

# AIQ

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## EXPERT RATINGS

### A GUIDE TO USING AIQ'S EXPERT RATING SIGNALS

When AIQ released StockExpert in 1987, the Expert Ratings were the foundation of the system. This release represented the first software product developed for personal computers that used Artificial Intelligence to signal equity movement.

AIQ's founder and knowledge engineer, Dr. J.D. Smith, chose to use expert system technology that was developed at Stanford University in the late 60's. An expert system uses a knowledge-based rule driven structure. Dr. Smith tested hundreds of

technical rules that had been published by respected analysts. Those rules that tested well were placed into a knowledge base of rules.

Rules were weighted based on their effectiveness. When a series of bullish rules was triggered, an Expert Rating buy signal was generated. A series of bearish rules generated an Expert Rating sell signal.

Dr. Smith's work on AIQ's expert system began in 1984. His testing was based on several years of data on large-cap stocks. The work he did was quite extraordinary because of the limitation of personal computers at that time. Hard disks had just been introduced that could hold 10 MB of data, which was thought to be a lot at that time! A test that would take minutes today

required days back then.

The expert system model that Dr. Smith created in the mid-1980s is the same that is used today in TradingExpert Pro. When

you scroll back in time, the signals that you see are the same as those seen at that time.

Dr. Smith created AIQ's market timing model using the same technology. This model was released in 1987. Its series of sell signals before the 1987 stock market crash made AIQ's first users ardent believers. The knowledge-base for the market timing model underwent a small change in 1991 when

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*"The market timing Expert Ratings are more effective than the stock timing Expert Ratings... Those who have used AIQ's market timing model since its introduction (1987) have outperformed the market."*

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TradingExpert was first released. At that time, the New High/New Low indicator was added to the program and to the knowledge base.

### Market Timing Model

Of the two systems, the market timing Expert Ratings are more effective than the stock timing Expert Ratings. To see the market timing signals, plot ticker DJIA and look for signals of 95 or greater.

The market timing model is more effective than the stock timing model because there is more data to work with. In addition to high, low, close, and volume data, the market timing model inputs also include advancing issues, declining issues, advancing volume, declining volume, and new highs/new lows.

The market timing model also better identifies trends than does the stock timing model and avoids registering a sell signal during strong advancing markets such as in early 1998.

For a model that was developed and introduced in the mid-1980s, the market timing model's performance can only be described as extraordinary. Those who expect miracles, of course, will always be disappointed in its signals at one time or another for

market timing is extremely difficult. Those with realistic expectations, however, immediately see its value. That's why AIQ continually wins the *Stocks & Commodities* Readers Choice award for best AI product.

Few market timing models stand the test of time. Most models backtest well but don't work in the future. While others give theoretical or optimized historical signals, AIQ provides a list of the signals that were actually registered at the time. Those

***"A common mistake new users make with (stock timing) Expert Ratings is that they use them to determine when to sell...Rather than using Expert Ratings in a sell strategy, it is better to use trailing stops."***

who have used AIQ's market timing model since its introduction have outperformed the market (call AIQ at 800-332-2999 for a list of signals).

Long-time users of AIQ know that the market timing model exhibits certain characteristics. First, it is a true "market" model rather than just a Dow Jones Industrial Average model. If most stocks are falling but the Dow is rising, it will lean toward a sell mode. Second, applying a confirmation technique tends to lower the return of the model. The slower the confirmation, the lower the return. That's because confirmation on buy signals typically takes place at a higher price than the signal.

Unfortunately, the system is also prone to getting investors in too early during prolonged downward moves. That's where confirmation helps. During the 20% corrections in 1990 and in 1998 the model registered a sell signal near the top but went to a buy mode too early in the decline. Those who used a confirmation such as the Phase indicator avoided the first half of the decline but were on the wrong side of the market during the second half of the decline.

In general, those willing to accept higher risk and want to get in early in a move should trade the signals without confirmation. Option traders typically ignore market timing confirmations.

