

MARKET UPDATE



THE YEAR END IS UPON US

By: **Todd Carbone**

I can't believe it.... the year end is upon us and its been a memorable one. I feel like we're on the 1-yard line, 4th quarter on our last down with 10 seconds to go. It is probably the best example I can demonstrate with the current market conditions. We are in a wait and see moment as the story unfolds in front us. With Presidential Elections next week, corporate earnings, a new wave of corona virus infections, a

race to a vaccine and a new stimulus bill, this has been an interesting final quarter. With all of these factors and the current market conditions, the market is acting accordingly, which is nice for a change. There's nothing worse than having bad market data and the market goes through the roof. This is why we follow the golden rule "The trend is your friend, until it's not." We were trending nicely for a bit, but now we have sideways action which is often driven by news. Trading news is nearly impossible because one moment

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is good, then next minute the news is bad. This type of choppy sideways market is great for swing traders, but often too difficult to risk manage, unless you have a system in place.

The good news is this sideways action, often allows investors to re-enter stocks that they have missed this year while buying at a possible discount. These entry points often present themselves as a Consolidation, Cup and/or Cup and Handle pattern. If market conditions remain healthy, then you will see investors buy into these technical patterns, this is because the “Expectation” is for these stocks to go higher. Now on the downside if these patterns fail, then the selling has not stopped and often most will retract to their prior lows or even lower.

Plan of action – Review your current positions, come up with a game plan and know your limits! Remember that days like today are only one data point, compared to 252 days of data during one full trading year.

Stay tuned.

Nasdaq

YTD Return : +26.67%

DJIA

YTD Return : -3.08%

S&P

500 YTD Return : +5.11%

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