

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

PLEASE NOTE: ALL ARMCHAIR INVESTOR CLASSES WILL BE HELD ONLINE UNTIL FURTHER NOTICE. All are welcome to visit my online classes this week as my guest (FREE)

CURRENT MARKET DIRECTION: DOWNTREND

Armchair Investor Trend-following Investment Position:	I hold the PSQ (inverse QQQ)
Total Armchair Investor 2020 Return	+12.9% Year-to-date See trades on page 2

UNDERSTANDING THE MARKET'S MESSAGE The Nasdaq and S&P500 held above prior lows on day 3 of an attempted rally. The S&P500 showed strength by having 2 rising days in a row – the first instance since this Downtrend began! One serious Accumulation day could put the market back in UPTREND!

- **Monday: Day 1 of Attempted Rally:** The Nasdaq and S&P500 dropped to new lows then reversed higher
- **Tuesday: Day 2 of Attempted Rally:** Both indexes held above Monday's low
- **Wednesday: Day 3 of Attempted Rally:** Both indexes stayed above Monday's low

THURSDAY COULD BE THE START OF A NEW UPTREND if either major index has a significant rise (usually 1.3% or higher) with higher volume.. See page 3 – Strength!

DAILY MARKET ACTION						
3/26/20	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg.	Accumulation or Distribution Day?	YOUR GAIN from SHORTING at the 2/25/2020 DOWNTREND SIGNAL
Nasdaq	7797.54	+5.6%	-14.5%	+10.6%	Neither	+13.5%
S&P500	2630.07	+6.2%	NYSE Volume		Neither	+16.2%
DJIA	22552.17	+6.4%	-6.4%	+48.4%	Neither	+17.0%

I SOLD the triple inverse SPXU (TRIPLE SHORT S&P500) position at a loss since the market is showing significant signs of returning to Uptrend. I bought it late!

Remember: The market continues in the direction it is going until it doesn't.

By following the current market trend, I will be wrong at the very bottom when it reverses, but I will be right (making money)..... all the way day!

I am disappointed in the underperformance of the PSQ (short QQQ fund) compared to just shorting the QQQ.

But I understand how difficult managing the PSQ fund must have been in this wildly swinging market. Lesson learned: Shorting the QQQ would have given the expected higher return in this highly volatile market. Details Friday.

CHART READING LESSON: Look at a Nasdaq or S&P500 chart over the last 8 weeks. You can see the telltale **DOWN-TRENDING** pattern of:

- higher volume DOWN days (serious selling)
- and many lower volume UP days (uncertainty).

Change in S&P500 personality:

- **WEDNESDAY WAS THE FIRST TIME A MAJOR INDEX (the S&P500) had 2 accumulation days** in a row since this downtrend began a month ago – **WOW!**
- Go to **page 8** to see the 20 day-by-day analysis of the strength and weakness in this market.

If you are uncomfortable holding an inverse ETF as a strategy to avoid the market drops, you can wait in CASH.
At least you won't lose money in a volatile market.

The selling cascade continues! IS THE CRASH OVER? I remind you:

REMEMBER:
THE MARKET CONTINUES IN THE DIRECTION IT IS GOING,
UNTIL IT DOESN'T !

ARMCHAIR INVESTOR TREND-FOLLOWING RETURNS 2020						
Market Direction Signal Change	Direction	Action	# Days	Price	% GAIN Each Trend (See note)	Armchair Investor GAINS In 2020
12/31/19	Uptrend	Hold the QQQ	55	\$212.61	+4.3%	+4.3%
2/24/20	Uptrend under Pressure	Sold QQQ. Wait in CASH	3	\$221.84	+0.0%	+4.3%
2/27/20	Downtrend	Bot PSQ at Open	0	\$24.69	+0.0%	+4.3%
3/26/20	Downtrend	Hold PSQ	28	\$25.22	+2.1%	+2.1%
Total Days			84	TOTAL % FOR 2020:		+12.9%

Current Signs of Market Strength

- The S&P500 is up 20.0% in the last 4 days. The Nasdaq rose 17.6%.
- The Attempted Rally stays in force. Thursday was day 4 of the AR.
- The S&P500 had a Major Accumulation day Wednesday.

