

Following the Business Cycle

Wyckoff Student Forum 2022

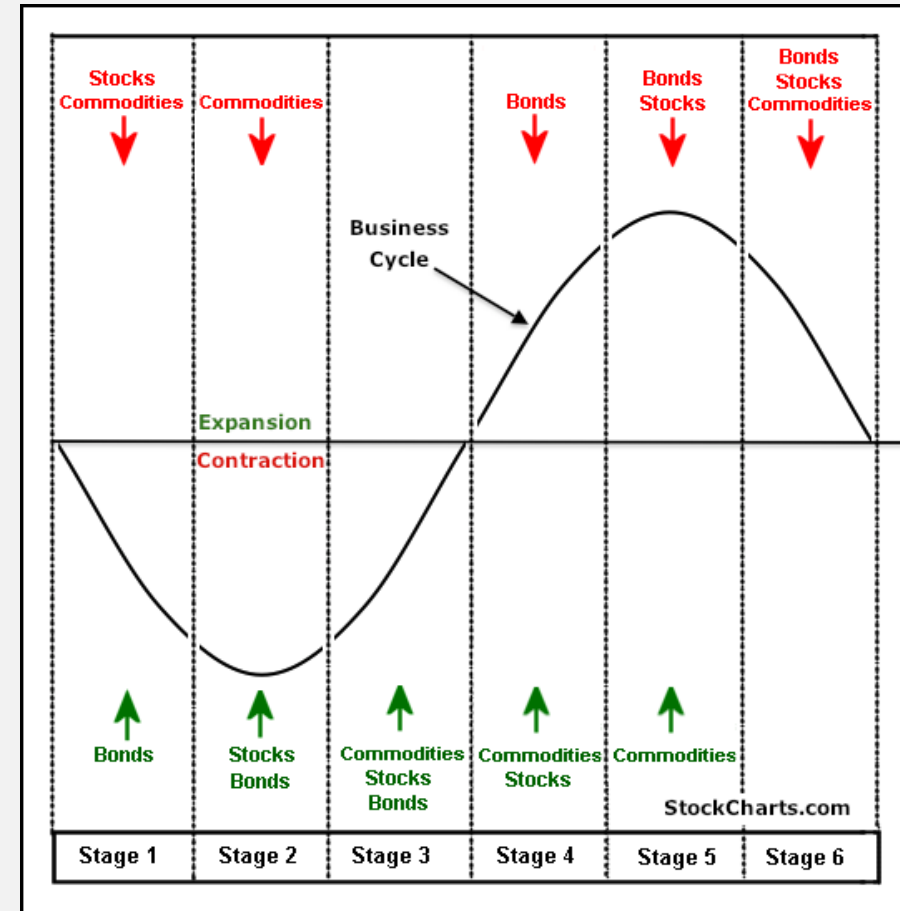
 Joe

 @AureliusPnF

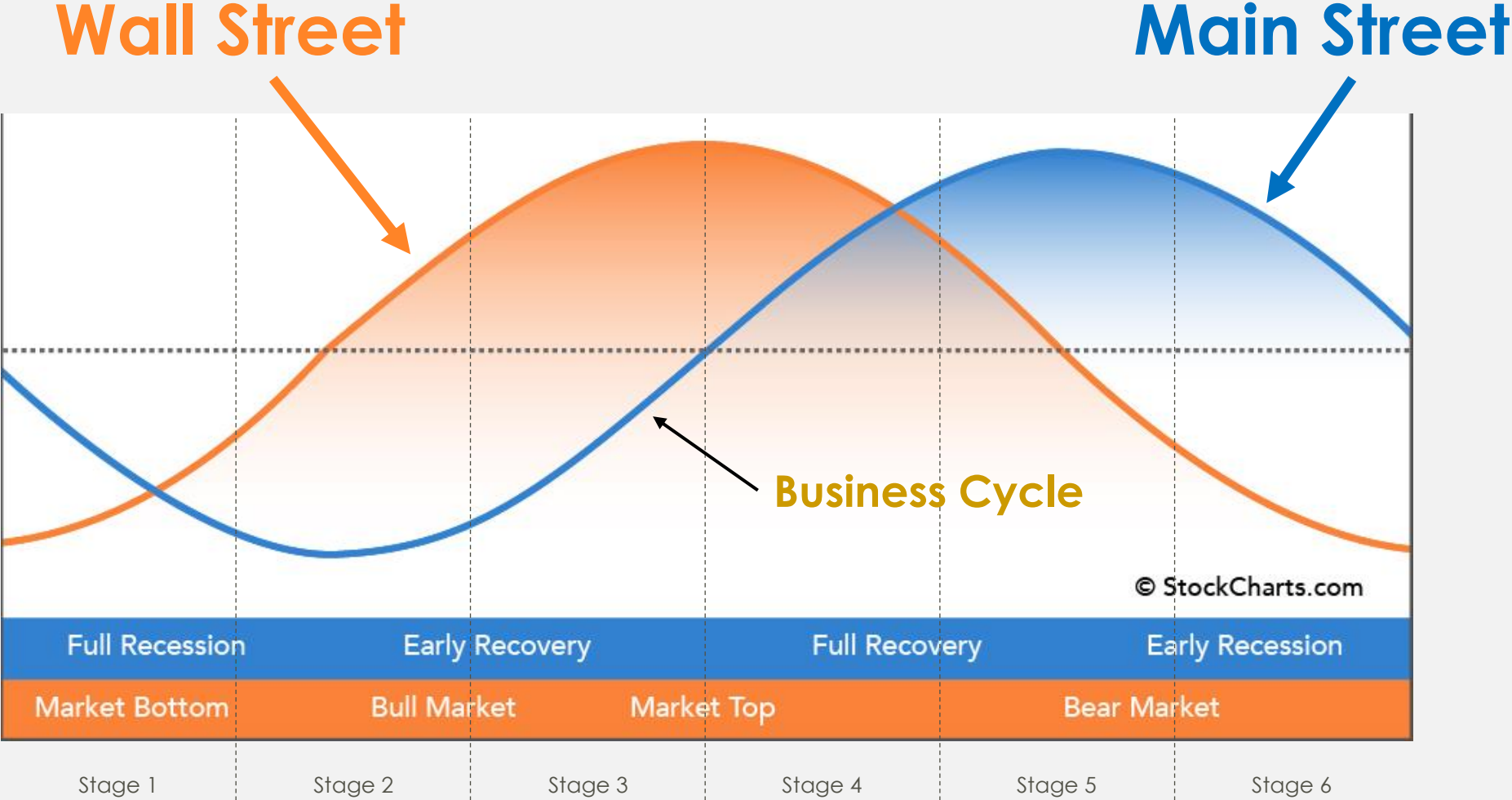
 aureliuspnf.substack.com

What is the **Business Cycle**?

- The **normal, sequential, and repeated** ups and downs of the Economy.
- The **ideal intermarket relationship** during expansion and contraction.
 - Bonds
 - Growth slows → Rates go down → **More money available in the system**
 - Stocks
 - More money available in the system → **More investment in growth**
 - Commodities
 - More investment in growth → **More demand for raw goods**
 - Bonds
 - More demand for raw goods → Drives inflation higher → **Rates go up** → Growth slows



