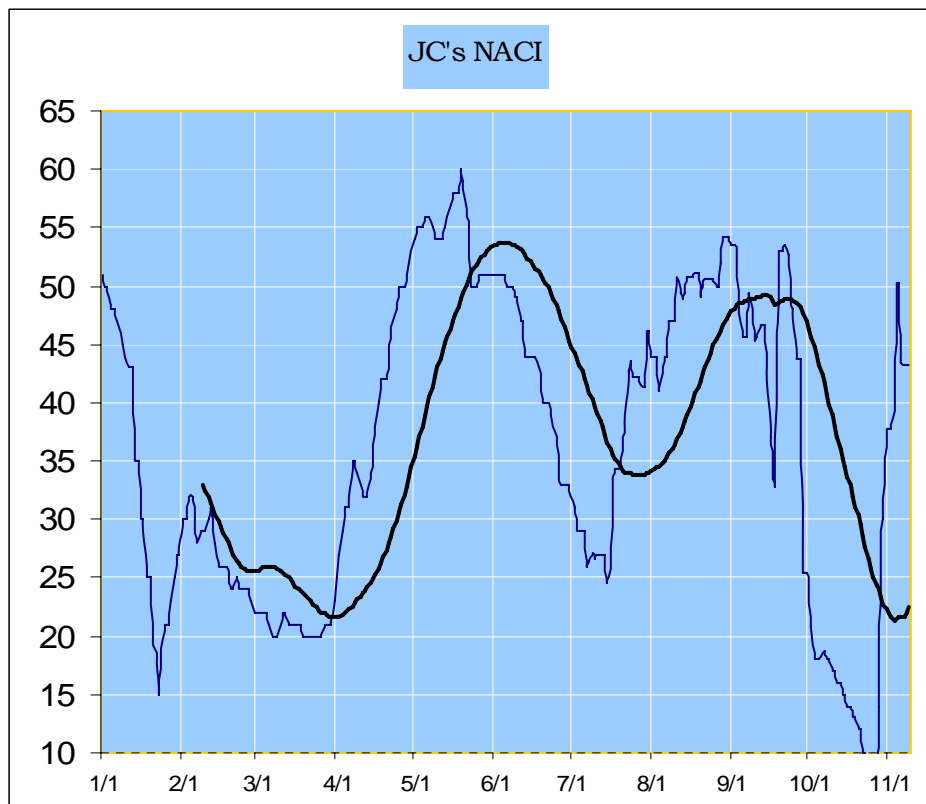


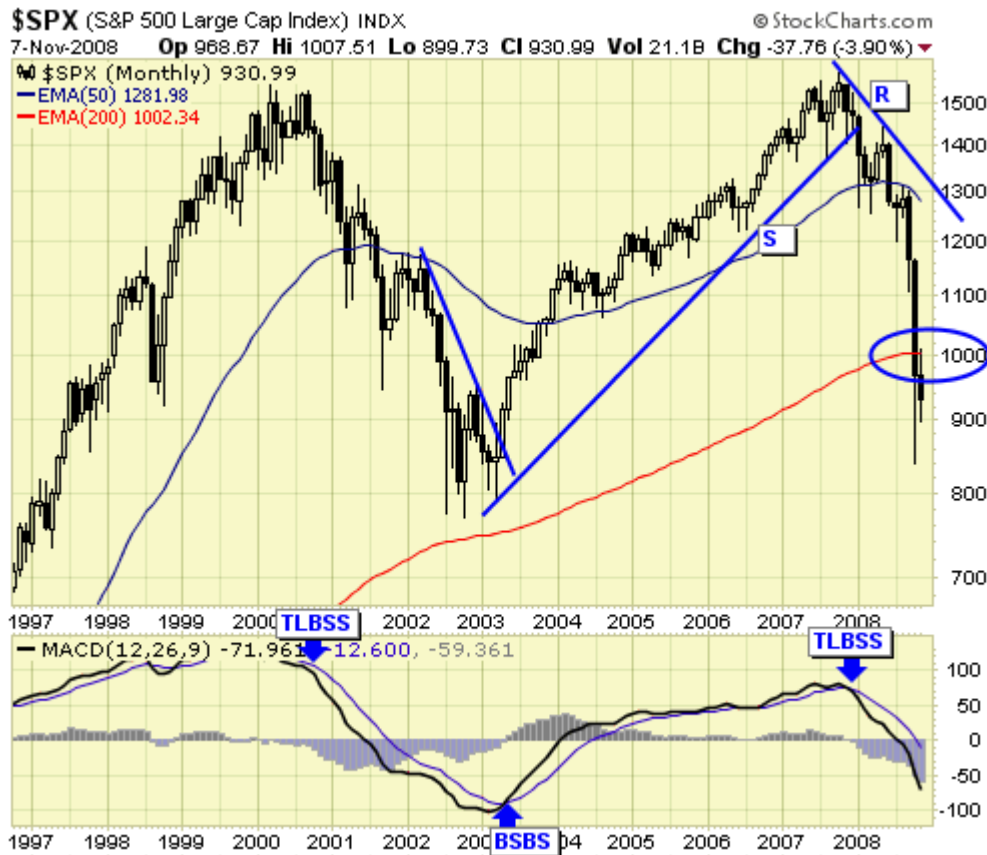
JACK CHAN'S SIMPLY PROFITS

Growth sector update 11/08/2008



Growth sector cycle is up, but BP turned down this week after reaching levels of previous tops.

Signals and set ups



Growth sector is on a major sell signal.

Growth sector is now in a major correction.

Note: newcomers please review the details of our major sell signal at this link:

http://www.simplyprofits.org/editorials/tutorials/08-0131_A_major_sell_signal.pdf

Double note: this is the first time that \$SPX has closed below the monthly 200ema since 1982.

Investors

In a bull market, investors should focus on the buy signals and set ups occurring near the EMAs on the daily charts, to buy or accumulate any of the ETFs.

In a bear market or during a major correction, investors should focus on the sell signals and set ups occurring near the EMAs on the daily charts, to buy or accumulate the “inversed” ETFs.

