

| | |
|---|---|
| ARMCHAIR INVESTOR^(sm) MORNING MARKET NEWSLETTER <i>A TREND-FOLLOWING STRATEGY</i> |  |
|---|---|

[To open the FULL ARMCHAIR INVESTOR NEWSLETTER, click here](#)
 Then click on [CURRENT NEWSLETTER](#).

>>>Are you interested in learning more about this style of investing for individual stocks?

I am pleased to open an **ONLINE WEEKLY STOCK INVESTING CLASS** with a limited number of investors at a deeply discounted price so that we can work out the best presentation method. FYI, I have given weekly classes in person for 16 years in Dallas. The launching of this class is in response to the success of a recent web-based demo class and many requests for an online weekly class.

Wednesday I will send out a survey to determine the best day of the week and time to offer this first class series. (Sorry the survey was delayed – they can be a little trickier than expected). **If you are interested, please complete the survey within the next two days.** Thank you.

The market is in UPTREND

By the end of the day Tuesday, the market was almost unchanged.

| DAILY MARKET ACTION | | | | | | |
|---------------------|-------------|----------------|-----------------|-----------------------|-----------------------------------|--|
| 5/8/18 | Index Close | Index % Change | Volume % Change | Volume vs 50-day Avg. | Accumulation or Distribution Day? | Recent Trend Gain/Loss from 4/10/2018 UPTREND SIGNAL |
| Nasdaq | 7,266.90 | +0.0% | +5.5% | -5.8% | Neither | +3.0% |
| S&P500 | 2,671.92 | -0.3% | NYSE Volume | | Minor distribution | +1.1% |
| NYSE | 12,520.21 | +0.0% | +14.3% | +5.2% | Neither | +0.1% |
| DJIA | 24,360.21 | +0.0% | | | Neither | +0.4% |

The S&P500 Accumulation/Distribution ratings fell Friday with its distribution day.

- Accumulation/Distribution ratings: S&P500 is an E, Nasdaq is a D-.
- Which means: There is significant profit taking in markets have been sold off since the January 26, 2018 highs.

NOTES FROM MONDAY: As the major indexes go sideways, they have accumulated many weak price-volume days, bringing their Accumulation/Distribution ratings down to D or E (think of a grade at school – D and E are relatively poor!)

Yet the major indexes continue to find support at their 200-day moving averages (refusing to slip far below them). Maybe they are just deflating some of that extended year and a half rally back to reasonable prices.

I am intrigued that the indexes are bound by the 200-day moving averages on the bottom and the 50-day moving average on the top.

What happens next? This sideways price action causes the m.a.'s to move closer and closer together and, at some point in the near future, the indexes will have to break out either to the top or the bottom of this squeeze. When they do, historically, they will continue in that direction. Unless they don't. History helps us with the odds, but not necessarily the truth "this time." I will let the market be my guide.

In the meantime, I have found a couple of individual stocks that recently broke out well and have great ratings. Download the full newsletter (link at the top of this newsletter) if you would like to learn more about them.

I am most excited that both major indexes closed very close to their 10-week moving averages on Friday. Both indexes show higher lows over the last 5 weeks. **That rise of the lower support is encouraging.**

Download the full Armchair Investor newsletter to see the support lines I have drawn in the daily and weekly charts of the Nasdaq and S&P500. Impressive. Now we need continued buying to push the Accumulation/ Distribution ratings back up to the B or A level to show broadening buying.

[To open the FULL ARMCHAIR INVESTOR NEWSLETTER, click here](#)

Then click on [CURRENT NEWSLETTER](#).

RECAP OF BERKSHIRE HATHAWAY'S EXPANSION INTO APPLE:

Did you watch any of the Berkshire Hathaway shareholders meeting broadcast live from Omaha? Warren Buffet famously has said he wouldn't buy a company whose technology he didn't understand. But Friday Buffet disclosed BH has already made a major purchase in Apple and Apple's stock rose 13% Friday. Perhaps this is a piece of good news that could wake up this droopy market. I expect Apple to rise from the individual investors reacting to Buffet's announcement.

Do you wonder how much of the total dollar value of the Nasdaq is Apple or Amazon or Google?

- Apple's market capitalization is 7.1% of the Nasdaq.
- Amazon's market capitalization is 5.8% of the Nasdaq.
- Both A and B shares of Google added together make up are 11.1%market

capitalization of the Nasdaq.

