

## Improving on Buy and Hold: An Initial Sell Signal

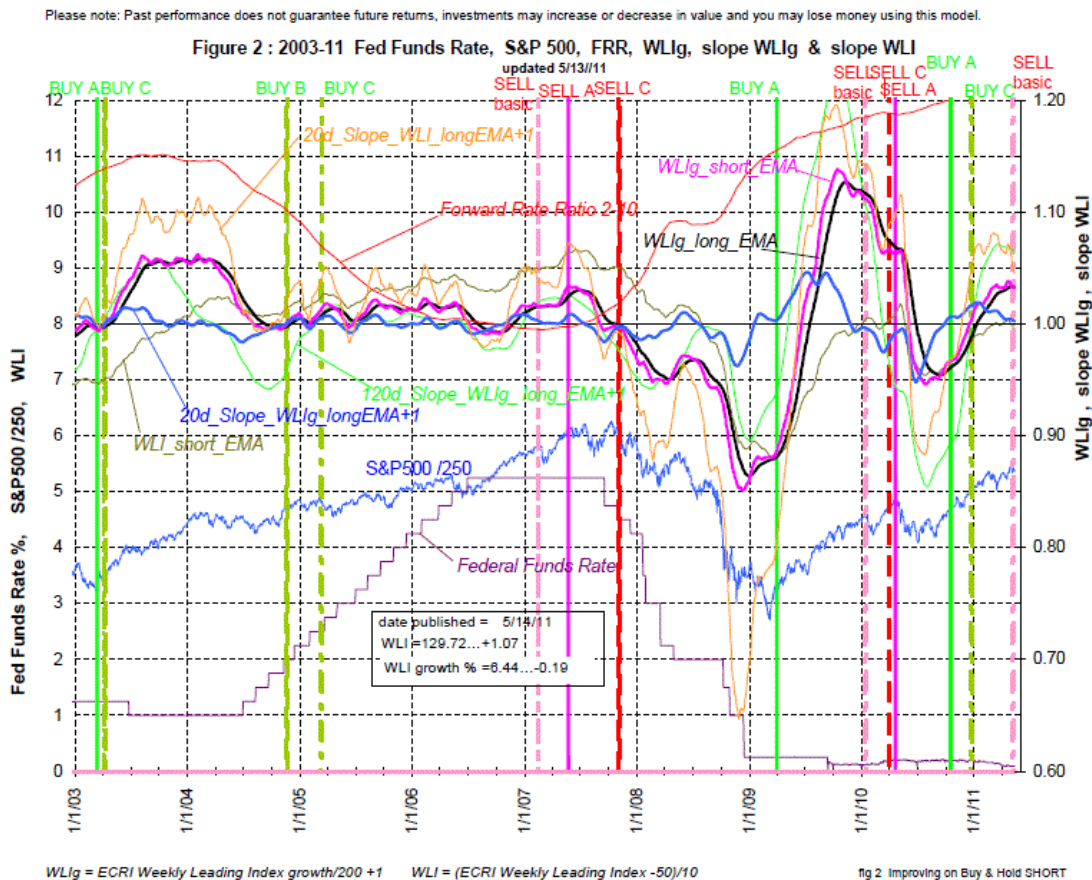
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I have updated the model described in my article, [Improving on Buy and Hold: Asset Allocation using Economic Indicators](#). The ECRI U.S. Weekly Leading Index and its annualized growth rate published on May 13, 2011, together with the most recent values of the other indicators, have been incorporated in my model.

The figure below shows the buy and sell signals obtained from the model for the time period 2003 to 2011. A *basic sell signal* was generated during the week ending on 5/13/2011.





After a basic sell signal, a "type A" sell signal is typically generated in 13 weeks.

The stock market has historically achieved further gains after a basic sell signal and this provides a good opportunity to reduce one's stock market investments over the next 13 weeks.

The past is not an indicator of the future, but I expect the S&P500 index to top out over the next 13 weeks.

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