

Giddy Folks

It's been another busy week DownUnder with the 2nd phase of our Brokerage launch. More on that shortly...

Some great correspondence came in again this week. 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.

Hi: My name is "deleted for privacy" I was @ your last seminar in Toronto where I was impressed with your simplicity and finally I decided to subscribe to your new venture so last week I made my first two trades from your scan for covered calls as follow:

1) Bought 300/shares of TSM @ \$ 9.90 and sold 3 April/06 \$ 5.00 call @ \$ 4.90 (I meant to sell 3 Jan/06 \$ 5.00 call by mistake I sold April/06 5.0 call)

You need to make sure that you ALWAYS fill in a trade sheet before you place the trade to help you from making mistakes.

At expiration, 2 things can happen:

1. TSM closes above \$5 and your stock will get called away from you. You would break even on the trade because you bought it for 9.90 and sold it for 5.00 (4.90 loss) but you brought in \$4.90 for selling the call. You now need to consider if you want to have that money tied up until the 3rd Friday of April just to breakeven. You might consider buying back the call then selling your stock so then you can use your capital on a profitable trade.

The stock is now trading at \$10.09 and you could possibly buy the calls back for \$5.20 as they are going for 5.10 x 5.30. I personally can't see the point in waiting until expiration as there is only \$0.11 of time value in the option. You might be able to get out of it with just a tiny loss due to commission. Lemme know how you get on.

2. If TSM is trading less than \$5.00 at expiration, you would not get your stock called away from you. You would lose the difference between the buy price of the stock and the price of the stock at the options expiration. You would keep the 4.90 premium for selling the calls. Therefore, your loss would be the difference between the stock price and \$5.00. You could then sell May calls.



2) I Bought 200/shares of RIGL @ \$8.18 and Sold 2 Jan/06 \$ 5.00 calls @ \$ 3.20 After executing the trades I realized that the calls that I sold were deep ITM . The trades were executed on Dec/08/05 and today Dec/21/05 looking at close I'm lost not knowing what to do if let's say this coming Friday would be the Expiration date of the options.

I'll let you do the math on this one Mate! Email me back with the 2 scenarios like what I did with TSM.

I would appreciate if you can find the time to outlay the possible scenarios @ expiration. Thanks

You're welcome Mate! The math will be a good exercise for you to do early in your option career. I'm planning on creating a Covered Call and Naked Put DVD early 2006 that will teach you a lot of option nuances.

This next comment is due to a client contacting me due to unforeseen financial difficulty and I thought that I would "tweak" my reply so I could publish it here as no doubt it could help a lot of other people.

Here's a thought.... If you can just put away \$10 or \$20 a week into a forced savings plan, you'll have saved \$500 within 6 months to a year. You could then trade Covered Calls on low cost stocks and make 10% per month. That will mean that you'll be able to add \$50 a month to your trading capital, in addition to your forced savings. Grab a pen, paper and calculator and work out how much money you'll have in 5 years if you keep reinvesting your profits and continued saving!

This could be applied to a lot of different situations, like:

1. Getting started with minimal capital.
2. College education fund for a child/grandchild. And my favorite....
3. Helping teens learn how to make money!

I remember one of my favorite workshops that I have ever run had a 15 year old boy in the front row (Giddy Dougie). His Mum (yeh Aussies say Mum not Mom so there's your "how to speak Orstralian lesson for today) was diligent enough to pull young Dougie out of school for the day to come to an "Aussie Rob Options Training Workshop". We had a dynamite day with everyone inspired by this young man who's goal was to become an options trader. I asked him what he wanted to do at College, his reply went something like this.... "I'm not going to College, I'm going to be retired by then!" Exciting stuff, eh!

Think about it for a minute, just \$20,000 earning 10% per month equates to a monthly income of \$2,000. What does it cost a year to go to college? What does a 5 year degree cost? Food for thought, eh?



ARLT Version 3.3

We were hoping to have been able to launch Version 3.3 today but unfortunately there were just not enough hours left in the week. My programmers are taking a well deserved break next week so we'll have 3.3 available in the first week of Jan.

AussieRob FX Trader

Trading "Foreign Exchange", commonly known as Forex has taken the world by storm and is proving to be one of the most popular trading instruments on the planet. We launched the new "AussieRob FX Trader" last week.

Have you downloaded your demo yet? If not, go to:

http://www.aussierob.biz/forex_demo.htm to get your log in details.

The demo includes FREE streaming real time data and technical charts.

You can learn more about it by going to:

<http://www.aussierob.biz/brokerage/explained/forex/fxtrader/1.htm><http://www.aussierob.biz/brokerage/explained/forex/fxtrader/1.htm>

Brokerage ~ Aussie Rob Financial Services

I'm excited to announce that today we're launching the final two departments, Stocks & Stock Options and Commodities & Commodity Options so we're now totally open for business!

