

# Simple Sector

# Trading Strategies

Profit by being in the right markets – at the right time

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# Outline:

- Slide 1: **INTERMARKET OVERVIEW**
- Slide 2 - 3: **COMMODITIES VS. BONDS**
- Slide 4 - 5: **COMMODITIES VS. STOCKS**
- Slide 6 - 7: **BONDS VS. STOCKS**
- Slide 8: **DOLLAR VS. STOCKS**
- Slide 9 - 10: **STOCKS VS. GOLD**
- Slide 11 - 12: **INDUSTRY GROUPS**
- Slide 13: **MARKET SECTORS**
- Slide 14 - 15: **MARKET INDICES**
- Slide 16: **SECTOR ROTATION MODEL**
- Slide 17-28: **RECENT CHART EXAMPLES**

# Intermarket

powered by [StockCharts.com](http://StockCharts.com)

Slide - 1



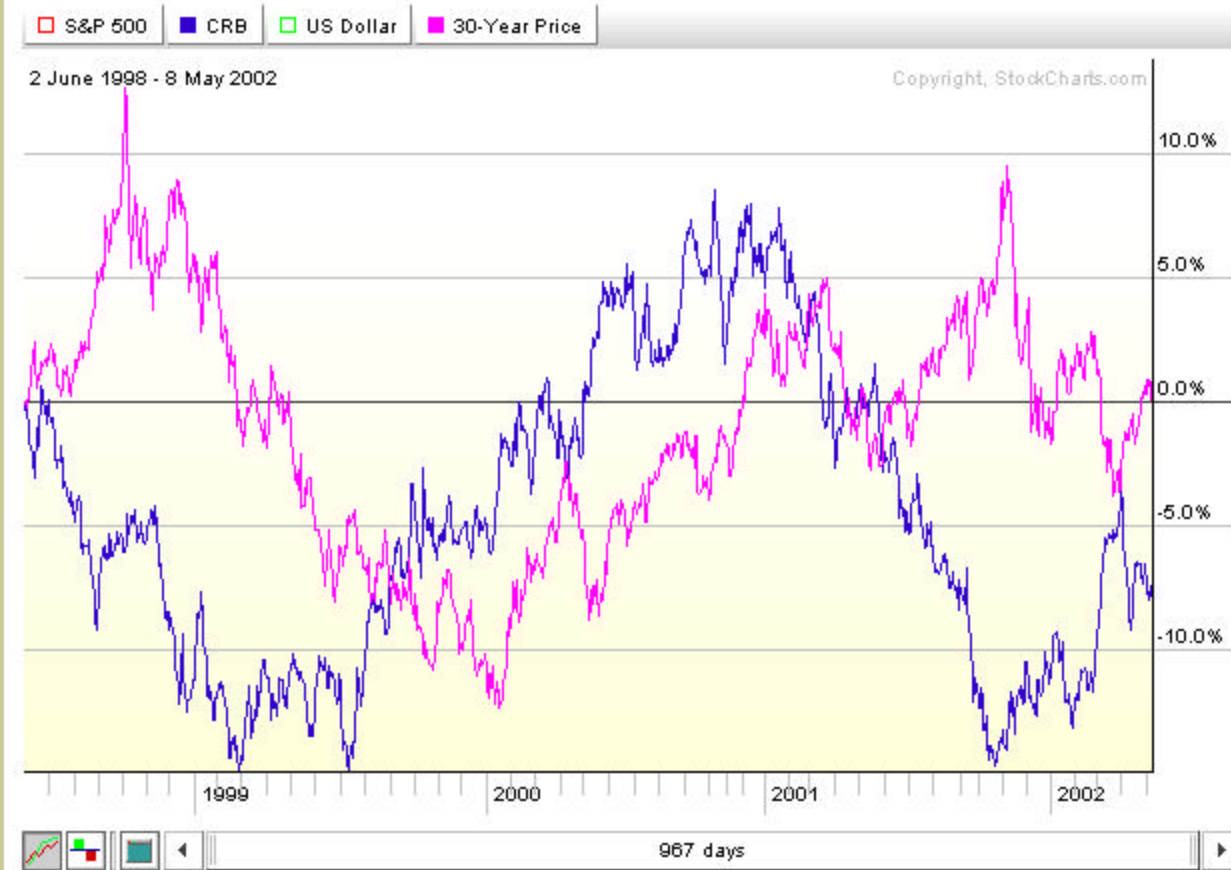
- Bonds and commodities trend in opposite directions

