

# Books & Trades #243

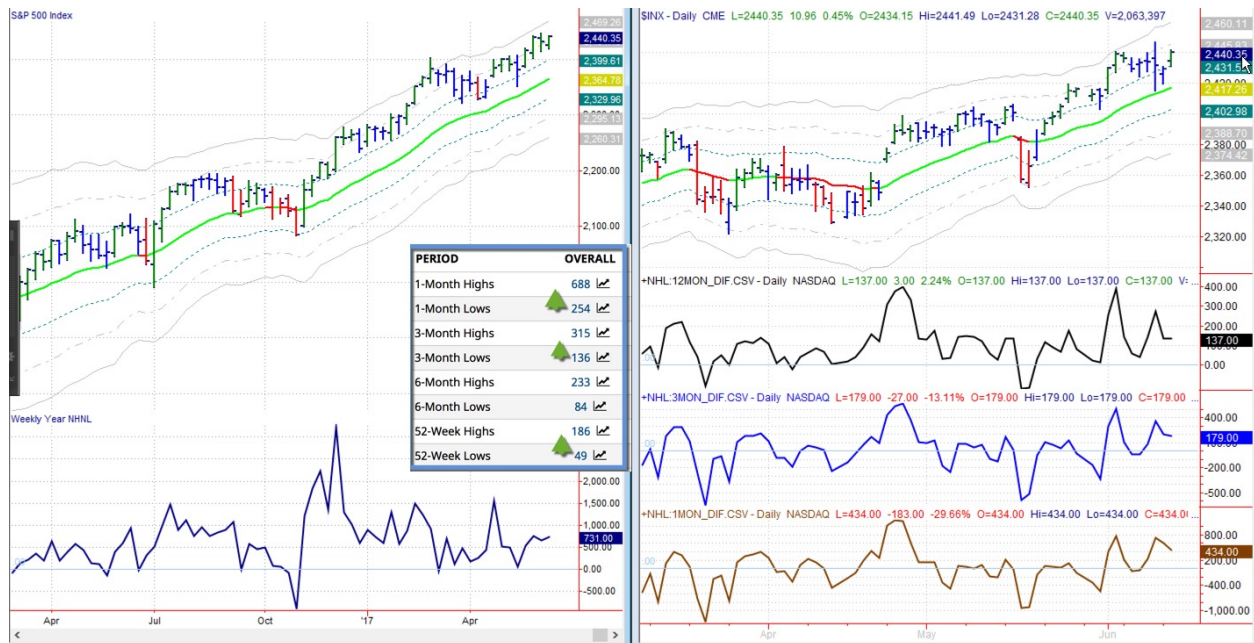
June 14, 2017

## Current Markets ... Education ... Specials

Dear Trader,

In my May letter to you I wrote: "...we see as clear a structure of a bull market as you're going to get, with an orderly pattern of higher highs and higher lows. ... It reflects the resilience of bulls and a relative weakness of the bears."

The market continued to rally, but now, as we approach the period of summer doldrums, let's review our charts for any clues what to expect in the weeks and months ahead.



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

Mr Bull stumbled last Friday, regained its balance on Monday, then rallied on Tuesday. Even the hurt FANG stocks (Facebook, Amazon, Apple, Netflix, Google) had stabilized and many of them rallied. Keep in mind that extremely sharp breaks, such as the ones we saw last week, are typically followed by a reflex

bounce and then by a slow grind back to the original lows or even lower. Such double bottoms – slow to form and stressful for holders – often create bases for fresh rallies.

The daily NHNL has turned bullish in all three look-back windows that we track, and the weekly NHNL remains stable. The Impulse system of the S&P regained its bullish green on the weekly chart.



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

VIX, the fear index, helps identify correction bottoms (i.e. buying opportunities) when it rallies above its upper Bollinger band. Btw, there was a good article on the VIX in Tuesday's Wall Street Journal – look it up, it is well worth reading.

Looking at the chart of the VIX we can only say: what correction? The level of fear never rose high enough to mark a correction. A stumble, yes, but not a correction.

This chart puts those two sectors side by side and confirms his comment. It refers to what already happened, but what's next? The plot of Force Index (presented in my recent Password class) suggests that the techs are now in the bottomy area, while the financials are becoming topy. It pays to look below the surface. It also pays not to argue with the rising market.

We need a deeper correction to create better buying opportunities. “When VIX is high, it’s safe to buy. When VIX is low, go slow.” It takes knowledge and confidence to buy when the market drops. Investing is the only business in which, when things go on sale, everyone runs out of the store.

## Traders' Education

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



**Online: June 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.**

**Online: June 22 at 6pm ET – Catching Reversals: divergences with False breakouts**  
– session 13 of SpikeTrade Password course. Free for Members or [purchase](#) access.



**Caribbean: November 10 - 15 Traders' Camp**

***The \$1,000 discount ends June 30***

Only 20 traders will be accepted into this legendary, intensive, all-inclusive Camp. Master trading psychology, market analysis, trading systems, and risk management. Work exclusively with Dr. Elder. As a bonus, once you [register](#),

you'll receive immediate complimentary access to Dr Elder monthly webinars and weekly stock scans.

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