

ARMCHAIR INVESTOR^(sm) MORNING
MARKET NEWSLETTER
A TREND-FOLLOWING STRATEGY



Join the Dallas-wide IBD Meetup on Wednesday 3/28. All are welcome. Details and registration at www.meetup.com/ibd-265/

The BIG PICTURE SAYS:
MARKET IN UPTREND under PRESSURE

FOR THE WEEK: Both major indexes had bad weeks:

- **The Nasdaq is holding up better.** Last week it hit an all-time high of 7537.27 and is now 7.2% off that high, an alarming 2-week drop!
- **On Friday, the S&P500 had its 7th distribution day in the last 5 weeks, dropping to its 200-day moving average.** This index made its last all-time high in the end of January. It did rise in March as the Nasdaq did but on weaker volume and price performance, never hitting another new high.

The MARKETSMITH daily video sent a less confident message on Friday:

In Friday's MS video, IBD coach **ANDREW ROCCO** gave a very downtrend review without calling the market in downtrend:

- MarketSmith follows 3 indicators. Here are their diagnoses:
 1. Market indexes: changed from SIDEWAYS to **DOWN**
 2. Leading stocks: **DOWN**
 3. Your portfolio: **SIDEWAYS** to **DOWN** depending on your holdings
- **Most of your money is going to be made when the market is above the 50-day m.a.**
 1. The S&P500 has been mostly below the 50 m.a. for 7 weeks.

- This is an easy environment to get chopped up – **keep the exposure low**; definitely **not on margin**.
 1. We should have raised a lot of cash at the moment.
- [Pictures of trees bending in the wind] **When the market changes, we need to change with it. Three in 4 stocks follow the market.**
- When we are in a **corrective phase**...[but MS did not call it a correction!]
- **HISTORICAL ANALYSIS:** Since 1950, every time the S&P500 has been up 5% or more, it has closed up for the year, **an average of 25%. This year, the S&P500 rose 5.6%** in January.
- **THE LESSONS:**
 1. When the market goes into Downtrend (correction), get out of losing stocks quickly.
 2. When the market goes back into Uptrend, get back in the game quickly. The quickest gains frequently occur in the beginning of a new Uptrend.

JANUARY MOMENTUM CAN LEAD TO CONTINUED GAINS

A Big January Is A Great Sign For More Strength

Year	S&P 500	January Return	Rest of Year	Full Year	Intrayear Pullback
1951	21.66	6.0%	9.7%	16.3%	-8.1%
1954	26.08	5.1%	38.0%	45.0%	-4.4%
1961	61.78	6.3%	15.8%	23.1%	-4.4%
1967	86.61	7.8%	11.4%	20.1%	-6.6%
1975	76.98	12.3%	17.2%	31.5%	-14.1%
1976	100.86	11.8%	6.5%	19.1%	-8.4%
1980	115.12	6.7%	17.9%	25.8%	-17.1%
1985	179.63	7.4%	17.6%	26.3%	-7.7%
1987	274.08	13.2%	-9.9%	2.0%	-33.5%
1989	297.47	7.1%	18.8%	27.3%	-7.6%
1997	786.16	6.1%	23.4%	31.0%	-10.8%
2013	1498.11	5.0%	23.4%	29.6%	-5.8%
2018	2822.43	5.6%	?	?	?
	Average		15.8%	24.8%	-10.7%
	Median		17.4%	26.1%	-7.9%

FRIDAY: The market dropped heavily Thursday and Friday, adding 2 distribution days to the count.

3/23/18	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg.	Accumulation or Distribution Day?	Current Trend Gains: 2/14/2018 UPTREND
Nasdaq	6,992.67	-2.4%	+3.9%	+8.7%	Major Distribution	-2.9%
S&P500	2,588.26	-2.1%	NYSE Volume		Major Distribution	-4.6%
NYSE	12,177.69	-1.6%	+2.3%	-0.8%	Major Distribution	-5.0%
DJIA	23,533.20	-1.8%			Major Distribution	-6.0%

On Thursday's Distribution day, the Put-Call ratio was an optimistic 1.17.

A Put-Call ratio of 1.15 or higher is correlated with a short-term rise in the market. But the market did not turn around on Friday. Instead, it drops on higher volume for another Major Distribution day – the 7th for the S&P500.

