Simply the Best Road Map For... Timing Your Way Into the Market For Maximum Profits With Minimal Risk!
Maximizing Risk and Booking Bigger Profits Are Easy When You Follow Market Phases

Welcome! Whether you are new to trading or have years of trading experience, this e-book is for you because...

This ebook will enable you to identify the best time to enter a trade, and determine which trades have the least amount of risk with the greatest potential for gains.

Trade identification or knowing which instrument to trade can be daunting if you don't have a simple way to know the true direction of the market.

Many investors are baffled by the media’s scaremongering. Often, confusion lies between the fundamentals of an asset and technical condition of its chart. Both types of analysis often come to totally different conclusions.

The “Gurus” are as varied in their analysis and opinions as there are instruments to look at.

Warren Buffett’s advice for the average person: Look at as many companies as possible and when you find the "bargains" you have to act. He says, "Start turning pages on 1000s of companies and turn the pages twice..."

He believes people should look for these companies themselves since, "The world is not going to tell you about great investments." Buffett believes, "the worst investment you can have is cash.”

Great advice, but very few can actually “turn the pages” once let alone twice and readily comprehend and then decide what to do with the information on those pages.

Don’t Rely On The ‘Experts’.
You Can Determine Which Way
Any Market Will Move Next!

Does this describe your trading style?

- I stay with losses for way too long yet cut my winners way too soon.
- I can’t easily figure out what to trade in any market environment.
- I have trouble deciding whether I should day trade, swing trade or trade options.
- I have no clear measure for risk or really know when to take a profit.

If one or more of those statements describe how you feel about trading, you’re not alone. Trading is not easy, especially if you’ve not found a good source of trading education.

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However, all of those frustrations listed above can be avoided when you understand how to read the Phases of the market.

The 6 Market Phases That Will Eliminate Any Mystery Of The Market’s Next Move

Simply put, a “Phase” is the description of the direction and strength of the market’s trend. It is the “stage in the process” that most traders casually refer to as the market’s trend.

But you’re about to discover more than “trend”.

There is something even more powerful than identifying a trend, and that is being able to perceive the beginnings and ends of a trend. To be able to do
that is to be able to take full advantage of knowing when to be in and when to be out of the market.

Your new ability to recognize Phases will enable you "see" the different stages of a trend clearly, and eliminate any mystery of the market’s next move.

There are 6 market Phases. The above chart illustrates the flow of the 6 Phases in the market.

Most people are familiar with the terms “bullish” and “bearish”, but you can be more precise than that.

If you look at the chart like time on a clock, we begin with the Bullish Phase as High Noon. Moving clockwise from a Bullish Phase, the next phase is a Warning Phase.

Markets may move from a Bullish to Warning Phases as certain economic, geo-political, or even psychological factors spook the market and cause it to decline.

If the market continues to decline, the Phase will deteriorate into a Distribution Phase. When things go from bad to worse, the most negative market condition is the Bearish Phase.

**Recognizing Phases Is Like Having A GPS For Market Direction**

Knowing the Phase and what course of action to take in any given phase is like having your own GPS. This GPS works for the overall market, sectors of the economy, individual stocks, and almost any tradable instrument.

With a GPS, you never feel or get lost because you know your starting point and what direction you need to go next.

Successful technical analysts (chartists) will tell you that the chart precedes the news. Imagine, having the time to prepare for a downturn in advance rather than waiting for some “expert” to tell you that things are worsening.

In addition, picture having a jumpstart on investing or making good financial decisions way before the experts tell you to buy!

Even if you are not tuned in to the “news” or the reaction to the news 24/7, the Phase changes tell you so much; it is actually better than hearing the media or financial experts telling you what is happening. In other words, you

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will have all the information you need to make decisions, long before the “experts” advise you on the appropriate action to take.

Perhaps the most comforting feature of understanding phases, is that like everything in life, there are cycles. Eventually, everything moves through each cycle.

Often, as you will see later in this book, an instrument might move in between two cycles, going back and forth for a long time before finding momentum in one or the other. The comforting part is that even when everything looks disastrous, you know eventually, conditions and phases will improve.

