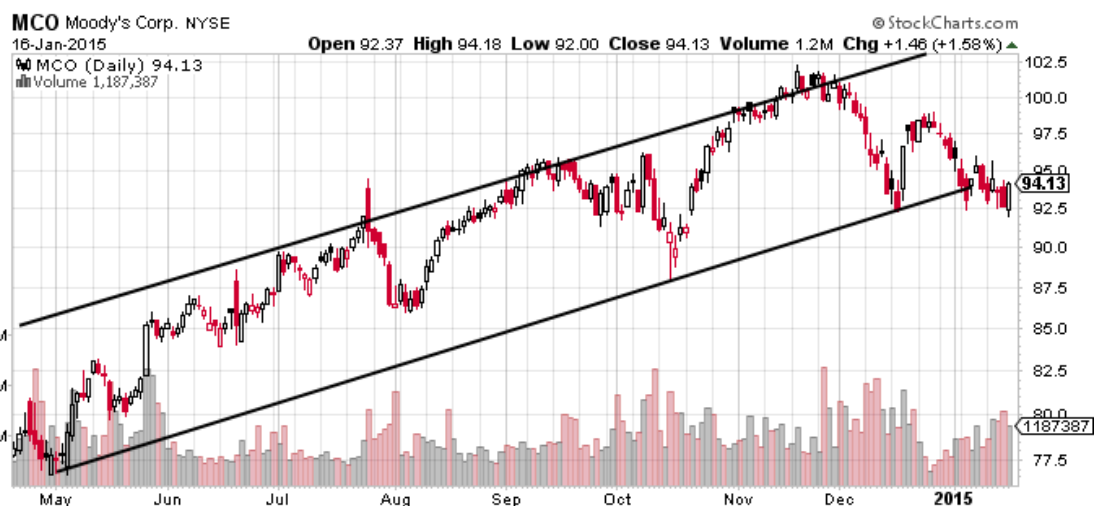


# Trading Opportunities on Short-Term Pullbacks

Tickers in this article: [MCO](#), [BLL](#), [MGM](#), [LLTC](#)

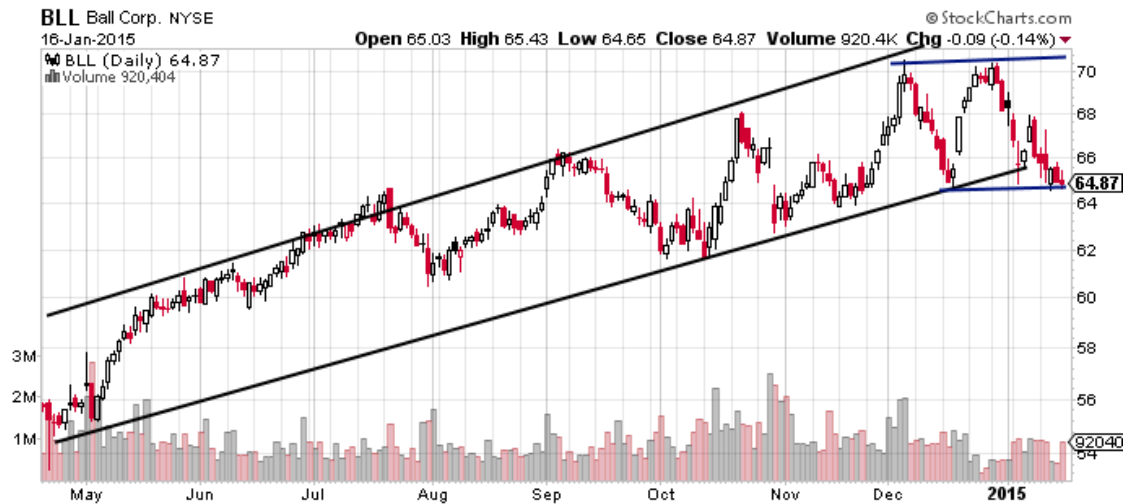
Short-term [pullbacks](#) provide opportunities to enter trades in the longer-term [trend](#) direction. Two of the following stocks recently experienced pullbacks against longer-term uptrends, presenting buying opportunities. Selling or [shorting](#) opportunities may be close at hand in two other stocks, currently in longer-term downtrends. Regardless of trade direction, the profit potential must always be weighed against the risk before a trade is taken.

