

Meeting notes IBD Boston. 10/22/08

Fewer members than usual convened this evening.

Doug's talk preceded the two scheduled speakers: Eric Eklof and Mamoud So

Future Meetings are as follows:

October 29th: Boston Value Investing Group with Raimondas again meet on time at the architect Renzo Piano building ext. door, near intersection Main & Albany Streets. 6:30 pm on the dot (access limited to being on time because room unspecified).

November 11 - Exit Strategies with Herbert Brun

November 24th - Trading Options (Mickey Moores from Online Trading Academy)

November 19 - under development....TBA

A questionnaire was passed out to be completed by members for feedback on the value of meetings and topics.

First lecture:

Our hatted friend, Eric Eklof, explained his view of the market in outline form. For him, Chart analysis is his staunchest ally in day trading. Aspects of this, reduced to the elements are: candles, patterns, chart registering "up" or "down", and establishing the channels.

In order of importance to him are:

1. Catalysts to the market:
2. Price Pressure
3. Chart reading: candles, patterns, channels.

Keeping it simple is very important and can make you money.

Each candle tells you what the market probably is going to do the next day.

High volume is capitulation (wicked high volume heralds a change in direction, for example, the candle called "spinning top").

He illustrated on the charts where the buyers make the market go up and the sellers make the market decline. How do you see this? By the volume!!! The greater the volume, the bigger the move.

With price pressure, Eric registers where the market is going through "the flow of the day" as a day trader.

Running through up and down catalysts to the market, we recognized the following:

UP catalysts

The FED
Rate Change
Election
GDP

DOWN catalysts

Unemployment
Foreclosures
Failures of buyouts
Credit card busts

Completed buyouts
Libor rate
Current events

Speakers
Natural disasters
Growth of the taliban

If you never look at a chart, at least write out the catalysts you see every night.
Eric told us he would begin to buy oil 5-6 days from now as long as it bottoms here.
His experience is that most base-oriented downward triangles do not recover. If you see a candle with a top wick, buyers are pushing the wick up.

STOCKPICKS

Doug re-designed the goal of this segment of our meetings to accommodate different stock selection methods.

- * Maintain a list over time
- * Review previous picks during the presentation
- * Recognize good stock pickers

Status: We need experts in each selection method:

Volunteers: Bob Podd, Eric Eklof for T.A. and Gary Winer and Chris Jones for IBD method.

(IBD)	EBS	Mike	Momentum, new high, strong volume, great growth EPS 97
(IBD)	CSH	Lendy	Pawn shops, reviewed on New America
(IBD)	DMND	Chris J	Appears regularly on many screens
(TA)	LPHI	Bob Podd	ROE 123%, Ind gp 15, 10M sh float (caution)
(TA)	JBL	“ “	Ready to move...
(TA)	QELP	Eric	Very thinly traded oil/gas, \$15-20 range, 43% dividend
(TA)	UYG	“	double short on financials, “financials will lead us up”

Introduction to the Currency Market, with Mamoud Sodre (617) 216-9646
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Mamoud discussed the history of currency trading and its role in the financial market, Categorization of Currencies, the role of models in currency trading.

One basic tenet is that a U.S. citizen may not hold a foreign currency and therefore must use an interbank, or intermediary, such as trading house.

On the Forex, it takes \$25 to open an account.

Currency is an asset class. There are ETF's available to trade individual currencies. Another approach to trading currencies is similar to ETF's (_____).

Milton Friedman was commissioned in 1971 by the CME to devise a memorandum endorsing the creation of currency futures, which would be necessary for a transition

when currencies were no longer tied to gold. They would thus be regulated and under control. The range (?) widened to a floating currency.

There are four or five main currencies, the rest are deemed exotic: EURO, GB pound, USD, JY, CH.

There is a base currency against which other currencies are weighted. Sometimes this depends upon how much import/export business the country does. In the case of the US, it is 15% of our GDP.

PPP - (Purchasing Power Parity) what defines the purchasing power between two countries? PPP has become a model for analysis of currency exchange. One price gets set for goods or a commodity. CPI (Consumer Price Index) is a common index to compare currencies via the expenses of daily living for each country.

The Japanese yen is a floating currency...a free currency, as are the British pound and the Deutsche mark.

Hedging: In the import/export business a salary is paid in the local currency. There is a need to cover the rate of exchange because of currency fluctuation. To hedge, you need an instrument which would lock a price in, and this means you desire a guaranteed exchange for the same amount. You buy this in form of a contract from the bank. Currency forwards (businesses, commercial banks only) are the instrument and they trade on X number of days. Currency futures are traded at the CME. Currency options are traded at the (Philadelphia Exch.) and individuals can trade through brokers or interbanks.

Ex: the carry trade between the EURO (.04%) and the YEN (.05%)

When an equity moves, currencies are affected, the YEN is particularly sensitive to movement. (When the DOW falls, the EURO rises. When OIL rises, people perceive inflation and the market falls.)

Resource: worldbank.org
Interactive brokers