How do I have such valuable statistics at my fingertips? Just look at the daily “What’s the Market Trend” page in investors.com.

- The 50 largest stocks in the Nasdaq are listed on the Nasdaq chart by market cap.
- The 30 stocks in the Dow Jones Industrial Average are also listed.

The “Market Trend” page includes charts and other very valuable information such as:

- The “Top and Worst Industry Groups,”
- The Daily “Put vs Call Ratio” and
- The Accumulation/ Distribution rating for each index (listed on each chart.)

You can download the Market Trend page each day by clicking on the link at the bottom of each daily Big Picture column.

IBD’s “Market Under Pressure” call makes some sense in this market but I’m not quite ready to go there. **Whatever this market is called, watch your stocks carefully and exit when distribution shows up. No matter how much you believe in companies and their stock, they all go down sometime.**

WOW! From the first quarter 2016 lows to the March 2018 highs, the markets created an amazing win for investors:

- The Nasdaq rose 81.4%
- The S&P500 rose 58.7%

It is not surprising there is some significant profit taking (selling) in the market today. The institutional investors know that if they take those profits gently, carefully, secretly, stealthily, they can squeeze more out of the average retail investor.

>>>Thus, the sideways market with D- distribution ratings.

The winning stocks are out there. Your job is to hunt them down, make smart purchases and exit quickly when they catch the distribution flu. I will not argue with any individual investor who chooses to wait out this sideways period.

I am watching this market for the next directional move :

- **Both major indexes, the Nasdaq and S&P500, are getting pinched between their 50-day and 200-day moving averages. As the moving averages get closer together, the market will have to decide if it will breakout to the upside or the downside. *I plan on being a participant in that market, whichever way it goes.***

WINNING LEADER STOCKS CONTINUE TO OUTPERFORM LOSING LEADERS.

- Thursday’s “Leaders Up in [High] Volume” were 8 versus
- “Leaders Down in [High] Volume” at 5.

You can read IBD’s interest rate curve article at: [The Big Squeeze: Why the Stock Market's Bull Run Faces Its Biggest Threat In Years](#)

Here are few negative aspects of this market.

- Both major indexes spending too much time below their 50-day moving averages. If prices are that cheap, why aren't the institutions buying more? [Answer: They must believe stock prices are going down OR they are just too uncertain about the future of the market and are being very cautious.
- The percent of stocks with A or B accumulation ratings dropped to 7% over the last few down days. With 5 categories (A B C D E) an even market would have 20% in each. A rising market would have a higher A and B percentages.
- The Leaders' Up/Down ratio is a low 1.2 ratio (1.5 is a minimally healthy ratio.).

How did the indexes get such low Acc/Dist ratings? Stealth selling:

A STEALTH SELLING LESSON

Some of this selling is what I call **"stealth" selling – an indicator that institutions are quietly exiting some of their positions**. You can see stealth selling when:

- The stock or index stays flat or rises, and the price-volume action is not matched many to a flat environment:
 - Many of the DOWN days have HIGHER VOLUME and
 - Many of the UP days have LOWER VOLUME.

ARE YOUR STOCKS UNDER "STEALTH SELLING?"

- **Check here:**
 - Did the price of your stock end the week unchanged or rise?
 - But the Accumulation/Distribution rating is falling?
- **On a daily basis**, do you see:
 - Falling days with high volume (distribution) and
 - Rising days with low volume (lack of support).
- **Is your stock's Acc/Dist rating out of whack with its price?**
 - Is your stock at or near an all-time high?
 - But its Acc/Dist is a D or E?

Institutions can sometimes cover their selling with this stealth buying techniques, but they know this is a short-term solution to exiting stocks that are near 9-year highs.

I strongly suggest you track the Acc/Dist rating of each stock you own on a weekly basis (if not daily). If you find you own a stock under stealth selling, consider exiting more quickly.

**The Market is in UPTREND.....
And..... We still need Volume!**

Without volume there is an underlying weakness to the market. And I am buying smaller positions and buying more cautiously.

Markets usually take off vigorously at the beginning of a new Uptrend but this one is IS NOT.

The MARKET FACTORS, COUNTS & RATINGS table (in the full newsletter) is showing less green (uptrend indicators).

