One of the Oldest and Best Trading Systems Ever

Want to see a stock trading system that has a 25% net profit a year for the last 30 years?

Is the search for the perfect trading system over?

30 years of stock trading experience in the toughest trenches… in the most demanding jobs… has borne its fruits.

Put on your learning hats because here we go!

The New York Stock Exchange regularly referred to as the “senior” exchange, partly because it has been the longest established and partially because businesses listed on that exchange tend to be among the biggest and most well-known corporations in the country.

Nasdaq, which has lesser standards for listing than the New York Stock Exchange, used to be thought of as an area for just smaller, speculative companies. Although stocks of that manner continue to be discovered in this trading sector, more recently, major corporations such as Intel and Microsoft, among others, have elected to remain on the Nasdaq instead of seeking a listing on the New York Stock Exchange. Some companies consider jointly listing on both the Nasdaq and the New York Stock Exchange. While the number of Nasdaq’s larger companies listed is growing, Nasdaq-listed companies, as a collection, tend to be more speculative, more technology leaning, and smaller in size than those listed on the New York Stock Exchange. The total daily trading volume on Nasdaq, however, now repeatedly surpasses the daily trading volume on the New York Stock Exchange.

The Nasdaq Composite Index and the New York Stock Exchange Index are inclined to be closely correlated in the direction. The Nasdaq Composite Index tends to rise and drop at rates that are between 1.5 and twice that of the New York Stock Exchange Index. Equally, the Nasdaq Composite Index is expected to drop more rapidly than the New York Stock Exchange Index during declining market periods.

Relative strength associations concerning the Nasdaq Composite Index and the New York Stock Exchange Index are repeatedly affected by the nature of public emotion regarding the stock market. When investors are optimistic about the economy and stocks, they are more likely to place funds into speculative growth companies and to take risks with smaller, emerging corporations and technologies. When investors are moderately gloomy regarding the economy and stocks, they are more apt to concentrate investments into more recognized, stable, defensive corporations and to prefer dividend return as well as capital appreciation.

The stock market produces better gains during times when the Nasdaq Composite Index leads the New York Stock Exchange Index in relative strength. That's true not just of the Nasdaq Composite Index. The Dow Industrials, S&P 500, and the New York Stock Exchange all tend to perform best during periods when the Nasdaq Composite Index leads the New York Stock Exchange Index in relative strength. This is not to say that conditions are automatically bearish when the NYSE Index leads in strength. Market action has typically been neutral when the NYSE Index outperforms the Nasdaq Composite Index. There are winning periods when the NYSE leads in relative strength. Nevertheless, these also tend to be the periods when most dangerous market declines take place. Investments made during periods when the NYSE Index leads the Nasdaq Composite Index in strength are prone, on balance, to more or less just break even.

Now here are the steps involved in creating the Nasdaq/NYSE Index Relative Strength Indicator. These are carried out at the wrapping up of every trading week. After established, the standing of this indicator continues in effect for a full week, until the next computation takes place.

To generate the Nasdaq/NYSE Relative Strength Indicator, you have to divide the weekly close of the Nasdaq with the close of the New York Stock Exchange. Fortunately, we have a implement that can automatically solve this for us.

Using Stock Charts.com, you can separate two tickers by a colon to automatically divide the two.

In the illustration above, when the line moves up, the Nasdaq is outperforming the New York Stock Exchange, and when the line moves down, the New York Stock Exchange is outperforming the Nasdaq.

This is a weekly chart so the blue line is the ten-week moving average of this ratio. If the Nasdaq/NYSE Index relative strength ratio stands above its ten-week moving average, consider the Nasdaq Composite to be leading the New York Index in relative strength. This is the time to buy or go long. If the Nasdaq/NYSE Index relative strength ratio stands below its ten-week moving average, consider the Nasdaq to be lagging the New York Stock Exchange in relative strength, which means you must park yourself on the sidelines.

Add this remarkable trading method to your armory.