

Four Sideways Trading Stocks

eResearch Corporation is pleased to provide an article by Keith Richards of **VALUETREND**.

In this article, Mr. Richards analyzes four range-bound stocks that offer short-term trading opportunities.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: <http://www.valuetrend.ca/4-sideways-trading-stocks/>

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Four Sideways Trading Stocks

By: Keith Richards (bio at end)

Stocks stuck within a range is one of the better technical patterns we can look to trade.

I like them because you really can define your trading plan – you know upfront what your entry and exit points are.

When I look for sideways trading stocks, I try to find stocks (or ETFs) with a very defined top (i.e. point of resistance, past selling pressure) AND a well-defined bottom (i.e. point of support, buying pressure).

If a stock has a nicely defined, relatively flat-looking point of resistance but a choppy support level, it becomes too hard to pick your entry point. The reverse is true for stocks with flat bottoms but choppy resistance points—it is hard to find the right exit point.

Please also bear in mind that a brea-out from a defined trading range – whether from the top of the range or the bottom of the range—indicates a strong potential that the prior range is finished, and a new trend (up or down) may have begun.

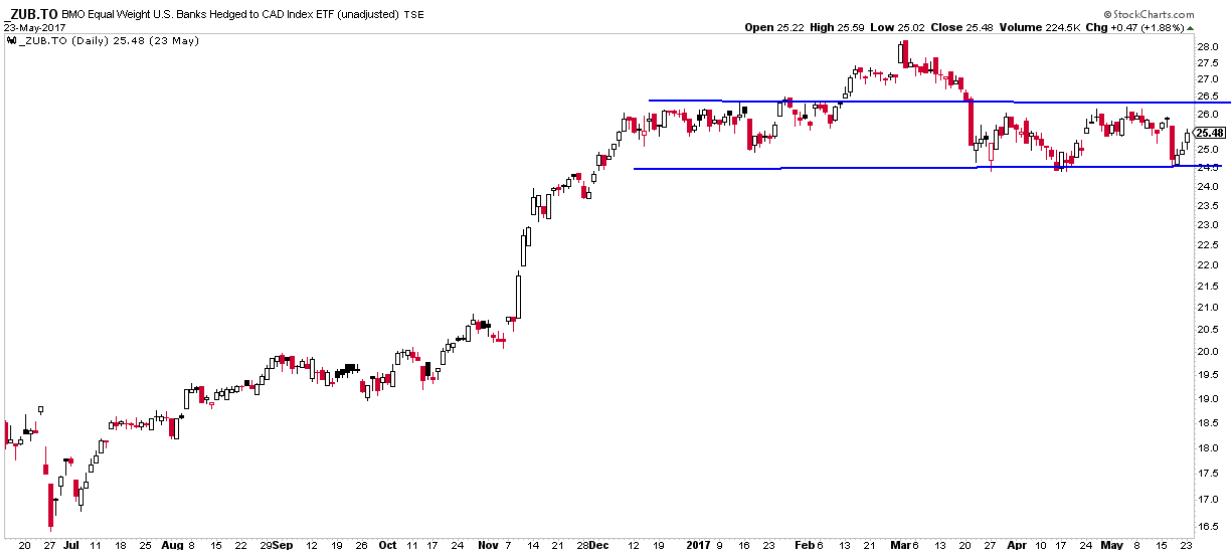
Of course, it goes without saying, that this blog is intended to provide information about stock markets and technical analysis in general. Readers should seek advice on their specific circumstances and do their own research before making personal investments of these ideas or any kind.

With those factors in mind, here are 4 range-bound securities that are worthy of a short-term trading strategists' attention – readers are encouraged to post comments below with your own observations of stocks that might be trading in a range:

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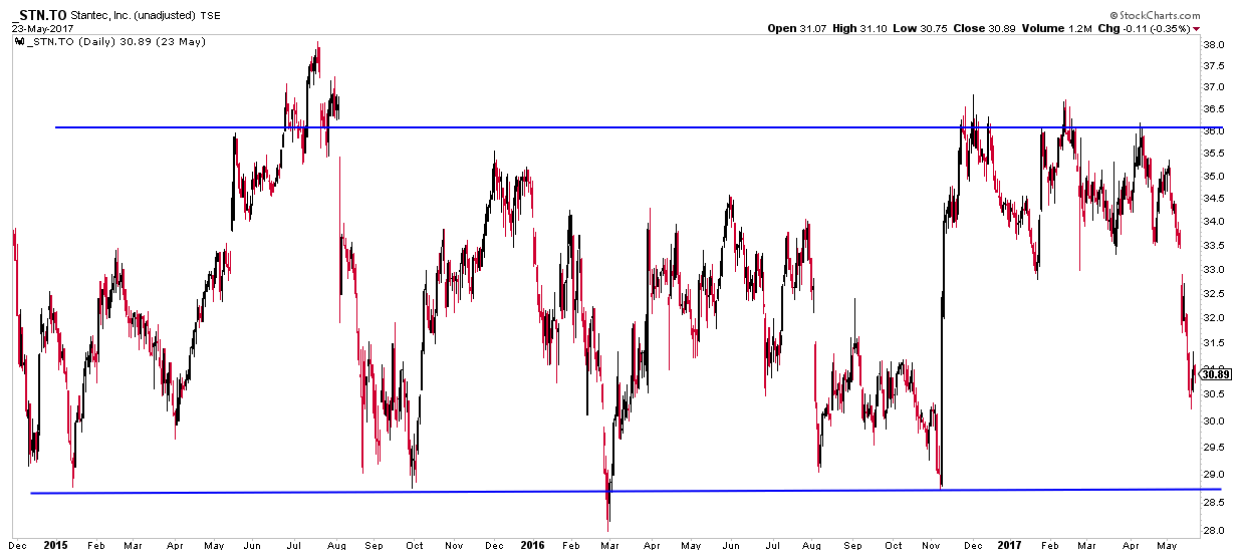
US Banks

