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The discussions herein are educational in nature. They are not to be taken as financial advice.

There are periods when nothing much seems to work for traders. Stocks and even entire indices go one way and then the other. It's called "whipsawing" in the jargon. During these times the long term "set and forget" people can sometimes come out in front and they'll be quick to tell us so too. This can happen at any degree of time frame and so we must always be careful to look at the whole picture instead of just some isolated case.

Over the last 12 months the Australian All Ordinaries Index has risen about 8%. However it's now right where it was 16 months ago. But wait, there's more. It was at its current level 5 years ago but it rose 44% over the last 2 years while it fell 14% over the last 3 years.

This is why we trade, rather than "invest over the long term". The entire market has whipsawed back and forth over the past 5 years and landed right back where it started. However it has risen and fallen back and forth by quite large percentages during that same period.

Individual stocks often do the same thing but in a magnified way. They can go through the roof, rising by seemingly impossible percentages. For example Pan Asia Corporation PZC rose last Monday by 2,600%. Nice if you were lucky enough to be in on it. Mind you the chart before that was hopeless and anybody owning the stock would have needed to see a shrink.

This highlights the other side of the coin. PZC fell 99.9% from its high in November 2002 to the low in November 2008. Now, last Monday's 2,600% rise was big, but do you realise that to fully recover that 99.9% fall PZC has to rise 166,700%? That's the killer that always defeats long term investors. A simple rule of thumb to remember is a 50% fall requires a 100% rise to recover. The recovery percentage required grows exponentially with the size of the preceding fall. Long term investors are doomed to fail yet nobody mentions this in all the investment promo blurb we see every day.

"The share market always rises over the long term" is the mantra pumped out by the investment community. True enough it does. However that's of no use to the average "long term" investor simply because he/she does not typically invest over a long enough period for this to be of value. Last time we saw the long term promo blurb, the accompanying chart they used to prove their point was the last 100 years! If our long term investor happens to invest at the bottom of a bear market and then cash in to pay for his/her retirement at the top of the following boom, then all is sweet. But that's impossible in real life.

The reason we've brought this to your attention is because market conditions of late have been of the whipsawing variety. This means there's no direction, no intermediate term trend. Rather, the mood is one of doubt and confusion and fear. Many stocks have seen their prices whipsaw repeatedly, sometimes after giving strong signals. Traders get stopped out only to see the price flip back soon after. In periods like this, we must expect to be stopped out more often. We can always sit on the sidelines too. We don't have to be in the market.

Extreme caution is still required. The trouble in Tunisia and now Egypt shows how rapidly these things can escalate. There is potential for this to spread to other countries in a wave of people power not just against corruption and dictatorships, but against all perceived forms of social injustice. This picture makes sense when we think of it as a sort of Wikileaks at street level. It's all part of a global revolt by the people.

It would pay us to note that this is a bear market phenomenon. All market trends are driven by the mass psychology or mood of the people. History shows clearly that these moods swing back and forth over time. This global protest wave, spearheaded by Wikileaks, appears to be gathering momentum. People everywhere are angry with the baloney pumped out by politicians, the rip-off and dud investment schemes pumped out by greedy Wall St banksters and others around the world such as Storm Financial and Westpoint here in Australia. The list is endless. Small business is suffering everywhere while big business is bailed out by the government.

