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LEVERAGED ETFs for COUNTERTREND RALLY...

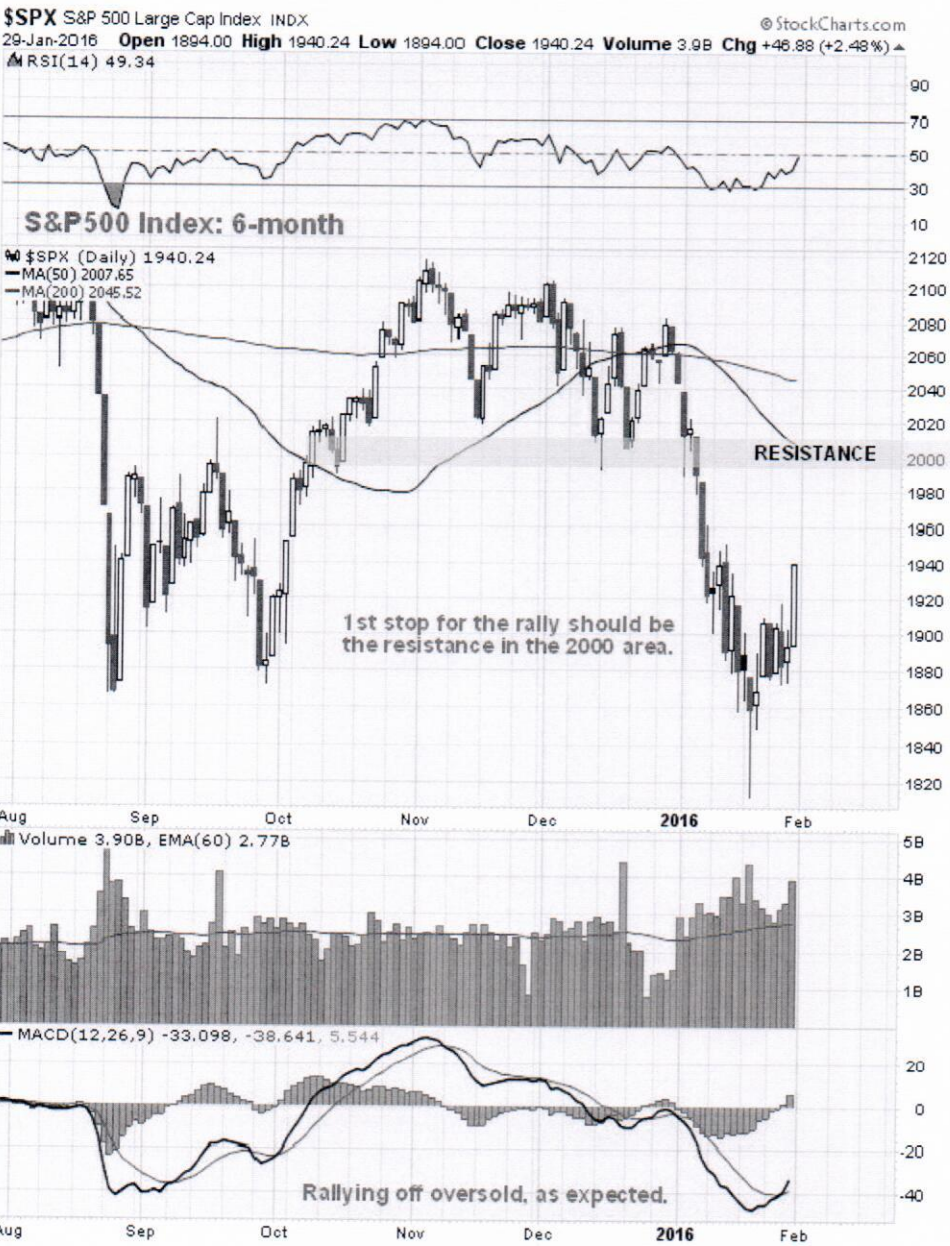
originally published January 31st, 2016

Further to yesterday's article A HREF="http://www.clivemaund.com/article.php?art_id=3699"> ELITES SET TO WIPE OUT SHORTS BEFORE NEXT DOWNWAVE setting out the expected countertrend rally scenario in the broad stockmarket and the follow up article this morning, [FANGs for the Opportunity](#), looking at the FANGs and options in them as suitable vehicles to play the rally, we will now look at a range of leveraged bull ETFs to play this expected rally, since it is understood that not all of you are set up to trade options, or even want to.

A key point to understand with the bull ETFs set out below, is that the crucial thing is to get the direction of the market right – get that right and you can “throw darts” to select winners, since they all move together like a flock of sheep. So, having decided where the market is or should be going, there is little need to exercise much discrimination in selecting which bull ETFs to buy – you can appreciate that easily enough by comparing their charts, which look very similar. The only thing to decide really is how much leverage you want and attendant risk you are prepared to accept. The setting of stops is a matter of personal preference, since the only technically precise stop position is beneath recent lows, which in some cases is quite a long way below the current price.

