

# ***Market Timing***

## ***Evaluation of Timers***

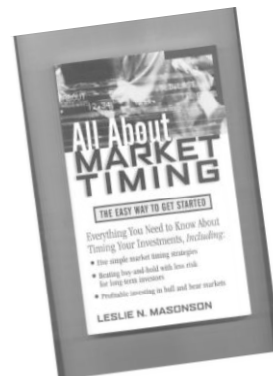
*November 12, 2009*

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## **A good trading system.....**

- “First and foremost, preserve your capital
  - Second, to absolutely evade and avoid large market downturns
  - Third, to equal or exceed the performance of a buy-and-hold portfolio on a risk adjusted basis”
- 
- “The whole concept is dependent upon limiting the risk when the market begins to decline ....”



# Types of Signals

- No Cost Options
  - Charts (i.e., stockcharts.com and VectorVest) and simple Technical Analysis
  - Internet Sites
    - [www.mtrig.com](http://www.mtrig.com)
- Paid Services
  - Vector Vest
  - [www.strategictrendtiming.com](http://www.strategictrendtiming.com) (30 day free trial)
  - [www.alphaking.com](http://www.alphaking.com) (30 day free trial)
- Frequency
  - Several Times a Year
  - Every Year or Two
- Evaluation
  - Every day when near signal
  - OR
  - Monthly

# Evaluation

- Timers
  - Only those which were back tested to Jan 2000 or before
  - “Live” for at least several years
- Time Periods
  - 2000 to 7/24/2009
  - 1950 to 7/24/2009
  - 1929 to 7/24/2009
- Positions
  - Buy and Hold
  - Long Only
  - Long and Short
- Fidelity Wealth-Lab Pro evaluated Timing Signals
  - WL Score evaluates profitability, exposure (efficiency) and risk

$$\text{WL Score} = \{\text{ARR}/\text{Exposure}\} \times (1 - \text{MaxDrawDownPct})$$

# VectorVest – CUp/Dn

Zoom • Undo Zoom • Print • Drawing • Layout Bar • Markers

Market Timing Graph (Daily)



## VectorVest

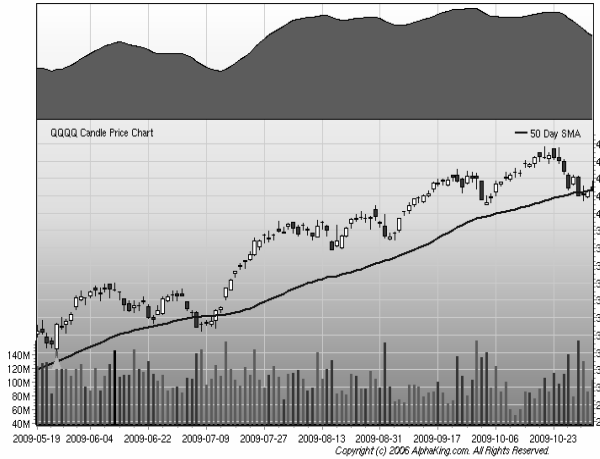
eBSO7 with Confirmation

- 2/19/2009 Presentation
  - Full Description
  - AAll Yahoo Site
- Utilizes
  - BSR (Buy Sell Ratio)
  - VVC (Price Data)
- Faster signals than Cup/Dn
- Buy
  - 7 day SMA of BSR cross above 0.54
- Sell
  - 7 day SMA of BSR cross below 1.15
- Confirmation
  - Two moving averages of VVC

# [www.alphaking.com](http://www.alphaking.com)

Chart Size: [Default](#) | [Large](#)

AlphaKing Trading Signal



Try our **Killer Investment Newsletter**  
Sign Up for the AlphaKing Newsletter  
Profit in Bull and Bear Markets  
**+490% since 2000, +70% in 2008**

