

Books & Trades #229

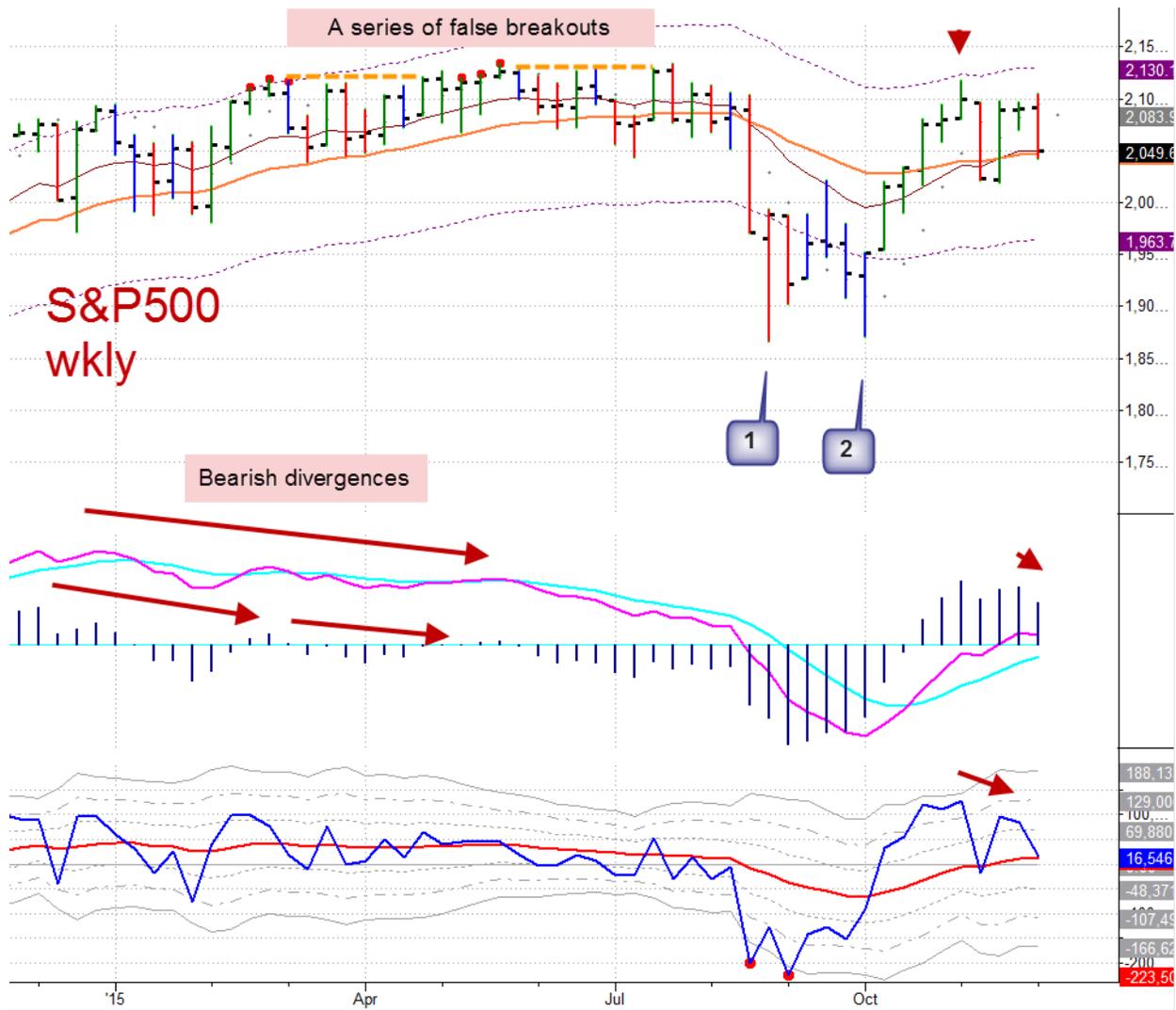
December 4, 2015

Current Market ... Class in Holland ... Special

Dear Trader,

I aim to write Books & Trades once a month, but paused for two months before this email. I spent October in Asia, where I ran a Traders' Camp in Macao and afterwards taught a class in Tokyo. I had a wonderful time, met some old friends and made several new ones. I keep thinking of setting up a photo album on the website, to share photos from some of those events...

Coming home in November, I got busy not only with trading but also with switching computers - from a PC to a Mac. At some point I'll post a longer message about my decision and the process of change. But now, let's turn to the current charts...



