

THE GREEN ZONE GOLD MINE

THE SECRET TO BANKING
86% PROFITS PER TRADE

By Adam O'Dell, Chief Investment Strategist, Dent Research

Most people settle for stock market returns in the range of 6% to 12%. In 2017, the S&P 500 returned 19% – and everybody was just thrilled! But that’s a shame because you could make four times that amount – *on each trade* – following one simple rule. The same rule you follow when approaching a traffic light: Red means stop... green means go!

On the road, this simple rule keeps you safe. In the stock market, it can help you easily identify the hottest, market-beating sectors... signaling you to when it’s just the right time to get on board and when it’s time to hop off.

I’ve been using this strategy and its green-means-go rule for more than seven years, after running a rigorous 16-year backtest. And it’s the primary strategy I use in my top performing *Cycle 9 Alert* service today.

Its goal is to consistently put you in **ONLY** the top performing sectors... and the hottest stocks from those top sectors... when the timing is just right. And then to keep you in those positions for no more than 90 days, which my research has shown is the sweet spot for holding hottest-sector opportunities.

In 2017, my Hottest Sectors Strategy quadrupled the return of the S&P 500, returning 86% per trade that year. It closed out 18 of 21 trades for a profit, with seven of those trades capturing profits of more than 100% and two of them capturing profits of more than 200%!

Over the past seven years, this strategy has also captured profits like:

- 73% on the SPDR Consumer Staples Sector ETF (XLP)
- 116% on the SPDR Financial Sector ETF (XLF)
- 137% on the SPDR Utilities Sector ETF (XLU)
- 407% on the SPDR Consumer Discretionary ETF (XLY)

And to hone in on the hottest **STOCKS** within the hottest **SECTORS**, giving us profitable trades like these...

- 113% on a grocery store’s stock
- 124% on a drug maker’s stock
- 155% on an asset manager’s stock
- 201% on a steel maker’s stock
- 310% on an oil and gas producer’s stock
- 336% on a silver-miner’s stock

It also returned three and a half times more than the DOW and more than triple the return of the Nasdaq, in 2017.

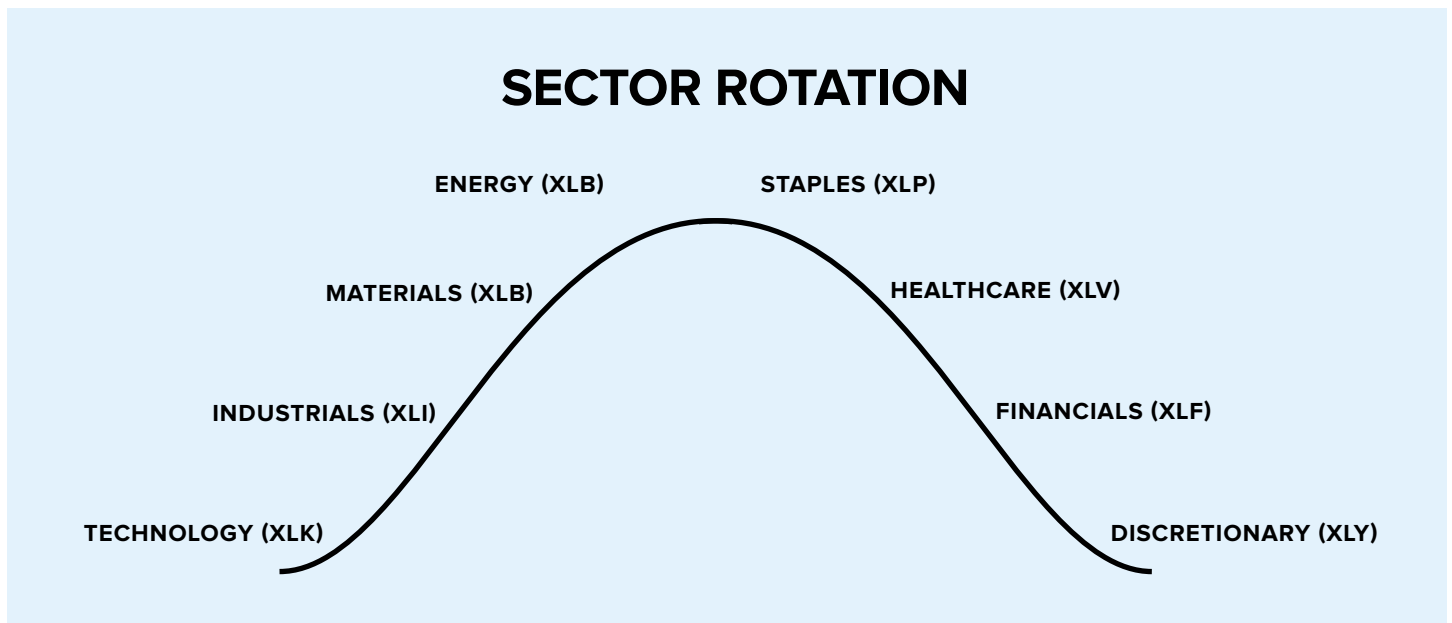
That’s what we’re going to talk about in this report.

