

Value and Trigger

This document was written on November 28, 2009 by Pascal Willain as part of a training program on the use of the Effective Volume tools.

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Daily and weekly market updates are available on www.effectivevolume.eu

The author is French speaking.
This report has not been proof-read for the proper use of English language.

I want to come back to the basics of investing: you need to buy value at the right time.

1. The definition of value

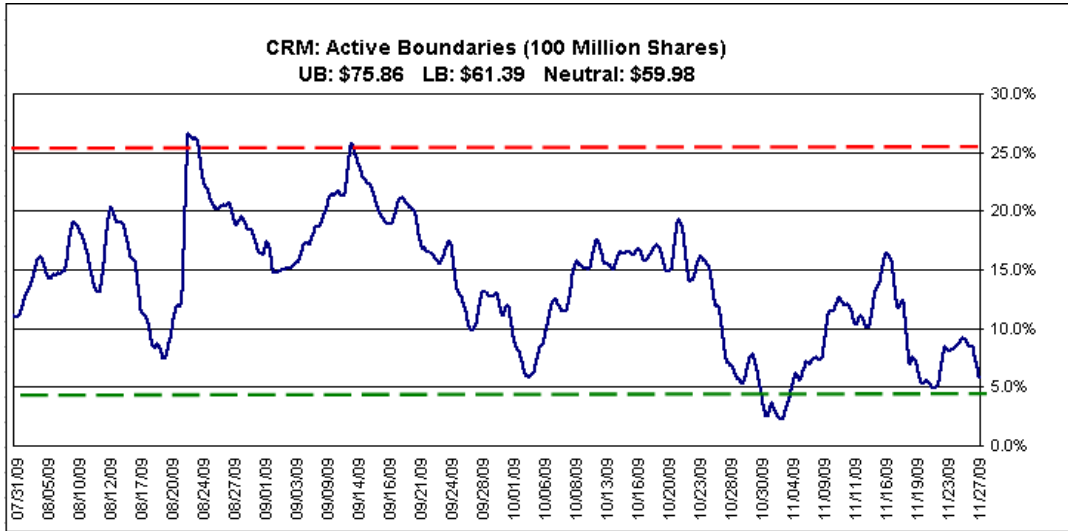
Technically speaking, value is found in stocks which

- are above their 200MA
- are trending up
- but are pulling back into a support zone

The Active Boundaries indicator which measures the average profit made on a fixed number of stocks (called the Active Float) is a good instrument for catching "value".

As you can see below on the "CRM" example, AB correctly captures the uptrend and each reversal in a value zone.

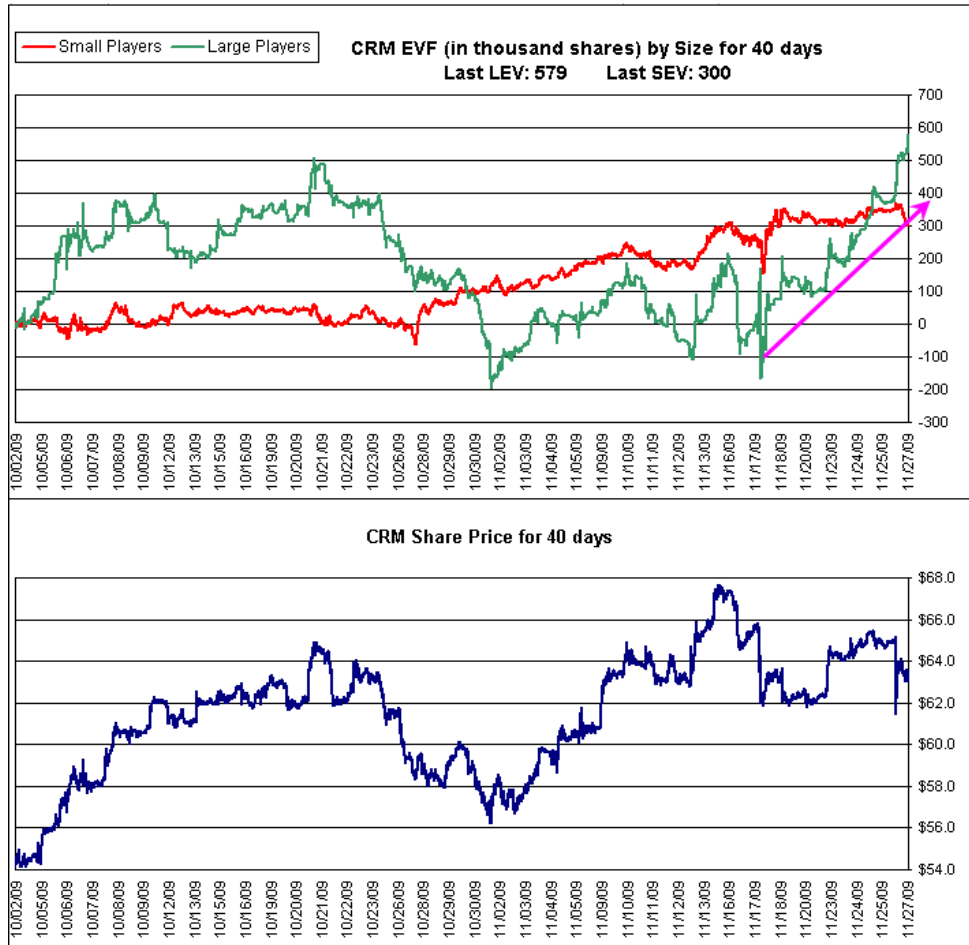




2. The trigger

A positive LEV at a "place of value" is a good indication that the stock might reverse up. This of course depends on the state of the whole market.

As we can see, even a strong stock such as CRM was hit on Friday, when the "Dubai" affair forced the markets down. However, the fact that large payers moved quickly back-in with style indicates that the stock is not ready to "fail".



In the link below, you can find every day stocks which display the best characteristics in terms of:

- Sector Relative Strength (based on Billy's SGR figures)
- Active Boundaries
- Effective Ratio (The measure of the Effective Volume accumulation compared to past historical accumulations)

http://www.effectivevolume.eu/content/Filters/best_rankings.php