



# STOCK WORLD WEEKLY

THE EXECUTIVE'S SUMMARY | OF THE GLOBAL MARKETS

Dow Jones	12,801	(-0.5%)
S&P 500	1,343	(-0.1%)
NASDAQ	2,904	(-0.1%)
NYSE	7,992	(-0.8%)
Russell 2000	813	(-2.2%)
Oil	98.97	(+1.2%)
Gold	1,723	(-0.3%)

## THIS WEEK'S NEWSLETTER:

### MONDAY MARKET MADNESS - WHAT'S THIS GREECE THING?

Turmoil in the eurozone as Greece pushes back into the headlines

### TUMBLIN' TUESDAY - KEEP ON ROLLING

Bernanke testifies before the Senate, hints at "QEternity"

### WEDNESDAY WORRIES - YENTERVENTION, EURO STYLE

EUR/CHF and Yen indicate the Bank of Japan is doing yet another "stealth Yentervention"

### BOEASY MONEY THURSDAY - GREASING THE WHEELS

Bank of England adds another 50 billion Pounds worth of liquidity to global markets

### FALL BACK FRIDAY - GREECE NOT QUITE FIXED

Greece falls apart again, Dollar soars, markets drop

### THE WEEK AHEAD

Last week's newsletter, [The Relentless Pursuit of Meaningless Metrics](#), ended with Phil commenting on the general bullish mood prevalent in the markets, and the factors supporting a technical case for a continuing rally: *"There's the rub though - are the current levels sustainable? The nice thing about consolidations like the one we've been having is that they firm up a floor and give us an obvious exit point on the way down. We can move some sideline cash into play - as long as we hold 12,500 on the Dow, 1,300 on the S&P, and 2,800 on the Nasdaq - pretty simple strategy, right?"*

While the stock market gave back some of its recent gains this week, the indexes stayed above our key levels. Meanwhile, the economic turmoil caused by the never-ending Greek debt crisis, and the resulting political theater that has escalated to a level of grandiosity not usually seen this side of Wagnerian opera, have produced a continuing seesawing motion in the currency markets. Greece is pulling the Euro around, the Euro is pulling the Dollar around, and as the Dollar goes up and down, the markets go in the opposite direction.

Not to be left out of the party, Japan has jumped into the fray as news came out this week that it had staged yet another ¥1.02Tn (\$13.2Bn) "stealth Yentervention" during the first four days of November, shortly after it sold a record ¥8.07Tn (approximately \$104Bn) on October 31. An intervention is "stealth" if there is no accompanying announcement from a central bank. ([Japan Adopts Stealth Intervention as Yen Gains Threaten Exporter Earnings](#))

This helps explain this week's activity in the Yen and the Euro. As Phil wrote on Wednesday, *"The Yen finally got back to 77 and EUR/CHF (Euro / Swiss Franc Index) back to 1.21 so my theory that the BOJ has given up on the Dollar and moved to boosting the Euro is playing out."* In other words, the BOJ is printing Yen (driving the value of the Yen down) and buying Euros (propping the value of the Euro up).

A \$26Bn settlement between the federal government, state attorneys general, and the five biggest banks in the mortgage market - Ally Financial, BofA, Wells Fargo, JPMorgan and Citigroup - was also

made this week. The terms include \$20Bn in “credits” that the banks will receive for principal write-downs and other assistance to be provided to homeowners at risk of default. Another \$5Bn in cash payments includes a \$1.5Bn settlement “to borrowers who were wrongly or illegally foreclosed on between September 2008 and December 2011. Borrowers could receive up to \$2,000.” Aaron Task observed, “The settlement is being hailed as the biggest multi-state settlement since the 1998 tobacco agreement. But as Henry [Blodget] and I note in the [accompanying video](#), the settlement is too small to really help the housing market, or even do much for individual victims of fraud and abuse. The deal may, in fact, hurt housing by sending a message to people who’ve stayed current on their mortgages that irresponsible behavior is what gets rewarded in America.” ([\\$26Bn Mortgage Settlement: Good for Banks, Not So Good for Homeowners](#))

At least the money set aside for fraud victims should be just about enough to help them buy a broken-down old van to live in at their scenic new dwelling, down by the river. Who pays? “[the \\$20 billion isn’t coming out of the banks’ pockets; it’s coming from investors and, ultimately, taxpayers.](#)” Yves Smith at Naked Capitalism