Institutional **Strong Hands** Months Ahead

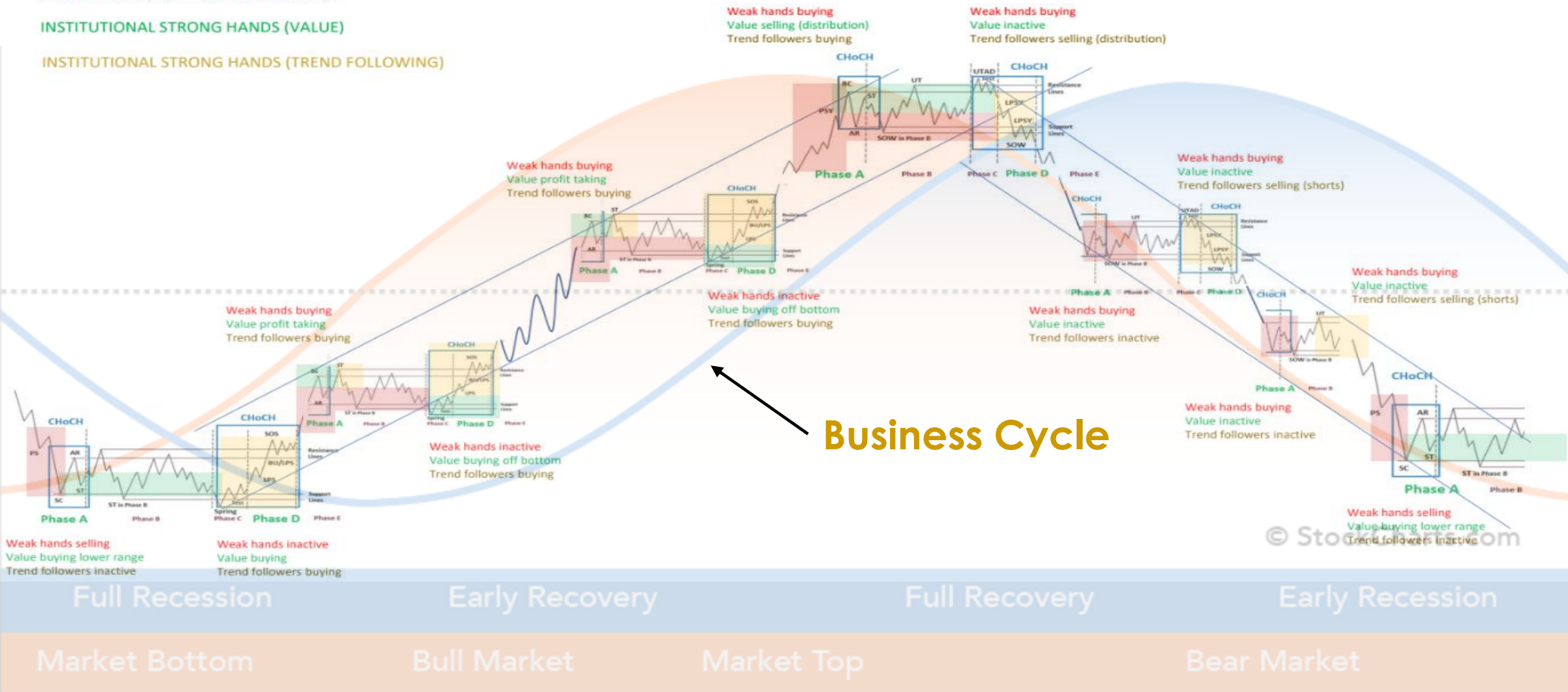


Wyckoff Price Cycle **Aligns** with the Business Cycle

Wyckoff Method: The Price Cycle

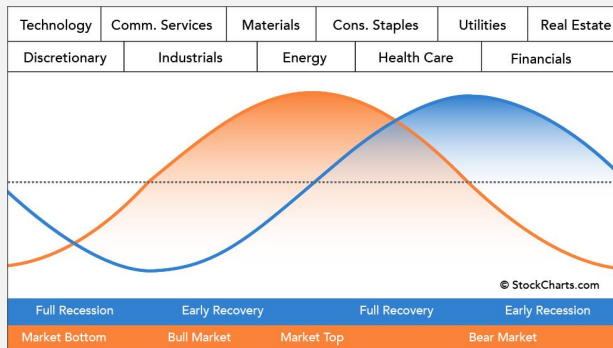
BEHAVIORAL MARKET ANALYSIS

- WEAK HANDS (INSTITUTIONS + RETAIL)
- INSTITUTIONAL STRONG HANDS (VALUE)
- INSTITUTIONAL STRONG HANDS (TREND FOLLOWING)



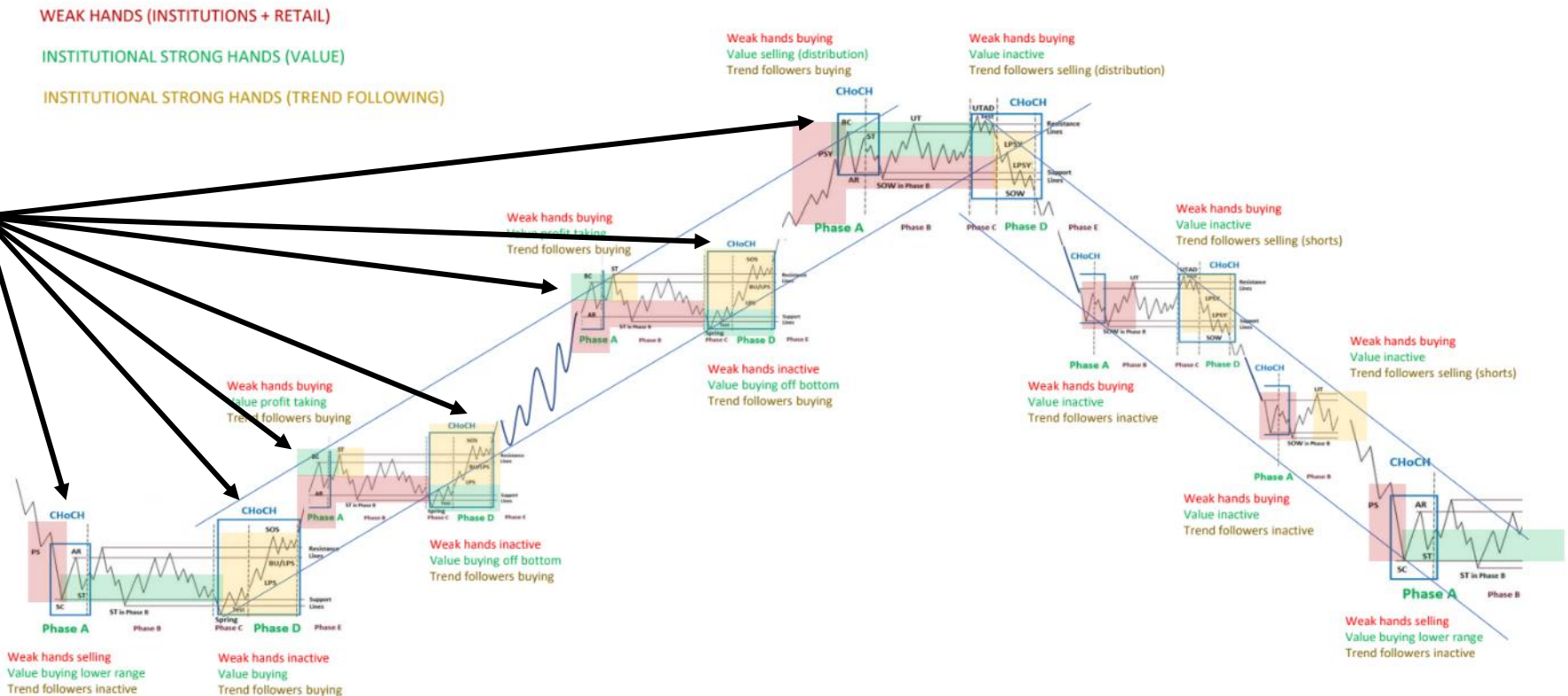
Sector Rotation to identify potential CHoCH

