

**Weekly news, views & events powered by Think Financial Markets
Education and Tools for Trading the Market**

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FROM THE DESK:

Introducing ... Belmont Securities

We are delighted to introduce Mr. Simon Bylsma and Mr. Marcus Addison of Belmont Securities.

Belmont Securities is a boutique Australian stockbroker offering a range of investment solutions to private clients, including online or telephone trading, advice on individual stocks, portfolio management right through to fully customised strategies.

Belmont's infrastructure and relationships enable clients to access a broad spectrum of markets including Australian Shares, CFDs, ETOs and Futures, all from the one broker. For more information go to www.bellmontsecurities.com.au
Over coming weeks Marcus will be writing a series of articles for the Market Pulse, see part 1 in this issue. Happy Hunting

Markets at a Glance Friday 4th December 2009

All Ords 4721.2 -68.1	Dow Jones 10,388.90 +22.75
ASX100 3852.4 -59.9	S&P 500 1105.98 +6.06
ASX200 4702.2 -72.4	Nasdaq 2194.35 +21.21
ASX300 4704.6 -71.2	NYSE Volume ('000) 7,239,423
Materials (Sector) 12,379.5 -279.1	US 10-Year Bond 3.483% +0.103
All Ords Gold (Sub Industry) 6281.4 -183.9	CBOE Volatility Index (VIX) 21.25 -1.21
Metals & Mining (Industry) 4418.0 -107.1	Gold - spot/oz US\$1161.40 -46.10
Energy (Sector) 15,836.5 -162.2	Silver - spot/oz US\$18.47 -0.34
New Zealand (NZSE 50) 3146.5 -7.5	Platinum - spot US\$1439.00 -43.00
Shanghai Composite 3317.0 +52.4	Palladium - spot US\$372.00 -9.00
Hang Seng 22,498.2 -55.7	Uranium - spot US\$/lb US\$45.50 unch
India BSE 30 17,101.5 -84.1	Reuters/Jefferies-CRB Index 273.87 -2.68
Jakarta Composite 2511.5 +11.5	Light Crude (NYM - \$US per bbl.) US\$75.47 -0.99
Nikkei 10,022.6 +44.9	Natural Gas (NYM - \$US/mmbtu) US\$4.59 +0.13
Taiwan Weighted 7650.9 -33.8	Copper (LME - spot \$US/tonne) 7078 -5
FTSE 100 5322.4 +9.4	Lead (LME - spot \$US/tonne) 2346 -31
German DAX 5817.7 +47.3	Zinc (LME - spot \$US/tonne) 2356 -27
A\$ = US91.51 -0.90	Nickel (LME - spot \$US/tonne) 16,075 unch
A\$ = 81.58yen +1.28	Aluminium (LME - spot \$US/tonne) 2118 +3
A\$ = 0.616Euro +0.002	Tin (LME - spot \$US/tonne) 15,195 +68
A\$ = 0.555GBP -0.004	Sydney Futures Exchange - SPI 200 4729 +23



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MARKET NEWS

News Brief

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Tanami Gold (TAM) Received further independent assays from the Coyote underground diamond drilling program in the Northern Territory.

Dragon Energy (DLE) Acquired three iron ore projects from Polaris Metals (POL).

Galaxy Resources (GXY) China Development Bank has joined project finance syndicate to approved \$130m loan.

Challenger Wine Trust (CWT) Announced an estimated interim distribution of 3.25c for December half.

SKILLED Group (SKE) Says average analyst forecast EBITDA of \$88m for year unlikely to be met.

North Australian Diamonds (NAD) Raised \$11.66m from Attara Fund with the placement at 4.6c a share.

Victoria Petroleum (VPE) Completed placement of 40m shares at 30c.

Red 5 (RED) Completed an \$45m equity raising.

Carnegie Wave Energy (CWE) Made \$3.5m placement at 12.5c a share.

Range River Gold (RNG) Awarded the Mt Morgans surface mining contract to Hampton Mining and Civil Services.

Gindalbie Metals (GBG) Awarded a \$70m contract for construction of the main camp and accommodation village for the Karara iron ore project to WA company Doric Constructions.

Sundance Resources (SDL) Ordered a third drilling rig as part of the ramp-up of exploration and development activities at its Mbalam iron ore project in West Africa.

U308 (UTO) Rock chip sampling completed on the Ashburton uranium joint venture in WA.