Current Signs of Market Weakness

- The Nasdaq and S&P500 are now living below their 200-day moving averages.
- The major indexes (Nasdaq, S&P500 and DJIA) have lowest Distribution ratings of E. This will rise in Friday's IBD newspaper – the adjustment is a complicated calculation and always shows up one day late. Note that because this rating is a 3-month rating, it changes slowly.
- The market feels like the “Wild West” – unpredictable, highly volatile. Avoid the “showdown” by exiting any losing stocks.
- Eight of the Nasdaq's last 20 trading days (4 weeks) were distribution (heavy selling) days with only one accumulation (heavy buying) day. See the whole 20 days page 9 below.

MY PLAN FOR THURSDAY:

- I hold my PSQ until the market goes into Uptrend which could be THURSDAY! If the Uptrend is obvious on Thursday (within the last hour), I will sell my PSQ and buy the QQQ. If that happens, I will send out a quick email from ArmchairInvestor.com!

With the Coronavirus spreading, it could be a... long,... cold... spring!

You can hold a winning stock as long as it holds its gain. (Very few are!) But be sure to watch each stock for additional distribution days to signal an exit point. See selling rules chapter of “How to Make Money in Stocks” by William O’Neil, founder of Investor’s Business Daily.

Reminder: I do not make recommendations - just ideas to consider.

CALL ME IF YOU ARE STUCK! Charlotte – 214-995-6702

How does a Downtrend evolve into a new Uptrend?

>>>>> This pattern is what I am watching for every day!

A Downtrend changes to an Uptrend by having a Follow-through day which occurs when the market takes 2 clear Upward steps:

1. Attempted Rally: One or both major indexes (Nasdaq and S&P500) closes higher than the day before and stays above that low.) This happened on 2/28. The Attempted Rally stays in effect until the index undercuts the recent low, or a Follow-Through day changes the market diagnosis to Uptrend – See step 2 next...

2. **Follow-through Day:** On day 4 or later of the A-R, one or both of the major indexes has a **strong rise** (usually 1.3% or more) with higher volume than the day before.

NOTE: Stay tuned! A New Uptrend could begin any day now! Or not!

Today's Armchair Investor Trend-Following Returns for Current <u>Downtrend</u> begun on 2/26/2020 This table tracks shorting the QQQ and investing in the Inverse ETFs which are designed to move opposite to the market by the multiple indicated (1x, 2x, and 3x)				
3/26/20	Open Price on 5/14, the Day after the Trend Changed	Current Closing Price	ETF % Change Today *	PROFIT / LOSS from Signal: "Market in DOWNTREND"
Short QQQ	\$216.67	\$191.90	-5.3%	+11.4%
PSQ (1x)	\$24.04	\$25.22	-5.6%	+4.9%
QID (2x)	\$22.35	\$23.05	-11.0%	+3.0%
SQQQ (3x)	\$20.64	\$19.47	-15.9%	-5.7%
The PSQ ETF is designed to move opposite to the QQQ (the PSQ rises when the QQQ falls.) The QLD is designed to double the price move of the PSQ. Visit Proshares.com for more information. The SQQQ is designed to triple the opposite price move of the QQQ. Visit Proshares.com for more information on inverse ETFs. The "Profit" calculation is based on buying the ETF at the opening price the morning after the signal. In a downtrend, the inverse ETFs (PSQ and QID) should go opposite to the Nasdaq. For the QQQ, the calculation is reversed, e.g. when the QQQ falls, the PROFIT column rises to indicate I have shorted the QQQ and vice versa.				

FYI: The PSQ stock is designed as the inverse of the QQQ. When the market goes down, the PSQ rises. When the market rises, the PSQ falls about an equal percent.

The QID moves about double the PSQ (also an "inverse" ETF)

The SQQQ ,moves about 2.5 times the PSQ

THE ARMCHAIR INVESTOR TREND-FOLLOWING STRATEGY

A Simple and Powerful Tool to Increase Your Returns

Armchair Investor Mantra:

- Be IN the market when it is going up
- Be OUT of the market when it is going down
- Protect your portfolio with 8% stops.

The primary purpose of this Armchair Investor newsletter is to let you, the reader, earn bigger returns riding the trend of the market.

