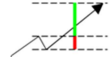


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“Quantitative approach for asymmetric results”



Fluor from hell to heaven. Possible, credible, tradable.



Figure 1: Fluor (bloomberg ticker: FLR) weekly chart

Despite its recent near crash that the stock had in April and that some of its investors (or former investors) still feel the scarves, Fluor seems to be poised for a strong come back.

The above weekly chart shows that the stock has already completed the drawing of a bullish head and shoulder and this week's movement seems to be the moment that the neckline will be violated.

Confirmation of the bullish trend will come from next days and week movements which will be key.

If the breaking will happen jointly with increased volumes than the confirmation will be complete, as investors do believe that the stock can see higher prices. On the other hand if the breaking will be minimal and with low volume, than we could be potentially witnessing to a bull trap and therefore expect price retracements.

Therefore the next few days are really key to determine the real direction for this stock.

Possible bullish targets for this stock if the head and shoulder will have all the confirmations needed (right now we are at 75% confirmation) are:

- 75 usd which is coincidentally the second highest high, recorded on March 2011 and the projection of the width of the right shoulder (since it is a rectangular triangle too). See the light blue line.
- 82 usd which is the projection of the width of the head (natural target for H&S formations), see the orange line.

In the fortunate event that the stock will arrive at 82 usd it will be important to be cool and focused, as after that level the stock could potentially do a double top at 100 usd.

A low risk with a fixed stop loss could be buying a call option on the stock, with a slight out of the money strike and an expiration no longer than November.

If the violation of the neckline should happen without a decisive movement of the stock, it could also mean a temporary profit taking on the stock.

The whole bullish structure will be negated only with the violation of the low of the right shoulder at 57,50 usd first and the low of the head at 53.76 usd.

In that latter case a totally new structure will be present and a fresh new look at the chart, will be imperative.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on traders' behavior.

Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.

Useful Links:

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