

As a courtesy, here is a copy of the email (which includes THREE new, potentially powerful GorillaPick for Friday's session) that current GorillaTrades subscribers received earlier this evening. We hope to see you back in the jungle soon!



Why trade like a monkey, when you can invest like a Gorilla?

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Stocks Ignore Terror

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-Thursday July 7, 2005-

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GorillaPicks Triggered Today:

Chattem (CHTT): At \$42.97, with a \$48 first target, a \$55 second target, and a \$39 stop loss. Confirmation Volume Area= 325K Risk Rating= 5

Intl. Rectifier (IRF): At \$49.63, with a \$55 first target, a \$63 second target, and a \$46 stop loss. Confirmation Volume Area= 900K Risk Rating= 3

Walter Ind. (WLT): At \$40.79, with a \$47 first target, a \$56 second target, and a \$36.25 stop loss. Confirmation Volume Area= 1.32M Risk Rating= 4

GorillaPicks Triggered from Previous Five Sessions:

None

GorillaPicks Confirmed Today:

MEMC Electronic Materials (WFR)

Light Volume Pullbacks:

[CMX](#) [GILD](#) [GPN](#) [MNT](#) [RESP](#) [SNDA](#)

*There were no changes made to the LVPB list.

GorillaPicks Sold Today:

None

GorillaPicks Stopped Today:

GYI triggered on 6/21 at \$75, sold at \$72.50 (raised stop loss) for a 3.5% loss.

GorillaShorts Triggered Today:

None

GorillaShorts Triggered from Previous Five Sessions:

None

GorillaShorts Confirmed Today:

None

GorillaShort Positions Closed Today:

None

Special Situation Picks:

None

New Potential Buys:

Intuitive Surgical (ISRG): ABOVE \$49.88, with a \$55 first target, a \$62 second target, and a \$45.25 stop loss. Confirmation Volume Area= 400K Risk Rating= 4

ISRG TRADING TIP: Watch this whippy formation as it displays new strength, while the market closes near its high of the day. Any continuation of volume may lift prices of this volatile stock into uncharted territory with no apparent resistance ahead. When reviewing or evaluating new trading ideas for purchase, keep in mind that during NEUTRAL trading environments, the patient investor is generally rewarded with desired prices. Moreover, with the market's volatility on the rise, and potentially large upside targets, consider dollar cost averaging "up," to ensure a stock's strength, while reducing trade risk.

Intuitive Surgical (ISRG) rose 0.83, to \$49.73, on good volume. ISRG designs, manufactures, and markets the da Vinci Surgical System for use in urologic, cardiothoracic, and general surgeries. The da Vinci Surgical System consists of a surgeon's console, a patient-side cart, and proprietary instruments. Interestingly, it translates the surgeon's natural hand movements on instrument controls at a console into corresponding micro-movements of instruments positioned inside the patient through small puncture incisions or ports. The system provides the surgeon with motion, fine tissue control, and 3-D vision characteristic of open surgery, while simultaneously allowing the surgeon to work through small ports. ISRG also manufactures various EndoWrist instruments, including forceps, scissors, electrocautery, scalpels, and other surgical tools, which incorporate a wrist joint with tips customized for various surgical procedures. Its other products include Aesop Endoscope Positioner, a voice-activated robotic arm that automates the critical task of endoscope positioning; and Hermes Control Center, a centralized system designed to voice control a series of networked smart medical devices. ISRG sells its products through a direct sales force in the U.S. and Europe, as well as through distributors in Australia, Canada, India, Italy, Romania, Saudi Arabia, Singapore, Taiwan, and Turkey.

