

## >: The Secret to Success in this Market

Wednesday, October 15, 2008 / Teeka Tiwari

**Editor's Note:** Our weekly telephone call to answer your questions has been posted. [Listen now](#) to hear Teeka answer more reader questions.

Wow! What a difference a day makes. On Friday the world was coming to an end and on Monday we were partying like it was 1999.

The truth of this market is somewhere in the middle.

The chances are high that we will retest the lows at 7,800, but there is no telling over how long a period that will take.

If you look at the 2002/2003 bottoming process, you can see that it was long and painful. The DOW hit 7,500 three times between 2002 and 2003 before the markets took off on a bull run.

The buy and hold crowd got worked during that period, but the sector boys made money hand over fist (*more on this in a minute*).

Let me let you in on an open secret, the majority of the people managing money at brokerage firms have zero idea of what they are doing. I mean ZERO! They have no clue how to hedge risk, how to rotate proactively between sectors and how to use options to actually lower your overall risk profile when investing.

You know why?

Because their job isn't to make you money, it is to gather all of your financial assets under one roof. They are asset gatherers and fee-generating machines. That is the lens with which they view their relationship with you.

We are in a secular bear market that will be punctuated with extreme rallies. The good news is that the millionaires of the next bull market cycle are made during these bear market cycles and you can be one of them.

BUT?

You must have a series of tools to help you time when you should be bullish or bearish on a sector. Yes, market timing is what I said. Most brokers will have you thinking that it is folly to try to time the market. And it is if you don't have a disciplined approach along with sound risk management.

At [ETF Master Trader](#) we created a system called CASH (Completely Automated Sector Hunter) that tells us when sectors have a high probability of going higher or lower! Are we right on every single trade? Heck no! But our win rate is huge, 92% of bullish trade alerts have proven profitable and 100% of the system's bearish trades have been profitable.

Is it magic? No it is not, it's a system, it's a logical approach to measuring risk in the stock market. You need to ask your broker what his method is for judging risk in the market. For most, it's based on their gut reaction to the news programs, the front page of newspapers and magazines.

If your guy (*or girl*) does not have a systematic approach for determining which sectors to be in or out of, then you are paying the price, not him. His lifestyle is affected, yours is. I'm not saying don't get professional advice. I'm saying make sure that your advisor has a real tangible approach. Too many people in the finance business act the way of the degenerate gambler, always scrounging after the latest hot stock tip. This is no way to build your financial future.

It's not all doom and gloom, real opportunity is in front of us. Hard assets and corporate bonds are getting radically mispriced in this environment. Banks and brokers are selling assets because they are being forced to, not because they want to, and you can benefit from that.

**Submit Your Questions**

opportunities lie. [Click this link and be sure to post your questions](#)

. What are your concerns and questions about where we are and where we are going? Are we headed for a depression? Is a recession imminent? I'll be answering these questions and many more next week.



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