

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

Are you a beginner in the stock market? Join us for a class just for you.
 Tonight Online 7–8 pm (CDT) Email me at editor@armchairinvestor.com

CURRENT MARKET DIRECTION: UPTREND.

Armchair Investor Trend-following Investment Position:	I hold the QQQ
Total Armchair Investor 2020 Returns See trades on page 2	18.9% year-to-date Details on page 2

THE MARKET'S MESSAGE

The Week: Markets tend to be cautionary in earnings season. Investors are uncertain about earnings and their impact. Be sure your stops are in. Taking profits in uncertain time is not a bad idea, especially for beginners.

- **NOTE:** As we move into earnings season, it is not abnormal for the market volume to slow down, waiting for the good or bad news from each company. See the "Last Week in Review" table below. No day's sent an accumulation or distribution signal !

The Nasdaq continues to outperform the S&P500. (Read Market Lesson page 4)

See page 2 for Daily Market Action, Armchair Investor Returns, and My Plan for Monday

See page 3 for Current Signs of Market Strength & Weakness

See page 4 for Friday's Market Lesson

This UPTREND is making me money by using the QQQ to grab the market trend! Welcome to the Armchair Investor bottom line!

Last Week in Review – Day by Day						
	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	FOR THE WEEK
	4/20	4/21	4/22	4/23	4/24	
Nasdaq	-1.0%	-3.5%	+2.8%	-0.0%	+1.7%	-0.2%
Volume	-13.7%	-6.0%	-20.9%	+26.2%	-3.0%	
Type of Day	<i>Neither</i>	<i>Neither</i>	<i>Neither</i>	<i>Neither</i>	<i>Neither</i>	

DAILY MARKET ACTION						
4/24/20	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	8634.52	+1.65%	-3.0%	+1.7%	Neither	+15.5%
S&P500	2836.74	+1.39%	NYSE Volume		Neither	+12.8%
DJIA	23775.27	+1.11%	-7.1%	-11.9%	Neither	+11.7%

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	Uptrend	Hold the QQQ	55	\$212.61	+4.34%	+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	38	\$24.65	+0.0%	+4.3%
4/6/20	Uptrend	Sold PSQ at Open	2	\$26.03	+5.6%	+10.2%
4/8/20	Uptrend	Bot QQQ at Open	0	\$198.08	+0.0%	+10.2%
4/24/20	End of Day	Holding QQQ	17	\$213.84	+8.0%	+18.9%
Year-to-date:		# Days	115	TOTAL% Growth in 2020:		+18.9%

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:

ARMCHAIR INVESTOR TREND-FOLLOWING RETURNS Current Trend				
4/24/20	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	\$213.84	+1.6%	+15.3%
QLD (2x)	\$84.89	\$111.77	+3.3%	+31.7%
TQQQ (3x)	\$43.86	\$65.10	+4.8%	+48.4%

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.

>>>> Additional tables on page 8, 12, 13, 15 17

Only track the health of each stock you own IF you want to earn the Maximum Returns at a class this week (link below)

AN INVITATION: >>>Learn the quick way to track your stocks' health at this week's Armchair Investor classes. [Sign up for a free class](#)

All of my classes are working on daily tracking of each stock they own to identify when to sell and take a profit (or minimize losses)

Current Signs of Market Strength

- **The market continues in the new Uptrend** which was signaled by the strong 4/2/2020 Accumulation day (a rising day with higher volume)
- **The Nasdaq found support as it fell below its 50-day moving average line then rebounded** twice recently – April 14 & 15, and again on April 21 & 21.
 - The 50-day moving average line is frequently support in individual stocks and in the indexes (just the sum of its component stocks)
- **The market has risen 30.2%** since the recent low on 3/23.
- **34% of stocks have “A” or “B” accumulation/distribution ratings** – equaling its 34% high since February 25 of this year and getting closer to its 40% “even split”.
- **Many stocks with strong financial and chart ratings are showing strong growth.**
 - MarketSmith has an extraordinary, detailed stock screener to identify stock with strong financials, etc. and near buy points.
 - If you don't have MarketSmith, try the new **IBD Stock Screener** under the **RESEARCH** tab. It is rich with search criteria options.

