

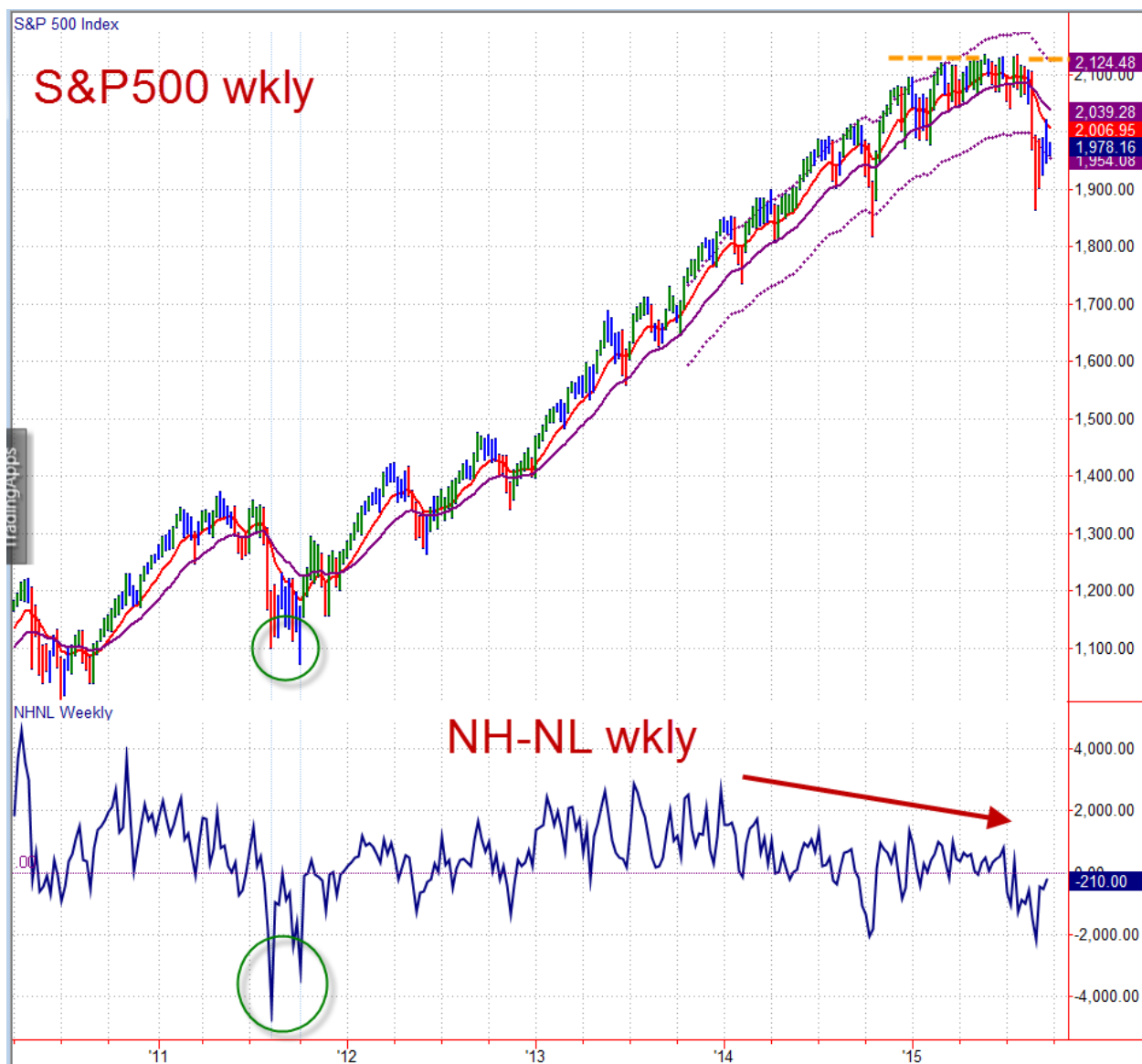
# Books & Trades #228

## September 23, 2015

### Buy the rumor, sell the news ... Traders' education ... Special

Dear Trader,

First, a look back (people who do not study history are doomed to repeat it). In the previous issue of Books & Trades, in July, I wrote about “the market language” and pointed out multiple bearish divergences in several market indexes. A severe break took place in August (the month in which no Books & Trades was published). Let’s take a look at the current markets...