Traders

Aggressive traders simply buy and sell upon bullish or bearish buy/sell signals on the daily charts.

Conservative traders may want to wait until there are set ups, when stops and allocations are provided.



DIA – TLBBS but no set up yet.

A trading range is now established. This can be a consolidation, or base building, I'm not sure which will result. One thing I do know is that volatility continues to be at extreme levels, with markets capable of moving in one day what used to take in one month.

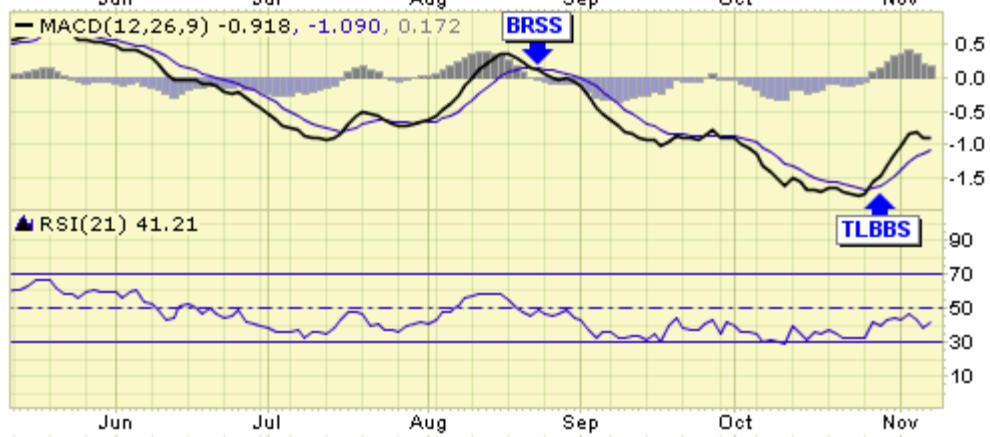


SPY – TLBBS but no set up yet.



QQQQ – TLBBS but no set up yet.

SMH (Semiconductor Holders) AMEX © StockCharts.com
7-Nov-2008 Op 18.53 Hi 18.87 Lo 18.39 Cl 18.85 Vol 8.5M Chg +0.90 (+5.01%) ▲



SMH – TLBBS but no set up yet.

