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## TradingMarkets.com Here Are 7 ETFs For Short-Term Traders

Tuesday May 16, 9:20 am ET  
By Rob Hanna

I have been warning of deteriorating market conditions for quite some time now. While the market had continued to edge higher, it struggled to make any significant headway. After hitting 5-years highs last week the S&P 500 gave up 4 months of gains in just 2 days. It is now at the same level it was at on January 11th. For anyone invested in leading groups or tech, the last few

days have been especially scary. Tech had already been flailing and I'd noted the NASDAQ's lagging relative strength several times in the last few weeks. Leading groups like Oil & Gas and Commodity Related as well as many leading foreign markets have really taken it on the chin.

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When rising markets top out, whether they be short-term tops or long-term tops, the areas that tend to pull back the hardest are those that have lead the rally. I state this based not on conjecture but rather based on quantitative research. I believe this phenomenon is due to the fact that leading groups tend to be the most extended. They also contain the most speculative and recent investors. Anyone who has traded using intermediate-term growth methodologies for any length of time will have noticed this phenomenon.

What's done is done, though. Investors shouldn't dwell on the

hits they may have taken the last few days, but rather on where the edge lies now. I can't be certain whether the market has begun a significant decline or simply experienced a sharp pullback. Based on the breadth and momentum factors I've been discussing for a while, as well as the charts I've been looking at the last few days, a significant correction seems viable. If you still have holdings in leading groups and haven't been stopped out, you may want to use the next bounce to lighten up.

More nimble traders could consider playing certain groups for short-term bounces. The best bounces are likely to occur in some of the groups that have been hit the hardest. Some ETF's that are extremely oversold and look playable for short-term gains include (AMEX:[EEM](#) - [News](#)), (NYSE:[RNE](#) - [News](#)), (AMEX:[PBW](#) - [News](#)), (AMEX:[PWO](#) - [News](#)), (AMEX:[PSJ](#) - [News](#)), (NYSE:[EWS](#) - [News](#)), (NYSE:[EWD](#) - [News](#)), (AMEX:[IGW](#) - [News](#)) and (AMEX:[EPP](#) - [News](#)). Just don't get greedy. When they bounce, take your profits.

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*Rob Hanna is the principal of a money management firm located in Massachusetts. He has spent the last several years developing and refining methods for trading in stocks across multiple time frames. He selects stocks using both fundamental and technical criteria, and then trades them using technical analysis techniques.*

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