

## DECEMBER 2014 ISSUE

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

### Recent Market Action & What To Expect Next

#### MARKET TREND



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

Last month was slow with the system sitting on the sidelines keeping our money safe and in cash. There were no trades executed because the price action was not favorable. December has started off great with users pocketing a quick \$1050 in the first week.

The video shows the AlgoTrades System chart and provides you with a visual of the market trend, price action and trade.

Keep in mind the AlgoTrades system typically matches or slightly under performs the SP500 during a strong rising market. But during sideways and bear markets it does exceptionally well. You can see the comparison in a table at the end of this report.

We continue to follow the market and trade with the active trend.

**Copy & Paste Video Link:** <http://youtu.be/FUcjCUjQqz8>



## S&P 500 Monthly Chart – BIG PICTURE

The SP500 index (US Stock Market) continues to be in and **Uptrend**.

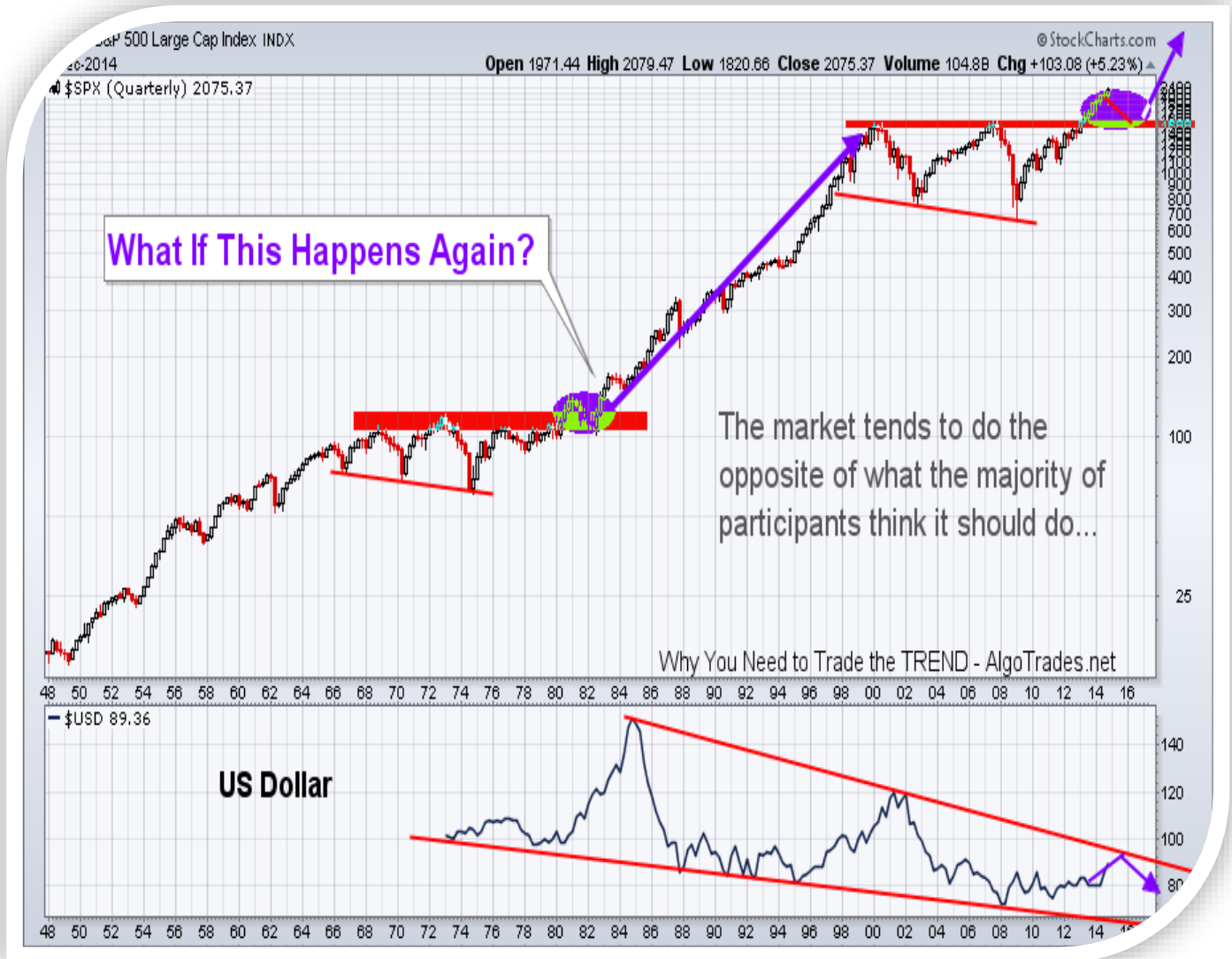
The major trend line on the chart below must be broken in a big way before a full blown bear market will be confirmed. This is still months away at best so do not worry. The AlgoTrades INNER-Market Analysis will get us positioned when the time is right and enable us to profit as the stock market falls in value.