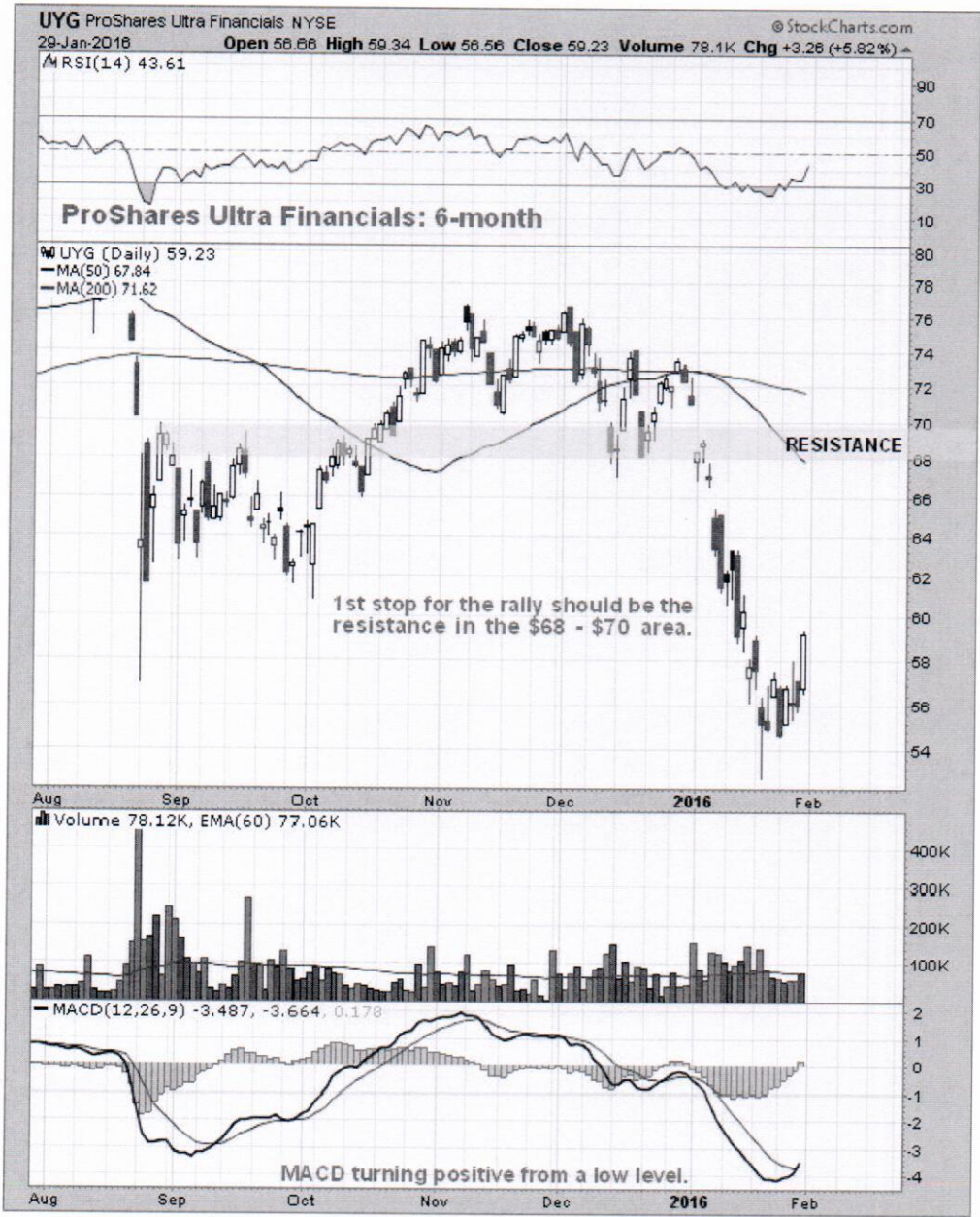
Before looking at the charts for individual bull ETFs we'll remind ourselves of the current broad market setup by looking again at the 6-month chart for the S&P500 index that was presented in yesterday's update. We are looking for the S&P500 index to rally at least to the 1st resistance shown in the 2000 area, and possibly higher to the Dome boundary shown on the 5-year chart in yesterday's update. Looking at the range of bull ETFs below, we see that most of them track quite closely the S&P500 index, so getting the broad market direction right is everything.

The recovery rally proper started on Friday, after a tricky base pattern completed. This breakout from the base was occasioned by Japan surprising the market with a NIRP announcement, after representatives from Japan were "given their marching orders" in Davos. The reason that the US market rose strongly was that this NIRP is a big step on the road to the Fed abandoning its silly rate rise program and doing another big QE again, in tandem with many other Central Banks, like the ECB.