Mantra Resources (MRU) Updated mineral resource estimate for uranium project in southern Tanzania.

Market News

Metal Storm (MST) Expects to receive funds by 7pm Brisbane time today for the first tranche of \$2.1m under the \$US35m equity subscription agreement with Assure Fast Holdings.

Tectonic Resources (TTR) Infill results confirm ore continuity and high gold grades at Phillips River in WA.

Mantle Mining (MNM) Phosphate project in NT has intersected wide zones of potentially significant mineralisation.

Terramin (TZN) Expanded base metals mineral resource in Algeria by 17pc.

Woodside (WPL) Browse joint venture in WA has received offers of renewal for licences WA-28-R, WA-29-R, WA-30-R, WA-31-R, WA-32-R, TR/5 and R 2.

Environmental Clean Technologies Ltd (ESI) Raised \$2.64m through a placement at 4.4c.

Haoma (HAO) Bulk ore trial at Bamboo Creek plant returned a lot more gold than expected.

Target Energy (TEX) Identified further potential commercial gas reservoirs in Highway prospect in Texas.

BlueScope Steel (BSL) Will complete construction of its second metallic coating line, with in-line painting capability, at its plant in Indonesia.

Catalpa Resource (CAHDA) Reports a 16pc boost to gold reserves and a 13pc increase in the mineral resource at its wholly-owned Edna May Gold Project in WA.

Berkeley Resources (BKY) Scoping study on its Salamanca uranium project in Spain has strongly demonstrated the technical and economic viability of the project.

RTL Corp (RTL) Will place up to 260m shares at 0.5c each and 130m free attaching options exercisable at 1.5c.

Brockman Resources (BRM) Signed Native Title Agreement covering 100pc-owned Marillana iron ore project in WA.

Pharmaxis (PXS) Announced significant headline results for the second six-month dosing of its international Phase III trial of Bronchitol in people with cystic fibrosis.

North Australian Diamonds (NAD) Placed 43.5m shares at 4.6c. Share purchase plan at same price.

Metcash (MTS) Lifted net profit 36.5pc to \$109.2m in the six months ended October 31.

AusTex Oil (AOK) Completed the Mayo Moore 4 well in Oklahoma as a producer.

Indophil (IRN) Agreed terms with Zijin Mining Group for a takeover of Indophil for \$1.28 a share.

Sonic Healthcare (SHL) Acquired East Side Clinical Laboratory in Rhode Island.

Kangaroo Resources (KRL) Completed \$30m in capital raising at 25c a share for coal projects in Indonesia.

Australian Agricultural (AAC) Refinanced its 2010 and 2011 debt maturity obligations.

Qantas Airways (QAN) October passenger numbers increased 6.7pc.

Grange Resources (GRR) Discovered two additional magnetite lenses at its Savage River mine in Tasmania.

Corporate Express (CXP) Revenue fell 7.9pc to \$902m in nine months to Oct 31 and net profit 9.2pc to \$36.1m.

Metgasco (MEL) Soared as much as 31c to 76c after gas discovery in NSW.

Happy Hunting

Trading Filters : How to Trade Less Often

By Marcus Addison

Marcus is an Advisor with Belmont Securities. Since finishing his Economics degree at Sydney University he has traded a personal account, as a professional day-trader in Aussie and German bond futures and was a Portfolio Manager for a boutique hedge fund manager (managing around \$150 million). He also spent a few years looking after electronic trading for the largest currency provider in the world. He is currently using his experience to work with clients in finding the best fit for their investment and trading goals.

We hear a lot about how to find buy signals, which stocks to scale in or out of, how you can trade shares, CFD's, futures and options, and what's happening in international commodities, currencies, gold and oil, the Dow, the S&P and the Nasdaq. There are stock pickers, educators, software signals and most confusing of all, stockbrokers. You need a pc, high-speed broadband, a laptop with wireless, a smartphone all with the latest charts, dealer's screen and live news.

Or do you?

I have traded personally and professionally in shares, futures and options and have spent a dozen years trying to find the best ways to make a buck in the markets. In doing so I have met many who have succeeded, and even more that have failed. They have been a combination of private traders, hedge fund managers and proprietary traders.

The common denominator in those who failed has almost always been that they overcomplicated their trading. In almost all cases they also traded too much. Conversely in those who have succeeded and continue to do so, their trading has usually been quite simple in process. Usually this has meant that they trade less.

