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**Your Free Wrap today is based on extracts from the latest Edition 573 of Jim Berg's 'Investing & Online Trading' Stock Report**



## A Record 68 New Signals - in under 4 Weeks! By Jim Berg and John Atkinson

### 1) Stay Calm Update

A question was raised recently as to how/why we had issued a record number of Signals this month, especially after the Brexit decision?

Our response included "*Trade what you see, not what you feel*".

John first heard these words of wisdom in 2004 from a young fund manager who was managing a large fund in the UK.

He explained that when the market gets overheated and investors/traders are jumping on board because they do not want to miss out, then that is the time to be looking for a reason to exit.

On a chart, we can see this when prices close above Jim's JB Profit Taker, as prices are often trading well above their usual expected range. The balance of probability when we see this is that traders will move in to realise their open profits and consequently force down the price.

This provides us with a visual tool, together with Jim's corresponding documented rule for adjusting profit expectations and taking an early exit.

At the other end of the spectrum, when traders and investors are panicking and the media is headlining negative market news, then the probability is that markets will often reverse and head back up.

In the current market over the last month:

1. In his '*Last Word*' updates in our [weekly mentoring-style Report](#), John flagged during June:
  - a. The consolidation of the S&P500 in USA and drew attention to the 2000 psychological round number and the potential for a timely move to break out or down from its trading range band which had developed over previous months.

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- b. Also for Australia; *"Traditionally in June, the XJO often has a downward bias due to some traders/ investors carrying out end of financial year portfolio balancing, by selling poor performers to offset realised profits. This is often followed by a July rally."*

The day after the Brexit decision, in his 'Stay Calm' Introduction to [Edition 569 of our Report](#), John wrote;

"I recall after the news hit after the 9/11 attacks, USA markets were closed for a few days, then when they re-opened stock prices fell hard, but rebounded in a V shaped recovery pattern strongly very soon after....."

Right now there are several shares which have been rising steadily for months but which have not corrected/retraced to give an entry. That's why, in addition to using Jim's 'Momentum Pick's Lists, we will also search the market to look for Companies to add to Jim's Australian Trading & [Investing Signals Service](#) which:

1. Are in smooth rising trends
2. Have corrected due to Brexit and then
3. Provide a Re-entry Signal using Jim's entry Rules, as documented in this Report, Jim's 12 new E-Classes and our other resources.

Again, extra Caution is needed to swim against the tide and extra discipline is also required to:

- 1) Take action when stops are triggered and
- 2) Stay calm while others are in a 'flap'

That was the basis for our set- up and action plan which were calmly put in place in mid-June 2016, leading up to the Australian end of financial year in June and the Brexit decision in UK.

We do not predict what is going to happen. We have Jim's documented Rules to follow and if they say 'Buy' or 'Sell', we act accordingly.

We simply stayed calm and watched patiently to see what the USA and Australian markets would do next – and planned to act accordingly. We were therefore not surprised to see:

1. The S&P500 fall to its psychological round number of 2,000, then rebound in a V-shaped rally
2. A substantial number of Australian shares did, in fact:
  - a. Correct within their rising trends, then
  - b. Gave JB Alerts, followed by confirmed JB Blue Bar Entry Signals

On the basis of *"Trade what you see, not what you feel"* (see above) we therefore progressively started posting several Entry Signals, often nightly.

As the latest update, in less than 4 weeks since Monday 27<sup>th</sup> June, we have now posted record numbers of

- A) **34** new Entry Signals for Investing AND
- B) **34** new Entry Signals for Trading

6 Signals were subsequently cancelled for each as they ran too fast and traded above Jim's maximum suggested entry price for 4 days after Jim's Blue Bar Volatility Entry Signal had appeared.