On Friday, the Put-Call ratio rose to 1.25 indicating even more optimistic buying!

The Put-Call ratio is tracked daily on the Investor's Business General Market page – find it with the link at the bottom of the IBD Big Picture. On Thursday, the Put-Call ratio was 1.17!

>>>>>The Nasdaq has been holding up the best, but it has fallen below its high as well:

If you are in the leading index, the Nasdaq, you're only down 7.2% from the all-time high on March 13. Its higher volatility will generate higher returns.

DAILY MARKET ACTION

3/23/18	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg.	Accumulation or Distribution Day?	Current Trend Gains: 2/14/2018 UPTREND
Nasdaq	6,992.67	-2.4%	+3.9%	+8.7%	Major Distribution	-2.9%
S&P500	2,588.26	-2.1%	NYSE Volume		Major Distribution	-4.6%
NYSE	12,177.69	-1.6%	+2.3%	-0.8%	Major Distribution	-5.0%
DJIA	23,533.20	-1.8%			Major Distribution	-6.0%

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 e or is well-above average volume)

Current Trend Gains show the gains in these indexes if you bought each at the opening price on the day after the recent trend changed.

A “MARKET UNDER PRESSURE” diagnosis is not a reason to panic. Take these steps to protect your portfolio:

- Be sure your stops are active (7-8% below the ideal buy point is IBD’s recommendation.)
- Review the distribution count for each of the stocks you own. If you have been keeping up with your stocks’ price-volume action each night (7 stocks max should take 10-15 minutes), you can review them quickly for possible signs of weakness. If a stock’s recent action makes you uncomfortable, consider reducing your positions.

REMEMBER:

THE MARKET CONTINUES IN THE DIRECTION IT’S GOING UNTIL IT DOESN’T.

THE ARMCHAIR INVESTOR strategy is SIMPLE:

- Be in the market when it is going up.
- Be out of the market when it is going down.
- Protect yourself with an 8% stop.

And “out of the market” includes going short in a downtrend, if you are willing and able to do so.

Be sure your stops are in.

Download the **FULL ARMCHAIR INVESTOR NEWSLETTER** at:

www.ArmchairInvestor.com

Click on the **Current Newsletter** tab

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MARKET ACTION 2018 YEAR-TO-DATE

3/23/18	2017 Closing Price	Current Price	Index % Change Year-to-Date
Nasdaq	6903.39	6992.67	+1.3%
S&P 500	2673.61	2588.26	-3.2%
NYSE Comp	12,808.84	12,177.69	-4.9%
DJIA	24,719.22	23,533.20	-4.8%

This yearly table is included for your reference. These returns have little relevance to trend-following returns since trend-followers do not hold during "Downtrends" and may lighten their holdings during "Uptrends under Pressure."

HOW CLOSE ARE THE INDEXES TO ALL-TIME HIGHS?

3/23/2018	Nasdaq	S&P500	NYSE	DJIA
Date of Index All-time High	3/13/2018	1/26/2018	1/26/2018	1/26/2018
All-time High	7537.27	2872.87	13637.02	26616.71
Current Price	6992.67	2588.26	12177.69	23533.20
Below (-) or Above (+) Recent High (%)	-7.2%	-9.9%	-10.7%	-11.6%
Below (-) or Above (+) Recent High (#)	-544.60	-284.61	-1459.33	-3083.51

PROGRESS IN ACCUMULATION/DISTRIBUTION RATINGS

		A	B	C	D	E	Total			
4 weeks ago	2/23	8%	32%	24%	24%	13%	6490			
3 weeks ago	3/2	7%	27%	22%	28%	16%		6493		
2 weeks ago	3/9	9%	33%	22%	24%	12%			6516	
1 week ago	3/16	9%	33%	23%	23%	12%				6514
Today	3/23	8%	32%	23%	25%	13%				
	#	490	2070	1466	1643	842				

Note: The Accumulation/Distribution ratings are calculated overnight & reported one day delayed. "2 weeks ago" is 10 market days ago; "4 weeks ago" is 20. The ratings which are higher than two weeks prior are colored light GREEN. Those lower are PINK.

