



**Mercury (Hobart)**  
**Wednesday 8/09/2010**

Page: 20  
Section: Business News  
Region: Hobart, AU  
Circulation: 45210  
Type: Capital City Daily  
Size: 237.64 sq.cms.



**slice**  
slicemedia.com

press clip

# A bit of room for a little optimism



**DAY TRADER**

**Darryl Morley**

LAST week, our market moved up positively but fell short of forming a weekly pivot point.

It closed the week about 65 points short of the close needed for the pivot point.

Maybe this week will bring the necessary close above 4643 on the all ordinaries.

Last week, like the previous few weeks, we saw many more stocks forming set-ups which are likely to lead to positive moves.

If I add this to the fact some stocks have already broken out and moved up positively, it makes me believe on the balance of probability, at least in the short term, that profits will be made on the long side of our market.

The increasing number of stocks setting up each week gives me optimism our market will move up from here.

It is like the crowd is building at the gate and just waiting for it to open.

If the weekly pivot point forms, then the immediate target would be 5070 on the all ordinaries.

## Triggers

With this in mind, this week I thought it appropriate to discuss the set-ups of some of the stocks I am watching and the buy triggers I watch for.

When there are a lot of stocks to choose from, I use my risk-management and buy criteria to decide which to buy.

Bear in mind none of the following are intended as recommendations but just set-ups I use to narrow the search for buying opportunities.

Firstly, a couple of stocks which have already moved show how a move unfolds from the set-up stage.

Early this year, Gryphon Minerals (GRY), moved above 60c.

There had been several months of trading between 40c and 60c in 2007, before its move to a spike high of 80c.

It traded in this range again on its way down to 6c in 2008 and again on the way up in 2009 and early this year.

This makes same a significant support-resistance level. After the break above 60c in April this year, Gryphon

has been consolidating around the 2007 80c high until last week.

Last week's break above this trading range on increased volume would have been one of the signals to buy Gryphon, if the market had already given the weekly pivot point.

## Example

Andean Resources (AND), moved above its 2007 spike high in late 2009 and consolidated above \$3.00 for several months this year.

A look at how it has performed after it moved above this consolidation in July this year is a good example of how a stock performs when it breaks to a new high.

Breaks to new highs provide good trading opportunities.

Bottom dwellers can also provide good trading opportunities.

A bottom-dweller is a stock which has fallen from great heights and traded in a narrow range on low volume for an extended period.

Auzex Resources (AZX), fell from \$2.20 (on an adjusted

chart) in early 2007 to below 20c at the end of 2008.

It did this until August this year, when all of a sudden it started trading on increased volume.

All things being lined up, a buy signal would be a move above 20c on increased volume.

Look for stocks with this pattern, as there will be many more after the past couple of years' market action and they do provide good trades.

## Details

Next week, I will talk about intermediate highs.

Please check out [www.thedaytrader.com.au](http://www.thedaytrader.com.au) for details of my October-November workshops.

Portfolio position: cash \$267,166, shares nil

Starting capital, \$50,000.

● Potential investors should seek professional advice before buying shares, to determine whether such action is appropriate for their objectives and financial situation.