As at yesterday's Close on Friday 22<sup>nd</sup> July, of the remaining 28 Entry Signals posted for both Trading and Investing since Monday 27<sup>th</sup> June\*:

- ✚ **2** are New Entry Signals which will be posted for Signals Members this weekend, ready for Monday 25<sup>th</sup> July.
- ✚ **1** triggered an exit for Trading (*Initial Stop*) and Investing (*Emergency Stop*) within 1 day of entry this week, with a significant loss of **-17.8%**. We will review this trade, the worst we can recall in 11 years of our Report, separately in an upcoming Edition soon.
- ✚ **2** are in open loss of **-0.3%** and **-0.5%**
- ✚ By Friday, **2 Trading Signals** had already rallied strongly and closed above Jim's JB Profit Taker
- ✚ **3 Trading Signals** have been exited at **10%** **14.9%** and **15.9%** profits in only 1.5 weeks
- ✚ **20 Trading Signals** are in open profit of **+0.3%** to **+11.8%**, with an average of **+5.0%** in mostly 2-3 weeks
- ✚ **23 Investing Signals** are in open profit of **+0.3%** to **+15.8%**, with an average of **+6.1%** in mostly 2-3 weeks

## 2) Investing Signals Portfolio – Latest Update

- Immediately after the Brexit decision, Jim's Investing Signals notional Portfolio was in open profit of **+10.7%**
- 4 weeks later, (after only 3 closed losses and 1 closed profit since 16<sup>th</sup> February 2016), that \$100k Portfolio

is now showing an open profit of **\$18,874** or **18.9%** increase *in only 5.2 months*, with

- a) 1 of the 8 open positions now showing an open loss of **-0.5%**
- b) **4** of the 8 open positions now showing open profits of **over 20%**, with the maximum in open profit of **+69.9%**

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Last week we wrote; 'The question has been raised; **"Is it okay to trade or invest in these Signals?"**

Our thoughts are "yes", on the provisos that:

- i) Signals Members understand that there is no perfect trading or investing system, No one can get consistently achieve a 100% success rate in the market, so losses will always occur. Losses are normal. The key is to keep the size and number of losses small compared with profits.
- ii) Entries are taken only when an Entry Signal applies, i.e. *not at any random time later*
- iii) Traders and Investors using these Signals must continue to exercise Caution in this current market and, as always, be prepared to act if stops are triggered, even if this may result in re-entering at a higher price later if a re-entry Signal is given'

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### 3) FAQ

Over the last week re received 3 queries regarding Jim Berg's Australian Signals Service. These queries and our responses are posted below:

**Q1:** *Looking at your wrap up in Ed 572, what is your conclusion from the research you've been doing about momentum shares? When the XJO is going sideways, is isolating and trading a selection of equities that are still trending, viable? That's the question."*

**A:** In one word, "Yes".

Jim first started posting Jim's momentum shares for Report Members in July 2015, when the market was in a falling trend.

Later in 2015 we started posting in our [weekly mentoring-style Report](#) Jim's analysis of the potential trades and have progressively continued to do so since, with 2 more featured this week on page 5.

Those early analyses showed positive results and were the catalyst for us to start including Jim's Momentum Picks 'live' in February 2016 as part of Jim's daily Signals Services as additional 'research'.

In Edition 572 we announced that we have now deleted the word 'research' from the Logs which Signals Members receive daily as we have been pleased with the results to date - obtained during falling and more recently, rising/caution markets.

In recent months, in addition to Jim's Momentum picks we have also added many other shares to Jim's *Investing and Trading Signals Services* which:

- i) Have a market Cap of at least \$350M
- ii) Are in 'smooth' rising trends visually
- iii) Have corrected, then give a confirmed entry Signal by Jim's Rules

As Jim still has a Caution in place, traders and investors using Jim's Signals Service must continue to exercise Caution and as always, be prepared to act if stops are triggered and posted in our daily 'Exit Log', ready for Signals Members' action the following day.

\*\*\*\*\*

**Q2:** *"I want to decide whether weekly or daily Signals would be better?"*

**A:** On page 3 of last week's Ed 572 of our Report we wrote re our analysis of the Trading Signals posted since February 2016\*:

'In this current market we were initially hesitant to research the same entries using weekly charts.

However, in May 2016 we went back and reviewed the track record of all the 'Research' Trading Signals selection posted since 15 Feb 2016 and found:

- i) Many of these research positions which were 'closed' using daily charts would still be 'open' using weekly charts.
- ii) Several which were 'closed' at losses using daily charts would now be in open profit using weekly charts
- iii) 1 position (QAN) would have been closed at a -13.4% loss using Jim's Emergency Stop on weekly charts, vs -2.1% loss on a daily charts trailing stop
- iv) However, most Signals would be in open profit now, with 6 open positions showing over 15% and a maximum of **76.1%**, based on Friday's Close on 15 July 2016\*.