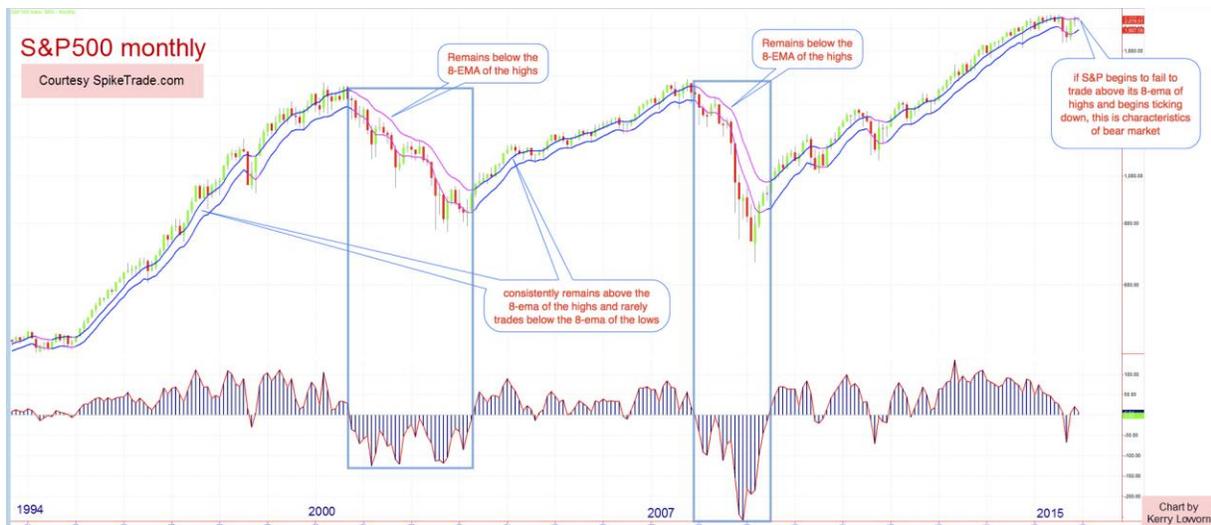
Click [here](#) to enlarge this chart (only when you're online)

Back in September, following the August break, I wrote: “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.”

The August top was preceded by a series of false upside breakouts and bearish divergences. The old bull had built up a great upward inertia and does not give up easily. After it cracked (in area 1), that drop was followed by an incomplete retest in area 2. A strong rally followed had finally choked up at the upper border of the Autoenvelope on the weekly chart. Now, at the right edge of the chart updated through Dec 03, there is a cluster of bearish signals: a downtick of MACD-H, a bearish divergence of Force Index, and the Impulse system has turned red, permitting shorting and prohibiting buying. Ugly. Then the Friday reflex rally showed that bull still had some fight left in it.

Members of SpikeTrade.com didn’t have to wait for two months – they receive my analyses several times each week, including links to trade journals with my trade plans and charts of executed trades.

Speaking of SpikeTrade, I'd like to share with you a chart sent to our Members on December 2 by Kerry Lovvorn, my partner in that enterprise. Kerry is an intense and original researcher, although I'm afraid that his latest chart will bring little joy to stock market bulls.



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

Many traders use exponential moving averages (EMAs) of closing prices, but Kerry goes a step further and also plots EMAs of the highs and the lows. On Wednesday he wrote: "When markets are in longer term bear markets, they're unable to trade above their 8-EMA of the highs and frequently trade below the 8-EMA of the lows. For the bull market to continue, we need to see a break above those levels as well as another monthly close above this EMA. The current level of the 8-EMA of the highs of the S&P is 2,097, an area that the market has had trouble breaking out above recently."

With Christmas approaching, have you thought of giving yourself a present? I suggest a membership in SpikeTrade which will give you access to the cutting-edge analysis, a fellowship with serious traders and a great deal more. [Try it](#) and use this introductory month half-price coupon – UPGRADE.



Traders' Education - a day-long intensive class in Holland

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

ONLINE: December 7 & 16 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.**

HOLLAND: February 20 – a day-long intensive class with Dr Elder – Time-tested rules & new trading tools. You are invited to the only European workshop we've scheduled for 2016 at this time. Come, invest a day in your development as a trader and have crystal-clear time-tested rules for success laid out for you. Watch, listen, and take notes as Dr Elder shares his latest findings and tools. Everything you learn will be applied to the current markets – in the US and in Europe. Bring your questions and have one of the world's leading experts answer them for you. Meet other serious traders. Click [HERE](#) for a complete description, including discounts and a refund guarantee.

Fee (includes multiple bonuses) **\$449** – but **only \$349** (approx. €326) if you register in **December 2015**.

*Best wishes for successful trading from all of us at elder.com
Dr. Alexander Elder & staff*



In Memoriam – Richard Russell (1924 – 2015)

Richard (Dick) Russell, born in 1924, died on November 21, 2015. During WW2 he served in the US Air Force in Italy, flying multiple missions, face stuck into a super-secret Norden bombsight. After the war he became interested in the stock market. There were very few technical analysts in those days, but in the mid-50s Dick managed to publish several pieces on the Dow Theory in Barron's. The attention it earned him prompted Dick to begin writing a newsletter – Dow Theory Letters. He began in 1958 and continued to write until a few weeks before his death – the longest surviving newsletter written by a single author.

While the quality of his market calls varied, he clearly cared for his subscribers. I took his service for a year or two after becoming interested in the markets and for another short stretch a few years ago, when I re-subscribed out of nostalgia.

Dick was a man of many interests and passions. He had five wives, and some of his ex-es ended up working for him. He loved motorcycles and owned many of them. The man had a good run and enjoyed a long life, sharp until the very end.