

**AMCHAIR INVESTOR<sup>(sm)</sup> MORNING MARKET**  
**NEWSLETTER**  
 A TREND-FOLLOWING STRATEGY

Would you like to learn a simple, safe & proven strategy to making money in the stock market in 5 minutes a day? Join me for the **NEW Beginner's Introduction to Being an Armchair Investor**, Sunday 4/21 4-5 AND 7-8 PM [Register HERE for FREE](#)

**CURRENT MARKET DIRECTION: UPTREND.**

|                                                                     |                                                |
|---------------------------------------------------------------------|------------------------------------------------|
| <b>Armchair Investor</b><br>Trend-following Investment Position:    | <b>I hold the QQQ</b>                          |
| Total <b>Armchair Investor</b> 2020 Returns<br>See trades on page 2 | <b>19.8% year-to-date</b><br>Details on page 2 |

**THE MARKET'S MESSAGE** [The new Uptrend is on fire!](#)

- The **Nasdaq rose 16%** since the April 2 new Uptrend. Did you get your share?
- OF NOTE: The current rate of rise is NOT sustainable – but I love the returns.
  - I hope this wild ride just slows down to a sustainable rate!

**>>>> The price-volume action: The market continues w BIG GAINS!**

| LAST WEEK'S MARKET ACTION                                                                                                                                            |                       |                        |                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|---------------------------------|
| 4/17/20                                                                                                                                                              | Weekly Index % Change | Weekly Volume % Change | Volume Above/ Below 10-week Avg |
| Nasdaq                                                                                                                                                               | +6.1%                 | +19.6%                 | +1.0%                           |
| S&P 500                                                                                                                                                              | +3.0%                 | S&P 500 Volume         |                                 |
| DJIA                                                                                                                                                                 | +2.2%                 | -0.4%                  | +1.0%                           |
| The "TYPEs OF WEEK" are:<br><u>ACCUMULATION WEEK</u> PRICE RISES 0.2% or more and VOLUME RISES<br><u>DISTRIBUTION WEEK</u> PRICE FALLS 0.2% or more and VOLUME RISES |                       |                        |                                 |

| FRIDAY'S MARKET ACTION |             |                |                 |                       |                                   |                                                      |
|------------------------|-------------|----------------|-----------------|-----------------------|-----------------------------------|------------------------------------------------------|
| 4/17/20                | Index Close | Index % Change | Volume % Change | Volume vs 50-day Avg. | Accumulation or Distribution Day? | YOUR GAIN from Buying the index on 4/3 (New Uptrend) |
| Nasdaq                 | 8650.14     | +1.4%          | +1.3%           | +15.7%                | <b>Major Accumulation</b>         | +15.7%                                               |
| S&P500                 | 2874.56     | +2.7%          | NYSE Volume     |                       | <b>Major Accumulation</b>         | +14.3%                                               |
| DJIA                   | 24242.49    | +3.0%          | +11.9%          | +12.0%                | <b>Major Accumulation</b>         | +13.9%                                               |

**DEFINITIONS:**

A **Major Accumulation Day**: Price RISES at least 1.0% or more with higher Volume than prior day.

A **Major Distribution Day**: Price FALLS at least 1.0% or more with higher Volume than the day before.

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).

If the day's price/volume action does not meet the accumulation or distribution definitions above, it is a "**Neither**" day.