In conjunction with the opening of our two new departments, we're launching two great new trading platforms to enable you to trade Stocks, Stock Options, Futures and Commodity Options.

Check out the Brokerage link at: www.aussierob.biz for details on the new trading platforms and account opening details plus much, much more.

Commodities ~ What's Hot

Gee, the Financials are finally breaking out with both the Muni and Treasuries breaking north. It's not surprising as most of the Currencies are taking a hammering against the Greenback this week!

Corn and the Wheats are making a nice run up and so too are Oats after their little pullback. Will be interesting to see if they can break the previous high of 2060.

Soybean & Meal are continuing their bullish run. Nice profits flowing with these little beauties!



How much did we pull outta the Nikkei last week? Well, we're back long again and if you can guess where resistance is, you're a better Man than me. Like the previous long, "The sky is the limit!"

Copper is producing another great slow and steady long. It broke new highs again this week. YAHOOOOO, SHOW ME THE MONEEEEEEEY! :-)

Gold has just triggered a short exit (thanks for the profits) and has "nearly" triggered a new long entry. Maybe a limit entry could be on the cards. The latest pullback has been good for Gold, let's see if it can be like Copper and rebound by breaking new highs.

Coffee's latest long is producing a few bucks while Lumber is true to it's style of nothing short of brilliant this year. Check out the long profits again! You do'n well Little G???

Last week I said, "Sugar, oh you sweet sugar..... keep those long profits flowing!!! In at 1204 and it's now 1420. SWEEEEET! (excuse the pun)" This week I say.... It's now at 1463 and double SWEEEEET!

Commodities ~ What's Not

The Aussie Dollar.... Well what can I say? You can't get any clearer signals than that, can you? Short entry triggered on Thurs 15th Dec to go short on Fri 16th. In at 7416 and it's now 7265 and heading further down!

Great profits were taken off the table with the Pound and now we're riding it back down again! Hang on for the ride as the profits are flowing.... Ditto for the Euro & the Franc!

What have I been saying the last couple of weeks about the Peso? Profits, profits and more profits!

A short exit has just been triggered on Crude & Unleaded. A couple of bucks profit in these but nothing too exciting.

Both Moo's have triggered shorts but they haven't been trending too well of late.

Palladium is still producing a great short while we just pulled a few bucks outta Platinum.

I wasn't too excited about OJ's short last week but as I said, "Let's keep emotions out of our trading and simply trust the charts." Glad I did cause the profits aren't too shabby! :-) Well it's contributing to Kerry's Fosters account!!!



Commodities – Neutral

Nice profits were taken off the table with the long Yen and now it's trending sideways trying to work out where it's heading to next.

Euro dollar is still trending sideways.

Rice is a bit jittery atm.... It's trying to break north.

Soyoil still can't make up it's mind if it wants to join it's bullish colleagues so it's just floundering around atm. Watch it go when it finally breaks out of it's holding pattern!

Not much happen'n again with the Mini's nor the Russell. I guess they just don't wanna play ball this Christmas!

Neither Piggies know what they wanna do.

Platinum and Silver are still trying to make up their minds too!

Cocoa, buggered if it knows what it's gunna do!?!?!?

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.



Aussie Rob

A WORLD LEADER IN TRADING SOFTWARE & TRAINING

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

The Bulls outnumber the Bears again this week 29:17 with a big reduction of both Bullish and Bearish candidates.

Bullish List

ACS
ADAM
AEY
ASX
ATRM
CEPH
CHH
COBR
DEL
EGO
ELGX
FDX
FIZ
FUR
GOL
HUM
LHO
NNDS
PAY
RELV
RGLD
SHOE
SNE
SPIL
STAA
TCT
TRE
TSCM
WDC

Bearish List

ABS
BBBY
BOL
EDF
FORD
GHI
GM
HHGP
MWE
NDD
PHF
PPM
QMAR
SBW
TPP
TSS
TUES

Well that's it for me, I've gotta sign off and get in the kitchen to cook the Christmas Pavlova!



Aussie Rob

A WORLD LEADER IN TRADING SOFTWARE & TRAINING

On behalf of the entire Aussie Rob Team, I would like to thank ya'll for your continued support in 2005 and just in case I don't get an update out next week, we'd like to wish:

Merry Christmas and an extremely prosperous New Year!

Happy Holidays and a Happy New Year

Bonnes fêtes et nouvelle année heureuse

Gelukkige Vakantie en Gelukkig Nieuw Jaar

Frohe Feiertage und glückliches neues Jahr

Feste felici e nuovo anno felice

Feriados felizes e ano novo feliz

Felices fiestas y Feliz Año Nuevo

Kind Regards

Aussie Rob

www.aussierob.biz

"Everything's EASY when you know how!"

