

## RealMoney Silver - The Edge

Scott Rothbort, founder and president of LakeView Asset Management, LLC, is filling in for Doug Kass today. Email Rothbort at [scott.rothbort@thestreet.com](mailto:scott.rothbort@thestreet.com). Doug will return on Monday.

### Do Trading Ranges Matter?

Scott Rothbort

6/20/08 7:41 AM EDT

Are we back into a trading range? It certainly appears that there is support at 1,330 for the **S&P 500** and resistance at around 1,365. Of course, we will remain in that range until we break out.

Does it really matter? Only if you:

1. believe in trading ranges; and
2. are actively trading the ranges.

In other words, if you are in the business of picking stocks, then the ranges do not matter at all.

Today is quadruple mega derivative non-linear leveraged investment expiration day. It is likely to cause a fair amount of consternation for market participants. So far this year, the S&P has moved by the following amounts on expiration day:

- down 0.6% (January);
- up 0.08% (February);
- up 2.39% (March);
- up 1.81% (April); and
- up 0.13% (May).

Also of interest is how the index performed the day before expiration:

- down 2.91% (January);
- down 1.34% (February);
- down 2.43% (March);
- up 0.06% (April); and
- up 1.06% (May).

It appears that there is some sort of mirror-image effect going on as a weak pre-expiration day results in a strong expiration and vice versa. On Thursday, the S&P was up a non-impressive 0.38%.

Put it all together and I believe that, absent any significant news, we should trade to the upside by day's end. I am staying long the **Ultra S&P 500 ProShares** (SSO), which I use as a trading vehicle for the cash that I accumulated over the past few weeks.

Position: *Long SSO*

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### Buying the Open

Scott Rothbort

6/20/08 9:39 AM EDT

Position: *Long SSO*

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### Latin America -- Boom or Bust?

Scott Rothbort

6/20/08 10:08 AM EDT

Yesterday, I penned an [article](#) for *TheStreet.com University* titled "15 Takes on Latin America."

What is your take? Does Latin America provide investment opportunity, or is it getting ready to tumble like Chinese shares?

Let me know on [TheFinanceProfessor.com](http://TheFinanceProfessor.com)'s [Study Hall Forum](#) or [send me an email](#), and I will post your responses later today. Express your knowledge!

I am getting ready to listen in on the **Winnebago** (WGO) conference call. I am short the stock, and I think it can still go lower until maybe Kirk Kerkorian likes it.

Position: *Short WGO*

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### **WGO: Unhappy Campers**

Scott Rothbort

6/20/08 11:37 AM EDT

#### **The Winnebago**

(WGO) conference call just ended. It was not a positive call if you are a shareholder. Management was admittedly too optimistic for the traditional spring selling season. To add insult to injury, raw material costs are hurting the company as well.

Winnebago has to idle a plant, which will force it to eat some fixed costs. Also, it's quite possible that some issues with financing for some dealer inventory could come back to hurt the company.

While Winnebago has a solid balance sheet, this, too, can erode with the declining business environment.

It is quite apparent that the recreational vehicle business is in secular decline while management is playing a cyclical defense. Winnebago is a single-digit stock, in my opinion.

Position: *Short WGO*

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### **Notes on Tech**

Scott Rothbort

6/20/08 12:51 PM EDT

Someone asked me if I would buy tech here. Other than what I already own and have owned for years -- namely, **Google** (GOOG), **Apple** (AAPL) and **Research In Motion** (RIMM) -- I would like to buy **Adobe Systems** (ABDE) and **Qualcomm**

(QCOM), but I think that they will get cheaper, so I will hold off. Of the old tech names, I would continue to avoid **Intel** (INTC), **Microsoft** (MSFT) and **Cisco Systems** (CSCO).

In the small-cap arena, I have always liked the story at **Alvarion** (ALVR), but the company has yet to hit its full stride. Analysts are expecting 2009 to be a breakout year for Alvarion, but the stock does not reflect that forward-looking optimism. Perhaps this is one name that you are better off being early rather than late to the party.

Position: *Long GOOG, AAPL and RIMM*

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### **Expiration Forces at Work**

Scott Rothbort

6/20/08 2:05 PM EDT

I just got back from a lunch meeting to see the markets taking it on the chin. It is the same old tired news -- financials and energy.

I was clearly wrong on the direction of the day, but it is clear that expiration forces are at work.

Gold is back above \$900 an ounce. I don't think that this is yet fully priced into **Yamana Gold** (AUY).

Position: *Long AUY*

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### **BWLD Downgrade Lacks Substance**

Scott Rothbort

6/20/08 3:07 PM EDT

Raymond James downgraded **Buffalo Wild Wings** (BWLD) from "overweight" to "underweight" today. The analyst said, "We believe that this combination of high relative valuation and rising commodity cost risks creates an unbalanced risk/reward ratio in the near term, so we are lowering our investment rating to Underperform."

Nowhere in the report did the analyst mention Buffalo Wild Wings' unit growth, and I think it lacked substance other

than the macro issues. I give the research report an "underweight."

I sold half my Buffalo Wild Wings several points higher when it was way ahead of its 2008 valuation. The stock is getting fricasseed 8% on the report. Restaurants are weak across the board.

Position: *Long BWLD*

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### **Little to Celebrate Today**

Scott Rothbort

6/20/08 3:51 PM EDT

#### The **S&P 500**

has now broken through the quarter's low and is below the March 31 close. We have just about 3% more of downside action to take out this year's lows.

As we head to the finish line for the first half of 2008, we are in danger of putting in three consecutive losing quarters. That has not happened since 2002. We had four consecutive down quarters from second quarter 2000 through first quarter 2001 as the tech bubble burst. You would have to go back to 1983/1984 for another four-quarter loss.

There was very little to celebrate today. **BB&T**

(BBT), a regional bank stock that I follow and own, was in the green. Yesterday the company said it would likely be raising its dividend this year.

Thanks for reading the Edge today. Doug "Johnny Carson" Kass will return on Monday as Scott "Joey Bishop" Rothbort heads off to the mountains for a gig next week.

Position: *Long BBT*

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