



Aussie Rob's Weekly Newsletter



Aussie Rob News: 22
28th Jan 2006

Giddy Folks

OK, the festive season is now well and truly over so it's time to start getting serious about what we want to achieve this year. I'm gunna start by asking, "Are you currently trading or paper trading Commodities"? If you're not, then please ensure that you thoroughly read the Commodities section of this week's newsletters as you're in for a real treat. It's amazing how many traders don't trade Commodities. I guess it's like anything in life, if you're not experienced, it can seem quite scary! My Lifestyle Trader combined with my Online Training Course can certainly help eliminate a lot of that fear so you too can start cashing in on the continual profits that my charts are producing. You may not be aware of this, but my Lifestyle Trader started off as a Commodity only program called Trend Genie. It quickly became a market leading program due to its simplicity and of course, profitability! I have now added Stocks and Options to it, hence the name change. So, please do yourself a favor and go over this week's newsletter like a fine tooth comb so you can really capitalize on the use of my software!

Some great trading correspondence came in this week as you'll see below...

For the benefit of our new clients, each week I include a selection of correspondence (the Good, Bad and the Ugly sometimes) as, there are a lot of great questions/comments that can help a lot of people. As I'm sure you can appreciate, I do not have enough hours in the day for one-on-one training so I want my time to benefit everyone, not just a few. My update enables me to achieve this! I am sure that you'll find a few nuggets every week. After all, just one tiny thing can have an exponential effect to your trading.

Being completely new to options my head is spinning with the terminology and concepts however, I would like to say that your course so far is very easy to follow and understand.

Kind regards
Mitsuko

Thanks for the thumbs up for my CDs Mitsuko. Like I say.... "When something is new, you need to study the material 5 to 7 times for it to really sink in". Those CDs are jam-packed with crucial option information.



Rob

Please explain the "Buy Writes" to me.

A buy write is when you buy the stock and sell the call in the same transaction

When you do the "Buy Writes" are you placing any conditions on the price realized?

Yes, for example: If the stock is trading at \$20 and you sell a call for say \$2, it effectively only costs you \$18 to buy the stock. When you place a Buy Write order, you place it for a net debit of \$18 or better. This gives your broker more flexibility as he might buy the stock at \$20.05 but sell the call for \$2.05, which still gives you a net of \$18 while if you placed the order specifically to get filled at \$20 & \$2, you would not have gotten filled as the best that the broker would have been able to get for the stock was \$20.05.

It would seem tough with the underlying stock always moving.

Great point, that is why the "net debit" is so effective!

Rob

I am now paper trading your 3-week trial Stock Alert service. Seems all 16 stocks on your January 23rd list had very recently took a dramatic jump up. Not sure what the strategy should be. Do I chase them? Do I wait for a pull back and then jump in when your singles indicate?

Jerry

Thanks Jerry, great questions Mate!

YES, they have had dramatic jumps up, they're winners. I'd change the terminology from "chase them" to "jump on and ride them".... :-). Seriously, there are several ways of trading them and by paper trading them and monitoring the results, you'll discover the best way for you personally as we all have different risk tolerances.

1. Jump onboard them all on Monday at the open. They are all VERY high probability candidates that "should" perform well.
2. Analyze the charts and choose the ones that look the best.
3. Wait for a pullback and trade them on their next upward move.

Again, they are all VERY high probability trading candidates!

I'll write about this week's results in the Stock Alert segment in a min...

Aussierob,

I have some questions on the use of your option scanner. I read the manual on options and it does not show you how to use the option scanner in detail.

The art of option trading is quite intricate and to put it all into the online manual would constitute writing a best seller. Ahhh, what a great idea! Yes, a book has been on the drawing boards for quite some time. I'll gather all of my reports and piece them into a book in a year!

One of my short term goals is to create a training DVD to teach a myriad of different ways to trade both Covered Calls and Naked Puts. I hope to have it done within the next few months. I just wish we had metric time (100 minutes in an hour / 100 hours in a day).



1. You mentioned in your newsletter that not all stocks in the option scanner are good. After running the option scanner, how do you know if a stock is good? Do you look at the daily chart to see if the stock has a fresh cross or that the stock is trending up?

Perfect, you hit the nail right on the head. Covered Calls and Naked Puts are both bullish strategies. We've implemented the "Export to Excel" feature in ARLT 3.3 so you can print the report to save you writing down the results. You then click on the STOCKS button and look for bullish candidates.

Can you give an example?

No, that's your homework for this week!