| ARMCHAIR INVESTOR TREND-FOLLOWING RETURNS                                                                                                                                         |                        |                           |        |                               |                              |                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------|--------|-------------------------------|------------------------------|--------------------------------|
| All Trades In 2020                                                                                                                                                                |                        |                           |        |                               |                              |                                |
| Market Direction Signal Change                                                                                                                                                    | Direction              | Action                    | # Days | Closing Price                 | % GAIN Each Trend (See note) | Armchair Investor GAIN In 2020 |
| 12/31/19                                                                                                                                                                          | <b>Uptrend</b>         | Hold the QQQ              | 55     | \$212.61                      | +4.34%                       | <b>+4.3%</b>                   |
| 2/24/20                                                                                                                                                                           | Uptrend under Pressure | Sold QQQ.<br>Wait in CASH | 3      | \$221.84                      | +0.0%                        | <b>+4.3%</b>                   |
| 2/27/20                                                                                                                                                                           | <b>Downtrend</b>       | Bot PSQ at Open           | 38     | \$24.65                       | +0.0%                        | <b>+4.3%</b>                   |
| 4/6/20                                                                                                                                                                            | Uptrend                | Sold PSQ at Open          | 2      | \$26.03                       | +5.6%                        | <b>+10.2%</b>                  |
| 4/8/20                                                                                                                                                                            | Uptrend                | Bot QQQ at Open           | 0      | \$198.08                      | +0.0%                        | <b>+10.2%</b>                  |
| 4/16/20                                                                                                                                                                           | End of Day             | Holding QQQ               | 9      | \$213.25                      | +7.7%                        | <b>+18.6%</b>                  |
| <b>Year-to-date:</b>                                                                                                                                                              |                        | <b># Days</b>             | 107    | <b>TOTAL% Growth in 2020:</b> |                              | <b>+18.6%</b>                  |
| <b>Note: It is highly unlikely the Armchair Investor strategy will finish this year earning 50+%, but 2020 is on track to be a top performing year with this simple strategy.</b> |                        |                           |        | <b>Annualized Growth:</b>     |                              | <b>+76.6%</b>                  |

**MY PLAN FOR MONDAY: HOLD the QQQ.**

I also hold my full positions in a few strong individual stocks.

I "**keep it simple**" following William O'Neil's suggestion and usually hold only 5 individual stocks and the QQQ (for tracking the market's health). Sometimes I hold a position in the double Q's (QLD) or triple Q's (TQQQ), but I won't mention it in this newsletter. They are a wild (risky) ride Most importantly:

**TRACK THE HEALTH (PRICE & VOLUME) OF EACH STOCK YOU OWN DAILY.**

| ARMCHAIR INVESTOR TREND-FOLLOWING RETURNS |                            |                       |                    |                                            |
|-------------------------------------------|----------------------------|-----------------------|--------------------|--------------------------------------------|
| Current Trend                             |                            |                       |                    |                                            |
| 4/17/20                                   | Opening Price on 4/3/2020* | TODAY's Closing Price | ETF % Change Today | Gain or Loss Since 4/2/2020 Uptrend Signal |
| QQQ (1x)                                  | \$185.50                   | \$215.29              | +1.0%              | +16.1%                                     |
| QLD (2x)                                  | \$84.89                    | \$113.25              | +1.7%              | +33.4%                                     |
| TQQQ (3x)                                 | \$43.86                    | \$66.73               | +2.5%              | +52.1%                                     |

This table tracks the returns you would now have if you had followed the Armchair Investor plan and bought the ETFs listed above at the opening price on the morning after the new "Market in Uptrend" signal.

**This recent 4-week 30.4% rise (Nasdaq) has exceeded the recent 4 1/2 month 27.8% rise October 2019 – February 2020!**

## **FRIDAY'S MARKET LESSON:**

### **THE MARKET CONTINUES IN THE DIRECTION IT IS GOING, UNTIL IT DOESN'T**

Look at the WEEK IN REVIEW table on page

I have talked to several investors over the last few days. Yes, you can call or text me with question – please don't email me if it's important – I just get too many miscellaneous emails to respond to everyone the same day.

**Before I scare you with the following thoughts, please know that even IF the market dies in a year, a month or next week, the Armchair Investor Strategy will NOT “stay the course” and ride a falling market down. Instead, we will identify optimum times to be in the market and times to be out of the market.**

Using my day-to-day price-volume analysis, I have consistently been able to:  
**“get in near the bottom” and “get out near the top.”**

**This strategy has allowed me to earn well-above-average returns!**

**Could this new Uptrend still die? Yes, it will - sometime!** I'm sad to say I suspect that the worse of the pandemic's economic impact may not have hit yet. Will congress' bailout package be enough? Will it have a lasting effect? I don't know. And I expect the financial impact could be felt for years.