- Commodities follow lead of stocks

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# Intermarket

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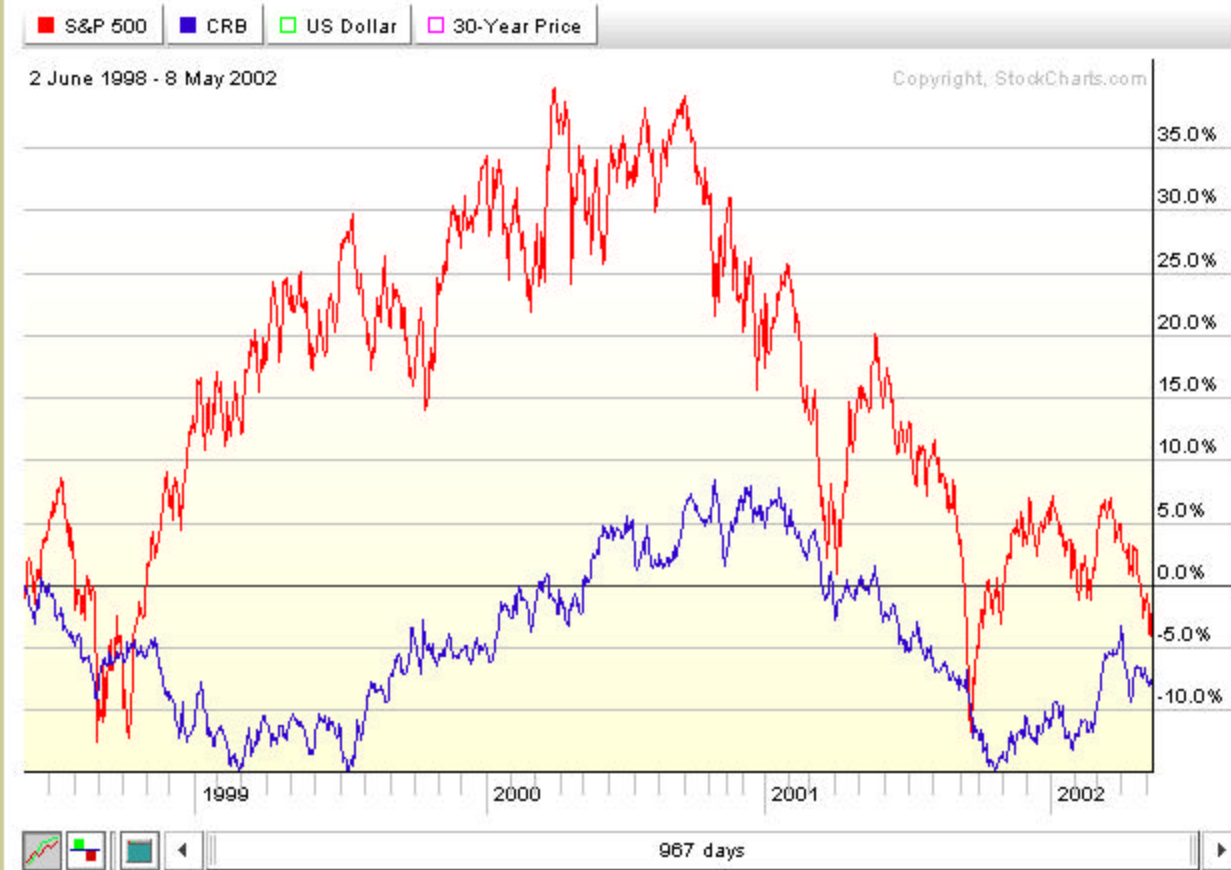
Slide - 3



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- In a deflationary environment, bonds and stocks decouple
- They trend in opposite directions