2. When do you make the covered call trade? Do you make the trade 4 weeks before expiration or 2 weeks before expiration or the time doesn't matter?

It really depends on how active you want to be. Some people like trading the entire month, others prefer to only work the last 2 weeks of an option month.

If you don't mind devoting 30 minutes a day to your trading for the entire month, you can place trades at the beginning of the month. Depending on your trading capital, if you're running short of funds when/if a better trade comes along, you can always close out your existing position to free up your cash to place another trade.

Is it better to wait until the fresh cross upward in the daily chart?

Not necessarily as there is so much flexibility with trading ITM (In the Money) Covered Calls especially if they're a long way ITM as the stock would have to fall a lot before losing on the trade.

Can you give an example?

No... more homework for you! ;-)

3. Do you place a stop order for the covered call and stock trade in case the stock drops too much?

You certainly can. I suggest that you place what I call a "if it does this, do that" order or a "Contingency Order" as it's officially called. For example, "If the stock drops to \$18.00, buy back the call and sell the stock." This would not necessarily create a loss by the way... Depending on how much time has gone by, the sold Call might be able to be bought back cheap enough to cover the loss on the stock!

In your options manual, you said to sell the stock & buy back the option if the price goes 1 strike back, can you give me an example or two, I do not know what you mean by this?

If you bought the stock at \$20, the next strike price below it is \$17.50. Therefore, if the stock drops to \$17.50, buy back the sold call.

I strongly suggest that you purchase my Option Simplicity CDs that are on sale at 50% off at the moment. They're a double CD set that covers an invaluable amount of information about the basics of options. You really should get a good grounding on option basics before you attempt the strategies. I guess it's like wanting to become a brain surgeon... they don't let you loose with



a chain saw on day one of medical school? Ya gotta learn the basics before you can get into the good stuff!

You can order my CDs by going to: <http://www.aussierob.biz/cdoffer.htm>

4. How do you exit a covered call trade? Do you let the option expire then sell the stock on the following Monday?

Yes, you can do that.

Or buy back the option and sell the stock on expiration day?

I prefer to buy it back prior to expiration. A day or two prior to expiration should mean that there would be very little time value left in the option. (I teach time value etc in my CDs).

In your options manual, you said to buy back on Monday of expiration week, what do you mean buy this? Do you mean to buy back the call and sell the stock on Monday of expiration week?

Can you give me one or two examples?

I'll let you guess the answer to this one! ;-)

Allan

Great questions Mate and I hope my replies have helped!

ARLT Version 3.4

3.4 is in development with some "tweaks" on the Technical Analysis and a few enhancements!

ARLT Version 4.0

This is a "BIGGIE" some great stuff that'll blow away you Covered Call and Naked Put traders as it will contain some new tools that'll enable you to instantly see which are the best candidates to trade! *This one has me excited! :-))))))*

Then it'll be 5.0 which will include FOREX!

Speaking of FX...

AussieRob FX Trader

Have you set up your demo account yet? FREE streaming data and FREE streaming charts. Set it up now by going to: http://www.aussierob.biz/forex_demo.htm

You'll instantly receive an auto reply with your User Name and Password. Then go to: <http://www.aussierob.biz/downloads.htm> to download the software and see how addictive FOREX trading can be. Remember, it trades virtually 24 x 7 so if you get the urge to trade at 3am, you can jump on your computer and get your trading fix.



Brokerage ~ Aussie Rob Financial Services

Don't forget one of the great advantages of trading through Aussie Rob's Financial Services is not only the low, low commissions but the cutting edge Trading Platforms with FREE real time streaming data and charts. I seriously suggest that you check out our services at:

<http://www.aussierob.biz/brokerage/index.htm>

Stock Alerts

Why haven't you signed up for the FREE trial? Things don't come much cheaper than FREE!!!

Click on the following link to activate your 2 week FREE trial:

www.aussierob.biz/stockalertstrial.htm

Our first week live in the market has produced some great trades. Here's what your account would look like if you entered each of the trades on Monday's open and held them through until Friday's close. *A 4.39% profit for the week.* Trading doesn't come much easier than this folks!