**The Most Powerful and Profitable Strategy! Trading Phase Changes.**

In 2009, the Real Estate ETF bottomed. By the beginning of April 2009, the Phase changed from Bearish to a more positive Recovery Phase. This was a strong signal.
Perhaps some of you were following, but if you weren’t, that turned out to be the BOTTOM of the Real Estate meltdown and the bottom of the stock market for the next 6 years and counting!

Were the pundits telling you that? Was your Financial Planner helping you scope out cheap real estate deals? Were you prepared at all for perhaps the best opportunity in the real estate sector in this century?

Perhaps you saw this headline:

**Industry | Wed Jun 24, 2009 2:02pm EDT**

**U.S. commercial property market thawing**

*(Reuters) - The gap between U.S. commercial property buyers and sellers is narrowing, indicating the shattered market is closer to beginning the painful path to recovery, the head of Prudential Real Estate Investors said on Wednesday.*

Would you have believed this useful news story given that most Financial Planners and Money Market Managers were in the throes of Post-Traumatic Stress Disorder?

You might have if you looked at the Real Estate ETF chart and could independently recognized the Phase Change to Recovery - and a great one at that!

**How To Determine the Phase**

Forecasting direction naturally, is open to interpretation. Experienced investors who use technical analysis will use a variety of indicators besides moving averages.

For our purposes, I have found that keeping analysis simple is the easiest way to understand how predictions are made regardless of how much experience you have.

The constant blast of information available to anyone and everyone goes beyond overkill. Then add interpretations or “opinions” and it leaves you feeling numb, confused and alienated.

**The Moving Average**

The moving average may be the most universal of all technical analysis indicators. For our purposes, we use the simple 50 and 200-day moving averages to determine any and all of the 6 Phases.

The 50-day moving average (“50 DMA”) is calculated by summing up the past 50 closing prices points and then dividing the result by 50, while the
200-day moving average is calculated by summing the past 200 daily closes and dividing the result by 200.

The 200-day moving average may be the granddaddy of moving averages. Simply put, a financial instrument that is trading above it is healthy; below it, anemic. The 200-day moving average measures the sentiment of the market on a longer term basis. This is where major players like pension plans and hedge funds need to look in order to move a large amount of stocks.

Imagine, just 2 simple daily moving averages can help you make the best trading decisions of your life, whether you are a day, swing or options trader!

**The Bullish Phase**

The 50 DMA describes recent price trend; the 200 DMA describes longer term price trend. By examining current price in relation to these MAs, and the averages in relation to each other, we have an excellent toolkit for analyzing trends.

**The S&P 500 (SPY) Bullish Phase Change in 2013**

![Bullish Phase Diagram](image-url)
How Do You Identify a Bullish Phase?

1. The 50 DMA is above the 200 DMA.

2. The slope on the 50 DMA should be positive with the 200 DMA neutral to positive.

3. The price of the instrument should be above both the 50 and 200 DMAs.

In the above S&P 500 ETF or SPY chart, as 2013 began, all 3 criteria to confirm the Bullish Phase were in place. The 50 DMA was above the 200 DMA, the slope turned from neutral to positive, and the price was above both of the moving averages.

Literally, the first day of 2013, the price began sitting right on the 200 DMA and then proceeded to climb above it. On the second day of the year the price gapped higher, but it was still close enough to the 200 DMA that a Phase Change trade made sense.

If you had bought the S&P 500 or SPY anytime that first or second week of 2013, you still had time to use a decent risk to under the 200 DMA. You would have been buying around $145.00, risking around $5.00 to under $140.00. Even if you took the profit in June, once it broke the 50 DMA, you still made over $25.00 on that investment with just an initial risk of $5.00. That’s a profit that is 5 times the risk.

The ‘Golden’ Phase Change That Signals Big Trend Trades

The chart below of the TLTs show that in late June of 2011, the Phase changed to bullish in the most powerful way.

Where I have highlighted, the 50 DMA crossed over the 200-day moving average in what is called a Golden Cross. When an instrument gets a Golden Cross, it indicates a bull market is on the horizon.

Looking at the 3 criteria for a Bull phase, the TLT chart certainly fits all 3 perfectly.

1. The 50 DMA clears over the 200 DMA.

2. The slope of the 50 DMA is positive when it crosses the 200 DMA, however, it is a more reliable signal of when the slope of the 200 DMA is also up. The market has more momentum, and it’s a stronger signal.
of longevity for the Bullish Phase when both the 50 and 200 DMAs have positive slope. That began in August 2011.