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On discovering this, in June 2016 we therefore introduced Jim's Momentum Picks, together with the other shares we now find in our daily searches (see *Q1. above*) into Jim's [Investing Signals Service](#).

For each of these new Entry Signals, each night we now post in the 'Entry Logs' for both Trading and Investing, the:

- ✓ Maximum Entry Price
- ✓ Initial Stop Loss Price
- ✓ Max number of shares to buy for a notional \$100k and
- ✓ The corresponding Risk if the Initial Stop is triggered, in terms of:
  - The Trade Risk (%)
  - The Portfolio Risk (%)
  - Dollar Risk

For those [Trading Signals](#) which match our suggested maximum entry price, in our 'Master Log for Trading Signals' we monitor and switch the Stops from Initial to Adjusted or Trailing Stop as applicable, then post an Exit Signal in the 'Exit Log' if any position triggers an exit based on Jim's:

- ✚ Daily charts Initial Stop or
- ✚ Adjusted Stop or
- ✚ Daily charts Trailing Stop or
- ✚ JB Profit Taker or JB Profit Target

Correspondingly, for those [Investing Signals](#) which match our suggested maximum entry price, in our 'Master Log for Investing Signals' we monitor and switch the Stops from Initial to Trailing to Emergency Stop as applicable, then post an Exit Signal in the 'Exit Log' if any position triggers an exit based on Jim's:

- ✚ Weekly Initial Stop or
- ✚ Weekly Trailing Stop or
- ✚ Weekly Emergency Stop, monitored daily

The Entry Signals for both Jim's Investing Signals and his Trading Signals are usually the same.

It is up to each individual Signals Member to decide whether to manage their own positions as a short term trading position (with the aim of making up to 15% in about 4-6 weeks) or with the aim to let 'profits run' as an Investing position.

Here is a Table to consider generally:

	<b>Advantages</b>	<b>Disadvantages</b>
<b>Trading</b> (daily charts)	<p>Aim to grab small profits in short period</p> <p>Aim to exit quickly if share price market collapses suddenly</p>	<p>More prone to 'whipsawing' i.e. share may rebound soon after exit</p> <p>Conscious decision to forgo letting profits run</p>
<b>Investing</b> (weekly charts)	<p>Aim to "Let profits run"</p> <p>Use Emergency Stop (monitored daily) and exit following day if share price or market collapses suddenly</p>	<p>Exits: have to wait longer for exit signal i.e 1 week below Initial Stop &amp; 2 weeks below Trailing Stop for 'Investing' (vs 1 day &amp; 2 days for 'Trading')</p>

Some Members may elect the 'each way' alternative and split their portfolios, then manage a position with a reduced size in each of 'Trading Signals' and 'Investing Signals'.

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**Q3:** " I can't work out if the signals are for Aust or US or both, in both timeframes"

Earlier this year, the Signals Services were renamed 'Jim Berg's Australian Signals Services' as we now only provide Australian Signals.

Originally we also provided USA Signals too (at approx. double the price of now), but we found there was more interest by Australian Signals Members for Australian shares.

## Your Invitation to Join Jim Berg's Australian Signals Service



Jim Berg's Australian Investing & Trading Signals are practical, hands-on 'learn by-doing' Services, designed to help you follow and learn how to invest & trade using Jim's successful approach - which he has developed over more than 30 years

Each day, Jim and his team personally analyse the entire Australian market after it has closed.

As a Signals Member, you will be sent the results of this comprehensive analysis - in the form of any new Entry and/or Exit Signals, where applicable, ready for the following day.

The latest prices and stop loss values are also updated in a Master Log of all 'open positions', so you can watch the management real time of all 'open' Signals.

Two very user-friendly Services are available to you.

For more info. click on these links now for Jim Berg's:

1. [Australian Trading Signals Service](#) - Managed using *daily charts*. These Signals target profits\* of about 10-15% in about a month.
2. [Australian Investing Signals Service](#) - Managed using *weekly charts*. These Signals have lower Stops, with the aim of 'letting profits run'

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