Bear ETFs

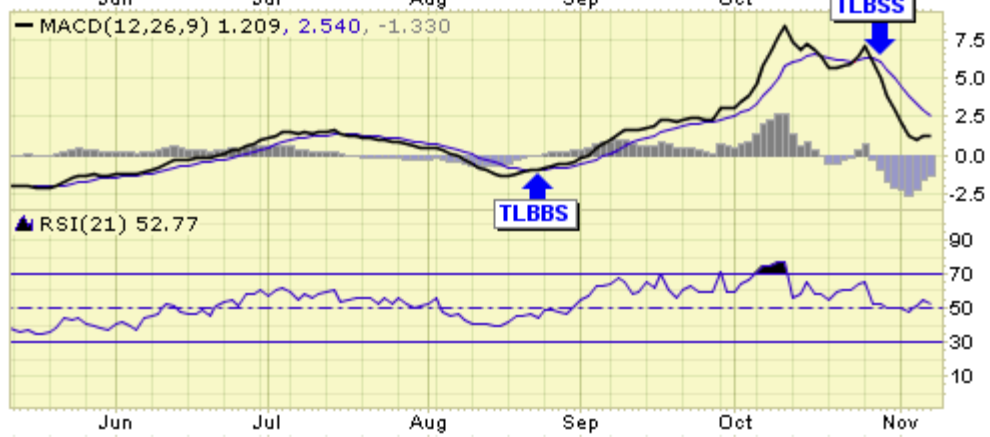
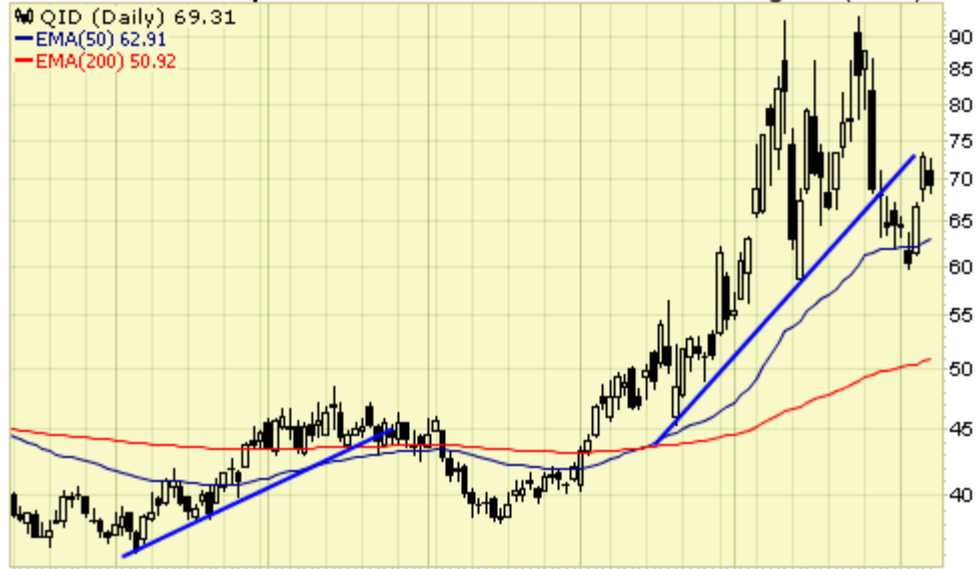
We are now officially in a major correction, and our set ups will favor the sell side. These are the inverse ETFs I am tracking, which cover all four major indexes.



DXD – on TLBSS.

QID (ProShares Ultra Short QQQ) AMEX © StockCharts.com

7-Nov-2008 **Op** 71.01 **Hi** 72.67 **Lo** 68.42 **Cl** 69.31 **Vol** 38.6M **Chg** -3.52 (-4.83%) ▼

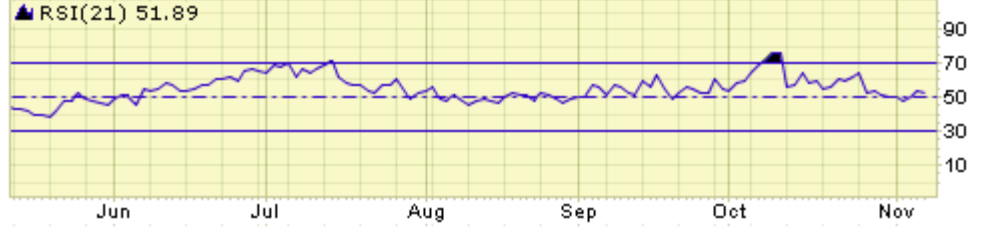


QID - TLBBS.