By following the best (most reliable) market change signals, you can:

- **Get in the market near the bottom** of a new bull market
- **Exit the market near the top**, and
 - **Capture more of the gains**,
 - **Avoid more of the losses** and, thus
 - **Earn higher returns** than the “buy-and-hold” strategy recommended by many brokers and money managers!

Why a “Buy-and-Hold” strategy doesn’t work well:

When the market has topped and starts to fall, do you really want to let your profits fade away as the market falls – sometimes for years? Of course not! Selling your uptrend position allows you to capture your gains and store them safely away in cash. What is the right time to exit? This newsletter will show you the market’s signal.

Most downtrends (also called corrections) fall faster than the uptrends rise.

I am not willing to sit in a sick, falling market and lose my hard earned gains! Cash is a safer position!

Here are the three signals I will give you in this newsletter for the three market conditions:

- **Uptrends:** When the market rises into an Uptrend, buy and hold the QQQ, a stock that rises with the general market.
- **Uptrend showing Weakness:** As a market Uptrend starts to fall, you will receive the signal to exit the QQQ and safely wait in cash.
- **Downtrends:** If the market continues down, you will receive a signal to buy the PSQ, a stock that rises while the market falls.

FINALLY – For individual stocks: Use these market signals to help you when buying individual stocks. You increase your likelihood of a successful stock purchase if you only buy stocks when the market is in an Uptrend. Lesson: Don’t fight the market trend!

**HOW CAN YOU CAPTURE THOSE
GREAT MARKET GAINS SHOWN ABOVE?
USE THE ARMCHAIR INVESTOR PLAN:
*It's as easy as 1- 2- 3!***

STEP 1: Ride a rising market _____.

STEP 2: Protect your investments during a weakening Uptrend

STEP 3: Go to _____ in a falling market. <<<<<< NOW!

This newsletter will identify the market direction, (step 1, step 2 or step 3) and explain what you can do to grow and protect your portfolio.

STEP 1: In an Uptrend, hold the QQQ, a Nasdaq100 ETF

Find the market direction diagnosis every night in this newsletter.

- In the Uptrend, buy the QQQ the next morning if you don't yet have that position. This newsletter will alert you to the Uptrend signal! *The QQQ follows the ups and downs of the Nasdaq100, allowing you to grab the rises of an Uptrend.*
- With some additional positive action, you may decide to switch to the double QQQ ETF (QLD) or triple QQQ (TQQQ). I do not recommend these moves for the first time investor.

Just in case protection: When you receive your confirmation of the purchase, 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. Exit when the market starts to show significant weakness (read this newsletter nightly!

Although not every Uptrend signal generates a positive return, most do.

STEP 2: When the Uptrend slows down: “Uptrend under Pressure”

“Uptrend under Pressure” is a **Warning Message** and means:

- The market is showing significant distribution (selling pressure.)
Investors should:
 - **Be concerned about the strength of this Uptrend.**
During an Uptrend under Pressure, this newsletter may move into CASH position to avoid possible losses.
 - **Check on the health of your investments each night!** Many investors do not buy new stock positions during this period due to higher failure rates.
- **From STEP 2, “Uptrend under Pressure,”** the market diagnosis will go one of two ways:
 - **Rise** with price and volume strength, and return to **Uptrend – (STEP 1)**, or
 - Continue to add more distribution days and **fall** into a **Downtrend (correction)**
- This is a time to pay attention to the market behavior.

STEP 3: When the market diagnosis goes to “Downtrend”

Capture much of the gains from the Uptrend by selling your Uptrend ETF position (QQQ, QLD or TQQQ) when the market diagnosis goes into Downtrend to capture much of the gains earned in Steps 1 & 2 above.

After exiting the Uptrend ETF, wait in cash until the next Uptrend signal. More recent Downtrends have been short term and not tradable.

The Uptrend has been years long and strong. The market is due for a long dive. I will invest in the PSQ (inverse QQQ) ETF which makes profits as the market falls!

NOTE: Not every market direction signal ends with a positive return. But overall, this Market Tracking Strategy has outperformed the market when traded according to these signals.

BONUS: 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).