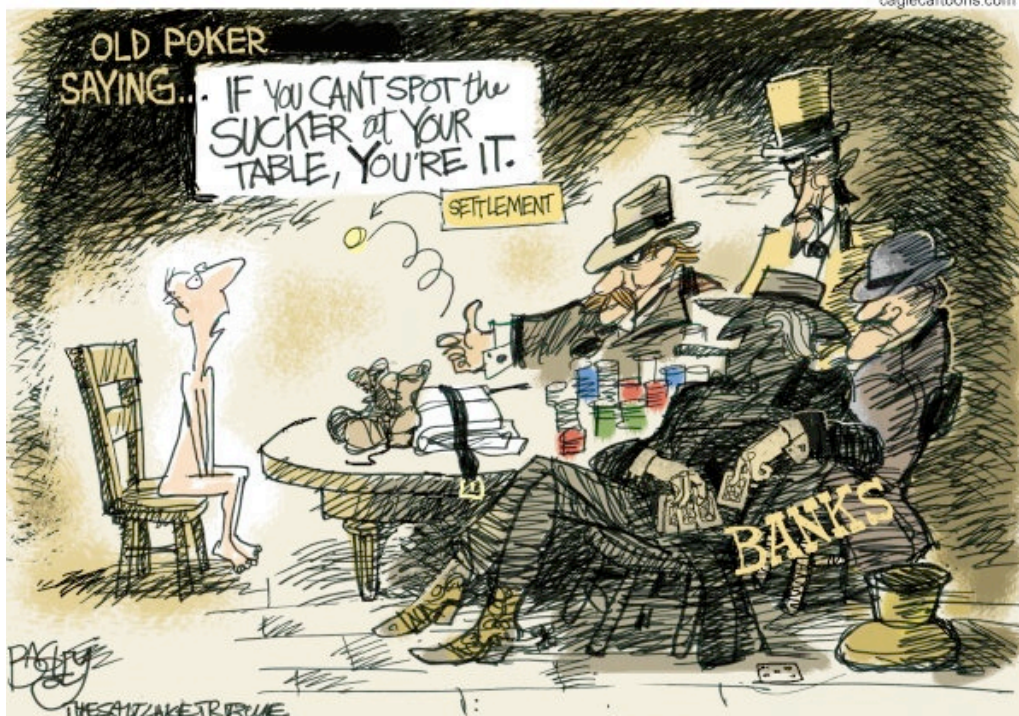
wrote, “*That \$20 billion actually makes bank second liens sounder, so this deal is a stealth bailout that strengthens bank balance sheets at the expense of the broader public.*”

Reviewing several of his previous trade ideas, our resident biotech trader, Pharmboy, submitted: “Greetings SWW readers! Well, the first month of 2012 has turned out to be quite a good one for the biotech portfolio, and I think it would be wise to revisit some of our picks from the past few quarters and see if we should either close them out, add to them, or just stay the statue quo. I do not want the gains to get away from us, as this is a very conservative portfolio. And I want to have money to deploy should we have any pullbacks in the coming months.

“CERS (virtual position initiated on 3/27/2011) - it has been almost a year since we entered a position in this stock, and it has gone both up and down. In my virtual portfolio, I am in for an average of \$2.77 (800 shares). The stock is currently trading at \$3.20. I think it is wise to lighten up by half, so let’s sell 400 for \$3.20 or better.

“AMGN (virtual position initiated on 9/11/2011) - we sold the April 2012 put for \$0.93. Buy it back for \$0.10 or better (an 89% gain).

“VRTX (virtual position initiated on 12/4/2011) - we have two plays on this HepC maker, and the interim play is the April \$25/30 bull call spread (\$2.80), with the sale of the \$25 puts (\$2.10). The total cost for the position was \$0.70 for the \$5 spread. The bull call spread is trading at \$4.80 and the sold puts are down to \$0.20. Let’s close the position for \$4.50 or better. That is a solid 640% gain!”



caglecartoons.com

## Monday Market Madness - What's This Greece Thing?



The continuing European debt crisis was in the forefront of the financial news again. A marathon meeting between Prime Minister Papademos and the three top party leaders in Greece concluded with an agreement to various “basic points of the international lenders’ demands,” such as spending cuts of 1.5% of gross domestic product for 2012, and cuts in pension benefits. ([Greeks Struggle to Resolve Their Differences](#)) Investors responded negatively, as this highlighted how much remains to be done before an agreement can be reached. The markets opened with the Dow and S&P down 0.5%, and the Nasdaq down 0.4%.

