

Books & Trades # 205

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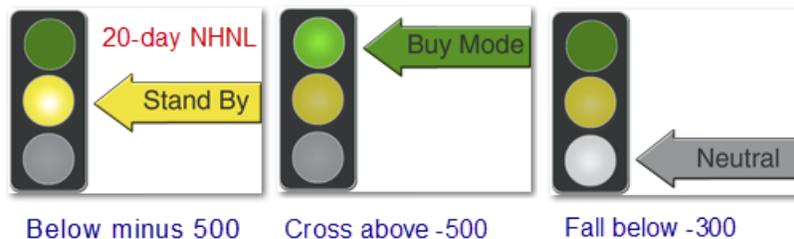
The Spike Bounce signal ... Classes ... Specials

Dear Trader,

Short-term trading becomes appealing when the stock market is buffeted by volatility. These are tough times for those who like to buy and hold, but heightened volatility creates opportunities for short-term swing traders who hold positions for just a few days.

The time horizon of each round of the trading competition at SpikeTrade, a unique group of serious traders, is only one week. With that, the second quarter of 2013 was the group's best ever: the Gold winner clocked a 47% gain, Silver 36%, and Bronze 17%.

One of the tools SpikeTraders use to catch short-term bottoms is the Spike Bounce signal. It is based on our pioneering research into the New High – New Low Index.



We believe that the New High – New Low Index is the best leading indicator of the stock market. While most analysts count New Highs and New Lows for the past year, we also monitor a very short-term NH-NL whose “lookback period” is only 20 trading days, just about a month. Whenever the 20-day NH-NL drops below a minus 500 level, it identifies an extreme of bearishness. In time, as bears run out of steam and the number of New Lows shrinks, this 20-day NH-NL rises above its minus 500 line – and that’s when it flashes a short-term buy signal.

We recently began posting the daily message of our ‘Spike Bounce traffic light.’ When the light goes yellow, we know that short-term bearishness is near an extreme. Once the New Lows shrink and the index rises above minus 500, the light changes from yellow to green and the Spike Bounce signal lights up.



Click [here](#) to enlarge the chart (only when you're online)

You can see on this daily chart that we track the New High – New Low Index in three dimensions, with look-back periods of a year, a quarter, and a month. Spike Bounce signals, given by the 20-day NH-NL are marked with green vertical arrows.

Spike Bounce signals tend to be quite reliable in lifting the market for a few days, although some have pushed it higher for weeks. Occasionally these signals abort. There is no perfect signal in the markets, which is why risk management is so essential.

And what about sell signals? After buying on a Spike Bounce signal we switch to traditional technical tools for selling decisions: reaching the upper channel line, a bearish divergence, etc. We continue our research, looking for a shorting equivalent of the Spike Bounce signal.

All markets fluctuate above and below value, like the ocean waves rolling onshore and offshore. Catching such waves is the key to short-term profits. Our Spike Bounce signal helps identify short-term buying opportunities.

Traders' education

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

July 18 & 25, Webinar –“Current markets with Dr Elder.” Enter Dr. Elder’s trading room from your own computer and watch him review stocks and futures, including your picks if you wish.

A promotional banner for eTradingExpo. On the left is a globe with the text 'eTradingExpo' and 'Be a Wiser' overlaid. To the right, the text reads 'eTradingExpo' in a large font, followed by 'LIVE July 15-19' in yellow. Below this is the tagline 'The Largest Online Virtual Event for Active Traders!'. A bulleted list of features includes: 'Hear from Over 90+ Trading Experts', 'Hot Topics: Options, Equities, Futures, Forex, and more!', 'Watch 90+ LIVE Presentations', 'Explore 75 Interactive eBooths', and 'Plus, Unlock the Prize Vault for Daily Prizes'. A red 'REGISTER NOW' button is in the bottom right corner.

eTradingExpo **LIVE** July 15-19
The Largest Online Virtual Event for Active Traders!

- Hear from **Over 90+** Trading Experts
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- Watch **90+** LIVE Presentations
- Explore **75** Interactive eBooths
- Plus, Unlock the Prize Vault for Daily Prizes

REGISTER NOW

July 19, 2013 – Dr Elder will speak at eTrading Expo at 10:10 am

A banner for 'INVEST FAIR SINGAPORE AUG 2013'. The background is a city skyline of Singapore. In the top left, the text 'INVEST FAIR' is in large, bold letters, with 'SINGAPORE' and 'AUG 2013' below it. On the right side, there is a small portrait of a man in a suit and tie, presumably Dr. Elder.

INVEST FAIR
SINGAPORE
AUG 2013

"10 commandments for new traders" - 2 hours, for beginners, on Aug 3

"Key tools for your trading edge" - 3 hours intensive, on Aug 4

While Dr Elder is in Singapore, there will be a private meeting and dinner for Camp graduates and SpikeTrade Members.

September 29-30, Live Trading Workshop – a SpikeTrade event in Alabama. Open to only 12 traders, only 3 spots remain available.

Best wishes for successful trading!

Dr. Elder and Team at elder.com