

Summer Doldrums Survival Strategy: Beat the Market During The Worst Four Months

Jeffrey A. Hirsch

CEO: Hirsch Holdings | Editor-in-Chief: Stock Trader's Almanac

Webinar | Thursday, July 6, 2017

**STOCK
TRADER'S
ALMANAC**

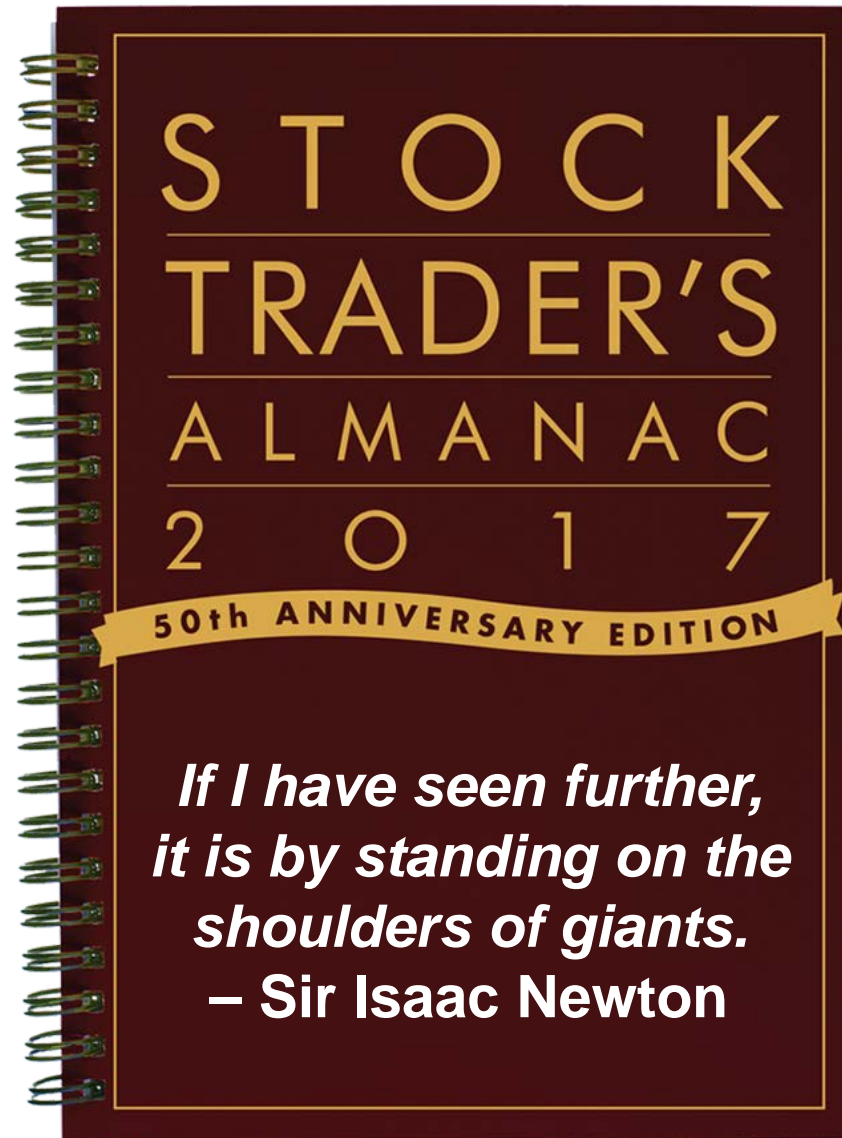
Copyright © 2000-2016 by Jeffrey A. Hirsch and Hirsch Holdings Inc.
All rights reserved. www.stocktradersalmanac.com

FOR INFORMATION PURPOSES ONLY

This presentation has been prepared solely for informational purposes, and is not an offer to buy, nor sell or a solicitation of an offer to buy or sell any security, product, service or investment. The opinions expressed herein do not constitute investment advice and independent advice should be sought where appropriate. All information and opinions expressed herein are current as of publication and are subject to change without notice.

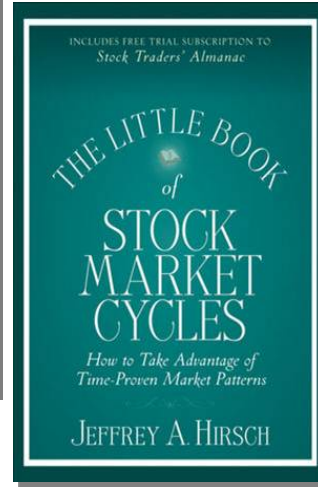
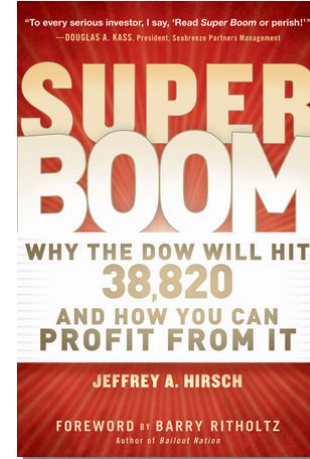
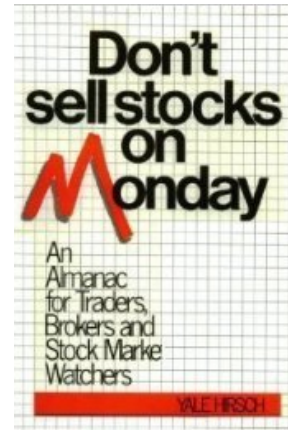
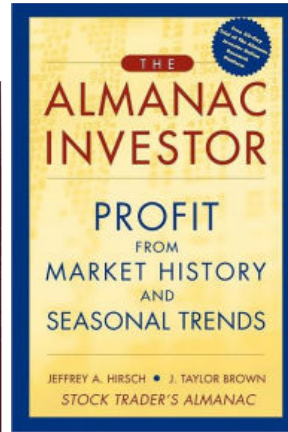
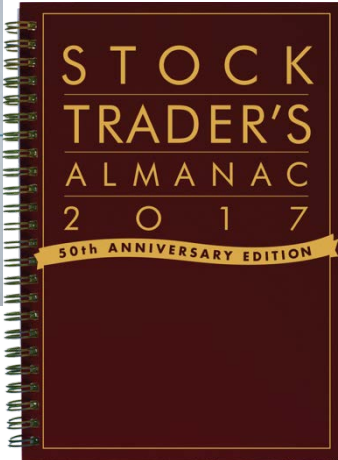
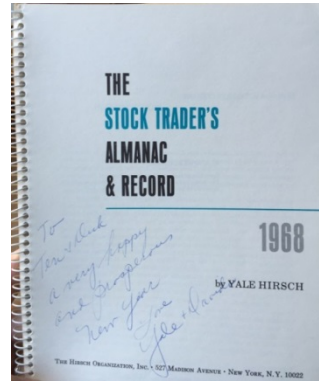
Investing involves substantial risk. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates makes any guarantee or other promise as to any results that may be obtained from using this information. The advice and strategies contained herein may not be suitable for every situation. While past performance may be analyzed in this presentation, past performance should not be considered indicative of future performance. No one should make any investment decision based on this information without first consulting his or her own personal financial advisor and conducting his or her own research and due diligence, including carefully reviewing the prospectus and other public filings of the issuer. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates makes any representations or warranties with respect to the accuracy or completeness of the contents of the information herein and specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates shall be liable for damages arising herefrom. No warranty is or may be construed to be created or extended by informational, sales or promotional materials.

On The Shoulders of a Giant



**STOCK
TRADER'S
ALMANAC**

50-Year Retrospective



➤ As Featured On:



Memory Lane



- **D. I. Y. –*Stock Trader’s Almanac***
- ***StockTradersAlmanac.com* Digital Newsletter: *Almanac Investor***
 - **Weekly Research, Analysis, Signals & Alerts**
 - **Stocks & ETFs: Includes FREE Annual *Stock Trader’s Almanac***
 - **Save Up To 57% Off**
 - **\$150 for 1-Year, Promo Code 1YRWFM17**
 - **BEST DEAL! \$250 for 2-Years, Promo Code 2YRWFM17**
 - *50th Anniversary STA 2017 included while supplies last for new subscribers*
- **Private One-On-One Mentoring**
- **Institutional Research Consulting**
 - **Trend Analysis | Equity Indices | Sector Rotation | Stock Selection**

***“Those who study market history
are bound to profit from it!”***

But...

