbol	<b>DD</b>
Pattern	Fast Ball
Position	Long
Entry	50.82
Stop	?
Initial Target	51.24
50% To Target	51.03
<b>Resistance 2</b>	<b>51.68</b>
<b>Resistance 1</b>	<b>51.14</b>
<b>Pivot</b>	<b>50.17</b>
<b>Support 1</b>	<b>49.63</b>
<b>Support 2</b>	<b>48.66</b>
Sector	Diversified Chemicals
Sector Symbol	\$CEX.X

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# Stocks And Sectors On The Radar

Thursday, January 26, 2012



CA INC

Symbol	CA
Sector	Systems Software
Sector Symbol	\$XIT.X
Pattern	Infield Fly
Position	Short
Entry	24.73
Target	24.38

<b>R2</b>	<b>26.74</b>
<b>R1</b>	<b>25.88</b>
<b>Pivot</b>	<b>25.36</b>
<b>S1</b>	<b>24.50</b>
<b>S2</b>	<b>23.98</b>

50% To Target 24.56



HEALTH CARE REIT INC

Symbol	HCN
Sector	Specialized REITs
Sector Symbol	\$DJR.X
Pattern	Fast Ball
Position	Long
Entry	56.80
Target	57.19

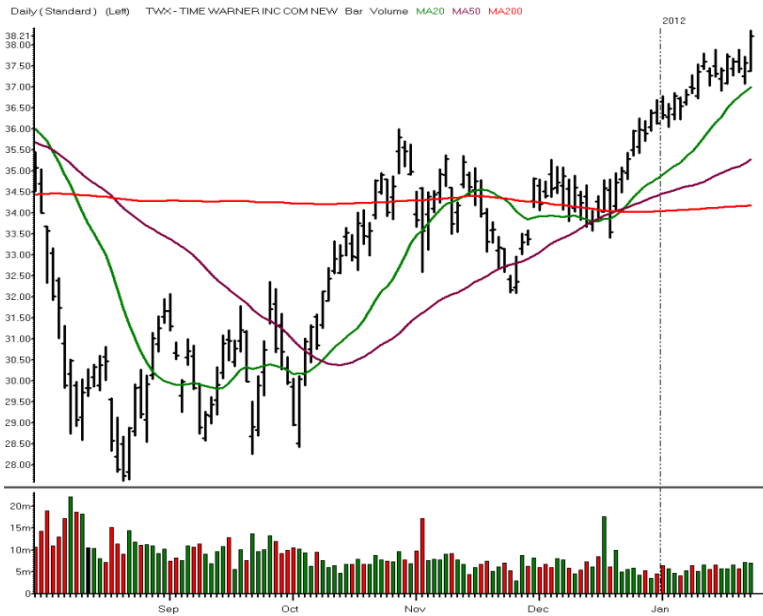
<b>R2</b>	<b>57.66</b>
<b>R1</b>	<b>57.15</b>
<b>Pivot</b>	<b>56.19</b>
<b>S1</b>	<b>55.68</b>
<b>S2</b>	<b>54.72</b>

50% To Target 57.00



# Stocks And Sectors On The Radar

Thursday, January 26, 2012



TIME WARNER INC COM NEW

Symbol	TWX
Sector	Movies & Entertainment
Sector Symbol	\$IXY.X
Pattern	Fast Ball
Position	Long
Entry	38.44
Target	38.67

<b>R2</b>	<b>38.94</b>
<b>R1</b>	<b>38.58</b>
<b>Pivot</b>	<b>37.97</b>
<b>S1</b>	<b>37.61</b>
<b>S2</b>	<b>37.00</b>

50% To Target	38.56
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Trade Date

26-Jan-12

Thursday

**Around The Horn**

Symbol	Setup	Entry	Direction	Stop	50%	Target	Sector Symbol
ECA	Fast Ball	20.95	Long	20.48	21.20	21.45	\$XOI.X
GTI	Fast Ball	17.29	Long	17.05	17.46	17.62	\$DJI
MTH	Fast Ball	28.04	Long	27.73	28.22	28.40	\$HGX.X

**Stocks To Watch**

Symbol	Setup	Entry	Direction	Stop	50%	Target	Sector Symbol
BID	Fast Ball	35.85	Long		36.14	36.42	\$CMR.X
CDE	Fast Ball	28.59	Long		28.84	29.09	\$XAU.X
DD	Fast Ball	50.82	Long		51.03	51.24	\$CEX.X

**Stocks And Sectors On The Radar**

Symbol	Setup	Entry	Direction	Stop	50%	Target	Sector Symbol
CA	Infield Fly	24.73	Short	SCALP	24.56	24.38	\$XIT.X
HCN	Fast Ball	56.80	Long	SCALP	57.00	57.19	\$DJR.X
TWX	Fast Ball	38.44	Long	SCALP	38.56	38.67	\$IXY.X

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Trade Date

26-Jan-12

**Thursday**

**Around The Horn**

Symbol	Setup	Entry	Direction	Stop	50%	Target	Sector Symbol
ECA	Fast Ball	20.95	Long	20.48	21.2	21.45	\$XOI.X
GTI	Fast Ball	17.29	Long	17.05	17.455	17.62	\$DJI
MTH	Fast Ball	28.04	Long	27.73	28.22	28.4	\$HGX.X

