Hint. Look for the following chart patterns (If you find others, great!): I only show one pattern today, but it’s so obvious, I’m going to make you guess.
The triangle has broken out upward.

**Question 1:** Do you buy, short, or avoid trading this stock?

**Question 2:** If trading this one, what is the target price?

**Question 3:** If trading this one, what is the stop price?

The answers appear on the next page, buried in my notebook entries.
Date: 6/30/05
Trade time: placed after the close today
Filled at: limit order at 11.71. Filled on 7/1/05 (the last bar shown)
Stop: 10.63. Place this once the order fills
Upside target: 13.45 using 100% measure rule or 12.58 using 50% of height.
Future Nasdaq direction (guess): Down. It's at the bottom of a broadening pattern with a partial rise.
Buy reason: ascending triangle with potential upward breakout. This is high risk as market is unsettled and I predict will go down in the short term. Earnings are due 7/25. In Q3, drug trial results from lupus trial of lymphoStat-B drug in phase II. If this shows promise, the stock will pop. Otherwise, it might DCB. In short, I think this will result in a losing trade. Why invest? It's a buy signal. Period. Use a stop to minimize the loss. If the general market pulls the stock down tomorrow and in the future, the stop order to buy won't be hit.

More on next page.
Here is my notebook entry for the sale.

7/5/05 Stop placed at 10.91, just below the 63% Fibonacci retrace since the stock has broken out to new highs. Potential loss: 7%.

7/8/05 Stop raised to 12.13. That's just below the intersection of a long term down trendline on the weekly chart and just above the 50% Fib retrace line. I'm tempted to sell and cash in my nearly 2 grand winnings after just a few days in the trade. The high volume suggests a dearth of new buyers waiting in the wings, but with the positive news of a broker init with a buy and promising news on the drug trial front (Glaxo taking an option), this might be a longer term play.

Date: 7/11/05
Trade time: market open
Filled at: 13.72
Sell reason: This is up on a broker init coverage with a buy. Very heavy volume but it's less than yesterday even though price closed higher. My guess is the stock will open lower and head back down. I can always buy back in...as if that'll happen! Momentum is slowing. RSI is overbought. ROC (rate of change) is overbought. The indicators are saying it's time to bail out.

I bought at 11.71 and sold at 13.72 for an 11-day gain of 17%.

How did I do? The next page shows what happened.
Looks like I sold about two weeks too early but I was lucky to stand aside while the stock dropped in half when one of its drugs in development failed trials.

The end