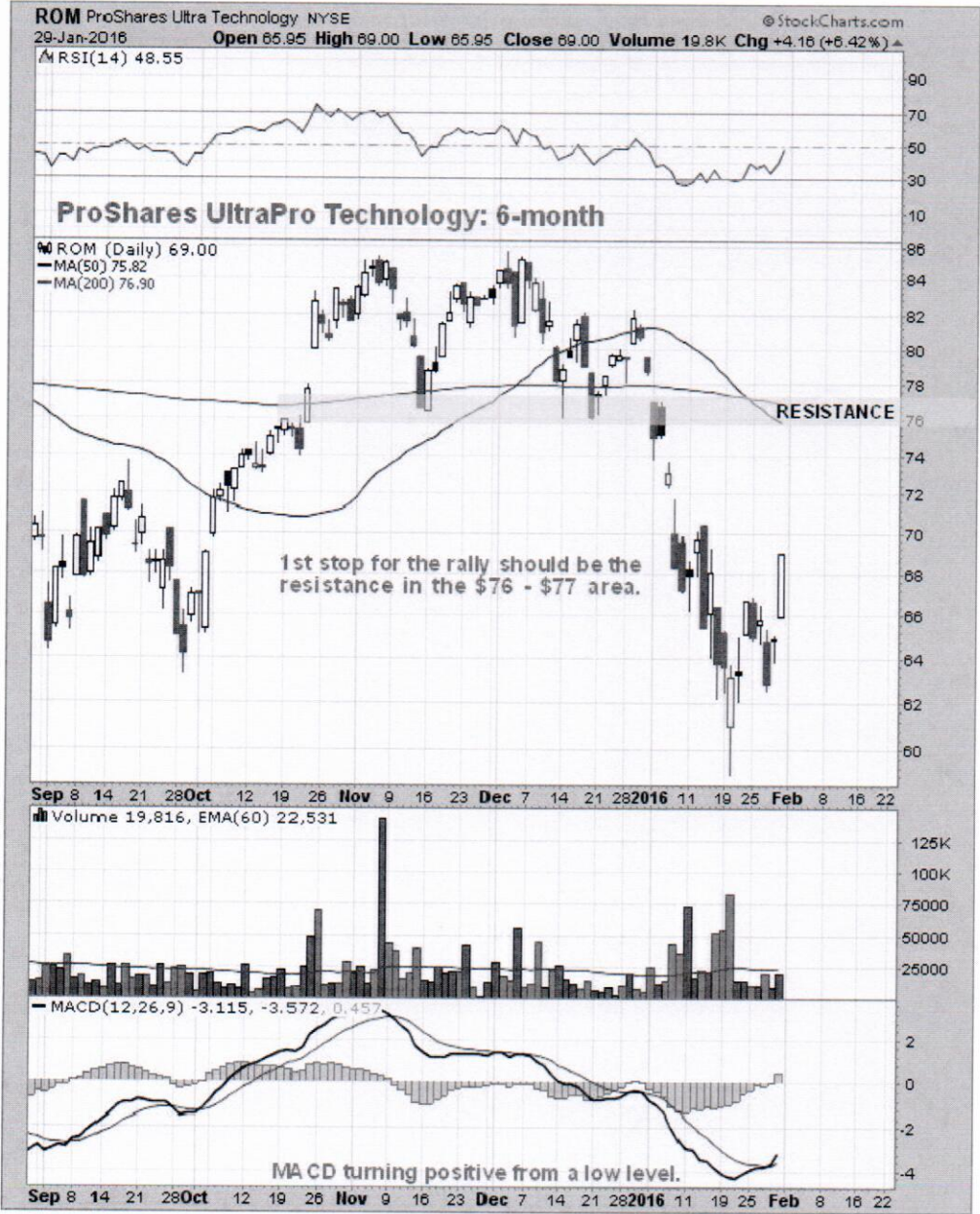


We start with several twice leveraged ETFs...

