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1) "Bear Market or Just a Correction?"

By Jim Berg and John Atkinson

In September and early October 2018, we cautioned Members of our ['Investing & Online Trading Report'](#):

"Since Oct 19th 1987, traders and investors have tended to be jittery, often with a rapid sell-off during the anniversary month, with October usually then ending higher at month's end than it started the month.

(This is often followed by a 'Christmas rally' in November to January.)"

Subsequently, significant falls in global markets started in the USA on Wednesday 10th October, when:

- The Dow fell nearly 832 points, or 3.15%.
- The S&P 500 posted its fifth straight decline, falling nearly 3.3% and
- The Nasdaq fell more than 4% in its worst percentage decline since June 2016.

In [this week's special Edition](#) of our Report, we include the following from Dr Shane Oliver, AMP Capital's Head of Investment Strategy and Chief Economist:

- **A poor October but have we seen the bottom in the share market rout?** October was a bad month for share markets with global shares losing 6.8% in local currency terms which was their worst month since August 2011 and Australian shares losing 6.1% which was their worst month since August 2015.

The good news though is that markets have had a good bounce from their lows of around 3%. Shares had become technically oversold and were due for a bounce.

It's possible that following top to bottom falls of 10% for global shares, 11% for Australian shares and 21% in emerging markets we have now seen the low but with risks remaining around US interest rates, the US/China conflict, tech stocks, emerging countries, the Italian budget and the US midterm elections in the week ahead it's impossible to be definitive so there could still be another leg down.

In terms of the trade issue specifically, while it's great to hear that Trump and Xi are talking and so there is hope they will announce a truce at the G20 meeting in late November, we have seen several episodes of false hope this year only to see the conflict worsen again and both sides are still a long way apart so it could still get worse before it gets better.

However, while it's impossible to say for sure whether we have seen the bottom there are reasons to be optimistic beyond the near-term uncertainty....."

On Friday 2nd November 2018, Mark DeCambre wrote at [MarketWatch](#):

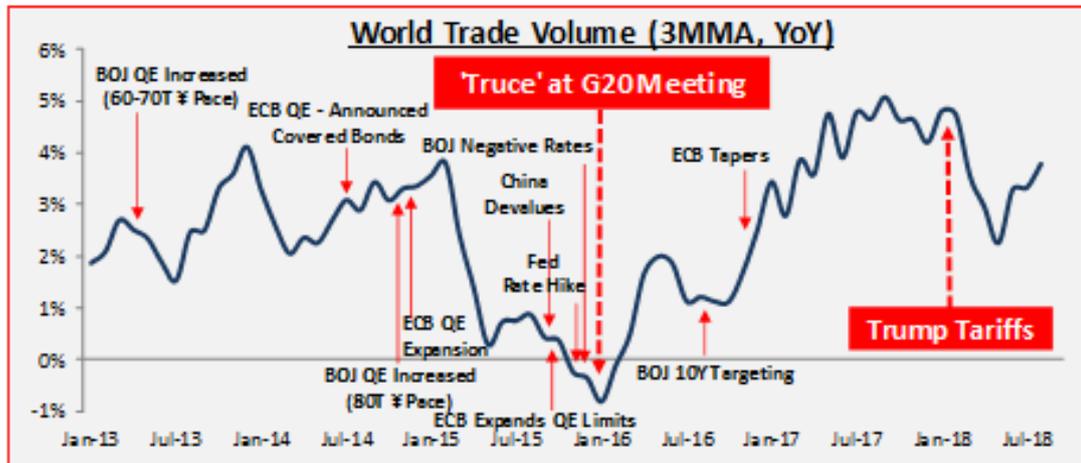
" Chris Senyek, chief investment strategist at Wolfe Research, earlier this week highlighted the notion, echoed by many previously, that trade issues remain at the forefront of investors' minds:

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"..Trade has been a key driver of the global growth outlook in recent years. More specifically, competitive devaluations created stiff headwinds for trade and the world economy throughout 2015. We believe that the end of this destructive process was a key catalyst behind strong synchronized global growth in 2016-17.

More recently, it appears that President Trump's trade actions created a major drag on trade in the first half of this year, before activity levels started to recover as U.S. was making progress in renegotiating deals with Canada, Mexico, Europe, and South Korea."

He offers this chart to illustrate:



Trade issues have been at the center of Wall Street's concerns because they have the potential to ripple into every other issue that has been besieging investors, if it escalates.

That includes the growth outlook for U.S. corporations, an economic slowdown in China, the pace of rate hikes and the health of the U.S. economy and stock market, market participants have said...."