### Trade Stats for QQQQ

Number Of Trades	21
Hit Rate	90%
Average Gain	14.62%
Average Loss	0.68%
Total Net Profit/Loss	▲ 926.12%
Number of Trades Per Year	2.1
<b>Current Trade: Hold</b>	

Date	Signal	Price	Trade Profit/Loss	\$1000 (Long Only)
2009-11-04	Last	\$41.33	▲ 39.89%	\$10,261
2009-03-23	Buy	\$29.55		\$7,335
2008-08-28	Sell	\$43.62	▲ 1.46%	\$7,335
2008-08-05	Buy	\$42.99		\$7,230
2008-06-17	Sell	\$45.14	▲ 11.99%	\$7,230
2008-04-11	Buy	\$40.30		\$6,456
2008-04-04	Sell	\$42.06	▲ 0.81%	\$6,456
2008-04-03	Buy	\$41.73		\$6,404
2007-11-08	Sell	\$46.17	▲ 4.39%	\$6,404
2007-09-07	Buy	\$44.22		\$6,135

# [www.mtrig.com](http://www.mtrig.com)

(no cost)

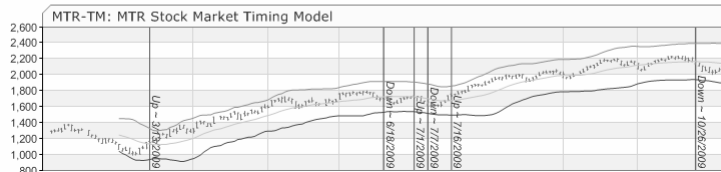
[Click Here - Chart Settings & Technical Indicators](#)

**Last Model Update On:** Thursday, 11/5/2009 ~ **Last Signal:** Monday, 10/26/2009 ~ Market Down

As of the market close on Thursday, 11/5/2009 the MTR-TM closed at 2105.96.

The daily change in the market timing model (MTR-TM) was 2.73%. The week over week change in the MTR-TM was 0.30%. The last signal for MTR-TM was Market Down on Monday, 10/26/2009. **Signal Forecast (BETA):** No signal change forecasted for the next trading day.

[Export Signals To Excel](#)



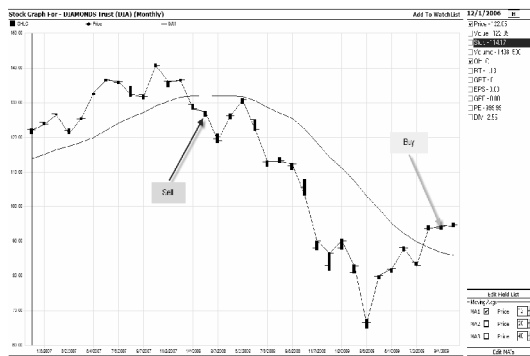
# Golden Cross

- Buy
  - 50 day EMA cross above 200 day EMA
- Sell
  - 50 day EMA cross below 200 day EMA



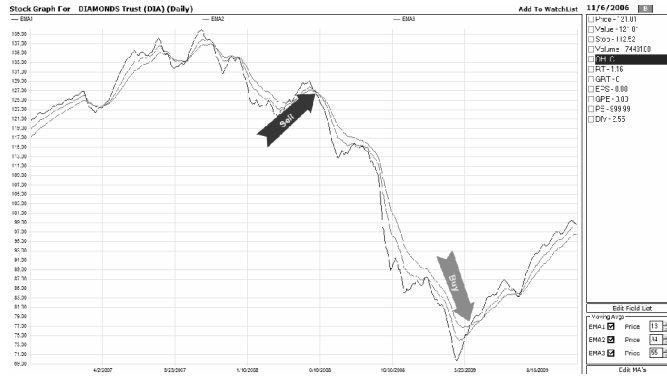
# Monthly Evaluation

- Use Monthly Chart
  - Evaluate once per month
- Buy
  - Price > 12 month SMA for 2 consecutive months
  - Buy next day
- Sell
  - Price < 12 month SMA for 2 consecutive months
  - Sell next day



