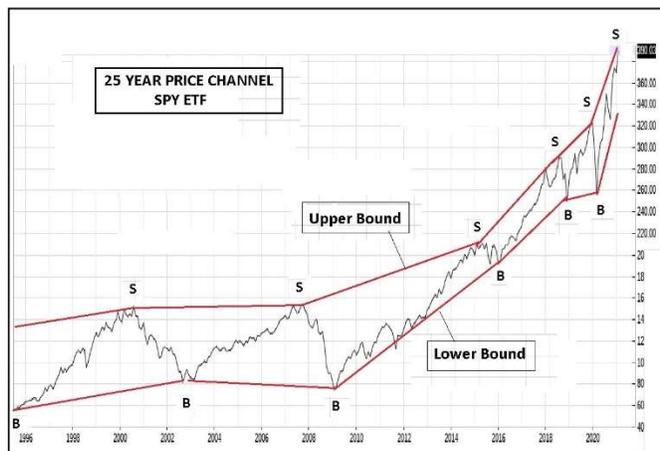


WHAT IS AN SBS CHANNEL ?

I have been involved in stock trading and investing for nearly seventy years. This has been a profitable hobby leading to good returns over the years. My approach to markets has been mainly on the technical side with heavy reliance on the use of price charts and their sell points and buy points. My approach starts with long term historical graphs going back twenty or more years. These are marked by local overvalued points(S=sell) and undervalued points(B=buy) which are determined visually. To minimize the risk I typically deal only with high volume exchange traded funds such as SPY, QQQ, and IWM. Next the S points and the B points are connected to each other by straight lines to form, what I call, an SBS Channel. A graph for the most actively traded ETF fund SPY follows-



We see that the upper bound of the channel is formed by connecting the S points by straight red lines. The lower bound follow by connecting the B points. One wants to hold SPY long between B and the following S. To short SPY one uses SDS in the range S to B. SDS represents twice a short on SPY. Since SPY contains hundreds of stocks, it is also a good indicator of the type of market one is in at the moment We have-

BULL MARKET when $B < SPY < S$ **BEAR MARKET when $S < SDS < B$**

At the moment we are at the end of a bull market and about ready to sell SPY and replace it with the short stock SDS. The bull markets between 1996 and the present are-

1996-2000, 2003-2008, 2009-2015, 2016-2018, 2020-1921

The dates in between represent bear markets. We point out that there are other price channel approaches used by stock traders including the better known ones associated with the names Bollinger, Keltner, and Donchian. None of these work as well as the present SBS channel approach for generating profits.

Another actively traded ETF is IWM. It represents the Russell 2000 small cap stock index. Its 20 year graph (found at Barcharts.com) modified with its sbs channel looks as follows-



You see that it pretty much follows the behavior of SPY . It is presently showing a large upswing in price in excess of its fundamentals suggesting that a short squeeze may be coming in the near future. To take advantage of such a possible bear trend one can buy the 2x short TWM.

A third ETF which may be of interest for traders and longer term investors is QQQ. This represents a collection of very active and volatile stocks contained in the NASDAQ 100 Index, including Apple, Amazon, Tesla, and Microsoft. Here is its 20 year graph with drawn in price channel-



It is still in an uptrend and may reach 340 before reversing. During a bear phase a two times short on QQQ IS QID .

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