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In fact, I expect a major shift in how we do business: more online appointments, nor working from home, reduced business travel and related costs to businesses and losses to airlines, hotels etc. We might actually see this lockdown period as a slingshot into the future of the way business is conducted.

In the financial crisis of 2007, it took the market 2 1/2 years to recover the 56% drop. Worse yet was the reaction to the dot.com 90's market over-inflation that crashed in March of 2000 and took 19 years for the market to “break even.”

WHAT CAN WE (INDIVIDUAL INVESTORS) DO NOW? ONE lesson I have learned from every greatest investor I have studied:

#### **HUMAN NATURE DOESN'T CHANGE.**

That is why the cups and handles, double bottoms, etc. continue to work. HUMAN NATURE DOESN'T CHANGE. Our nature is to survive and we are, therefore, fear and greed driven. And that is what cups and handles, double bottoms, etc. are all about.

**Stick with the Armchair Investor non-emotional, fact-based analysis to ride the market as it rises and exit as it falls. I have never been ashamed of exiting a failing market or stock..... or of riding a winner up, no matter what “they” say.**

(CONTINUED)

**A SIMILAR TIME IN HISTORY** I've been looking for past examples and see a close one in 1998: a 33% drop during the “dotcom” rally in 1998, Everyone was sure 1998 was the top and got out. When it turned around, they all jumped in again. (continued next page)

When the 2000 crash occurred, their brokers told them to stay in because, "...It always comes back! Just look at 1998. When this market fails, I will just say, "GET OUT."

**ALL OF YOUR IDEAS, ARTICLES AND HISTORICAL REFERENCES ARE ALWAYS WELCOME.** I have set up an email account just to receive your input. Please send them to:

**Newsletter\_Editor@ArmchairInvestor.com**

**What would have to happen for this new Uptrend to collapse back into a Downtrend? Two patterns usually signal the Uptrend is nearing an end:**

- One of the major indexes falls and undercuts its recent low. This action would require a 16% - 23% drop. In this market, that drop would probably take a few weeks and we would probably see the distribution days add up even before the undercut.
- The concentration of distribution days (down days on higher volume) would have to get serious enough to reveal heavy selling. Read this newsletter daily. It will alert you with a warning one page one when either or both of the major indexes start to rack up distribution days.

See **20 DAILY MARKET ACTION** table for daily price-action details below (page 11).

**2 CHART READING LESSONS:** Look at a Nasdaq or S&P500 daily chart as it crashed off the February all-time highs. (Charts are at the end of this newsletter.) Notice the **DOWN-TRENDING** pattern of:

- frequent higher volume DOWN days (serious selling) and
- frequent lower volume UP days (lack of commitment to the upward move).

**NOW NOTICE A SHIFT IN the PRICE-VOLUME PATTERN AS THE MARKET SLOWED DOWN AND THEN STARTED RISING:**

- More consecutive rising days with higher volume (Nasdaq)
- A fresh upward move of 4 rising days in a row (Nasdaq)
- Those moves in the last week bring hope that this Uptrend is gathering steam AND it brings a concern that irrational exuberance may be driving this Uptrend.
- EITHER WAY – I am happy to ride this Uptrend until it dies... next week, next month or next year. STAY TUNED!

This "change in personality" is common when a Downtrend becomes an Uptrend.

**REMEMBER:**

**THE MARKET CONTINUES IN THE DIRECTION IT IS GOING,  
.....UNTIL IT DOESN'T !**

**A BULLISH BUYING PATTERN EMERGES IN ACCUMULATION/  
DISTRIBUTION TABLE:**

**A week ago (3/20):**

- 15% of stocks were being had “B” ratings (being bought) or “C” ratings (neutral).

