

Don't get caught in bear market, warns McLaren

Tony Boyd

Professional trader and stockmarket commentator Mr Bill McLaren believes the All Ordinaries Index will suffer a hefty fall this week, but he has warned investors against diving in for bargains.

“This is a cyclical bear trend so there is no point buying on the rebound,” he said.

Mr McLaren, who gained a weekly presence on US cable network CNBC after predicting last year's tech crash, said the ASX All Ordinaries Index was precariously balanced and could fall as low as 2700 this week, a fall of about 15 per cent.

“If this was just a normal bear run with normal circumstances, a sharp fall would be a time to buy,” he said.

“But one of the real problems that you have when you get into these capitulation moves is that if you buy when it falls, then you can't get out.

“My concern is that amateur investors will be tempted to jump in and buy, thinking they are getting bargains.

“They won't be getting bargains, they will be getting caught.”

Mr McLaren, who trades the US equity markets each night from his home in Byron Bay, said Wall

Street was in the grip of a severe bear market.

He said the S&P 500 was poised to fall another 150 points from its current level and the New York Dow Jones Index was headed for another 500-point fall.

“Right now, I hate to say it and I don't want to trigger a panic out there, but the markets have all the signs of a crash scenario,” Mr McLaren said.

Mr McLaren has been recommending his clients liquidate their share portfolios during July

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and August. “There's no reason in the world why we are not going to see the All Ords go back to the lows hit in March,” he said.

The All Ords hit a low of 3094 in March.

Mr McLaren uses the charting techniques pioneered by US technical investor Mr W.D. Gann.

He claims that all stockmarket movements have been seen before and that it is possible to prepare for the worst by examining the historic data.