“Use history as a guide, not gospel.”

— Sam Stovall

➤ 50 Years Analyzing, Researching & Testing

- Every Stock Market Trend Imaginable
- Publish Findings On An Annual Basis
- Update Weekly & Monthly

➤ Constructing Portfolios

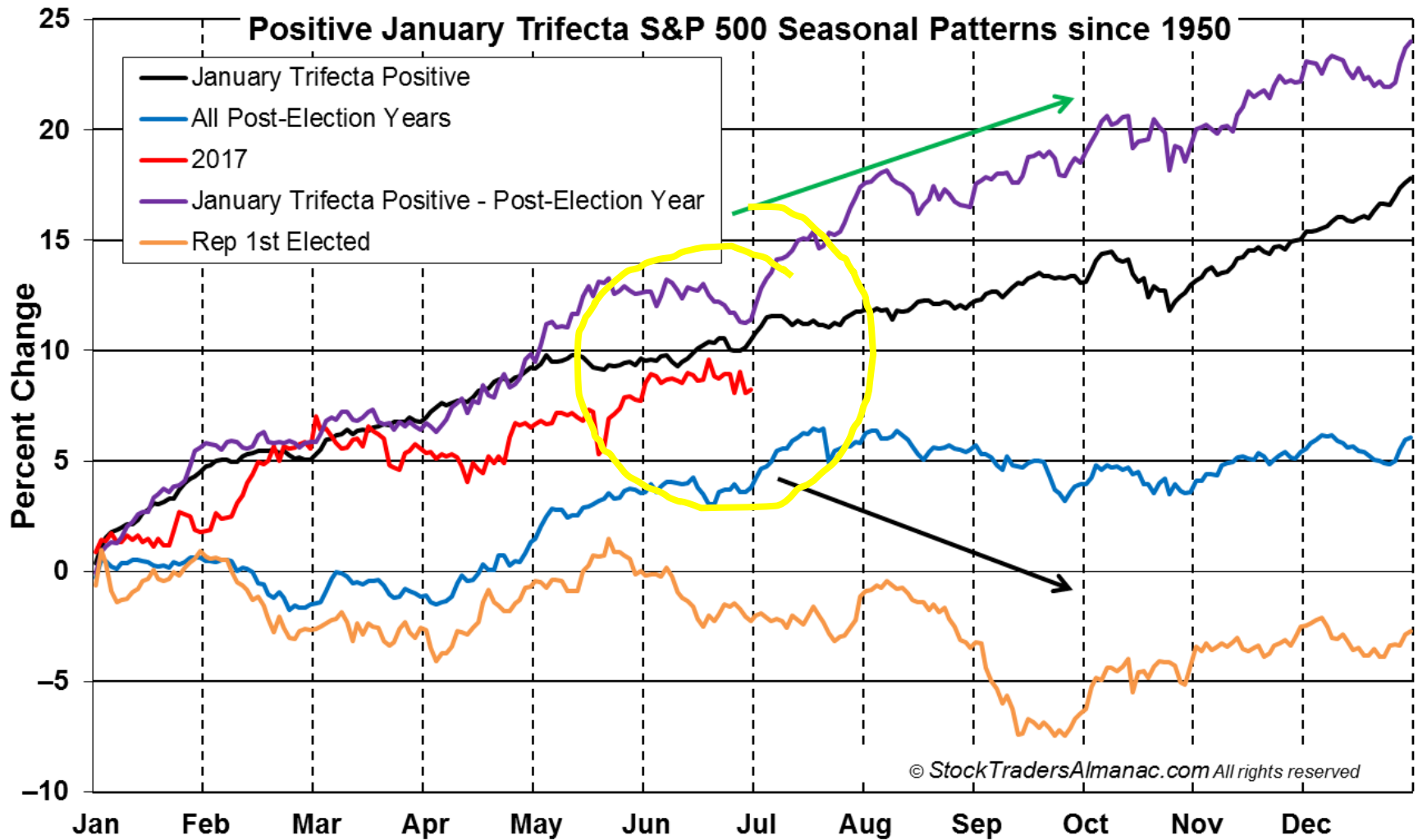
- Cycles, Seasonality & Recurring Patterns
- Current Trends & Economy
- Monetary and Government Policy
- Market Internals & Sentiment
- Fundamentals & Technical Analysis

Major Investment Cycles

- **War & Peace and Secular Bull & Bear Markets**
- **4-Year Presidential Election/Stock Market Cycle**
- **Seasonal Cycles**
 - **Best Six Months November-April**
 - **Sectors & Commodities**
- **Quarterly, Monthly, Weekly, Daily, Intraday**
- **January Indicators**
- **Today Focusing on Worst Four Months**

- **Worst Case** – Trump is a complete let down and the economy rolls over into recession – mild bear market, 5% chance.
- **Base Case** – Trump is moderately successful, but little real change, perhaps too much compromise, economic growth remains tepid – single digit gains to low double digit, 65% chance.
- **Best Case** – Trump is largely successful with trimming regulations, tax reform, healthcare reform and infrastructure buildout. The U.S. economy accelerates, growth picks up and appears sustainable – 20%+ gains, 30% chance.

Positive January Trifecta S&P 500 Seasonal Patterns since 1950



Stock Trader's Almanac 5 Market Disciplines

Market at a Glance

6/28/2016: Dow 21454.61 | S&P 2440.69 | NASDAQ 6234.41 | Russell 2K 1425.27

Psychological: *Frothy.* According to the most recent Investors Intelligence Advisors Sentiment survey bulls climbed to 54.9% from 51.5% in the prior week, bears slipped to 18.6% and correction declined to 26.5%. Considering DJIA, S&P 500 and Russell 2000 have effectively gone nowhere since March 1, a few percentage points in nearly four months for S&P 500, bullish sentiment this high is excessive and arguably rather overoptimistic. At some point, the market's patience is likely to run out while it waits for tax reform, healthcare overhaul, defense and infrastructure spending and many other campaign promises that have not yet been delivered.

Fundamental: *Fuzzy.* Atlanta Fed's GDPNow model keeps lowering its GDP forecast for Q2 and the IMF also lowered its growth forecast for the U.S. for 2017 and 2018. Healthcare overhaul has not gotten done which is calling into question whether or not other major policy initiatives will ever get done. Not to mention the need for a Federal budget and the looming Federal debt ceiling. It would appear there is a larger than usual number of things Congress could mess up this year.

Technical: *Topping?* Weekly NYSE Advance/Decline negative three weeks in a row, new NYSE Weekly Highs fading and new NYSE Weekly Lows expanding and major indexes taking turns at fractional new all-time highs all adds you to a stalled rally at best or a significant top at worst. NASDAQ led the charge higher since March 1, but it has faltered and is on the verge of closing below its 50-day moving average. If NASDAQ fails to find support, it will likely pull the rest of the market lower with it.

