



Quite a Character

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Yesterday, I discussed some of the things I was looking for before I would become more bullish on the market. One of them was a series of strong closes. We had one yesterday and had another one today, which is definitely a nice change in character. In addition to the strong finish, we had almost 2 to 1 positive breadth and all sectors except Internets in the green. A couple of positive days does help relieve some of the overwhelming negativity, but this is still just a blip in the bigger picture, which remains negative.

After the close, a couple poor earnings reports are putting pressure on things, and most of the late gains have been given back completely. **Amazon** (AMZN:Nasdaq) is down sharply and **Cymer** (CYMI:Nasdaq) is taking a nasty hit after weaker-than-expected reports. I shorted some YHOO on the Amazon news, as I expect the Internet sector in general to see some pressure on that news.

We simply can't be too aggressive one way or the other at this point. The market is groping to find support, but it is tentative and we can't be too confident that we will hold. Stay flexible and open minded and focus on preserving capital. The moneymaking opportunities will come, but right now it is too dangerous to be aggressive.

At the time of publication, De Porre was short YHOO, although holdings can change at any time.

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