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Today's Stock Traders' and Investors' Complimentary Wrap is based on an EXTRACT from Edition 478 of our Mentoring style 'Investing & Online Trading' Stock Market Report

"The 'Smart Money' says buy stocks, but not till November"



Bloomberg

Tomi Kilgore writes about the stock market, with an emphasis on technical analysis. His topics includes broad market, sector, individual stock and intermarket movements. On Tuesday 16 September, Tomi [wrote at MarketWatch](#): **Past surveys suggest go with the crowd, or the biggest outlier. Either way, stocks could be set to rally**

There's a Wall Street trading axiom that the more people who believe in a specific scenario, the less likely that scenario will play out.

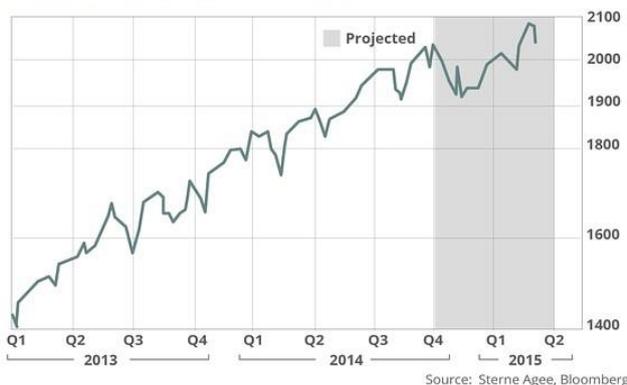
So if more than 70% of so-called "smart money" investors expect the S&P 500 to pull back slightly into October, then rally to a new high by year's end, does that mean the market won't dip, or that it won't recover?

Sterne Agee chief market technician Carter Braxton Worth said don't be so quick to bet against the crowd. He's learned from surveys of market professionals over the years that the correct scenario tends to be either the clear consensus, or the extreme outlier.

If that plays out again this year, investors should either wait about a month before buying, or just buy now. Either way, investors could be in a pretty good mood on New Years Eve.

In his latest poll, Worth surveyed 492 market professionals, including portfolio managers, analysts, traders and high-net-worth individuals, asking which of the six market scenarios he provided they believed the S&P 500 (SPX) will follow through to the end of the year.

Market Scenario #1 – 39.4%



Here's a slideshow of how investors voted on Worth's scenarios for the S&P 500, from the most, to the least popular.

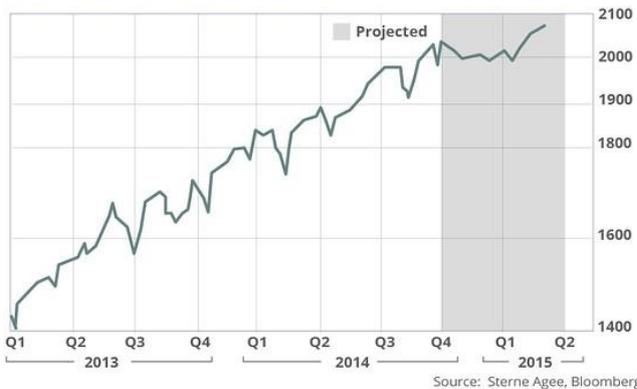
The most popular scenario, voted on by 39.4% of those surveyed, calls for an orderly September, followed by a "tease" down in October to the August low around 1905, which is about 4% below current levels, and about 5% below the Sept. 5 record closing high of 2007.71.

After bouncing around in the low 1900s for a while, the S&P 500 then rallies in November and December to a record high around 2075,

before ending around 2070 with a 12% year-to-date gain. Basically, this implies a "touch of anxiety and stress" in the weeks ahead, *"but in the end it's only a tease that serves as the set up for a strong November-December rally,"* Worth said. *"This is a real possibility."*

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Market Scenario #2 – 32.2%



The second most popular scenario, at 32.2%, calls for the S&P 500 to decline the rest of September, and for all of October, but only to the August lows around 1905.

Then after stabilizing in November, the market rallies in December to a record high of about 2150 to close out the year with a 9% gain.

Worth calls this the "market has its issues but also is too inexpensive relative to bond to completely fall apart so stay in the game invested" scenario.