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

In September the market collapsed, following multiple false upside breakouts and divergences, which were repeatedly pointed out in these letters. The S&P and most key indexes dropped not only below value (the zone between the two EMAs) but also below the lower channel line. There hasn't been such a severe decline since 2011. Just compare it with the decline in October 2014 when the S&P only touched its lower channel line and recoiled from it that same week.

The low points of such severe breaks tend to be re-tested. That's where pessimism grows very thick, while the downside pressure weakens, creating bullish divergences and pointing to buying opportunities. Have patience.



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

The daily chart of the S&P, shown above, illustrates a well-known (but often ignored) rule: buy the rumor, sell the news. The market rallied for two weeks on the expectations and rumors that the Fed was not going to raise interest rates in September. Last week the Fed announced that the rates will not be raised – and! – the market reversed and went sharply lower. This is the kind of action that catches mindless trend-followers off-guard time after time and year after year.

Patience is a hard virtue, especially for men who are taught from childhood – don't just stand there, do something. The best trading opportunities occur near extreme points, such as false breakouts. We had an extreme point to the upside in July and then to the downside in August; let us now see whether the market returns into that zone, offering buying opportunities.

For those who do not want to wait, there are buying opportunities even now. Those are special situations, centering on oil and gold. We analyze them in our webinars (see below).

## Traders' Education

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

**ONLINE: September 23** (followed by Oct 6 & 13) at 6pm ET - **Webinar** –“Current markets with Dr Elder.” [Enter](#) Dr. Elder's trading room from your own computer and watch him review stocks and futures. Send your picks to him and ask him to review them. **An ongoing bonus for all webinar participants – receive an email each weekend giving you the results of bullish and bearish scans of the S&P500.**

**ALABAMA: September 27-28 – SpikeTrade Live Trading workshop.** An exclusive class, limited to 12 traders. Learn theory and watch Dr Elder and Kerry Lovvorn trade live. **Sold out.**

**MACAU: October 20-25 – Pacific Traders' Camp.** Dr Elder has created a completely new program, designed to expedite your learning, help you practice new skills, and save you time and money. Instead of bringing in an assistant speaker, he will teach full-time. There will be lectures in the morning and homework with Dr. Elder in the afternoons. **Sold out.**

**Tokyo: October 31 – A day-long workshop.** Live translation into Japanese. Details at [elder.com](#)

*Best wishes for successful trading from all of us at [elder.com](#)  
Dr. Alexander Elder & staff*

### In Memoriam – Mark Douglas (1949 – 2015)

I received a message from Mark's wife (now a widow) in Arizona that he suddenly passed away last week. They were preparing to move back to Chicago...



Mark's first book, *The Disciplined Trader*, published in 1990, impressed me not only with its insights into trading psychology but also with his searing honesty. He wrote about having gone wild with an early success, overtrading, and running his account into the ground. He had to declare a personal bankruptcy and was divorced. Most people would have washed out of the markets – but Mark regrouped, analyzed his mistakes, and then shared his insights with others in his now famous book. I remember taking 16 pages of notes when I first read it.

In recent years Mark lived in Arizona and seldom appeared at traders' events.

We spoke on the phone every once in a while, and he told me he was finishing a new book.

For the past several decades Mark shared his life with Paula Webb. She will continue to oversee Mark's legacy, including the publication of his latest book. Deep condolences to her as well as to all Mark's readers. And if you haven't read his book, do it now.

Alexander Elder

PS A Memorial will be held on Saturday, September 26 @ 3:00 p.m.

Community Church of New Thought

5013 East Broadway Road, Mesa AZ 85206

A reception will follow at Mark & Paula's home.

I would have flown there but have a commitment to teach a workshop in Alabama.