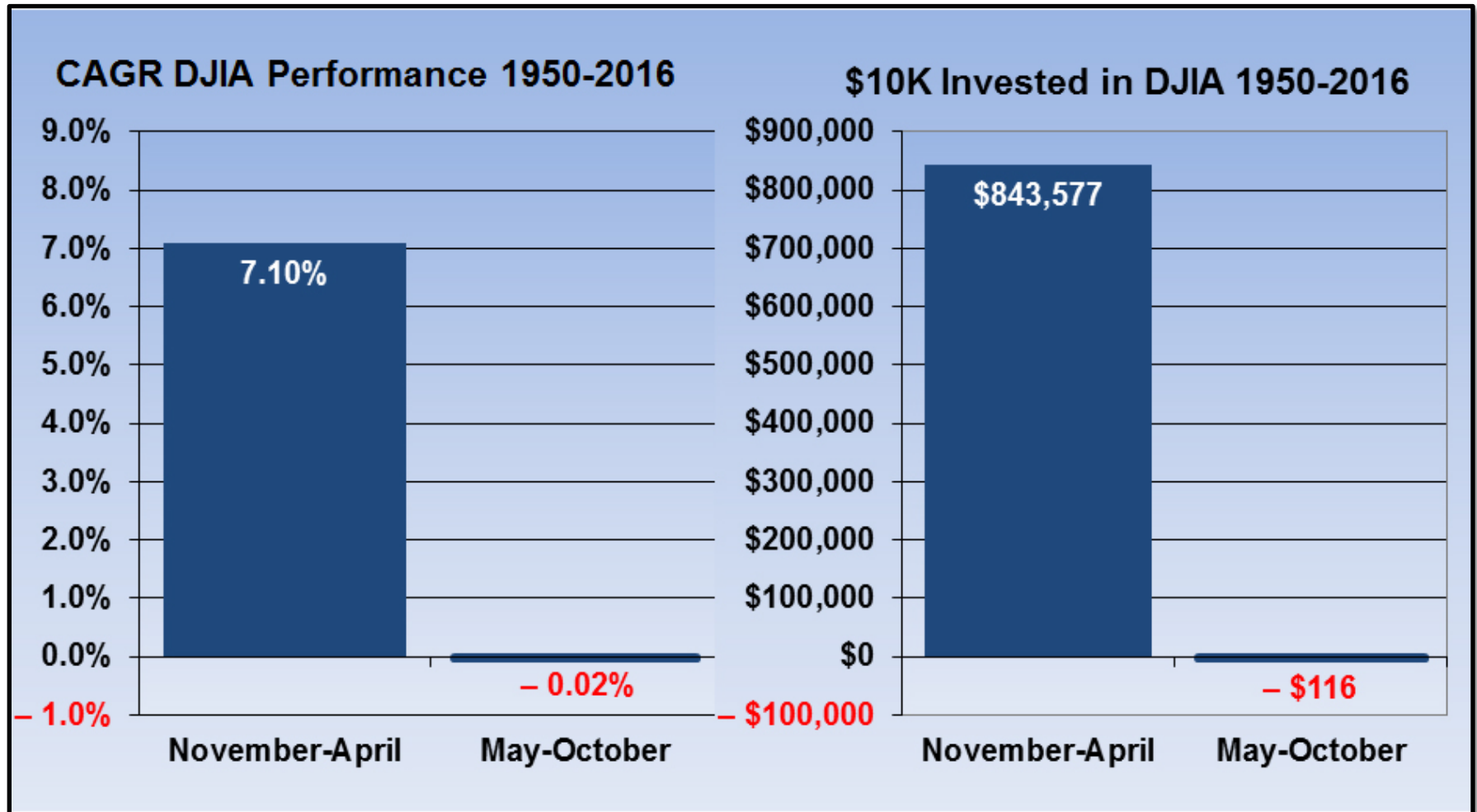
Monetary: *1.00-1.25%.* At its June meeting, the Fed went ahead and raised its key lending rate. Based upon CME Group's FedWatch Tool, the Fed is most likely done increasing rates until December. Have they sufficiently reloaded for the next economic downturn? Probably not, but within historical context, they are still highly accommodative leaving room for further improvement in the labor market and perhaps even nudging inflation a bit higher. The flattening yield curve is worth keeping an eye on.

Seasonal: *Neutral.* July is best month of the third quarter for the DJIA and S&P, but performance for the other two months, August and September, makes comparisons easy. Recent "hot" Julys in 2009 and 2010 have boosted July's average gains since 1950 to 1.2% and 1.0% respectively. In post-election years, July is #1 for DJIA and S&P 500 and #2 NASDAQ, Russell 1000 & 2000, but many of the past "hot" post-election-year Julys were preceded by weak Junes. This has not been the case this year.

