

# Investor Centre

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## Investor Centre Market Briefing

### Education

Courses have been set for each State, please visit the website <http://www.investorcentre.com.au/events.php> or call 0400 094 848.

### Election Commentary

The normal election curve is down into the election and up out of the election. This was countered this year by a surge in our market which appears to be driven by offshore investment in our market. We have seen about \$1.5B selling in our market in the pre-election week – mostly smaller parcels indicating retail activity. However, this was countered by about \$4.5B of buying that generally entered the market after at around 1.30pm with the open of the Chinese market 2<sup>nd</sup> session.

The Asian market buying seemed to have been in anticipation of an ALP victory with Chinese media reporting great disappointment with the conservative victory. They also indicated an increase in strained relations with Australia as we continue to follow U.S. lead under conservative government.

Post-election we have seen the market move up from 6365 to 6510 (145pts) in 3 days. However, this rally has had very little institutional activity and has been powered by retail buying – perhaps the \$1.5B of share sellers leading up to the election. This has pushed the market to a post-GFC high.

Running out of Steam:

The 5 Top market sectors rose by more than 2% on Monday, 1% on Tuesday, and 0.25% on Wednesday. Sector details are available on twitter Jody Elliss@ICHotstocks.

Meanwhile the world markets are all flat-down with instability increasing as:

- US-Sino trade continues to escalate
- Brexit continues to move towards a No Deal
- Iran tensions escalate
- US house moves closer to a Trump impeachment trail

Consequently – there is some concern about the market holding 6500 currently with the upside small (6550) and the downside large (6250). We are likely to see the withdrawal of Asian funds (some or all of \$4.5B) on a rise in the \$AUD. This could happen on a single day.

Currently on the low \$AUD and potential interest rate there is very little call to sell and we are seeing our market resistant to fall.

Tigers holding a short position for #1NOT trade can wait to see the what happens as we go into next week.

### \$AUD

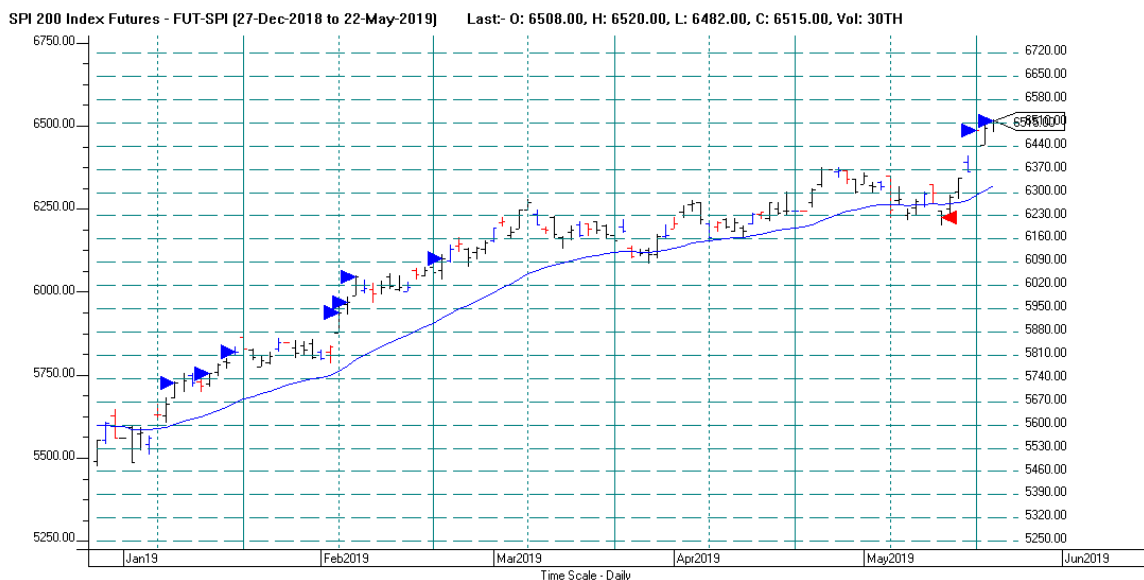
Traditionally the \$AUD – falls into an election (which it did from \$0.71 to \$0.69) and then rises out of the election – this year back to \$0.71. However, in a very rare move, the RBA announced that it was looking to cut interest rates on Tuesday 4<sup>th</sup> June. This has pushed the \$AUD down slightly and insured a flat \$AUD for the next 2 weeks oscillating between \$0.675 and \$0.695.

For Tigers there seems to be little point in holding an \$AUD long under these conditions as upside will be limited and downside has a potential to reach our stop.

## Trading Tigers Wealth Accumulator

The Wealth Accumulator Short and the Wealth Accumulator long are mathematical models to trade an extended trend in a single direction by compounding. The recent Wealth accumulator achieved over \$14,000 return with \$3,000 of exposure.

The Wealth Accumulator Long has triggered above 6440 with an additional acquisition above 6510. Those wanting to participate in this can take a position below 6510 for a long trade.



## Defensive Market Strategies

The time to learn basic defensive strategies is when the market is at an all-time post GFC high – not when the market is in free-fall!

It is possible that US- Chinese relations will improve, the Brexit will resolve, commodities lead by Iron will continue, and the Australian economy will grow with higher interest rates and higher inflation. It's possible!

However, we expect that:

- US-China relations will continue to deteriorate into 2020.
- Brexit will end with a NO DEAL and the European Union will start to dissolve.
- Commodities lead by iron will start to ease with Iron returning to \$80 in the next 12 months.
- Australian economy will continue to stall with banks making it difficult for investment.

We are NOT saying to sell your stocks – especially those with income. We are saying that you should learn to DEFEND your investments with market insurance, sector insurance, and individual investment insurance. The best time to take on these skills is NOW!

Our basic course covers:

- Tell Tale signs for market falls
- The concept of hedging and market insurance
- Insuring a portfolio
- Insuring individual stocks
- Trading Rises and falls

This is a basic – easy-to-follow course for those with little or no experience in Basic Investment Defence. A full set of descriptive notes with examples is supplied.