Phil wrote, “NOW Greece is going to matter? Just when we were planning to get bullish, the Futures are off half a point as concerns about Greece, of all things, come back to the forefront as pretty much the entire country is poised to strike this evening on the expected news that even stricter austerity measures will be jammed down the throats of a Nation that is already suffering from 20% unemployment...”

“Since either Greece will pass a debt deal and Athens will be in flames tomorrow, or Greece will not pass a debt deal and Europe will be in flames tomorrow - I am liking those TLT longs (we picked up the weekly \$115 calls for \$2)!”

“That's all the news we want to look at as we need to maintain a positive mental



*attitude if we are to go bullish here, at the former top-end of our range. Our bullish premise rests on Greece being fixed, Portugal not immediately becoming the next crisis, the rest of Europe finding a bottom, ignoring Japan's debt issues, a soft landing in China and strong growth in America with inflation while the rest of the emerging markets keep inflation in check. What, us worry?”*

Later, Phil followed up on the TLT trade idea in Member's Chat: “TLT is at goal by the way for selling 5 of the \$115 calls for \$2.50 in the \$25KP. You can stick with it by watching the \$117.20 line on TLT and call that a stop for 5 of the calls if we can't hold it and, if we get to \$2.75, we'll see where TLT is then and set the stop higher. That would leave us with 5 with a stop at \$2.”

The day ended with the Dow down 0.2%, the S&P down 0.1%, and the Nasdaq flat.

# Tumbling Tuesday - Keep on Rolling



Tuesday saw more delays in the Greek debt drama. Concerns that a deal between Greece and the rest of the eurozone may not be worked out were back in play. The Dollar got some trader love, and the stock market opened slightly lower.

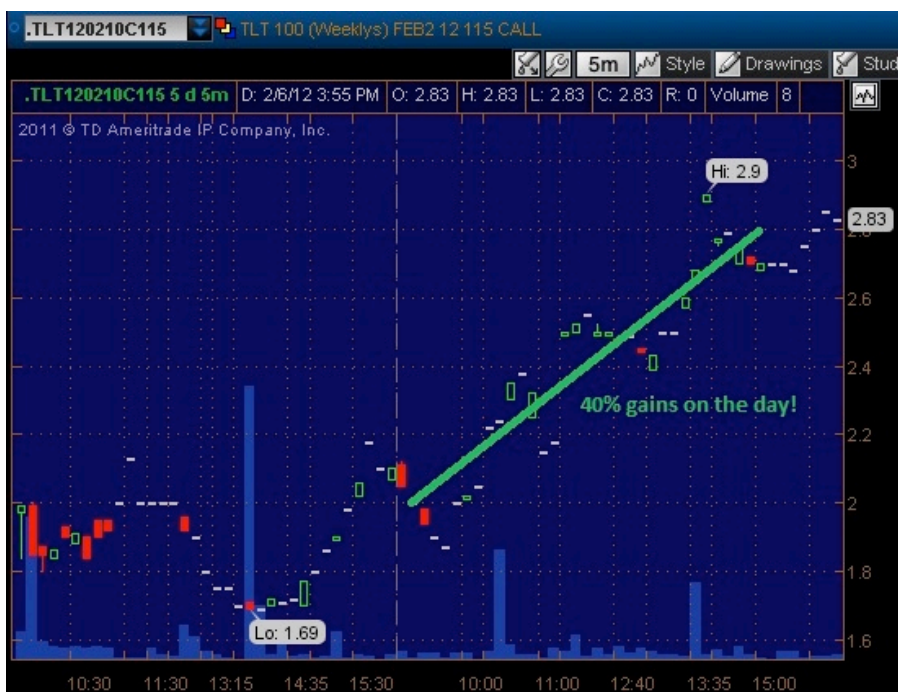
Phil wrote, *“As I said yesterday, either Greece passes a debt deal and Athens will be in flames (strike began at midnight) or Greece will not pass a debt deal and Europe will be in flames (DAX down 1% at 8:05 am). That simple logic allowed us to go short on the Futures in Member Chat this morning as the Dollar tested 79 and my 4:00 am comment to Members was:*