# Intermarket

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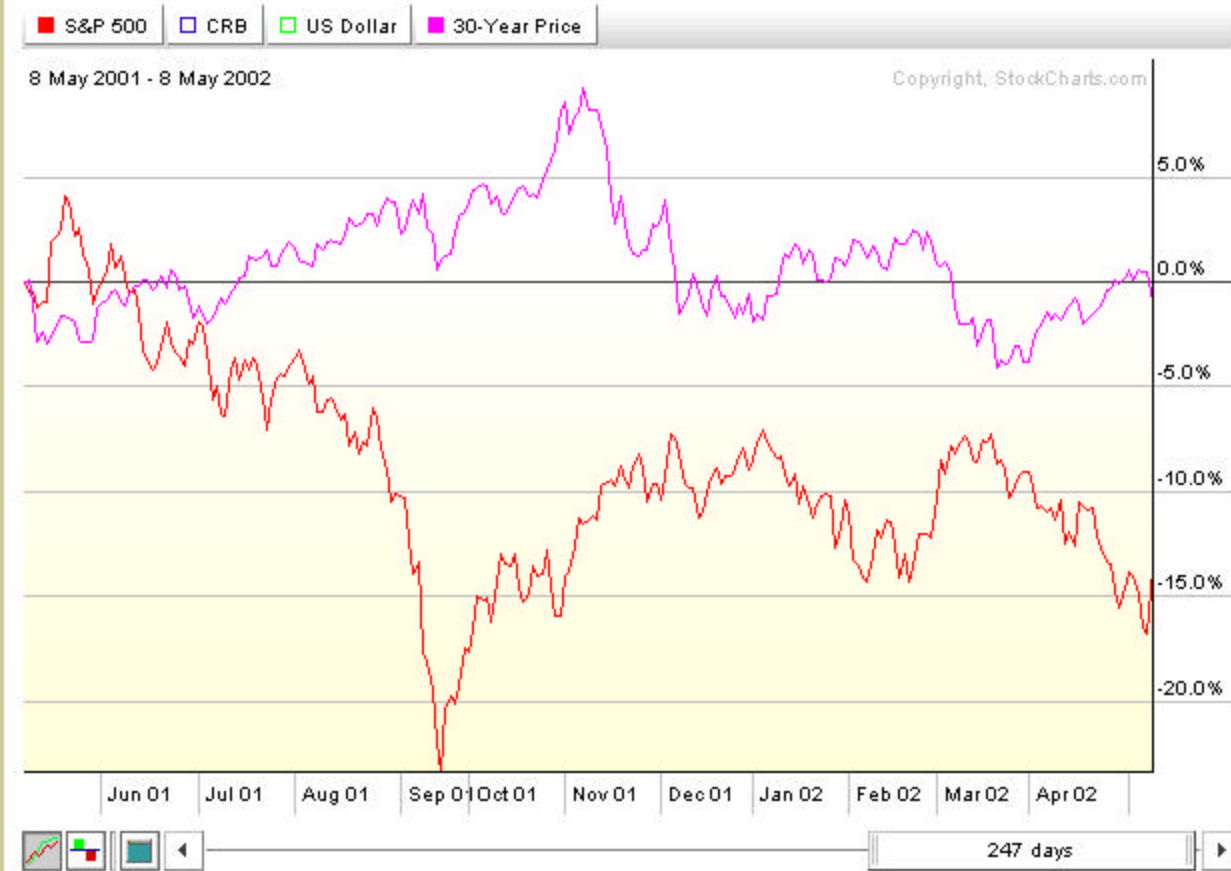
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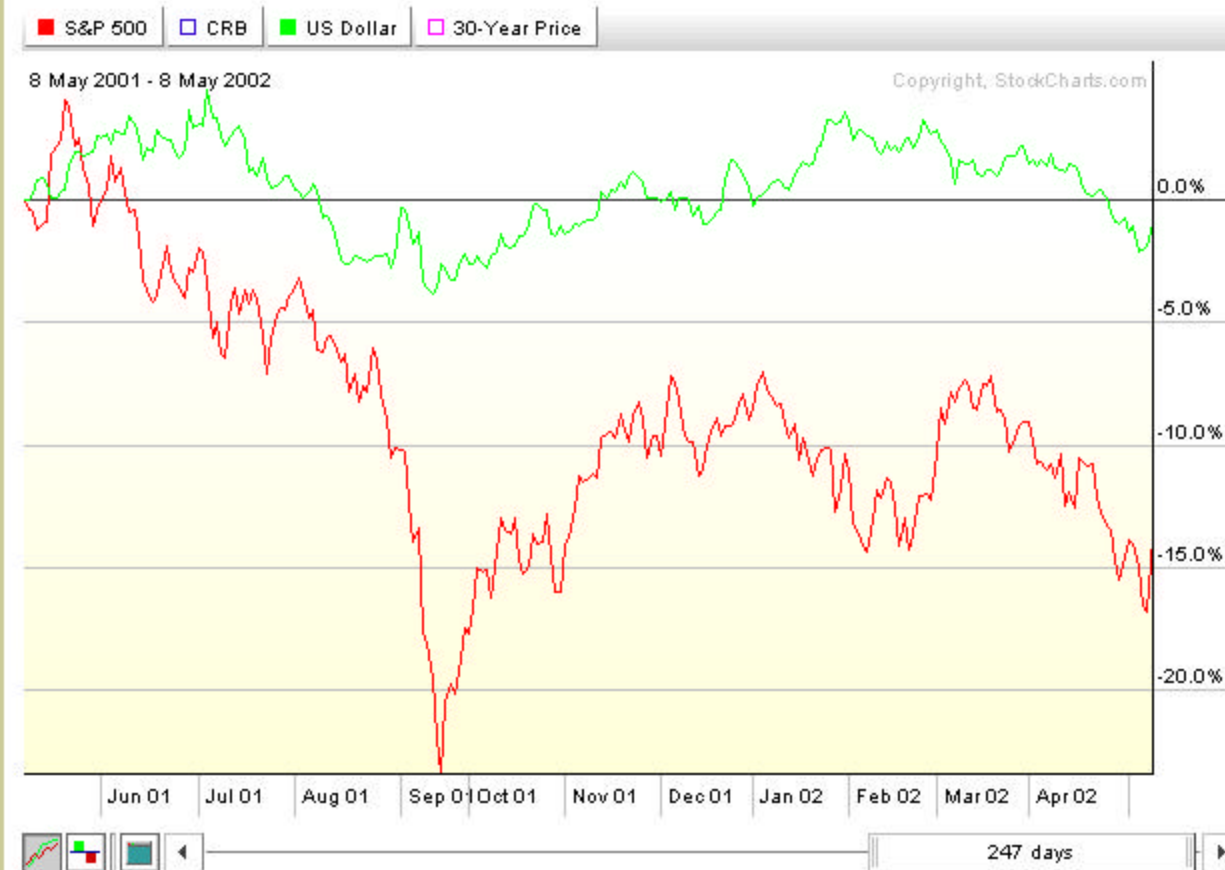
- Stocks and the dollar are falling together :  
bullish for gold

