in today's show we will talk about what is happening in the markets today now this will only take us two minutes and then we will talk about the death cross and the golden cross since everybody is talking about these so we'll talk about what is a death cross and a golden cross we'll talk about why is suddenly everybody talking about them i'll show you a simple trading strategy using the death cross and the golden cross and i'll show you how to use this strategy in your trading and you'll see it's very very simple now next we will talk about my current trades now as you know right now i'm assigned in six stocks with the wheel so we'll take a look how that is going and i'll show you the power x trades that i have going on right now and after this i will answer your question so right now put them in the chat and i'll answer as many as i can later in the show now as you can see we have a full program so let's get started the death cross explained here's how to use it in your trading i'm going to talk about two terms that technical traders use all the time and that is death cross and golden cross right now in the next few minutes you'll learn what is a death cross and a golden cross you'll learn of why suddenly everybody is talking about them i will show you a very simple trading strategy that you can use using the death cross and the golden cross and of course i will also show you how to use this in your trading

and you'll see it's super simple so we dive right in

golden cross versus death cross what is the difference

let's start with the death cross and it's actually very very simple because a death cross

occurs when a short-term moving average crosses a larger moving average i brought up the smp here right now and i also brought up two moving averages

because

2018

the most popular moving averages used for the death cross in the golden cross are the red line which is a 200-day moving average and the blue line which is a 50 day moving average simple moving average so nothing really spectacular there now here is what a death cross is a death cross happens when the 50-day moving average

above so you see this here on the smp this actually happened on december 7th

crosses the 200-day moving average from

right here and as you can see after this the markets kept plummeting down so the markets after the death cross occurred uh plummeted another 10 a little bit more actually 11

here so this is why the death cross is a bearish signal that is supposed to predict short-term weakness in the markets okay

so now that you know that death cross is let's move on to a golden cross now as you can probably guess i want to use this example here

so as you can guess the golden cross is

bullish indicator that occurs when the short term moving average uh crosses over a longer-term moving average and again we're using here the 50-day moving average it's supposed to say 50-day and the 200-day moving average now here is an example of the golden cross that occurred on july 8 2020 so almost a year ago and as you can see it's a bullish signal because after the golden cross occurred the stock market rallied more than 33 percent and it is not over yet but so so why is right now suddenly everybody talking about a death cross well because the death cross has been making

because the death cross has been making headlines because

it just occurred on bitcoin a few days ago

so as you can see here bitcoin uh let's actually zoom out a little bit so that we have

the whole picture here actually let's zoom in for a moment so that you see when it occurred it just happened so it just happened uh on actually june 19th and today is june 24th so why is the bitcoin death cross such a big deal

well this is where we want to zoom out to see when did the golden cross occur and if we go back then we see that the golden cross

occurred right here and this was in may 2020 so since then as you know bitcoin had the tremendous run from 9 000 to

over 64 000 i mean this is crazy and now when we have the death cross

it means that this tremendous run here could

actually be over so uh let's actually talk about

as you can see you can use this as a very very simple strategy

uh how can you use it in your trading so super super simple just gonna zoom out a little bit more

and this

is the simple strategy you simply

buy whenever you see a golden cross

okay so this means that

the 50-day moving average crosses the

200-day moving average

from below and then you would sell

whenever you see

a death cross and these are the

nicknames for them but everybody refers

to them this way

so as you can see it is a very simple

trend following strategy let's actually

take a look at this

and see how accurate is

this trading strategy well let's find

out so here's the deal

what i did using trading view

i actually programmed it into trading

view so that we can

easily back test the strategy so

let's take a look at the performance for

bitcoin by doing this i'm just going

here to the

strategy tester just want to adjust

something really quick in the settings

so i'm assuming that i'm just taking a

10

000 dollar position here when trading

this strategy now as you can see

over the past 10 years there were 13

trades

let me actually zoom in so that you can

see this

so i want to just take a quick

screenshot here

and then you can right here

we have the trade so as you can see we

had 13 trades we still have

one open trade out of these 13 trades we

had

six winning trades seven losing trades

so this means

that the winning percentage is 46.15 so that's not good but here is the good news the good news is that the winning trades are much bigger than the losing trades now more good news let's actually zoom in again here this strategy the total net profit as you can see would have been six eight million dollars based on a ten thousand dollar account holy moly that's an uh eleven thousand percent return i mean that is just crazy so do we have a winner here is this just a great strategy that you should do because could this be the simplest and most powerful strategy for trader well not quite not quite because take a look at this so if you would have just bought 10 000 of bitcoin 10 years ago here we see the buy and hold return so if you did the 10 000 and just held it without trading it then he would have made what 72 million dollars whoa right i mean this is kind of crazy so wait a minute if you would just have bought bitcoin and held it you would have made 70 million versus only this measly 1.1 million dollars so so maybe this