TREND-FOLLOWING ACTION: With the market diagnosis as “Uptrend”, you have two Trend-following actions to take:

- Hold an Uptrend ETF such as the QQQ, QLD and TQQQ.
- Cover any individual stocks you have shorted.

**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 or (or short) the market when it is going down.
- Protect yourself with an 8% stop.

>>>Download the FULL ARMCHAIR INVESTOR NEWSLETTER at:

www.ArmchairInvestor.com

Click on the [Current Newsletter](#) tab

No advice is ever given in this newsletter. It is provided for your education only.

© Armchair Investor^(SM) 2018, Charlotte Hudgin 214-995-6702 All rights Reserved

| Uptrend ETFs | Armchair Investor Trend-following Returns for Current Uptrend | | | |
|--------------|---|---------------|--------------------|---|
| 5/8/18 | Opening Price on 4/12/2018 | Today's Price | ETF % Change Today | GAIN OR LOSS SINCE 4/10/2018 UPTREND SIGNAL |
| QQQ (1x) | 160.2 | 165.99 | -0.15% | +3.6% |
| QLD (2x) | 76.02 | 81.18 | -0.2% | +6.8% |
| TQQQ (3x) | 142.6 | 156.71 | -0.5% | +9.9% |

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.

MARKET ACTION 2018 YEAR-TO-DATE

| 5/8/18 | 2017 Closing Price | Current Price | Index % Change Year-to-Date |
|-----------|--------------------|---------------|-----------------------------|
| Nasdaq | 6903.39 | 7266.90 | +5.3% |
| S&P 500 | 2673.61 | 2671.92 | -0.1% |
| NYSE Comp | 12,808.84 | 12,520.21 | -2.3% |
| DJIA | 24,719.22 | 24,360.21 | -1.5% |

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."

PROGRESS IN ACCUMULATION/DISTRIBUTION RATINGS

| | | A | B | C | D | E |
|-------------|------|----|-----|-----|-----|-----|
| 4 weeks ago | 4/10 | 6% | 31% | 25% | 25% | 12% |
| 3 weeks ago | 4/17 | 8% | 35% | 25% | 23% | 9% |
| 2 weeks ago | 4/24 | 9% | 35% | 25% | 22% | 10% |
| 1 week ago | 5/1 | 7% | 32% | 26% | 24% | 11% |
| Today | 5/8 | 8% | 34% | 25% | 23% | 10% |

Stocks with an A or B rating are under accumulation (being bought.)

Stocks with a D or E rating are under distribution (being sold).

"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. Lower ratings are PINK.

| MARKET FACTORS, COUNTS & RATINGS | | 5/8/2018 | |
|---|--|--------------------------------------|--------------------------------------|
| Type of DAY for <u>Nasdaq</u> Accumulation, Distribution or Neither | | Neither | |
| Market Direction Uptrend, Under Pressure, Downtrend, or Attempted Uptrend | | UPTREND | |
| Nasdaq Accumulation & Distribution Days Nasdaq 20-day count | | Accumulation Days 5 | Distribution Days 3 |
| Count of Up Days and Down Days Nasdaq last 10-days price movement only | | Up Days 4 | Down Days 3 |
| Days that do not move at least 0.2% are not included in the Up/Down count which does not, therefore, add up to 10 days. | | | |
| Leaders Up/Down with High Volume Nasdaq 10-day ratio | | 1.5 | |
| 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- | S&P 500 E |
| | | DJIA D- | |
| Are Major Indexes Above or Below Moving Averages? "At" is within 1% above or below the moving average. | | 50-Day | 200-Day |
| | | Nasdaq At | Above |
| | | S&P 500 At | Above |
| | | NYSE At | At |
| | | DJIA At | Above |

LAST WEEK'S MARKET ACTION

| 5/4/2018 | Weekly Index % Change | Weekly Volume % Change | Volume Above/ Below 10-week Avg | Type of Week |
|----------|-----------------------|------------------------|---------------------------------|--------------------|
| Nasdaq | +1.3% | +3.5% | -1.0% | Major Accumulation |
| S&P 500 | -0.2% | S&P 500 Volume | | Minor distribution |
| NYSE | -0.8% | +8.1% | +15.0% | Minor distribution |
| DJIA | -0.2% | | | Minor distribution |

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.

