

MARKET TREND

JUNE 2014 ISSUE



**INNER-Market
Analysis continues
to point to higher
prices for stocks.**

S&P 500 Monthly Chart – BIG PICTURE

The SP500 index (US Stock Market) continues to trade near its long term support trend line. We are likely to have a multi month topping phase before the next bear market will start. But the trend line needs to be broken in a big way first, then a large pause or bounce needs to happen before a full blown bear market will be confirmed. With INNER-Market Analysis we can get positioned earlier with our trading system.

Long term stock investments should continue to be held at this point. Tightening your stops and reducing position size for new trades is not a bad idea. We are starting to see divergence on the chart below and this tends to be an early warning of a stage three top.



S&P 500 Quarterly Chart – BIGGER PICTURE

This chart I feel provides a really great perspective on the overall market trends and price patterns. This is the 70 year prospective. I really hope something like this unfolds. It will be a dream come true for baby boomer and retirees. Rising equities and interest rates will bring back the golden years.



Economic & Stock Market Cycles:

The chart below, courtesy of Donald W. Dony, shows how the market moves in terms of sectors and commodities. Our focus is on the stock market cycle below (blue cycle) and the numbers 9, 10, and 11.

Typically commodities perform well in the late stages of a bull market which is where the US market feels as though it is at within its life cycle.

In the last couple months we have seen money move towards the safer investments. Utilities have performed very well, and so has the energy sector. Precious metals on the other hand are still trying to find a bottom. This week may be a big turning point for metals and miners though. Money is flowing in to these investments fast and furious!

Listen to this week's interview with Kerry Lutz: <http://financialsurvivalnetwork.com/2014/06/chris-vermeulen-get-ready-for-the-precious-metals-and-miner-breakout/>

Chris Vermeulen – Get Ready For The Precious Metals And Miner Breakout

from Financial Survival Network



Chris Vermeulen, a.k.a. *The Gold and Oil Guy*, is convinced that the precious metals correction has nearly run its course. He sees the smart money starting to pour into the mining stocks. The base is nearly complete and prices should start going up shortly.

He's also upbeat on commodities and sees plenty of upside there. He's wary of energy and believes it could go way higher or crash, time will tell.

 [Click Here to Listen to the Audio](#)

Canadian Equities Market: Continues to Rise

The TSX Composite is resource-weighted and this market has lagged its counterparts around the world in the last year. This means it is time for Canada to play catch-up.

These equities may hold up well when the US market starts to correct. This is because the TSX's is heavily weighted in late-cycle stocks (resources), it's not unusual for the Canadian market to lag in the early stages of a bull market in the USA, catch up in the late stages, and then outperform toward the end. This appears to be happening now.

My Recent TSX Report: <http://www.gold-eagle.com/article/gold-and-oil-fuel-canadian-stock-market-rally>



The Risk-Off Trade Is Slowly Unfolding

Comparing stocks, gold and bonds, each look as though they are changing trends.

Most of my timing and trading is based around what I call INNER-Market Analysis (Market Stages, Cycles, Momentum and Sentiment). With these data points I can diagnose the overall health of the market in a simple and logical process. By knowing the overall strength of the market we can forecast short term trend reversals as they happen with a high degree of accuracy.

Investors fear is slowly rising and money is rotating out of stocks and into the Risk-Off assets like gold and bonds. Below is the updated chart showing this rotation and my original analysis from months ago.



INNER-Investor Monthly Conclusion:

The month of May was very dull with the market moving sideways for most of the month. While the overall trend remains up our short term and intermediate term cycles are starting to top. We continue to trade with the trend and look to buy dips and sell pops and rallies for the time being.

The truth about investing is that no one really knows what the market will do next. So all we can do is follow the market as closely as possible and invest with sound position and money management strategies. The better you are at identifying trend changes, spotting overbought and oversold market conditions, and can react to them, the more money one can make.

The chart below shows the current market trend. As you can see price has been very choppy other than the recent rally in the first part of June. The AlgoTrades automated trading system has issues three trades in the past month which trades automatically in our clients investment accounts. AlgoTrades clients are now up over 10% on their \$50,000 investment capital in just the last 3 months.

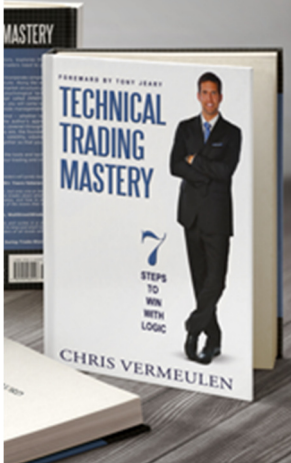
Review Recent Trades: <http://www.algotrades.net/algotrades-system-clients-10-3-roi/>



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Since the opening of our **automated trading system** in late February our clients have generated a 10.3% return on their portfolio which is over \$5,000 growth in their live brokerage account.

Being able to identify the current trend, timing short term overbought and oversold market conditions and proper management of our investment capital can take navigate the stock market with low risk and profit from the monthly wave like patterns in the stock market.

Just to be clear, we are not yet in a bear market. But our analysis shows the US stock market is likely starting a major stage 3 topping pattern. This will likely take months to unfold as all bull market tops do. And during this process it is going to be very difficult for the average investor involved in the stock market to make money.

It is this type of market condition where the AlgoTrades System excels at.

Talk Soon and Have a Great Month!

Sincerely,

Chris Vermeulen

Founder of www.AlgoTrades.net

Buy My New Book: <http://www.amazon.com/Technical-Trading-Mastery-Steps-Logic/dp/1940262143>