

Books & Trades # 195

September 12, 2012

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Trading in a difficult market ... Chart reviews ... Trader's education

Dear Trader,

The past two months in the US stock market prior to the recent explosion, have been perhaps the most difficult trading environment since 2008. The market kept inching higher, but in an extremely narrow manner. Many stocks kept hitting air pockets, but their downtrends did not persist, challenging both trend traders and counter-trend traders.

To verify this personal impression of a difficult market with hard numbers, I looked at performance figures of SpikeTrade.com. At the top of this worldwide group of traders are 18 Spikers –pro and semi-pro traders. They compete weekly for the best picks, and at the end of a quarter winners receive diplomas and bonuses.

At the end of March of this year the gold winner was up 29% and the 18-person Spiker group as a whole was up 3.76% for the quarter. In the second quarter, the gold winner was up 62% and the Spiker group as a whole up 4.42%. Now, as we approach the end of the 3rd quarter, the leading Spiker is up 19%, while the group as a whole is down .5%. There are two weeks left in this quarter, and these numbers may well change, but the message is clear: this is a very difficult quarter even for the best traders.

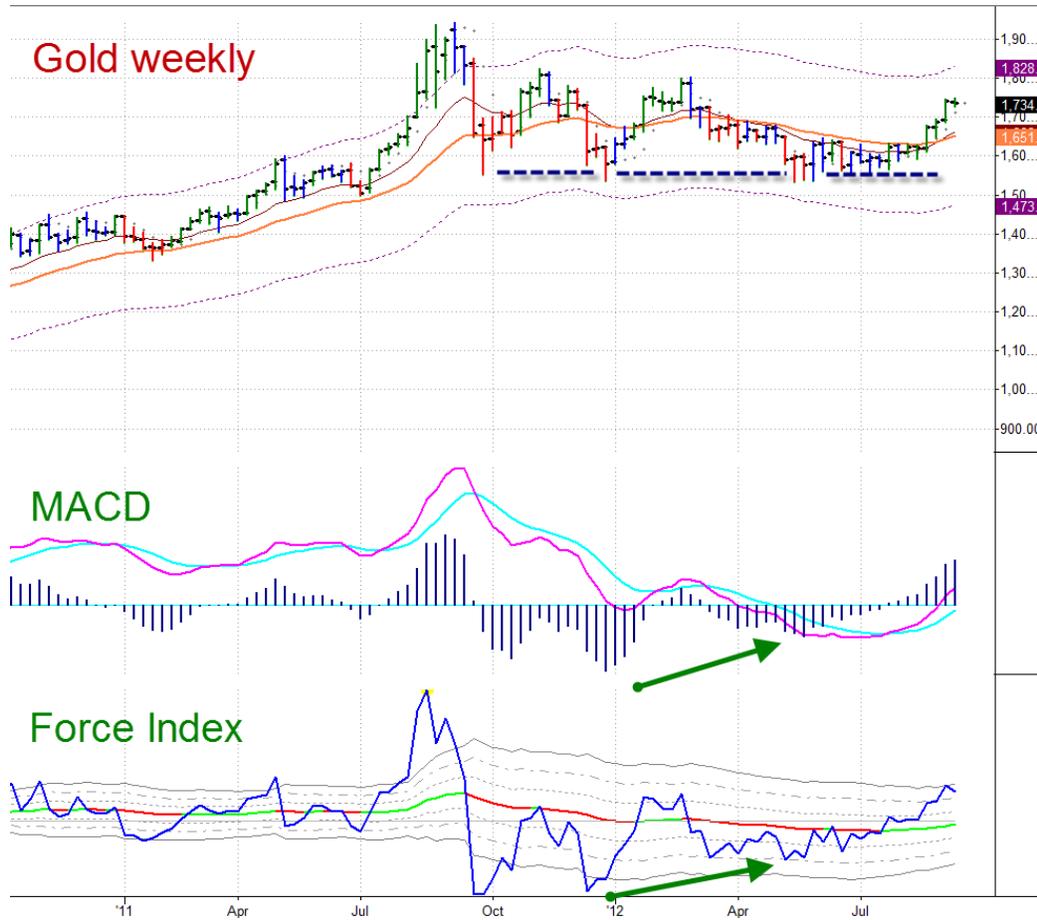
A natural human tendency of someone experiencing a drawdown is to trade more actively, trying to dig one's way out of a hole – but this is not the right way! When the market is hard, when you find yourself in a drawdown, the intelligent approach is to slow down, take fewer trades, put on smaller positions, and dedicate more time to your trading education.

Markets keep cycling through trends, reversals, and trading ranges. A better environment will emerge as surely as they day follows night. Read some books, study the market daily, and you'll see when a new tradable environment invites you to jump in.

Let's review several markets...

Baltic Dry Index tracks costs of shipping cargos. It is leading indicator of our global economy because goods produced in one country have to be shipped to another. When demand for shipping falls, it calls for a global slowdown. You can see BDI scratching the lows; you can look

it up here [here](#) – you can do it daily, for free. In the US, Fedex (FDX) and UPS, two major delivery services, are also trading near their lows for the year.



The cheerful (over)printing of money by the Fed has re-launched the bull market in gold. This chart shows several unsuccessful attempts to break support and a set of bullish divergence. It looks like the 2011 high is about to be taken out.



VIX, the volatility index, is often called the Fear Index. This weekly chart shows that the current level of fear is very low. The level of bullish complacency is very high. Meanwhile, VIX exhibits a set of bullish divergences. Could fear be underpriced? These and other topics are frequently discussed in www.spiketrade.com

Traders' Education

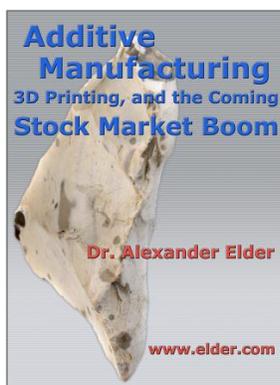
Please visit our website for more information on these events

October 3 & 10, Webinar –“Current markets with Dr Elder.” Enter Dr. Elder’s trading room from your own computer and follow his analyses of stocks and futures, including those requested by you.

October 18 & 19, class in Chile

December 2012 – January 2013 – Private Training with Dr. Elder. You have a unique opportunity to select a week to work one-on-one with Dr. Elder.

January 19-26, 2013 Traders' Camp in Guatemala. One spot is open (see demo video [here](#))



A new e-book by Dr. Elder

60 pages, over 30 illustrations

We first announced this e-book in July, and today want to remind you that this revolutionary technology is developing by leaps and bounds. Just a few days ago this [amazing video](#) about AM came in – watch it!

We're at the dawn of a new era: **additive manufacturing** allows us to create objects of great complexity by printing them, layer by layer.

The coming technological revolution will change our lives. Along the way it'll fuel a stock market boom. This e-book will help prepare you for the great ride ahead and introduce you to the stocks of this looming bull market.

TO READ the world's first popular book on AM, click here to [order](#) – only \$8.88, and you'll have it in a minute.

Best wishes for successful trading from all of us at elder.com

Dr. Alexander Elder & staff