Uptrend ETFs	ARMCHAIR INVESTOR TREND-FOLLOWING RETURNS FOR CURRENT UPTREND			
	3/23/18	Opening Price on 2/15/2018	Today's Price	ETF % Change Today
QQQ (1x)	\$164.14	\$158.51	-2.6%	-3.4%
QLD (2x)	\$80.57	\$74.84	-5.3%	-7.1%
TQQQ (3x)	\$158.00	\$140.42	-8.1%	-11.1%

The ETF QQQ is designed to move WITH the largest 100 stocks on the Nasdaq. QLD is designed to double the price move of the QQQ. The TQQQ is a more volatile Visit Proshares.com for more information.

LAST WEEK'S MARKET ACTION				
3/23/2018	Weekly Index % Change	Weekly Volume % Change	Volume Above/ Below 10-week Avg	Type of Week
Nasdaq	-6.5%	-8.0%	+2.0%	Neither
S&P 500	-6.0%	-6.5%	-5.0%	Neither
NYSE	-4.7%			Neither
DJIA	-5.7%			Neither

The "TYPES OF WEEK" are:

ACCUMULATION WEEK Price RISES 0.2% or more and Volume RISES

DISTRIBUTION WEEK Price FALLS 0.2% or more and Volume RISES

Another type of DISTRIBUTION(*): WEEK Price FALLS 0.2% or more & Volume is 15% or more above average even without an increase in volume.

The NYSE volume is used for the S&P500 and NYSE Composite.



The above charts are from **StockCharts.com**, a valuable site for investors with **many free tools**.

On the **daily charts**: The **price 20-day, 50-day and 200-day moving averages** are shown. If you don't see the 200-day price moving average, it is too far away from the price bars to show. But stay tuned – it will appear on these charts when the market direction changes.

Also, the **volume 50-day moving average** is shown.

On the **weekly charts**: The **price 10-week & 40-week moving averages** and the **10-week volume moving average** is shown.

The only strength in the Market Factors table is that the indexes are still above their 200-day moving averages. EVERYTHING else leans to the downside.

MARKET FACTORS, COUNTS & RATINGS		3/23/2018	
Type of DAY for <u>Nasdaq</u> Accumulation, Distribution or Neither		Major Distribution	
Market Direction Uptrend, Under Pressure, Downtrend, or Attempted Uptrend		UPTREND under PRESSURE	
<u>ALL Nasdaq Accumulation & Distribution Days</u> 20-day count of NASDAQ Accumulation & Distribution days		Accumulation Days 4	Distribution Days 7
This field is designed to count ONLY Major Distribution days of 1% drop or more. In more volatile markets, this field will have larger counts.			
Count of Up Days and Down Days (10-days on the Nasdaq)		Up Days 2	Down Days 6
. Those days are not included in the Up/Down count which does not, therefore, add up to 10 days.			
Leaders Up/Down with High Volume 10-day ratio		1.0	
This indicator looks at leading stocks (high RS) and is, thus, biased to the upside. Uptrend indicator: 1.5 or higher. Neutral: 1.0 to 1.49. Downtrend: less than 1.0			
Market Accumulation/Distribution Ratings "A": heavy accumulation, "B": moderate accumulation, "C": neutral, "D": moderate distribution, "E": heavy distribution. Accumulation = Institutions are BUYING, Distribution = Inst are SELLING		Nasdaq D-	D-
		S&P 500 E	E
		DJIA E	E
Are Major Indexes Above or Below Moving Averages? "At" is within 1% above or below the moving average.		50-Day	200-Day
		Nasdaq Below	Above
		S&P 500 Below	At
		NYSE Below	Below
		DJIA Below	At

MARKET ACTION (Nasdaq) OVER THE LAST 20 DAYS

(For a full explanation of the terms in this table see end of this newsletter)

