

Books & Trades #235

August 8, 2016

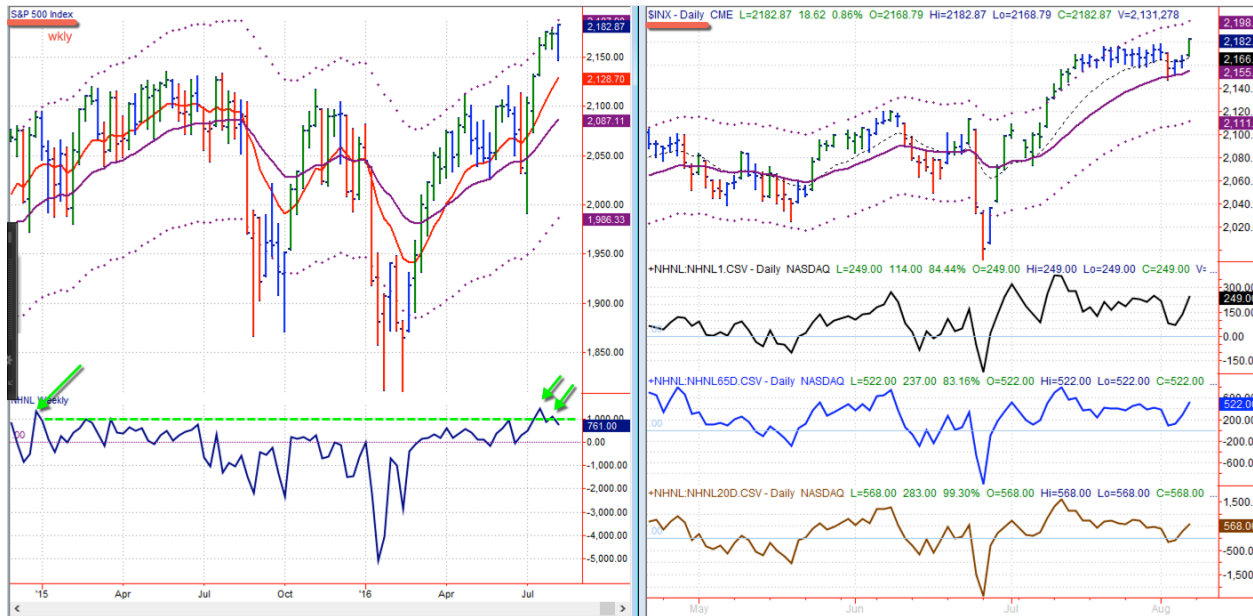
Current market ... 3 spots left in Traders' Camp (low rate until Aug 15 ... Special

Dear Trader,

I am sure you know that monthly letters aren't designed for precision timing. I share with you long-term charts and my views on the current stage of the market cycle. For precision timing, updated daily, check out the site in which I am a partner – SpikeTrade.com.

Identifying long-term trends is important. Research has shown that on the average a stock's price movement is driven 40% by the general market, another 40% by its industry group, and only 20% by the individual circumstances of that stock.

In my previous letter, in July, I wrote: "...when the S&P rallied above its 2015 peak yesterday, it sounded the death knell of the bear market and flagged a new bull market." I added: "Just as the latest bear was mild, this new bull is more likely to be mild – but a bull nevertheless, requiring us to position accordingly."



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

A major confirmation of this bull market occurred on July 11, when the weekly New High – New Low Index closed above +1,000 for the first time since 2014. Such crossovers occur only during bull markets but not during bear market rallies. NH-NL is my favorite forward-looking indicator. It closed at 761 last Friday, but that is completely normal for a bull market. NH-NL doesn't have to stay above 1,000 permanently, but every time it rises above that level it confirms that a bull market has at least several months of life left in it.

Compare its behavior to inhaling and exhaling. You have to inhale in order to live, but you also have to exhale.

Turning to the daily plots of NH-NL, I like to analyze them not in one but in three look-back windows: the standard yearly, plus quarterly and monthly (the idea to add additional look-back windows came from Kerry Lovvorn, my partner in SpikeTrade.) The daily NH-NL is in its bullish zones in all three of those windows.

Our trading strategies and tactics must be rooted in current market reality. I love trading divergences and enjoy shorting – but in a bull market we're going to get fewer divergences and have to be both cautious and super-quick when shorting. This means that going forward I'll have to rely less on my old favorites and more on trend-following methods. I am currently testing (with real money) a new

trend-following system which I'll be presenting to SpikeTrade members on August 23.

I will discuss and teach this concept in-depth in our Caribbean Traders' Camp (where we have only 3 spots left). See you there! I'd like to remind you that the deeply discounted rate for our Caribbean Traders' Camp will end on August 15.



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

The limited availability of spots in our famous Traders' Camp is rapidly shrinking – only three of them out of 20 remain open. We always limit attendance in our Camps, so that all participant can receive individual attention. These years we rarely run our Camps – our last time in this hemisphere was in January 2013 (we did run a Camp in Asia in 2015). Try not to miss it. 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 20 rooms at our favorite resort in the Dominican Republic (nearest airport – Puerto Plata). We offer an \$800 discount for early registration and an additional \$500 to any pair of traders registering together. This deal ends on August 15. In addition, as soon as you register you'll receive free access to our webinars, listed below (monthly cost \$140 but free for you). The Camp 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).

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: August 17 & 24 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.**

Online: August 23 at 6pm ET – SpikeTrade Password Course – Session Five: A Trend-following System (tested with real money). 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 5 will be presented by Dr Elder. For details on how to get access, please click [HERE](#)

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*