TURNING THE “BORING” BUSINESS CYCLE INTO A RAPID MONEY-MAKING MACHINE

It all starts with one simple idea that’s been taught in business schools for as long as I can remember. I’m talking about how DIFFERENT sectors of the economy perform DIFFERENTLY during DIFFERENT stages of the business cycle.

Some parts of the economy do better when it’s EXPANDING, while others do better when it’s CONTRACTING.

Check out this chart below...



You can see how some sectors, like industrials, materials, and energy, are the strongest performers in bull markets and how, after the market peaks, the consumer staples, utilities, and healthcare sectors tend to outperform. Then once the market has bottomed, it’s usually the technology, financials, and consumer discretionary sectors that turn higher first, leading the market back up.

To capture big returns, you first need to know two things...

1. Where we are in the current business cycle and...
2. Which sectors perform best during that stage.

But you can’t stop there. This information by itself is NOT very valuable. Today’s markets simply move too fast and it takes FAR TOO LONG for one complete business cycle to play out.

If you make one mistake on guessing where we are in the business cycle, you could easily

invest in the wrong sector or stock, and lose a ton of money quickly.

Another problem is that the Fed, big banks, and politicians manipulate the business cycle these days.

That's why you DON'T want to try and time the very tops and bottoms of the business cycle. It can take up to a decade to play out AND leave you at the mercy of outside forces manipulating the market for far too long.

That said, I've figured out how to make big money from the business cycle. I've learned how to adapt to today's fast-paced economy and the realities of the global, 24/7 financial markets. Rather than wasting time over a decade or more trying to time a complete business cycle, my Hottest Sectors Strategy identifies the RIGHT PLACE to be invested in... **ONLY FOR THE NEXT TWO TO THREE MONTHS.**

This is KEY to our success. It allows us to be flexible and REDUCE the amount of time and risk we expose our money to.

We start with the nine major sectors of the economy, which I track using my *Leaders & Laggards Board*. I will share this with you every week in your *Green Zone Stocks* updates...

It helps you quickly see which sectors are HOT and which are NOT.

The HOT sectors are in GREEN... they're the LEADERS.

The NOT sectors are in RED... they're the LAGGARDS.

LEADERS	
#1	Consumer Staples (XLP)
#2	Real Estate (XLRE)
#3	Utilities (XLU)
#4	Healthcare (XLV)
#5	Financials (XLF)
#6	Communication Services (XLC)
LAGGARDS	
#7	Materials (XLB)
#8	Consumer Discretionary (XLY)
#9	Energy (XLE)
#10	Technology (XLK)
#11	Industrials (XLI)

My model calculates and ranks these leaders and laggards EVERY week so you know exactly when there is a BIG profit opportunity developing. There's no guesswork or emotion involved.

And my model keeps us invested in only the HOTTEST sectors... the ones that are likely to outperform the market over the next two to three months. I call sectors and stocks that meet my criteria "Green Zone" opportunities.

We get in as a sector is heating up and outperforming the market...

And we get out in two to three months, as the party is ending.

You NEVER want to commit to being “Buy-and-Holders” throughout the entire business cycle. You can get your head handed to you if you don’t know what you are doing.

TRACKING THE CYCLES

Really, my Hottest Sectors Strategy boils down to sector rotation. Our focus is on those 11 sectors I track in my Leaders & Laggards Board. Here they are again:

Leaders

- Consumer Staples (XLP)
- Real Estate (XLRE)
- Utilities (XLU)
- Health Care (XLV)
- Financials (XLF)
- Communication Services (XLC)

Laggards

- Materials (XLB)
- Consumer Discretionary (XLY)
- Energy (XLE)
- Technology (XLK)
- Industrials (XLI)

These sectors are in constant motion, rotating in and out of favor. Knowing which are powering up or powering down at any given time tells me where to focus my attention.

A slew of investment tenets and theories are based on this cyclical nature of the markets — even those that don’t include the word “cycle” in their name. The popular investing idiom “Sell in May and Go Away,” is based on the idea of seasonal cycles in the calendar year.

Sector rotation tells us that some sectors perform best heading into market peaks, while other sectors perform best heading into market troughs.

Sector rotation works over a full business cycle. Seasonality, meanwhile, is a form of sector rotation that happens on an annual basis. Basically, each sector has a particular “season” of the year when it typically outperforms or underperforms.

