

JANUARY 2015 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.

The second half of 2014 was slow in terms of trading and the performance not closing the year on a high note. As explained in a [recent video](#) the market conditions we had in 2014 are similar to that of the 2007 top and 2009 bottom. In short, the price action is difficult to lock in profits.

The good news is that this type of price action is just a phase and will pass. Until then, trading results may continue to be neutral. What I mean by that is if we make some money on a trade or two we could give it back with losing trade as the market rotates from one trade to another close together like what we have seen in late 2014.

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

Keep in mind the AlgoTrades system typically matches or slightly under performs the SP500 during a strong rising market. But during 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/fDzdRFmRpWQ>



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

The TSX Composite is heavily resource-weighted and this market has lagged its counterparts around the world in the last year. In early 2014 the Canada index played catch-up as seen below but rising US dollar, and declining commodity prices has put an end to Canadian stock rally.



The Risk-Off Trade Is Slowly Unfolding

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

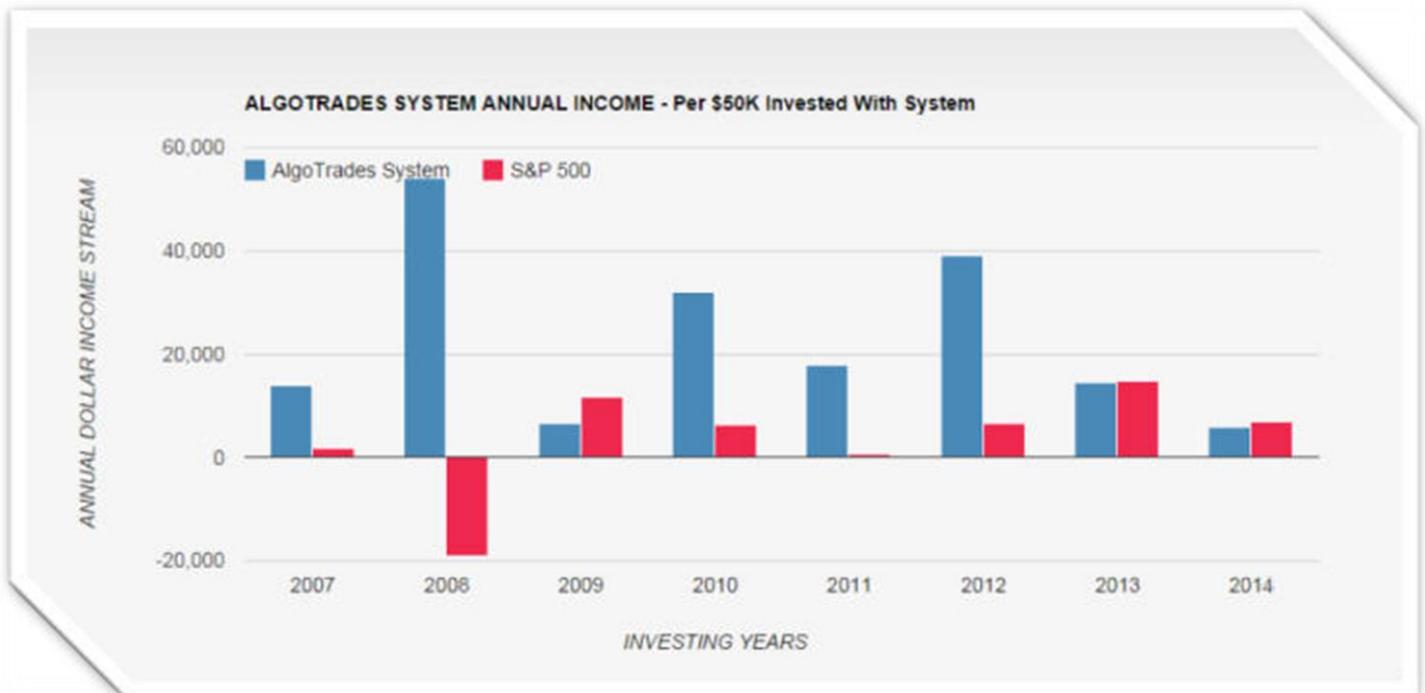


INNER-Investor Monthly Conclusion:

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, but out performs during weak markets. 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' bull markets like we had in 2009, 2013, and 2014.

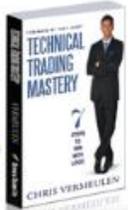
It's the ultimate diversification investment that should trade a portion of your long term capital. Keeping up with the market is great, but profiting when the market is falling is how you truly grow your account.



MASTER TRADING

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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.

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Sincerely,
Chris Vermeulen



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