MARKET FACTORS, COUNTS & RATINGS		3/26/2020	
Type of Day for <u>Nasdaq Index</u> Accumulation, Distribution or Neither		Neither	
I track the <u>Nasdaq's</u> price-volume because it usually leads the market direction.			
Market Direction Uptrend, Under Pressure, Downtrend		Downtrend	
<u>Nasdaq Accumulation & Distribution Days (last 20 days)</u> Only accumulation and distribution days <u>since the last market direction change</u> are in this count.		Accumulation Days 2	Distribution Days 8
FYI: IBD uses 25 days for their distribution count. I've found the last 20 days to be most relevant. Thus, we don't always match.			
Count of Up Days and Down Days Nasdaq's last <u>10-days'</u> price movement		Up Days 5	Down Days 5
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		1.5	
This indicator looks at the HEALTH of leading stocks (high RS rating) with strong financials (high EPS rating) 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 E	E
		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	Below
S&P 500		Below	Below
NYSE		Below	Below
DJIA		Below	Below

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	2/27/20	8566.48	-4.6%	+25.4%	3	Major Distribution	DOWNTREND
20	2/28/20	8567.37	+0.01%	+15.8%	4	—	—
19	3/2/20	8952.16	+4.5%	-19.3%	5	—	DOWNTREND
18	3/3/20	8684.09	-3.0%	+4.4%	6	Major Distribution	DOWNTREND
17	3/4/20	9018.09	+3.9%	-18.1%	7	—	DOWNTREND
16	3/5/20	8752.77	-2.9%	+4.0%	8	Major Distribution	DOWNTREND
15	3/6/20	8575.62	-2.6%	+22.6%	9	Major Distribution	DOWNTREND
14	3/9/20	7950.68	-7.3%	+5.4%	10	Major Distribution	DOWNTREND
13	3/10/20	8344.25	+5.0%	-1.7%	11	—	DOWNTREND
12	3/11/20	7952.05	-4.7%	-2.3%	12	—	UPTREND*
11	3/12/20	7288.63	-8.3%	+19.6%	13	Major Distribution	DOWNTREND
10	3/13/20	7874.88	+9.4%	-8.9%	14	—	DOWNTREND
9	3/16/20	6904.59	-12.3%	-3.4%	15	—	UPTREND
8	3/17/20	7334.78	+6.2%	+7.6%	16	Major Accumulation	UPTREND
7	3/18/20	6989.84	-4.7%	+0.24%	17	Major Distribution	DOWNTREND
6	3/19/20	7150.58	+2.3%	-4.1%	18	—	DOWNTREND
5	3/20/20	6879.52	-3.8%	+3.2%	19	Major Distribution	DOWNTREND
4	3/23/20	6860.67	-0.3%	-11.7%	20	—	UPTREND0
3	3/24/20	7417.86	+8.1%	+0.9%	21	Major Accumulation	UPTREND
2	3/25/20	7384.30	-0.5%	-1.8%	22	—	UPTREND
1	3/26/20	7797.54	+5.6%	-14.5%	23	—	DOWNTREND

*When a stock or index falls with lower volume than the day before (see 3/11 and 3/16 above as examples), the lower volume says the market isn't as excited (or committed) to that day's drop as it was to the prior day's action. Thus, the day is label "Consistent with an Uptrend day." In today's crashing market, the lack of higher volume on these down days gives a bit of hope for a turnaround! I wait for the full required days' action for a new Uptrend before getting very excited.

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.

Visit an ARMCHAIR INVESTOR CLASS

We have 3 live classes given each week in Dallas. These classes will be given **ONLINE** until we are cleared to meet in person. **Visit any class this week and next as my guest.** Register at the Armchair Investor Meetup class site to receive an invitation to join the class you are interested in. Click on one of the links below to register.

- [Monday nights 7 – 9 p.m.](#)
- [Tuesday afternoons 2:30 – 4:30 p.m.](#)
- [Wednesday mornings 10:00 a.m. to noon](#)
- Classes meet in **ONLINE**.
- Online classes and consultations available by appointment – **Call me for a FREE introduction!**

Newsletter readers get a FREE class visit:

Monday evening, Tuesday afternoon or Wednesday morning in Dallas.
Register on Meetup.com or call or text me to set up your visit.

