

## Cash Cow Newsletter for the Week of July 16<sup>th</sup> 2012

### High Probability Buy Signals

In this week's newsletter we are going to look at 3 High Probability trade signals for the July 27<sup>th</sup> weekly options.

Occasionally the price of a stock will become oversold even though the stock is on a 50/100-Day EMA 'Buy' and will actually close below the lower Keltner Channel.

This oversold condition normally sets up a very powerful rally. If you purchase a stock or call option when the stock closes below the lower Channel there is a high probability that your trade will be profitable. These powerful rallies can last 6 to 9 months or longer.

The Keltner Channels are a very valuable timing tool that allows us to select lower risk entry points that have a high probability of being profitable. Below is an example of a high probability trade outlined in the WOW Manual. Notice at the end of August AAPL stock actually closed below the lower Keltner Channel around the 240 price level. As you can see this setup a very powerful rally to around the 350 price level, producing about a 45% return for the stock and a much higher return for call options.

#### *45% Rally After High Probability Signal*



Buy Signal

Although these High Probability Signals don't occur very often, we always want to be on the lookout for these signals as these powerful rallies can last many months and provide a tailwind for profitable call option purchases.

### Recent High Probability Buy Signals

#### AAPL

Below is a more recent price chart of Apple stock. AAPL stock closed below its lower Keltner channel in late November 2011 signaling a high accuracy buy signal. AAPL stock rallied 64% after this High Probability Signal, producing attractive profits for traders who initiated weekly call option purchases.

*64% Rally After High Probability Signal*



**'BUY': AAPL Price Below Lower Keltner Channel**

As seen below, AAPL closed below its lower Keltner channel in mid-May 2012 and is currently a High Probability 'Buy'.



Based on past High Probability Signals, this rally has many more months to go. Since AAPL is considered a High Probability 'Buy', we should consider purchasing a July 27<sup>th</sup> call option.

## AIG

Below is a recent price chart of AIG stock. AIG stock closed below the lower Keltner Channel in late November 2011 creating a call option buy opportunity. AIG increased 61% since the High Probability 'Buy' signal occurred.

*61% Rally After High Probability Signal*



**'BUY': AIG Price Below  
Lower Keltner Channel**

On May 31<sup>st</sup> 2012 AIG stock closed below its lower Keltner Channel and has a high probability of continuing its current up-trend.



Based on past High Probability Signals, this rally has many more months to go. Since AIG is considered a High Probability 'Buy', we should consider purchasing a July 27<sup>th</sup> call option.

## SBUX

Here is another example of a High Probability 'Buy' signal. Below is a recent price chart of Starbucks stock. SBUX stock rallied for 8 months after the High Probability 'Buy' signal and increased 58% since the stock closed below the lower Keltner Channel in August 2011.

### *58% Rally After High Probability Signal*



**'BUY': SBUX Price  
Below Lower Keltner**

SBUX stock has closed below the lower Keltner Channel and is in a price uptrend, making it a High Probability 'Buy'.



Based on past High Probability Signals, this rally has many more months to go. Since SBUX is considered a High Probability 'Buy', we should consider purchasing a July 27<sup>th</sup> call option.