3. The price of the TLTs crossed above both moving averages in July. By August, the price began to accelerate to the upside, confirming that the interest rates were set to decline, thus the TLTs were set to rally.

**Interest Rates are easily followed by looking at the ETF TLT or The 20-Year Treasury Long Bonds.**
The Bearish Phase

Naturally, all phases fade in time, which is when we see the cycle go from bullish into warning, then distribution and eventually to bearish.

However, using the same 3 criteria for identifying a bullish phase:

1. The position of the 50 DMA compared to the 200 DMA,
2. The slope of both moving averages,
3. Where the price falls relative to both,

You will always be one step ahead in planning your trading strategy.

Furthermore, after you determine the phase, you will be more informed than most traders and “experts.”


Paul Tudor Jones, founder of Tudor Investment Corporation, a private asset management company and hedge fund and ranked as the 108th richest
American and 345th richest in the world, was asked during an interview, “How do you determine the trend?”

He answered, “My metric for everything is I look at is the 200-day moving average of closing prices. I’ve seen too many things go to zero, stocks and commodities. The whole trick in investing is: “How do I keep from losing everything?” If you use the 200-day moving average rule, then you get out. You play defense, and you get out.”

The interviewer went on to ask, “You exited your long positions before the (1987 Crash)! Did your theory about the 200-day moving average alert you to that one?”

Paul Tudor Jones’ answer, “You got it. It had gone under the 200-day moving target. At the very top of the crash, I was flat.”

**How Do You Identify a Bearish Phase?**

1. The 50 DMA is below the 200 DMA.

2. The slope on the 50 DMA should be negative with the 200 neutral to negative.

3. The price of the instrument should be below both the 50 and 200 DMAs.

During a Bearish Phase, heightened selling pressure ensues. Price closes below the 50 and 200 DMA and the 50 DMA turns down beneath the 200 DMA.

Paul Tudor Jones gave us the example of the 1987 crash and how he exited his long positions based on the move below the 200 DMA in the stock market.

Without having to be one of the richest people in the world, you could have applied this same tactic at the end of 2007 and avoided the historic market decline in 2008. As you can see in the chart above, the SPY fit all 3 criteria of a Bear Phase.

**The Best Time To Enter A Trade**

The best time to enter a trade with a low and reliable risk set up is when the price is sitting close to the moving averages as a Phase Change is about to occur.

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Close to the end of 2007, just as the S&P 500 chart began entering the Bear Phase, the price was trading between $145.00 and $150.00. Investors had a chance to liquidate their long positions. You also had a choice to go “short” the SPY with a minimal risk as the price stayed close to the moving averages until later on in January 2008.

Had you gone short just under $145.00 as 2008 began, the risk was just over $150.00 or $5.00. Although by 2009, the price traded above and below the 50 DMA, it wasn’t until April 2009, the slope on the 50 DMA turned positive. At that point, the price was $77.00.

Knowing how to trend trade using Phases, could have yielded you a HUGE profit of about $70.00 with only a $5.00 initial risk. That’s a risk/reward of 15 to 1!

If the goal is to **Minimize Risk and Book Bigger Profits Using the Phase changes**, a short position back in 2008 generated the type of gains most wait a lifetime for and never achieve.

Trading Phases, you can score huge gains over and over again with easily defined, low risk trades!

**The Death Cross**

Note that just as 2008 began, the 50 DMA crossed below the 200 DMA. This is the mirror image of a “Golden Cross” during the Bullish Phase. When the **50 DMA drops below the 200 DMA it is called a “Death Cross.”**

With the slope of the 50 DMA very negative and the price below it and 200 DMAs, even the novice investor to clearly “see” that the market was in trouble.

Imagine, having the time to prepare for a downturn in advance rather than waiting for some “expert” to tell you that things are worsening.

**Light At The End Of The Tunnel**

**Reveals My Favorite Time To Buy**

Going back to the cycles of how Phases move, the Recovery Phase happens to be one of my favorites since it taps into perhaps the greatest attribute of us humans—hope!

After 2007-2008, during the intense Bear Phase, the switch into a Recovery Phase also tapped into exactly that - hope. Hope that the
economy would improve, hope that the 2008 was truly, “the darkest period before the dawn.”