Pre-REGISTRATION REQUIRED FOR YOUR FREE VISIT

Just Call or Text me: 214-995-6702

CALL EARLY: Seating is limited.

>>> A BULLISH BUYING PATTERN EMERGES:

THE BIG SIGN OF HEAVY INSTITUTIONAL BUYING:

A week ago (3/19):

- 86% of stocks were being sold off (“D” plus “E” rated stocks = 86%.)
- “A” rated stocks were rare (only 1 out of 50) and only 5% had a “B” rating.
- It is no surprise you couldn’t find many stocks to buy or hold!

Yesterday showed improvement in the buying of all stocks except the already the top rated “A” stocks. Bottom fishing (looking for bargains) showed up strongly:

- The “E” rated stocks (most heavily sold off) reversed from 62% a week ago to 45% yesterday. Bottom fishing (buying the best of the lowest rated stocks) was underway!
- The “B”, “C”, and “D” rated stocks jumped from 36% last week to 55% yesterday.

PROGRESS IN ACCUMULATION/DISTRIBUTION RATINGS							
		A	B	C	D	E	As + Bs
4 weeks ago	2/27	6%	21%	19%	30%	24%	27%
3 weeks ago	3/5	4%	18%	19%	32%	26%	22%
2 weeks ago	3/12	3%	11%	15%	33%	38%	14%
1 week ago	3/19	2%	5%	7%	24%	62%	7%
Today	3/26	2%	11%	13%	29%	45%	13%
	# stocks in each rating:	114	666	806	1774	2704	6064

Stocks with an A or B rating are under accumulation (being bought.)
Stocks with a D or E rating are under distribution (being sold).

AN EVEN SPLIT: Since there are 5 ratings, each would equally get 20%.

When the market shows heavy buying of top stocks, the A and B counts will rise and the D and E counts will fall. When the market is heavily selling stocks, the opposite happens,

THE SIGNAL: Notice I have noted the % of all stocks that have A or B ratings.

- When the A+B% rises, I know the market, as a whole, is being bought.
- Any total of A+Bs over their “fair share” of 40% (2 ratings out of the 5 possible ratings= 40%) is **good news.**

MARKET ACTION 2020 YEAR-TO-DATE			
3/26/20	2019 Closing Price	Current Price	Index % Change Year-to-Date
Nasdaq	8972.61	7797.54	-13.1%
S&P 500	3230.78	2630.07	-18.6%
DJIA	28538.44	22552.17	-21.0%

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."

LAST WEEK'S MARKET ACTION: WHAT HAPPENED LAST WEEK: Look at the alternating rising and falling of the indexes. And the TOTAL for the week was another huge drop of 12.6% with weekly volume up 5.8% - **THE MARKET SELL-OFF ACCELERATES!**

- **This sends a VERY STRONG MESSAGE: There is little support for any hope of a rise!**

Last Week in Review						
	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	FOR THE WEEK:
	3/16	3/17	3/18	3/19	3/20	3/16-3/20
Nasdaq	-12.3%	+6.2%	-4.7%	+2.3%	-3.8%	-12.6%
Volume	-3.4%	+1.5%	-6.2%	-8.3%	+2.3%	+5.8%

You can see this pattern of higher volume UP days with lower volume DOWN days for the last 8 weeks. Just look at a daily Nasdaq or S&P500 chart. Scan the volume over the last four weeks. You will see almost all the volume bars sticking up above their neighbors are RED showing those were Down days. You do have to have a chart with two color volume lines, red for down price days and green (or blue) for rising days.

LAST WEEK'S MARKET ACTION				
3/20/20	Weekly Index % Change	Weekly Volume % Change	Volume Above/ Below 10-week Avg	Type of Week
Nasdaq	-12.6%	+5.8%	+56.0%	Major Distribution
S&P 500	-15.0%		S&P 500 Volume	Major Distribution
DJIA	-17.3%	+31.6%	+96.0%	Major 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, DJIA and NYSE Composite.

