**Marc Chaikin: How to Use Industry Power Gauge Ratings to Make Money in All Markets**

Marc shows us a unique approach to using Chaikin Analytics he has used for 50 years. You want a tailwind in your process – industry group relative strength is that tailwind. He uses power gauge ratings for ETFs to find winning stocks.

Marc has spent 55 years on Wall Street. 50 years using technical analysis. In his first bear market he realized fundamentals weren’t enough… so he turned to technical analysis. He has survived 9 bear markets and this is his 10th. Discipline and stops are the key to this longevity.

But he navigates bear markets using industry groups…

In 1990 he was selling a new product. To do that, he had to learn what his clients were doing. What he found is everyone looks at different things on Wall Street. He built this into his power gauge.

2021 was a bull market... but this year has been rough. Since 1945 there have been 11 bear markets, this is #12. Eight of them saw a decline of 20-40%. That’s where we are today. But three bears saw the S&P fall 40% plus.

Are we in the sweet spot or the ugly period? No way to know… but we have some guideposts.

Bear markets end with capitulation. Folks throw stocks out to staunch the pain. We’re not there yet. What it looks like is 1973-4

At that time, inflation was bad, and valuations was high. And the last wave down was 34% to the bottom. That’s capitulation. Bear markets can end without capitulation, but it’s not likely.

Another usual prerequisite to a bottom is the Fed lowering interest rates.

Headlines deserve a grain of salt… and it’s good to ignore the day-to-day action. Folks are hoping the fed takes their foot off the brake. Machines parse fed statements, and journalists claim to be the voice of the Fed. But that’s just hope.

We’ve had bear market rallies. Three indicators, McLellan, BPI and NYSE Percent above 150 DMA, suggest capitulation isn’t here yet.

But some interesting opportunities are forming. Mid term election year bottoms rally 30-50%... but from what level? We don’t know yet. It depends on central banks and economists.

But we can have a disciplined approach…

A poll of the room reveals half the audience is sitting in cash… but what do you buy?

The challenge is info overload. Too much financial information is difficult to parse. Chaikin helps with this.

The top-down approach is key.

Zero in on strong sectors and industry groups. Then focus on stocks with the best potential. And finally zero in on the best ideas using three key indicators: Chaikin power gauge / industry group strength. Chaikin buy/sell signals. Chaikin money flow & Chaikin relative strength.

Successful investing demands disciplined methodology.

The power gauge looks at 20 factors and simplifies them. It distills data into a gauge of four components. Financials, earnings, technical and expert opinions.

The gauge was rolled out in January 2011.

Most investors have a point of view – value, growth, dividends… Power gauge is eclectic. Its 20 factors are 85% fundamental and 15% technical.

One favorite indicator is short interest – are smart people betting against the stock? And insider trading, especially for small caps. Why would someone buy their own stock? Because they see big growth ahead.

The point is the power gauge does this all for you

ETF industry groups give you a tailwind. Sectors that are going down have headwinds. And Sectors going up have tailwinds. “You can’t change the wind but you can adjust the sails.”

If you zero in on the strongest industry groups, you can outperform.

Marc’s mantra is fundamentals drive the markets, and emotions drive the markets to extremes. Path to profit fundamentals PLUS technical.

Power gauge for ETFs looks at constituent stocks and gives a rating to each. Then it weights the constituents. Then it looks at ETF technical It concludes with a rating from bullish to bearish.

Power gauge predicted ARKK’s fall before it happened.

On June 15 2021, energy was the must bullish sector and information was the least. The predicted trend persisted for 18 months.

After finding the right sector, the best industry group ETF must be found. Again, you can rate by gauge.

Then, find the strongest rated stocks.

Sometimes you overcommit capital to losers – you need to cut these losers early.

Take COVID darling Fiver (FVRR). Power gauge was bullish in 2019. The relative strength was high. And sure enough, the stock surged.

But the power gauge turned bearish at the end of 2021… and the fall from there was significant.

Don’t fight the market… the market always wins. “Listen to the fed but watch the market.” – Marty Zweig.

Another Chaikin tool is the power bar: the bull/bear ratio of stocks within an ETF. In March of 2020, only one stock had a bullish rating: Regeneron (REGN). It doubled out of the COVID low.

Last Friday, energy was the top. Drilling down into ETFs, we can look at XOP. The constituents are almost all bullish. And so is the Power Gauge

Next we look at a bearish case… XNTK. It’s a tech ETF. And the Power Gauge is bearish on the ETF… as well as its constituents. Including Amazon. Even Bezos admitted Amazon will fail four years ago. And the covid Rally has given way. Amazon is no longer a core holding.

A better holding is an energy stock.

Using power gauge, we find Valero (VLO). This is the stock to make a core holding. Other energy stocks too.

But it’s important to know what to avoid too. If the power gauge is bearish, get away.

Last year Marc said to short Teladoc. The power gauge was bearish and the stock was underperforming. It failed 6 of 6 indicators. Since then it dropped from $140 to $18… after already falling 50%.

Now the power gauge is bullish… but Teladoc isn’t outperforming the market yet. Relative strength is still weak. Cathy Wood should have followed the power gauge.

Last year’s bullish pick was marathon digital. It lit up the indicators green. And the stock went from $52 to $82… but peaked with bitcoin.

Finally, there are some “fallen angels” that might come back. Snap, Doordash and Match.com. It may not be over yet for these companies…

Nevertheless, bottom fishing is the most expensive sport in America. Follow the power gauge to keep the wind at your back.