# 13-34-55

- BUY
  - 13 Day EMA > 34 Day EMA
  - 13 Day EMA > 55 Day EMA
  
- SELL
  - 13 Day EMA < 34 Day EMA
  - 13 Day EMA < 55 Day EMA



## Long Only Timing Systems 1/1/2000 to 7/24/2009

VVC 1/1/00 to 7/24/09	Annual Rate of Return	Maximum Drawdown	Wealth- Lab Score	# Trades per year	DIA	EFA	FUNDX	IWM	MDY	PRCGX	QQQQ	SPY	VTI	VVC	Med- ian	Avg
Buy and Hold	-5.0%	2.0%	-0.8		-2.2%	2.0%	0.6%	4.4%	3.7%	4.6%	-8.2%	-3.8%	-1.8%	-5.0%	-0.6%	-0.6%
MTR-TR	6.7%	7.0%	0.8	3.5	0.9%	7.0%	-4.8%	4.4%	2.8%	8.7%	-6.1%	-0.6%	2.9%	6.7%	3.7%	3.1%
Strategic Trend Timer	11.5%	12.3%	15.8	2.8	6.5%	12.3%	10.0%	14.3%	22.1%	30.6%	12.8%	7.0%	9.2%	11.5%	11.9%	13.6%
Alpha-King	10.5%	14.4%	16.3	2.6	6.5%	14.4%	11.5%	14.6%	13.1%	19.6%	10.1%	6.8%	10.2%	10.5%	11.0%	11.7%
Vector Vest Cup/Dn	6.1%	12.5%	9.5	2.1	3.1%	12.5%	9.7%	10.0%	8.9%	16.6%	-0.1%	2.5%	6.2%	6.1%	7.5%	7.5%
eBSO7 with 6/18 MA confirm	8.9%	8.9%	12.2	2.0	4.5%	8.9%	9.2%	7.6%	8.1%	18.7%	4.7%	0.5%	3.4%	8.9%	7.9%	7.4%
Monthly -182 mo. < 12 mo - buy next day	4.2%	10.4%	7.6	0.2	3.0%	10.4%	5.5%	3.4%	4.4%	2.2%	3.9%	4.4%	6.7%	4.2%	4.3%	4.8%
Golden Cross (50 x 200 SMA)	4.7%	9.3%	11.7	0.1	0.4%	9.3%	no trade	-0.4%	-0.4%	0.1%	2.6%	no trade	no trade	4.7%	0.4%	2.4%

# Long and Short Timing Systems

1/1/2000 to 7/24/2009

QQQQ 1/1/00 to 7/24/09	Annual Rate of Return	Maximum Drawdown	Wealth-Lab Score	# Trades per year	DIA	EFA	FUNDX	IWM	MDY	PRCGX	QQQQ	SPY	VTI	VVC	Median	Avg
Buy and Hold	-8.2%	-81.1%	-14.9		-2.2%	2.0%	0.6%	4.4%	3.7%	4.6%	-8.2%	-3.8%	-1.8%	-8.2%	-0.6%	-0.9%
Strategic Trend Timer	12.8%	-31.2%	14.9	2.8	6.5%	12.3%	10.0%	14.3%	22.1%	30.6%	12.8%	7.0%	9.2%	11.5%	11.9%	13.6%
Alpha-King	10.0%	-30.3%	13.0	2.6	6.5%	14.4%	11.5%	14.6%	13.1%	19.6%	10.1%	6.8%	10.2%	10.5%	11.0%	11.7%
eBSOT with 6/18 MA confirm	4.7%	-60.4%	2.3	2.0	4.5%	8.9%	9.2%	7.6%	8.1%	18.7%	4.7%	0.5%	3.4%	8.9%	7.9%	7.4%

