The Smartest Play for Investors Right Now

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Sometimes, the smartest thing traders can do is just grab a seat on the sidelines.

Of course, our nature is to want to be involved in every move. We want to be aggressively long stocks when the market rocketing skyward. And we want to be prescient enough to spot the short-selling setups well a of a strong market declin

Despite our desires, though, we often get stuck in stock markets that don't really do much of anything. Stocks chop bac forth in increasingly tight trading ranges. Stock buyers get frustrated when the market doesn't push immediately higher. stop out of their long trades at a small loss.

Short sellers get frustrated that they never really gain any momentum. Stock prices hold up, and short sellers stop out c trades at a small loss as well.

The market does what it's supposed to do – meaning it causes harm to the largest number of participants.

So… like I said… during this sort of time, it's often best to just grab a seat on the sidelines. Don't try to do too much. Tr the best low-risk/high-reward setups. And be willing to hold a higher percentage of your trading account in cash.

You don't have to make money on every move in the market in order to be successful as a trader. But you do have to a temptation of trading poor setups.

I'll give you my own best example…

For most of 2017, I've been bearish. I don't believe the Trump rally is for real. Stock valuations are far too high. Investor sentiment is too bullish. Volatility is priced too low. And interest rates are set to increase.

But the price action of the market has been bullish. So despite my personal bearish leaning, most of my own trades this have been from the long side. Most of the trades I've recommended to subscribers have had bullish leanings as well. A done quite well, with an 80% win rate and 17.6% average returns in our *Delta Report* portfolio.

Recently, though, the market has been showing us some caution signs. Yes, the price action remains bullish with the S 500 trading above its nine-day exponential moving average (EMA) line. So we can't get too bearish just yet.

But the warning signs I've described lately – like Volatility Index (VIX) option prices, the long-term rising wedge formatio high-yield bond fund (HYG), and the negative divergence on the longer-term charts of the S%26P 500 – make it tough t aggressively bullish here as well.

This is a good time to remember that "cash" is a position. You don't have to have 100% of your money at risk all of the t There's nothing wrong with taking a seat on the sidelines and letting the parade go by without you – especially if there's chance you can join the party later at a better price.

That's the situation I think we're facing right now.

Stocks are expensive, and there are plenty of signs warning of an impending correction. But price action has been resil it remains bullish. I suspect that any further gains in the short term will be given back in the next few weeks.

And I can't yet tell you I think it's time to bet aggressively on the short side – the high-yield bond and semiconductor sec need to break down first.

So I've been telling my *Delta Report* subscribers to sit tight. We have the fewest positions in our portfolio we've had sin
started the service. We've taken profits off the table. And the only quick trades I've recommended over the past few we
been the overnight trades triggered by my new earnings algorithm system – which has been profitable now 4 out of 4 ti

There are times when the stock market sets up aggressively oversold or overbought conditions and presents low-risk/high-reward trades to those who are paying attention.

This is not one of those times.

The stock market is giving mixed signals right now. Traders should be neutral and willing to hold a large cash position.

You'll get a better chance to put that money to work in the weeks a.

Best regards and good trading,

Jeff Clark
Editor, *Delta Report*