

The background of the entire page is a gradient of blue. In the top right and bottom left corners, there are stylized, 3D-rendered stacks of blue coins. The coins are arranged in a way that they appear to be floating or stacked on a surface, with soft shadows beneath them. The top stack is partially cut off by the top edge of the page, and the bottom stack is partially cut off by the bottom edge. The coins have a metallic sheen and are rendered in various shades of blue to create depth and perspective.

Exclusively for WSJ+ Members

HOW TO TIME THE STOCK MARKET WITH INVESTOR'S BUSINESS DAILY®

Some say you can't time the stock market. *You can.*
But there's more to it than just bull markets and bear markets.

INVESTOR'S BUSINESS DAILY®

The stock market is one of the most powerful wealth-creating engines ever invented. And during a bull market, you can generate significant profits. But if you just blindly follow a “buy and hold” approach and don’t take any defensive action when a downtrend hits, it’s very likely all those gains will disappear—and even turn into a loss.

Perhaps you’ve heard the old stock market platitude “the trend is your friend”—but in this case, it’s your best friend, since history shows 3 out of 4 stocks move in the same direction as the overall market, either up or down.



**HISTORY SHOWS 3 OUT OF 4 STOCKS
MOVE IN THE SAME DIRECTION AS
THE OVERALL MARKET, EITHER
UP OR DOWN.**



That means if you buy stocks when the market is trending higher, you have a **75% chance of being right**. But if you buy when the market is trending lower, you have a **75% chance of being wrong**.

The general market (i.e., the major indexes, primarily the Nasdaq Composite and S&P 500) exerts a tremendous pull on individual stocks. Even the strongest leaders will have a hard time moving higher when the market is heading south. And if you just blindly hold your stocks and take no defensive action as an uptrend slips into a downtrend, you risk giving back all of your hard-earned gains (and then some).

NO STOCK IS IMMUNE

Fortunately, there is a way to step off that rollercoaster and make sense of—and profit from—market cycles.



FOR OVER 35 YEARS, IBD'S TIME-TESTED MARKET TIMING SYSTEM HAS HELPED ITS SUBSCRIBERS STAY ON THE RIGHT SIDE OF THE TREND THROUGH EVERY MARKET CYCLE.



In this white paper, you'll learn how to use IBD's system for tracking market conditions to tell which way the market is moving, and how to keep the odds of success in your favor.

Once you know what to look for, you'll be well on your way to achieving the fundamental goal of investing in stocks: Making money when the market is trending up and protecting your profits when it starts trending down.

IBD'S THREE MARKET DIRECTIONS

No matter how good your stock selection is, overarching stock market conditions will either help propel the stock higher or drag it down. You can be right about a stock in the long term, but if you buy it at a bad time, you could be staring down considerable losses that take a long time to recover.

Instead, you want to trade in sync with the market, since three out of every four stocks will move up or down with the overall market.

At Investor's Business Daily, we don't like to use vague terms like "bull market" and "bear market" when we're talking about timing the market.

WE USE THREE MARKET TRENDS BASED ON DECADES OF RESEARCH INTO PAST MARKET CYCLES:

*Confirmed
Uptrend*



*Uptrend
under Pressure*



*Market
in Correction*



HOW TO HANDLE YOUR PORTFOLIO IN IBD'S THREE MARKET TRENDS



GET AGGRESSIVE IN CONFIRMED UPTRENDS

By far, the biggest money is made in stocks during confirmed uptrends. This is the best time to buy fundamentally strong growth stocks breaking above prior levels of resistance on high volume. Put your money to work and monitor IBD stock lists like IBD 50, IBD Big Cap 20 and IBD Sector Leaders® to scout for your next buy.



EXERCISE CAUTION WHEN AN UPTREND IS UNDER PRESSURE

When the market is downgraded to “Uptrend Under Pressure,” think of it as a caution flag to slow down and reassess your portfolio since the uptrend could be running out of steam. Consider cutting your worst-performing stocks and be careful about making news buys, since this is often an intermediate step before a market correction.



PROTECT YOURSELF DURING CORRECTIONS —BUT DON'T DISENGAGE

When the current outlook says “Market in Correction,” that’s a big flashing red light. Many IBD members will go 100% to cash to avoid significant losses or reduce their overall exposure to just a few long-term holdings in which they already have large gains. Buying new stocks is very risky in a correction and should generally be avoided. It’s best to wait until the market uptrend resumes to make new buys and increase exposure.

Now here's the good thing about corrections: when they end (and they always do), history shows that some of the biggest upside moves happen right around the time a new uptrend begins. Leading stocks that have been held back will often take off and start incredibly strong price runups at this time. That's why you should spend time during a market correction building a watchlist of fresh stocks that are holding up the best and getting ready for liftoff.