"Is this a Bear Market or Just a correction?"

This is the primary 'Million Dollar Question' most investors' and traders' are deliberating around the world right now.

That's why in [this week's Special Edition](#) of our Report, we include our views of today's market, along with valued analysis and commentary from Daryl Guppy, Alan Hull, Mark Hulbert, Dr Shane Oliver and others.

We believe it's too early to tell but being cautious in our weekly Report and [Signals Services](#) has proven to be a very good strategy in recent months.

The increase in volatility would be uncomfortable for most investors. This week there were interesting comments/advice from several analysts:

- i) "Buy the dips"
- ii) "This time is different"
- iii) "It's not a loss if you don't sell"

It doesn't make any sense to not use stops. Where do you put your stops if you buy a falling market (dips)?

In both the 2000 (tech wreck) and the 2008 Global Financial Crisis (GFC) many analysts said 'this time is different'.

'It's not a loss if you don't sell' clearly means there is no intention to use stops. This advice in 2008 resulted in holding while markets fell over 50% and have yet to regain the 2007 peak (now over 10 years ago).

"What to do NOW?"

In the weeks leading up to the October correction, only a few shares passed Jim's tightened Entry criteria (as detailed in our weekly '[Investing & Online Trading Report](#)'), so the number of 'open' positions was kept correspondingly **low***

We are now waiting patiently for volatility to settle down and market direction to be confirmed before looking for new notional positions to add to Jim's Australian [Trading Signals](#) and [Investing Signals](#) Services and to our notional USA & Australian portfolios in our weekly Report. E.g:

- 1) If the Australian and/or USA market switch to **falling trends** in coming weeks/months, then we:
 - a) Plan to show how to trade and invest using *inverse ETFs* - designed to **rise** when markets **fall**.
 - b) May also scan the market to find those shares which continue in **rising trends** and give confirmed entry signals, using Jim's entry criteria.
- 2) If markets continue their **rising trends**, then we have also laid out our detailed Plan in [our weekly Report](#) for timing when to re-enter the market- so that Members can take advantage of the rebound and Christmas rally (see [Page 1](#)).*

In addition, as an update on our Australian [ETF Signals Service](#):

- Leading up to a possible correction in September or October, we deliberately kept 3 notional positions in 'cash' pending a suitable Entry Signal afterwards.*
- Stops were triggered in October for 1 Australian and 5 International 'open' ETF Signals. These 6 ETFs were exited with notional losses of **-9.1%**, **-6.7%**, **-1%** and **-0.7%** and notional profits of **+9.5%** and **+15.1%**, after dividends*.
- Considering the extent of the falls generally in markets around the world in October, we were pleased:
 - ✓ With these results* and
 - ✓ That the Investing Plan we designed especially for this ETF Portfolio Service ad managed to trigger exits in other ETFs in European, Asian and Emerging Markets - **months prior to the October falls**.
- This now leaves:
 - ✓ 1 'open' international ETF notional position (currently in open profit of **+11.1%*** which we continue to monitor daily on behalf of our ETF Signals Members and
 - ✓ 9 notional 'Ca\$h' positions* - we will notify ETF Signals Members as soon as any ETFs provide confirmed Entry Signals using Jim's JB Volatility Indicators for new long (or short) ETF positions in the near future.

* The past performance of STE products is not and should not be taken as an indication of future performance. Caution should be exercised in assessing past performance. STE's service, like all other financial services, is subject to market forces and unpredictable events that may adversely affect its future performance



For more info on our Signals Services [Click Here Now](#) →

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2) New Educational Resource - Jim Berg's '*Connecting the Dots*' Videos

Now is an excellent time to 'take time out' to **improve your knowledge and skills** in the market.



That's why, to help our Members further, Jim Berg has spent several hours '*behind the scenes*' to create a new series of educational videos called '*Connecting the Dots*' .

In each Video, Jim takes one stock/share at a time and shows how he manages it from **Entry to Exit**, using his common sense 'Weight-of-Evidence' approach and his now world famous JB Volatility Indicators.

We plan to provide this new series of short videos **with our compliments to Members** of our weekly '[Investing and Online Trading](#)' Report.

The construction of a new Members' webpage is currently nearing completion, on which we will progressively post this new series of '*Connecting the Dot's*' videos. We will send Members the access link to that webpage when it is ready.

Meanwhile, as your '**sneak video preview**' of one of Jim Berg's new videos, [Click Here Now](#)➔

To Continue Reading:

1. Order [this week's Special Single Edition](#) of the '*Investing & Online Trading Report*' incl. Jim Berg's and others views on today's market - for only \$9.97 now, or
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