Market Scenario #3 – 13.6%



This middle scenario at 13.6%, so by Worth's experience the least likely, suggests the market zig zags higher from current levels.

The S&P 500 rises to a new high of around 2050, or about 2.8% above current levels, by the end of the month. Then after some range trading in October, the index rallies to about 2100 in November before dipping to about 2075 in mid December. The index then powers higher the last two weeks of the month to end the year around 2150, for a yearly gain of 16%.

This is a "low volatility-more-of-the-same" scenario, that Worth said he's heard many clients in the U.S. and Europe mention as a "reasonable" outcome.

Market Scenario #4 – 5.8%



The fourth most popular scenario, at 5.8%, suggests "a particularly wild ride" between now and year end, Worth said.

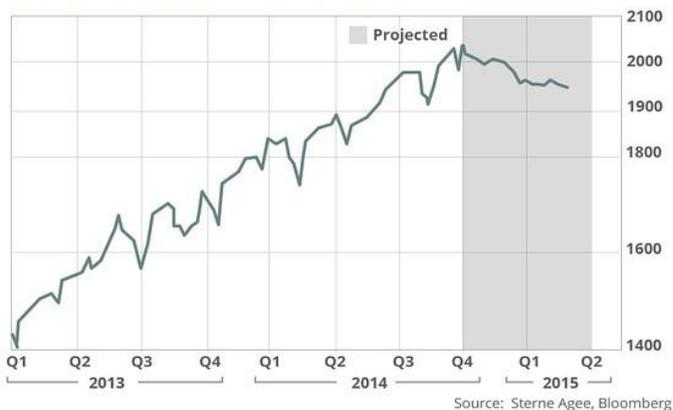
The S&P 500 rises to a new high of 2075 through September, or about 4.1% above current levels, then falls sharply in October back to the February low around 1750.

That implies a 16% selloff from the new high, which would mark the first official "correction" — a decline of 10% or more

from a new high, on a closing basis — since October 2011.

The year ends with a sharp rebound from mid November to mid December, followed by some ranging trading to end 2014 around 1960, or down nearly 2% from current levels but still up 6% on the year. Worth called this the "roller coaster" choice.

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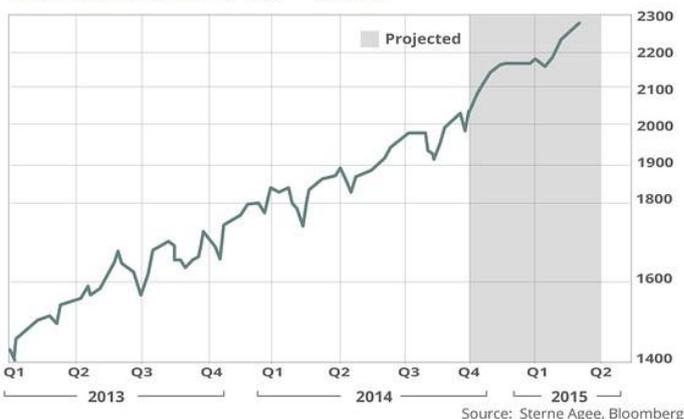
Market Scenario #5 – 5.1%

At 5.1%, this scenario was the next-to-least most popular.

The S&P 500 slips to the August low around 1905 this month, before chopping around in October. The index then falls further to the April low around 1815 at the end of November, then ends the year there after a sideways December, with a near 2% decline on the year.

Worth call this the "standard bear" scenario, with "nothing good" happening between now and year end.

The last scenario, but from Worth's experience not the least likely, was voted on by just 19 of 492 people, or 3.9%.

Market Scenario #6 – 3.9%

The S&P 500 powers higher from current levels to about 2200, or close to 10% from current levels, at the end of October. Then after bouncing around a 2150 to 2200 range in November, the market shoots higher to about 2300 by New Year's eve, for a yearly gain of around 24%.

This scenario implies "not only is there no trouble whatsoever immediately ahead, but that the market actually is still 'cheap.'"

Worth said. "We would argue also that

were the market to pull a stunt like this, the prospects of a severe drawdown," that takes the S&P 500 down 17% to 25% early in 2015, "would be very high."

