

ARMCHAIR INVESTOR^(sm) MORNING MARKET NEWSLETTER

A TREND-FOLLOWING STRATEGY

CURRENT MARKET DIRECTION: UPTREND under PRESSURE

Current Armchair Investor actions:	HOLD Nasdaq 100 position (QQQ) Exit any 2x or 3x QQQ (the QLD or TQQQ.)
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A concentration of distribution days turned the market diagnosis into “Uptrend under Pressure” Thursday. It is time to be conservative.

Consider booking any double or triple ETF profits – e.g. sell the QLD and TQQQ holdings. Watch the market closely.

If the diagnosis goes into Downtrend (correction), immediately exit the QQQ.

DAILY MARKET ACTION

8/1/19	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg.	Accumulation or Distribution Day?	Recent Trend Gain/Loss from 6/10 UPTREND SIGNAL
Nasdaq	8,111.12	-0.8%	+9.1%	+26.1%	Minor distribution	+2.6%
S&P500	2,953.56	-0.9%	NYSE Volume		Minor distribution	+1.7%
DJIA	26,583.42	-1.0%	+3.0%	+40.3%	Major Distribution	+1.5%

8/1/19	Armchair Investor Trend-following Current Uptrend Returns			
Uptrend ETFs	Opening Price on 6/11/2019*	TODAY's Closing Price	ETF % Change Today	Gain or Loss Since 6/10/19 Uptrend Signal
QQQ (1x)	185.07	190.15	-0.5%	+2.7%
QLD (2x)	94.09	99.00	-1.0%	+5.2%
TQQQ (3x)	60.06	64.68	-1.4%	+7.7%

HOW CLOSE ARE THE INDICES TO ALL-TIME HIGHS?

8/1/2019	Nasdaq	S&P500	NYSE	DJIA
Date of Index All-time High*	7/26/2019	7/26/2019	1/26/2018	7/16/2019
All-time High	8339.64	3027.98	13637.02	27398.68
Current Price	8111.12	2953.56	12920.80	26583.42
Below (-) or Above (+) Recent High (%)	-2.7%	-2.5%	-5.3%	-3.0%

PROGRESS IN ACCUMULATION/DISTRIBUTION RATINGS

		A	B	C	D	E	As + Bs
4 weeks ago	7/3	12%	46%	22%	15%	5%	58%
3 weeks ago	7/11	12%	45%	23%	15%	5%	57%
2 weeks ago	7/18	11%	44%	24%	17%	6%	54%
1 week ago	7/25	12%	45%	22%	15%	6%	57%
Today	8/1	9%	40%	26%	19%	6%	49%
	#	580	2584	1686	1243	422	

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 ACTION 2019 YEAR-TO-DATE

8/1/19	2018 Closing Price	Current Price	Index % Change Year-to-Date
Nasdaq	6635.38	8111.12	+22.2%
S&P 500	2506.85	2953.56	+17.8%
NYSE	11374.39	12,920.80	+13.6%
DJIA	23327.46	26,583.42	+14.0%

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."

MARKET FACTORS, COUNTS & RATINGS		8/1/2019	
Type of Day for <u>Nasdaq Index</u> Accumulation, Distribution or Neither		Minor distribution	
I track the <u>Nasdaq's</u> price-volume because it usually leads the market direction .			
Market Direction Uptrend, Under Pressure, Downtrend		UPTREND under PRESSURE	
<u>Nasdaq</u> Accumulation & Distribution Days (last 20 days) Only accumulation and distribution days since the last market change (1/4/2019) are in this count.		Accumulation Days 2	Distribution Days 5
Note that the S&P500 has 6 distribution days in the last 20 trading days. The Nasdaq usually leads in the distribution count which is why we focus on the Nasdaq in this newsletter. But when the S&P500 shows a greater concentration of distribution, I will talk about it in this space.			
Count of Up Days and Down Days Nasdaq's last <u>10-days'</u> price movement		Up Days 4	Down Days 6
Only days that move at least + or - 0.2% are included in the Up/Down count which does not always, therefore, add up to 10 days.			
Rising/Falling Ratio of Leader Stocks with High Volume Nasdaq 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 S&P 500 DJIA	C- D- D-
Are Major Indexes Above or Below Moving Averages? "At" is within 1% above or below the moving average.		50-Day 200-Day	Nasdaq S&P 500 NYSE DJIA
		Above At At At	Above Above Above Above