The BMO equal weight US bank index (ZUB-T) shows us a relatively flat pattern for that group. The ETF seems to be near the bottom of its trading range now, near \$25/sh. Top of the range is about \$26.50- truly a tight range suitable only for those considering a quick trade. Consider this ETF or an individual stock within the index if you are looking for tight sideways trading patterns to exploit.



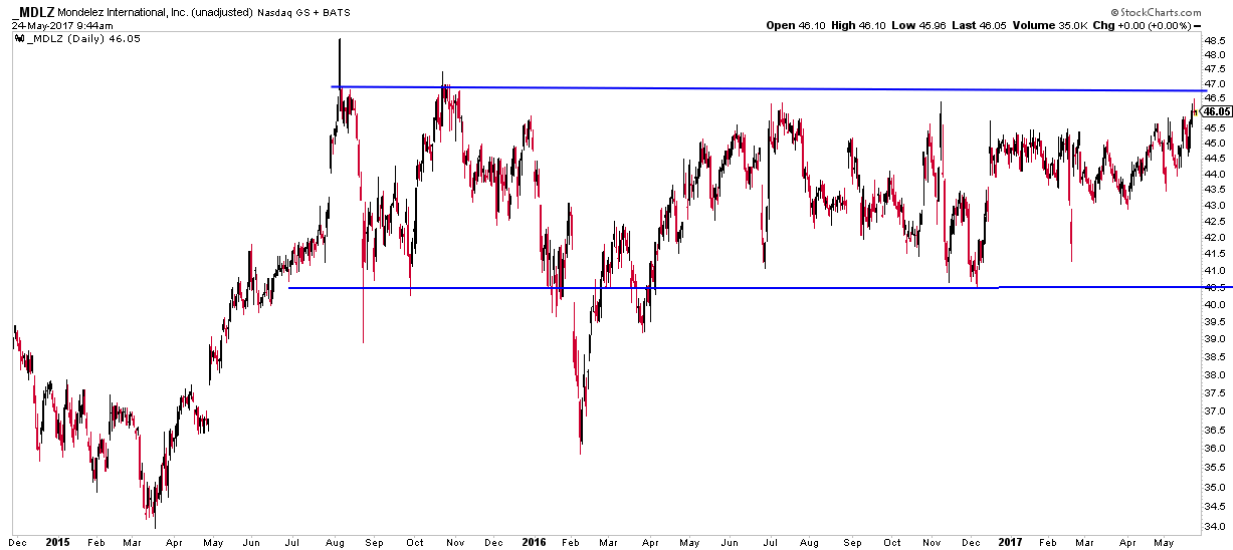
Stantec

A reader asked me about this stock on the blog, which I have traded in the past. This is one of my favorites and I have put it on my BNN Top Picks before. It seems to have a nice range from \$29/sh to \$36/sh. The strategy is simple. Consider a buy of Stantec (STN-T) after a decline then bounce from \$29. It looks like a sell at the top of the range, near \$36.



Mondelez

We currently own this stock. Mondelez (MDLZ-US) has a trading range that is from about \$41 to \$46 – currently, it sits near the top of that range. The stock could break out if a buy-out or merger within the industry occurs—which has been “the talk” lately. But if it doesn’t, expect more of the same sideways action. Buy the lows, sell the highs in this range.



General Electric

After holding within a range of \$25-\$28 over 2014 to 2015, this stock (GE-US) is now stuck between \$28 – \$32. Note on the chart how old resistance of \$28 became the new level of support. A fundamentally solid company with a pretty defined trading range makes this an attractive short-term trading candidate to buy near \$28, and sell near \$32. It is at the bottom of the range right now. We hold a position in this stock.



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See **About The Author** below.

ABOUT THE AUTHOR



ValueTrend Founder and Owner, Keith Richards, has been in the securities industry since 1990. ValueTrend manages over \$100 million through a discretionary investment service for high-net-worth clients.

Keith Richards has been in the securities industry since 1990 and is a highly regarded member of the small, exclusive community of Chartered Market Technicians in Canada. Mr. Richard's articles appear regularly in INVESTORS DIGEST, MONEYLETTER, GLOBE AND MAIL, and the TORONTO STAR newspapers.

His appearances on BNN Television have inspired producers to acknowledge him as **“one of [our] most accurate technical analysts.”** Mr. Richard's first book, SMARTBOUNCE: 3 ACTION STEPS TO PORTFOLIO RECOVERY, is available in bookstores and directly through his blog page www.valuetrend.ca/blog/. His second book, SIDEWAYS: USING THE POWER OF TECHNICAL ANALYSIS TO PROFIT IN UNCERTAIN TIMES was released in late 2011. He has been critical of the commission-based, follow-the-pack approach to investing – where brokers succeed regardless of performance.

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