Sector Rotation

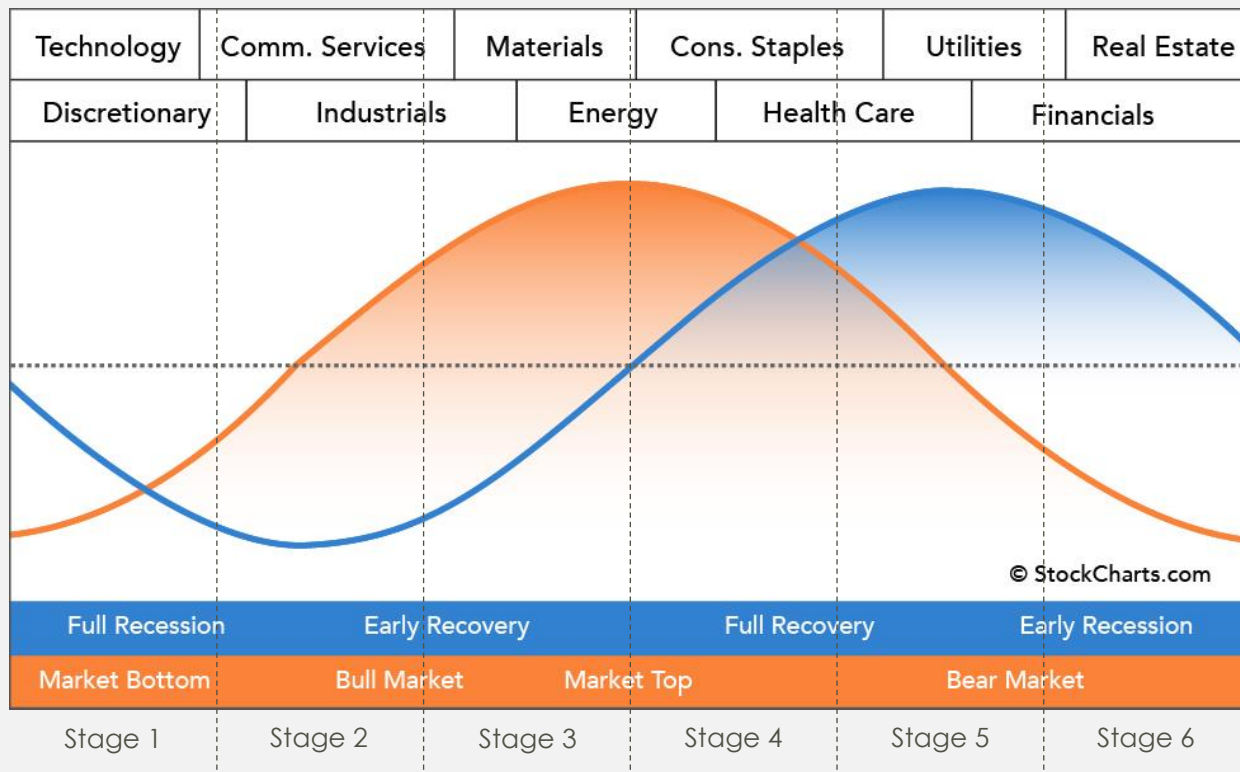


Wyckoff Method: The Price Cycle

BEHAVIORAL MARKET ANALYSIS

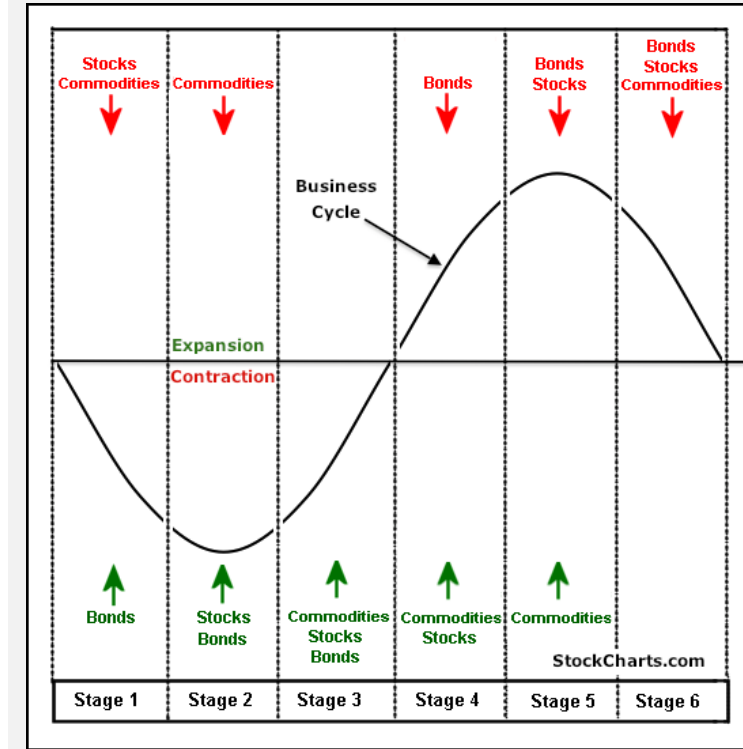
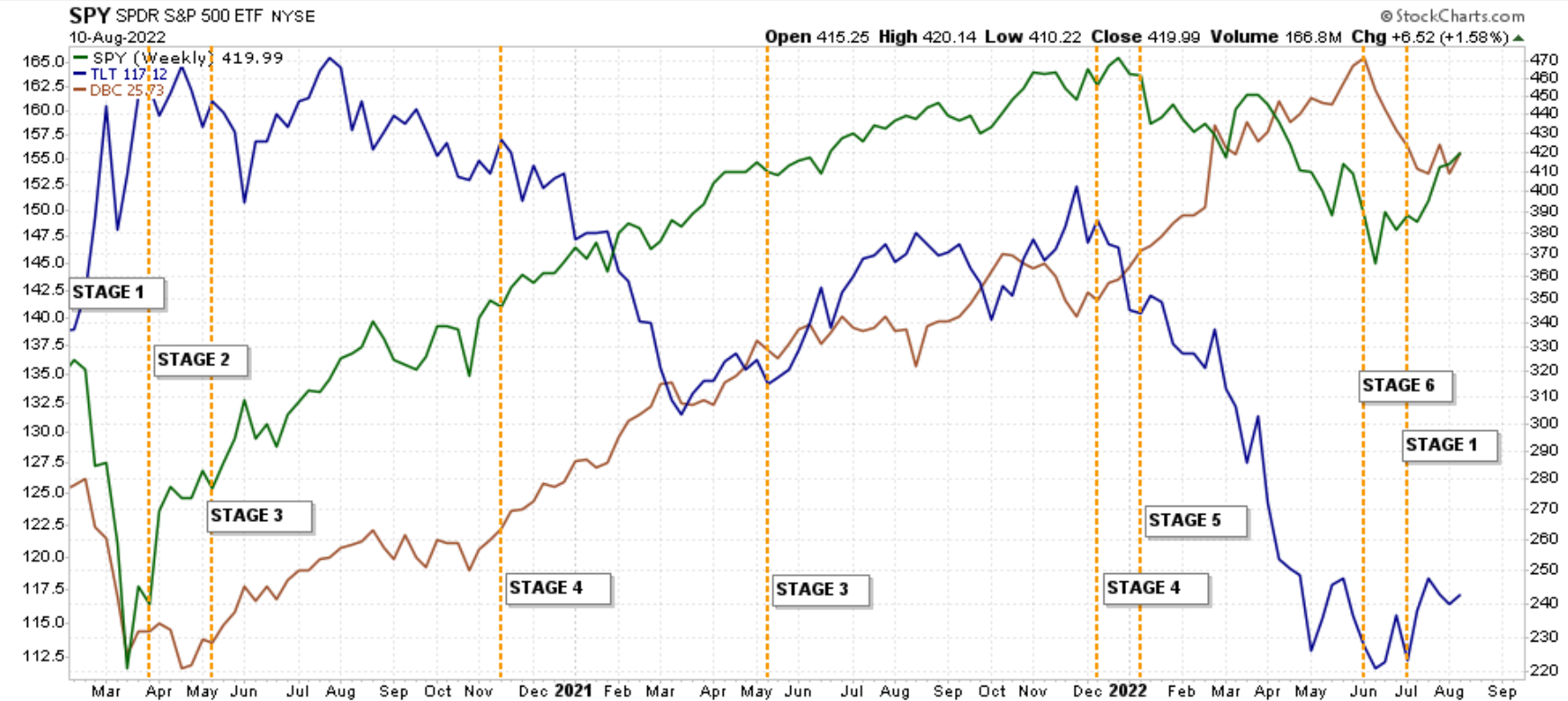