DJIA 1-Year Seasonal Pattern

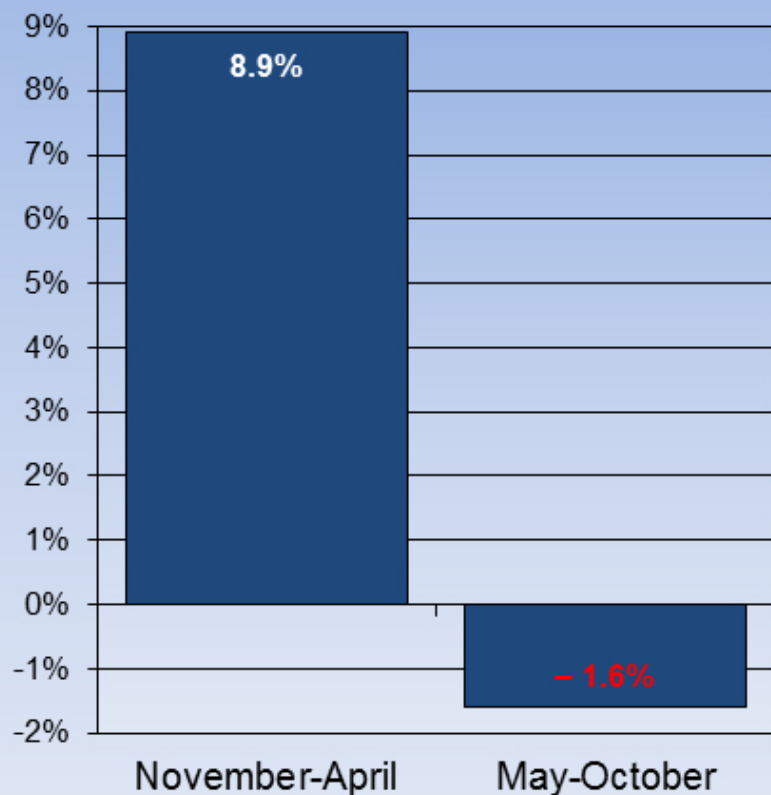


Best Six Months: Only Proven Black Box System

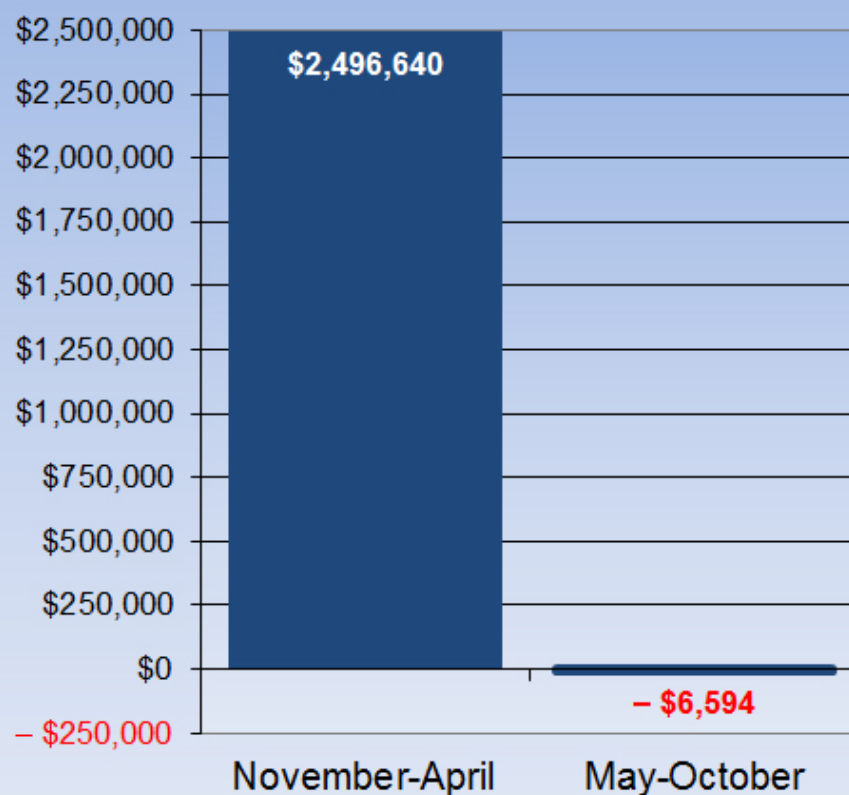


Best Six Months + Technical Trigger

CAGR Performance + MACD Timing



\$10K Invested in DJIA Since 1950 + MACD Timing



Best Six Months Switching Strategy

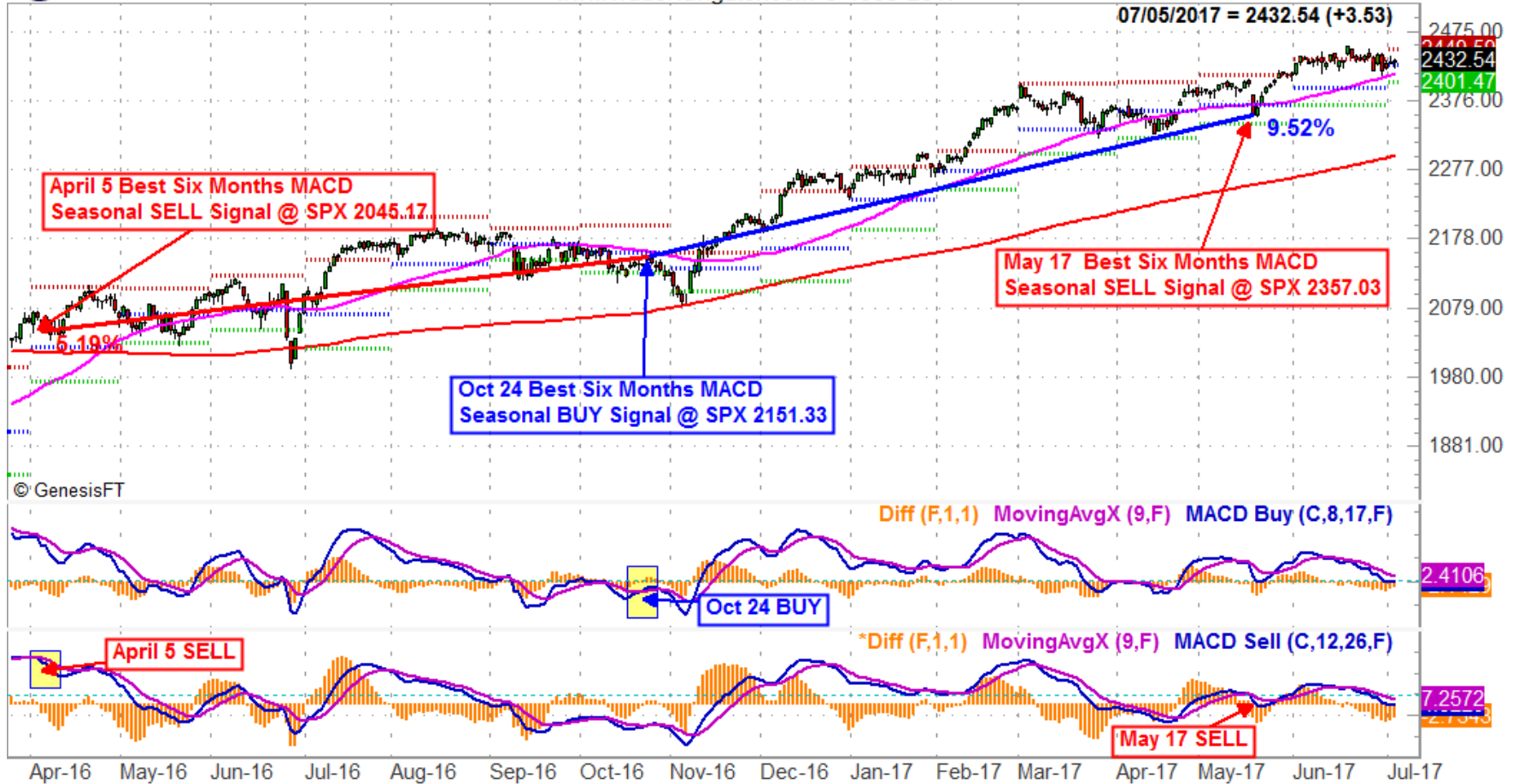
- **Sell Losers Short & Let Your Winners Ride!!!**
- **We Do Sell Some in May, But Don't Go Away**
- **Long and Short stocks, ETFs, Indices**
- **Utilizing MACD and other technical tools**
- **Aggressive vs. Defensive**
- **Options, Leverage**
- **Other Indicators, A/D line**

Best Six Months MACD Buy & Sell Signals



\$SPX: S&p 500 Index @ OPRA (Daily bars)

www.TradeNavigator.com © 1999-2017

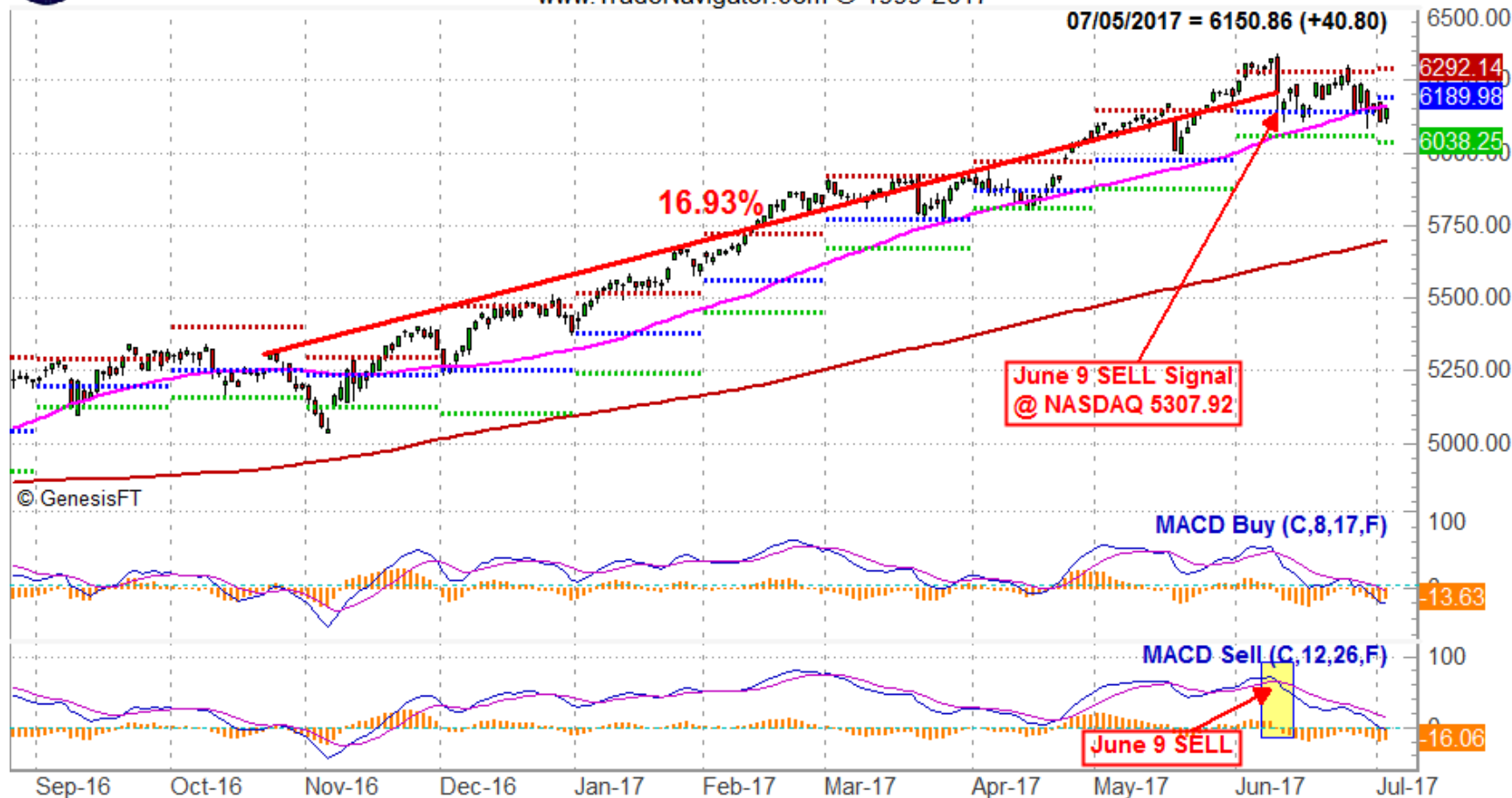


NASDAQ Best 8 Months MACD Buy & Sell Signals



\$COMPQ: Nasdaq Combined Composite Indx (Daily bars)

www.TradeNavigator.com © 1999-2017



It Works! Just Ask Our Subscribers

From June 2017:

“*Stock Traders Almanac* has done it again. I have religiously followed the NASDAQ's "Best Eight Months" with MACD Timing for the last four years and have been very pleased with the results. This year has been the best ever. In October of 2016 I received a buy signal on the QQQ's for 119 and I just received the June sell signal for 139 for a **17% return which resulted in a profit of \$340,000!** Is it any wonder why I continue to subscribe to your fine subscription service every year?”

