

THE TRADER



Closing my position

As my run as the Trader comes to an end, I look back at my lessons from the market and ahead to the future

As regular readers will know, I am scornful of market pundits who seek to forecast major turning points. This week, however, I am doing exactly that myself. After four years and three months, I am declaring with total confidence that my bull run as the Trader will reach its final peak today. I am leaving

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Investors Chronicle to take up a job in private banking. I thought I would therefore use this week's piece to look back on some of the main lessons I have learnt over the last four years and also look to the column's future.

My first column appeared on April Fools' Day 2010. Besides the daunting task of trying to live up to the

standard set by my predecessor, the great Marc Rivalland, I was soon faced with the violent 'flash crash' of May 2010, when the S&P 500 fell by 8.7 per cent in a single day and ended up suffering a near bear market. I was then taken aback by the sheer strength with which equities bounced back from late August, when the Federal Reserve signalled its plans to print yet more money.

Had I simply respected the trend of the market and even more so the actions of the Federal Reserve, I could have saved myself from painful losses and a great deal of egg on my face. But it was a terrific lesson. In November 2010, I embraced the bull market wholeheartedly, a stance that I've held most of

the time since. It was also then that I launched the Trader's Outlook email, to provide a more regular view on where I saw the markets going.

I have come to believe that much of what passes for technical analysis (TA) is nothing more than faith-based nonsense. It would be laughable, but for the real money that it helps to lose. I include in this several of the dark arts in which I myself have dabbled in the past, including Fibonacci, the Elliott Wave Principle, and much of Gann Theory. Discarding these techniques and focusing upon the price trend and the strength thereof has served me well.

I have also been very lucky that so many of you have taken the time to write in to me with your own strategies, thoughts and queries. I've been especially privileged to exchange ideas with some of the leading technicians. I should give special mention to Jack Schannep of thedowtheory.com, whose inspirational work is clear proof that plain, objective TA can lead to market-beating returns not just over a year or two, but over decades.

I am delighted to announce that Nicole Elliott will be replacing me as the Trader. Nicole is one of the most familiar faces in UK technical analysis, thanks to her frequent lively appearances on Bloomberg and CNBC. Nicole formerly headed technical coverage at Mizuho Corporate Bank, where her research was used by the company's own derivatives traders. Inspired by her experiences in this institution, she published the first book in English on Ichimoku cloud charting in 2007. Her recommendations have already appeared many times in the trading section of Investors Chronicle. I leave you in very capable hands.

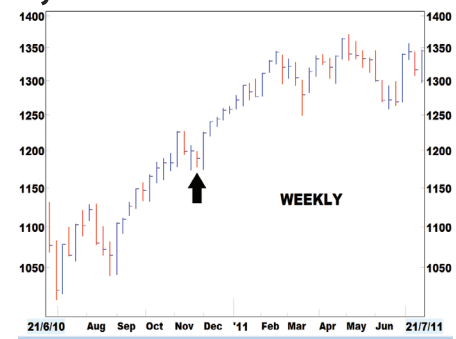
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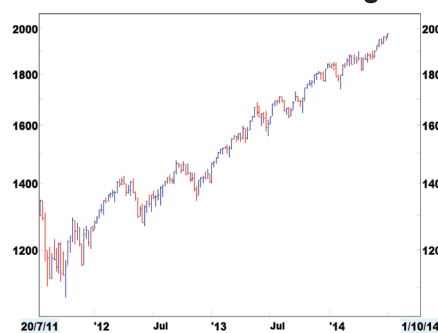
Flash crash



My switch to bullishness



Great time for trend-following



Not over yet