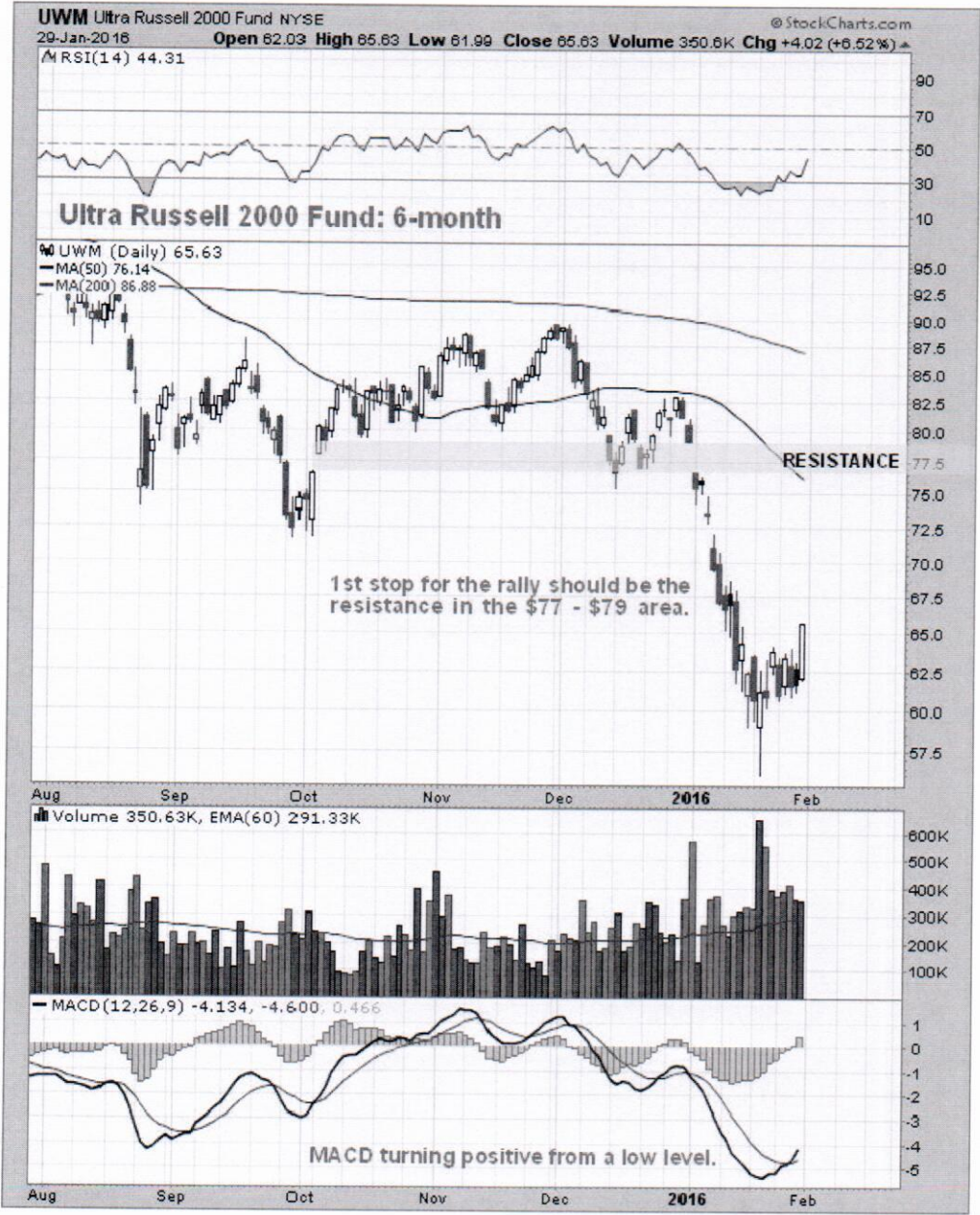
ProShares Ultra Financials UYG \$59.23



ProShares Ultra Technology ROM \$69.00

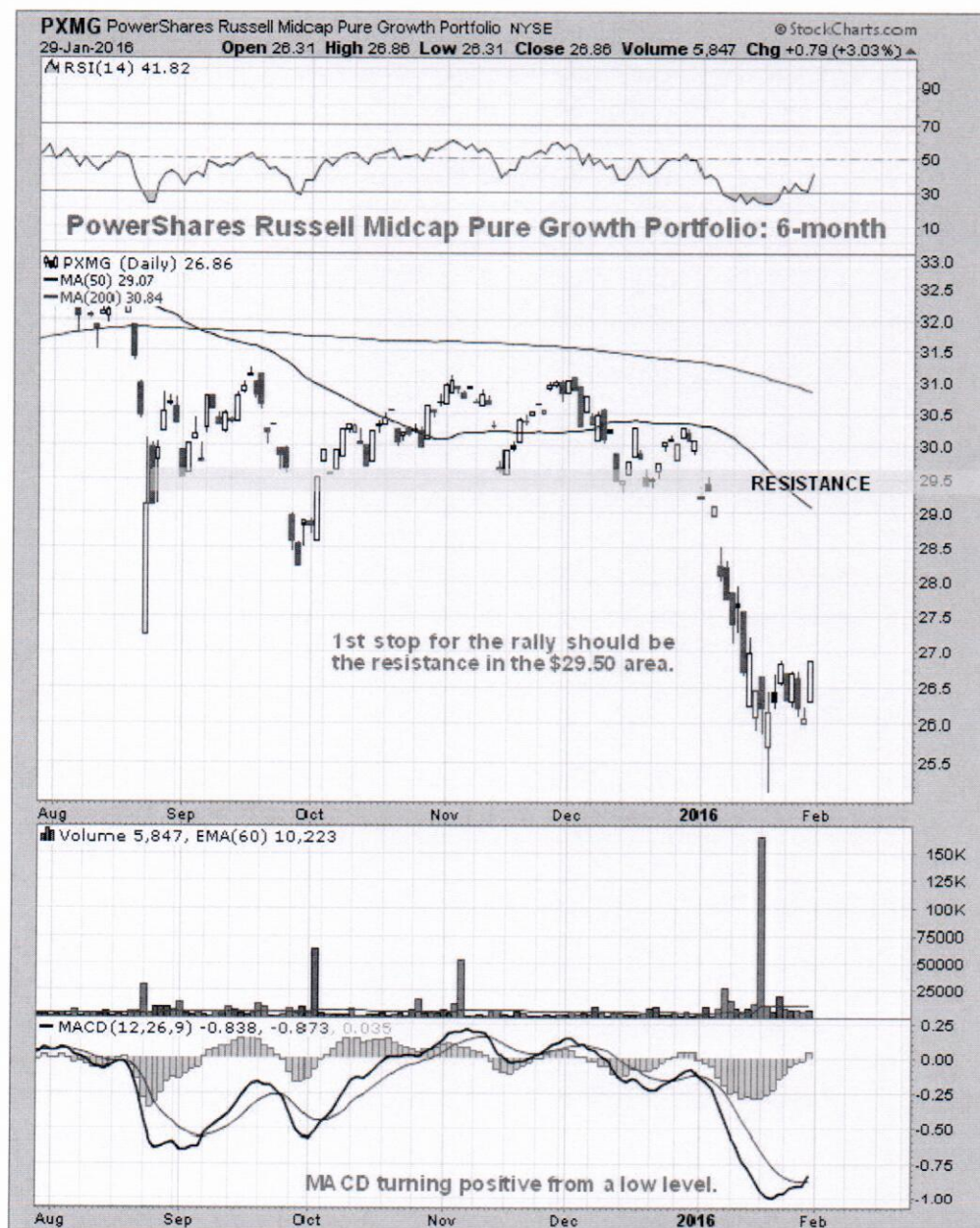