Marvell Tech. (MRVL): ABOVE \$40.01, with a \$45 first target, a \$50 second target, and a \$36 stop loss. Confirmation Volume Area= 2.85M Risk Rating= 4

MRVL TRADING TIP: Watch this dominant formation as it prepares for another leg higher, while the market recoups earlier declines. Any further accumulation may send this stock climbing; the recent strength favors the long investor. When entering new trades, consider waiting for a stock to "confirm," as a choppy market is still in the forecast (NEUTRAL). When seeking higher probability (of success) trades, dollar cost averaging "UP," may provide the least trade risk. Moreover, with the market's volatility on the rise, an exit strategy is a MUST for all trades, and should always be adjusted to your personal risk parameters.

Marvell Tech. (MRVL) gained 0.11, to \$39.82. MRVL provides various semiconductors, such as analog, mixed-signal, and digital signal processing integrated circuits. In addition, MRVL designs integrated circuits that perform the critical functions in converged network systems. Further, it also introduced integrated circuits that perform the management of power within electronic devices. MRVL's products include switching, transceiver, wireless, personal computer connectivity, gateways, communications controller, and storage and power management solutions that serve various applications used in business enterprise, consumer

electronics, and emerging markets. Its products enable the customers to store and move digital data by using media infrastructures or wireless. These products are also used for transmitting and recovering digitally converted analog signals to and from various types of broadband communications media.

Microsemi (MSCC): ABOVE \$19.99, with a \$23 first target, a \$26 second target, and a \$17.50 stop loss. Confirmation Volume Area= 825K Risk Rating= 4

MSCC TRADING TIP: Watch this productive formation as it closes on strength, while the market shakes off earlier sellers. Any further accumulation may provide the new catalyst to take this pattern back into year-high territory. When reviewing new trading ideas for purchase, pay the price that coincides with your desired exit strategy; always have an exit strategy assigned to each trade according to your personal risk parameters. Please note: Diversifying by "Risk Rating" will drastically reduce a portfolio's volatility.

Microsemi (MSCC) added 0.24, to \$19.93. MSCC designs, manufactures, and markets analog and mixed-signal integrated circuits, and discrete semiconductors. Its semiconductors manage and control/regulate power; protect against transient voltage spikes; and transmit, receive, and amplify signals. MSCC's integrated circuit products offer light, sound, and power management for desktop and mobile computing platforms, as well as other power control applications. Its products are marketed through electronic component sales representatives and sales force to original equipment manufacturers. In addition, the company also markets catalog products through industrial distributors. MSCC serves various markets, including implanted medical, defense/aerospace and satellite, notebook computers and LCD monitors, and automotive and mobile connectivity applications in the U.S., Europe, and Asia.

New Potential Shorts:

None



Portfolio Update:

Today's terror incident, although very unfortunate and barbaric, provided an excellent test as to the strength of the GorillaTrades portfolio. And, it stood strong! Of the 70 GorillaPicks in the current GorillaTrades portfolio, an impressive 58 hold unrealized gains. And, this number is deceiving because of those GorillaPicks that are lower, most are down by just 2% or less and most are unconfirmed GorillaPicks. In fact, not one of the 70 GorillaPicks is down by more than 4%. In the end, the GorillaTrades portfolio performed nicely again today. Of those few GorillaPicks that did not finish higher today, only 2 of the 70 GorillaPicks (GPN and PSUN, which fell 3% each) fell by more than 1%! On the other hand, ASCA, CIT, CVH, GNW, and RESP gained 2%-3% each. In addition, of the 70 current GorillaPicks, 25 have now achieved their first targets and 22 hold double-digit unrealized gains! The long side of the portfolio is led by EIX, GGP, GILD, MNT, RESP, and TRZ, which hold 20%-28% unrealized gains each. CBG, CERN, URBN, and ZNT hold 30%-35% unrealized gains each! Two of the three GorillaShorts also hold unrealized gains. Only unconfirmed EDS is down just 0.5%.