**Last week (ending on 4/9)**

- “B” and “C” rated stocks held to 30% indicating serious buying.
- Then “A” stocks not rise? It’s a small but elite group of best stocks (having strong fundamentals including strong, growing earnings) have continued to be bought and held (not sold off).

| PROGRESS IN ACCUMULATION/DISTRIBUTION RATINGS                                                                                                                                                                                                                                                                                          |                          |     |      |      |      |      |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----|------|------|------|------|---------|
|                                                                                                                                                                                                                                                                                                                                        |                          | A   | B    | C    | D    | E    | As + Bs |
| 4 weeks ago                                                                                                                                                                                                                                                                                                                            | 3/19                     | 2%  | 5%   | 7%   | 24%  | 62%  | 7%      |
| 3 weeks ago                                                                                                                                                                                                                                                                                                                            | 3/26                     | 2%  | 11%  | 13%  | 29%  | 45%  | 13%     |
| 2 weeks ago                                                                                                                                                                                                                                                                                                                            | 4/2                      | 2%  | 14%  | 16%  | 29%  | 39%  | 16%     |
| 1 week ago                                                                                                                                                                                                                                                                                                                             | 4/9                      | 4%  | 20%  | 21%  | 30%  | 25%  | 24%     |
| Today                                                                                                                                                                                                                                                                                                                                  | 4/17                     | 5%  | 26%  | 22%  | 27%  | 19%  | 31%     |
|                                                                                                                                                                                                                                                                                                                                        | # stocks in each rating: | 323 | 1584 | 1355 | 1682 | 1187 | 6131    |
| <p>Stocks with an A or B rating are under accumulation (being bought.)<br/>           Stocks with a D or E rating are under distribution (being sold).<br/>           "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.</p> |                          |     |      |      |      |      |         |

**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+B's over their “fair share” of 40% (2 ratings out of the 5 possible ratings= 40%) is **good news.**

## Current Signs of Market Strength

- The market went into a new Uptrend on 4/2, signaled by a strong Accumulation day (a rising day with higher volume and holds in that Uptrend with upward strength.
- In only the 2 weeks since that Follow-Through day, the Nasdaq has risen sharply for a 16% gain! the S&P500 is up 11%.

The rest of this page is still relevant but not updated for Friday

- The S&P500 is up 29% from its recent 3/23 low. The Nasdaq is up 27%.
- The 31% of stocks with “A” or “B” accumulation/distribution ratings is almost the highest it has been in a month! (with plenty of room to grow; a “fair share” of these 2 out of 5 possible ratings is 40%)
- The Nasdaq popped above both its 50-day and 200-day moving average lines on 4/14 finding support at that price on Wednesday, 4/15. The Nasdaq stay above it m.a. lines
- On Friday, the lagging S&P500 closed just above its 50-day moving average line.
- The stocks with strong financial and chart ratings are growing exponentially. Find some of the best stocks in the Market Pulse box in Investor’s Business Daily’s “Big Picture” column (produced daily.)

## Current Signs of Market Weakness

- The S&P500 continue living below its 200-day moving averages. But is getting closer!
- The market feels like the “Wild West” – unpredictable, highly volatile. Avoid the “showdown” by exiting any losing stocks.
- LITE dropped off the Sector Leader list leaving 3 strong leader stocks for you to research: Netflix, NOW and VRTX (added Monday). If this market is strong enough to go back into Uptrend, where are all the leading stocks? (They were sold off quite hard in the last Downtrend.)
- On this Follow-Through day (Thursday 4/2), only 3 leader stocks rose with higher volume, while 5 leader stocks dropped on higher volume. That’s backwards from a powerful Follow-Through day.