*“Dollar bouncing off 79 is going to be bad for the indexes. Looks like fake pumping to me, and Greece is not even fixed yet. I am literally scared to short these days but 2,525 is a good line to watch on the Nas (/NQ) and 825 on the RUT (/TF) and \$1,725 on gold (/YG) should be good for a little ride down if the Dollar can get over 79.15 (now 79.12). So let's call that the bear line with 79.20 confirming Dollar strength although not meaningful until over 79.50.*

*“Already the Nasdaq is down to 2,517 and, at \$20 per point, that's a quick \$160 per contract. The Russell is down to 822 but that one pays \$100 per point, so \$300 per contract there, and gold is our star, with a drop to \$1,715 at \$33.20 per contract, edging out the RUT shorts with gains of \$332 per contract - not bad for a morning's work, just in time to pay for 200 Egg McMuffins.*

*“Percentage-wise, we did better with our TLT trade, also detailed in the morning post as I said (in conjunction with my prediction of strife in Greece: “I am liking those TLT longs (we picked up the weekly \$115 calls for \$2)!*

*“As you can see from our chart, even those late to the party in the morning were able to get in on the fun as TLT dropped down to \$1.85 and didn't get back over \$2 until after 10 am. It continued on to our initial \$2.50 target (up 25%) and made it all the way past \$2.80, for a 40% gain in a day. This was a great start for our new virtual \$5,000 portfolio as we picked up an aggressive TLT spread in the morning on that one as well for our first trade.”*



Federal Reserve Chairman Ben Bernanke testified before the Senate Budget Committee on Tuesday. He said that while the European debt crisis continues to threaten the U.S. recovery, the Fed's forecasts *“are for unemployment to continue to decline moderately.”* Phil wrote, *“Speaking of things that are going down. Dollar just tested 78.80 as Bernanke hints at QEternity.”*

The Dollar pulled back slightly from its highs, and the markets closed with the Dow up 0.3%, the S&P up 0.2% and the Nasdaq up 0.1%.

## Wednesday Worries - Yentervention, Euro Style



Progress was made in the ongoing Grecian debt crisis, as the [European Central Bank \(ECB\)](#) announced it was willing to make “key concessions” over its holdings of Greek government bonds. Theoretically, these concessions would help ease Greek’s debt burden and make it easier for it to secure additional bailout money. ([Concession Smooths Way Towards a Greek Debt Deal](#)) The Dollar was little moved by the “progress,” and the stock market opened slightly higher.

Phil wrote, “78.50 on the Dollar! The Yen finally got back to 77 and EUR/CHF back to 1.21 so my theory that the BOJ has given up on the Dollar and moved to boosting the Euro is playing out nicely.

“This does not make me more bullish (expecting a falling Dollar to boost the markets). In the grand scheme of things, this is like having two kids building a sand wall on the beach instead of one. Sure it will last longer than the wall just one kid built but, eventually, the tide will get it anyway or, as Jimi Hendrix said more poetically: ‘Castles made of sand, fall in the sea, eventually.’

“Once you start messing around with Forex markets, you are messing with major macro forces that are hard to control. [Japanese banks have \\$7.5Tn of Japanese bonds at 1%](#). What happens to the value of those bonds if the BOJ does push the Yen down 10%? Who takes that \$750Bn hit? [What if rates go up to 2%](#) - what’s the value of the bonds then? Who will bail out the Japanese Banks when they have a multi-Trillion Dollar (several hundred Trillion Yen)

*hole in their balance sheets? Do Japanese spreadsheets even have room for Quadrillions? They are going to need it!”*

Regarding his concerns that the markets are choosing to ignore bad news, Phil wrote, “Unfortunately, I’ve been reading the news so it all seems completely ridiculous to me and I’d say shorting the RUT (/ITF) below the 830 line (just tested 833) and shorting the Dow below 12,850 (now 12,854) look like the most attractive plays, in addition to same old shorting gold at \$1,750 line.

“I would love to have a bullish play but I just can’t do it. I’m sorry, I’d rather be in cash than pay these prices just because the Dollar is driven down to ridiculous levels against a currency (Euro) that is one-third its size. The eurozone just did a \$750Bn round of QE and is about to do another \$1.5Tn round. All that, so far, has barely “fixed” the smallest member state. This is like us fixing Rhode Island and the rest of the World declaring that America’s all fixed...”

“Obviously, we need to watch that 78.50 line on the Dollar. Below that, we can’t be bearish, but the line should hold.”

