

## **3 WARNING SIGNALS**

*By Jim Berg*

In late December 2007, Jim Berg provided his warnings of a potential bear market or crash. Two weeks later, Jim closed his Report's notional Portfolio, in January 2008. This Portfolio then remained closed and 'in cash' during the GFC, before Jim re-opened it 18 months later, in June 2009. Those Members who followed Jim's lead did NOT lose millions of dollars between them.

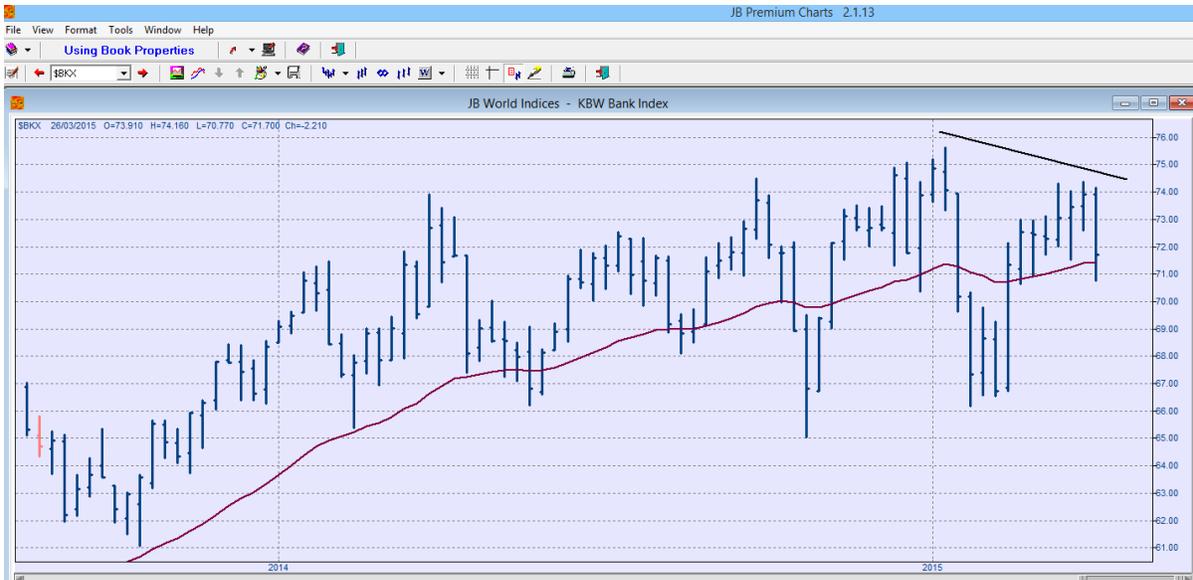
The following article was published by Jim Berg in his '*Investing & Online Trading*' Report on 28 March 2015 and is republished here with our thanks:

There are no trend reversals as yet but we must pay attention over the next several weeks to a few Warning Signals. The **S&P500 Index**, below, is making higher highs.



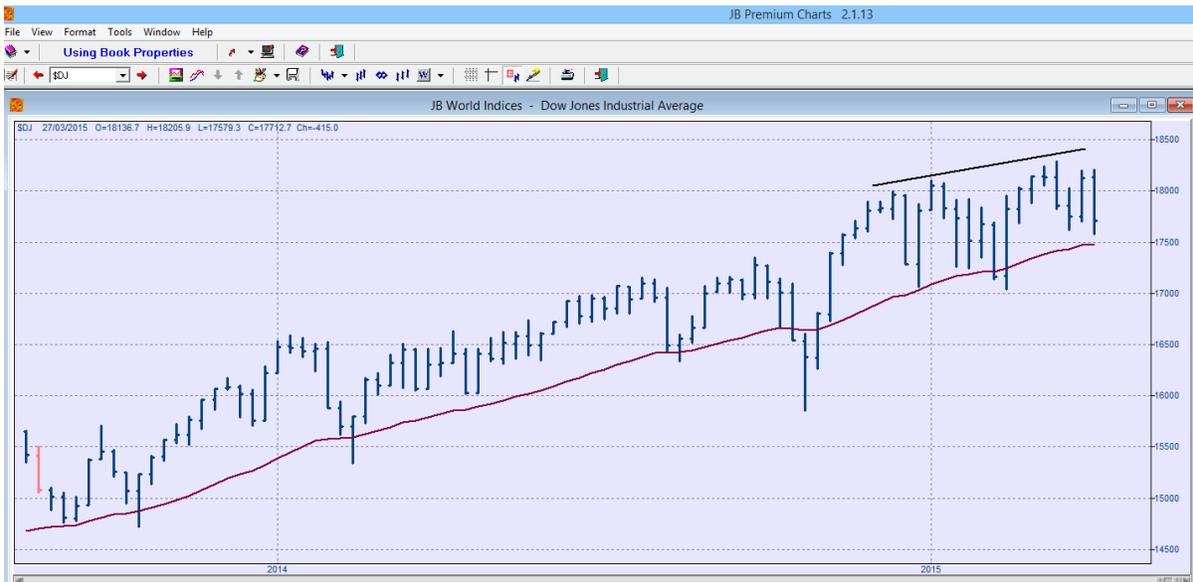
**S&P500 Weekly Chart**

The **Bank Index**, below, is making lower highs. This divergence/conflict is a warning signal that we will monitor in the newsletter. A new high in the **Bank Index** would negate the divergence/conflict.



**Bank Index Weekly Chart**

The **Dow Jones Industrial Index**, below, is making higher highs.



**Dow Jones Industrial Index Weekly Chart**

The **Dow Jones Transportation Index**, below, is making lower highs. This divergence/conflict is a warning signal that we will monitor in the newsletter over coming weeks. A new high in the **Dow Jones Transportation Index** would negate the divergence/conflict.



**Dow Jones Transportation Index Weekly Chart**

The **Dow Jones Industrial Index**, below, has a **Key Reversal** on the week ending March 6<sup>th</sup>. A **Key Reversal** occurs when prices move to a new weekly high and then establish a new low below the previous week(s)\* low and a close below the previous week(s) low. This formation does not happen often as only three have occurred since 2008.



**Dow Jones Industrial Index Weekly Chart**

\*The last few weeks' ranges can be added together if the previous high was established several weeks ago.

The **Key Reversal** in 2010 did not result in a sell-off but starting in June 2008 the **Dow Jones Industrial Index**, below, fell 50.7 % from peak to the trough of March 2009.



**Dow Jones Industrial Index Weekly Chart**

As mentioned above, there are no trend reversals as yet, but we must pay attention over the next several weeks to these Warning Signals.

Jim Berg, author of *'The Stock Trading Handbook'* and *'Shares to Buy and When'*, has traded and invested in markets for over 30 years, 18 years of which were as a professional advisor.