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

>>>>But be sure to watch each stock in your portfolio 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**  
***I’m just hanging around the house!***

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!

| MARKET ACTION 2020 YEAR-TO-DATE |                    |               |                             |
|---------------------------------|--------------------|---------------|-----------------------------|
| 4/17/20                         | 2019 Closing Price | Current Price | Index % Change Year-to-Date |
| Nasdaq                          | 8972.61            | 8650.14       | -3.6%                       |
| S&P 500                         | 3230.78            | 2874.56       | -11.0%                      |
| DJIA                            | 28538.44           | 24242.49      | -15.1%                      |

**PLEASE UNDERSTAND: BUY & HOLD IS NOT A STRONG INVESTING STRATEGY.**

Imagine the difference in returns if you could just wait in cash as the market falls and get back in as it starts back up! It isn’t necessary to get out at the top or in at the bottom. But stepping out of the market somewhere *near the top* and getting back in *near the bottom* has had a HUGE IMPACT on my portfolio.

*It can take YEARS to complete a market Downtrend (correction) then recover back to where you were.*

**An EXAMPLE OF WHY BUY-AND-HOLD” COSTS YOU BIG BUCKS.**

- From the high in March of 2000, the market did not recover get back to that same high) for over 15 years. That’s 15 years to break-even.
- How is the “Never sell in a correction” idea working?

## 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:**



## **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).

| <b>MARKET FACTORS, COUNTS &amp; RATINGS</b>                                                                                                                                                                                                           |  | 4/17/2020                            |                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------|--------------------------------------|
| <b>Type of Day for <u>Nasdaq Index</u></b><br>Accumulation, Distribution or Neither                                                                                                                                                                   |  | <b>Major Accumulation</b>            |                                      |
| I track the <u>Nasdaq's</u> price-volume because it usually leads the market direction.                                                                                                                                                               |  |                                      |                                      |
| <b>Market Direction</b><br>Uptrend, Under Pressure, Downtrend                                                                                                                                                                                         |  | <b>Uptrend</b>                       |                                      |
| <b><u>Nasdaq Accumulation &amp; Distribution Days (last 20 days)</u></b><br>Only accumulation and distribution days since the last market direction change are in this count.                                                                         |  | <b>Accumulation Days</b><br><b>6</b> | <b>Distribution Days</b><br><b>3</b> |
| 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.                                                                                                                     |  |                                      |                                      |
| <b>Count of Up Days and Down Days</b><br>Nasdaq's last <u>10-days'</u> price movement                                                                                                                                                                 |  | <b>Up Days</b><br><b>7</b>           | <b>Down Days</b><br><b>3</b>         |
| 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.                                                                                                                       |  |                                      |                                      |
| <b>Rising/Falling Ratio of Leader Stocks with High Volume</b><br>Nasdaq 10-day ratio                                                                                                                                                                  |  | <b>1.6</b>                           |                                      |
| This indicator looks at the <b>HEALTH</b> of leading stocks (high RS rating) with strong financials (high EPS rating)<br>Uptrend indicator: 1.5 or higher. Neutral: 1.0 to 1.49. Downtrend: less than 1.0                                             |  |                                      |                                      |
| <b>Market Accumulation/Distribution Ratings</b><br>"A": heavy accumulation, "B": moderate accumulation, "C": neutral, "D": moderate distribution, "E": heavy distribution.<br>Accumulation = Institutions are BUYING, Distribution = Inst are SELLING |  | <b>Nasdaq</b><br><b>C</b>            |                                      |
|                                                                                                                                                                                                                                                       |  | <b>S&amp;P 500</b><br><b>D-</b>      |                                      |
|                                                                                                                                                                                                                                                       |  | <b>DJIA</b><br><b>D-</b>             |                                      |
| <b>Are Major Indexes Above or Below Moving Averages?</b><br>"At" is within 1% above or below the moving average.                                                                                                                                      |  | <b>50-Day</b><br><b>Above</b>        | <b>200-Day</b><br><b>Above</b>       |
| Nasdaq                                                                                                                                                                                                                                                |  | <b>At</b>                            | <b>Below</b>                         |
| S&P 500                                                                                                                                                                                                                                               |  | <b>Below</b>                         | <b>Below</b>                         |
| NYSE                                                                                                                                                                                                                                                  |  | <b>Below</b>                         | <b>Below</b>                         |
| DJIA                                                                                                                                                                                                                                                  |  | <b>Below</b>                         | <b>Below</b>                         |