In reviewing the \$25KP, Phil wrote, “As it’s the Wednesday before expiration week, we should engage in good practices and roll or kill any position where we are the sucker paying premium...”

The Dollar ended the day where it began it, and the stock market ended slightly higher.

# BOE Easy Money Thursday - Greasing The Wheels



Greece and the European debt crisis drove the financial news again on Thursday, as the [continuing on-again / off-again saga of the Grecian debt crisis](#) dragged on. News that European Central Bank President Mario Draghi had confirmed that an agreement had been reached between Greece and the so-called “troika” representing eurozone bondholders helped push down the Dollar to a low of 78.44. The markets opened with the major indexes slightly higher.

Phil commented on how the Bank of England (BOE) voted to buy another 50 billion Pounds (\$79Bn) worth of assets, primarily government bonds, *“with freshly printed money, taking the total to 325 billion Pounds, as economists had expected.”* ([Bank of England pumps more cash into economy to support recovery](#))

Phil wrote, *“More free money! That’s the way we like to start the day as the BOE pumps another \$75Bn into the mix and, best of all, its currency went UP on the news because ‘whisper numbers were for \$100Bn.’ Now that*

*we know the magic formula, we can start a rumor that the Fed will print \$3Tn and then, when they ONLY print \$2.5Tn - the Dollar will become much more valuable. See, I’m starting to think like a Central Banker!”*

Later, as oil climbed to the \$100 range, Phil discussed trade ideas based on shorting oil:

*“USO Feb \$39 puts are \$1.03, 10 in the \$25K virtual portfolio.*

*“Oil at \$100, good spot to short (/CL).”*

*He also discussed repositioning TLT in the \$25K virtual portfolio: “30-year went at 3.34% with 2.47 bid to cover (2.66 is avg) so pretty bad numbers but not so bad as to justify TLT this low... That move down in TLT was ridiculous, it had nothing to do with the Auction and nothing to do with the Dollar - not natural at all.”*

Following up in Member’s Chat, Phil wrote, *“Looks like we need to spend \$1.25 to roll our TLT calls (20, \$115 calls) to the Feb \$114 calls at \$1.80 in the \$25KP. Our goal is to sell the \$116 calls to pay for the roll but they are currently \$0.70 so we’re chancing they come back.”*



The chart to the left shows the Dollar started climbing Thursday afternoon and began soaring early Friday. This was good for Phil’s TLT trade idea and other short trade ideas.

The day ended with the Dow up 0.1%, the S&P up 0.2% and the Nasdaq up 0.4%.

## Fall Back Friday - Greece Not Quite Fixed

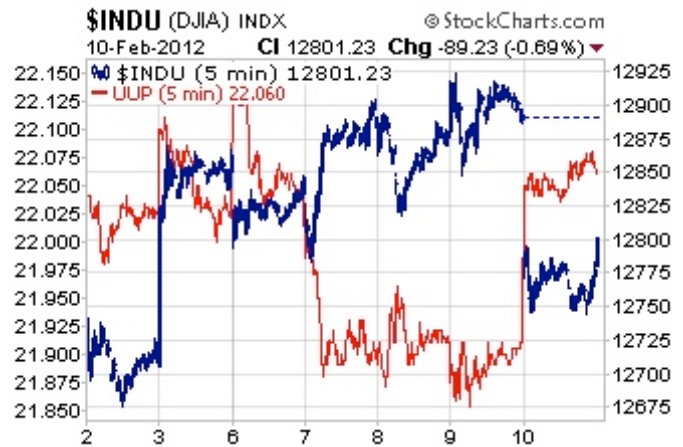


The situation in Greece deteriorated on Friday as members of the Grecian parliament balked at the harsh terms of the austerity package. The biggest police union in Greece announced it would issue arrest warrants for Greece's leaders on charges of "subverting democracy." Street protests broke out as part of a 48-hour general strike, but violence was scattered and sporadic.