Richard Canfield, Arizona

From June 2015:

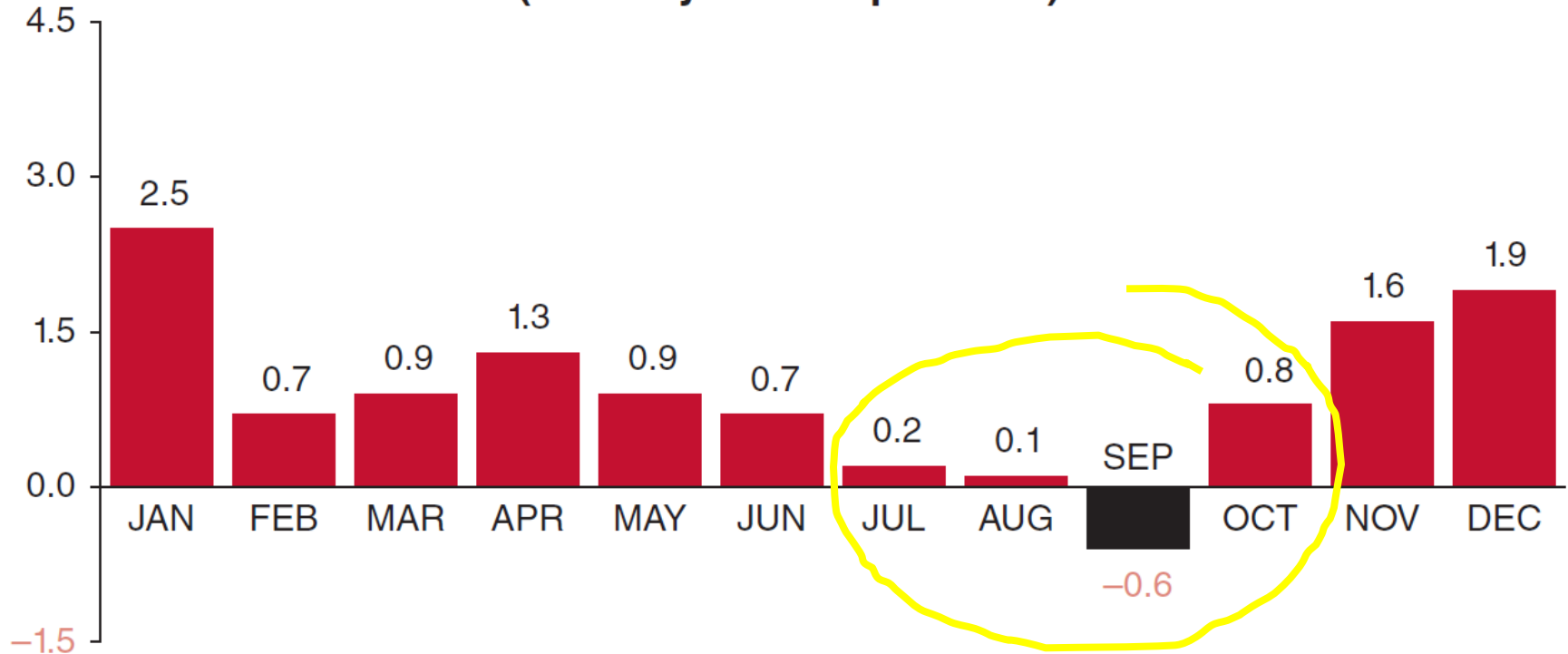
“I gladly subscribe to the *Stock Trader's Almanac* because it has made me a very successful trader. My favorite strategy is the NASDAQ eight month strategy that is slightly modified by the MACD average. In October of 2014 the email newsletter gave me a signal to buy the QQQ index at about 98. I promptly transferred \$1,500,000 in my retirement fund from the money market fund to the QQQ's. Then I patiently waited for the signal to sell which came in early June of 2015. The sell price of about 108 gave me an **11% return or \$170,000 profit in just eight months!** While most people were complaining how little the market had moved in 2015, I was smiling like a Cheshire Cat! What is my next move? I wait for the signal from *Stock Trader's Almanac* email newsletter which will occur in late

October or early November to buy back in and start over again. Think about it. For less than \$200 a year for the *Stock Trader's Almanac* email newsletter, I made a \$170,000 profit! Nice return on my investment wouldn't you say?

Rick Canfield, Prescott Az.

Worst Four Consecutive Months July-October

NASDAQ MONTHLY PERFORMANCE (January 1971–April 2016)

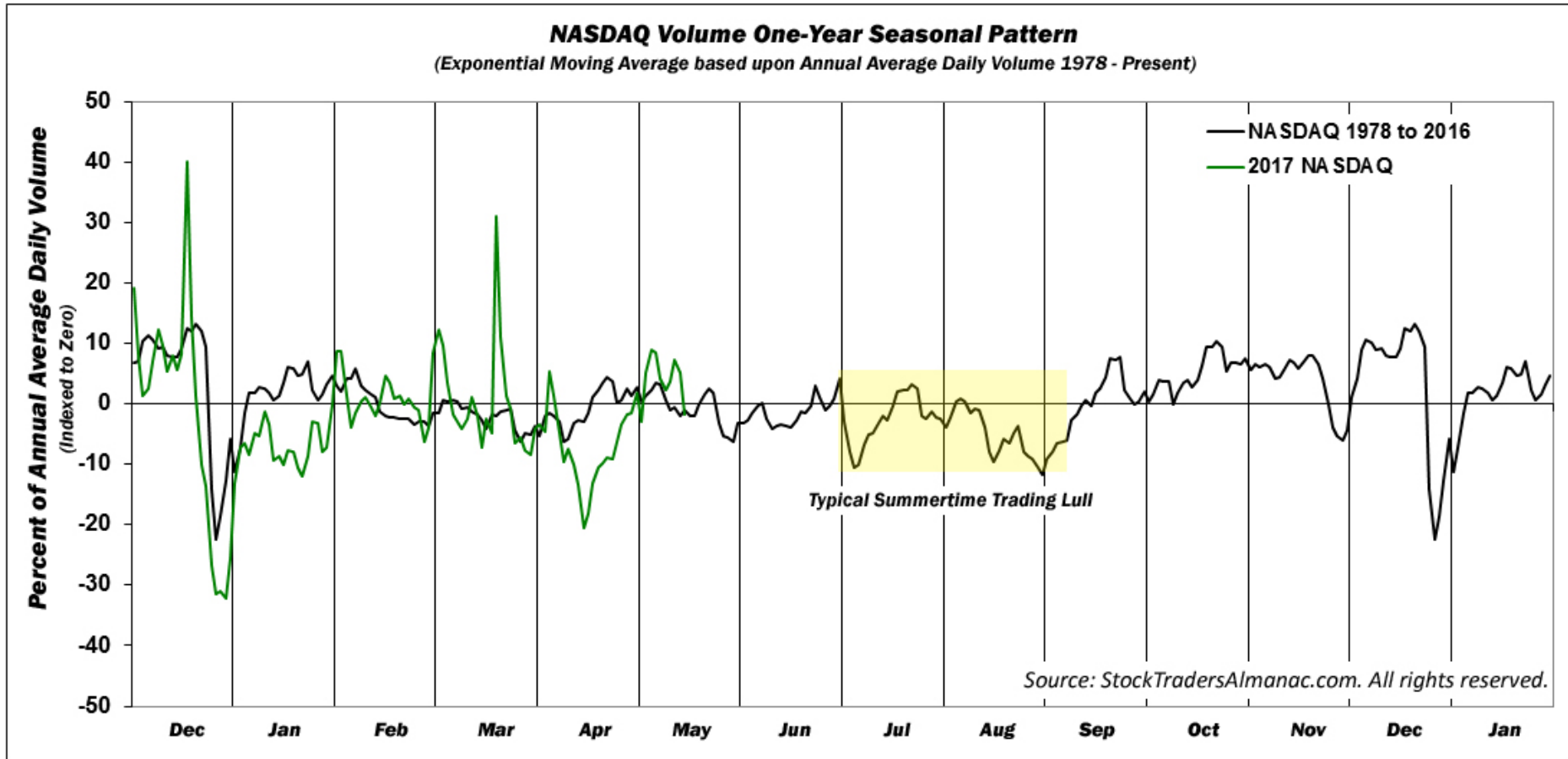


Average month-to-month % change in NASDAQ composite, prior to February 5, 1971, based on National Quotation Bureau indices. (Based on monthly closing prices.)