Looking at the SPY chart, by March 2009 the price crossed over the 50 DMA. By April the slope on the 50 DMA turned positive. Then in July 2009, the 200 DMA also became positively sloped.

Once all three criteria of the Bull Phase were in place the market’s trend was steadily up, and it was clear that the worst was over for the S&P 500. The Bullish Phase is one of the first trend conditions that active investors learn to trade because it is typically characterized by reasonable corrections and steady rallies, but the Recovery Phase is one of my favorites.

One of the most powerful times to buy an instrument is after it’s been in a long and powerful downtrend and begins to turn up, entering into a Recovery Phase. The change from a Bearish to Recovery Phase is a way to get into major trends early.

During a Recovery Phase, the 50 DMA is still below the 200 DMA. The price of the instrument crosses above the 50 DMA and the slope begins to neutralize. As the slope turns more positive, so does the strength of the Recovery Phase.

**Trading Phases Works Great On Country ETFs Too**

In the chart below you’ll see an example of a Recovery Phase Trade in the Russian ETF RSX. After a long decline RSX traded over the 50 DMA in February of 2015, and then its slope turned up in March which adds strength to a Recovery Phase trade.

The low risk trade opportunity occurred after RSX declined and closed under a positively sloped 50 DMA in March of 2015. When it quickly traded back over the 50 DMA, moving back into a Recovery Phase it became a good candidate for a trade.
Buying The Russian ETF (RSX) During A Recovery Phase

The Russian Stock Market (RSX)

On March 30th, 2015, we entered long the Russia Country Fund ETF at $17.26. Our risk was minimal. We risked to $16.50 or 0.76%, which was just under the 50 DMA.

On April 16th, we took a profit target at $20.67, booking $3.41. Simply buying during a Recovery Phase when the price was close to the 50 DMA, kept our risk to a minimum and, gave us a risk to profit ratio of nearly five to one!

It’s Easy To Start Using Market Phases As Your GPS For The Market’s Next Move

Using Market Phases to analyze the markets and identify trading opportunities is not hard. You can begin with the basics I’ve outlined
here, and then quickly develop an expert’s insight into market direction with some practice.

Let’s review:

1. There are 6 Market Phases. All are easily identified by the simple 50 and 200-day moving averages.
2. Knowing the Phase of any market, sector or stock is like having your own GPS for market direction.
3. You now have a way to time yourself into a trade with the least amount of risk and the most potential for profit.
4. No longer do you have to feel solely dependent on the media, your financial planner or anyone for that matter, to make smart and timely decisions about your money under any market environment.

Special Offer to Learn and Earn More

If you’d like to learn more for your trading and earn more in your investing by using MarketGauge’s favorite strategies and tactics including Market Phases, please use the link provided below.

Use the link below to gain access to special training and discover how to:

✓ Profit from the current condition of the Market Phases
✓ Identify upcoming massive profit opportunities based on shifting Market Phases
✓ Trade with Mish’s strategies in only minutes per week
✓ Identify the best time to enter a swing trade for maximum gains
✓ Anticipate when to enter a swing trade for quick profits
✓ Eliminate any fear of trades gapping against you, so that you can ride winning traders for bigger gains
✓ Determine the best place to put your stops, so that your winning trades outpace your losing trades by a wide margin!

For a limited time, you will find more training and a special offer here: www.marketgauge.com/marketphases/
About the Author

Michele Schneider, Director of Trading Education and Research for MarketGauge.com, began trading on the floor of the NY Commodities Exchanges in 1980.

“Mish” worked for Conti-Commodities, a division of Continental Grain as an analyst and floor broker.

Soon thereafter, she became an independent floor trader. Known for her charting skills and technical analysis expertise, she has advised and continues to advise some of the top traders in the world.

Mish currently enable traders to learn her trading strategies via her “Mish’s Market Minute Advantage” Service. This tracks Mish’s trades offering subscribers one trading pick per week.

She also produces a daily financial “infotainment” blog called, “Mish’s Market Minute Daily. The blog typically includes actionable and timely trade analysis.

Currently, Mish is a partner in MarketGauge Asset Management Company and in Wizard Intellectual Property LLC.

With a Master’s Degree in Special Education, Mish combines a rare blend of skills from caring teacher to experienced trader.

Stay tuned for her first full-length book on Phases due out in 2016!