



PRIVATE WEALTH ADVISORY

A Phoenix Capital Research Publication

Dear Subscribers

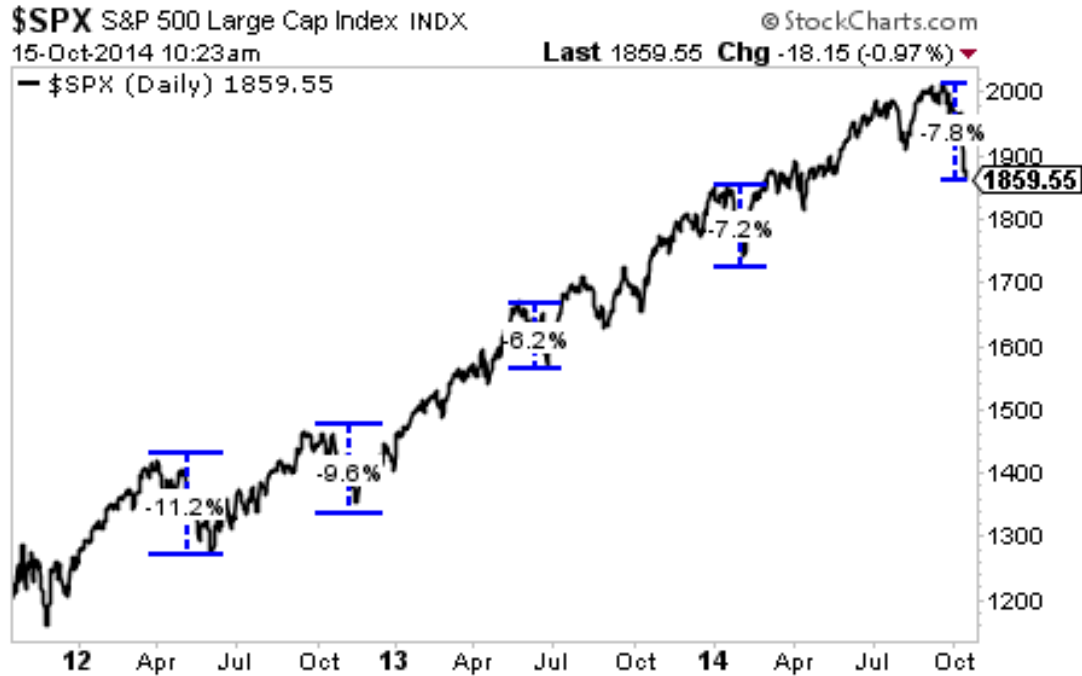
Regarding the markets, the media seems to be falling for one of two themes:

1. The sky is falling and the end is near
 2. Everything is great and this is just a buying opportunity
- The truth is somewhere between the two.

First and foremost, the market is still less than 9% off its all time highs. Those all-time highs were over 2,000 a level that most people thought was impossible just a mere six months ago.



Technically, this isn't even a full-scale correction yet. Indeed, we've had four other drops of this magnitude or greater in the last two years alone.



The reason everyone is panicking is because:

1. Investors have been conditioned to believe stocks cannot fall.
2. The markets haven't fallen this sharply in months so it feels unusual.
3. The Fed is ending QE at the end of the month.
4. Bad news is spreading (Ebola, geopolitical risk, etc.)

So how do we know if this is just a correction or the start of something much bigger?

Well, the S&P 500 *has* taken out the trendline that has supported it since it went bananas in early 2013 (green line).



However, we *do* have significant support here around 1850 (blue line).

This also happens to coincide with the 252-day moving average (DMA). If you remove weekends and holidays, there are 252 days a year in which the market is open. And this line has been vital support in the last two years.



