



Sell Signal

This week the *Risk-O-Meter* hit a sell signal. This reverses a buy signal that was much longer than average. The meter has been on a buy signal for nearly a year and a half. That was a great trade as the market has been mostly straight up.

There's no way of knowing if this sell signal is ***the*** sell signal until after the fact. No one can predict the future. If I could predict the outcome of every signal, I would be on a beach drinking Bahama Mama's and not up at the crack of dawn on a Sunday writing about the markets.

We can, however, play the odds. The odds from here favor a pullback. It could be short-lived, or the market could implode. The *Risk-O-Meter* has been close to a sell signal for several months. A few weeks ago, I wrote about the actions you might consider taking on a sell signal.

First, fools rush in where angels fear to tread. If you are a subscriber and you blindly sell stocks in the *Micro-Cap Millionaire* strategy, you're going to get your ass kicked. Consider hedging using puts. For example, buy puts 20% below the market six months out. Or buy a short-only exchange-traded fund (assuming your broker allows this type of trade). Or, build up a cash position to buy more stock and add to the strategy when the market is oversold, and a buy signal comes along. Lastly, consider the tax implications of your positions. Now is an excellent time to look over your portfolio to harvest gains and offset them with losses.

The other two strategies, *Mega-Tech Trends* and *Large-Cap Leaders* will have much less impact if you decide to sell those stocks. That said, hedging the portfolio with a short-only ETF or buying puts is also a possible way to play the sell signal.

To the extent I have extra cash I want to invest, I am waiting. I have been waiting and building a cash position while I let my existing long positions run higher.

Based on many short-term indicators I monitor, the market is neither very oversold nor very overbought. The market is in no man's land. Therefore, it's best to look at your portfolio on a stock by stock basis from here.

Of the indicators used in the construction of the Risk-O-Meter, only market breadth is still on a buy signal. However, breadth has weakened and is inching closer to waving a red flag. You may see this in your portfolio of individual stock positions are starting to fall while your index positions are holding up much better.

I have been warning for a few weeks not to get complacent. Even if the market trends down from here, there will ultimately be an incredible opportunity to snap up stocks once everyone else has slashed their wrists or jumped out of the window.

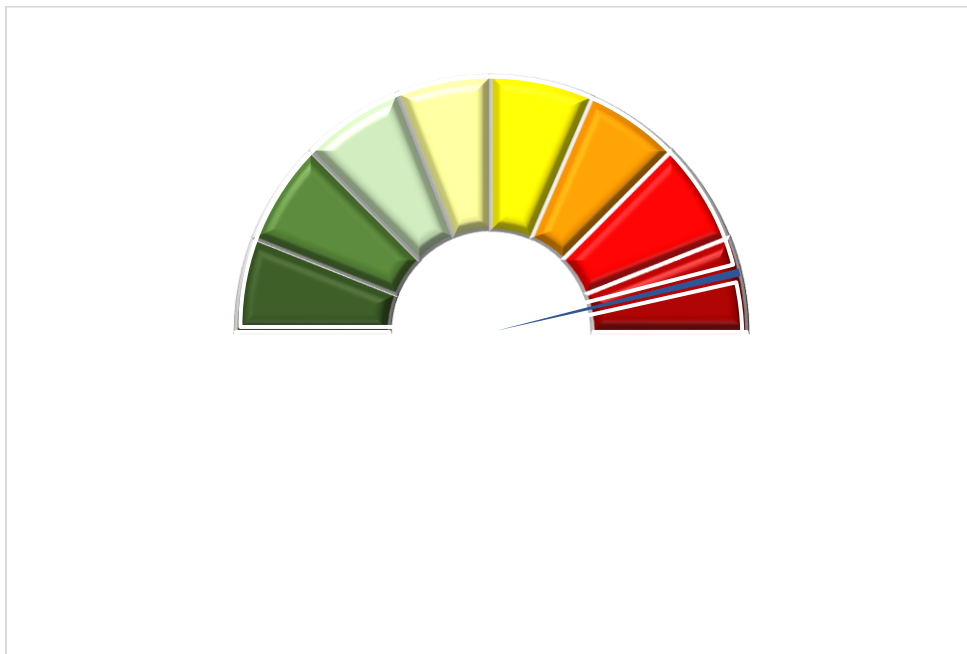
Don't be complacent but also be patient.

The Forensic Accounting Stock Tracker (FAST) has been updated along with commentary on several potential long and short positions. There's some very good set ups this month.

Lastly, one of the two stocks I highlighted on October 16th along with Harry Dent had tripled through last Thursday. It's still worth a look and is still very undervalued.

The other stock is down about 20%. It's in a tough environment with a lot of tax loss selling. This should clear up soon. In the meantime, the fundamentals have only improved. Once the sector catches fire, this is the type of stock that could double in a month.

If you're a paid subscriber, you can still access the presentation for free.



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