HOW CLOSE ARE THE INDEXES TO ALL-TIME HIGHS?

| 5/8/2018 | 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 | 7266.90 | 2671.92 | 12520.21 | 24360.21 |
| Below (-) or Above (+) Recent High (%) | -3.6% | -7.0% | -8.2% | -8.5% |
| Below (-) or Above (+) Recent High (#) | -270.37 | -200.95 | -1116.81 | -2256.50 |

Nasdaq Daily chart, 3 months

The Nasdaq daily price closed slightly above 50-day moving average.
Notice the **recent rising lows**.



Nasdaq Weekly chart, 1 year

The Nasdaq weekly also closed slightly above 10-week m.a.s.
Notice **the three higher lows** over the last five weeks.



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

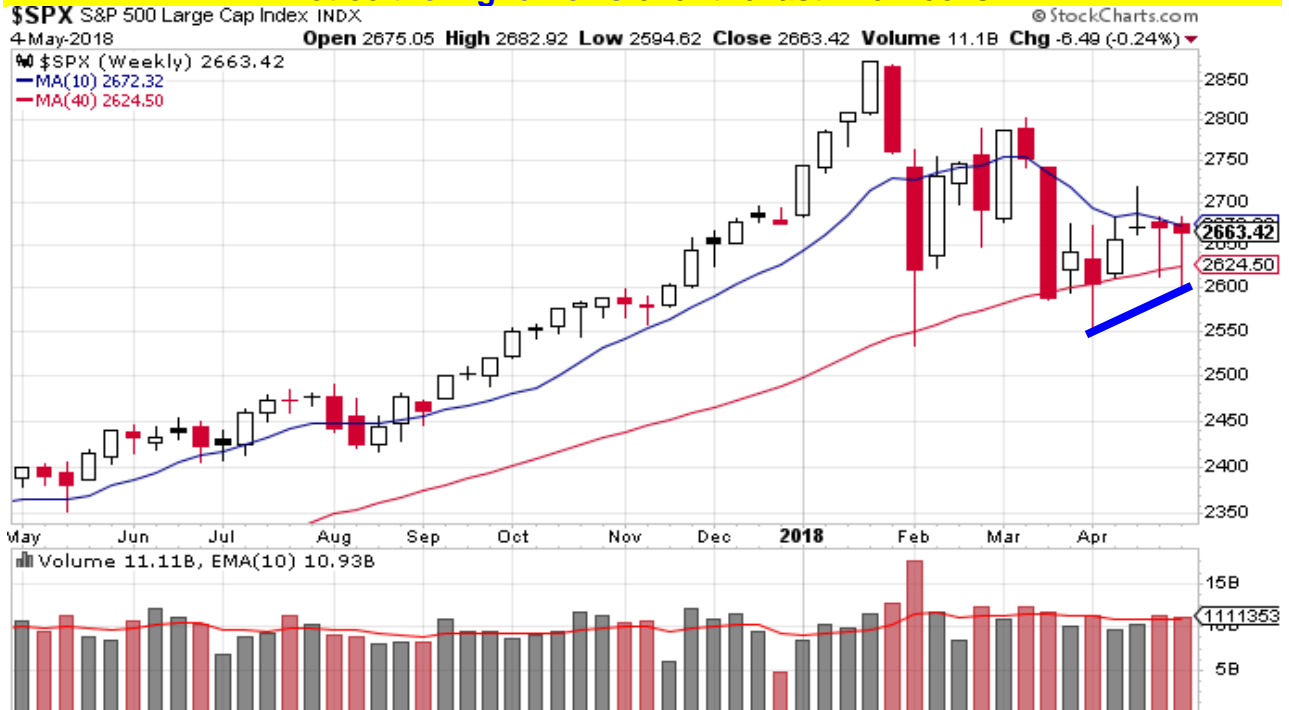
S&P500 Daily chart, 3 months

The S&P500 rises and is slightly below its 50-day moving average.
Notice the recent rising lows.



S&P500 Weekly chart, 1 year

S&P500 weekly rallies to just under its 10-week moving average.
Notice the higher lows over the last five weeks.