- Stocks and gold stocks trend in opposite  
directions

# Intermarket

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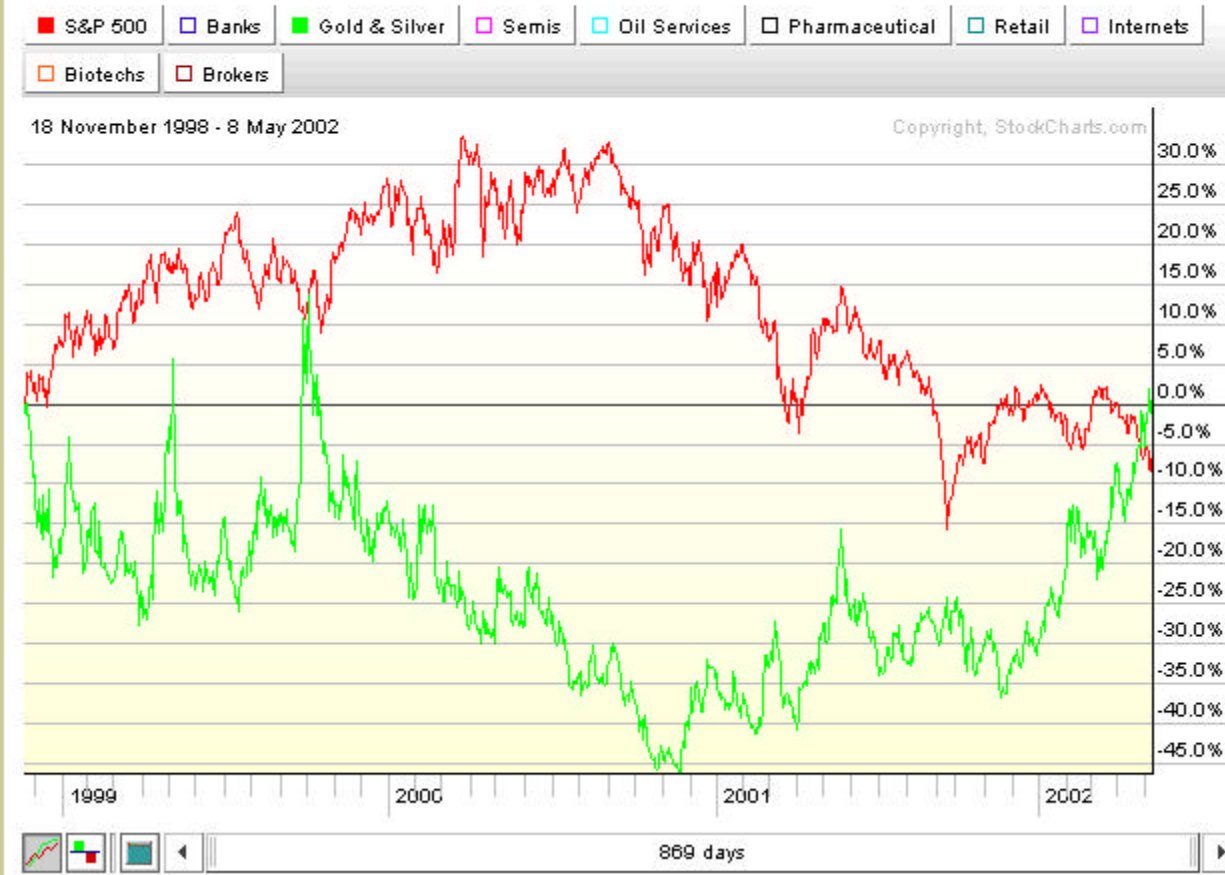
Slide - 8



# Industry Groups

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# Industry Groups

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Slide - 10





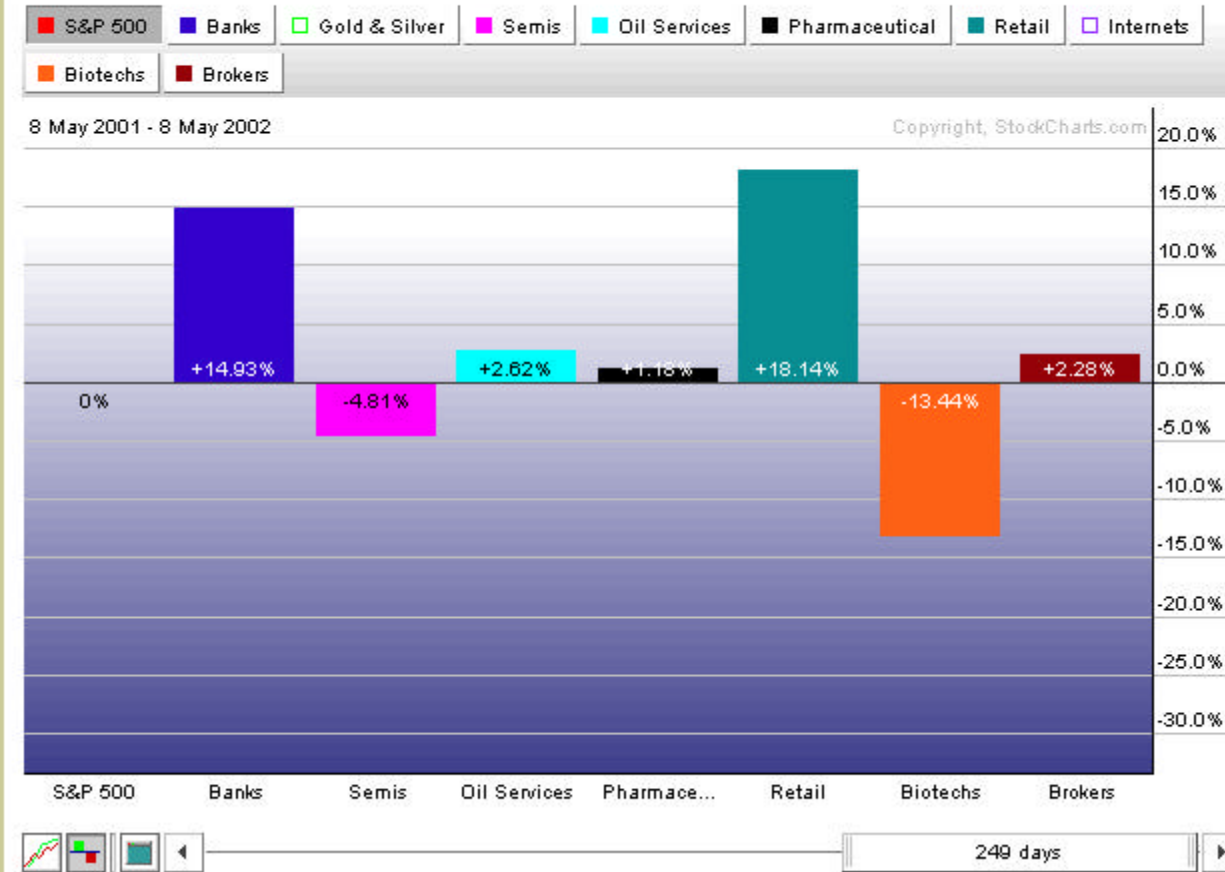
- Retailers lead market rallies at bottoms
- Cyclical stocks lead at bottoms
- Small stocks lead at bottoms