70 million versus only this measly
1.1 million dollars so so maybe this
strategy isn't that good oh or maybe
bitcoin is just an exception because i
mean come on let's think about it
bitcoin has been going
up like crazy so let's actually test it
on a few more stock
and see how it performs and uh first of
all let's actually take a look at the
spy so the spy is mirroring
the smp so this should give us a little
bit more accurate data right because
we also have more data here for the spy

so we can go back to 1994 and that is 27 years of data so let's actually see what results we would have achieved if we had traded this strategy on the spy let's switch over to our handy-dandy ipad let's zoom in and let's take a look at the trades so here we have our trades and since we're looking back over the past 27 years we would have had 25 trades out of these 25 trades 12 of them were winning trades then we had 13 losing trade so 48 winning percentage now as you can see very similar to the winning percentage when trading bitcoin you also see that the average winning trade is much bigger than the losing trade and let's see how this would have turned out if we had also here now here's what i'm gonna do for this one i just want to say we start with ten thousand dollars and we are just reinvesting 100 of our equity so we do this i mean this makes it super easy so let's take a look at the performance here and see how we would have done here so if we had traded this strategy on the spy which is an etf mirroring the smp we would have turned ten thousand dollars into thirty five thousand dollars okay that's 356 percent over 27 years not bad so that's around 13 per year and you see some people would be very happy with these 13 per year but you see for me that's not very impressive at all because i usually make 60 to 80 per year with my trading strategies but let's compare to buy and hold so if we invested

10 000 in 1994 27 years ago in the sp y and didn't do anything oh my

gosh

look at this it would be worth

thousand dollars well it's 85 857

percent

or 31 per year ooh

this is much better well as you can see

so

a simple buy and hold approach would have outperformed this trading strategy

by a factor of

more than two so maybe

maybe we need to find a stock that is

more range bound for the strategy right

because

as you know both bitcoin and also the s p they've just gone up over the past

20 years let's actually see if we find a

stock

that is a little bit more range bound so

let's do this

why don't we go with let's take a look

at ibm let's take a look at the weekly

chart for ibm

let's actually zoom out a little bit so

that we see what ibm has done

over the past i don't know can probably

for ibm get much much more data

as you can see as we are going back to

1975 let's do that uh let's just go back

for uh i don't know

between 1973 as you can see here and

uh and what 1997.

so ibm was trading anywhere between 10

and 40

and after this if you look at ibm it has

been trading in a range

here we see another range so it's

definitely more range bound here right

so it has been trading between

what seventy dollars and 140 dollars and

recently

it has been all over the place so maybe

maybe ibm

is a much better candidate for this

strategy

shall we see okay let's take a look of

what happened

if we bring up here the strategy tester

because as you can see ibm has been all over the place and here we can

actually go back

until 1994. what i need to do is i need

to switch back to a daily chart because

this way

we are getting accurate results okay so

let's take a look of

what happened here and we are zooming in

to make it easy for you

so going back to 1974 overall that is 47

years

over these 47 years there were 93

trades and now out of these 93 trades we

had uh

only 24 winning trades 69 losing trends

oh i don't look good at all right i mean

this gives us a winning percentage of

only 25

so much less than in trending markets so

thus far this doesn't look good but

let's just take a look

at the performance report since we are

already here might as well

so let's do this let's zoom in to the

performance report oh

what the heck if we had started

in 1974 with 10

000 and followed this trading strategy

we actually would have

lost twenty 9524

and with the simple buy and hold uh

approach we would have turned our ten

thousand dollars into as you can see

here

almost eighty thousand dollars so let's

talk about this

how accurate is this death cross because

i mean

right now everybody is freaking out that

it is appearing in bitcoin but as you

can see from this example

paying attention to the death cross is as useless as

bringing an accordion player on a deer hunt or as useless as screen doors on a submarine

so both the death cross and the golden cross are appearing

way too late to be useful let me just show you

another example here we want to go back again to the s p

500 let me switch over to the chart and let's actually take a look at last year when we had the covet drop this is when we had the last occurrence of

the death cross and doesn't it look very similar to what's happening in bitcoin right now so right here is the death cross

and this appeared on march 30th march 30th 2020.

now you get the idea okay now when the death cross finally occurred and let me draw a line it's right here

so when the death cross finally occurred the down move

was already over the stock market was on its way to its recovery so is technical analysis useless no not at all because i want to show you something that

does work when using technical analysis now as you know

i am trading the power x radley which is based on

three indicators and the three indicators is what you see down here number one uh which is the rsi number two it is the stochastics and number three this here is uh is the macd and it is working really really well for me let me just show you my trading account here for a moment so that you see of what is happening

with this strategy there's the trading account as you can see i made 3 472 dollars in profits on a small 20 000 account and this happened in less than 17 weeks now this is more than 17 in two months if i could keep that up then that would be 102 in a year much better than a buy and hold approach or the this death cross golden cross stuff that everybody is talking about this right now the last two months have been really good this is why i'm up so much usually i said i'm shooting more for 60 to 80

but hey if you would like to learn more about this strategy i've written a book about this so

the powerx strategy i'll link to it in the description or what i also do i did some videos about it and i will link to videos right now and if you click on it i will explain the exact rules of the strategies in these videos it is super simple and you're going to love it so click on these videos if you want and i

will see you over there