#	Date	Close	Index % Change	Volume % Change	Current Trend Day Count	Type of Day: Accumulation, Distribution or Neither (—)	<u>CONSISTENT WITH:</u> UPTREND or Downtrend?
MARKET IN UPTREND							
20	2/26/18	7421.46	+1.2%	-1.3%	8	—	DOWNTREND
19	2/27/18	7330.35	-1.2%	+14.8%	9	Major Distribution day	DOWNTREND
18	2/28/18	7273.01	-0.8%	+10.1%	10	Minor distribution day	DOWNTREND
17	3/1/18	7180.56	-1.3%	+5.9%	11	Major Distribution day >>>Uptrend under Pressure<<<	DOWNTREND
16	3/2/18	7257.87	+1.1%	-8.4%	12	—	DOWNTREND
15	3/5/18	7330.70	+1.0%	-11.9%	13	—	DOWNTREND
14	3/6/18	7370.78	+0.6%	-5.8%	14	—	DOWNTREND
13	3/7/18	7396.65	+0.3%	+3.0%	15	Minor accumulation day	UPTREND
12	3/8/18	7427.95	+0.4%	+6.0%	16	Minor accumulation day	UPTREND
11	3/9/18	7560.81	+1.8%	+0.8%	17	Major Accumulation day >>>UPTREND<<<	UPTREND
10	3/12/18	7588.32	+0.4%	+0.4%	18	Minor accumulation day	UPTREND
9	3/13/18	7511.01	-1.0%	+6.8%	19	Major Distribution day	DOWNTREND
8	3/14/18	7496.81	-0.19%	-14.8%	20	—	—
7	3/15/18	7481.74	-0.20%	-4.9%	21	—	UPTREND
6	3/16/18	7481.99	+0.00%	+11.4%	22	—	—
5	3/19/18	7344.24	-1.84%	-23.5%	23	—	UPTREND
4	3/20/18	7364.30	+0.3%	-15.6%	24	—	DOWNTREND
3	3/21/18	7345.29	-0.3%	+1.1%	25	Minor distribution day	DOWNTREND
2	3/22/18	7166.68	-2.4%	+18.2%	26	Major Distribution day	DOWNTREND
1	3/23/18	6992.67	-2.4%	+3.9%	27	Major Distribution day	DOWNTREND

The CURRENT TREND column colors: Green: Uptrend. Yellow: Uptrend under Pressure. Red: Downtrend.

FOR INVESTORS IN INDIVIDUAL STOCKS

More detailed comments on market direction and technical analysis for individual stocks

FRIDAY : REPEATING THE IMPORTANCE OF PROTECTING YOUR PORTFOLIO. CASH IS A POSITION.

PRIOR NOTES THAT ARE STILL RELEVANT:

If you haven't review each stock you own after Monday's large drops, this is a good time to look through them. If any distribution counts are high (5 or more in the last 20 trading days), consider reducing or exiting your position. Keep good stocks on your watch list.

I admit that sometimes I am more conservative in my comments to you than in my own actions. Yesterday I encouraged you to not buy individual stocks unless they were very strong. But that is always my advice in any market. If you like a strong stock that is at a buy point with good volume, you can buy it even in an "Uptrend under Pressure." Pyramiding in isn't a bad idea – buy the stock in 3 bites as it breaks out and then grows with good volume.

I suggest your review today's Big Picture on www.investors.com. Near the end of the article, David Saito-Chung gives "**four positive elements**" to Wednesday's market action (see the column for an expansion on each point including stocks to consider now:

- 1. The top market leaders still look good.*
- 2. Market internals actually look solid.*
- 3. The small caps prevail.*
- 4. Will leadership rotate again?*

David's explanation of each point is worth considering.

This is a time to build a watch list. Many dips into "under pressure" are periods when the market realigns with reality, correcting prices of stocks that have risen too high, based on crowd exuberance. How will you know? If there is no news or changes in the company's financials, but it still starts falling, don't try to be smarter than the market. **THE MARKET IS ALWAYS RIGHT.**

When looking for individual stocks, we all like to have a strong suggestion. **Investors.com can be an excellent site for good stock ideas.**

But..... I always do my own additional research.... And sometimes, I disagree. I have been happily following Ligand Pharma:

Update On Ligand Pharmaceuticals If you read last week's Thursday newsletter, you know Ligand LGND broke out, rising 4% with double the average volume. Nice! On Friday LGND continued up. Its breakout price was \$170.30 (many respectable stocks are over \$100 these days) and its volume is low - just under 300,000. Its ratings are spectacular: EPS 98, RS 93, Accumulation A+, Composite 98. Wow!

The following notes are in reverse date order so you can read the most current comments first. And prior notes are still available:

LGND Friday Update: I'm glad I'm out of LGND – it dropped 0.4%, closing at the bottom of the day's range slightly above its 50-day moving average. Lighter volume showed no distribution day. I'll follow LGND to see if it turns around. If it doesn't look strong in a few days, I will probably **move LGND to my list of stocks to review weekly.**

LGND Thursday Update: If you bought LGND at the end of the breakout day, **you probably exited today by your stop**, if not before. But I will keep it on my watch list. If the market turns around soon, LGND may lead the market out of the dip.