# Industry Groups

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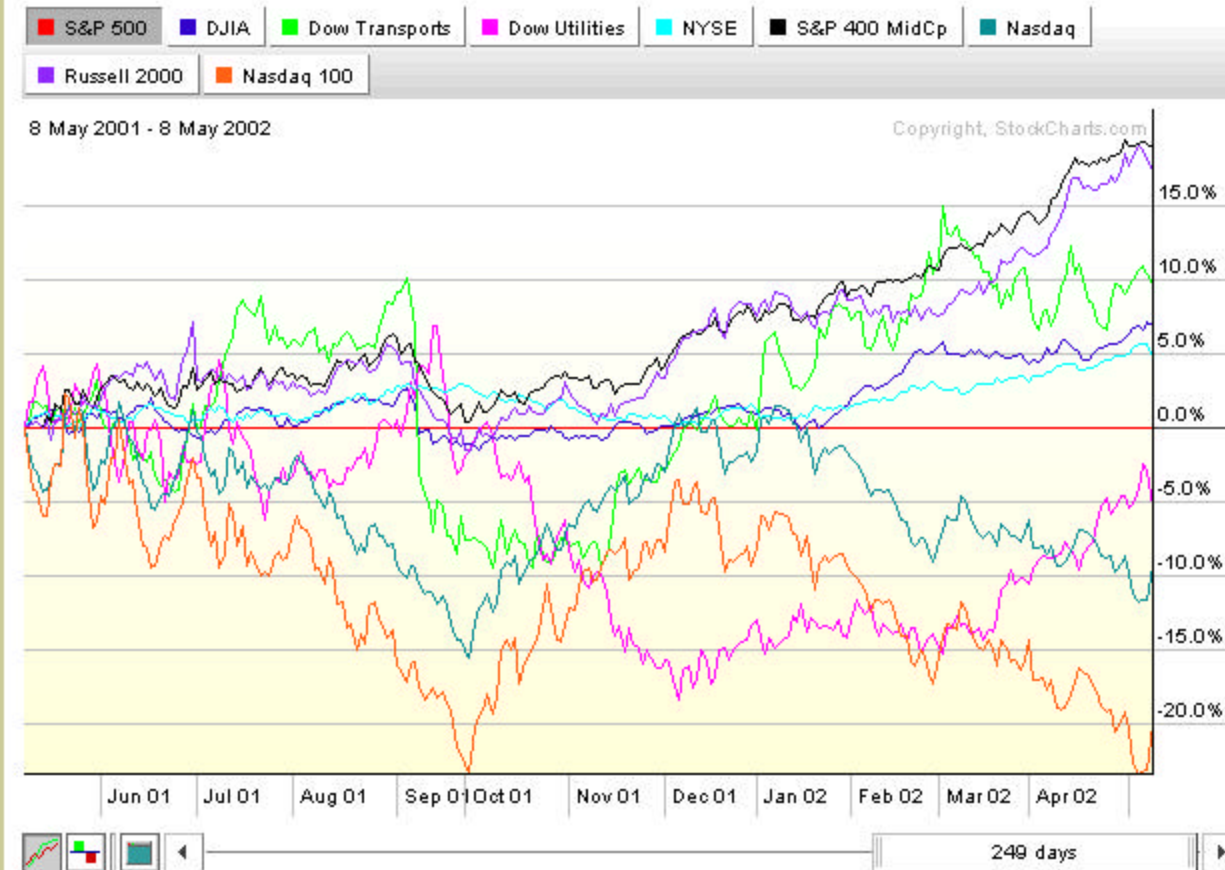