Current Signs of Market Weakness

- **The S&P500 continues stuck at its 50-day and 200-day moving average lines**, Note the difference in stocks in the Nasdaq (heavily high-tech waited) vs the S&P500 (more industrials). I hope you no longer feel the S&P500 is the leading market indicator. It is waited with too many lagging stocks that weigh it down.
- The market feels like the “Wild West” – unpredictable and highly volatile. **Avoid the “showdown” by exiting any losing stocks.**
- The **Sector Leader** list has only 3 strong leader stocks for you to research: **Netflix, NOW and VRTX**. Now that the market has been back in Uptrend for two and half weeks, where are all the leading stocks? (They were sold off quite hard in the last Downtrend and haven't recovered enough yet for their ratings to be strong.)
- The ratio of **Leader stocks rising versus slipped to a MEDIUM 1.4**. You can still find some of the best stocks in the Market Pulse box in Investor's Business Daily's “Big Picture” column (produced daily on Investors.com.)

FRIDAY's MARKET/CHART READING LESSON:

The MarketSmith Relative Strength Line – My favorite!

Go to any chart on the Investors.com web page. You will see the bumpy line labeled RS for Relative Strength. This line moves up or down with each price bar showing if this stock or index rose more or less than the S&P500.

Look at the Nasdaq daily chart (0NDQC) and notice that the RS line has risen since the Oct 2019 low, indicating it has earned higher returns.

Go to the monthly chart and note that the S&P500 has consistently outperformed the S&P500. (not ever month but most). The S&P500 does have some great stocks. That rising RS line tells us that, over time, the Nasdaq as a whole has done better than the S&P500. But just like shopping for groceries, I will buy from the market that has the best fruit, on any given day.

The Nasdaq continues to outperform the S&P500. Watch the RS line on Investors.com charts. This important line shows you how a stock or index is performing compared to the S&P500. A rising line indicates that stock or index has risen faster than the S&P500 (measured in percentage change.)

Note: Do not confuse IBD's RS line with the RSI line some charting system use. They are measuring completely different factors. RSI measures how an individual stock is doing – is it rising or falling? Which is translated to an overbought to oversold rating. (*Investopedia.com: The relative strength index (RSI) is a momentum indicator that measures the magnitude of recent price changes to evaluate overbought or oversold conditions in the price of a stock or other asset.*)

The problem I have found with the RSI line is that some of the best, rising stocks can push an RSI line to the top of the rating (indicating overbought) just when I have purchased them and held as they continued to rise .As always, I tell you to use the indicators you find useful (profitable).

I am excited about the settling down in market volume. But I continue to be concerned about the sustained day-to-day price volatility. It is surely affected by the uncertainty of the upcoming earnings announcements. **BE SURE YOUR STOPS ARE IN PLACE.**

Every Day's Lesson: Whether you agree with your stock's daily results or not,...

- **YOUR JOB is to monitor its daily results and adjust your action accordingly.**
 - **Monday: Monitor.....and.....adjust.**
 - **Tuesday: Monitor.....and.....adjust.**
 - **Wednesday: Monitor.....and.....adjust.**
 - **Thursday: Monitor.....and.....adjust.**
 - **Friday: Monitor.....and.....adjust.**
 - **(repeat)**

REMINDER:

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

THE BAD NEWS: The market continues the day-to-day volatility.

THE GOOD NEWS: Wednesday's price-volume action was the first day "consistent with" a downtrend in the last seven trading days – all the rest were consistent with an Uptrend.

Every Uptrend market has up and down days. Lower volume on a down day says the selling was lighter that day. And that is exactly what you would like to see in a healthy uptrend. And the combination of falling days with lighter volume will help to bring the Nasdaq's and S&P's Accumulation rating **UP!**

- Lower volume on the falling day says the drop lacks power!