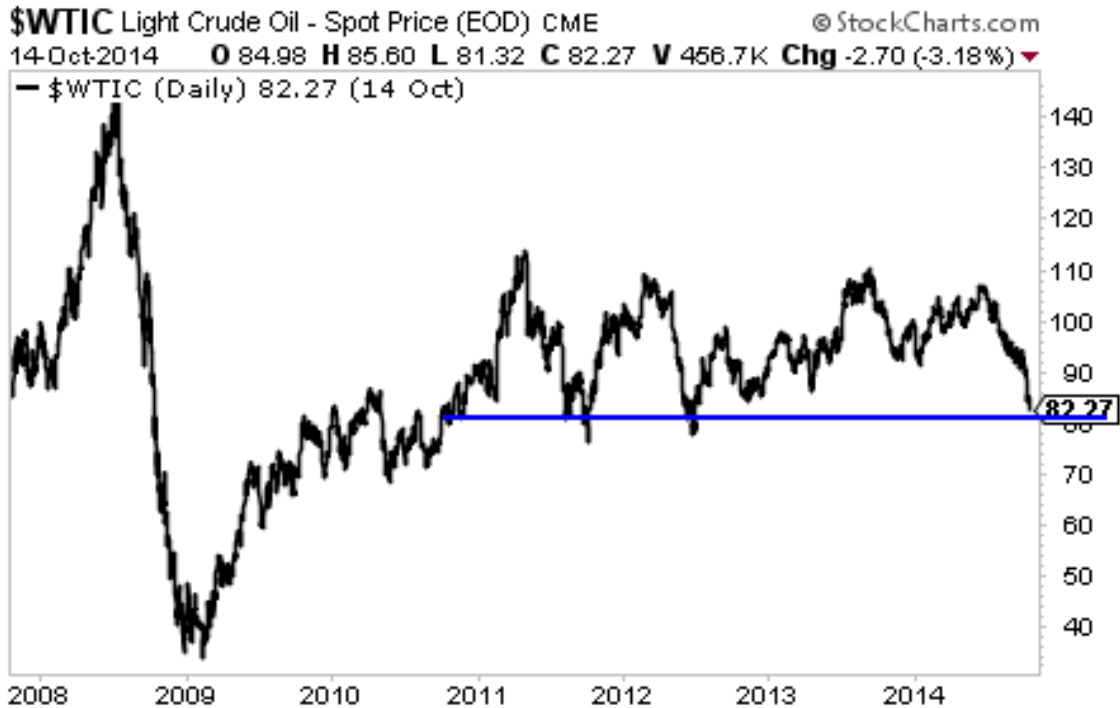
So we *should* hold here. If we do, then this is likely a correction.

Remember, stocks never go straight down. Usually you get a sharp drop, followed by a bounce, and THEN the real collapse begins.

IF this proves to be a bounce, then energy companies are getting quite cheap. Oil has collapsed, taking out its major trendline.



The REAL crash however would be if we take out \$80 per barrel. This line has been CRITICAL support going back for four years.



If we BOUNCE here, then we've been given the opportunity to buy energy companies at prices not seen since 2008:

<u>Company</u>	<u>Symbol</u>	<u>2008 Price to Cash Flow</u>	<u>Current Price to Cash Flow</u>
Exxon	XOM	6.9	8
Conoco	COP	3.5	4.7
BP	BP	3.9	4.6
Chevron	CVX	5.1	5.7

If Oil DOES NOT bounce here, then we need to consider that the market may in fact be heading for a CRASH.

IF THAT HAPPENS, THESE ARE THE CRISIS TRADES TO CONSIDER...

UltraShort S&P 500 (SPXU)
UltraShort Financials (SKF)
UltraShort NASDAQ BIOTECH (BIS)

Meanwhile, there is one trade I like now and that's the **UltraShort Brazil ETF (BZQ)**.

Action to Take: Buy the UltraShort Brazil ETF (BZQ).

I continue to watch the markets and will issue updates as needed.

Yours in Profits,

Graham Summers
Chief Market Strategist
Phoenix Capital Research

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