LGND Wednesday Update: Ligand lost 0.5% today, holding at its 20-day moving average on lighter volume. This was the third day of a modest drop with declining volume indicating the profit-taking may be nearly complete. But don't jump to that conclusion. If you want to add more to your position, **wait for an up day with higher volume to show the buyers have taken back control!** Ligand is just 2% below its buy price (the 170.30 high at the start of the second stage flat base.)

LGND Tuesday Update: Ligan dropped 0.4% closing near the bottom of its range on volume that was lighter than Monday's AND below average. The low volume and small move hints of a possible rebound starting Wednesday.

LGND Monday Update: Ligand fell with the market then recovered to close down 2.0%.

- The good news is that LGND never got near its 50-day m.a. and closed in the upper half of its range which shows strength.

- The bad news is that LGND dropped a bit more than the Nasdaq Monday, closing 1% below the breakout price. That dip should not have been deep enough to trigger any stops.

LGND Friday Update: With options expiration Friday, LGND dropped 3.4% with higher volume – that’s one Major Distribution day. It held above the buy price of 170.40. I will watch on Monday. My 8% protective stop was placed.

LGND Thursday Update: If you are patient and honor your buy rules (#1 buy within 5% of the stock’s ideal buy price), sometimes a stock gets away from you. On Monday, only two days after it broke out a second stage flat base, LGND popped above its 5% buy range. Rats you say? Patience my dear. More than half of stocks that rise out of their 5% buy zone, revisit it. On Tuesday, Wednesday and today, Thursday, LGND dipped its toe back below the max 5% buy price, allowing waiting investors the opportunity to buy LGND correctly. If you haven’t added LGND to your portfolio but want to, put in a limit order at the top of the 5% zone and wait. You may get lucky for a 4th day dip.

LGND Wednesday Update: After Tuesday’s 2.5% drop on lower volume, you had an opportunity to buy into this strong stock today as it rose 1.0% on increased volume. If you don’t have a full position in LGND, today was the day to buy some more.

LGND Tuesday Update: Good news! If you don’t own a full position of LGND yet and were annoyed that its price was out of the buy range on Monday, its price fell Tuesday (with the market) back into its 5% buy range. The drop was on lighter volume which means Tuesday was not a distribution day. You could add that last 20% of your intended pyramid purchase.

LGND Monday Update: I just have to use LGND tonight as another volume example. LGND had a very strong breakout on Thursday of last week and continues to rise. Pull up its daily chart.

- Across the recent base: Notice the low red volume bars (on days when price dropped from the day before) versus the high, blue volume bars (on days when price rose). The picture: Much more buying than selling in this base!
- The ratings are fabulous A’s, 98s with the lowest rating a 94!
- At the Breakout: Volume was almost double the average rate with

price ending the day up almost 4%.

- The next day: Price rise just a bit. What happened? Look at the volume: it was low compared to the breakout as some institutions sold some stock to take a little profit off the table. That action is common after a new high breakout. Price held up well
- Monday: Price was up another 4% with volume 62% above average: heavy institutional buying continues!

REMEMBER:

YOU ARE NOT SMARTER THAN THE MARKET

THE MARKET AND STOCKS CONTINUE IN THE DIRECTION THEY ARE GOING..... UNTIL THEY DON'T.

PROTECT YOUR PORTFOLIO WITH AN 8% STOP

And, yes. You may have chosen a tighter 7% or 6% stop. The most important aspect of this first rule is:

CHOOSE YOUR STOP & LIVE BY IT – NO EXCUSES!

And you don't have to wait for your stock to fall to the stop. A concentration of distribution is a good reason to get out wherever it happens!

Remember:

The market AND YOUR STOCKS continue in the direction they are going until they don't.

MARKET DIAGNOSIS: "UPTREND under PRESSURE"

What to do now:

1. **WATCH YOUR INVESTMENTS CLOSELY**: Do a quick **review of each stock you own every night**. Look for strength and weakness signals in the price-volume action, especially watching for distribution (signs of institutional selling)
2. **DON'T LOSE YOUR GAINS**: **Sell any stock that is showing a concentration of distribution days. I sell more quickly in a Downtrend**

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ARMCHAIR INVESTOR WEEKLY CLASS SCHEDULE

Join us for the **ARMCHAIR INVESTOR** classes.