A leader of the opposition LAOS party said, *"Greeks cannot be hostages and serfs. We were robbed of our dignity, we were humiliated. I can't take this. I won't allow it, no matter how hungry I am... Germany decides for Europe because it has a fat wallet and with that fat wallet it rules over the lives of all the Southern countries."* ([Greek Protestors Clash With Police Ahead of Vote](#))

Speaking for the fat wallet owners, German Finance Minister Wolfgang Schaeuble stated that [Greece is falling short of its debt-cutting targets](#). A spokesman for the German Finance Ministry said, "The Greek offer is not sufficient and they have to go away to come up with a revised plan." Greek Prime Minister Lucas Papademos found himself facing intense political dissension as he argued for deeper budget cuts, claiming that failure to secure the €130Bn rescue package would halt the payment of wages and pensions, and result in schools, hospitals and businesses shutting down. ([Papademos to Ministers: Back Bailout or Quit](#))

The Dollar climbed sharply as investors sought out its relative safety in view of the current turmoil in the eurozone. The markets opened with the Dow down 0.8%, the S&P down 1% and the Nasdaq down 0.9%. As this week's INDU versus UUP chart shows (above),



the inverse relationship of the Dollar to the Dow held up well this week. The turmoil in the eurozone resulted in a nonstop Ping-Pong game between the "Greece is fixed" side and the "No, it isn't" side. Both currencies - the Euro and the Dollar - were pushed back and forth all week.

Phil began the day reviewing his TLT trade ideas on Thursday, noting how it had been a *"white knuckle day for the bears as the Dollar and TLT made new lows, but we stood our ground..."*

*"TLT bottomed out at \$114.62 and we were forced to roll our weekly \$115 calls along to next week's \$114s (taking full advantage of the discount being offered) at just \$1.80 and almost entirely in the money. Those should be looking good this morning as the Dollar flies back over 79. Speaking of the Dollar, at the end of yesterday's post, I drew a line in the sand at 78.50 and our bearish outlook rested on that line holding and the Euro failing to break \$1.33 and the Pound failing at \$1.59, despite the relentless Yentervention on the Euro..."*

*"That was a pretty good call and firms up our view now that the Dollar at 78.50 is indeed the spot where we again hit some*

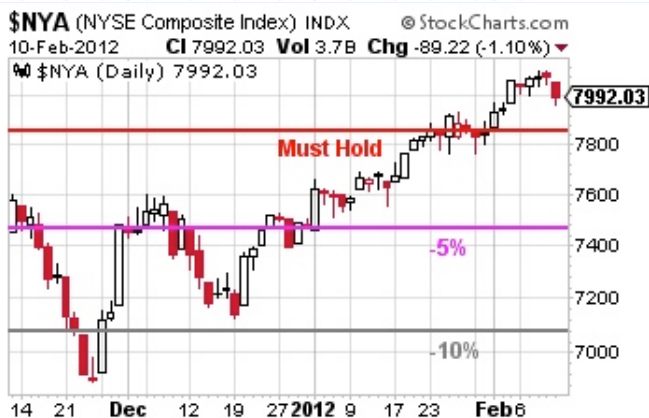
*bullish plays but, for now - color us skeptical. Our bear trade ideas were flying as we had the opportunity to short oil again at \$100 (now \$98.50). Our trade idea from Wednesday Morning's Alert to Members was the SCO Feb \$34/36 bull call spread at \$1.60, selling the \$37 puts for \$1 for net \$0.60 on the \$2 spread. Even at yesterday's \$98.50 close, the net of the spread had already climbed to \$0.80, which is up 25% in a day -*

*"on track" towards our expected 233% gain by next Friday."*

The Dollar held its gains through the day, but lost some ground just before the close. The major indexes closed lower, with the Dow down 0.6%, the S&P down 0.7%, and the Nasdaq down 0.8%.

### Friday's Levels

2/10/12	Dow	S&P	NAS	NYSE	Russell
LEVELS	12801	1343	2904	7992	813
10% UP	12749	1359	2863	8653	851
5% UP	12170	1297	2733	8259	813
MUST HOLD	11590	1235	2603	7866	774
5% DOWN	11011	1173	2473	7473	735
10% DOWN	10431	1112	2343	7079	697



## The Week Ahead

The situation in Greece is producing some bizarre, Kafkaesque moments, which in themselves are generating violent reactions among politicians and the general populace. Reminiscent of how the Homeland Security Bill got pushed through Congress, [Mish Shedlock commented on the presentation of the agreement to Greece's party leaders](#), *"Imagine you are asked to sign a document but three pages were missing. Further imagine the documents you were asked to sign were written in English but you only speak Greek. Would you sign?"*

*"That is exactly the predicament Greek officials were placed in by the Troika. Here is the story sent to me by Demetri Kofinas at Capital Account.*

