

SEPTEMBER 2014 ISSUE

Reports are similar to that of the FED minutes.

Only minor changes to the outlook take place each month along with updated charts.

S&P 500 Monthly Chart – BIG PICTURE

The SP500 index (US Stock Market) has changed its intermediate trend and is back in an Uptrend.

MARKET TREND



INNER-Analysis
points to higher
prices for stocks.
Trend is up.

The major trend line on the chart below must be broken in a big way before a full blown bear market will be confirmed. This is still months away at best so do not worry. Our INNER-Market Analysis will get us positioned earlier than the average investor and allow us to profit from falling prices when they do happen.

Your long term stock investments can continue to be held at this point. Speculative and momentum stocks (Russell 2K index) are showing weakness, so I would stay away from them. Large cap stocks will likely continue to be more in favor this month.



S&P 500 Quarterly Chart – BIGGER PICTURE

This chart I feel provides a great perspective on the overall market trends and price patterns. This is the 70 year prospective. I hope something like this unfolds. It will be a dream comes true for baby boomers and retirees.



Economic & Stock Market Cycles:

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

Last month we saw money move towards the safer investments. Utilities, dividend stocks and bonds. Precious metals on the other hand are still trying to find a bottom. This month may be a big turning point for metals and miners though. September is historically the strongest month for gold.

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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, which it is in a big way.

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.

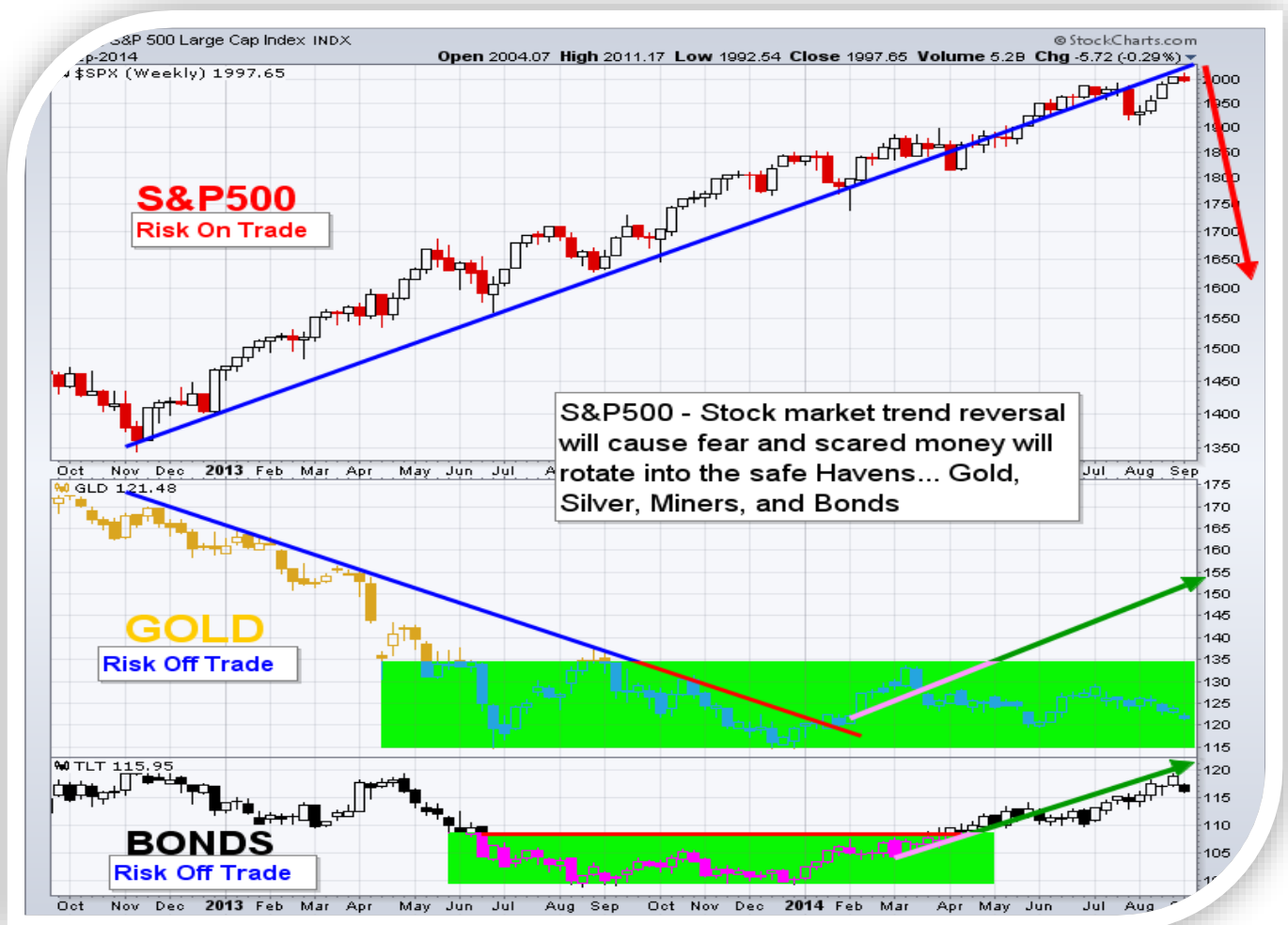


The Risk-Off Trade Is Slowly Unfolding

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 (standard deviation, cycles, momentum and trends). With these data points I can diagnose the overall health of the market in a simple and logical process. And 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. The Risk-Off assets like gold and bonds are seeing high volume buying. Below is the updated chart showing this rotation and my original analysis from January 2014.



INNER-Investor Monthly Conclusion:

The month of August was not that exciting for us investors. With the stock market flip-flopping on us from an uptrend, to a down trend, then an uptrend again we didn't get many trades.

In fact, we only had one trade in August and it was a losing trade. We took an \$881.12 loss in our account. Unfortunately that is just part of investing. Some months we win, others we lose, and sometimes we don't trade at all.

The good news is that we are off to a great start in Sept. We are only few days in, and have already closed one winning trade for a \$1,200 profit.

AlgoTrades investors do not have to lift a finger because the automated investing system executes the trades directly in their brokerage account for them. No stress, no trading discipline required...

Since making my automated investing system available to clients in March our **clients have generated \$10,736 in profit in their live brokerage account.**

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.

The type of market condition we had in July which the AlgoTrades system excels at and we made over \$4,500 is what I expect to see this month – Buckle Up!

Closing thought: 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 you can make. This is exactly what the AlgoTrades system will do for you and its hands-free.



If you have not yet read my book, I highly recommend you do this as it walks you through the key indicators/analysis I use which powers the AlgoTrades trading system.

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Talk Soon and Have a Great Month!

Sincerely,

Chris Vermeulen

www.AlgoTrades.net