If the long side of the GorillaTrades portfolio seems unusually large, it is! In fact, it is close to the largest number of GorillaPicks in the history of GorillaTrades! Could this be a sign of things to come? Time will tell, but to put things into perspective, keep in mind that 25 of the 70 current GorillaPicks have already achieved their first target; the point at which 75% of the position was sold for a profit, and another 18 GorillaPicks have not yet confirmed. Thus, for those subscribers who wait for confirmation to make their initial purchase, there are only the equivalent of 33 FULL long positions.

Gorilla Commentary:

The stock market moved higher today, as surprisingly calm investors helped stocks recover from steep early losses, following the London terror attacks that killed at least 40 people and injured more than 700. The Dow Jones industrial average climbed 31.61, or 0.31%, to 10,302.29. (The Dow had fallen more than 103 points in the first hour of trading!) The



Nasdaq rose 7.01, or 0.34%, to 2,075.66, while the S&P 500 was up 2.93, or 0.25%, at 1,197.87. Advancing issues outnumbered decliners by more than 9 to 7 on the NYSE, where volume was slightly more than it was yesterday.

Traders on the floor of the NYSE were amazed at the stock market's resiliency today. Homeland Security Secretary Michael Chertoff's announcement that there was no "specific credible evidence" of a pending attack in the United States obviously helped matters as well. The good news was that there was no follow-up, or secondary wave of attacks. The market healed quickly on the thought that the situation in London was similar to the recent one in Madrid; a single incident that will not recur tomorrow.

Some traders thought oil was lower today due to the fact that the bombing in London will diminish global demand. (A barrel of light crude settled at \$60.73, down 0.55.) They argue that terror attacks will dampen economic activity (less travel, etc.), which in turn will slow down the demand for oil. However, most felt that a combination of profit-taking and a flight to safety were the main reasons for oil's decline.

Traders said that the timing of the London attacks, several hours before the start of trading in New York, allowed investors to overcome any knee-jerk reactions to the news. Buy orders quickly entered the market, as stocks sold off at the opening bell, helping the market make steady gains throughout the session. As one trader put it, "Unfortunately, this is the world we live in now. Five years ago, the market would have been down much more. Now, we see it as a buying opportunity. There was simply no panic."

The terror attacks in London were a stern reminder that the world remains a very dangerous place, despite all the progress that has been made in stopping the global threat of terrorism. The Gorilla's thoughts go out to the families of all of those innocent people who were merely on their way to work the day after London was awarded the 2012 Olympic Games. To go from such elation to sadness so quickly must be very tough for the British, thus our thoughts and prayers go out to all of the victims and their families.

What the terrorists may have underestimated on this one is the strength and resolve of the British people. Germany bombed London in the Blitz of World War II thinking it would break the spirit of the British people and force them to surrender before being invaded. What followed was quite the opposite, as Winston Churchill promised that the Brits would fight, and fight, and never surrender! Churchill gave that amazing speech about how they "would look back in a thousand years" and find that "this was their finest hour." The resolve that comes from today's attacks will probably be similar to the resolve back in WW II!

While the European markets finished lower today, there really was not that much financial damage. In fact, British stocks were only down about 1.4% on the day, and it was a positive to see the financial markets hang tough and hold their ground, despite the day's tragedy. In the US, we saw an early selloff as well, but by the end of the day, all three major indices had battled their way back to positive closes. We might actually be seeing that British resolve already showing up in the form of markets unwilling to buckle at the threat of the terrorists. Hopefully, we can see the free world cooperate and work even harder to crush this scourge of global terrorism.

All eyes now turn toward tomorrow's June employment report, where economists are expecting to see that 190,000 new jobs were created last month. They also see unemployment holding steady at 5.1%. How stocks will react is sort of a toss up right now. Bulls would love to see a blowout number that says things are economically rocking, BUT a weak number might make the Fed cool it on the rate hikes sooner rather than later (and that could be bullish for stocks too!). Either way, it should be an interesting report.