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?
20	7/5/19	8161.79	-0.1%	+8.7%	19	—	—
19	7/8/19	8098.38	-0.8%	+15.3%	20	Minor distribution	DOWNTREND
18	7/9/19	8141.73	+0.5%	-5.0%	21	—	DOWNTREND
17	7/10/19	8202.53	+0.8%	+8.7%	22	Minor accumulation	UPTREND
16	7/11/19	8196.04	-0.08%	-11.6%	23	—	—
15	7/12/19	8244.15	+0.6%	-6.7%	24	—	DOWNTREND
14	7/15/19	8258.18	+0.17%	-12.1%	25	—	—
13	7/16/19	8222.80	-0.4%	+20.8%	26	Minor distribution	DOWNTREND
12	7/17/19	8185.21	-0.5%	-8.0%	27	—	UPTREND
11	7/18/19	8207.24	+0.3%	-1.2%	28	—	DOWNTREND
10	7/19/19	8146.49	-0.7%	-7.0%	29	—	UPTREND
9	7/22/19	8204.14	+0.7%	-3.0%	30	—	DOWNTREND
8	7/23/19	8251.40	+0.6%	+0.17%	31	—	—
7	7/24/19	8321.50	+0.9%	+5.8%	32	Minor accumulation	UPTREND
6	7/25/19	8238.54	-1.0%	+3.4%	33	Major Distribution	DOWNTREND
5	7/26/19	8330.21	+1.1%	-3.2%	34	—	DOWNTREND
4	7/29/19	8293.33	-0.4%	-3.1%	35	—	UPTREND
3	7/30/19	8273.61	-0.2%	-8.9%	36	—	UPTREND
2	7/31/19	8175.42	-1.2%	+56.0%	37	Major Distribution	DOWNTREND
1	8/1/19	8111.12	-0.8%	+9.1%	38	Minor distribution	DOWNTREND

* Re 7/17, 7/19, 7/30: Price and volume dropped on these days. The lower volume shows less support for the dropping price. In other words, the drop does NOT have strength – and the day is, therefore, consistent with an Uptrend. In any Uptrend, there will be down days. Just think: “Lower volume disagrees with the price drop.”

Nasdaq Daily chart, 4 months (updated Friday)

The Nasdaq sprang higher Wednesday – breaking to new all-time highs again.



Nasdaq Weekly chart, 1 year (updated Friday)

Nasdaq continues new Uptrend – breaking to new all-time highs last week.
Both major indexes closed near the low of their week!



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

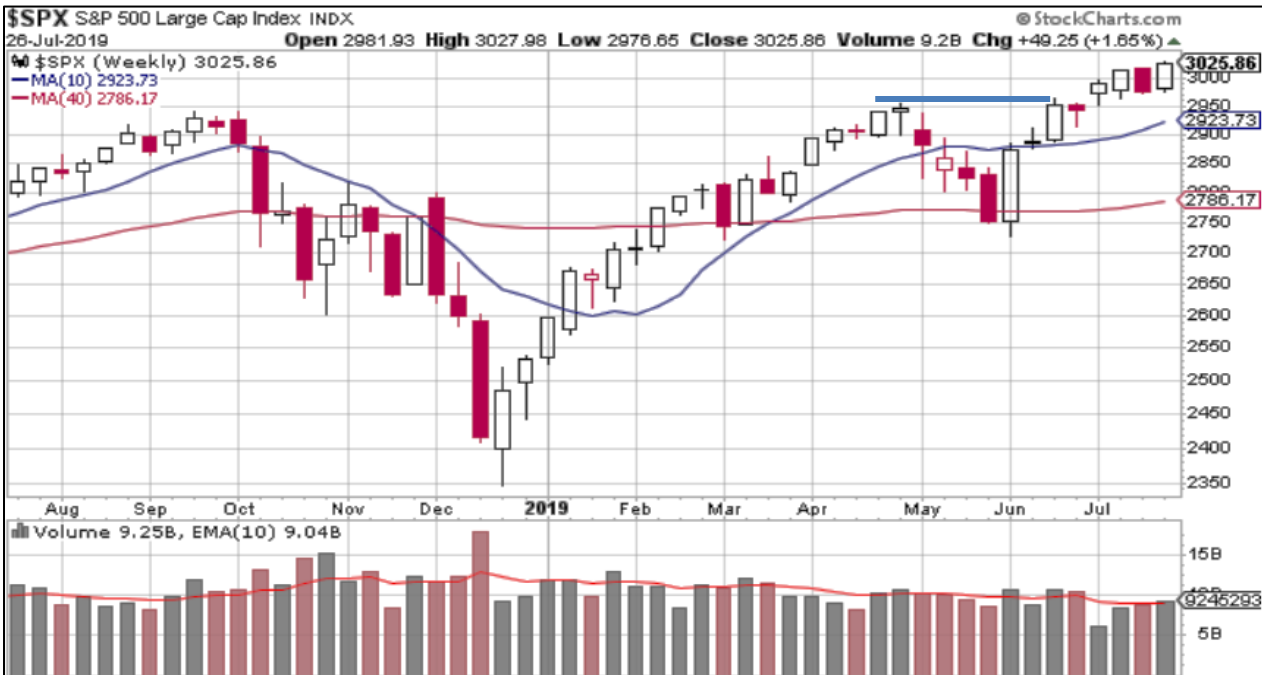
S&P500 Daily chart, 4 months (updated Friday)

S&P500 recovered last week's loss; hit new all-time high Wednesday.
Now stalled near prior high. Volume rising!