Also, these sectors rotate in and out of favor over even shorter time frames... typically three-month periods. This is key to my Hottest Sectors Strategy (and its tremendous success).

Analyzing these shorter cycles allows us to be nimble. We can hop on a hot energy sector play for a couple of months in the winter, and be out by May. Then, we can invest in the consumer discretionary sector heading into the holiday shopping season, and be out by February. Essentially, we get into opportunities when they enter my proprietary “Green Zone,” and then get out once the run is over.

My point is that, whether we’re experiencing an overarching bull or bear market, there’s

a/ways a bull running somewhere within the sectors. One quarter it might be the energy sector. The next quarter it might be consumer discretionary. What we're interested in is their outperformance or underperformance relative to each other.

And when stocks aren't doing so well, my strategy can identify ETFs *outside the stock market* that we can play: bond ETFs... commodity ETFs... currency ETFs... etc.

The beauty here is that we never marry any one sector, so we can jump from one opportunity to the next. We get in as a sector starts to heat up and outperforms the broad market... we get out in two to three months, when the run is over. Then, we move on to the next hot sector.

TURNING CYCLES INTO CASH

My Hottest Sector Strategy isn't merely based on theory. It's rooted in real-world PRICE ACTION.

I don't care about whether a stock is a value stock or a growth stock. I don't care whether a stock is raising or lowering earnings estimates, improving profit margins, or hiring a new CEO. And I don't care who's in charge in the White House or whether Republicans or Democrats control Congress.

When it comes to finding stock market winners, I only care about two things...

1. Where has the stock price been?
2. Where is it going?

That's price action in a nutshell.

You don't need Bollinger Bands, moving averages, X-like crossovers or any other obscure chart signals. What you *really* need to know are the most basic components of price action: trend and momentum.

I want to know if a sector is already trending higher. And I want to know how strong a stock is relative to others in the market.

These metrics work hand in hand. *That* is where their power lies...

Momentum has often been called the premier market anomaly because it refuses to conform with the notion of an efficient market. You see, in a hypothetical efficient market, stocks are always priced in agreement with all available information at any given time – everything happens reasonably and rationally.

There is NO efficient market. The theory is a bust!

Momentum and trend trading successfully capitalizes on other investors' emotions.

Countless studies have shown that momentum strategies work in the U.S. stock market and

in emerging markets, on large-caps stocks and small-caps stocks, and consistently across all asset classes.

HOW DO WE PICK THE INVESTMENTS?

This is where my love for number-crunching, technical analysis and all things mathematical come into play: deciding what opportunities we want to snatch from our chosen hot sector.

We have two options.

Either we can trade a sector ETF, based on its positioning on the *Leaders & Laggards Board*, momentum, trend, and all the other elements that make up my algorithm. Or we can trade an individual stock.

Sometimes, the sector ETF is our best option. These give us a great deal of diversification across a number of individual stocks in the sector. In general, sector ETFs don't give us quite as much bang for our buck, but they're generally less volatile and trade more consistently than individual stocks.

Other times, the way to go is a specific stock that's poised to beat the market *and* outperform other stocks in the same sector. Individual stocks are sometimes knocked off course by company-specific news, but they can also generate stronger returns when things go as planned.

Once we've decided on the best option to maximize the opportunity – ETFs or individual stocks – we must decide what kind of investment vehicle to use. In *Cycle 9 Alert*, we use option to maximize the gains we get when we make a play. That's because, when a stock moves by a few cents, an option contract's value can change by a few *dollars*.

It doesn't take a large bankroll to trade options, either. Most contracts are priced between \$100 and \$500. That means you can put a smaller amount of capital to work and still position yourself for double- and triple-digit gains.

What's more, buying an option contract gives you FULL CONTROL of risk management. You can NEVER lose more than what you pay to buy an option contract.

But, you can also choose to invest in the underlying stock, or ETF, if options trading is not your thing.

Either way, my Hottest Sectors Strategy tells us what to buy... when to buy it... and when to get out.



Adam O'Dell

Adam O'Dell is the Chief Investment Strategist at Dent Research.

Around the office, he's known as the math guy for his ability to analyze market data and identify major stock moves. It doesn't hurt that he has a math and science background, having first attended medical school at West Virginia University before deciding to tackle the world of investing.

Back in 2011, he left a high-paying job consulting for some of the world's wealthiest people to join the Dent Research team.

Co-founders Harry Dent and Rodney Johnson specifically brought him on-board to leverage his technical trading background... and to find ways to trade the markets that nobody else had thought of yet.

Since joining the team, he's developed the highly successful options trading research service, *Cycle 9 Alert*. And *10X Profits*, a strategy that's even easier to implement. It uses just two positions to gain risk-on and risk-off exposure.

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