# Market Indices

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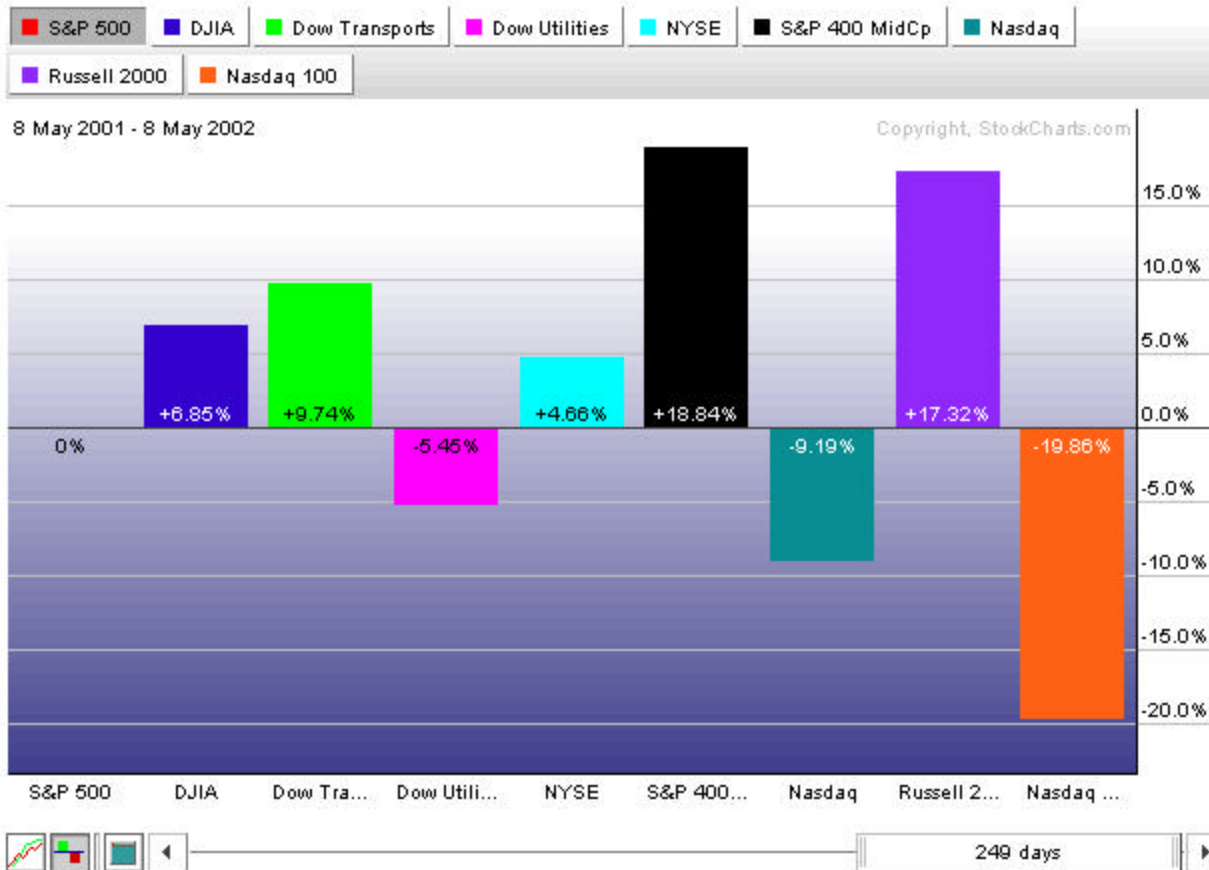
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# Market Indices

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Slide - 15

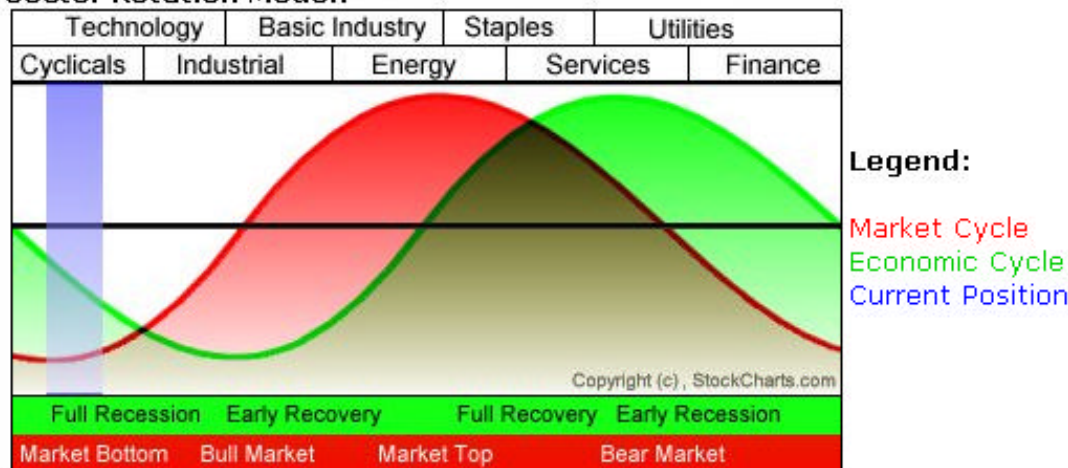


# Sector Rotation Model

From: Stockcharts.com

Slide - 16

## Sector Rotation Model:



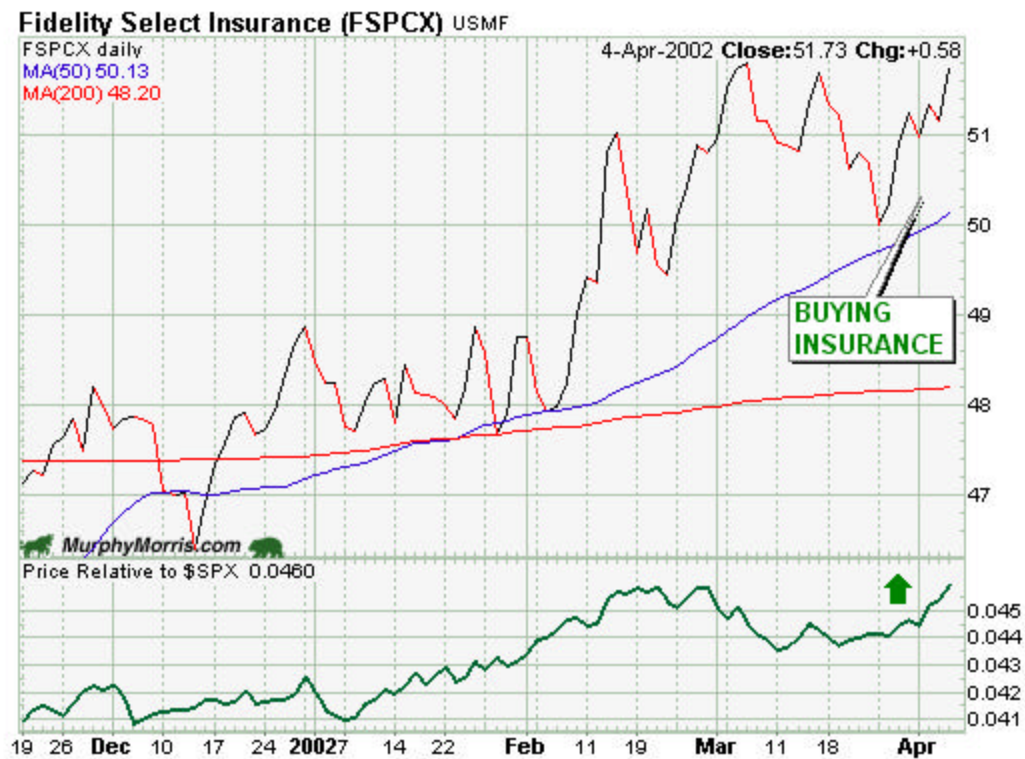
This theoretical model is based on Sam Stovall's [S&P's Guide to Sector Rotation](#) and states that different sectors are stronger at different points in the economic cycle. The graph above shows these relationships and the order in which the various sectors *should* get a boost from the economy. The Market Cycle precedes the Economic Cycle because investors try to anticipate economic effects. The PerfChart at the top of this page tries to help you see this effect. The blue box on this chart is our best guess at where things stand right now based on the PerfChart.