NASDAQ Daily 4 month chart, (updated Thursday 3/26/2020) Day 4 of Attempted Rally



NASDAQ Weekly 1 year chart, (updated Friday 3/20/2020) Nasdaq falls then rises but holds below 200-da m.a. (This weekly chart is updated Fridays)



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

**S&P500 Daily 4 month chart, (updated Thursday 3/26/2020)
Day 4 of Attempted Rally**



**S&P500 Weekly 1 year chart, (updated Friday 3/20/2020)
S&P500 Crashes again on virus worries. Stays below 200-day support line.
Just look at the prior 2 weeks (This weekly chart is updated Fridays)**



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

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Then click on **CURRENT NEWSLETTER** tab

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

See additional definitions on the following pages....

**EXAMPLE of the DAILY MARKET ACTION table
with explanation of terms and signals:**

THE DAILY MARKET ACTION						
9/27/19	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg.	Accumulation or Distribution Day?	Recent Trend Gain/Loss from 8/13 UPTREND SIGNAL
Nasdaq	7,939.63	-1.1%	+8.5%	-11.0%	Major Distribution	+1.7%
S&P500	2,961.79	-0.5%	NYSE Volume		minor distribution	+3.4%
DJIA	26,820.25	-0.3%	+5.1%	-12.0%	minor distribution	+3.8%

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% and less than 1% with strong Volume (either higher than the day before or is well-above average volume).
A **Major Distribution Day**: Price FALLS 1.0% or more with higher Volume than the day before.
A **minor distribution Day**: Price FALLS 0.2% and less than 1% with strong Volume (either higher than the day before or is well-above average volume).
If the day's price/volume action does not meet the accumulation or distribution definitions above, it is a **neither day**.

** The **Recent Trend Gains/Losses** column calculates how far each index has moved from the recent trend change assuming you purchased the index (in an Uptrend) or sold the index (in a Downtrend) at the opening price on the day after the signal. Although not every year outperforms the common "buy and hold" strategy, using these signals has significantly OUTPERFORMED the buy-and-hold strategy in total since 1/1/2000.

Why are my Final Volumes Sometimes Different than Yours? Why do the volume numbers on this table not always match other web sites? The 4:00 close of the market immediately shows an accurate final price. But the volume figures continue to trickle in for hours. At some time, the accumulation of volume numbers has to be cut off and different sites use different cut-offs. Also, some sources include the volume of stocks listed on one exchange but traded on another (e.g. Apple stock listed on Nasdaq but also traded on other exchanges.) And some sources do not. The most important rule is to consistently use only one source for volume.

EXAMPLE and DEFINITIONS used in this newsletter:

DAILY MARKET ACTION						
10/25/19	Index Close	Index % Change	Volume % Change	Volume vs 50-day Avg.	Accumulation or Distribution Day?	Recent Trend Gain/Loss from 8/13 UPTREND SIGNAL
Nasdaq	8,243.12	+0.70%	+1.2%	-2.1%	Neither	+5.3%
S&P500	3,022.55	+0.41%	NYSE Volume		Neither	+5.3%
DJIA	26,958.06	+0.57%	-9.2%	-1.5%	Neither	+4.3%
<p>A Major Accumulation Day: Price RISES at least 1.0% or more with higher Volume than prior day.</p> <p>A minor accumulation Day: Price RISES at least 0.2% and less than 1% with strong Volume (either higher than the day before or is well-above average volume).</p> <p>A Major Distribution Day: Price FALLS at least 1.0% or more with higher Volume than the day before.</p> <p>A minor distribution Day: Price FALLS at least 0.2% and less than 1% with strong Volume (either higher than the day before or is well-above average volume).</p> <p>If the day's price/volume action does not meet the accumulation or distribution definitions above, it is a "Neither" day.</p>						
<p>Why are my Final Volumes Sometimes Different than Yours? Why do the volume numbers on this table not always match other web sites? The 4:00 p.m. close of the market immediately shows an accurate final price. But the volume figures continue to trickle in for hours. At some time, the accumulation of volume numbers has to be cut off and different sites use different cut-offs. Also, some sources include the volume of stocks listed on one exchange but traded on another (e.g. Apple stock listed on Nasdaq but also traded on other exchanges.) And some sources do not. The most important rule is to consistently use the same source for your volume.</p>						

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.

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