July May Be The Best Month of Worst 4 but...

- **After Christmas in July – May be over**
- **August & September Worst 2 Months Back-to-back**
- **Volume Dries Up**
- **Folks Hit the Beach etc.**
- **Stocks Prone to Correction**
- **We Get Defensive and Take Risk Off**

Dry Summer Volume Seasonality



Tactical Seasonal Sector Rotation Calendar

SECTOR INDEX SEASONALITY TABLE							
Ticker	Sector Index	Type	Seasonality		Average % Return †		
			Start	Finish	15-Year	10-Year	5-Year
XCI	Computer Tech	Short	January B	March B	-6.3	-4.5	1.4
XNG	Natural Gas	Long	February E	June B	10.8	11.1	3.8
MSH	High-Tech	Long	March M	July B	6.9	6.3	2.5
UTY	Utilities	Long	March M	October B	6.1	6.6	4.8
XCI	Computer Tech	Long	April M	July M	6.2	5.9	7.2
BKX	Banking	Short	May B	July B	-7.5	-10.0	-2.0
XAU	Gold & Silver	Short	May M	June E	-7.2	-8.8	-7.5
S5MATR	Materials	Short	May M	October M	-6.3	-6.0	-6.5
XNG	Natural Gas	Short	June M	July E	-7.9	-6.0	-3.7
XAU	Gold & Silver	Long	July E	December E	11.6	2.6	-7.3
DJT	Transports	Short	July M	October M	-5.6	-4.8	-6.1
BTK	Biotech	Long	August B	March B	14.7	15.0	22.2
MSH	High-Tech	Long	August M	January M	11.9	8.1	9.1
SOX	Semiconductor	Short	August M	October E	-7.5	-6.0	-1.9
XOI	Oil	Short	September B	November E	-4.7	-4.4	-3.7
BKX	Banking	Long	October B	May B	12.3	11.6	18.9
XBD	Broker/Dealer	Long	October B	April M	16.4	11.5	22.8
XCI	Computer Tech	Long	October B	January B	13.7	8.3	7.7
S5COND	Consumer Discretionary	Long	October B	June B	14.1	13.4	21.0
S5CONS	Consumer Staples	Long	October B	June B	8.4	9.0	12.3
S5HLTH	Healthcare	Long	October B	May B	8.9	10.5	18.3
S5MATR	Materials	Long	October B	May B	18.1	17.7	18.1
DRG	Pharmaceutical	Long	October M	January B	6.4	6.5	7.7
RMZ	Real Estate	Long	October E	May B	13.2	12.5	13.0
SOX	Semiconductor	Long	October E	December B	12.9	7.3	7.5
XTC	Telecom	Long	October M	December E	8.1	4.0	3.1
DJT	Transports	Long	October B	May B	19.3	20.5	23.1
XOI	Oil	Long	December M	July B	11.9	11.6	7.5

B = Beginning Third, M = Middle Third, and E = Last Third of the Month

† Average % Return based on full seasonality completion through April 29, 2016

Source: StockTradersAlmanac.com. All rights reserved.

Worst Six Months Top Sectors

Various Sector Indices, Gold & 30-Year Treasury Bond versus S&P 500 during Worst Six Months May-October 1990-2016

Symbol	Index/Sector	Worst Six Months May-October					Monthly % Performance					
		AVG %	Median %	# Up	# Down	% Up	May	June	July	Aug	Sept	Oct
BTK	NYSE ARCA BIOTECH **	8.83	0.40	11	11	50.0	1.8	1.1	2.1	1.7	2.2	0.6
S5HLTH	S&P 500 HEALTH CARE	4.64	1.31	17	10	63.0	1.7	0.4	0.9	-0.6	0.6	1.7
S5CONS	S&P 500 CONSUMER STAPLES	4.45	4.53	22	5	81.5	2.0	-0.5	0.8	-0.3	-0.05	2.7
S5INFT	S&P 500 INFORMATION TECHNOLOGY	3.87	8.41	18	9	66.7	1.4	-0.4	1.3	-0.4	-0.8	2.8
US	CONT. 30-YR TREASURY BOND FUTURES	2.97	3.53	18	9	66.7	0.1	0.6	0.9	0.8	0.8	-0.1
GC	CONT. GOLD FUTURES	1.70	1.88	16	11	59.3	0.2	-0.5	1.1	0.5	1.9	-1.3
S5UTIL	S&P 500 UTILITIES	1.60	4.76	20	7	74.1	0.4	-0.1	0.004	0.2	0.03	0.8
GSPC	S&P 500	1.53	2.95	18	9	66.7	1.0	-0.5	0.8	-1.0	-0.5	1.6
SPF	S&P 500 FINANCIALS	1.42	4.17	17	10	63.0	1.6	-1.3	1.5	-1.3	-0.7	1.5
XOI	NYSE ARCA OIL & GAS	0.62	-0.55	13	14	48.1	0.8	-0.9	0.5	-0.2	-0.2	0.6
S5TELS	S&P 500 TELECOMMUNICATION SERVICES	0.58	1.24	15	12	55.6	0.5	0.4	-0.3	-2.2	0.9	1.4
S5COND	S&P 500 CONSUMER DISCRETIONARY	0.18	1.18	15	12	55.6	1.3	-1.1	0.5	-1.4	-0.9	1.8
XNG	NYSE ARCA NATURAL GAS *	0.03	2.97	12	11	52.2	1.3	-0.7	-2.0	0.3	0.1	1.0
S5INDU	S&P 500 INDUSTRIALS	-0.14	1.00	15	12	55.6	0.9	-1.0	0.6	-1.3	-0.6	1.2
DJT	DJ TRANSPORTATION	-0.18	-1.48	13	14	48.1	0.6	-1.2	1.3	-3.1	-1.3	3.5
XAU	PHLX Gold/Silver	-0.45	-6.34	11	16	40.7	2.0	-0.4	-1.3	0.9	3.2	-4.0
S5MATR	S&P 500 MATERIALS	-2.31	-0.81	13	14	48.1	0.8	-1.7	1.0	-1.5	-2.2	1.3

* Since 1994, ** Since 1995

© Hirsch Holdings Inc., StockTradersAlmanac.com. All rights reserved.