Your long term equity investments can continue to be held at this point. Speculative and momentum stocks (Russell 2K index) continue to show weakness, so I would stay away from them. Large cap stocks will likely be in favor as the safe haven "blue chip" stocks, but when the market is ready to roll over, all stocks will fall.



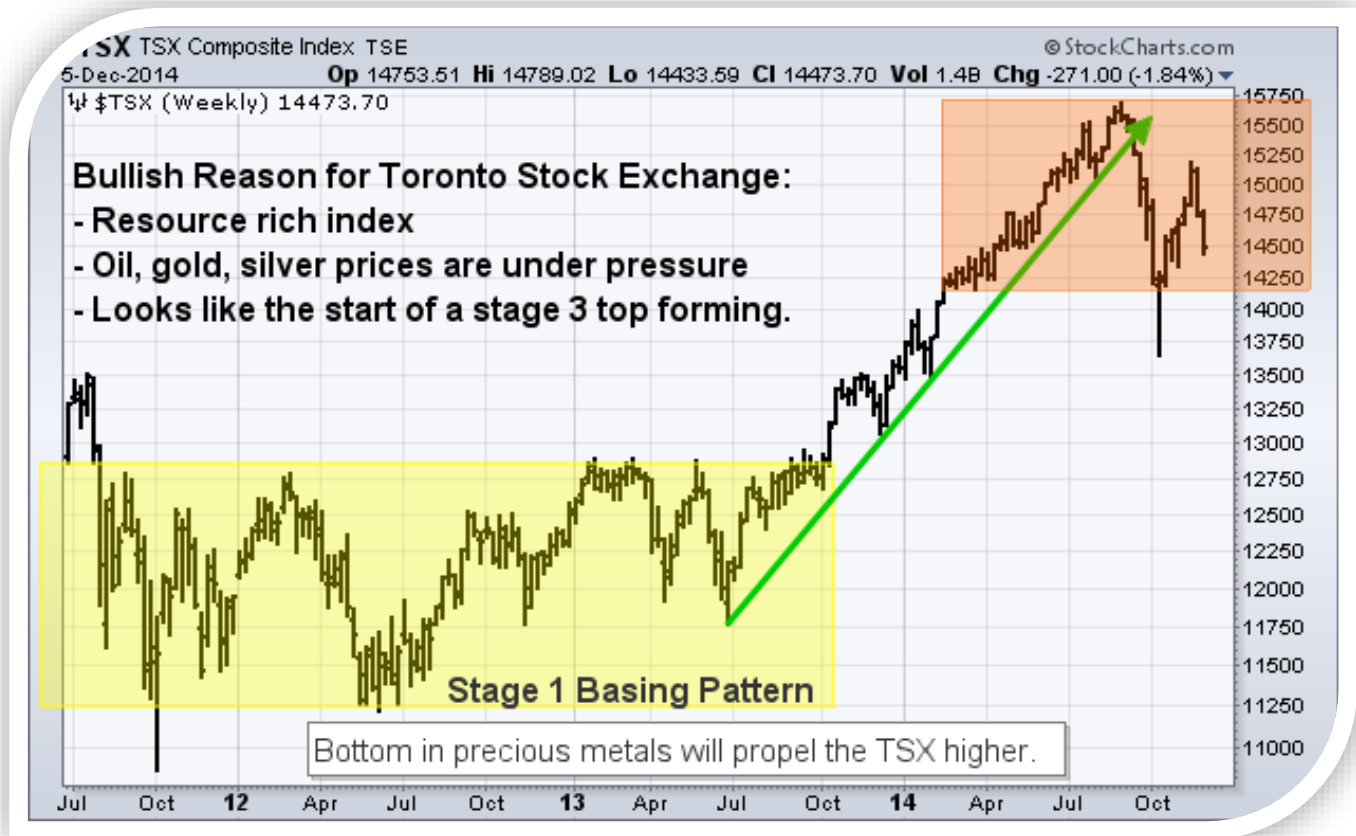
## S&P 500 Quarterly Chart – BIGGER PICTURE