Symbol	Last Trade	Chg	Volume	Shrs	Value	Value Change	Paid	Gain			
ACO	Jan 27	25.53	+0.71	308,900	1	\$25.53	\$0.71	+2.86%	23.42	\$2.11	+9.01%
AOS	Jan 27	42.65	+0.20	159,200	1	\$42.65	\$0.20	+0.47%	42.45	\$0.20	+0.47%
AVGN	Jan 27	3.82	+0.07	158,485	1	\$3.82	\$0.07	+1.87%	4.18	-\$0.36	-8.61%
AVM	Jan 27	19.15	+0.53	37,800	1	\$19.15	\$0.53	+2.85%	19.10	\$0.05	+0.26%
BDE	Jan 27	18.83	+0.57	174,300	1	\$18.83	\$0.57	+3.12%	18.75	\$0.08	+0.43%
BLK	Jan 27	133.12	-1.89	228,800	1	\$133.12	-\$1.89	-1.40%	125.00	\$8.12	+6.50%
CHAP	Jan 27	41.94	+0.94	333,935	1	\$41.94	\$0.94	+2.29%	36.55	\$5.39	+14.75%
FPB	Jan 27	8.05	+0.04	15,800	1	\$8.05	\$0.04	+0.50%	7.90	\$0.15	+1.90%
HAL	Jan 27	78.93	+3.78	18,775,600	1	\$78.93	\$3.78	+5.03%	75.50	\$3.43	+4.54%
IMN	Jan 27	46.30	0.00	303,700	1	\$46.30	\$0.00	0.00%	48.81	-\$2.51	-5.14%
MEAD	Jan 27	3.13	+0.03	49,739	1	\$3.13	\$0.03	+0.97%	3.43	-\$0.30	-8.75%
NICH	Jan 27	5.48	+0.19	194,129	1	\$5.48	\$0.19	+3.59%	6.06	-\$0.58	-9.57%
RS	Jan 27	80.65	+2.48	327,300	1	\$80.65	\$2.48	+3.17%	73.00	\$7.65	+10.48%
SHPGY	Jan 27	48.02	+0.39	1,013,801	1	\$48.02	\$0.39	+0.82%	47.59	\$0.43	+0.90%
SLB	Jan 27	127.37	+3.03	8,170,800	1	\$127.37	\$3.03	+2.44%	123.25	\$4.12	+3.34%
SNP	Jan 27	60.59	+2.55	294,400	1	\$60.59	\$2.55	+4.39%	57.29	\$3.30	+5.76%
\$\$CASH					0	\$0.00			-	-	-
17 symbols					Total(USD):	\$743.56	\$13.62	+1.87%		\$31.28	+4.39%

Some of these stocks are still heading to the moon!

Just in case you missed the details of the launch last week, here it is again...



You asked for them so here they are....

What to buy? When to buy? What's your profit target? Are some of the most common questions I get asked and the great news is, you can now receive a bundle of stocks each weekend that my team and I have analyzed and are on our radar screen waiting to possibly trade the following week.

As you'll see in the attached spreadsheet, I'll be listing the stocks that we're look'n at along with several different profit targets to satisfy both the conservative and the speculative trader. In addition to that, there'll be comments on most of the candidates to help you with your decision making.

Now that 3.3 has been launched, you'll have both my proprietary signals as well as an abundance of technical indicators to help you make your decision on when to get in and when to get out of your trades. Add to this my new Alert Service..... arming you with more than enough trading opportunities!

The service will retail for \$49.95 per month but like I always do for my existing clients, you can capitalize on the pre-launch special of only US\$29.95 per month. That's less than \$1 per day for more than enough great trading opportunities! If you're serious about your trading, then you need to consider what it takes to recoup this minimal cost? I know that some of you have paid more than that for brokerage on just one trade!

Think about it... For virtually the same cost as trading commission, you can receive an abundance of high probability trades with profit targets every week. Lifestyle Trading is what it's all about. Tools and services to minimize the time spent on your trading, enabling you to spend more time with the other important things in your life! *It's easy to make money but very difficult to make more time, that's why professional tradesman use professional tools.*

Commodities ~ What's Hot

Not much more that I can say this week about the Peso except it's STILL doing what I said last week. I'm happy with that, what about you? SHOW ME THE MONEEEEEEEY!

Crude peaked this week and has pulled back a little again. The psychological barrier will be \$70.70 (the previous high). If it can push through it, then who knows where it could go. There's lots of noise in the market about the crisis with IRAN however the OPEC soon calmed things down with stating that they'll simply increase their output to cover any shortfall from Iran. Hello... couldn't they have done that a year ago???? Hrmmm, I wonder whose best interest it is with oil prices so high? Aren't market prices supposed to be determined by "supply & demand"? Has demand increased this last 12 months? Has supply decreased this last 12 months? Have the reserves reduced? Why do countries like ours peg our oil prices to the world prices? Sorry, we have had to put the price of gas/petrol up 30% because the world oil prices have gone up so much this year. It's irrelevant that our own oil prices haven't gone up that much!?!?!? Makes you wonder, doesn't it! Crikey, don't get me started or I'll never stop! :-) OK, back to trading....