Ultra Russell 2000 Fund UWM \$65.63

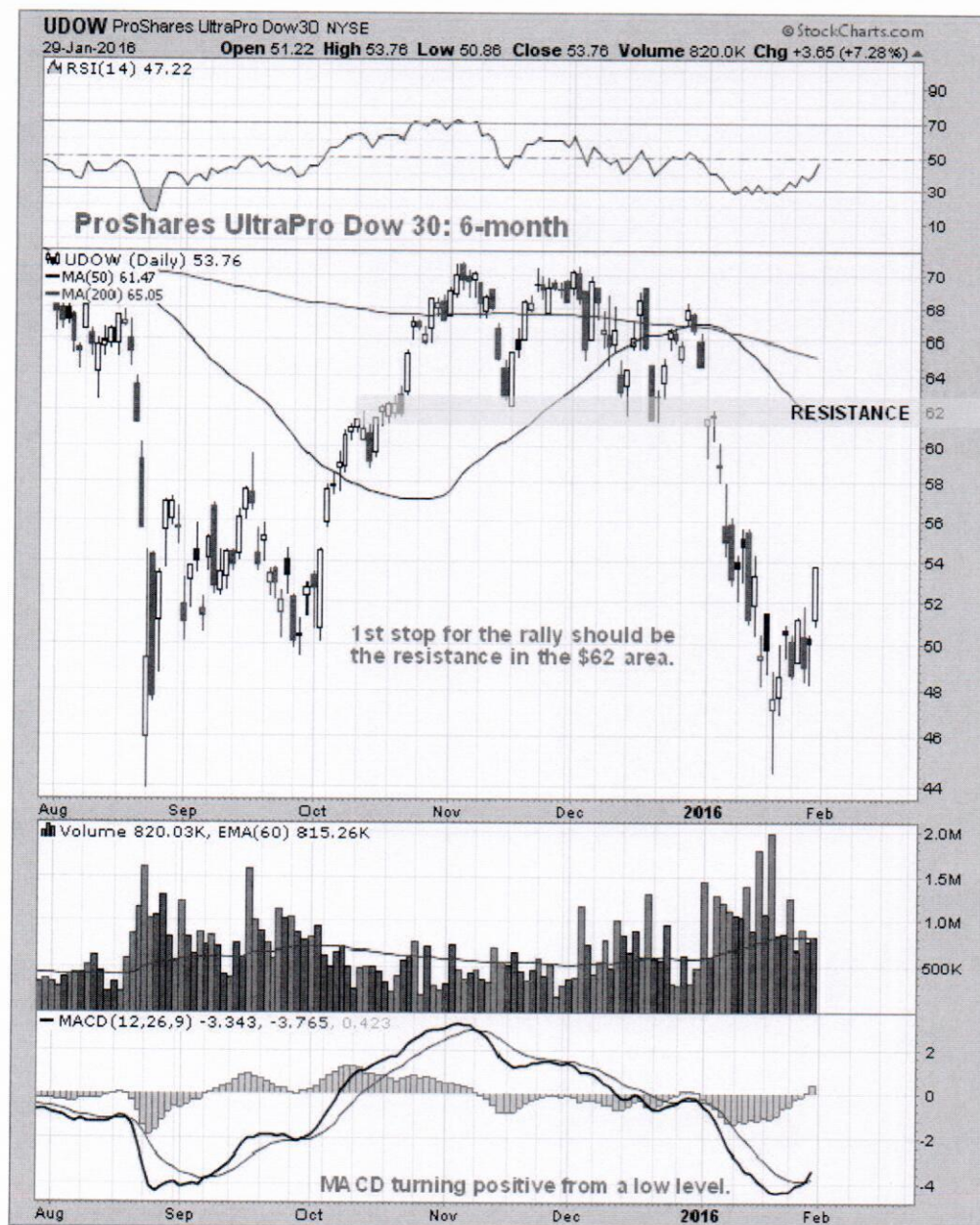


Now we move on to a range of triple leveraged bull ETFs...

