

## Books & Trades #233

June 27, 2016

### Current market ... 2016 Traders' Camp ... Special

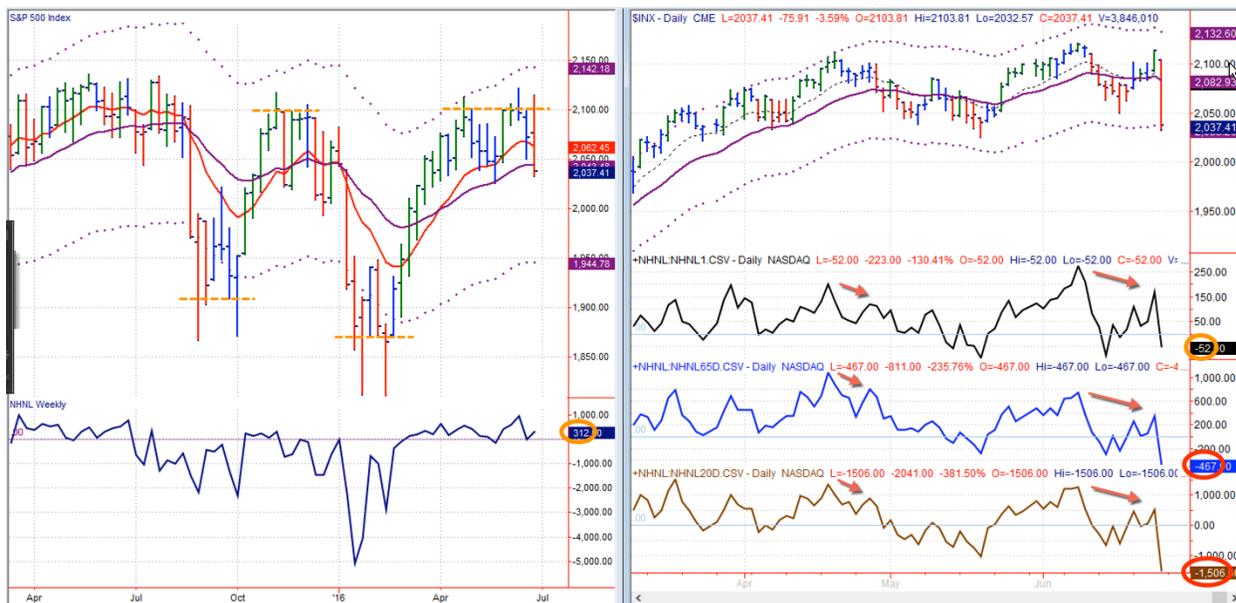
Dear Trader,

The Brexit vote occurred while I was writing this letter. I was pleased to see that the resulting fireworks have not changed the market outlook I was writing to share with you.

In my previous letter to you, on April 25, I wrote: "The rally that began in February ...is at its end." The Dow closed at 17,977 that day. Today the Dow is well below that level. The call on the top of the rally was correct.

The decline we got after that letter was sluggish, but accelerated after Brexit. Let me repeat the last paragraph of that letter: "History rhymes, but it doesn't repeat. The quality of rallies and declines tends to alternate. Great bull markets are followed by sluggish bull markets, and vicious bear markets (like the one we had in 2008) are followed by rather meek bears. The bear or 2016 is likely to be fairly mild." A one-day implosion on Friday doesn't change the outlook for the year.

The previous Books & Trades post anticipated a decline towards the February lows. We didn't get that – yet. But let's take it step by step and review current markets.



