

Books & Trades # 196

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The bull gets tired ... TradeStation and Ninja upgrades ... Education ... Special offer

Dear Trader,

Let's begin with a quick update on markets we reviewed here in September.

BALTIC DRY has exploded from near its historic lows. It stood at 663 on September 17 but reached 883 at the time of this writing. While it is still more than 90% below its 2007 highs, its rise represents a certain resiliency in the world economy – it looks like the old horse is not about to drop. FDX and UPS, the two big US shippers continue essentially flat, unchanged.

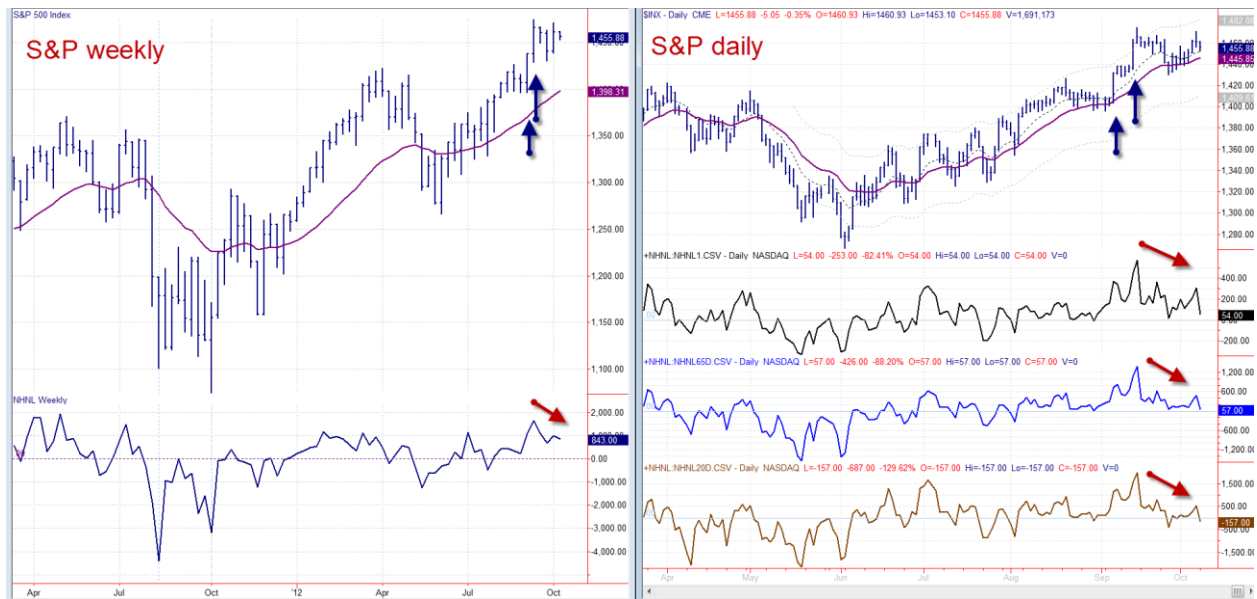
GOLD – trading about \$50 higher than at the time of the previous letter. Its uptrend appears slow but steady. I'd love to see a drop of \$100 to go shopping again, but with our Helicopter Ben's "quantitative easing," I might not get my wish.

VIX - the volatility index, often called the Fear Index, stood at 14.68 when I wrote: "the current level of fear is very low. The level of bullish complacency is very high." VIX is above 16 today, and still underpriced. A word of caution – an ETF called VXX is a poor vehicle for trading VIX. That ETF is constructed to lose 1.5% per week, making it unsuitable for holding.



Here's a chart of VXX sent to me by Kerry Lovvorn, my partner in www.spiketrade.com, who wrote "Among the great manipulations bordering on fraud are some of these ETF's.... Bag up some feces, paint them gold, and tell the gullible how easy it is to use them to make money and poof, they got themselves a printing press." VXX sank in the past 3 years from \$1,800 to a bit over \$30 per share. They do a reverse split every so often (such as last week) to prevent it from going to zero. Be very careful what you buy, even if the bag is painted gold!

We occasionally post on Marketwatch.com. Our latest post drew an all-time record number of clicks and resulted in this interview - <http://live.wsj.com/video/why-there-is-trouble-ahead-for-apples-stock-2012-10-08-151153051/B12AEA8B-2D8C-45B0-8D16-E37DEC33554C.html#!B12AEA8B-2D8C-45B0-8D16-E37DEC33554C>



To review the US market let's turn to the charts of the New High – New Low Index, which I consider its best leading indicator. NHHNL is showing bearish deterioration in all time-frames that we follow – weekly chart on the left and three daily plots on the right.

The one powerful bullish signal comes from a massive monetary intervention, marked with a pair of blue vertical arrows: first from the European Central Bank, second from the US. Peaks established during such powerful interventions are often retested. Still, there are many more individual stocks flashing 'sell and sell short' signals than buy signals. If you hold longs, be sure to protect them with stops.

Traders' Education

Please visit [our website](#) for more information on these events

October 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

November 10 & 12, classes in Jakarta and Surabaya

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.

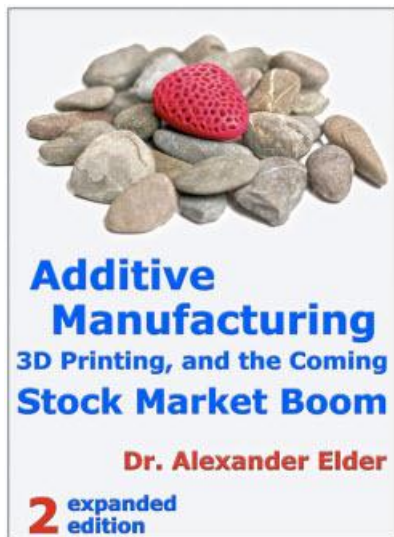
January 19-26, 2013 Traders' Camp in Guatemala. One spot is open (see demo video [here](#))

Upgraded Elder-disks for TradeStation and Ninja Trader

Each of our elder-disks is designed to work with a specific software package, adding to it indicators and systems described in *Come into My Trading Room* and *Trading for a Living*.

- Elder-disk v3 for TradeStation now includes New High – New Low Index (using TradeStation data).
- Elder-disk for v2 Ninja now includes a SafeZone stop system.

If you purchased earlier versions of these disks from us, please contact us for very low-cost upgrades.



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