

ARMCHAIR INVESTOR **TREND-FOLLOWING STRATEGY***

(*For that part of your portfolio which is invested in a *market-tracking ETF* like the *QQQ*.)



Wishing you and yours a Happy and Safe Fourth of July!

MONDAY: The market was quiet on the HALF-DAY of trading before the Fourth of July holiday.

- The Nasdaq was DOWN 0.5%, closing below its 50-day moving average – DISAPPOINTING!
- The S&P500 was UP 0.2%.
- Volume was much lighter Monday - even though IBD's holiday staff got it wrong! I hope you weren't fooled.
- The distribution count at 6 with 2 MAJOR DISTRIBUTION DAYS in the last 4 trading days, I am happy to not be looking for stocks to buy today. I wait to see what the market will do after the big players get back to work on Wednesday or Thursday. I'll know when to take the market movement seriously – when the volume kicks back in!

Note: The above distribution counts are my calculation over the last 20 trading days. IBD's distribution numbers are sometimes a little different than mine due to their longer 25 day capture period and differences in how we identify distribution.

MARKET DIAGNOSIS: "UPTREND under PRESSURE"

REMEMBER:
**THE MARKET CONTINUES IN THE DIRECTION IS IT GOING
UNTIL IT DOESN'T.**

What to consider now: Hold the QQQ.

- I hold my full QQQ position but will reduce it if more distribution piles on.
- You may want to reduce your holdings of any double or triple QQQs

you own. I am holding 50% position.

- For buyers of individual stocks: I am waiting for a return to UPTREND before adding anything else to my portfolio.
- **Build your watch list** of top stocks near buy points so you can move fast when that Uptrend comes.

The FULL ARMCHAIR INVESTOR NEWSLETTER can be downloaded at www.ArmchairInvestor.com

Click on the [Armchair Investor Current Newsletter tab](#)

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TODAY'S MARKET ACTION

7/3/17	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg.	Accumulation or Distribution Day?	Current Trend: UPTREND Began 6/30/2016
Nasdaq	6110.06	-0.5%	-45.7%	-48.1%	Neither	+26.3%
S&P500	2429.01	+0.2%	NYSE Volume		Neither	+15.7%
NYSE	11,835.76	+0.6%	-45.0%	-0.5%	Neither	+12.8%
DJIA	21,479.27	+0.6%			Neither	+19.8%

An **ACCUMULATION** day points at heavy buying by institutional money managers - the mutual funds, pension funds, banks, etc.
 A **DISTRIBUTION** day points at heavy selling by institutional money managers.

See additional notes on accumulation and distribution at the end of the FULL newsletter

A **Major ACCUMULATION Day**: Price RISES 1.0% or more with higher Volume than the day before

A **Minor accumulation Day**: Price RISES 0.2% but less than 1% and Volume is strong (either higher than the day before or is well-above average volume)

A **Major DISTRIBUTION Day**: Price FALLS 1.0% or more and higher Volume than the day before.

A **Minor distribution Day**: Price FALLS 0.2% but less than 1% and Volume is strong (either higher than the day before or is well-above average volume)

Distribution indicates institutions are selling their stock. The standard mathematical requirements for distribution days are shown above.

And there are additional types of distribution days that show **substantial selling** such as happened on Monday June 27, 2016, when the market fell 2.4%, closed near the bottom of the day's price range but had lighter volume. The volume was still a strong 31% above average. In total, the day was heavy selling and labeled distribution (6/27/2016 was the second day of the market's heavy selling response to England's vote to leave the European Union.)

CURRENT TREND: There are two trends (UPTREND and DOWNTREND). But because most tops are rounded and happen over a couple of weeks or more, we find it useful to modify the Uptrend into "Uptrend under PRESSURE" when the distribution count gets uncomfortably high.

For more detailed explanation of Accumulation and Distribution days, please jump to the end of the FULL newsletter which can be downloaded at www.ArmchairInvestor.com.