**Stocks To Watch**

Symbol	Setup	Entry	Direction	Stop	50%	Target	Sector Symbol
BID	Fast Ball	35.85	Long		36.135	36.42	\$CMR.X
CDE	Fast Ball	28.59	Long		28.84	29.09	\$XAU.X
DD	Fast Ball	50.82	Long		51.03	51.24	\$CEX.X

**Stocks And Sectors On The Radar**

Symbol	Setup	Entry	Direction	Stop	50%	Target	Sector Symbol
CA	Infield Fly	24.73	Short	SCALP	24.555	24.38	\$XIT.X
HCN	Fast Ball	56.8	Long	SCALP	56.995	57.19	\$DJR.X
TWX	Fast Ball	38.44	Long	SCALP	38.555	38.67	\$IXY.X

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## Around the Horn: The Rule Book

Just as the Around the Horn trading plan developed for our personal use, these rules also evolved to maximize our own trading profits, minimize risk and still allow the trades room to breathe. When we compute the monthly results, we use these rules to calculate the plan's efficacy. Individual trade results may exceed or fall short of the monthly results (for example, more or less favorable fills or missing a trade), but these rules allow comparison of results over time and a measure for one's own trading performance using pre-established criteria. While these guidelines will always have an exception to the rule (e.g. stopping out of a trade that later becomes profitable) over time, they serve us well more often than not.

### Entries:

1. The entry price (or entry tick within the allowable slippage or gap) has to **print on the NYSE**. That is, a stock that ticks the entry price on the NAS on or before the open does not count as a legitimate entry as the tick must originate on NYSE;
2. For **Gaps** and **allowable slippage**, profit target is the key. Your entry slippage should not be more than 25% of the total amount you expect to make and for planned trades should never be more than 20 cents total. Thus, if your profit target is a 40 cent gain, then allow for 10 cents of slippage. If the profit target is over a dollar, then 20 cents of slippage is reasonable. If you enter a trade beyond this level, then mentally shift gears and treat the trade as an intraday play or scalp trade, not as a planned trade;
3. **No new entries** after 12:20 PST/3:20 EST (40 minutes to close).

### Stop Protocol:

Once you enter a trade at the stated entry price or within the acceptable 10 cent slip level there are several criteria we use to protect ourselves from losses, as well as protect profits, while still allowing some room for volatility. During the trading day, I like to think of these as hurdles, moving from one to the next as the trade progresses.

**Hurdle 1:** After entering the trade at the stated entry price, watch to see if the trade goes 10 cents in your favor FROM THE STATED ENTRY PRICE, NOT YOUR FILL PRICE. If it does not go 10 cents in the trade's favor from the entry price before it goes 10 cents against the trade, exit the trade 10 cents against your trade and watch for another entry opportunity.

**Issues:** This strategy has protected us against what I call getting "tagged-in" only to head straight to the stop-loss. To execute this strategy, a trader needs to be comfortable paying the extra commissions if the trade comes back to your entry. Also, another entry here does not count as a "second" entry. If you are uncomfortable with this strategy, don't use it and use the stop level as your exit.

**Hurdle 2:** Once the trade is in your favor 10 cents beyond the entry price, keep the stop loss at the stated stop loss until the trade hits the 50% to Target level.

**Hurdle 3:** At the 50% to Target level, move the Stop Loss from the stated stop loss to a breakeven level at the STATED ENTRY PRICE, NOT YOUR FILL PRICE.

**Hurdle 4:** Once the trade ticks within 10 cents to the stated Initial Profit Target, move the stop to a Profit Stop at the 50% to Initial Profit Target level.

**Hurdle 5:** Once the trade hits the Initial Profit Target, determine if the trade is zooming past your price (in other words, it would be a struggle to exit the trade at that price as it is trading so strongly in your favor it has already surpassed the Initial Profit Target before you can get your order in). If this happy situation is occurring, stay in and trail with a profit stop, initially at the Profit Target.

If the trade is not this strong (as occurs much more often), exit the trade at the Initial Profit Target. Some traders choose to exit only half or some other percentage at this level and then trail a profit stop initially at the 50% to Target level, then later the Initial Profit Target, then by some other method as the trade gets progressively further from this level (reversal of two closes, violation of the 8 period simple moving average, support/resistance, etc.).

Note: These are the rules we use to calculate the monthly performance. As trader's you may find some other variation useful. For instance, for the 10 cent "tagged in" rule when a trade has not gone more than 10 cents in your favor before reversing, some traders prefer not to exit at 10 cents against you in favor of a wider exit at a 50% to stop loss level, giving the stock a little more room to breathe. Another example some traders employ is to take a percentage of profits at the 50% to Target level, another percentage at the initial profit target, and the final if it travels further, with protective stops for each of these levels as the trade progresses.

It is important to understand how we are trading and the rules we are using. It is also important that trading rules suit your psychology. If you have questions or thoughts please don't hesitate to contact me at: [Julie@TraderInsight.com](mailto:Julie@TraderInsight.com)

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