If the Horse you are riding, dies. GET OFF!

When the market dies – whether that is in a year, a month or tomorrow, the Armchair Investor Strategy will NOT "stay the course" and we won't ride a falling market down. Instead, we will use our 20 years of market direction experience to identify optimum times to be in the market and times to be out of the market. (*not guaranties!*)

Using my day-to-day price-volume analysis, my students and I have consistently been able to make money by:

"Getting in near the bottom" and "Getting out near the top."

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

Could this new Uptrend still die? Yes, it will - someday!

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 will be felt for years.

(continued next page)

Prepare yourself for a NEW ECONOMY!

I expect a major shift in how we do business: more online appointments, more working from home, reduced business travel (with reduced costs to businesses) We might actually see this lockdown period as **a slingshot into the a new, sleeker way of conducting business.** And each of those new trends will help some business (online meetings, internet providers, online schools, casual clothing, healthy ready-to-eat food....) I would like to hear your ideas"

Which industry groups and specific companies will thrive and which will dive in the after pandemic new economy???

WILL HISTORY REPEAT ITSELF? 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. Human's 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.

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.”

HOW MIGHT THE MARKET BREAK DOWN INTO A NEW DOWNTREND?

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).

BONUS 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.

DISTRIBUTION DAYS: >>> 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.

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.

REMEMBER:

THE MARKET CONTINUES IN THE DIRECTION IT IS GOING,

.....UNTIL IT DOESN'T !

A BULLISH BUYING PATTERN EMERGES IN ACCUMULATION/DISTRIBUTION TABLE:

A month ago: Only 13% of stocks had “A” or “B” ratings (buying had dried up).

Today: The stocks with “A” or “B” ratings has risen to 34% which means it is much easier to find stocks that are rising due to being widely bought.

PROGRESS IN ACCUMULATION/DISTRIBUTION RATINGS							
		A	B	C	D	E	As + Bs
4 weeks ago	3/26	2%	11%	13%	29%	45%	13%
3 weeks ago	4/2	2%	14%	16%	29%	39%	16%
2 weeks ago	4/9	4%	20%	21%	30%	25%	24%
1 week ago	4/17	5%	26%	22%	27%	19%	31%
Today	4/24	6%	28%	23%	27%	16%	34%
	# stocks in each rating:	365	1733	1437	1650	990	6175
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 the prior week are colored light GREEN. Lower ratings are PINK.							

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.

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!

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		4/24/2020	
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		Uptrend	
<u>Nasdaq Accumulation & Distribution Days (last 20 days)</u> Only accumulation and distribution days since the last market direction change are in this count.		Accumulation Days 5	Distribution Days 2
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 6	Down Days 3
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		1.4	
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 B-	S&P 500 D-
		DJIA D	
Are Major Indexes Above or Below Moving Averages? "At" is within 1% above or below the moving average.		50-Day Above	200-Day Above
Nasdaq		At	Below
S&P 500		Below	Below
NYSE		At	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	3/27/20	7502.38	-3.8%	-1.6%	24	—	UPTREND
19	3/30/20	7774.15	+3.6%	-2.4%	25	—	DOWNTREND
18	3/31/20	7700.10	-1.0%	+2.0%	26	Major Distribution	DOWNTREND
17	4/1/20	7360.58	-4.4%	-10.0%	27	—	UPTREND
16	4/2/20	7487.31	+1.7%	-2.4%	1*	—	DOWNTREND
15	4/3/20	7373.08	-1.5%	-1.5%	2	—	UPTREND
14	4/6/20	7913.24	+7.3%	+8.3%	3	Major Accumulation	UPTREND
13	4/7/20	7887.26	-0.3%	+8.9%	4	Minor distribution	DOWNTREND
12	4/8/20	8090.90	+2.6%	-15.7%	5	—	DOWNTREND
11	4/9/20	8153.57	+0.8%	+19.8%	6	Minor accumulation	UPTREND
10	4/13/20	8192.42	+0.5%	-7.6%	7	—	DOWNTREND
9	4/14/20	8515.74	+4.0%	+17.3%	8	Major Accumulation	UPTREND
8	4/15/20	8393.18	-1.4%	-12.0%	9	—	UPTREND
7	4/16/20	8532.36	+1.7%	+20.1%	10	Major Accumulation	UPTREND
6	4/17/20	8650.14	+1.4%	+1.3%	11	Major Accumulation	UPTREND
5	4/20/20	8560.73	-1.0%	-13.7%	12	—	UPTREND
4	4/21/20	8263.23	-3.5%	-6.0%	13	—	UPTREND
3	4/22/20	8495.38	+2.8%	-20.9%	14	—	DOWNTREND
2	4/23/20	8494.75	-0.01%	+26.2%	15	—	—
1	4/24/20	8634.52	+1.7%	-3.0%	16	—	DOWNTREND

