

Tech Check: What are the charts showing us?

As many of you know we use a bullish/bearish technical indicator when managing portfolios. If you are unaware of the system you can refer to our "Our Rule #1 – Risk Management" article.

Bottom line, for people that are close to, or maybe already in retirement, the last thing they can suffer is a major draw down in their portfolio a la 2008. That is why we use the indicator. When it tells us we're bearish we simply raise more cash to preserve capital in client portfolios.

Now don't get me wrong, I'm not saying another 2008 is around the corner . . . this system just allows us to keep individuals who have the goal of capital preservation safe and happy.

Here's how it works . . .

- When the blue line (10 period exponential moving average) is above the red line (simple moving average) then we are bullish.
- When the blue line is below the red line then we are bearish.

There are three charts below that represent the global markets which are all currently bearish. The red circle on each chart shows you the bearish signal. You will see that all three charts have those big ugly red circles on them right now.

Lastly . . .

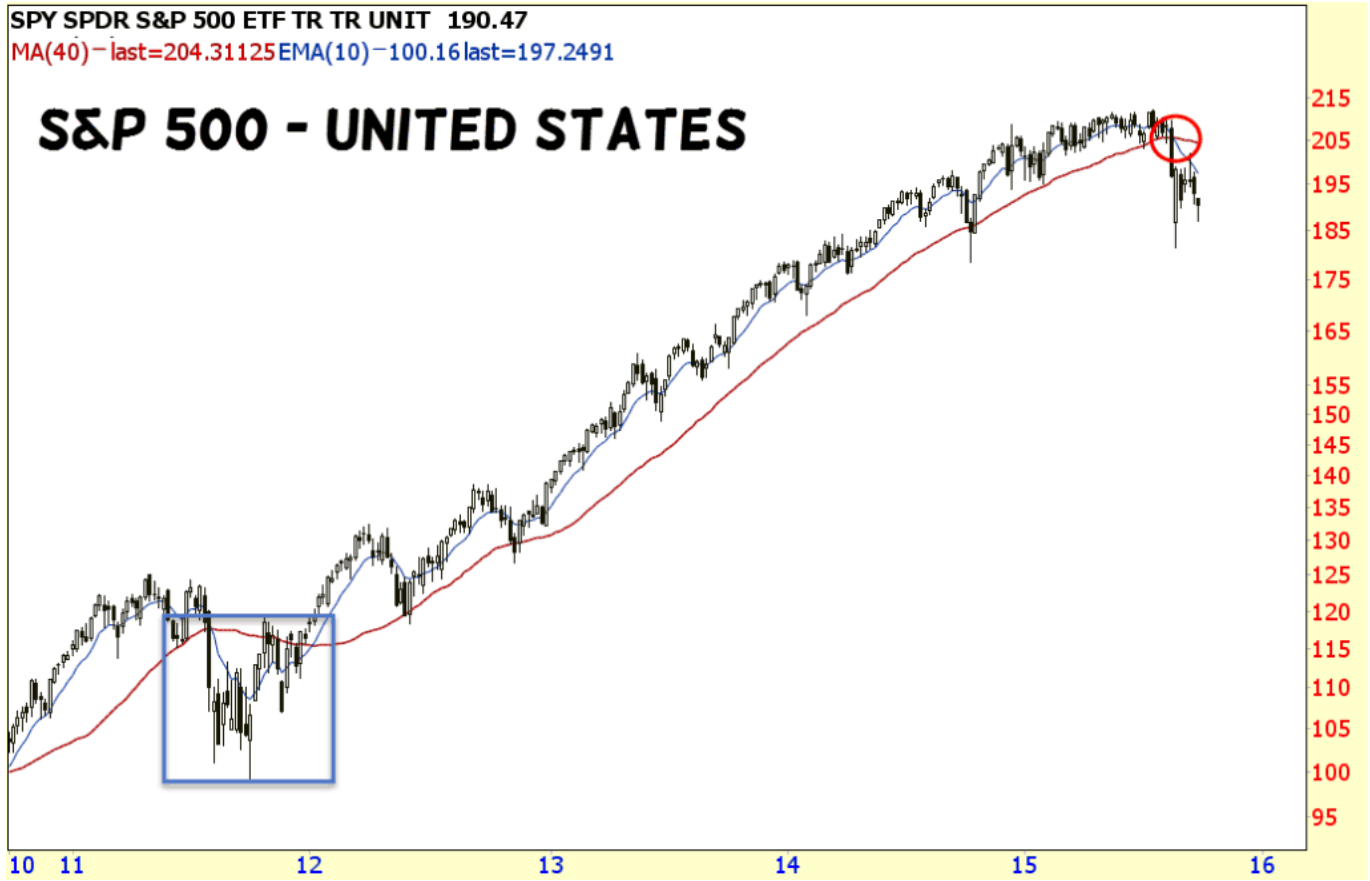
The hope at this point is that we are encountering another 2011 fake out. If you look at the graph below you will see that in October of 2011 (the blue box) we were going through some similar volatility. The market never made new lows but went sideways for a few months before heading higher. If that is what the market is mimicking right now then preparation is the key. Being ready to buy those stocks and ETFs that we want to own for the next few years is a critical step.

However, until we get more clarity we will continue to do what is right for the individual based upon their goals and objectives.

Successful investing my friends!

SPY SPDR S&P 500 ETF TR TR UNIT 190.47
MA(40) - last=204.31125 EMA(10) - 100.16 last=197.2491

S&P 500 - UNITED STATES



EEM IISHARES TR MSCI EMG MKT ETF
MA(40) - last=38.66837 EMA(10) - 37.11 last=34.16928

EMERGING MARKETS



EFA IISHARES TR MSCI EAFE ETF
MA(40) - 45.8475 last=62.971 EMA(10) - 44.89597 last=59.85288

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