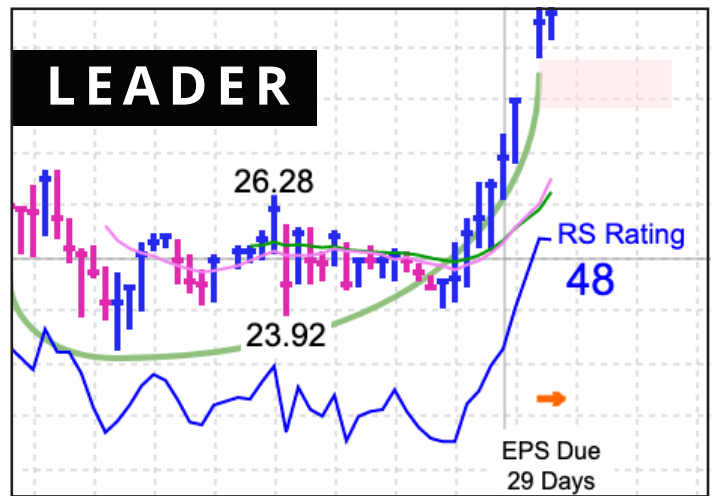
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CORRECTIONS, OR PRICE DECLINES, IN THE GENERAL MARKET CAN HELP YOU IDENTIFY NEW LEADERS—IF YOU KNOW WHAT TO LOOK FOR. ONCE A GENERAL MARKET DECLINE IS DEFINITELY OVER, THE FIRST STOCKS THAT BOUNCE BACK TO NEW PRICE HIGHS ARE ALMOST ALWAYS YOUR AUTHENTIC LEADERS.”

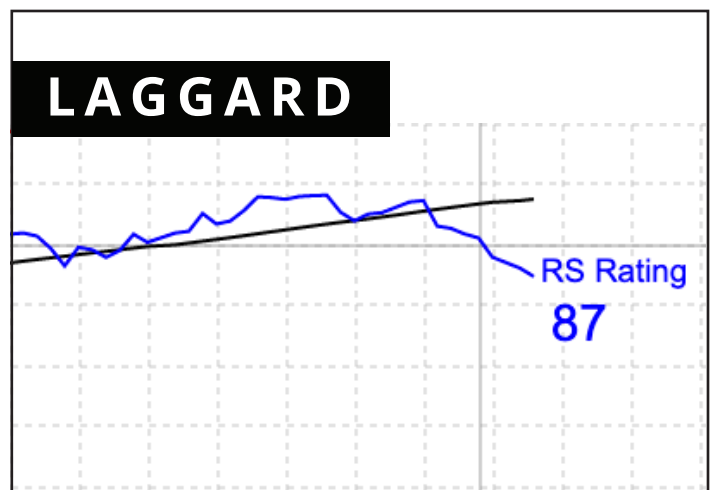
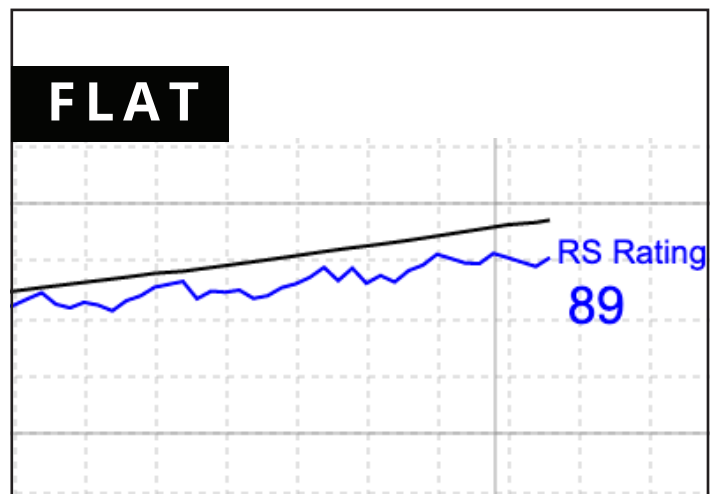
- William O'Neil, *How to Make Money in Stocks*

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One of the best ways to identify true leading stocks is through the use of the Relative Strength line. This line charts a stock's price performance versus the S&P 500 index. Look for this blue line on every IBD stock chart to be trending sharply upward—not going sideways or down.



THE TAKEAWAY: When a correction ends and a new uptrend begins, stocks with sharply ascending Relative Strength lines are often the first to make big upside moves.



LEARN MORE ABOUT IBD'S MARKET TIMING SYSTEM

If you're interested in learning more about timing the stock market, we have a library of articles on this subject at **IBD University**. Go in-depth with more detailed topics, including:

- ✓ Which indexes are the best gauge of overall market strength
- ✓ Action plans for handling different market directions
- ✓ How to identify market tops and bottoms
- ✓ How to handle short-term and interim corrections

This free resource is available at <https://www.investors.com/ibd-university/market-timing/>

IBD subscribers can find the current market outlook on the Investors.com homepage under "Today's Market." It's also available on the homepages of IBD's other premium investing products: Leaderboard[®], SwingTrader and MarketSmith[®].