*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.

“Consistent with” Uptrend or Downtrend: 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.

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 (2 free visits!).**

Register at the [Armchair Investor Meetup class site](#) to join the class you are interested in. Click on one of the links below to register.

- [Introduction to 5-minute investing Sundays 7 - 9 p.m.](#)
- [Monday nights 7 - 9 p.m.](#)
- [Tuesday afternoons 2:30 - 4:30 p.m.](#)
- [Wednesday mornings 10:00 a.m. to noon](#)
- Classes meet **ONLINE** (during this "stay at home" time).
- 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 online.
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: Guest Seating is limited.

WHAT HAPPENED IN LAST WEEK'S MARKET:

Last week in Review – Day by Day						
	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	FOR THE WEEK
	4/20	4/21	4/22	4/23	4/24	
Nasdaq	-1.0%	-3.5%	+2.8%	-0.0%	+1.7%	-0.2%
Volume	-13.7%	-6.0%	-20.9%	+26.2%	-3.0%	
Type of Day	<i>Neither</i>	<i>Neither</i>	<i>Neither</i>	<i>Neither</i>	<i>Neither</i>	
<p>The "TYPES OF WEEK" are:</p> <p>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.</p> <p>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.</p> <p>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.</p>						

Last week ended FLAT

- **No accumulation or distribution days!**
- The market continued day-to-day volatility but it is calming down.

LAST WEEK'S MARKET ACTION			
4/24/20	Weekly Index % Change	Weekly Volume % Change	Volume Above/ Below 10-week Avg
Nasdaq	-0.2%	-3.2%	-2.0%
S&P 500	-1.3%	S&P 500 Volume	
DJIA	-1.9%	-1.6%	-1.0%

NASDAQ Daily 4 month chart, (updated Friday 4/24/2020)
Watch the new Uptrend – Index is above 50- and 200-day lines



NASDAQ Weekly 1 year chart, (updated Friday 4/24/2020)
Indexes climb back above 10- & 40-week ma lines.
Volume settles down to new 4 week average (still 53% above pre-downtrend average line.)



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

S&P500 Daily 4 month chart, (updated Friday 4/24/2020) Watch the new Uptrend – Index flirts with 50-day line



S&P500 Weekly 1 year chart, (updated Friday 4/24/2020) Volume settles down to new 4 week average, still 60% above pre-downtrend average line.



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

MARKET ACTION 2020 YEAR-TO-DATE			
4/24/20	2019 Closing Price	Current Price	Index % Change Year-to-Date
Nasdaq	8972.61	8634.52	-3.8%
S&P 500	3230.78	2836.74	-12.2%
DJIA	28538.44	23775.27	-16.7%

PLEASE REMEMBER: 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?

Access the FULL ARMCHAIR Investor newsletter each night in just 2 clicks:

WWW.ARMCHAIRINVESTOR.COM

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

But call me if you want a faster answer –

Charlotte Hudgin, 214-995-6702

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%
<p>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.</p>						
<p>** 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.</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 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.</p>						

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.

Visit an ARMCHAIR INVESTOR CLASS

We have 3 live classes given each week in Dallas and one on-demand ONLINE class. Visit a class as my guest

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