Corn's final retracements didn't last long, did it. Away she goes.... Watch for it to break the highs of 2196. If it does, the rest will be history.

Both Wheats are heading north again. Wheat has big resistance at 33.66

All Soys are in unison. Long's look'n goooood! We made money on the way up, they turned and we made money on the way down, now we're make'n money on the way back up again. How cool is that????

After taking some great short profits off the table, all the E-Mini's and the Russell are look'n great for long profits now. The US stock market has had a stellar week! A lot of people are talking up the bullish signs in their indicators.

The Nikkei's look'n pretty exciting as it's breaking new highs. It's had a nice pullback and now heading to the moon again. There's a good lesson in the daily chart to demonstrate that my chart IS NOT a "price chart", it's a "trend chart". Move your mouse over the centre (or center if you're in the US) of the chart where you can see the highs. Now look at the price at the bottom within the Historical Data. Notice how the trend lines are higher at the centre of the chart than where they are now and yet the price is actually lower. My charts measure the strength of the trend, not the price of the instrument. That is why at times you can see the trend lines go up when the price is actually going down. That's just one of the unique features of my charts. The price can be going down and yet the trend can be strengthening. How can that be? Simple, there is more to a trend than just price! My proprietary indicators plot the trend. Other charting packages that base their algorithms on price generally get you in and out of trades too late as they have created a lagging indicator. Price is a measurement that has been set. Once you know the price, it's old news!

Copper triggered a long entry on Tuesday night and has produced a \$2,000 profit in 3 trading days. That's \$2,000 profit per contract!

Platinum is still heading to the moon. The profit on this little baby is too insane for me to write about. Look at the charts, contact your Broker and let him tell you.... Better still, I hope you're in it and your trading account is SWELLLLLLLLLLLLLLING...

Long Silver last Friday at 9.07 and it's now 9.55. That's a pretty cool \$2400 profit in a week and a day!

Coffee is still on it's northern journey.

OJ is heading north again. Up, down, up, down and now up again. New Commodity traders quite often ask which commodities are the best to start trading. That's a tough question because sure enough if I said, "try these two", they'll be losers. It's called "Murphy's Law". I prefer to guide everyone to paper trade for *at least* 3 months so then they're experienced enough to make their own decision about which commodities best suit their trading/risk objectives. The low margin commodities, like OJ, can be a good way to start as they require so little money on the table. Take the current long with OJ... We went long on Wednesday at 121.4 and it closed on



Friday at 121.95. Not much of a move yet but the margin requirement is only \$980 and we've made \$82.50. Mightn't sound like much but it equates to nearly 8.5% in a few days. *Banks won't give ya that for the year!* The previous trade was a short. In at 124.7 and out just over a week later at 121.4 for a \$495 profit or a 50% return on your investment!

Let's apply the same to Sugar. The margin requirement is only \$770. We went long at 14.97 on the 13th of Jan. We're still in the trade and it closed on Friday at 18.61. I hope you're sitting down because that equates to an incredible profit of \$4076.80 so far!!! As a return on investment, it equates to a whopping 529%.

I'm sure you realize that you've come to the right place if you wanna make money. Ya just gotta put the time, energy & effort into studying my training manual and learning how to trade this stuff. There is nothing, and I mean NOTHING on the market that is producing the results like my Lifestyle Trader. You own it, it's on your computer, I sincerely hope that you're using it!!!

If you'd like to set up a Commodities demo trading account, email Leslie at: commodityhelp@aussierob.biz Tell her that you're using my Lifestyle Trader and that you're now serious about learning how to trade Commodities and she'll set up a demo account for you. Leslie is extremely busy like the rest of my team so please only contact her if you're serious about giving it a fair go!

Commodities ~ What's Not

The Yen's heading south again with a nice short entry triggered on Thursday for an entry on Friday's open. Nice profit already on this trade!

Natural Gas is still plodding along with it's never ending short. It's as boring as watching the grass grow but eh, who's complaining about the profit! :-)

Propane has triggered a nice short this week.

10 Year Note: Does this prove my basing theory or what? Take a look at how it's been trading sideways and now it's exploded out of it's trading range. Switch to the technical charts and take a look at the Bollinger Band squeeze....