TECHNICAL CORNER: What the Nasdaq watchers undoubtedly noticed today was how the Nasdaq reacted to the terrible news from London. We have noted for quite a while that the 2050 level was shaping up to be a key support/resistance level for the Nasdaq. Well, we sold off at the open as expected, and wouldn't you know it – we received a nice bounce right off

of that 2050 level. The Nasdaq even managed to close at its next make-or-break level of 2075! Now that was exactly what the bulls wanted to see happen.

If the Nasdaq can hold up so well, despite the market rattling news, maybe it has enough strength to finally claw its way back to the 2100 level for another shot at a breakout. Stay tuned! By the way, it was also a plus to see the S&P get back close to the 1200 level, and it was also constructive to see the dear old Dow climb back above 10,300. All in all, stocks managed to hang tough from a technical standpoint in the face of some pretty earth shattering news.

AND THE WINNERS ARE... Richard Schwartz, of West Islip, NY, and Dick Young of Lowell, MI who correctly guessed, "Cedar Point AND the Blue Streak." Congratulations Richard and Dick! You have both been awarded an additional year of GorillaTrades subscription service as promised! The Gorilla couldn't help but reminisce after reading some of the many good guesses. Here are some of the many very good (and entertaining), but incorrect guesses:

An incredible number of subscribers DID guess Cedar Point, but their guess of the specific ride was wrong. The other rides submitted include:

Wicked Twister
Top Thrill Dragster
Millennium
Demon Drop....A close second. The Gorilla loves this one too (even better than Dr. Doom's Free Fall at Universal Studios in Orlando!)
Gemini
The Dragon

Other park guesses and the specific rides:

Busch Gardens:
Loch Ness Monster
Rebel Yell
Apollo's Chariot

Six Flags:
Tidal Wave
Tornado
Kingdom Ka
The Safari

Disney's Animal Kingdom:
Kali River Rapids

Universal Studios:
King Kong

Disneyland:
Pirates of the Caribbean
Space Mountain

King's Island: The Gorilla's second favorite park. He still remembers the episode where the Brady Bunch visited this park!

The Beast
King's Dominion
Shock Wave

MGM:
Rockin'Roller Coaster
Tower of Terror

Disney World:

Pirates of the Caribbean
The Tree House
Space Mountain

Michigan Adventure Park: Come on now! Are you serious?
Funnel of Fare

Coney Island:

Cyclone
Merry-go-round...oooooh, too scary for this Gorilla!

Question of the Day:

Q. I have noticed the gap between the current price and the stop (% from stop loss) varies among the current GorillaPicks. What is the reasoning for the gap differential? I think most of the gaps have been fairly balanced, but is there a reason for certain large gaps?

A. The Gorilla recommends stop loss areas as guidelines. They are designed to alert subscribers of the areas that may pose risk to a GorillaPick's strong continuation pattern. The price levels given are suggestions to protect capital and unrealized gains from the original point of entry into the GorillaTrades portfolio. However, they should be adjusted to each subscriber's individual risk parameters. A larger "gap" between the current price and the recommended stop loss area of any GorillaPick can be the result of this GorillaPick's recent movement or its individual trading characteristics. This is the precise reason the Gorilla updates recommended stop loss areas every Monday (in the Trader's Notes section of the evening email).

When scanning the current portfolio, don't forget to analyze the Return-to-Risk ratio (RTR) column. The figure in the RTR column is simply a "gauge" (from the current price of each of the "confirmed" GorillaPicks in the GorillaTrades' portfolio), of the projected profit potential available (based upon projected second target goals), from the current recommended stop loss area. Please review the SYSTEM TUTORIAL regularly for a full explanation of this concept and many others, and always assign an exit strategy to each and every trade!

In the words of...Woody Allen, "If you're not failing every now and again, it's a sign you are playing it safe."

**Key Long-Term Technical Levels:**

| Index | Support | Resistance |
|--------|----------|------------|
| Dow | 9780 +/- | 11,000 +/- |
| Nasdaq | 1750 +/- | 2215 +/- |
| S&P | 1055 +/- | 1236 +/- |

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