July 13, 2022

Toggle AI

How to Survive (And Thrive) in a Bear Market

Jan Szilagyi
Toggle AI

Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. Interactive Brokers LLC is not responsible for the content of these presentations. You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you. Interactive Brokers LLC does not provide recommendations or advice. This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.
Disclosure:

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled Characteristics and Risks of Standardized Options by calling (312) 542-6901.

Any discussion or mention of an ETF is not to be construed as recommendation, promotion or solicitation. All investors should review and consider associated investment risks, charges and expenses of the investment company or fund prior to investing. Before acting on this material, you should consider whether it is suitable for your particular circumstances and as necessary, seek professional advice.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the CFTC Risk Disclosure. For a copy visit interactivebrokers.com.

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers LLC’s Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

• IRS Circular 230 Notice: These statements are provided for information purposes only, are not intended to constitute tax advice which may be relied upon to avoid penalties under any federal, state, local or other tax statutes or regulations, and do not resolve any tax issues in your favor.

• Interactive Brokers LLC is a member of NYSE FINRA SIPC.
TOGGLE

HOW TO SURVIVE (AND THRIVE) IN A BEAR MARKET

IB Webinar - July 13, 2022

toggle

/ˈtäɡəl/ verb

1. COMPUTING
   switch from one effect, feature, or state to another by using a toggle.
   "the play/pause button toggles between those functions"
Disclaimer

Note that past performance does not indicate future performance. TOGGLE email briefings, newsletters, alerts, insights, and similar publications "Publications" do not reflect any opinions of TOGGLE or its affiliates. Publications are meant for informational purposes only, are not intended to serve as a recommendation to buy or sell any security in a brokerage account or any platform, and are not an offer or sale of a security nor an endorsement or advertisement of the same. While TOGGLE seeks to ensure the accuracy of the information it presents, it has no obligation and shall not be liable for errors in any data, information, or Publications accessible through TOGGLE products or services. All investments involve risk and the past performance of a security or financial product does not guarantee future results or returns. TOGGLE is not a broker-dealer nor an investment adviser, and makes no representations or warranties, express or implied, and disclaims any and all warranties with respect to any information accessible via any TOGGLE Publications or TOGGLE data.
INVESTING DURING A BEAR MARKET IS A CHALLENGE

Bear market is full of waterfall declines, sucker rallies – how do you navigate it?

• Data is widely available (and often free) but dispersed across numerous sites (FinViz, Yahoo Finance, TradingView ...) and still has to be analyzed before it's useful

• News and data changes daily, often several times intra-day

• Market data is constantly updating (prices, volume, positioning)

It's often too much for part-time investors.
How do you turn this ...

Daily barrage of data and news averages 17 headlines per second

Stock market news live updates: Stocks fall as bond yields push higher

Russian menace brings abrupt end to the west’s ‘peace dividend’

ECB Plans July Rate Increase as Inflation Problem Deepens

3 Things to Do to Manage a Bear Market Early in Retirement

Nobel Laureate Shiller Sees ‘Good Chance’ of a US Recession

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
The key to avoiding risks and spotting opportunities is cutting through the noise.

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
MAJOR (BEAR MARKET) LOW – CHECK LIST

1. **Duration:** typical bear market duration is 10-12 months going back to 1929
2. **Peak to trough correction:** over that same period, bear markets led to declines of about 36%
3. **Retest of the lows:** very often (but not always - cue the pandemic bear market) equities retest the lows before we can be confident the bottom has been put in
4. **Divergence with new constituent stock lows:** by the time the indexes have bottomed, most stocks have stopped making new daily lows
5. **90% upside day:** panic selling isn’t enough to end a bear market. As discussed earlier, a major bottom also needs a solid sign that low prices are drawing in widespread stock buying. One such indicator is 90% upside day: when 90% of the volume on a given day occurs in stocks that moved higher during the session
BUT BEWARE THE "SUCKER RALLY"

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
BUT BEWARE THE "SUCKER RALLY"

1. Low trade volume

2. Failure to rise above its key moving averages

3. No confirmation from a technical oscillator

4. Parabolic rise

5. Failure to clear resistance

6. Unusually huge candlestick

7. TLI index turning bearish
WATCH MARKET BREADTH AS REFLECTED IN THE TLI

SPDR S&P 500 ETF Trust
$388.51  -0.49/-0.12%

- Bullish TLI  - Bearish TLI

TOGGLE Leading Indicator (TLI)

TLI  Bullish Threshold  Bearish Threshold

The TOGGLE Leading Indicator is the aggregated of all TOGGLE insights on 5,000 US stocks. Learn more

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
CAN’T WE HAVE SOME HELP?

Smart assistants are ubiquitous in our daily lives... Why don’t they exist in investing?

• Machines are really good at monitoring and processing large amounts of information

• They can uncover price patterns in assets around events/data changes

• They can test each relationship for robustness ... in seconds

• They can deliver curated insights tailored to specific users
CAN SMART MACHINES HELP ACTIVE INVESTORS/TRADERS?

Human intelligence is very good at strategy (the “big picture”) but AI can be helpful with the tactics (the “details”).

For example, a portfolio manager decides they want to be long risk in equities and let the machine highlight the assets that are most undervalued/have strongest momentum.
SMART MACHINES CAN OFFER HELP TO ACTIVE INVESTORS

Where in the investment process can machines add most value

• Idea generation ("What assets do best in a bear market?")
• Hypothesis testing ("Is my hunch/instinct correct?")
• Asset due diligence ("What am I missing?")
• Portfolio risk management ("Do I really want to sell here? Should I get out?")
IDEA GENERATION IN A BEAR MARKET

Machines can easily identify oversold stocks that are primed for a bounce

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
MACHINES ARE ... GOOD WITH NUMBERS

Al-powered systems can do fast robustness checks on any driver

GOOG:NASD - Analyst opinions of Alphabet's fundamentals are coming down, in the past this led to a increase in price
by Toggle A.I., Jun-29-2022

Analyst Revisions indicators for Alphabet <GOOG:NASD> are coming down. Historically, this led to a median increase in Alphabet price of 7-40% over the following 3M, as shown in the chart below. TOGGLE analyzed 4 similar occasions in the past to produce the median projection and the confidence band below (How do you do this?), most recently on 2022-08-19. This insight received 5 out of 9 stars (What are stars?) in our quality assessment.

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
LET AI MONITOR ALL YOUR IDEAS AND TRADES

The machine can monitor drivers across thousands of assets you watch

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
AI HELPS YOU UNDERSTAND THE "WHY" BEHIND THE MOVE

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
LOOK BEFORE YOU LEAP (TRADE)

Is 10% sell-off in Nasdaq over a week an opportunity? Historical data can give you a lot of answers.

Source: Toggle

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.
TOGGLE

Questions?

www.toggle.ai

support@toggle.ai