Euro Dollar and Treasury Bonds are heading south too!

The Japanese have certainly affected the Moo Cows by refusing to accept US beef. Other Asian countries followed suit. Take a look at the live ones and you'll see how simple it is to make money on a short. It had pretty much been an ugly chart with it floundering in a sideways pattern and now it has broken out to the downside.

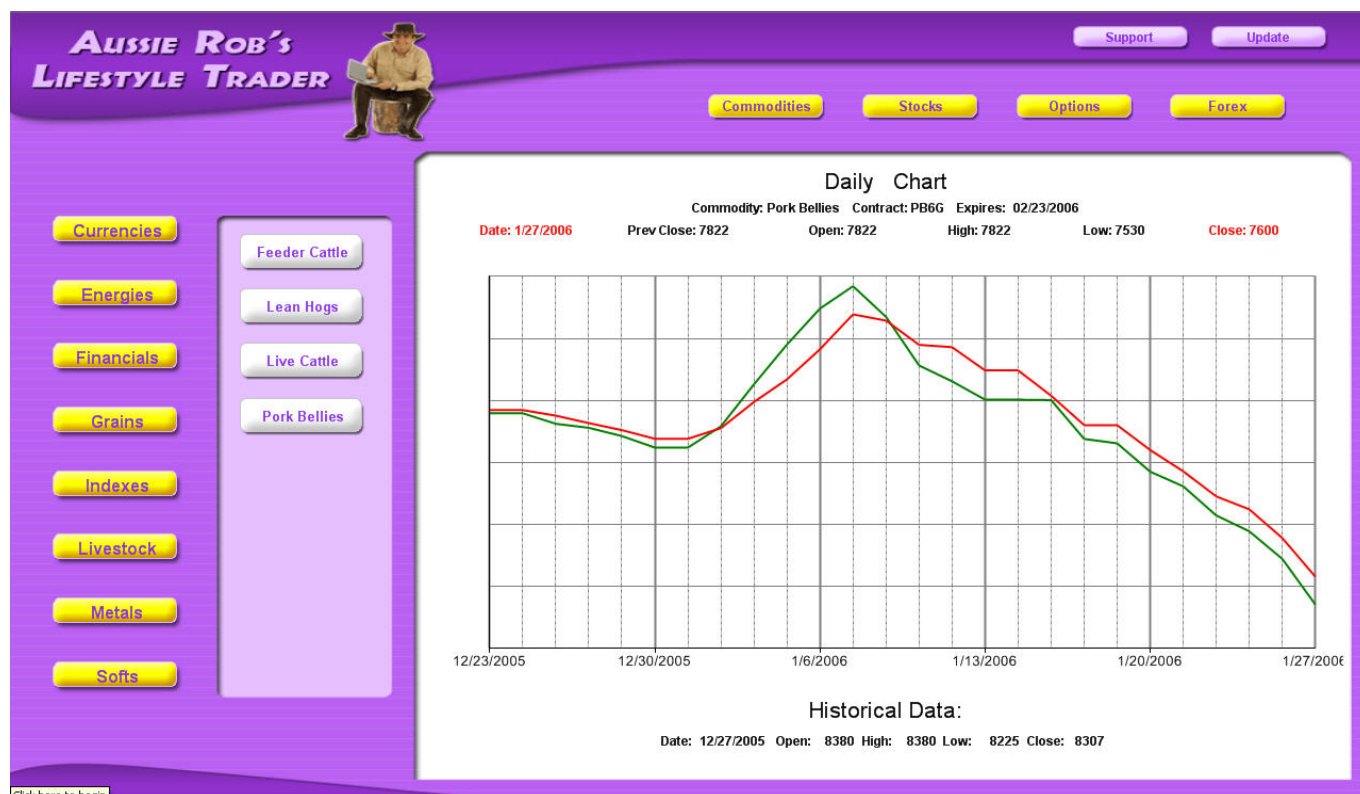
And what about the two little pigs? They've gone out in sympathy with their 4 legged friends!

Lean Hogs: Short at 65 and they're now 61.32 ~ that's \$1472 profit on \$1080 margin = 136.3%
Hrmmmm, not too bad, but what about....

Pork Bellies: Short at 84 and they're now 76 ~ that's \$3300 profit on \$1620 margin = 197.5%



Folks, those 2 trades have made a whopping \$4772 profit on a \$2700 outlay. Please help me out by spreading the word and help your family, friends & trading buddies by telling them about my Lifestyle Trader. The cost of my software is insignificant when it makes profits like this time and time and time again.



