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Your Free Wrap today is based on an extract from Edition 603 of Jim Berg's 'Investing & Online Trading' Stock Report

Foot Slammed on the Brake - or Pressed to the Metal?

In last week's Edition 602 of our weekly mentoring-style '*Investing & Online Trading*' Report, Jim Berg drew attention to the potential 'bubble' in USA and that for the Australian market:

- In the **ASX300** the majority of companies are in a *falling weekly trend*.
- In the **ASX Small Ordinaries** 60% of companies are in a *falling trend*.

Meanwhile, in recent weeks, Daryl Guppy has written; "*This is now a strongly bullish environment where index retreats are treated as a buying opportunity.*"

On Page 18 last week we also wrote;

*" From our perspective, on Friday 10th February, for the first time since 30th June 2016 (ahead of the July rally) a total of **8 new Entry Signals for Trading** and **3 new Entry Signals for Investing** were confirmed - which we will post for Signals Members over this weekend, ready for Monday's market."*

During this past week, on Wednesday 15th February, the USA broke a record for the first time in 25 years when all 3 major Indices all closed together at all-time Highs.

So what's going on? With these mixed messages, one reader wondered whether he should have his "...foot slammed on the brakeor pressed to the metal, on the accelerator?"

As further explanation, while Jim does NOT have a Red Caution in place, he wrote on Page 2 last week that he considers we still "*need to be cautious*" and gave a few alternatives to consider.

During the week we updated Edition 602 and added this extra suggestion for Members' consideration:

- Allocating a portfolio **to less % of long term investing** using *weekly charts* and **more % of shorter term trading** using *daily charts*

The reason for us adding this was because, as we also wrote on Page 12 in Ed 602:

' Depending on the overall market conditions, sometimes better results are achieved by 'letting profits run' by using Jim's weekly trailing stop on weekly charts. We have previously noted that this was the case between February and August 2016.

However, when markets start to turn down or are weak - as occurred in August to November 2016, better results may be achieved using Jim's shorter term trading strategies using daily charts, as shown in today's six comparative examples.

In addition, if traders and investors do decide to take advantage of the current rally, then we believe there are **2 key factors** to focus on and action, those being:

1. Filter out and eliminate all shares which are in **falling trends** and
2. Only concentrate on those shares which are in **rising trends**.

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From Jim's comments above, this first criterion will eliminate more than half the shares in two key Australian watch lists.

Yes, some of the shares in falling trends may well rally in this market and you will miss them. However, understand that the climb back is traditionally often met with many sellers trying to 'get their money back' at various resistance points.

Other **falling trends** may rally far enough to switch back to **rising trends**. If so, Jim may be interested in them later, so would put them on his watch lists and publish them in our weekly ['Investing & Online Trading'](#) Report at that time.

For such shares, you must be prepared mentally to NOT trying to be a 'bottom fisher' near the Lows and, rather, consciously decide to miss from the very Low to the start of the rising trend.

For example, every night, on behalf of his [Signals Members](#), Jim Berg uses his world famous JB Volatility Indicators and common sense 'Weight-of-Evidence' approach - which he has developed and tested over more than 30 years - to scan the entire Australian market and find ONLY those shares which:

1. Are in a **Rising Trend AND**
2. Also pass all of Jim's other thoroughly tested Entry rules

For each stock/share which gives a confirmed Entry Signal, Jim Berg then provides his Signals Members with the:

- 1) Stock Name and code
- 2) Industry Group
- 3) Whether it also passes his fundamental rules (e.g. for longer term investing)
- 4) Dividend Yield
- 5) Maximum suggested Entry Price
- 6) Suggested Initial Stop Loss Price (in case an exit is later triggered at a loss)
- 7) Suggested Position Size (for a notional portfolio)
- 8) Suggested Money and Risk Management criteria ie Trade Risk and Portfolio Risk
- 9) Suggested Initial Profit Target and more

Jim and his team then track each open Entry Signal every night, including:

1. Adjust Stops and Profit Targets where applicable
2. Monitor prices
3. Until an Exit Signal is triggered by Jim's documented rules, as applicable for:
 - A. Short term trading (I.e, using Jim's *daily* Initial, Adjusted and Trailing Stops, JB Profit Taker and Profit Targets)
 - B. Longer term investing (I.e. using Jim's *weekly* Initial & Trailing Stops, together with his *daily* Emergency and Hard Stops

In Edition 601, we wrote that until recently, the Australian market was languishing, with only a few confirmed Entry Signals a month.

However, **all this changed significantly last week**.....

Between Wednesdays 8th and 15th February, Jim Berg announced a total of:

1. **18 New Entry Signals for [Trading](#)** and
2. **6 New Entry Signals for Longer Term [Investing](#)**

This is a *record number* of new Entry Signals in 1 week for Jim's Signals Services for 2017 - and not seen since late June to early July 2016. At that time, Jim's Trading Signals achieved a *90% success rate*, with 9 out of 10 notional trades showing a profit*.

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Two of Jim's Investing Signals were subsequently cancelled this week as they gapped and ran too fast.

The following Table summarises the open status of Jim's 16 latest Entry Signals for Trading within the first few days, as at Friday's Close:

Description	Trading Signals
Cancelled as price gapped and rallied too strongly	3
In Open Loss of -0.5% to -3.4%	5
In Open Profit of +0.2% to +3.3%	9
In Open Profit of +3.4% to +6.6%	1
TOTALS	18

Of these, two new Entry Signals have already bullishly closed above Jim's JB Profit Taker in only a few days, so their Profit Targets have been amended accordingly.

For additional educational purposes, in our weekly '[Investing & Online Trading](#)' Report we plan to:

- i) Show charts of a random selection of some of these open notional Signals trades, 'live' as they happen in our notional Portfolio - e.g. this week we added **3 new Australian** notional trades from the ASX100 (as well as **2 new notional USA trades** into the USA portfolio)

and also

- ii) Report on the outcome all of these (and future) Entry Signals from Jim's [Signals Services](#) after they have been exited. This will include detailing their entries, exits and corresponding final results - as part of our series of 'Review of Closed Trades' articles

Meanwhile we invite you to follow this link for more info on [Jim's Australian Signals Services](#) →



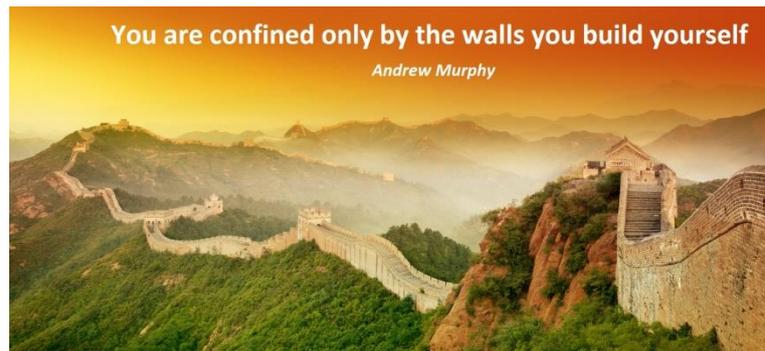
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