## 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 | 3/20/20 | 6879.52 | -3.8%          | +3.2%           | 19                      | Major Distribution                                     | DOWNTREND                              |
| 19 | 3/23/20 | 6860.67 | -0.3%          | -11.7%          | 20                      | —                                                      | UPTREND                                |
| 18 | 3/24/20 | 7417.86 | +8.1%          | +0.9%           | 21                      | Major Accumulation                                     | UPTREND                                |
| 17 | 3/25/20 | 7384.30 | -0.5%          | -1.8%           | 22                      | —                                                      | UPTREND                                |
| 16 | 3/26/20 | 7797.54 | +5.6%          | -14.5%          | 23                      | —                                                      | DOWNTREND                              |
| 15 | 3/27/20 | 7502.38 | -3.8%          | -1.6%           | 24                      | —                                                      | UPTREND                                |
| 14 | 3/30/20 | 7774.15 | +3.6%          | -2.4%           | 25                      | —                                                      | DOWNTREND                              |
| 13 | 3/31/20 | 7700.10 | -1.0%          | +2.0%           | 26                      | Major Distribution                                     | DOWNTREND                              |
| 12 | 4/1/20  | 7360.58 | -4.4%          | -10.0%          | 27                      | —                                                      | UPTREND                                |
| 11 | 4/2/20  | 7487.31 | +1.7%          | -2.4%           | 1*                      | —                                                      | DOWNTREND                              |
| 10 | 4/3/20  | 7373.08 | -1.5%          | -1.5%           | 2                       | —                                                      | UPTREND                                |
| 9  | 4/6/20  | 7913.24 | +7.3%          | +8.3%           | 3                       | Major Accumulation                                     | UPTREND                                |
| 8  | 4/7/20  | 7887.26 | -0.3%          | +8.9%           | 4                       | Minor distribution                                     | DOWNTREND                              |
| 7  | 4/8/20  | 8090.90 | +2.6%          | -15.7%          | 5                       | —                                                      | DOWNTREND                              |
| 6  | 4/9/20  | 8153.57 | +0.8%          | +19.8%          | 6                       | Minor accumulation                                     | UPTREND                                |
| 5  | 4/13/20 | 8192.42 | +0.5%          | -7.6%           | 7                       | —                                                      | DOWNTREND                              |
| 4  | 4/14/20 | 8515.74 | +4.0%          | +17.3%          | 8                       | Major Accumulation                                     | UPTREND                                |
| 3  | 4/15/20 | 8393.18 | -1.4%          | -12.0%          | 9                       | —                                                      | UPTREND                                |
| 2  | 4/16/20 | 8532.36 | +1.7%          | +20.1%          | 10                      | Major Accumulation                                     | UPTREND                                |
| 1  | 4/17/20 | 8650.14 | +1.4%          | +1.3%           | 11                      | Major Accumulation                                     | UPTREND                                |

\*April 2nd's Follow-through day (move into Uptrend) was signaled only by the S&P500, not the Nasdaq. A single index Uptrend indicator is not as strong as when both indexes have Follow-through days. Two days later, the Nasdaq also had a F-T signal on 4/6 adding to the positive factors for a new Uptrend.

On a rising day with lower volume (see 4/13 for example), the lower volume says the market isn't supportive of the rise in price. Thus, the right-most column labeled the day "DOWNTREND" which means the Nasdaq's price-volume action was consistent with a market Downtrend.

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- [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**.
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**Pre-REGISTRATION REQUIRED FOR YOUR FREE VISIT**

Just Call or Text me: 214-995-6702

**CALL EARLY: Guest Seating is limited.**

## WHAT HAPPENED IN LAST WEEK'S MARKET ACTION:

**IMPORTANT:** >>> Scan across the volume over the last four weeks on a daily chart below. You will see almost all the tall volume bars (sticking up above their neighbors) are ... RED, showing higher volume on down days. Thus, the "E" distribution ratings on the Nasdaq, S&P500, NYSE and DJIA.