<b>Stage:</b>	Full Recession	Early Recovery	Full Recovery	Early Recession
<b>Consumer Expectations:</b>	Reviving	Rising	Declining	Falling Sharply
<b>Industrial Production:</b>	Bottoming Out	Rising	Flat	Falling
<b>Interest Rates:</b>	Falling	Bottoming Out	Rising Rapidly (Fed)	Peaking
<b>Yield Curve:</b>	Normal	Normal (Steep)	Flattening Out	Flat/Inverted

# Fidelity Select Insurance Top Sector Fund

Slide - 17

Friday, April 5<sup>th</sup>, 2002

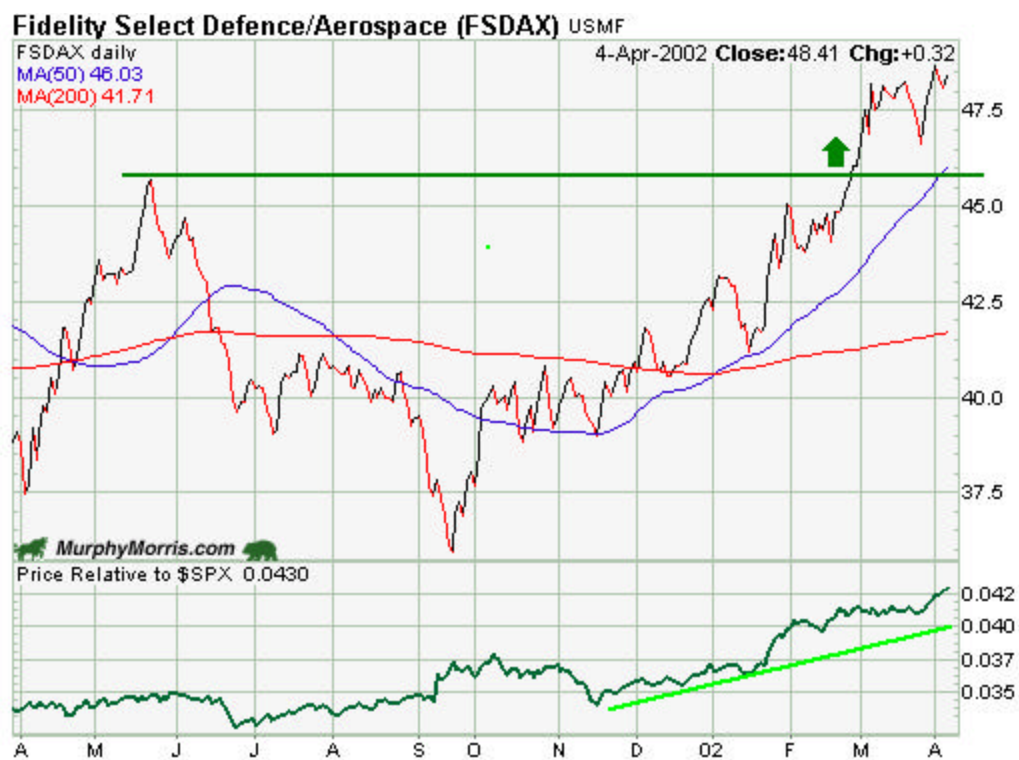




# AeroSpace/Defense Comes in Second

Slide - 18

Friday, April 5th, 2002



# Medical Delivery in Third Place

Slide - 19

Friday, April 5th, 2002



# Small Stocks Doing Better Than Large...

Slide - 20

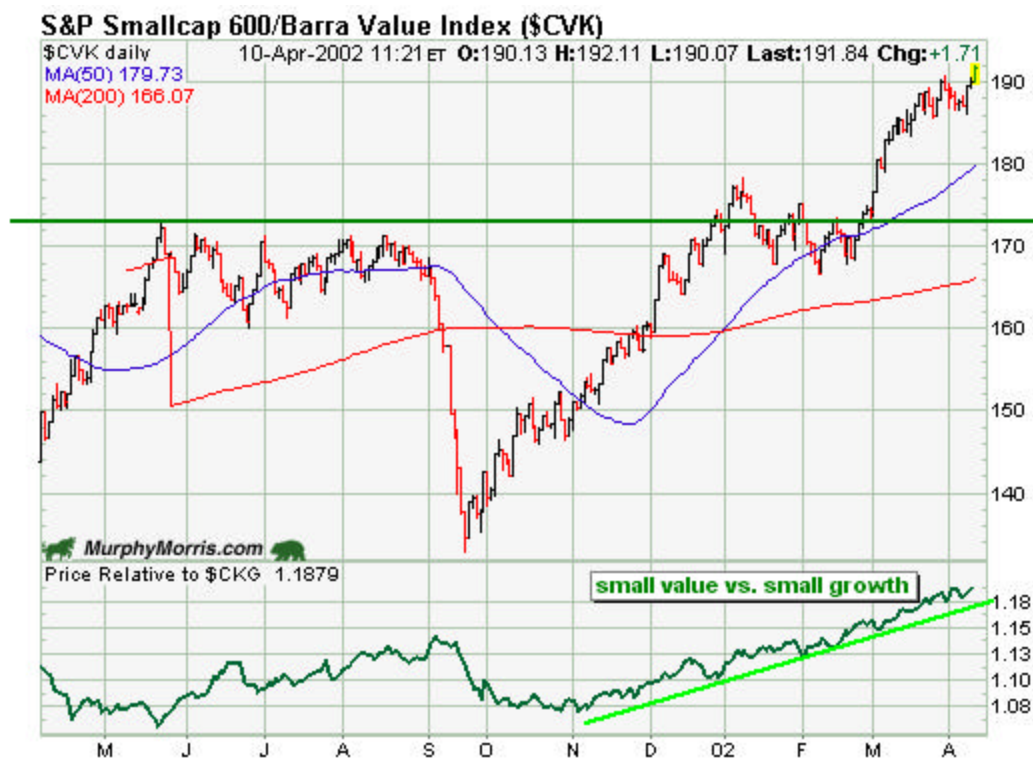