Sectors **Lead & Lag** through each stage

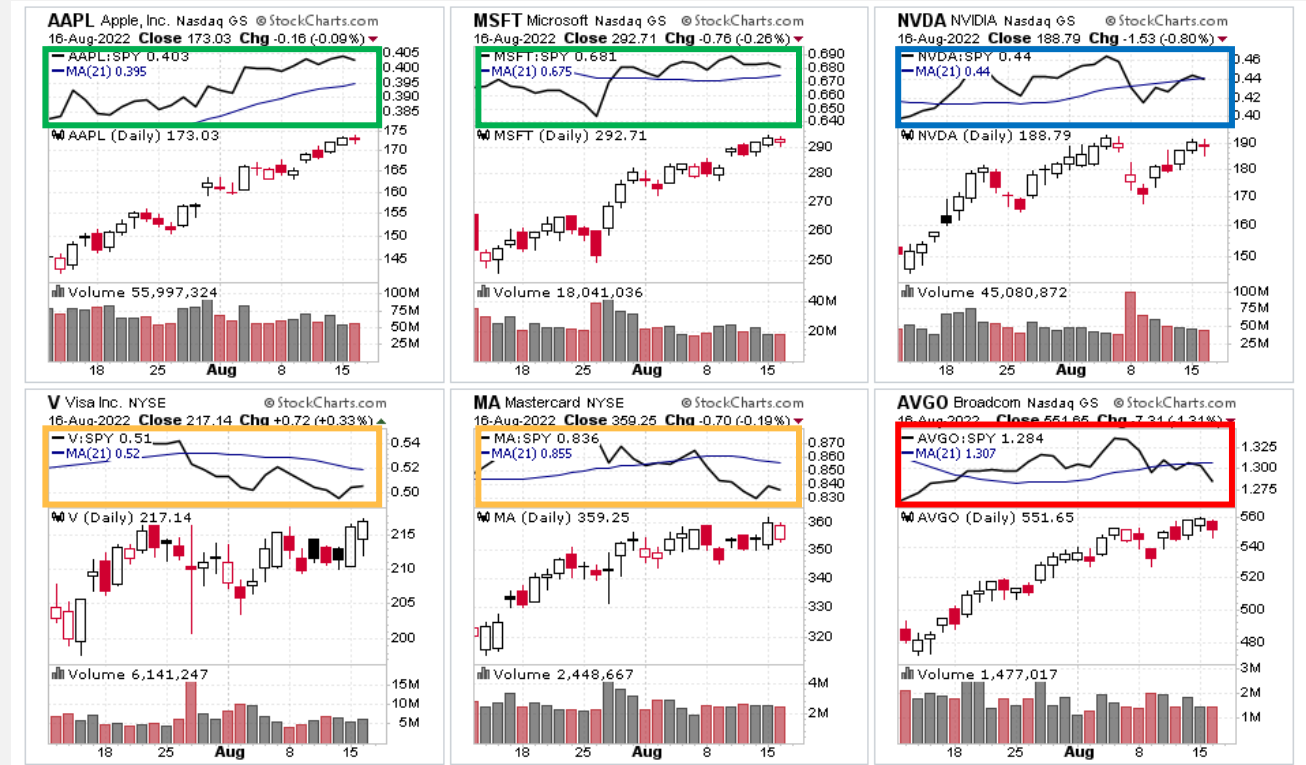
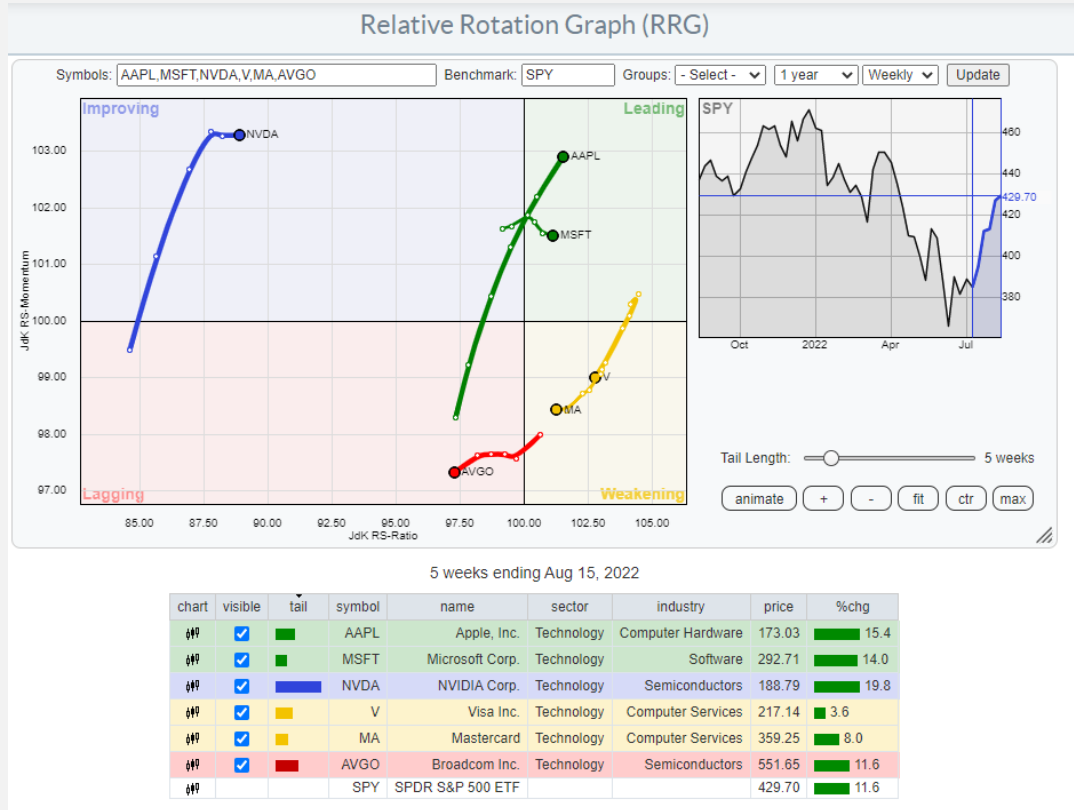


- **More Money Available in the System**
 - Technology
 - Discretionary
- **More Investment in Growth**
 - Communication Services
 - Industrials
- **More Demand for Raw Goods**
 - Materials
 - Energy
 - Consumer Staples
 - Health Care
- **Rates Go Up**
 - Utilities
 - Financials
 - Real Estate