But simplifying your trading is not a simple as it sounds. You may already be trading too seldom because you have too many trading rules restricting you from entering the market. You may be over-trading but don't know which trades to strip from you methodology. Or you possibly haven't yet formulated a trading plan at all and just trade by the seat of your pants.

In all three cases this series of lessons on Trading Filters can help you. Over the next few weeks we are going to talk about different ways that you can filter out instances, periods or single trades that you may have previously traded. We shall also talk about whether applying too many filters will be detrimental to your trading.

Exactly what are trading filters?

Trading filters are simply tools by which you reduce the amount of trades that you make. The goal will always be to filter out *losing* trades, however with every filter that you apply to your trading you are also going to be filtering out some *winning* trades as well. One example of a filter is *only trading with the trend*. Another might be as creative as *never entering a trade during a full moon*.

Trading is just like every decision you make in everyday life. If you crossed a busy road with a blindfold and ear muffs on, there's a good chance you'll get run over.

If you take your ear muffs off and only cross when it's less noisy, you'll increase your chances of crossing unharmed.

If you take off your blindfold and look one way before crossing, you've probably further halved your chance of harm coming your way. If you look both ways you will almost negate any chance of becoming road kill.

But, if it starts raining heavily there's a slight chance that you will slip over while rushing across the road, even though you were able to look both ways and listen for traffic. Thus, you may be even more cautious when the rain comes.

Trading is much the same. Most punters walk into trading without really looking one way, let alone both ways first. What is needed is a way to filter out the chances of getting hit by the market, by looking, listening and learning.

We're going to go through a number of filters, week by week, until you are comfortable that you are safely walking through the steps to successful trading and investing.

Lesson 1 : Your Health is Your Wealth!

You might be thinking 'Are we still talking about trading?'

Yes. Health is the most important factor in trading. Trading requires the ability to maintain complete focus when monitoring trades and making decisions. In order to maintain this focus you need to be healthy.

W.D. Gann's first principle of successful trading is that 'your health is your wealth'.

Why is this so?

Try to think of a time when you had a head-ache. It is likely that you were more prone to losing your temper. You might have become more tired more easily. You may even have found it hard to come to terms with everyday chores that normally would have been a breeze.

If something as simple as a head-ache caused you to yell at your spouse, how do you think this will affect your trading decisions? Anything that causes you to think with more emotion is a bad sign. Anger is one of the least desirable emotions to take to the markets. And feeling tired is not going to help your focus either.

Now let us consider serious illness. If a head-ache can lead to bad decisions, how would pneumonia or even surgery affect your trading?

Mark Cook (of Stock Market Wizards fame) went through two noticeable losing streaks in his career. When closely analysed he found it quite hard to come up with exactly why he was losing money, even in retrospect. The answer was simple. In one instance he overlooked his health as a factor in his trading. He had put off having a knee operation and couldn't any longer, but when he did have the surgery his trading went downhill.

How could this be? It's possible that the stress of going through something which he had consciously put off and put off finally came to a climax. Furthermore, he may have had to visit the doctor several times prior to the operation. Then the surgery itself is at least a day out of the markets, coupled with anaesthetic and pain killers to follow. Then there's rehabilitation and finally the uncertainty surrounding the success of the operation.

His other losing streak began with his father's heart attack. Technically this isn't Mark's health, but the stress of a close family member's illness can cause personal stress and in some cases cause further illness. Thus for today's purposes, let's put stress in the same category as health.

We spoke about the implications of a simple head-ache (which is still an important consideration in your trading) but serious illness is something that you must incorporate into your decision making process.

So what do we do?

Firstly, I hope you take your health seriously. If you already look after yourself (in diet and exercise) then you are half way there. If you think that you can put your health and fitness on hold while you are actively trading, you are wrong! Hopefully you will trade successfully for a very long time. Logically it follows that you can't put off exercising for this whole period.

Furthermore, I hope also that you are not experiencing serious health issues. However, do think about what it would mean to your trading. Also think about the steps needed to take in order to manage your trading in the event of serious illness. Most importantly, make these decisions proactively. This may mean including these steps in your trading plan where possible.

Take-away Message

Please take the time to write down what you would do if you are feeling unwell or experience a serious illness. And, live long and prosper!

(Next week's Lesson 2 : The Trend is One of your Friends)

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All for Now

Regards

Anthony Kiernan

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