

## >: Today, we're looking ahead for the next big profits. Also, a very important note of caution.

Thursday, April 20, 2006 / Chris Rowe

Okay, so why are the majority of you going to get caught up in the hype of this latest commodities bull stampede, and lose over half of the profits that you currently have in your account?

I'll tell you why: Because the story is so big.

I'll admit that the majority of the money that I have made for my subscribers recently has been from Oil, Oil Service, and Metals.

*But today I have to play the contrarian.*

I don't want to offend anyone here, but at the same time, I want to help to keep you from losing money, or losing any gains that you might be sitting on.

So I have to address a problem, and maybe you will thank me for it in a couple of months after you look in the rear view mirror.

You have to stay focused and stay sober here. I'm not telling you not to make money in this commodity run. You absolutely have to!

But you have to constantly check yourself for something that can really turn into a major hangover that lasts for months ...

Individual investors share a common problem: *Emotional attachment.*

The problem is that the only thing that the stock market guarantees us is that it will constantly change.

Individuals have a hard time with making a change, especially when the volume of the hype is turned up so loud.

Let me give you an example.

Let's say you have three stock positions, and all three are up 60% (and climbing) in a two-month time frame.

One is in the business of selling computers, one is in the business of making semiconductors, and one is an Oil company.

Which do you think will end up handing you the biggest profit?

What I'm thinking is that it is *much* more likely that you *don't* take full advantage of the oil company (by selling it, or writing covered calls, or reducing the size of the position), because OIL is what you will hear about when you turn on the television.

All of the noise that you hear is like the glue that will keep you stuck in a position.

Right now the volume on Commodities is on level 9 out of 10.

Do not become emotionally attached to this commodities bull run.

If you're a real trader, stocks are just a bunch of letters next to a number, and if it's something that institutions are in the process of buying, then you're making money.

I'm not saying that you shouldn't have exposure to Oil and Metals, but don't forget to take some profits, and to look at other sectors that are favorable.

I made percentage returns from 20%-74% on Semiconductor companies, computer companies, internet, media, the list goes on. All of which have been done while commodities are running higher.

But those types of companies aren't something that you would get emotionally attached to, because there's no huge story about them right now.

You don't hear CNBC yelling and screaming about semiconductor stocks, so you're not out there looking for the next gem within that group.

I'm going to keep this week's article short, because I don't want anyone to miss the point (it's too important).

Here's a common problem amongst individual investors:

They confuse long-term trends with short-term trends. That's why they buy high and sell low so often.

Make no mistake about it: Commodities such as Oil and Metals are in a bull market right now. But this is a bull market that will be around for the next 7-12 years, mainly because of the global expansion of China

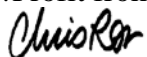
So, *great!* We've identified a long-term trend! Now all you have to do is follow that trend for 7-12 years. But don't forget that commodities will shoot up (like they are now), and they will get *slammed* as well, during this long-term run! This is a centuries-old pattern that people always lose sight of.

Again, I'm not telling you to get out of all commodities, but consider lightening up the load, or at least *selling* call options on your existing positions.

Don't be afraid to look into other sectors, and don't get emotionally attached, or else your best friend will turn into your worst enemy.

Ride the Trends (they're always out there).

?Profit from the Trend?

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