Charting the Business Cycle

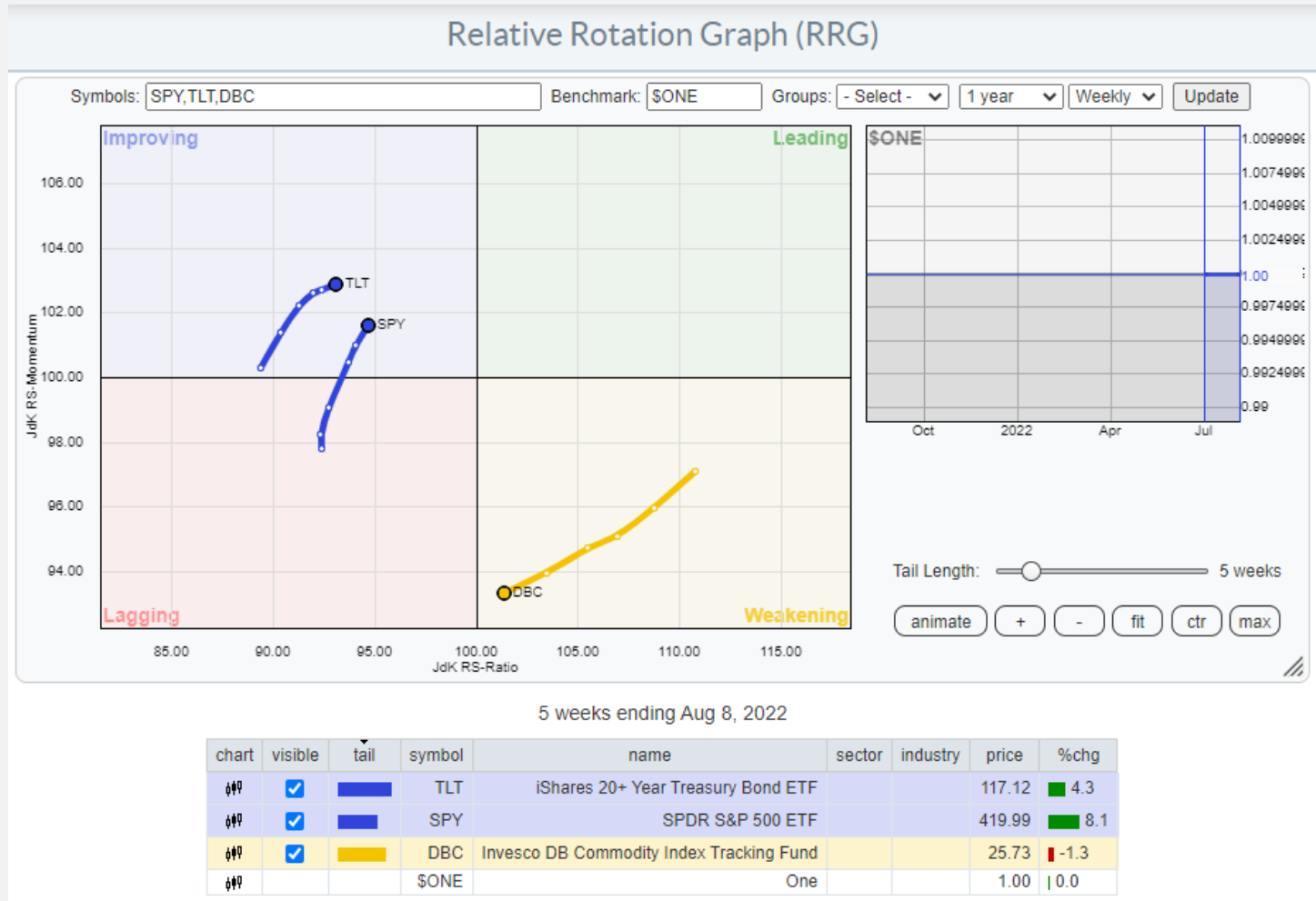


Wyckoff **Comparative Analysis** using RRG



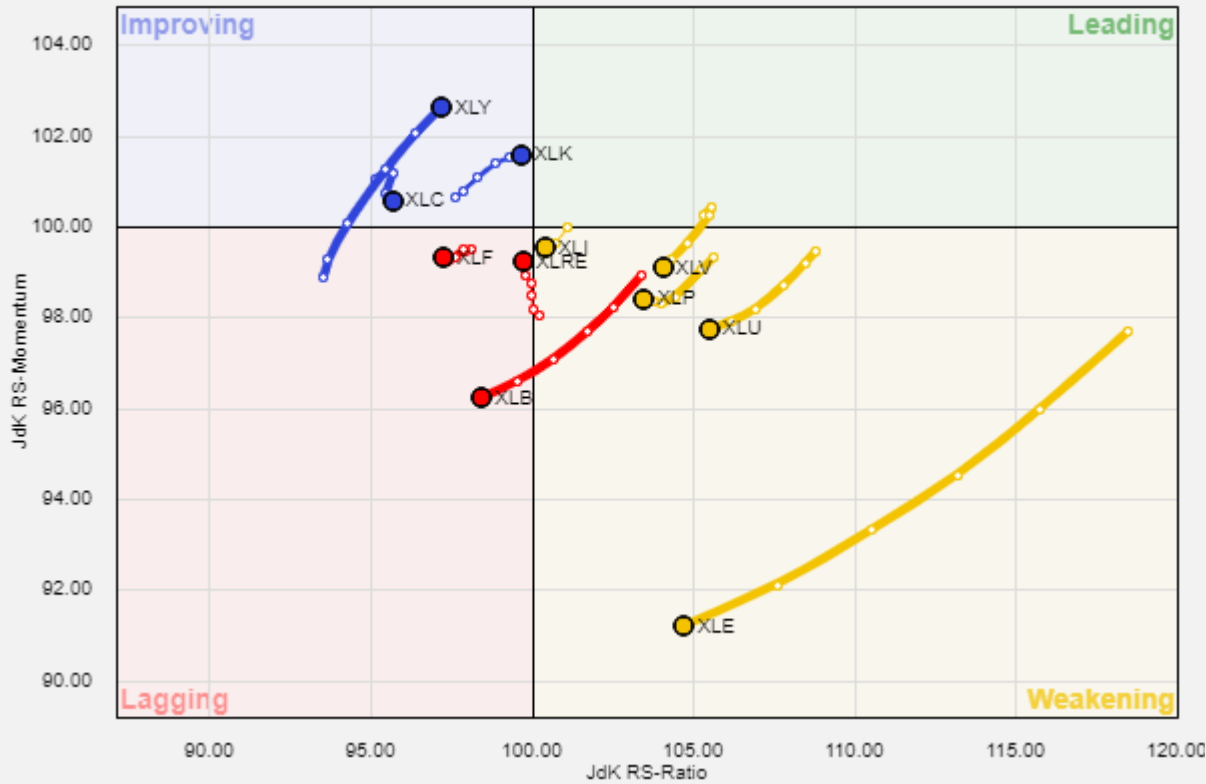
Relative Rotation Graphs (RRG) show the relative strength and momentum for a group of stocks.

Business Cycle Comparative Analysis

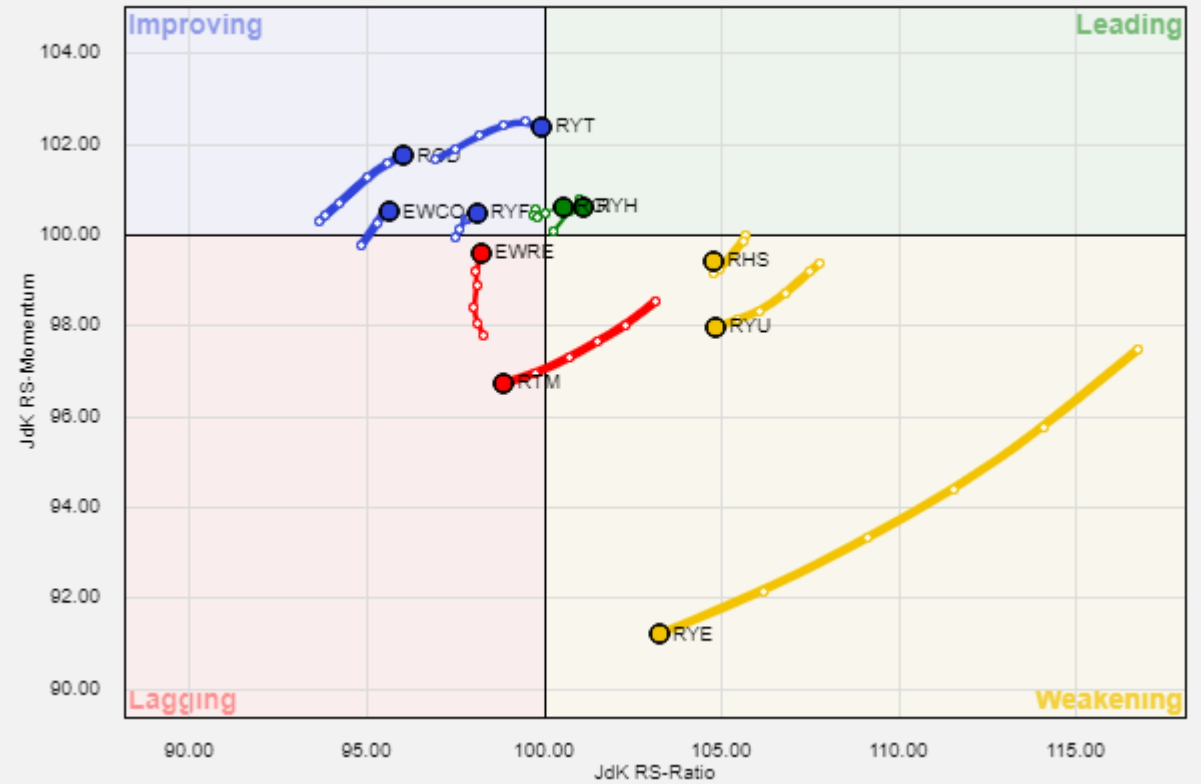


Tip: Use **\$ONE** for benchmark to compare versus cash position.

