Perspective: Markets, New Features, and Own the Bubble

Dec 06, 2013

Dear Scott,

What the Charts Say Now
Through the end of November the market was climbing strongly to new highs on expectations for strong Christmas sales. Although initial reports for Black Friday shopping traffic came in about 5% lower than last year, by 6 p.m. Eastern on Monday, overall sales on Cyber Monday were up 17.5% compared with last year, while sales on Amazon were up a stunning 44.3% and sales at eBay were up 32.1%. A few weeks ago Tim Cook, CEO of Apple, promised us it would be an iPad Christmas, and apparently it’s true.

Meanwhile, Professor Robert Shiller (who won this year’s Nobel Prize in Economics) is making news indicating he’s worried that the market is heading towards bubble territory. Although you can hear eight simultaneous different opinions about this on CNBC, Professor Shiller’s opinion on the matter is one of the better respected ones, particularly considering his prediction of the real estate bubble and his numerous academic papers and books on the topic.

Whether he's right or wrong, SectorSurfer is designed to handle bubbles and crashes. See "Own the Bubble" Portfolio below.

30 Active Strategies - Soon ...
Some of you have told us that 10 Active Strategies are just not enough. (We also remember Bill Gates thinking 640K of memory would be enough for anyone.) About mid-month we’ll be making a massive system conversion to enable up to 30 Active Strategies. Why is that so massive? It messes with the database, billing, pricing, Portfolios, Hall of Fame, and editing logistics. It’s like there are tendrils everywhere. But stay tuned, it's just around the corner ...

Strategy Sorting - Soon ...
To simplify the task of re-organizing all of these Strategies, we'll also be adding an up-arrow and a down-arrow in the right hand column to provide a simple means to move your Strategies around.

New & Grandfathered Subscription Types - Important!
Our subscription pricing structure must also change to accommodate 30 Active Strategies and certain (semi top secret) advanced services we’ll soon introduce. After the system conversion, all new accounts will offer only the new subscription types with the new pricing structure outlined below.
However, existing legacy subscription types will be grandfathered in. (If you like your plan you can keep your plan ... period! And for SectorSurfer it's actually true.) However, legacy subscription types will still be limited to 10 active Strategies and will not be compatible with the future advanced service offerings. However, a legacy subscription can be upgraded with full forward credit at any time, but once upgraded there will be no going back to the legacy subscription.

**Note:** If you want to change your subscription from monthly to yearly, or if you have a friend contemplating becoming a SectorSurfer, this is the time to lock in a legacy subscription. We'll send one additional email notice of the conversion about 24 hours before deployment.

The new subscription types will be monthly only, and instead of a price break for an annual commitment, there will be a price break as more Strategies are used.
- Strategies 1 to 5 will be $10/mo. each
- Strategies 6 to 15 will be $7.5/mo. each
- Strategies 16 to 30 will be $5/mo. each

"Own the Bubble" Portfolio - An Important Instructional Portfolio
It seems that bubbles are all the rage in financial news now that Robert Shiller has won the Nobel Prize in Economics for his contribution to the science of behavioral finance and the study of economic bubbles. What particularly strikes me about these news media stories is the extreme caution and fear expressed about getting your retirement funds caught up in yet another market bubble - and Robert Shiller is now suggesting that it might be starting to occur all over again in the US stock market.

Interestingly, I find that I now embrace the bubble, rather than fear the bubble. Obviously, the best scenario would be to ride the bubble all the way up and get out near the top - which would be to "Own the Bubble." In fact, SectorSurfer inherently does exactly this. But doing it well requires proper application of all of the principles I have laid out on the site which enable SectorSurfer's algorithm to flourish.

With deep respect for the notion of teaching by example, I have created a Portfolio called "Own the Bubble" which consists of five underlying Strategies, each designed to capture market bubbles in various market sectors. I have included instructional discussion material describing exactly how and why bubbles can be confidently owned with SectorSurfer. I encourage everyone to take a few minutes to read and absorb these fundamentally important concepts.

Learn more about the "Own the Bubble" Portfolio.

Portfolio Design Contest Update
In last month's news letter I announced a Portfolio Design Contest. A number of very nicely designed Portfolios have been submitted. In the next few days our team will post them, judge them, and then send an additional news letter about them. In the mean time, a BIG THANK YOU to all who put in the effort to submit their creation and were generous enough to share it with others.

Orlando
The Orlando AAII Conference was very good in a number of ways - including connections made with new SectorSurfers, connections to new AAII Chapters across the country, new speaking invitations, and seeing Professor Shiller give his keynote speech about bubbles. But the most exciting and adrenalin pumping event of all for my partner Jim and I was this little experience.

Surf Well,