S&P500 Weekly chart, 1 year (updated Friday)

S&P500 continues new Uptrend – breaking to new all-time highs last week.
Both major indexes closed near the low of their week!



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

LAST WEEK'S MARKET ACTION

7/26/19	Weekly Index % Change	Weekly Volume % Change	Volume Above/ Below 10-week Avg	Type of Week
Nasdaq	+2.3%	+2.7%	+2.3%	Major Accumulation
S&P 500	+1.7%	S&P 500 Volume		Major Accumulation
		+4.3%	+4.0%	
DJIA	+0.1%			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, DJIA and NYSE Composite.

HOW CAN YOU CAPTURE THOSE GREAT MARKET TRACKING GAINS SHOWN ABOVE?

It's as easy as 1- 2- 3!

THE ARMCHAIR INVESTOR PLAN:

>>STEP 1: In an Uptrend, buy the QQQ, a Nasdaq 100 ETF.

Find the market direction diagnosis every night in this newsletter. At the Uptrend signal, buy the QQQ (or one of the multiple Uptrend ETFs shown in a table above) the next morning.

Just in case protection: When you receive your confirmation of the purchase price, place an 8% STOP LOSS order to protect your portfolio from a sudden market reversal (executing this sale is rare – I almost always sell when the market goes into “under pressure or Downtrend – see Step 2 below). Your broker can help you set up this order.

This upward ride is the most exciting part of trend-following – Ride the escalator up, up, up as the market rises. Enjoy your ETF investment as it increases with the rise of the market.

Did you get your share of those extraordinary rises in this Uptrend! If you are looking for **strong individual stocks in a buy range**, they are out there – **GOOD HUNTING!** See the recent **Stock Market Today** articles at www.investors.com for some great individual stock ideas

All Uptrends have occasional distribution days.

This market's sideways pause is not (yet) an end to this year's mighty Uptrend. Distribution days are the “early warning system” I track in this newsletter each night.”

STEP 2: Watch this newsletter nightly for “Uptrend under Pressure”

This newsletter will alert you when the Uptrend is “Under Pressure” and point to the next step for your consideration. You may want to sell your uptrend ETF or pull back to a 50% position. We will discuss the options when appropriate.

STEP 3: When the market diagnosis changes to Downtrend, consider selling your Uptrend position (QQQ, QLD or TQQQ) and going to cash.

After exiting the Uptrend ETF, wait in cash until the next Uptrend signal. **Occasionally, I will use an inverse ETF. This strategy worked will off the 200**

NOTE: Not every market direction signal ends with a positive return. But overall, the ETFs have outperformed the market when traded according to these guidelines. Plus the market direction signals will help you by indicating when it is most effective to consider adding individual stocks to your portfolio (with a strong uptrending market

DO YOU INVEST IN INDIVIDUAL STOCKS?—

Always consider taking some profit if significant distribution is showing up for your individual stocks. However, many individual stocks are rising with gusto! Look at all the lists in the Investor's Business Daily newspaper for stocks breaking out with high volume. **They are there!**

To get a deeper sense of the health of the market, look at the MARKET FACTORS, COUNTS & RATINGS table included each day in the FULL Armchair Investor newsletter. It looks at 7 key market direction factors and highlights the leaning of each:

- If the factor leans toward the **Uptrend**, that box will be **green**
- If the factor leans toward the **Downtrend**, that box will be **orange** or **red**

To schedule a class visit: Contact Charlotte Hudgin at 214-995-6702

One of the reasons I pay so much attention to the Investor's Business Daily strategies and books (*How to Make Money in Stocks series*) is that they work consistently. If you or someone you know is interested in stock market investing, I encourage them to start with:

- *How to Make Money in Stocks – Getting started* by Matt Galgani. Then they can move on to some of the more advanced books.

Visit an ARMCHAIR INVESTOR CLASS

We have 4 classes given each week in Dallas, Addison and ONLINE:.
Visit a class as my guest

- [Sunday afternoon 3 – 5 p.m. ONLINE](#)
- [Monday nights 7 – 9 p.m.](#)
- [Tuesday afternoons 3:30 – 5:30 p.m.](#)
- [Wednesday mornings 10:00 a.m. to noon](#)

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CALL 214-995-6702.

Seating is limited to no more than 3 guests at each session to ensure the paid subscribers receive full value.

Monday and Tuesday classes are in north Dallas near Preston & Royal.

Wednesday classes are Addison.

Sunday classes are online! Register at the same [Armchair Investor classes](#) OR CALL 214-995-6702

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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 well at night.

Questions may be submitted to: Editor@ArmchairInvestor.com