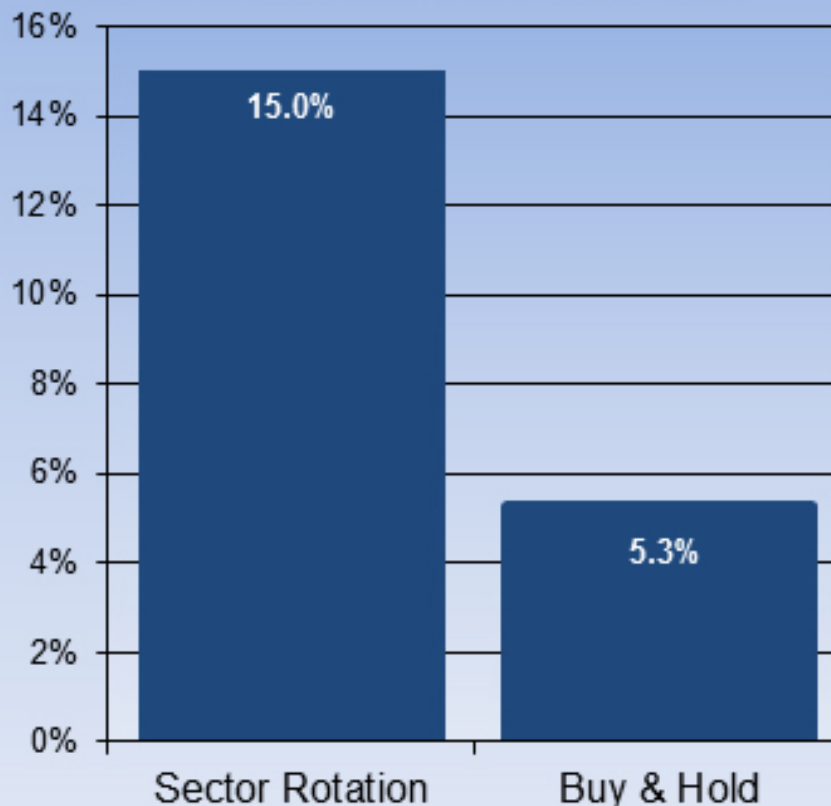
Materials Long Oct-May Short May-Oct



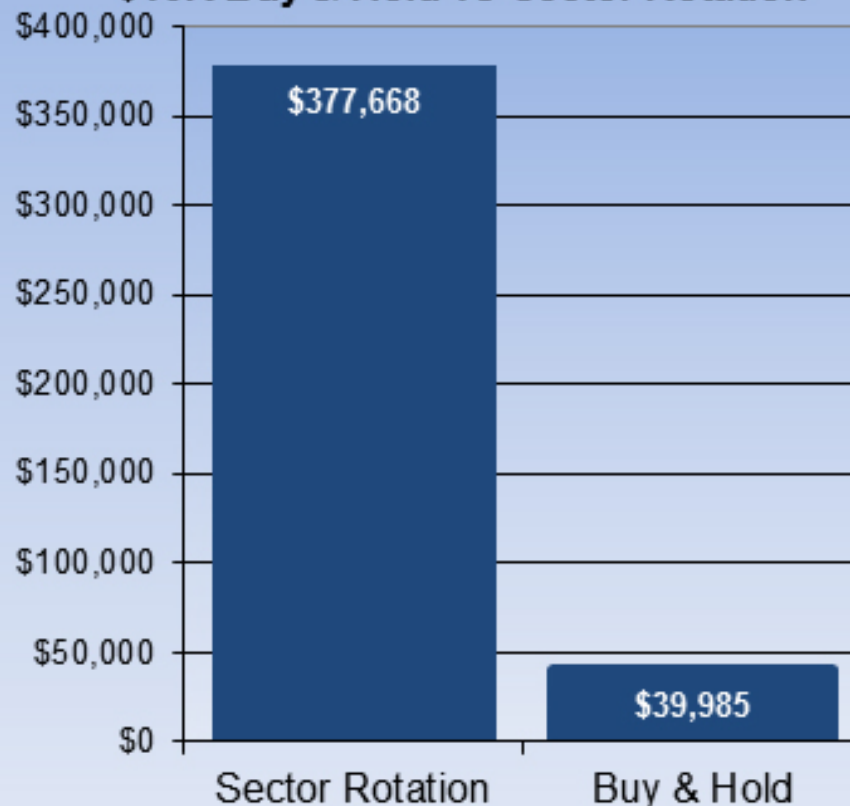
Materials Long/Short Vs. Buy & Hold

S&P 500 Materials Sector (S5MATR)

Annualized Performance 1990-2016



\$10K Buy & Hold vs Sector Rotation



Current Sector ETF Portfolio

Almanac Investor ETF Portfolio

Ticker	Exchange Traded Fund	Presented		6/9/2017		Buy Limit ¹	Stop Loss ¹	Auto Sell*	Current Advice ¹	
		Date	Price	Price	Return					
XLP	SPDR Consumer Staples	9/20/16	52.05	56.67	8.9%		52.99	62.06	Hold	
XLV	SPDR Healthcare	9/20/16	71.10	77.52	9.0%		69.77	85.17	Hold	
IYW	iShares DJ US Tech	10/24/16	120.19	142.57	18.6%			153.49	Sell	
XLK	SPDR Technology	10/24/16	47.94	56.02	16.9%			59.96	Sell	
IWM	iShares Russell 2000	10/24/16	121.37	141.61	16.7%				Sell	
QQQ	PowerShares QQQ	10/24/16	119.41	139.98	17.2%				Sell	
FXB	CurrencyShares British Pound	3/7/17	118.57	124.03	4.6%		124.50		Sell, Stopped Out 6/9 @ 124.50	
XLB	SPDR Materials (S)	4/4/17	53.45	54.64	-2.2%		58.80		Hold	
TLT	iShares 20+ Year Bond	5/17/17	123.50	124.40	0.7%	123.50	115.25		Buy Dips	
IYT	iShares DJ Transports (S)	5/17/17	159.74	168.37	-5.1%		175.71		Hold	
XLF	SPDR Financial (S)	5/17/17	23.50	24.29	-3.3%		25.85		Hold	
XLU	SPDR Utilities	5/17/17	51.60	53.67	4.0%		48.70	60.22	Hold	
AGG	iShares Core US Aggregate Bond	5/17/17	109.50	109.56	0.1%	109.50	98.70		Buy Dips	
SLV	iShares Silver	5/17/17	15.88	16.28	2.5%	16.25	14.97		Buy Dips	
GLD	SPDR Gold	5/17/17	119.50	120.54	0.9%	119.50	109.56		Buy Dips	
FCG	First Trust Natural Gas (S)	6/6/17	20.34	20.87	-2.5%		24.15		Hold, Shorted 6/8 @ 20.34	
COW	iPath Bloomberg Livestock Sub-TR ETN	6/8/17	25.00	25.82	Not Yet	25.00	23.35		Buy Dips	
DBA	PowerShares DB Agriculture	6/8/17	20.03	20.14	Not Yet	20.03	18.99		Buy Dips	
Open Position Average % Return					5.4%					
Average Total % Return					2.5%					

¹ STANDARD POLICY: SELL HALF ON A DOUBLE, Buy Limits good til cancel, Stop only if closed below Stop Loss, (S) = Short Trade, *** Spilt adjusted
 Current Advice is based upon closing prices as they appear in table. *Auto Sell price based upon historical sector returns plus 10%. ** Average purchase price.

Stock Selection Process

➤ Seasonal Overlay

- Sector Seasonality & Strength
- October Longs
- Summer Shorts

➤ Zacks Screen Criteria & Market Smith

- Fundamental
 - Revenue Growth & Acceleration
 - Earnings Growth & Acceleration
 - Margins | P/E | P/S | Cash Flow | Debt | Ratings
 - Market Cap | Avg. Trading Vol | Insider Holdings
 - Short Side Inverted