>>>>

Which of these 6? - A Note From Jim Berg

Which of these 6 Market Scenarios will play out to the end of 2014 and beyond?.....Or will there be a major correction or crash and the start of the next bear market?

I believe that no one can accurately predict which way the market will go. That's why over the past 30 years of successfully trading the market I have developed my JB Volatility Indicators and common sense 'Weight-of-Evidence' approach with a set of thoroughly tested and documented Rules, so that if the Market:

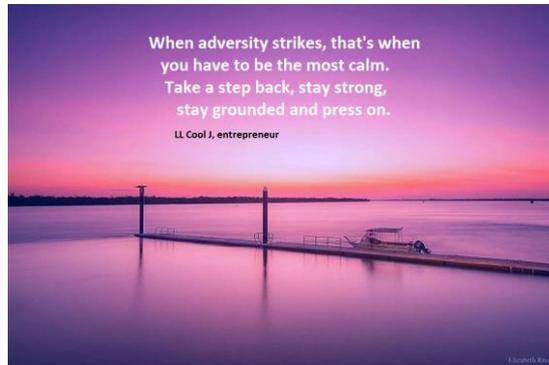
- 1) **Continues up**, I will continue to show how I trade and invest in stocks which pass my rising trend entry criteria, or
- 2) **Has a correction**, I will show how I progressively exit open positions as exit signals are given using my Initial, Adjusted, Trailing or Emergency Stops (as applicable) and switch to cash
- 3) **Continues to fall**, I will show how to trade falling trends e.g. using inverted Exchange Traded Funds (ETFs)

So irrespective of what the market does in coming months, our weekly Report will detail, step by step, the action steps I will take with individual stocks and the market overall.

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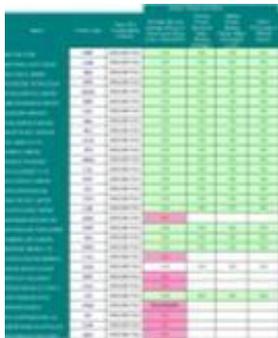
-  Teach you how Jim Berg thinks and **how he trades his own money**, step-by-step and
-  Provide you with **Jim's own Watch Lists** of shares / stocks to help you identify potential new trading opportunities

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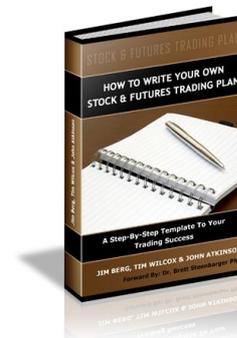
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1) JB Premium Charts, includes 1 Year of End-of-Day Data for USA or ASX



The charts featured by Jim Berg in this Report feature his JB Volatility Indicators. They are drawn each week using JB Premium Charts, which both Jim and John use personally.

Jim combined the Complimentary Charting Program (see below) with his own JB Volatility Indicators (incl. his Blue Bar Volatility Entry Signal, Trailing Stops and JB Profit Taker) to create our [JB Premium Charts](#) package -- which also includes 12 months JB Premium Data for USA or ASX.



2) JB Premium Data, Complimentary Charting Program & Vodcasts

JB Premium Data is a highly reliable source of 'clean' data for ASX, USA and Singapore Stocks & Shares, as well as Futures, Commodities and FX. It is suitable for users of many charting programs including MetaStock, Amibroker, Market Analyst and BullCharts.

JB Premium Data also comes with its own **Charting program** (which excludes Jim's JB Volatility Indicators). If you are switching from an existing Data supplier, you also receive Complimentary History Data (save \$99).

[Click here](#) to view Jim's Vodcasts on how to install and use this Charting program and to start your [Complimentary 3 Week Trial](#) of this program and JB Premium Data.



3) Other Ways to Access Jim Berg's Volatility Indicators?

a) Jim Berg's [Ultimate Step-by-Step JB Combo](#) is a complete package of JB Premium Charts (incl. his Indicators, 12 months data & history) + Home Study Course + DVDs of Jim 'Live' + Email Support direct from Jim.

b) For those Members who use MetaStock, Jim Berg's proven JB Volatility Indicators may be uploaded using Jim's [JB Volatility Charting Template for MetaStock](#) or as part of his Home Study Course [Trading Strategies with MetaStock](#)



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