*"George Karatzaferis leader of LOAS political party gave a speech today addressing why he refused to sign this latest agreement. In his speech, he said that he asked for a translated document of the agreement so that he could read it and sign it since his English is not as good as Papademos'.*

*"When he got a copy, it was not only smaller than the English version, but was also missing pieces, including the last paragraph! He refused to sign it because he felt pressured and wants more time."*

[Reuters reports Anger in Greece as parliament to vote on bailout:](#)

*"Greek lawmakers will vote this weekend on a controversial austerity bill that Athens needs to avoid a messy default but which is fueling a domestic political and social crisis that has brought thousands of Greeks out on the streets in protest.*

*'The cabinet approved the draft bill late on Friday - paving the way for a new multi-billion euro bailout and a debt-cut plan - after another day of rocky politics where six cabinet members resigned over the additional austerity demands.'*" ([Violent Protests in Greece; 6 Cabinet Members Resign; LAOS leader "I Would Rather Starve Than be Under German Jackboot"; Controversy Over Missing Paragraphs](#))

Opposition to the austerity measures being proposed is becoming increasingly bitter. [Conservative opposition leader Antonis Samaras was quoted saying](#), *"When we were against the first bailout, debt was manageable, but now it's not. Europe was about solidarity, now it's about punishment."*

Greek Prime Minister Lucas Papademos said on Saturday *"A disorderly default would set the country on a disastrous adventure. It would create conditions of uncontrolled economic chaos and social explosion. The country would be drawn into a vortex of recession, instability, unemployment and protracted misery and this would sooner or later lead the country out of the euro."* ([Greece warns bailout rebels of disaster](#))

The chaos in the eurozone makes it easy to ignore positive signs in the US economy, such as last week's initial jobless claims, which dropped to 358,000. The four-week moving average dropped to 366,250. This represents nine weeks with declines out of the last ten weeks of reports, indicating significant improvement on the employment front.

Friday's pullback in the markets worked out well for Phil's bearish trade ideas. Phil wrote, *"We're not all bearish of course -*

after having been burned by the relentless move up on our earlier bear bets we've been 'keepin' it real' with a mix of long-term bullish and short-term bearish bets to reflect our current outlook.

"What would be perfect for us is a little pullback of 2.5-10% that scores us a huge win on our short-term puts, and gives us more cash to press our longs as the Trillions of Dollars in cash currently being stockpiled by Banks and Corporations eventually does SOMETHING other than gather dust in vaults. Hopefully, the next good pullback ignites a little M&A activity but we'll be happy to take the money and run on today's little dip and get cashy into the weekend."

One of our Members, Celeste, wrote in Members' chat: "I have a question about cashing out options when there is a pop. Do you set a limit price and sell order before the market opens or do you wait and see what the ask/bid is after market opens? Which has a better chance of giving you the most return?"

Phil replied "You have to look at the intrinsic value of your position and simply decide if you are being greedy or if you really think the market will continue to move that much in your direction. USUALLY you will get a better price on front-month contracts selling into the excitement but longer-term contracts can take a while to move up in price - partly because they have thinner trades.

patience with Greece at an end:  
Europe turns off the money tap



"So, we LOOK to take the money and run on a dip but, when you have momentum like we do now and possible major breakdowns - then maybe take that 1/2 off the table and set stops on the rest. Also, it's very important to be aware how thinly traded your contracts are. Right now, I'd say keep a close eye on the Dollar (79.21) and call the 79 line a stop for being bearish but if oil fails \$97.50 and the Nas is under 2,900 and the RUT can't hold 815 and the NYSE can't hold 8,000 - then being bearish makes sense, right?"

The Dollar ended the week at 79.21, oil ended at \$98.97, the Nasdaq closed at 2,904, the RUT at 813, and the NYSE finished the week at 7,992. Between the mixed indications the indexes are giving, and the turmoil in Greece, Phil decided that this is a good time to be in cash.

