

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Does Low Volatility Predict a Positive Market?

According to CNBC you have to go back to 1994 to find a similar situation in the stock market. The S&P has gone a hundred days without a 1% dip. Besides being **something they haven't done** for more than 20 years this low volatility may well predict a positive market going forward.

Since 1950, the market has logged only 21 other instances when the index traded without a 1 percent down day for 70 or more consecutive trading days, Johnson wrote in a recent report. The longest streak was in 1963, when the S&P 500 saw 184 straight trading sessions without a decline of 1 percent or more.

Interestingly enough, the S&P 500 in these 21 relatively quiet periods has generated average returns of 13.9 percent over the next year, with 85 percent positivity rate.

Long term technical analysis of this sort indicates a better market going forward than the apparent chaos in Washington might imply. In our article about **why airlines are a better investment than they used to be** we looked at why airline profit has little to do with Washington.

None other than Warren Buffett, who called airlines a death trap for investors, has poured \$10 billion into the four major airlines in the last couple of years. Why are airlines better investments than they used to be?

Fewer airlines, lower fuel costs and more efficient operation are helping airlines make money and be better investments. None of these factors has anything to do with Trump's tweets, congress repealing Obamacare or Russians hacking the US political process. On the other hand a trade war could be devastating for airlines and it would appear that the market does not see one coming. What do you do now if the market will be up next year?

Is It Time to Buy?

Folks who were badly hurt by the 2008 crash have been hesitant to reenter the market and have missed out on the rally so far. *The Washington Post* has a suggestion if you're **missing out on the stock market rally**.

Investors have not been this bullish about the stock market in 30 years, according to a recent survey of market professionals done by Investors Intelligence, an investment research firm.

But this kind of euphoria can also make some investors nervous about what will come next. Are the recent highs a sign that the market is nearing a peak and ready for a tumble? (The last time investors were this optimistic was 1987, the year of the infamous “Black Monday” market crash.) Or is this simply the market breaking new ground as part of a long-term rally?

The jury is still out.

But in the meantime, investors looking to buy more stocks can take the guesswork out of the equation by spreading out their purchases over time, financial advisers say. “The biggest mistake I see investors make is they have an all-or-none mind-set,” says JJ Kinahan, chief market strategist for TD Ameritrade.

Low volatility may well be predicting a positive market going forward. And getting in bit by bit may well be a good idea. This market may well end up like the rest with a crash but if you stay in over the years you will tend to make money as the American economy grows.

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