This chart I feel provides a great perspective on the overall market trend and price patterns. This is the 70 year prospective. I hope something like this unfolds. Only time will tell though.



## Canadian Equities Market: Continues to Rise

The TSX Composite is heavily resource-weighted and this market has lagged its counterparts around the world in the last year. This year the Canada index played catch-up as seen in the chart below and was the strongest index in 2014 until this recent violent correction.



## The Risk-Off Trade Is Slowly Unfolding

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

My timing and trading is based around my proprietary INNER-Market Analysis (standard deviation, cycles, momentum and trends). With this form and analysis we are able to diagnose the overall health of the market in a simple and logical process. Knowing the overall strength of the market allows us to calculate the probability of a trend continuing or a reversal with a high degree of accuracy. This allows us to adjust properly our position sizes per trade to match the risk profile of the market.

The S&P 500 index is now trading under the support trend line. Meaning it is struggling at resistance now. Money has been rotating into Bonds all year in anticipation of the stock market correcting.



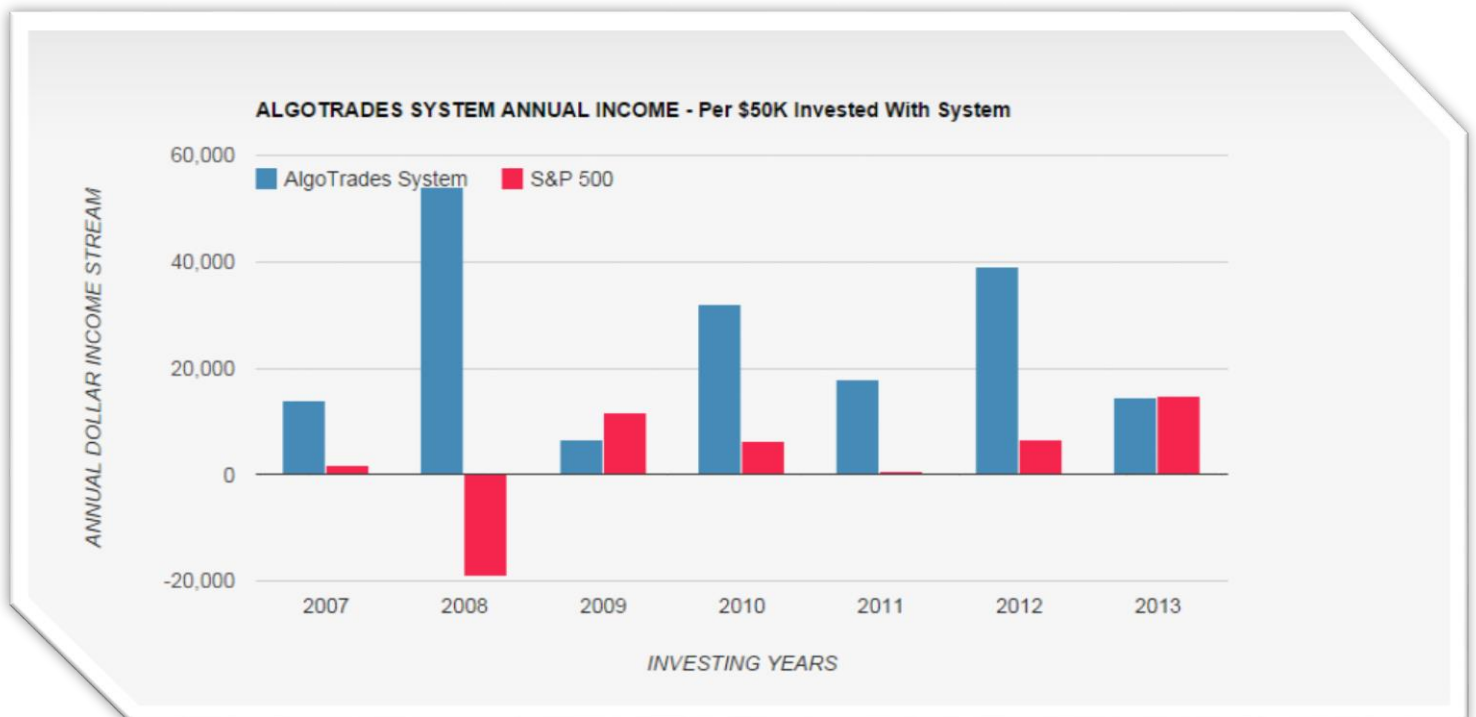
### INNER-Investor Monthly Conclusion:

The tables below show some important information, which is that the AlgoTrades system naturally under performs the S&P 500 when it's in a strong up trend. See the table during 2009, 2013. Also our current performance for 2014 is slightly underperforming the market though we did not start trading the system until March (missing the first two months of the year).

AlgoTrades is designed to do well during a sideways choppy market, and bear markets, which is why it just keeps up with the Jones' in a bull market.

It's the ultimate diversification investment tool that should trade a portion of your long term capital. Keeping up with the market is great, but profiting when the market is falling is how you grow your account.

Annual AlgoTrades Performance			
Year	Trades	Net P/L	% ROI
2007	21	\$ 13,939.25	28%
2008	36	\$ 54,026.75	108%
2009	46	\$ 6,467.38	13%
2010	42	\$ 31,922.38	64%
2011	35	\$ 18,184.25	36%
2012	35	\$ 38,809.25	78%
2013	28	\$ 14,702.38	29%



**THE JONES / AVERAGE INVESTORS PERFORMANCE:**

If you take a look at what the average investor earns per year over both the long and short term, it clearly shows that buying and holding positions in the long run greatly under performs that of the index average. If you could simple avoid bear markets you would be dramatically ahead. The good news is that with the AlgoTrades system you do not only avoid holding long positions during bear markets but we can profit substantially.

**Fund investors' returns fall short of the market**

TIME PERIOD	INVESTORS' EQUITY FUND RETURNS	STANDARD & POOR'S 500 INDEX	GAP BETWEEN S&P AND INVESTORS
30 Years	3.69%	11.11%	7.42%
20 years	5.02%	9.22%	4.20%
10 Years	5.88%	7.40%	1.52%
5 Years	15.21%	17.94%	2.73%
12 Months	25.54%	32.41%	6.87%

Note: Through December 31, 2013

Source: DALBAR

## IMPORTANT NEWS TO CANADIANS

AlgoTrades has partnered with InteractiveBrokers Canada and we can now support residents in ALL provinces and territories including BRITISH COLUMBIA!

**Press Release:** <http://www.pr.com/press-release/595724>



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

**Digital Book Download:** [Click Here](#)

**Buy Book on Amazon:** [Click Here](#)

***If you are not part of the AlgoTrades program consider joining today!***

Sincerely,  
Chris Vermeulen

