



TUESDAY 9 DECEMBER 2008

ARE WE REACHING MARKET BOTTOM?

MIRRIAM MacWilliams, millionaire trader from Florida who turned US\$10k to over US\$2 million in two years, shares her views on whether we are reaching market bottoms.

Why is it that when stock prices are climbing higher, we rarely focus on how much higher they can go?

However, as soon as share prices begin to drop, everyone's major concern becomes "Have we hit bottom yet?" Why?

Obviously it has to do with the fact that most individuals feel they can control their exit prices as stocks go ever higher.

However as share prices begin to drop, our sense of control appears good as well. Who wants to accept a loss when in the past, prices go up after we've sold our shares

Overall Trends Matter

As stock market investors we need to realize that share prices can and will fluctuate up or down and when the predominant overall trend is to the upside, you will see that a stock can very quickly rebound after only a brief drop in price. So when you have sold your security in a market that is predominantly trading to the upside, it may happen that once your stock is sold, you may see that counter going back up.

However it may also happen that once the stock begins to drop in price, that stock can and will continue dropping in price until the current downtrend becomes the dominant trend.

So buying stocks is no longer a good idea because the very opposite can happen. The stock, whose overall predominant trend is to the downside, now goes up very briefly only to further resume its overall downtrend.

So now you know the market has what is called "overall trends."

When the overall trend is to the upside we are in a Bull market and when the overall trend is to the downside we are in a Bear market.

And we don't know which one we are in until after those market moves have advanced quite a bit.



Find out more about Mirriam MacWilliams' self-developed wealth creation techniques in the free 2-hour content-rich Smart Traders introductory seminar on Dec 9 2008.

Protect ourselves in volatile times

Obviously no one really needs protection from a market as it is going ever higher!

It is when the market environment is shifting and the overall trend is to the downside that we need the most protection. Here are some pointers:

1. It is never a good idea to buy stocks that are dropping in price or by adding to losing positions. We need to realize that it makes better sense to be a buyer of a stock as it is going up in price instead! Strong stocks have the tendency of getting stronger while the weaker stocks have the tendency of getting weaker.

And who says your stock will rebound when the overall market resumes its uptrend?

2. Online trading has certainly evolved from when I began trading. It is so much more sophisticated and the platforms are so much more user-friendly.

In order to generate outstanding returns from the market you need to be aware that nothing matters more than your ability to protect capital while it is invested.

Utilize simple protection orders designed to take the emotion out of your trading. You will no longer be concerned about market fluctuations – let the protection order what it is supposed to do.

3. Warren Buffett said it best. You cannot time the bottom of the market and you cannot time the top of the market so why try? Realize that lots of

money can be made when stocks go up or when stocks go down by learning how to trade options. The premium you pay for the option is fraction of the cost of owning the stock outright.

Learn to make money safely when prices go up or down

We never have to be concerned about how much lower the markets will go. Learn how to read the signs of the stock market, become educated on how you can see every bull and bear market as either one gives you an opportunity for the generation of wealth!

Mirriam MacWilliams shares her low-risk millionaire trading system with over 3,500 people in Malaysia, Singapore, Hong Kong, Indonesia, Brunei and USA.

She coaches her students how to create a second source of income through options trading where anyone, even a newbie with no financial background, can safely participate to make money when the market goes up or down.