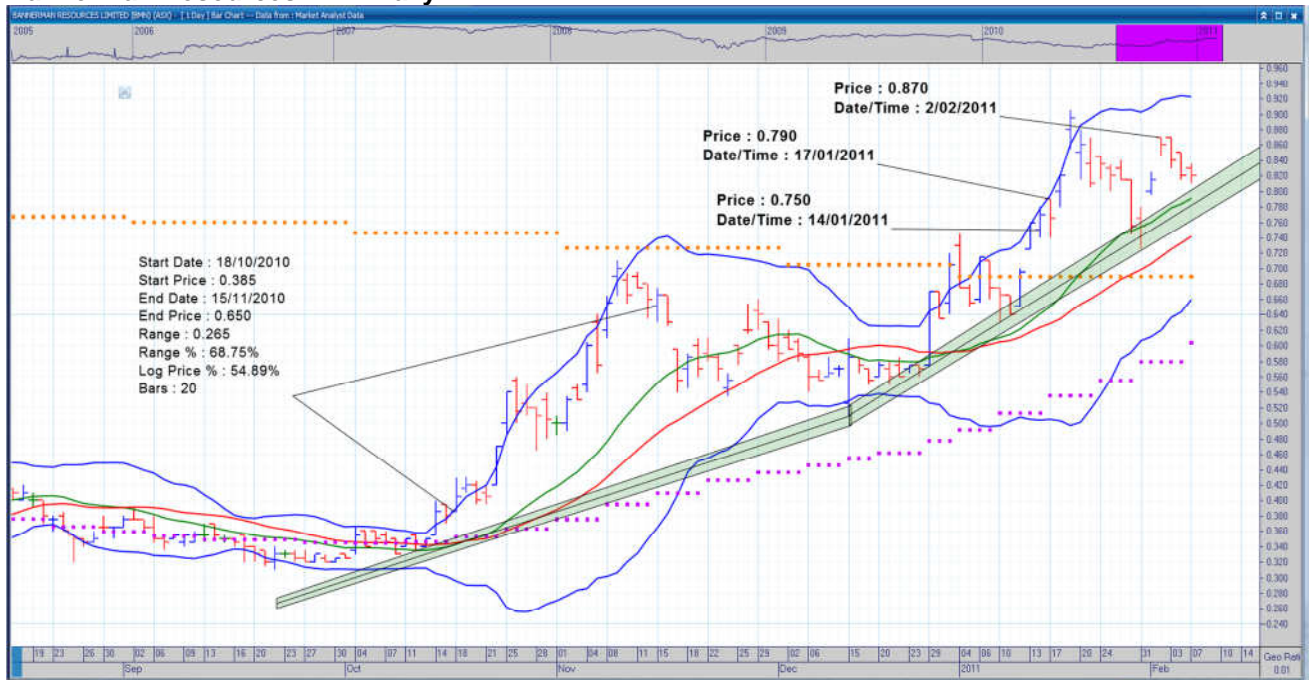
That's the sort of thing people are simply fed up with. The revolts in Tunisia and Egypt may be the tip of the iceberg. The global mood is distinctly bearish and that bodes ill for the markets.

Bannerman Resources BMN Weekly



BMN weekly above shows it has penetrated all resistance and appears to be continuing the uptrend. Since the bottom last June, we can see a series of higher lows and higher highs – the very definition of an uptrend.

Bannerman Resources BMN Daily



BMN daily above shows the detail. You can see our earlier trade where we sold on 15Nov10 for a nice 68% gain in under a month. That exit was on the reversal of the uptrend after respecting the monthly resistance line. The three prices shown after that are previous entry points because the prior bar in each case was a buy signal. The bar 3 days back is an outside bar with a low close so we should expect lower prices to follow and that's exactly what happened. Another bounce up from the support line now would be another buy signal. Turnover is quite heavy.

Oilex OEX Daily



OEX daily above has reached another acceleration point and formed a small ascending triangle at the same time. The close above the top of the triangle today is a buy signal with a stop probably back at the support line. There is a strong acceleration driving the uptrend on both the weekly and monthly charts. The price shown on the left was a previous entry. That trade is obviously still going and currently showing a profit of almost 160% in 3 and a half months.

New Intro Video

A new video introduction to Share Star (titled Shares Made Simple) has been posted to our Screencast website. It's short at about 25 minutes and naturally does not teach our trading system because it is aimed at prospective new members.

There are 3 distinct stages. The first is an introduction to self-made wealth concepts. The second is a brief introduction to technical analysis and trading principles and the third shows a glimpse of what we do using MA6 in Training Mode.

You are encouraged to share this link with people who express an interest in the share market. The usual rewards apply for any new members you introduce. This video is designed to help you with this.

Click on this link:

<http://www.screencast.com/t/n35SkPqB5nDV>

Please – don't use the plus sign at the top to convert to full screen. Use the small icon in the bottom right corner of the video itself. Click on this icon and then move your pointer off the screen. Press the ESC key to revert back to the smaller video display.

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