

Part 2

STOCK MARKET SECTORS AND BUSINESS CYCLES

Introduction

The objective of Part 1 was to introduce the concept of investment process based on the analysis of business cycle indicators. The use of the indicators was twofold. The first one was to understand the position of the business and financial cycles. The second use of the indicators was to understand the level of risk in the various markets and assess how far asset prices are from a turning point. The outcome is to assist investors in developing an investment strategy and action plan to take advantage of the changing risk profile of the markets.

What you will learn in Part 2

- The 10 Dow Jones stock sectors
- The concept of relative strength of a stocks sector
- Volatility of stock sectors
- How sectors are related to the business cycle
- The concept of predictability of a stock sector
- How to select the strongest sectors using business cycle indicators
- How to select the strongest stocks within the most attractive stock sectors
- How and when to invest in bonds

The issues raised in Part 2 are tactical. They deal with the choice of investments to implement the strategy developed using the tools discussed in Part 1.