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

Please register on the Meetup site so I will have a handout for you (25 pages of articles and [Link to registering for the Armchair Investor Meetup- CLICK HERE](#))

The 2018 ARMCHAIR INVESTOR classes schedule.

Pre-register please! Schedules change! See phone number below:

Mondays 6:00 – 8:00 p.m. Barnes & Noble at Royal & Preston (northeast corner), Dallas
Tuesdays 3:30 – 5:30 p.m. Barnes & Noble at Royal & Preston (northeast corner), Dallas
Wednesdays 10:00 am – noon, Barnes & Noble, on Beltline just east of Montfort, Addison

- **Guest attendance** is limited to ensure class members get their full value. -
- **Be sure to call to confirm we are having a class** (we are occasionally on vacation) and have an open chair.

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
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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.

Additional notes follow:

EXPLANATION OF TERMS FOR THE

MARKET ACTION OVER THE LAST 20 DAYS

Four weeks of price and volume action reveal much about the direction of the market and the strength of that movement.

		Price		Volume	
Healthy Uptrend Price-Volume Movement	Strong Action	Up	↑	↑	Up
	Weaker Action	Down	↓	↓	Down
Healthy Downtrend Price-Volume- Movement	Strong Action	Down	↓	↑	Up
	Weaker Action	Up	↑	↓	Down

The chart below identifies the **market direction** indicated by the Nasdaq's price and volume action for the last 20 days at two levels of significance.

ACCUMULATION/DISTRIBUTION COLUMN - TELLS YOU WHERE THE BIG MONEY IS GOING

The listing includes: the date, Nasdaq closing price and percent change of the Nasdaq price and volume.

- The next column identifies days that were **Major Accumulation** (serious UPTREND indicator) or **Major Distribution** (serious Downtrend indicator) using the 1% minimum rise or fall with higher volume.
- **Minor accumulation** and **minor distribution days** are also identified – days that moved 0.2% or more but less than 1%.

“CONSISTENT WITH” – THE SUBTLE, BUT TELLING MOVES

The last column is an UPTREND /Downtrend indicator.

Think of a healthy Uptrend. It will have many days where the index rises with increased volume.

But even in the most robust Uptrend, * not every day will be up. In any Uptrend, there will be some down days. If they have higher volume, then the day becomes a distribution day but if the volume is lighter (as frequently happens in an Uptrend), then the down day is NOT a distribution day. In fact, a drop on lighter 4747.62 volume says they market is NOT selling off heavily – good news and consistent with the Uptrend.

Using the Healthy UPTREND/Downtrend price and volume movement listed above.

- For example, if the Nasdaq closing price rose 0.7% and the volume rose 2% (up and up), that movement is “consistent with” the price-volume action of a Healthy UPTREND.
- If the price drops 0.5% and the volume rises 1.2% (down and up), that movement is “consistent with” the price-volume action of a Healthy Downtrend as indicated in the table above.
- Any index change less than + or – 0.3% or volume change less than + or – 1% has no “consistent with” notation. Price and volume movements that small is not strong enough to tell us about the market movement.

EXAMPLE OF ACCUMULATION AND DISTRIBUTION WITH EXPANDED EXPLANATION OF TERMS:

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
Index	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%
<p>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)</p>						
<p>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)</p>						
<p>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 <u>bottom half of the day's range</u> and <u>volume is heavier or about equal to</u> the day before or strong compared to the past market. It's the price closing low in the day's range after an <u>uptrend</u> 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.</p>						
<p>** 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.</p>						
<ul style="list-style-type: none"> • <b style="color: green;">When this column is GREEN, the index has moved in the direction of the market trend. • <b style="color: red;">HOWEVER, when this column is RED, the index change has fallen into negative territory (which could be a rise during a Downtrend) 						
<p>An <b style="background-color: green; color: black;">ACCUMULATION day points at heavy buying by institutional money managers - the mutual funds, pension funds, banks, etc. A <b style="background-color: red; color: black;">DISTRIBUTION day points at heavy selling by institutional money managers.</p>						