ARMCHAIR INVESTOR WEEKLY CLASS SCHEDULE

Join us for an ARMCHAIR INVESTOR class.

A new class is written every week based on what is happening in the market right then.

Be my guest (FREE) if you have not visited in the last six months.

Please confirm your attendance with me - (guest seating limited). See below – thanks!

The 2017 ARMCHAIR INVESTOR classes schedule (please verify with Charlotte):

Monday 7:00 – 9:00 p.m. Barnes & Noble at Royal & Preston (northwest corner), 5959 Royal Ln, Dallas 75230

Tuesdays 4:00 – 6:00 p.m. Barnes & Noble at Royal & Preston (northwest corner), 5959 Royal Ln, Dallas 75230

Wednesday 10:00 am – noon, Barnes & Noble, on Beltline just east of Montfort, 5301 Beltline Rd, Dallas 75254 (in Addison with Dallas mailing address).

- **Guest attendance is limited to ensure class members get their full value. -**
- **Be sure to call to confirm we are having a class and to reserve your spot.**

Call or text me at 214-995-6702 to schedule your FREE visit (new visitors only) to an ARMCHAIR INVESTOR class.

TO REGISTER FOR THE COMPREHENSIVE, SINGLE SUBJECT
ARMCHAIR INVESTOR WORKSHOPS
OR TO VISIT AN ARMCHAIR INVESTOR CLASS:

CALL or TEXT Charlotte Hudgin at 214-995-6702

Wishing you "Many Happy Returns,"

Charlotte Hudgin, 214-995-6702, Editor, the Armchair Investor

DISCLAIMER, "Buyer Beware" WARNING:

This newsletter shares the ideas I use in my investing. It is not investing advice but should be taken as education only. Your investment decisions are your responsibility as are the results. If you are not comfortable with or do not understand a strategy completely, I recommend that you paper-trade until you are successful and can sleep at night.

Questions may be submitted to editor@armchairinvestor.com

Some of your questions will be used in future newsletters.

Armchair Investor, P.O. Box 671146, Dallas, TX 75367, USA

Additional notes and definitions follow:

EXAMPLE OF ACCUMULATION AND DISTRIBUTION WITH EXPANDED EXPLANATION OF TERMS:6/1

Today's Market Action with explanation						
2/5/16	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg	Accumulation or Distribution Day?	Current Trend: DOWNTREND Began 1/4/2015
Nasdaq	4363.14	-3.2%	+13.8%	+21.8%	Major Distribution	+11.3%
S&P500	1879.92	-1.9%	NYSE Volume		Neither	+6.6%
NYSE	9,390.33	-1.5%	-5.3%	+15.0%	Neither	+6.2%
DJIA	16,204.62	-1.3%			Neither	+5.5%

A **Major Accumulation Day**: Price RISES 1.0% or more and higher Volume than the day before
A **Minor accumulation Day**: Price RISES 0.2% or more and Volume is strong (either higher volume or is well-above average volume)

A **Major Distribution Day**: Price FALLS 1.0% or more and higher Volume than the day before.
A **Minor distribution Day**: Price FALLS 0.2% or more, Volume is strong (either higher volume or is well-above average volume)

A **Stalling minor distribution Day**: Only in an up-trending index or stock, price is FLAT or DOWN slightly compared to the day before, closing in the bottom half of the day's range and volume is heavier or about equal to the day before or strong compared to the past market. It's the price closing low in the day's range after an uptrend that is the key for this designation. Price close to flat and higher or consistent volume indicates the big money (institutions: mutual funds, banks, etc.) are gently selling, trying to sneak out so you won't notice.

** The "CURRENT TREND" column calculates how far each index has moved in the current trend assuming you purchased the index (which is not buyable) at the opening price on the day after the trend change signal.

- **When this column is GREEN, the index has moved in the direction of the market trend.**
- **HOWEVER, when this column is RED, the index change has fallen into negative territory (which could be a rise during a Downtrend)**

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