

WHAT ARE SBS PATTERNS FOR STOCKS?

If one looks at the historical prices of individual stocks over multiple years one notices that there are certain times when the price is expensive and other times when things are cheap. Clearly the largest profits on the long side will occur when buying (B) near when the price is low and the best returns on the short side will occur near a high price (S).

To demonstrate this observation let us look at the following 25 year graph of General Electric-



There clearly are four points in this 25 year time period when one has a buy signal designated by B. There are also four points when the stock has reached a local maximum S where it is time to sell long holdings and go short. The price data for this graph is obtainable directly from barchart.com. The B and S points and the caption are added by us using microsoft paint. A closer look at this long term GE graph shows that one has repeated S-B-S wave patterns of variable duration and amplitude unknown until after they have appeared. The stock should have been held long during the B-S part of the SBS wave. During the S-B portion one should have been short. Although GE has been a poor investment over the past twenty years for those investors using a buy and hold approach, it has been quite profitable for those following the up portions of the SBS patterns.

We point out that the SBS price wave approach can be applied to any stock, stock ETF, or commodity. Here are a few more examples .

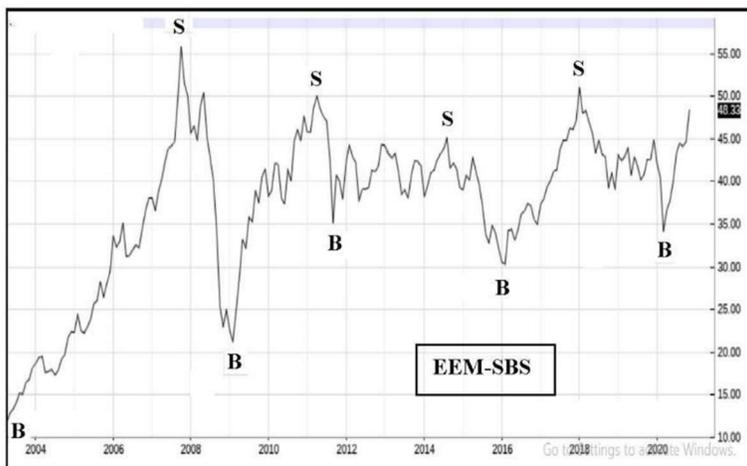
(1)-SPY(S&P500 ETF):



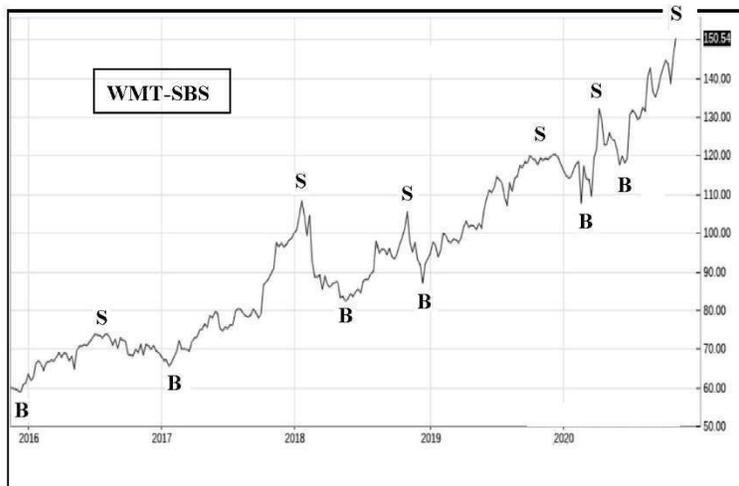
(2)-\$DJWO(World Index):



(3)-EEM(Emerging Markets):



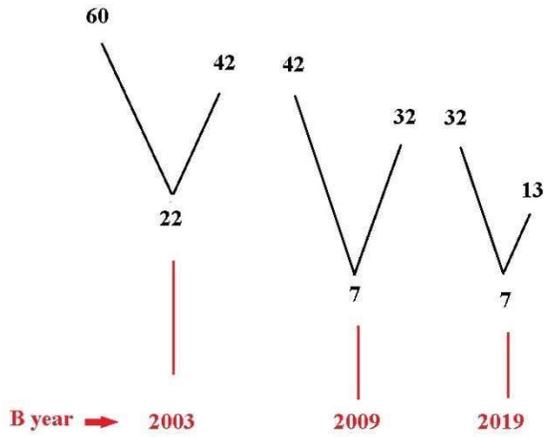
(4)-WMT(Wall Mart)



You will note that there are a large number of points in time where the B and S signals agree with each other for a multiple of different stocks. This follows from the fact that during Bull Markets most stocks are going up and hence one lies on the B-S portion of the SBS patterns. During Bear Markets one typically will find oneself on the S-B part of the SBS pattern. At the moment most stocks appear to lie just short of or at an S point. This suggests an upcoming Bear Market lasting about a year to be followed later by a new Bull Market.

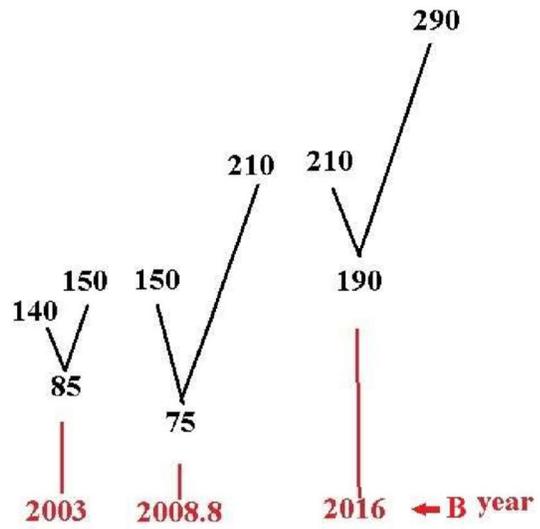
One can reduce the time behavior of any stock or commodity price by drawing a collection of SBS patterns. This will consist of a concatenation of SBS patterns in the shape of Vs with the two S values placed at the top and the single B at the bottom of the V. Longer term price uptrends will have the second top of an SBS higher than the first. The reverse holds for downtrending stocks such as GE. We demonstrate these observations for GE and for SPY, the first is in a long term downtrend and the second in strong uptrend over multiple years-.

THREE SBS PATTERNS FOR GE FROM 2000 THROUGH 2020



and-

SDS PATTERNS FOR SPY OVER 18 YEARS



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