QQQQ 1/1/00 to 7/24/09	Annual Rate of Return	Maximum Drawdown	Wealth-Lab Score	# Trades per year	DIA	EFA	FUNDX	IWM	MDY	PRCGX	QQQQ	SPY	VTI	VVC	Median	Avg
Buy and Hold	-8.2%	-81.1%	-14.9		-2.2%	2.0%	0.6%	4.4%	3.7%	4.6%	-8.2%	-3.8%	-1.8%	-8.2%	-0.6%	-0.9%
Strategic Trend Timer	12.8%	-31.2%	14.9	2.8	6.5%	12.3%	10.0%	14.3%	22.1%	30.6%	12.8%	7.0%	9.2%	11.5%	11.9%	13.6%
<b>STT Long &amp; Short</b>	26.5%	-31.2%	19.2	5.2	12.3%	18.0%	15.9%	23.7%	21.7%	36.2%	26.5%	14.9%	15.8%	21.1%	19.5%	20.6%
Alpha-King	10.0%	-30.3%	13.0	2.6	6.5%	14.4%	11.5%	14.6%	13.1%	19.6%	10.1%	6.8%	10.2%	10.5%	11.0%	11.7%
<b>AK Long &amp; Short</b>	20.4%	-28.0%	15.2	3.8	11.4%	21.2%	18.0%	24.2%	19.8%	28.8%	20.4%	14.4%	14.4%	18.8%	19.3%	19.2%
eBSOT with 6/18 MA confirm	4.7%	-60.4%	2.3	2.0	4.5%	8.9%	9.2%	7.6%	8.1%	18.7%	4.7%	0.5%	3.4%	8.9%	7.9%	7.4%
<b>eBSOT long and short</b>	6.2%	-38.8%	4.3	4.6	0.1%	10.5%	9.3%	8.7%	8.7%	25.1%	6.2%	1.1%	3.2%	11.9%	8.7%	8.5%

# Less Frequent Trading

Dow Jones from 1928

DIA Long Term Timers 10/4/1928 to 7/24/09	Annual Rate of Return	Maximum Drawdown	Wealth-Lab Score	# Trades per year	DIA
Buy and Hold	4.6%	-89.2%	0.5		4.6%
Golden Cross (50 x 200 SMA)	2.8%	-40.7%	2.9	0.4	2.8%
Monthly -1&2 mo. < 12 mo - buy next day	5.4%	-40.3%	5.0	0.6	5.4%
<b>Monthly -1&amp;2 mo. &lt; 12 mo - buy next day with shorting</b>	6.2%	-55.0%	2.8	0.9	6.2%
13-34-55	4.4%	-58.0%	2.9	3.7	4.4%

S&P from 1950

S&P with div Long Term Timers 1/6/1950 to 7/24/09	Annual Rate of Return	Maximum Drawdown	Wealth-Lab Score	# Trades per year	DIA	SPY	Avg
Buy and Hold	7.1%	-56.8%	3.1		6.6%	7.1%	6.8%
Golden Cross (50 x 200 SMA)	2.8%	-17.8%	8.5	0.4	3.6%	2.8%	3.2%
Monthly -1&2 mo. < 12 mo - buy next day	7.3%	-25.2%	7.9	0.4	6.6%	7.3%	7.0%
<b>Monthly -1&amp;2 mo. &lt; 12 mo - buy next day with shorting</b>	8.0%	-33.3%	5.3	0.9	6.7%	8.0%	7.3%
13-34-55	5.9%	-23.5%	6.9	2.4	4.4%	5.9%	5.1%

## Conclusions

- Timing Systems Work
  - Reduces Risk (Drawdown)
  - Increases Returns
  - Note that history for better timers relatively short
- Shorting Provides Better Returns
- Performance Dependent on Index (and likely stocks) in which one Invests
- Long Term Timing Works
  - Limited Data
    - Dow
    - S&P
- Can use No-Cost or Subscription Timing Systems