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

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 (—) | CONSISTENT WITH: UPTREND or Downtrend? |
|---|---------|---------|----------------|-----------------|-------------------------|--|--|
| THE COLOR OF THE "CURRENT TREND DAY COUNT" tells you the current market direction: Red = Downtrend, Yellow = Uptrend under Pressure, Green = Uptrend | | | | | | | |
| 21 | 4/10/18 | 7094.30 | +2.1% | +8.3% | 1 | Major Accumulation day <i>Market moves into UPTREND</i> | UPTREND |
| 20 | 4/11/18 | 7069.03 | -0.4% | -19.7% | 2 | — | UPTREND |
| 19 | 4/12/18 | 7140.25 | +1.0% | +10.8% | 3 | Major Accumulation day | UPTREND |
| 18 | 4/13/18 | 7106.65 | -0.5% | -12.3% | 4 | — | UPTREND |
| 17 | 4/16/18 | 7156.28 | +0.7% | +1.2% | 5 | Minor accumulation day | UPTREND |
| 16 | 4/17/18 | 7281.10 | +1.7% | +5.5% | 6 | Major Accumulation day | UPTREND |
| 15 | 4/18/18 | 7295.24 | +0.19% | -0.9% | 7 | — | — |
| 14 | 4/19/18 | 7238.03 | -0.8% | +5.7% | 8 | Minor distribution day | DOWNTREND |
| 13 | 4/20/18 | 7146.13 | -1.3% | -5.5% | 9 | — | UPTREND |
| 12 | 4/23/18 | 7128.60 | -0.3% | -9.7% | 10 | — | UPTREND |
| 11 | 4/24/18 | 7007.35 | -1.7% | +26.5% | 11 | Major Distribution day | DOWNTREND |
| 10 | 4/25/18 | 7003.74 | -0.05% | -5.0% | 12 | — | — |
| 9 | 4/26/18 | 7118.68 | +1.6% | +3.8% | 13 | Major Accumulation day | UPTREND |
| 8 | 4/27/18 | 7119.80 | +0.06% | -2.3% | 14 | — | — |
| 7 | 4/30/18 | 7066.27 | -0.8% | -4.3% | 15 | — | UPTREND |
| 6 | 5/1/18 | 7130.70 | +0.9% | -3.3% | 16 | — | DOWNTREND |
| 5 | 5/2/18 | 7100.90 | -0.4% | +11.8% | 17 | Minor distribution day | DOWNTREND |
| 4 | 5/3/18 | 7088.15 | -0.18% | +9.5% | 18 | — | — |
| 3 | 5/4/18 | 7209.62 | +1.7% | -12.7% | 19 | — | DOWNTREND |
| 2 | 5/7/18 | 7265.21 | +0.8% | -5.2% | 20 | — | DOWNTREND |
| 1 | 5/8/18 | 7266.90 | +0.03% | +5.5% | 21 | — | — |

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

TUESDAY: This newsletter is NOT designed to recommend stocks to watch or buy. But occasionally I get in the mood to talk about a few stocks that are breaking out or near breakout points. Today I draw your attention to:

- **Cheniere Energy (LNG)** which operates the Sabine Pass LNG receiving terminal. Its ratings are acceptable considering that Oil & Gas companies fluctuate between good years and bad years – it's just part of the business. IBD's EPS calculation would like to see steady growing earnings and has no way to account for the faster swings of this industry group. What you can do is look for recent return to profitability with more expected which fits LNG to a tee.
- **LNG** broke out on Friday with a 6% pop in price and volume of 125% above average. Price held at that attractive level on Monday and Tuesday. It is not unexpected that its volume declined with some profit taking.

I AM STILL CAREFULLY BUYING INDIVIDUAL STOCKS which are breaking out of good bases with high volume on the breakout day. Volume is the factor which is hard to find right now but I can wait! ----- With the current weakness in the market, I am buying smaller first bites. If you are having trouble finding enough good stocks to buy, consider adding the QQQ or another Uptrend-Index ETF. This is one place I put some of my money when I can't find the right stock at a buy point.

Remember:

CASH IS A POSITION.

The market diagnosis is UPTREND.

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

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!

What to do now:

1. **WATCH YOUR INVESTMENTS CLOSELY:** Sell stalling and falling stocks quickly.
2. 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)
3. **DON'T LOSE YOUR GAINS:** Sell any stock that is showing a concentration of distribution days. I sell more quickly in a Downtrend

If this newsletter no longer suits your needs, you may unsubscribe here:

[Unsubscribe](#) | [Change Subscriber Options](#)

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 be sure to register through the Meetup site listed below or a text or call to Charlotte.

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
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.

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% |

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)**

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.