

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Your Best Bet May Be the Gaming Industry

A lot of attention has been paid to the handful of high tech stocks that have been leading the market higher and higher. But are these really the best places to put your money? Your best bet may be the gaming industry which is up 50 percent this year. Likewise home builders, hotels and resorts, health care and even railroads have done better than the high tech darlings. Part of this appears to be investors rotating out of the high priced tech sector and part is that the economy is not doing all that badly and profits are being spread around. *USA Today* writes that it's **not just popular stocks that go up.**

Wall Street's most high-profile stocks – think Tesla, Facebook, Apple – get the most press coverage, the most PR, the most adulation. And the most “buy” orders from Main Street investors looking to bolster their 401(k)s.

But that doesn't mean investors should overlook less-glamorous stocks. Quite often, it's the stocks and industry groups investors aren't watching that quietly rise in value, causing them to miss out on gains.

This year is a perfect example. While the S&P 500's tech sector has posted a gain of 18% – the best of all 11 sectors – there have been a slew of winners that have gone virtually unnoticed. Many stocks that fly under the radar, and which are benefiting from stronger global growth, are posting bigger gains than the tech sector.

If you got into tech early in the economic recovery and have seen healthy gains it may be time to diversify a little. *Business Insider* writes that tech darling **stocks could be derailed by the Fed.**

The fate of the red-hot tech stocks dominating the US stock market could rest in the hands of the Federal Reserve.

The so-called FAANG group – consisting of Facebook, Apple, Amazon, Netflix, and Google – has traded inversely to 10-year Treasury yields for the better part of the past decade, according to data compiled by Credit Suisse.

So if the Fed continues to raise interest rates as planned, those high-flying tech stocks are likely to come under pressure, at least if history is any indicator. And that would threaten the torrid streak of gains that has led major indexes to new highs.

They comment that heavily exposed fund managers might be most at risk. We wrote recently about the **herd effect.** Everyone has been greedy at the same time and soon they may all become fearful. If that is to be the case it might be a good idea to rotate out of tech and diversify in other sectors like the gaming industry that are doing well.

Reassuring Words from the Fed

Although interest rates are going up they won't go up forever. *Market Watch* writes about stocks and **Yellen's comments**.

Federal Reserve Chairwoman Janet Yellen, in prepared congressional testimony, said interest rate increases would be gradual and that they wouldn't need to rise much further.

Nevertheless, rates will go up and the tech rally won't last forever. Meanwhile your best bet may be the gaming industry or other sectors in order to diversify and preserve your gains.

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