## Moody's Corp. ([MCO](#))



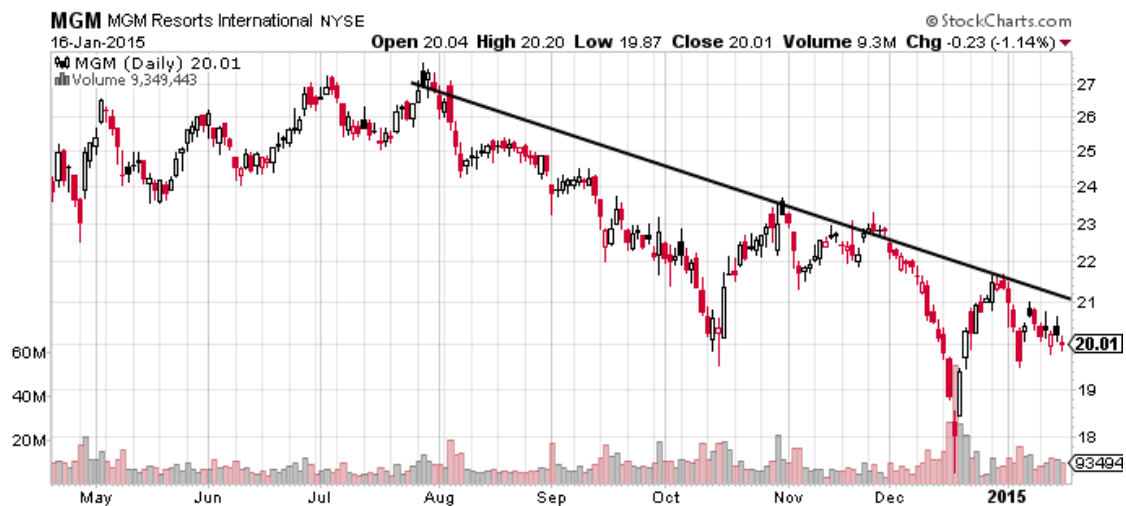
After trading as high at \$102.24 in November, Moody's Corp. ([MCO](#)) has pulled back and is [consolidating](#) near the December [support](#) region of \$92. Based on the long-term uptrend this could be a good point to buy shares for the next wave higher. If there's upward price momentum early in the week, buy between \$94.40 and \$94.50, with a [stop loss](#) just below \$92. The price initial price target on the trade is between \$100.75 and \$101. A more ambitious target is the top of the current trend channel, near \$104.50. (For related reading, see: [Stocks Turning Higher After a Pullback.](#))

## Ball Corp. ([BLL](#))



Ball Corp. ([BLL](#)) has been ranging since late November, moving between [support](#) near \$64 and a high of \$70.50. The overall trend is up though, so the bias is to buy near the bottom of this range. A rally above \$65.80 breaks a small consolidation and signals another wave higher could be underway. Place a stop loss below the Jan. 14 low of \$64.57. A conservative [target](#) is \$69.15, while a more aggressive target is \$70, near the former highs. If the uptrend continues, the top of the trend channel is currently \$72.50. (For more, see: [Buy These ETFs During a Pullback.](#))

## MGM Resorts International ([MGM](#))



MGM Resorts International ([MGM](#)) reached [trendline](#) resistance in late December, then fell sharply off that level. Since Jan. 7 the price has been consolidating, offering a potential [shorting](#) opportunity in the overall downtrend. A favorable entry for the short position is at \$21.25, near the top of the current consolidation. A stop loss can be placed above \$21.68, with a target at \$18.45. This target price is well above the recent low at \$17.25, but strong reversal bars off the low (Dec. 17 and 18) signal there still could be buying pressure in this region. If the price continues to fall below \$17.20 the next target is \$16.50. (For more, see: [Four Trading Setups to Avoid a Pullback.](#))

## Linear Technology Corp. ([LLTC](#))



Linear Technology Corp. ([LLTC](#)) is at a crossroads — it could break higher or lower. One factor that may give the bears an edge is the slightly lower highs during December and January. The price has also made [lower swing lows](#) during this time, signifying a short-term downward bias. A short position can be taken anywhere below \$47, or if the price drops below \$45.16. The stop loss is placed above \$47.13 and a target at \$40. Any entry above \$45.16 provides a greater than 2.5:1 reward-to-risk ratio. If the short trade is stopped out, a long position could be taken immediately after; with the breakout higher the price could rally toward the \$50 to \$51 region. (For more, see: [4 ETFs for a Market Pullback](#).)

## The Bottom Line

Trade set-ups like these occur against short-term momentum (the pullback) but are in alignment with the longer-term trend. The trade setups all have least a 2:1 [reward-to-risk ratio](#) as well. This means even when losing 50% of the trades taken, the strategy is still profitable. There's always risk in trading though, even when a stop loss is being used. Traders involved in the Swiss Franc found that out on Jan. 15 when [exchange-traded funds, futures](#) and [forex pairs](#) related to the [Swiss Franc saw massive price gaps on a surprise announcement](#). While such events are rare, it reiterates the importance of only risking a small percentage of account capital on any single trade, and only trading with capital one can afford to lose.

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Disclosure - At the time of writing, the author did not own shares of any company mentioned in this article.