PowerShares Russell Midcap Pure Growth Portfolio PXMG \$26.86



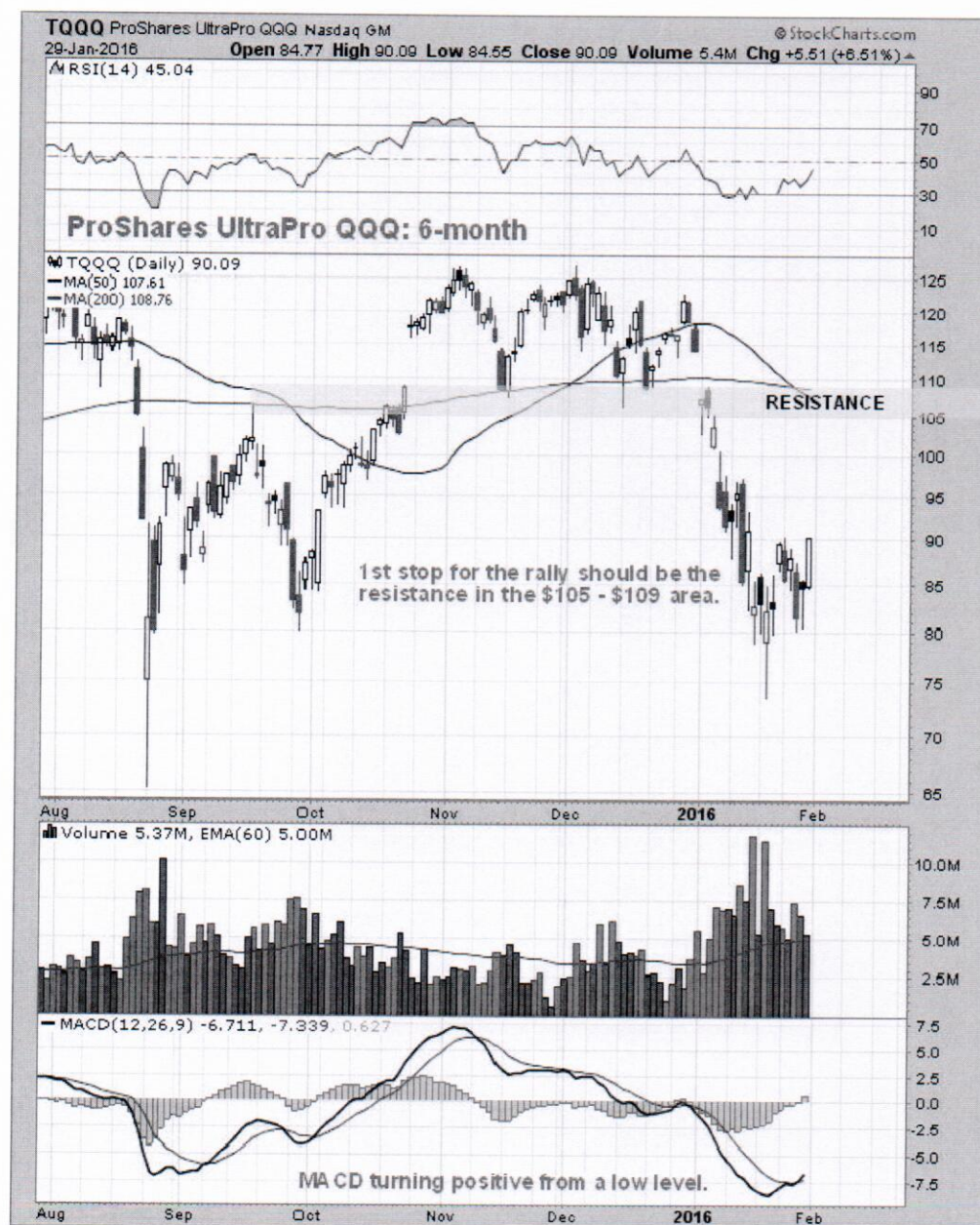
ProShares UltraPro Dow 30 UDOW \$53.76



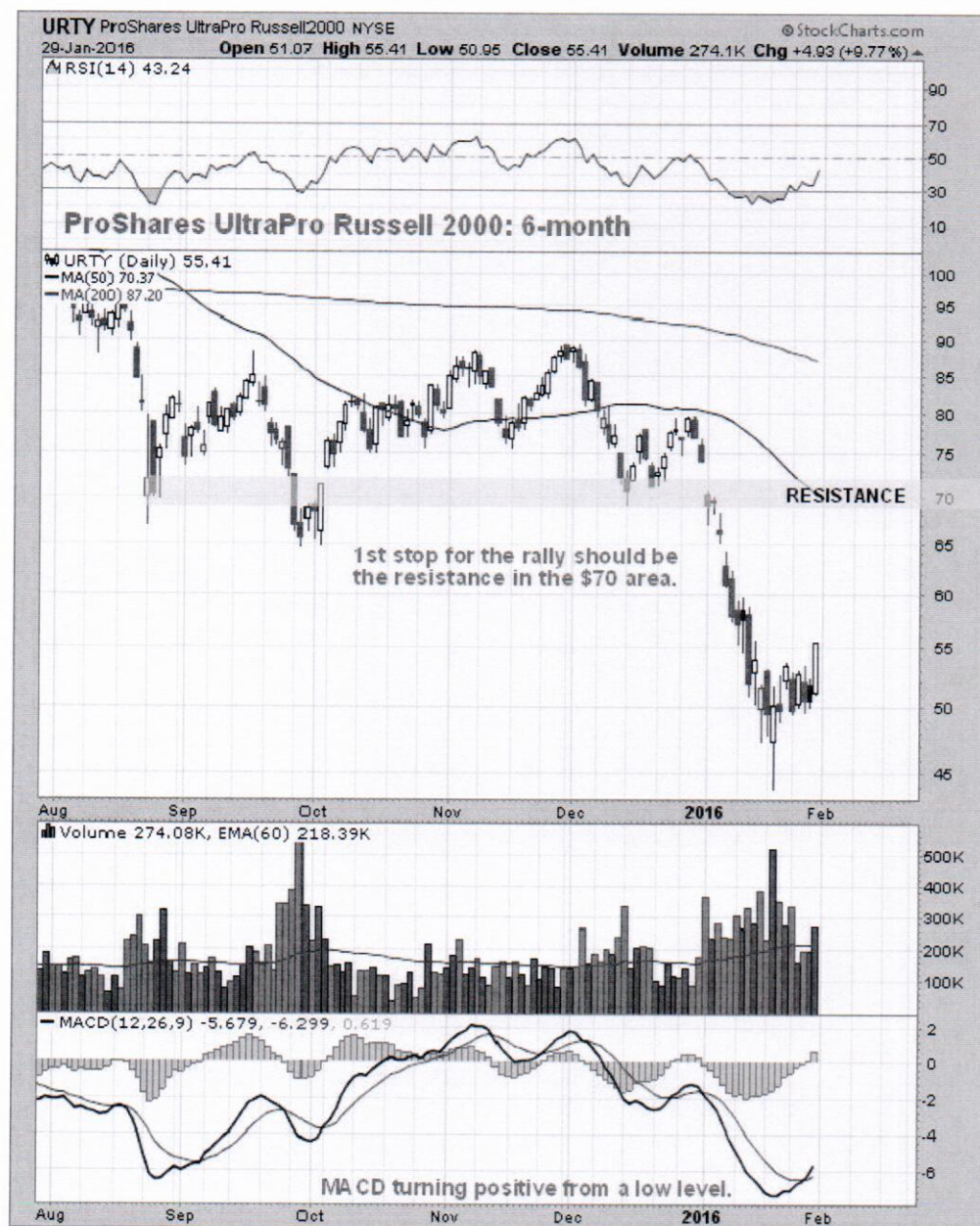
ProShares UltraPro MisCap400 UMDD \$40.47



