

OCTOBER 2015 ISSUE

This report is similar to that of the FED minutes.
Only minor changes take place each month.

After an insanely wild September in the stock market with near record high volatility levels and price swings it looks as though things are finally starting to settle down.

You can see in the chart below just how high the recent volatility was by looking at our proprietary "Step" indicator which does not use the volatility index to measure the current true volatility levels. This indicator has only been this high a few times in the past 8 years.



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LIVE MARKET FORECAST WITH JIM GODDARD & CHRIS VERMEULEN

Find out where the next major bull market appears to be forming in the market and how you can profit from these new bull and bear market trends.

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S&P 500 Monthly Chart – 7 Year Cycle

The SP500 index (US Stock Market) has now officially exited its up trend. It can be argued that the stock market is either in a stage 3 topping phase or a stage 4 decline. **Either way, it's not good for buy and hold investors.**

The major trend line on the chart below has been broken in a big way. The AlgoTrades INNER-Market Analysis tell us to be sitting pretty in cash, or short the market so you can profit from falling prices over the next 6 - 18 months.

I do fear a global economic collapse is possible which I talk about in our [ETF Trading Newsletter – TheGoldAndOilGuy](#). In August we started investing in funds that will rise as the stock market falls in value. We profited nicely from falling prices in Sept with the EPV and SH inverse ETFs. If you need help with this be sure to check out that newsletter.



S&P 500 Quarterly Chart – BIGGER PICTURE

This chart I feel provides a great perspective on the overall market trend and price patterns. This is the 70 year historical chart. I hope something like this unfolds. Fingers crossed to a nominal 12 month correction/bear market. This will build a new base for the next super cycle.

US Dollar has now reached the upper resistance trend line... we could see weakness in the dollar going forward... Keep in mind this is a quarterly chart, lower prices may still be a few months away.



The Risk-Off Trade Is Slowly Unfolding

The S&P 500 index is losing its momentum. The SP500 index has been trading almost sideways the over the past year. It has not provided many trades for our automated index trading system (AlgoTrades) so we have had to focus on some other areas to find opportunities using ETF's but with the new bear market we should start to see automated trading pick up speed.

In the live interview posted near the top of this report I talked in detail about the stock market and gold... this chart shows what I expect to happen in short.



The Fear Index & Big Trend Analysis

The VIX index has been trading at low levels for a few years. This suggests that fear is low, complacency is high, and that SP500 is becoming vulnerable to a stock market correction.

In the chart below, I have placed the VIX index above the stocks trading above the 200 day moving average. As the number of stocks trading above the 200 day moving average falls it's telling us that fewer stocks are moving up in value while the broad market climbs. This is bearish.

This provides a great visual of how falling markets correlate with investor fears. While overall market breadth remains strong, a change in the VIX often provides an early warning sign of potential danger.



Stock Market Rises with Fewer Stocks – RED FLAG

Since mid 2014 the US stock market has become more volatile. Fewer stocks participating in the markets move up. This can be seen by comparing the percent of stocks trading above their 200 day moving average and the S&P 500 index.

Last issue I stated "Once the stock market comes to a complete stall it will drop violently."

What we saw from August 20 – 24th was the break of the bulls back... The market always has a way to keep average investors bullish and left holding the bag of overpriced stocks when the music stops. The market could very well rally here and test recent highs or possibly make a new high to be sure investors remain bullish to buy into the next wave of distribution selling.



INNER-Investor Monthly Conclusion:

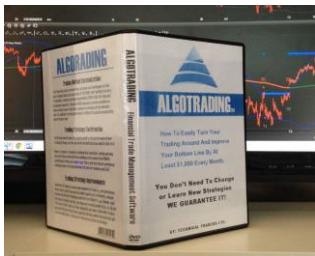
The months of July and August were incredible months for our automated trading systems as you can see from the chart posted at the beginning of this report. September's volatility did cause the system to give back a good chunk of those gains roughly 30%. The good news is that this new record high volatility we experienced has allowed us to improve and adapt the systems to identify and avoid this type of market volatility in the future.

The stock market typically falls 3-7 times faster than it rises, which means we can make more money, and make it faster during a falling market than we can during a rising market. Now that the trend has turned down we should be off to the races with outsized trading gains.

The simple solution to profit from this market is to become a user of our Automated Trading System so these trades are executed for you, allowing you to enjoy the finer things in life like spending time with family, friends or your own job and business.

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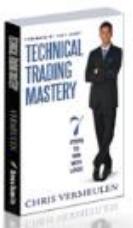
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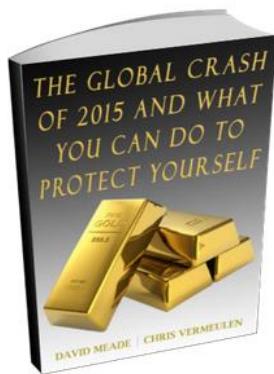
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If you are not part of the AlgoTrades program join today!

Not yet read my book? I highly recommend you do this as it walks you through the key indicators/analysis used so you understand how the AlgoTrades system can make you money on auto-pilot.

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Sincerely,
Chris Vermeulen