Sector Rotation with RRG

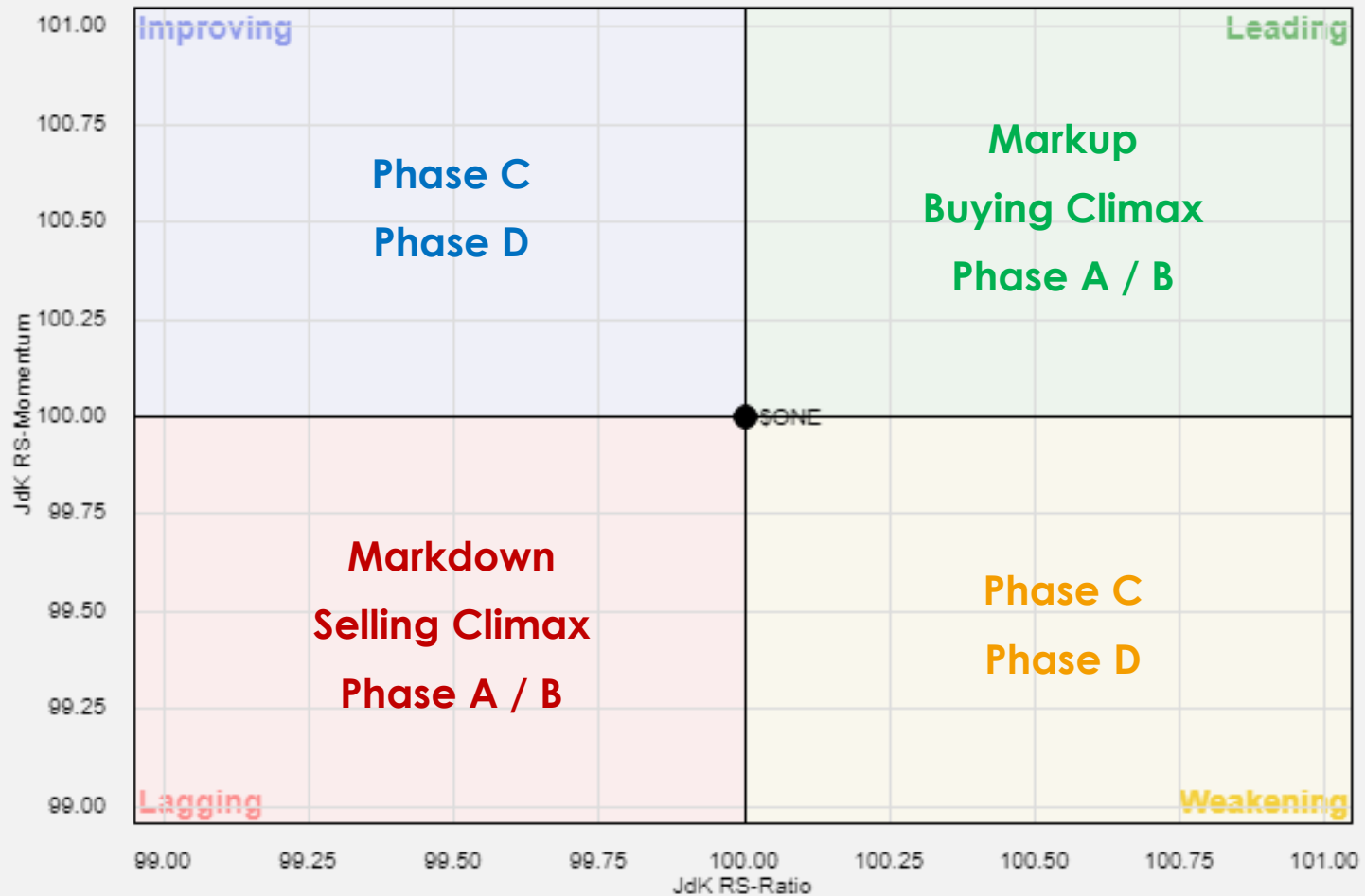


Select Sector SPDR ETF's (Weighted)
Benchmark: SPY



Invesco Equal Weight Sector ETF's
Benchmark: RSP

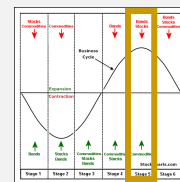
Applying Wyckoff to RRG



How do we actually put it
all together?!

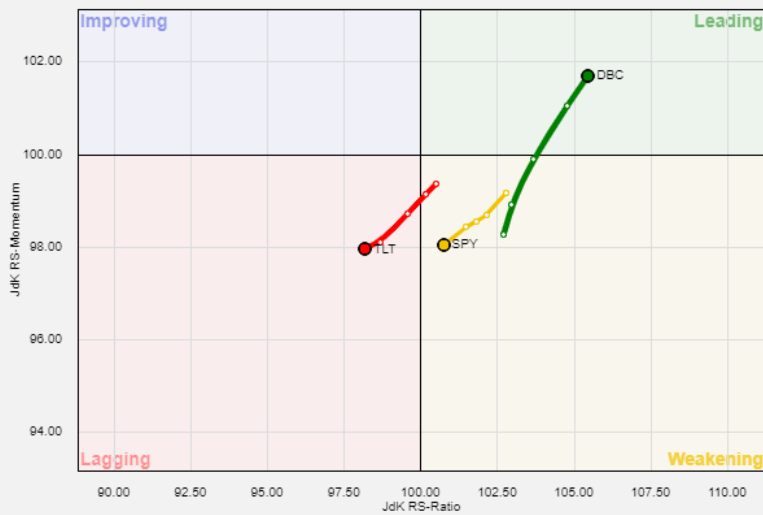
Let's do a Case Study

Case Study – February 18, 2022

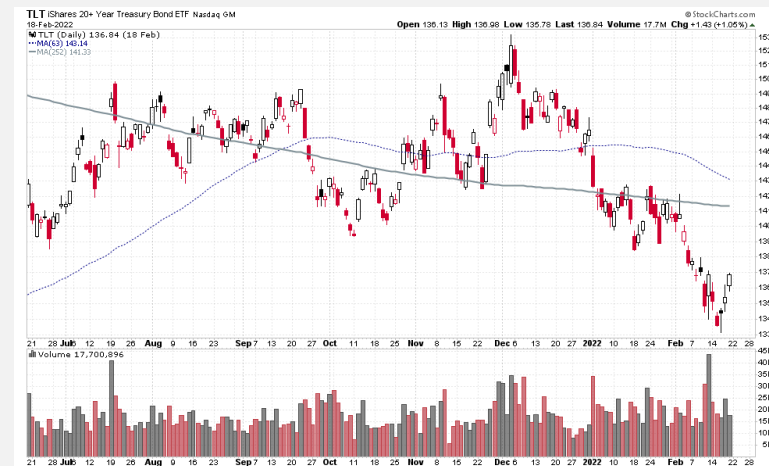
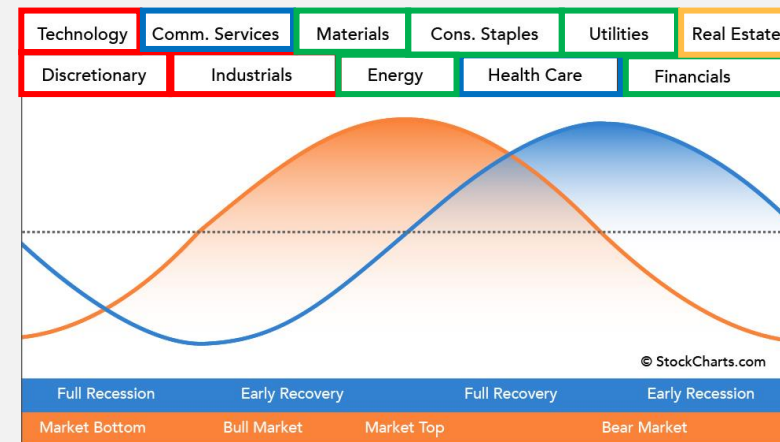
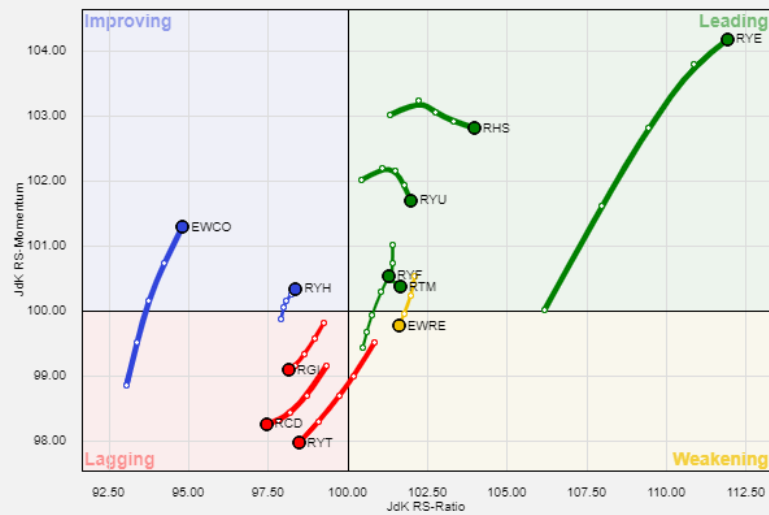


