TECHNICAL CHARTING OPINION

eResearch Corporation is pleased to feature a technical opinion by Chris Kimble of Kimble Charting Solutions.

Mr. Kimble states, on his website www.kimblechartingsolutions.com, that his goal for his investment research is to:

… help people to enlarge portfolios regardless of market direction by looking for patterns at extreme points of "exhaustion" with a high probability of reversing, called TBNM: tops, bottoms, no middles. The intent is to simplify the decision-making process.

Mr. Kimble has been in financial services for over 30 years.

His research is intended to simplify investment decisions and increase confidence with charts that are clear as to the pattern at hand and action to take. His strategy is to look for chart patterns at extreme exhaustion points that have a high probability of reversing. These extremes reflect excess fear and greed of global investors and, therefore, they can be capitalized upon.

By providing research showing markets at extremes of long term resistance or support, and including bullish/bearish sentiment readings when available, Mr. Kimble attempts to help investors simplify their decision-making, reduce risk, increase confidence, and improve results.

Today's article begins on the following page, and is entitled:
Buy The Dip or Sell The Rally Indicator?

You can access his website and subscribe to his service at the following link:
www.kimblechartingsolutions.com

KIMBLE CHARTING SOLUTIONS

Friday, December 28, 2018

Buy The Dip or Sell The Rally Indicator?

(To enlarge the chart below, place cursor on chart, and <Ctrl-Click>)

Any large decline in stocks often brings up the question of whether one should start buying the dips or selling the rallies.

The decline of late and the bounce higher the past few days most likely have millions of investors around the world pondering this very question.

The chart below overlays the **[Dow Jones Home Construction index]** and the S&P 500 over the past 15 years.

<Ctrl-Click> on above chart to enlarge

In 2006, the Home Construction index experienced a negative divergence for months with the S&P 500. Once Home Construction broke multi-year support at (1), both fell very hard.

The strategy that paid off after the support break was to sell the rallies.

The Home Construction index this year has been experiencing a negative divergence again with the S&P 500. The large decline now has the Home Construction index testing multi-year support at (2).

What the DJ Home Construction Index does at this support test should go a long way to answering if one should buy the dip or sell the rally going forward.

Keep a close eye on this index because it could send a very important message of what is the best strategy for stocks in the New Year!

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*e*Research Corporation

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