Here's a deal for ya.... I'll give your family, friends & trading buddies an opportunity to try my software with a tiny 10% non-refundable deposit (US\$399). They'll have to pay for the datafeed of course. They can try it out for 3 full months and then make a decision if it's for them. At the end of their 3 month trial when they pay the balance of their software, I'll give the both of you 6 months FREE DATAFEED! I've started the year off on the wrong foot (new readers, that's a joke at my expense as I've had a pretty serious foot injury and spent the festive season in horsepiddle) but I'm as serious as ever that 2006 is gunna be an absolute dynamite year for us all. So here is my belated New Year incentive to you, your family, friends & trading buddies. Get them to email me and I'll set up a demo account for them and I'll personally call them to demonstrate the power of my lifestyle trader. They win as they'll have the opportunity to improve their trading and you'll both win as I'll gift you both 6 months datafeed when they come onboard!

Cocoa is producing a nice short. The weekly chart has turned so now the long term trend bias is to the downside.

Commodities – Neutral

The Aussie Dollar is still trading sideways, it's winding tighter and tighter and tighter, just waiting to spring out of it's trading range.



New to Commodities: Please and I mean PLEASE.... Do not get carried away with the incredible profits that are coming from some of these commodities. This happens most of the time! The market has been around for some time now and it will probably still be around in 90 days time. Always, and I mean ALWAYS paper trade something new for at least 90 days before using real money! You can get whipsawed around, sorry, I should have said, YOU WILL GET WHIPSAWED AROUND and a lot of people cannot handle that happening, however those who follow the rules and paper trade first, understand that whipsawing is part of the game. You will have losing trades, probably more losing trades than winning trades, however, in the long run, my commodities module has been producing consistent profits over time! Be disciplined and play by the rules so you'll be in the game for the long haul. If not, YOU WILL get wiped out. I'm not saying that to scare you out of trading commodities, I say that because I want you to be in the game long enough to be able to enjoy the profits! Follow the rules and paper trade! *"End of lecture"*

Aussie Rob's Watch List

The whole idea of my Watch Lists is for you to keep an eye on my previous Watch Lists to find trending stocks to put into your own Watch Lists.

I run 5 different scans and then select the stocks that appear in at least 3 scans.

5 Scan:	Bullish (Green)	Bearish (Red)
4 Scan:	Bullish (Blue)	Bearish (Blue)
3 Scan	Bullish (Black)	Bearish (Black)

This week has seen an unprecedented amount of Longs in my scans. The Bulls outnumber the Bears an incredible 90:24.

Bullish List

AAON
AAUK
ABC
ACO
ALB
ARG
ASML
ASVI
ATI
BBV
BRCM
CAH
CAT
CENX
CGA
CHNR
CMC
CNI

Bearish List

AMGN
BSX
CDL
CH
COT
CTRX
DRCO
FLSH
HSY
INGR
JNPR
JPT
LBC
LTON
MFE
POS
REP
RLRN

SFD
TDA
TSN
TTWO
UZV
WINS



Bullish List Continued (All 3 Columns)

COLM	LBBB	SLAB
CRS	LGN	SLW
CSH	LKQX	SNE
CTBK	MAN	SNP
CTRN	MOSY	SSRI
DDD	MRB	STLD
DLR	MRTN	SWC
ERS	MT	SXI
ET	MTSN	T
EXP	NETL	TKF
FAC	NG	TNL
FCFS	NUE	TRF
FNBP	OMN	TRN
GGB	OS	TTM
GNA	OTL	TWTR
GRR	PAAS	UCFC
HL	PCU	URI
HOLX	PD	VAR
IFIN	PLD	VSH
INFA	PSSI	VWO
JEC	RMIX	WAB
JST	SFC	WFR
JTA	SHW	WFT
KEYS	SID	ZRAN

Well that's it for another week, the profits are really flowing and I hope you're claiming your fair share! I just love writing my weekly newsletter as each week "something" crops up that can help you better understand my charts or features of my software which in turn, help you to become a better trader. Please let me know how I'm doing as I value your feedback. Are you enjoying my newsletters as much as I'm enjoy writing them and are you benefiting from reading them?

Until next week...

Kind Regards

Aussie Rob

www.aussierob.biz

"Everything's EASY when you know how!"

P.S. "Never give up. Live your life and realize that every day you can begin again."