➤ Old School Technical

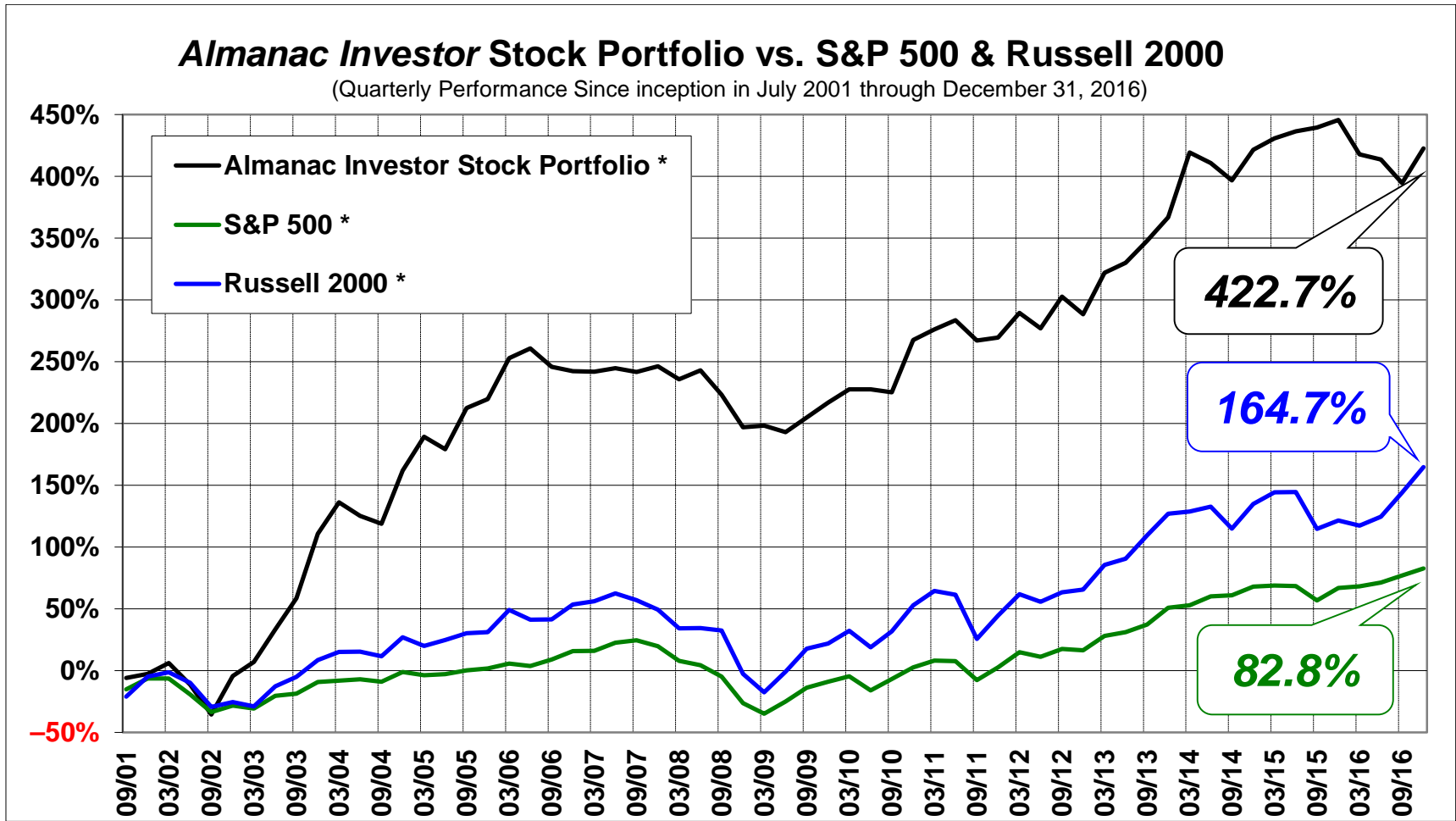
- Relative Strength | Chart Patterns | Support/Resistance | MAs

Almanac Summer Shorts Basket

Almanac Investor Summer Shorts													
Ticker	Company	Sector	P/E	P/S	Yield %	Market Cap (\$mil)	Avg Daily Vol Last 20 Days	52 Week High	52 Week Low	6/26/2017 Close	Short @ Resistance	Short on breakdown below	Stop Loss *
Small Cap													
PDFS	Pdf Solutions	Computer and Technology	65.0	5.1	N/A	\$543	164,995	24.16	13.18	16.90	18.10	15.29	19.73
ASND	Ascendis Pharma	Medical	N/A	206.1	N/A	\$847	205,917	29.92	12.70	26.06	28.14	21.28	30.67
Mid Cap													
IPXL	Impax Laboratrs	Medical	19.8	1.6	N/A	\$1,238	1,915,410	31.62	8.00	16.80	17.87	12.72	19.48
BEL	Belmond Ltd	Consumer Discretionary	110.0	2.5	N/A	\$1,350	379,308	14.40	9.30	13.20	13.70	12.59	14.93
FMI	Foundation Med	Medical	N/A	13.5	N/A	\$1,522	240,545	42.75	17.14	42.70	44.13	36.78	48.10
BPMC	Blueprint Med	Medical	N/A	76.2	N/A	\$2,038	642,462	52.23	17.56	52.23	54.17	45.03	59.05
ONCE	Spark Therapeut	Medical	N/A	94.5	N/A	\$1,906	353,782	65.02	40.51	61.23	66.09	54.07	72.04
HALO	Halozyme Thera	Medical	N/A	15.3	N/A	\$2,040	1,418,402	14.89	7.78	14.59	15.86	12.67	17.29
MLNX	Mellanox Tech	Computer and Technology	28.1	2.6	N/A	\$2,177	464,193	52.10	39.15	43.80	47.07	41.55	51.31
IRWD	Ironwood Pharma	Medical	N/A	10.9	N/A	\$2,821	944,485	19.61	12.18	18.98	19.76	17.34	21.54
Large Cap													
MAT	Mattel Inc	Consumer Discretionary	23.4	1.3	7.4	\$7,060	8,913,596	34.12	19.99	20.61	21.99	19.50	23.97
MOS	Mosaic Co	Basic Materials	33.7	1.2	2.6	\$8,154	4,120,859	34.02	21.87	23.23	23.96	20.95	26.12
SEE	Sealed Air Corp	Industrial Products	17.8	1.4	1.4	\$8,878	2,295,250	50.22	42.30	45.34	46.64	44.12	50.84
TSLA	Tesla Inc	Auto-Tires-Trucks	N/A	7.3	N/A	\$62,006	8,816,450	383.45	181.45	377.49	386.95	340.95	421.78

* Stop only if closes above listed price.

Almanac Investor Stock Portfolio Up 422.7%



Perfect Recipe For A Summer Pullback

- **Fed Tightening**
- **New Administration Investigations**
- **Debt Ceiling Needs To Be Raised**
- **Saber Rattling Around The Globe (Russia, NK, Usual Hotspots)**
- **Lastly, Everyone Seems Quite Bullish**
- **Also Reaching Average Time W/O S&P 500 10% Correction.**

- **D. I. Y. –*Stock Trader’s Almanac***
- ***StockTradersAlmanac.com* Digital Newsletter: *Almanac Investor***
 - **Weekly Research, Analysis, Signals & Alerts**
 - **Stocks & ETFs: Includes FREE Annual *Stock Trader’s Almanac***
 - **Save Up To 57% Off**
 - **\$150 for 1-Year, Promo Code 1YRWFM17**
 - **BEST DEAL! \$250 for 2-Years, Promo Code 2YRWFM17**
 - *50th Anniversary STA 2017 included while supplies last for new subscribers*
- **Private One-On-One Mentoring**
- **Institutional Research Consulting**
 - **Trend Analysis | Equity Indices | Sector Rotation | Stock Selection**

Thank You!

Jeffrey A. Hirsch is CEO of Hirsch Holdings, Editor-in-Chief of the *Stock Trader's Almanac & Almanac Investor Newsletter*, Personal Investing And Trading Mentor and an Institutional Research Consultant.

He is the author of *Super Boom: Why the Dow Will Hit 38,820 and How You Can Profit From It* and *The Little Book of Stock Market Cycles*.

The Data-Rich & Data-Driven 50-Year Market Cycle Analysis of *Stock Trader's Almanac* is the only investment tool of its kind that helps traders and investors forecast market trends with accuracy and confidence. To learn more please visit www.stocktradersalmanac.com.

DISCLAIMER: FOR INFORMATION PURPOSES ONLY

This presentation has been prepared solely for informational purposes, and is not an offer to buy, nor sell or a solicitation of an offer to buy or sell any security, product, service or investment. The opinions expressed herein do not constitute investment advice and independent advice should be sought where appropriate. All information and opinions expressed herein are current as of publication and are subject to change without notice. Investing involves substantial risk. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates makes any guarantee or other promise as to any results that may be obtained from using this information. The advice and strategies contained herein may not be suitable for every situation. While past performance may be analyzed in this presentation, past performance should not be considered indicative of future performance.

No one should make any investment decision based on this information without first consulting his or her own personal financial advisor and conducting his or her own research and due diligence, including carefully reviewing the prospectus and other public filings of the issuer. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates makes any representations or warranties with respect to the accuracy or completeness of the contents of the information herein and specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. Neither Mr. Hirsch, nor any of his respective affiliates, employees and/or associates shall be liable herefrom. No warranty is or may be construed to be created or extended by informational, sales or promotional materials.