SDS (ProShares Ultra Short S&P 500) AMEX © StockCharts.com

7-Nov-2008 Op 92.85 Hi 94.49 Lo 89.25 Cl 89.89 Vol 54.0M Chg -4.71 (-4.98%) ▼

SDS (Daily) 89.89
EMA(50) 83.40
EMA(200) 67.75



SDS – TLBBS.



HXD.TO – TLBBS.

A word of caution

Trading the short side of the market has much higher risk than the long side. Simply because most investors are buyers and not sellers. When we short the market, regardless of the vehicles we short with, we are in the minority. A potential short squeeze can occur at anytime, and they are usually very sharp and very powerful. Folks who have not been around the markets long should know this, and accept the risk as short sellers. Cash or money market is a position too during a major correction or bear market, and capital preservation has priority over capital gain in a challenging environment.

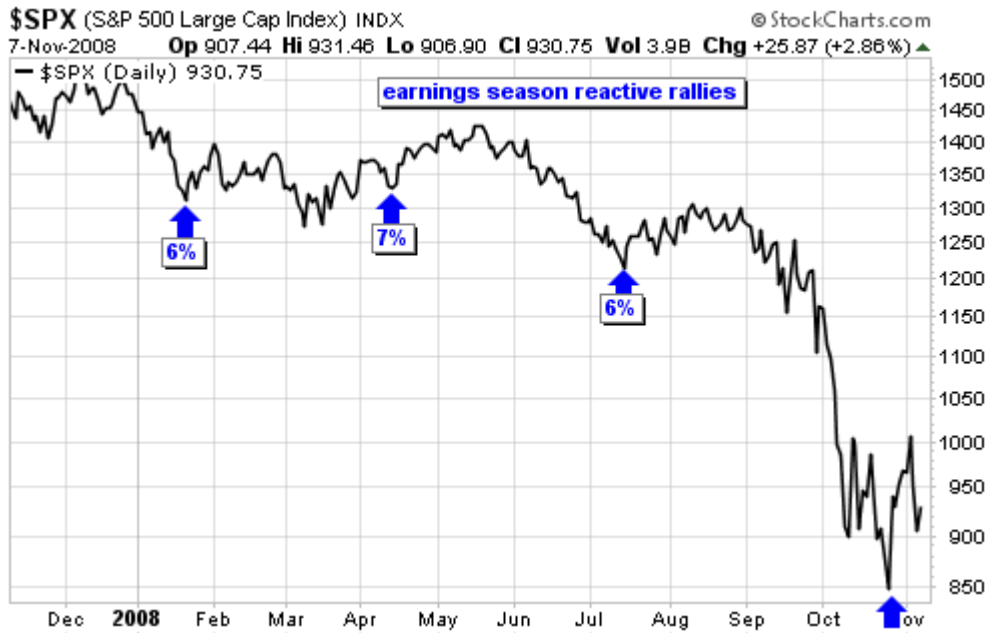
TLT (20+ Year Treasury Bond Fund (Leh) iShares) NYSE © StockCharts.com

7-Nov-2008 Op 94.52 Hi 94.52 Lo 93.55 Cl 94.26 Vol 1.3M Chg -0.62 (-0.65%)



TLT - TLBSS.

Analysis



Since our major sell signal in January, each earnings season (Jan, Apr, July) has produced some lift to the broad market. So far, Oct appears to have put in another bottom and has rallied for a quick 20%. Is this it, or is this just the beginning of a multi week/month corrective rally?



As long as \$VIX is on sell, prices can continue sideways to up in the major indexes. Our focus is on the next \$VIX buy signal, which should coincide with buy signals in the inverse ETFs.

Summary

From last week's summary:

Corrective rallies tend to zigzag a lot and quite sharply, trading with tight stops could be a futile effort. But trading without stops in a bear market is out of the question. Therefore, there is a good chance that we may continue to stay in cash, and wait for set ups on the short side.

This week, the Dow had the largest two day loss in history, dropping almost 1000 points in two sessions. That is volatility folks.

End of update