Stage 5

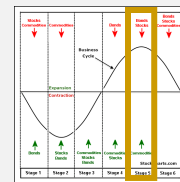
Business Cycle



Sector Rotation

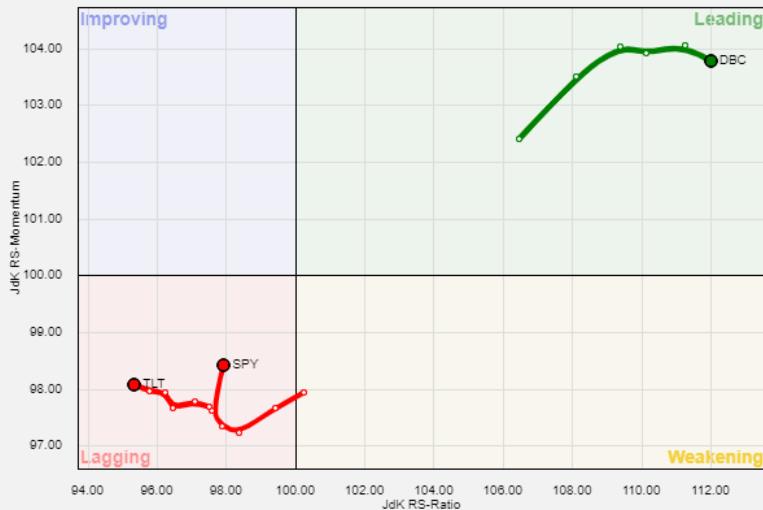


Case Study – April 1, 2022

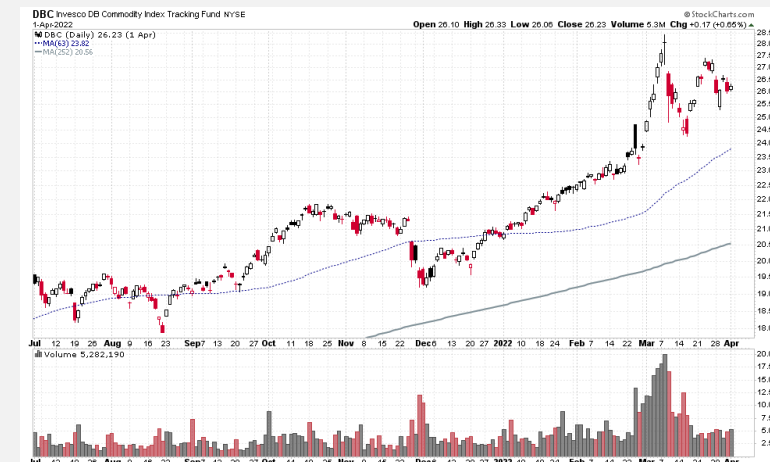
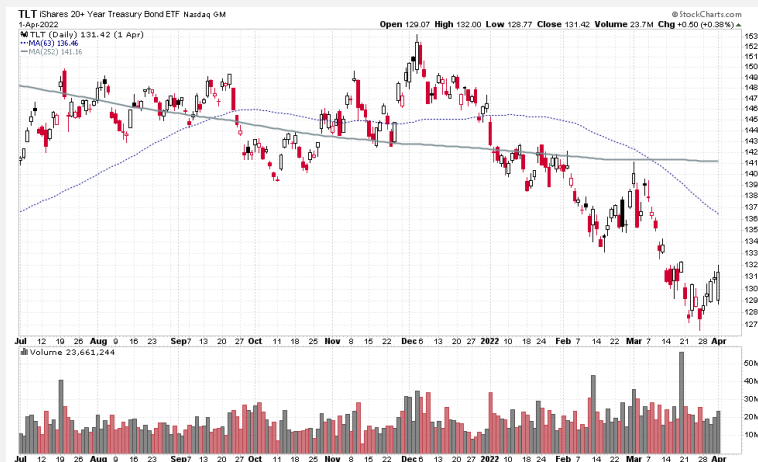
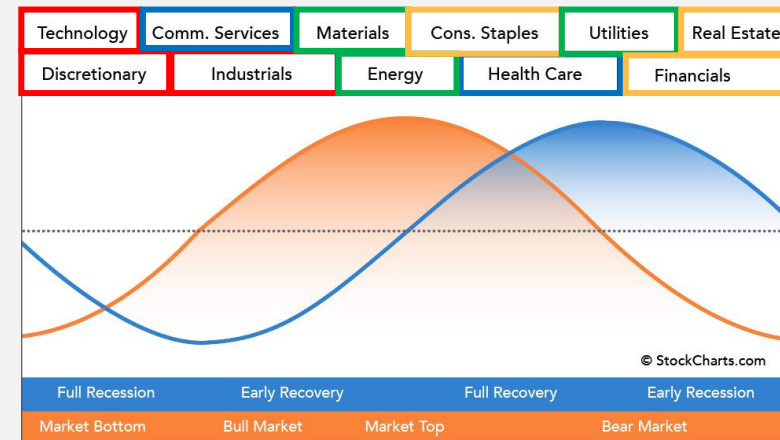
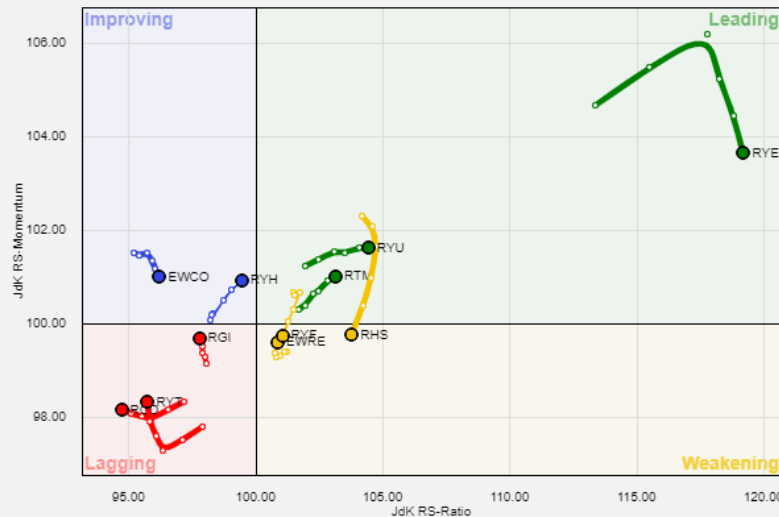