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

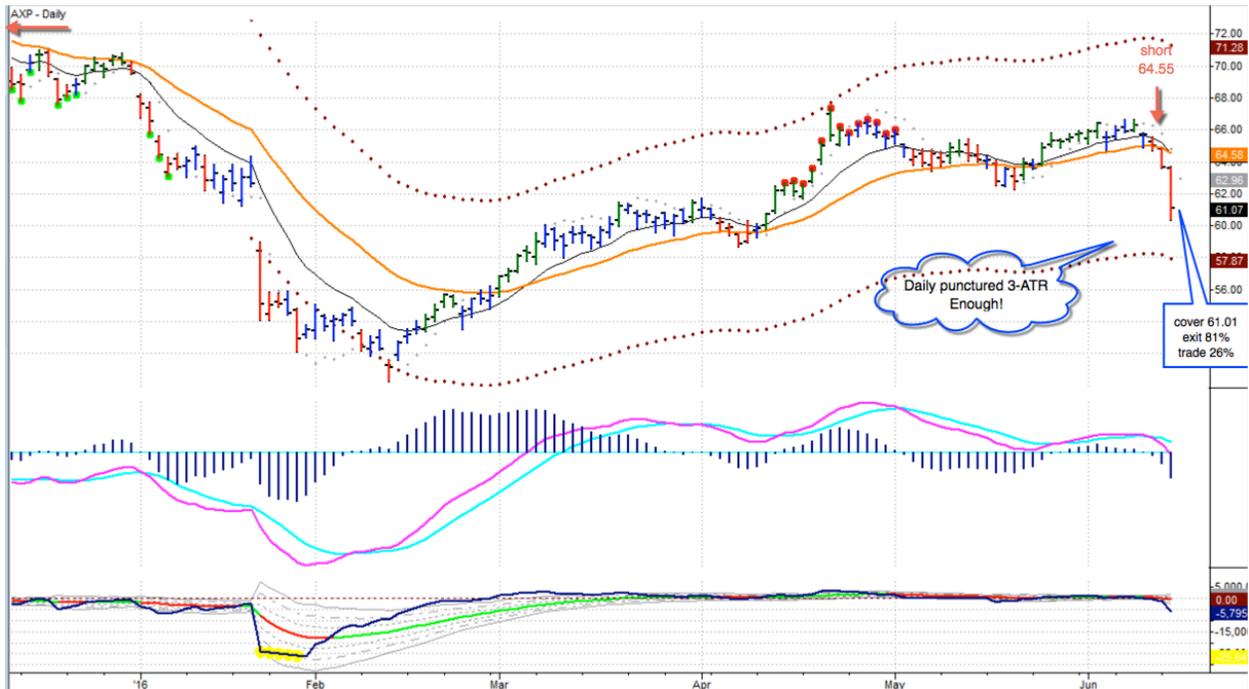
Notice that in the past year the S&P500 has been very likely to trace “kangaroo tails” at important intermediate turning points. You can see these patterns on the weekly chart (on the left), as single price bars stick out above the resistance lines and below the support lines. Those tails reflect the market’s inability to continue its trend and call for reversals. This pattern with its trading rules was presented in detail in our Password Course (see below). The S&P had two kangaroo tails in June, one of them last week.

Notice also the abundance of bearish divergences on the daily plots of the S&P (on the right). They gave plenty of warning that a decline was coming – although not of the wild intensity of the decline. Such psychological panics in either direction can’t be forecast by technical tools. Our tools warn us of coming trend changes – but not of their intensity.

Looking ahead, we see that the shortest-term NHNL has declined into a bottoming zone, the others are still hovering above it. The bottoming work has not been completed. Keep in mind that such panics create foundations for strong upmoves. In the coming weeks let’s watch for kangaroo tails to the downside, accompanied by bullish divergences.

For the past several weeks I’ve been repeating this advice in SpikeTrade: trade a smaller size, do not gamble, don’t be a hero in very uncertain markets, be quick to take profits. Both Kerry Lovvorn, my partner in SpikeTrade, and I post complete

records of our own trades for our members. Here's just one chart, showing how I take my own advice.



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

The complete Trade Journal, with the entry and exit charts and all the numbers was posted in SpikeTrade. Keeping good records is one of the most important things you can do for your growth and development as a trader.



## Traders' Camp - November 11-16 in the Dominican Republic

It is a pleasure to announce limited availability for our famous Traders' Camp. Our last Camp in this hemisphere was three and a half years ago, in January 2013 (we did run a Camp in Asia in 2015). This Camp has a new format – a bit shorter, a lot more intense, and less expensive.

Rather than having a guest speaker, the entire Camp will be taught by Dr. Alexander Elder – lectures in the mornings and practice in the afternoons. We booked only 20 rooms at our favorite resort in the Dominican Republic (nearest airport – Puerto Plata). We offer a \$1,000 discount for early registration and an additional \$500 for two traders registering together. In addition, as soon as you register you'll receive free access to our webinars, listed below. The fee covers everything except transportation. All details here - <http://www.elder.com/traders-camps-and-classes/welcome/> We invite repeat campers to arrive a day early as our guests for a “social day” (a nominal fee for others).

There are only 20 spots in this Camp, and the sooner you register, the bigger your discount and bonus. We offer a liberal refund guarantee – please click the link above for details. Please email or call our manager with any questions you may have and/or to register.

## Traders' Education

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

**Online: June 30 at 6pm ET – The SpikeTrade Password Course – Session Three: My Rules for Risk and Money Management.** The Password course consists of intensive monthly sessions, focusing on key trading techniques. Each session lasts an hour, including a carefully prepared presentation and the Q&A. Session 3 will be presented by Dr Elder. For details on how to get access, please click [HERE](#)

**Online: July 20 & 27 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.**

**Live Trading workshop: September 25-26** (limited to 12 traders) – SOLD OUT.

**Caribbean Traders' Camp: November 12-15** (limited to 20 traders) – register [HERE](#).

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