Wed, April 10<sup>th</sup>, 2002



# Small Value Outperforms Small Growth

Slide - 21

Wed, April 10<sup>th</sup>, 2002



# Gold Stocks As A Market Hedge

Slide - 22

Friday, April 26<sup>th</sup>, 2002



# Gold Stocks Move Inversely to Market

Slide - 23

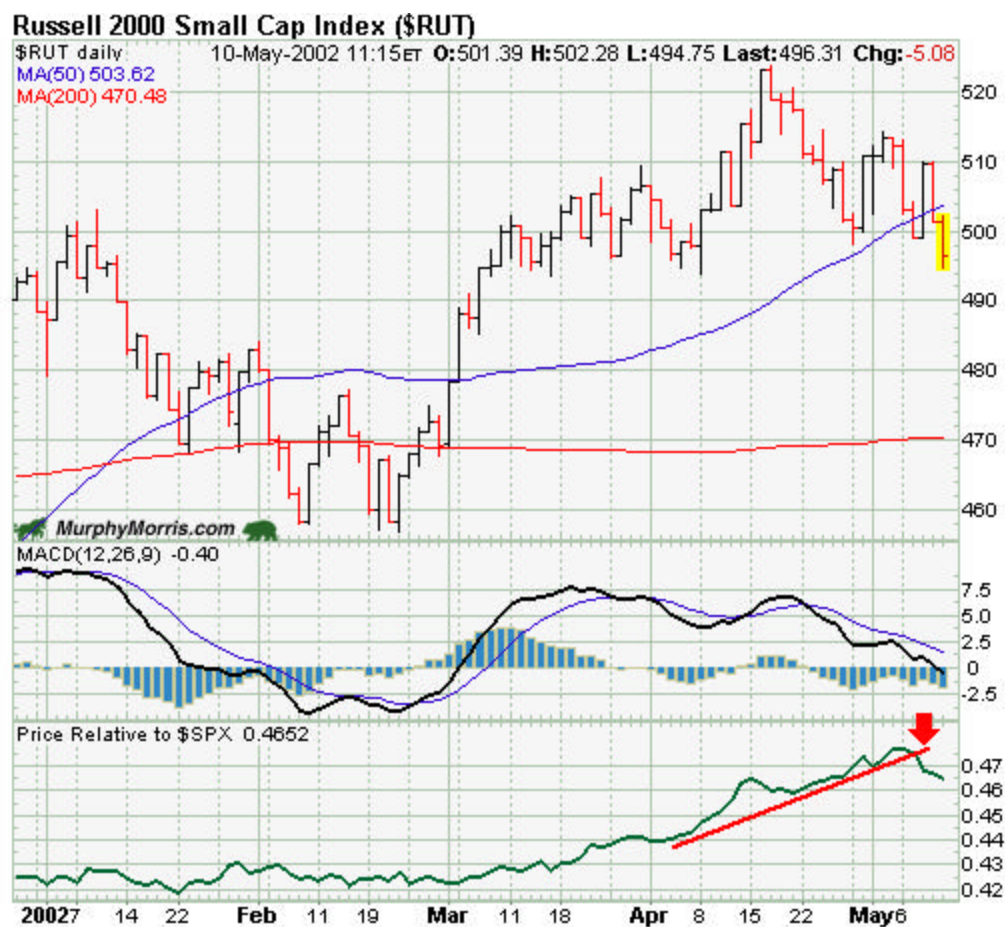
Friday, April 26<sup>th</sup>, 2002



# Russell 2000 Falls Under 50-Day Line

Slide - 24

Friday, May 10<sup>th</sup>, 2002



# Small Stocks Slipping

Slide - 25

Friday, May 10<sup>th</sup>, 2002





# Confessions of a Technical Analyst :

Slide - 26

We're Really Fundamental Analysts



# Charting is Simple

Slide - 27

Know *UP* From *DOWN*:  
*UP* is Good... *DOWN* is Bad



This is *UP*...  
*UP* is Good

Slide - 28