Stage 5

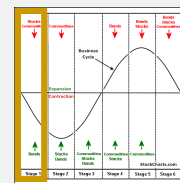
Business Cycle



Sector Rotation

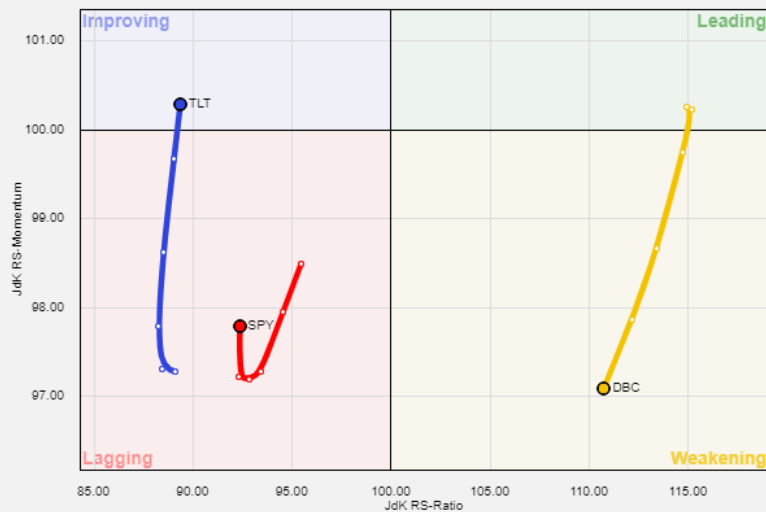


Case Study – July 8, 2022

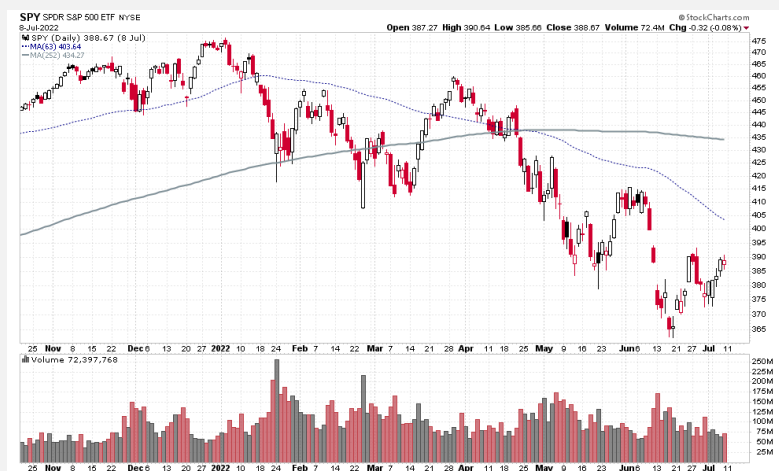
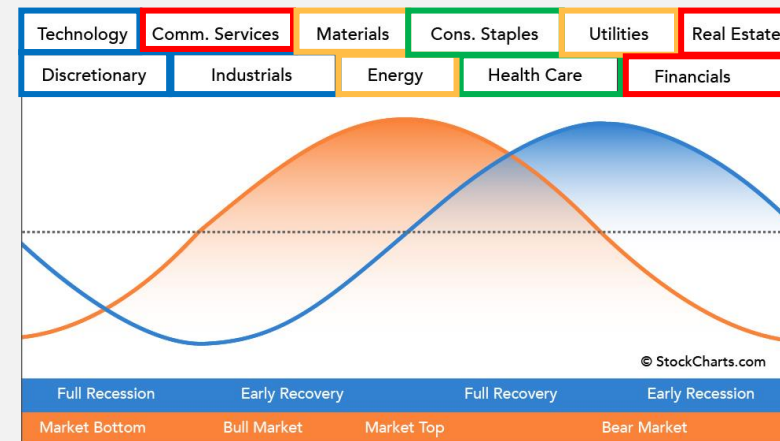
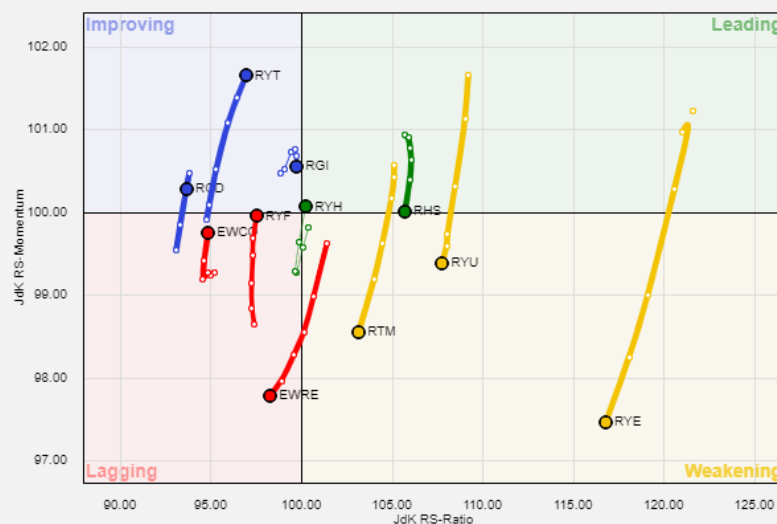


Stage 1

Business Cycle



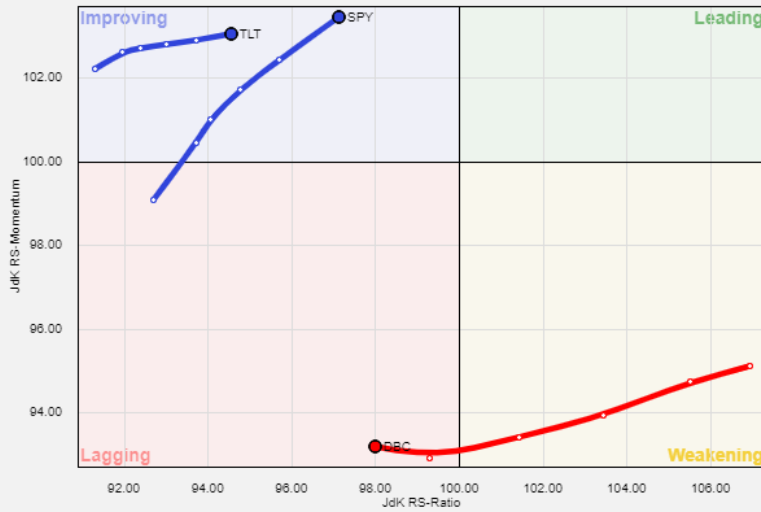
Sector Rotation



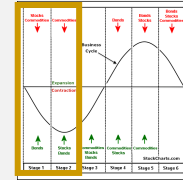
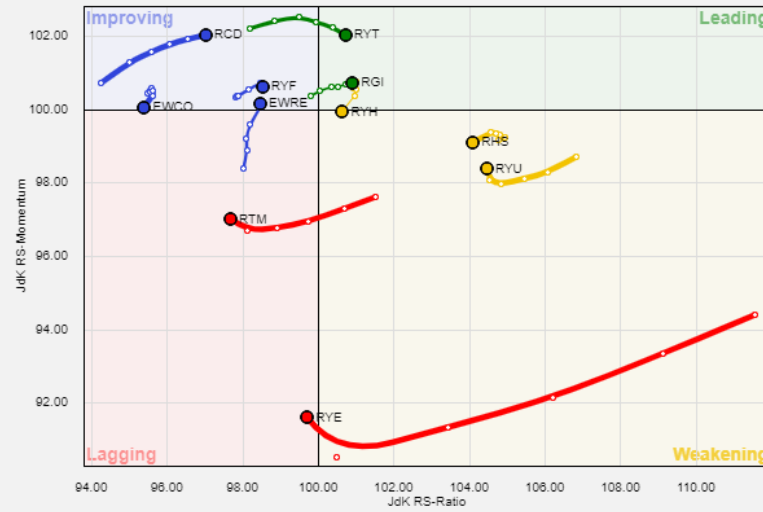
Where are we today?

August 25, 2022

Business Cycle



Sector Rotation



Stage 1

(Maybe Stage 2?)