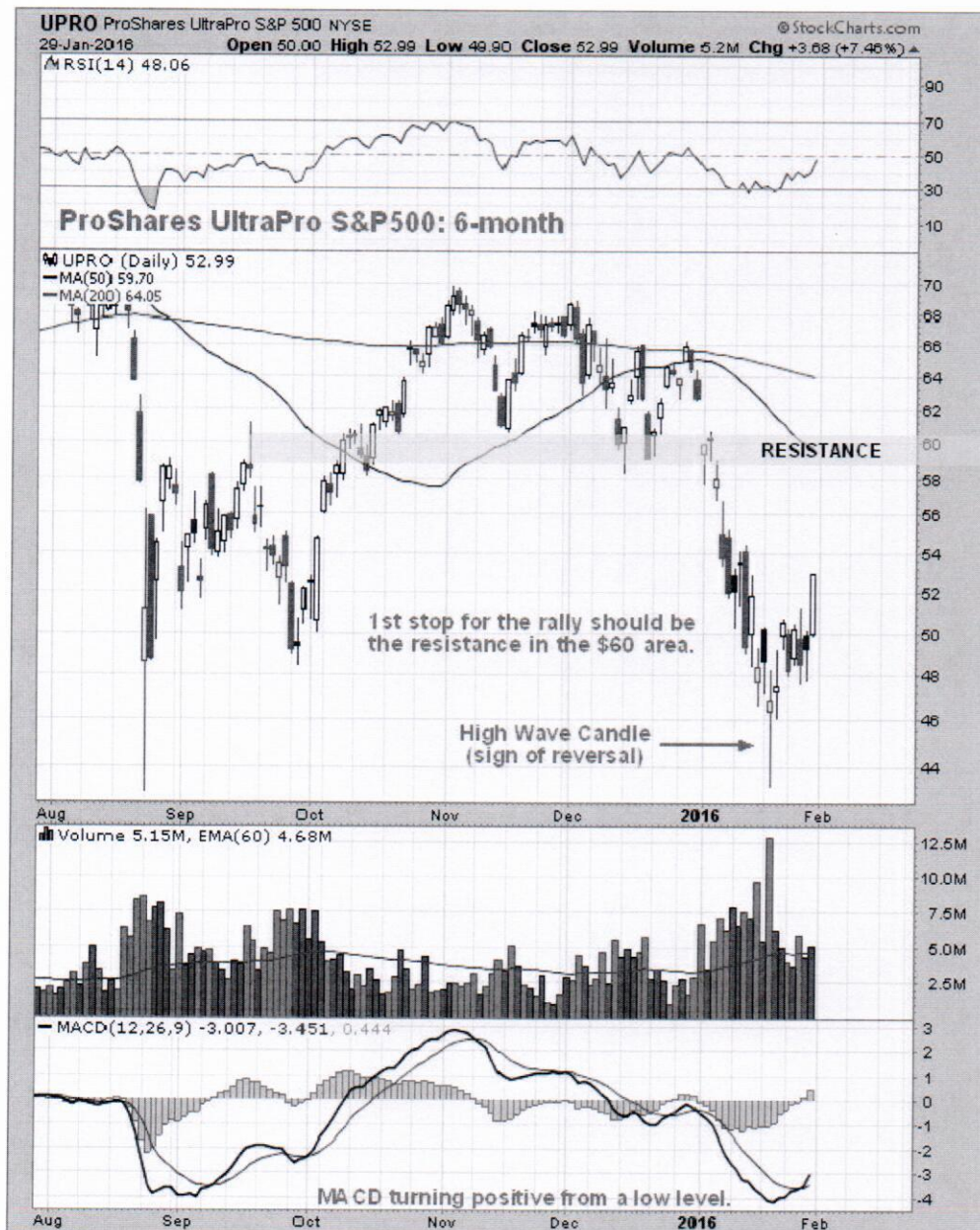
ProShares UltraPro QQQ, TQQQ \$90.09



ProShares UltraPro Russell 2000, URTY \$55.41



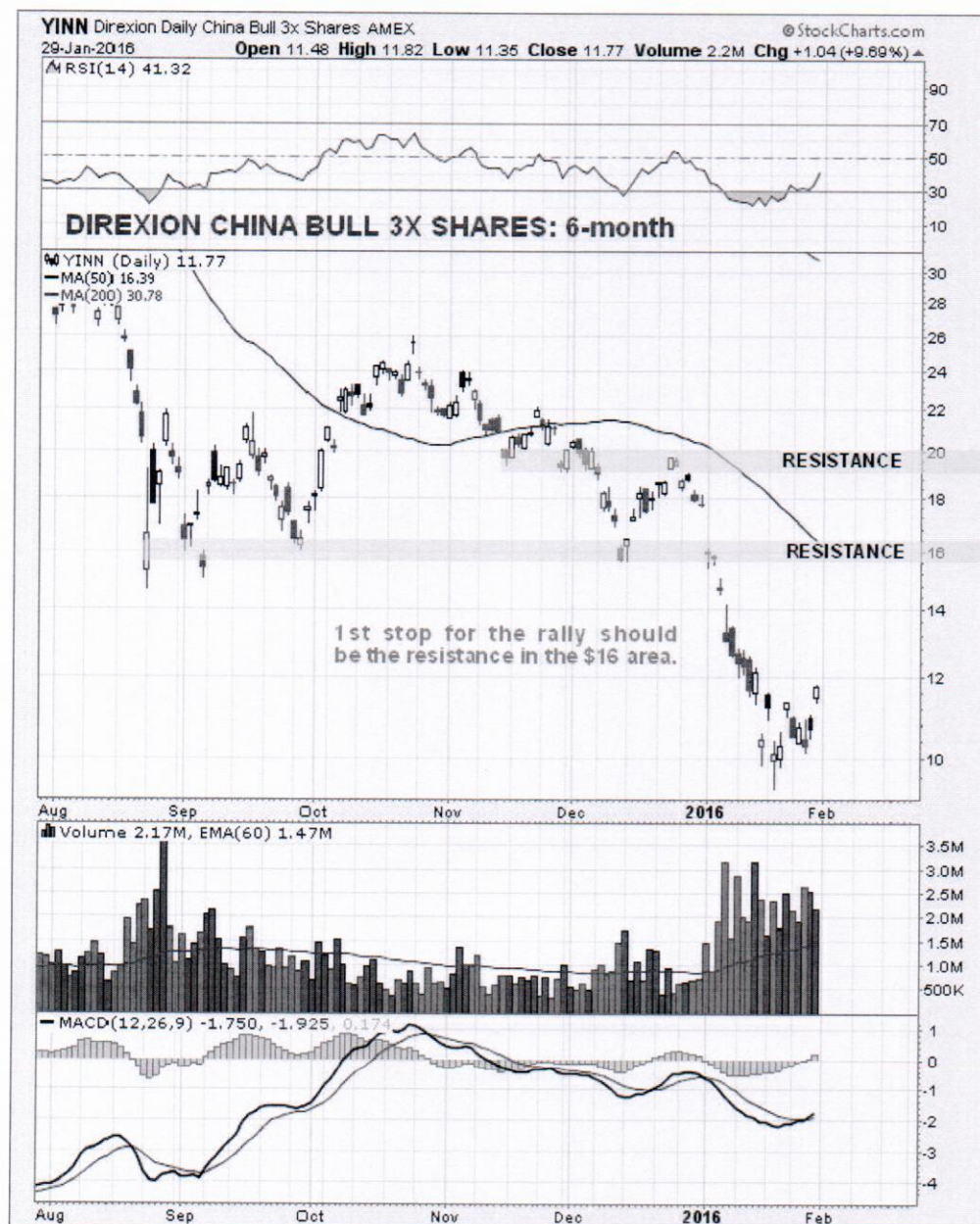
ProShares UltraPro S&P500, UPRO \$52.99



And finally, for those of you looking to the Orient, we have YANG, whose chart indicates that China is not going to be left out of any rally.

Direxion China Bull 3X Shares, YINN \$11.77

While we know that the Chinese government may take steps to stop the market dropping, the reverse is not the case, since they don't seem to mind it rising. This is therefore considered to be less risky than its bearish counterpart, which we have traded successfully. There is little resistance until the \$15 - \$16 area is reached, so it could rally quite swiftly from here.



Could the rally suddenly fizzle out without any further upside progress? Anything is possible in these highly manipulated markets, although it looks unlikely not just because of the still deeply oversold condition of the market, but because of what triggered the rally, the supposedly unexpected NIRP announcement by Japan, which looks like it was the result of arm twisting in Davos, partly in order to stop the S&P500 breaking down from its giant top area and buy some more time. Place stops according to what level of loss is tolerable for you.

End of update.

Note that this article will be filed under ETFs in the Archive.

Posted at 1.25 pm EST on 31st January 16.