### Conclusion: HOW TO SEE DISTRIBUTION ON 2-COLOR CHARTS!

Distribution action is easiest to see when you are on a chart with two color volume lines, usually red for falling price days and green (or blue) for rising days. The fastest way to get a sense of the accumulation/distribution going on in a stock or index is to swing your eyes across the volume bars – noting the color of the highest bars - the red volume bar indicates the price dropped that day. The taller bar indicates the volume was higher.

| Last week in Review – Day by Day |        |         |           |          |        |              |
|----------------------------------|--------|---------|-----------|----------|--------|--------------|
|                                  | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | FOR THE WEEK |
|                                  | 4/13   | 4/14    | 4/15      | 4/16     | 4/17   |              |
| Nasdaq                           | +0.5%  | +4.0%   | -1.4%     | +1.7%    | +1.4%  | +6.1%        |
| Volume                           | -24.2% | +17.3%  | -12.0%    | +20.1%   | +1.3%  |              |
| Type of Day                      | -      | M Acc   | -         | M Acc    | M Acc  |              |

The "TYPES OF WEEK" are:  
**M Acc:** **MAJOR ACCUMULATION WEEK:** PRICE rises 1% or more and VOLUME rises.  
**M acc:** **MINOR ACCUMULATION WEEK:** PRICE rises 0.2% - but less than 1% and VOLUME rises.  
**M Dis:** **MAJOR DISTRIBUTION WEEK:** PRICE falls 1% or more and VOLUME rises.  
**M dis:** **MINOR DISTRIBUTION WEEK:** PRICE falls 0.2% - but less than 1% and VOLUME rises.

There are a few more price-volume actions that can be called Accumulation or Distribution days. They are rarer and I will explain them in this box when they occur.

### Last week showed upward new strength with 3 MAJOR ACCUMULATION days

- 3 of the 5 days this week were accumulation days
- The Nasdaq ROSE on Tuesday, but its volume was lower – NOT an accumulation day; the institutions hesitated!
- **No distribution days**
- 4/15 did drop% but it had lower volume ; the institutions hesitated – NOT a distribution day.

Over the last four weeks, you will see almost all the volume bars that are sticking up above their neighbors are ... RED showing higher volume down days. This analysis is easier on a chart with two color volume lines, red for rising price days and green (or blue) for rising days.

**NASDAQ Daily 4 month chart, (updated Friday 4/17/2020)**  
**Watch the new Uptrend – It broke above the 50 and 200-day lines**



**NASDAQ Weekly 1 year chart, (updated Friday 4/17/2020)**  
**Downtrend reverses: Indexes rise but volume is low (4-day week)**



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

**S&P500 Daily 4 month chart, (updated Friday 4/17/2020)**  
**Watch the new Uptrend – will the index rise above 50-day m.a.?**



**S&P500 Weekly 1 year chart, (updated Friday 4/17/2020)**  
**Downtrend reverses: Indexes rise but volume is low – 4 day week.**



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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](mailto: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:**

| <b>DAILY MARKET ACTION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |                |                 |                       |                                   |                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------|-----------------|-----------------------|-----------------------------------|-------------------------------------------------|
| 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 <b>Major Accumulation Day</b>: Price RISES at least 1.0% or more with higher Volume than prior day.</p> <p>A <b>minor accumulation Day</b>: 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 <b>Major Distribution Day</b>: Price FALLS at least 1.0% or more with higher Volume than the day before.</p> <p>A <b>minor distribution Day</b>: 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 "<b>Neither</b>" day.</p> |             |                |                 |                       |                                   |                                                 |
| <p><b>Why are my Final Volumes Sometimes Different than Yours?</b> 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>                                          |             |                |                 |                       |                                   |                                                 |

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