Reviewing this week's action in the markets, Lee Adler of the Wall Street Examiner wrote, "The S&P was down 9. The

*headlines screamed, 'Market Suffers Worst Day of 2012.' Think about how amazing that is. This week we had a Greek 'deal,' a mortgage robber signing 'settlement deal,' and now this weekend, a Barrons "Dow 15,000 cover." Dayenu!*

*"That would have been enough, but to top it off on Friday, a number of market and sector ETF indicators edged to intermediate sell signals from negative divergences. Even though cycle projections still point to 1360-1450, I have to give more weight to the indications that a real correction may finally be upon us and change my market opinion from chicken bull in 'cash', to short an index, at least until the market proves me wrong. This violates the principle of 'the trend is your friend,' so I definitely will be on the alert for a whipsaw signal... The 13 week cycle is way overextended in terms of time and a down phase is due, but it might just go sideways or pull back a little. This is one of the great mysteries that comprise "risk."*

Regarding the Barron's article predicting the Dow climbing to 15,000, [Joe Weisenthal](#) wrote, *"This weekend's Barron's cover story is sure to provoke people wondering if, perhaps, the new-found market euphoria isn't perhaps a bit overdone."*

*"The story keys off the work of finance professor and Stocks For The Long Run author [Jeremy Siegel](#), who sees the Dow going to 15,000, or perhaps even 17,000."*

*"The argument basically has two halves."*

*"The first is that based on cycles going back to the 1800s, the market is due for an upswing..."*

*"Anyway, we like the bold call. [Read the whole story here.](#)" (Barron's: THE DOW IS GOING TO 15,000 AND BEYOND)*

We have a couple of bullish trade ideas this week (although we are not as out-and-out bullish as Barron's [Jeremy Siegel](#)). Scott of [Sabrient](#) submitted, *"Telecom Argentina SA (TEO, \$19.94) provides telecommunication services in Argentina. Mobile phones have provided solid growth for TEO. TEO announces earnings on Feb 17, 2012, and the estimates easily support the dividend of \$2.21 per share which is a 10.8% yield paid once per year (April). Latin America is likely going to experience stronger growth than most of the world, driven by rising disposable incomes. I believe the stock is attractively priced to buy/hold through the dividend and then like selling covered calls to enhance the yield."*

[Pharmboy](#) follows up with some thoughts on what to do with the profits realized from his virtual trade ideas in the opening section. He wrote, *"With some of these gains, I think it is wise to start looking for sound companies that will weather the potential rocky waters that could come. BMRN (37.21) is a solid company. Its principal products include Naglazyme, a recombinant form of N-acetylgalactosamine 4-sulfatase enzyme used to treat a genetic disease mucopolysaccharidosis (MPS)VI; Kuvan tablet, a proprietary synthetic oral form of 6R-BH4 indicated for patients with Phenylketonuria (PKU), a metabolic disease; Aldurazyme for the treatment of mucopolysaccharidosis I, a genetic disease; and Firdapse for the treatment of Lambert Eaton myasthenic syndrome, an autoimmune disease."*

*"I think of the company as a teenage Genzyme and would like to establish a small position in BMRN by buying 100 shares for \$37.21 and selling a July \$35 call and put for \$6.80 or better combined. The spreads are large in the options, so patience will be needed."*

We hope you have a great week ahead.

## Next Week's Economic Calendar

Monday 13	Tuesday 14	Wednesday 15	Thursday 16	Friday 17
11:00 AM: 4-Week Bill Announcement	7:30 AM: NFIB Small Business Optimism Index	7:00 AM: MBA Purchase Applications	8:30 AM: Housing Starts and Jobless Claims	8:30 AM: Consumer Price Index
11:30 AM: 3-Month and 6-Month Bill Auctions	7:45 AM: ICSC-Goldman Store Sales	8:30 AM: Empire State Manufacturing Survey	8:30 AM: Producer Price Index	10:00 AM: Leading Indicators
	8:30 AM: Retail Sales	9:00 AM: Treasury International Capital	9:45 AM: Bloomberg Consumer Comfort Index	
	8:30 AM: Import and Export Prices	9:15 AM: Industrial Production	10:00 AM: Philadelphia Fed Survey	
	8:55 AM: Redbook	10:00 AM: Housing Market Index	10:30 AM: EIA Natural Gas Report	
	9:00 AM: Ceridian-UCLA PCI	10:30 AM: EIA Petroleum Status Report	11:00 AM: 3-Month and 6-Month Bill Announcements	
	10:00 AM: Business Inventories	2:00 PM: FOMC Minutes	11:00 AM: 2-Year, 5-Year and 7-Year Note Announcements	
	11:30 AM: 4-Week Bill Auction		1:00 PM: 30-Year TIPS Auction	
			4:30 PM: Fed Balance Sheet and Money Supply	

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