For almost everyone else, the Phase confirmation is appropriate. That is, a buy signal is not valid until the Phase indicator increases in value. Conversely, confirm a sell signal by waiting until the Phase indicator decreases in value. This confirmation

technique is fast enough to get you in the market early in a move but it will help keep you out of a free-falling market.

### Stock Timing Model

The buy and sell signals on the stock timing model are derived from high, low, close, and volume data. The

model is a counter-trend system. That is, buy signals are typically registered when a stock is falling and sell signals are typically registered when a stock is rising.

Divergences play a critical role in the signals. If the stock hits a new near-term low but several of its indicators don't hit new lows, then a buy is often registered. The opposite is true for sell signals.

Picking tops and bottoms is extremely difficult so it is essential that a confirmation technique be used. Most short-term traders use the Phase indicator as a confirmation indicator. A buy is not a buy until the Phase indicator increases in value. Conversely, a sell signal is not a sell until the Phase indicator decreases in value.

Those who hold stocks for weeks instead of days should use a slower confirmation technique such as the Directional Movement Index (DirMov). With this confirmation technique, a buy is not a buy until the DirMov is above zero. And a sell is not a sell until the DirMov is below zero. Applying confirmation helps traders avoid going too strongly against the

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EXPERT RATINGS *continued* . . .

trend.

Rather than trading an individual stock based only on its Expert Ratings, it is best to use the Weighted Action List to get a list of trading candidates. The Weighted Action List report lists all stocks with recent buy and sell signals that are confirmed by the Phase indicator. Depending on the size of the database, there can be dozens of stocks with buy signals on any given day.

Some signals are better than others. The Weighted Action List report attempts to rank the candidates based on how effective the signals will be. It could be that you see a buy on an individual stock but the Weighted Action List places that stock near the bottom of the report. The stock registered a buy but there were better buy candidates.

Since the expert system is a counter-trend system, the buy and sell signals work best for securities that are moving sideways or are in a consolidation. For these securities, buy signals tend to be registered near the bottom of the trading range and sell signals tend to be registered near the top of the trading range. With strong uptrending stocks you tend to see some buy signals near the low. Unfortunately, the stock timing model does not identify trends well. A stock that is in a strong uptrend will tend to register sell signals (many of which are unconfirmed) as it moves higher.

Experienced AIQ users who incorporate Expert Ratings in their stock analysis almost always apply additional analysis. Just as the Weighted Action List uses the Positive Volume and Negative Volume indicators to evaluate effectiveness, individuals use chart pattern analysis and further indicator readings to determine whether to act on an Expert Rating.

Some users insist on multiple signals before they consider placing a trade. Others have seen that strong

uptrending stocks tend to register unconfirmed sell signals so they actually view an unconfirmed sell signal as a new buy.

A common mistake new users make with Expert Ratings is that they use them to determine when to sell. The rating system was not designed with this in mind. That's why when you enter a position in the Profit Manager you are not given the choice of selling on an Expert Rating sell signal

We've already discussed how the system tends to register sell signals on strongly advancing stocks. If you rely on Expert Ratings to get you out, then

greater is registered, run the Weighted Action List report on a database of the S&P 500 stocks. Buy the top five stocks with Expert Rating signals of 95 or greater on the next day's opening price and hold them until a market timing sell signal, at which time the money is moved to a money market account.

While past performance does not guarantee future results, this strategy has produced a 32% annual rate of return. This is a model that has been tracked and published each year so there is no optimizing or backfitting. Call AIQ at 800-332-2999 for a detailed breakdown of the individual trades.

*"Since 1991, AIQ has followed an easy to use mechanical trading strategy which combines the market and stock timing models with impressive results...this strategy has produced a 32% annual rate of return."*

### TradingExpert Advancements

Although Expert Ratings were the foundation of AIQ's initial software products, they now are only one element in a complete package. There are built-in screening reports for people

who like to buy into strength and pre-built reports for people who like to buy into weakness. AIQ continues to lead the industry in sector analysis and the Expert Design Studio allows users to create and backtest their own trading systems.

TradingExpert is a large program. It is too large for people to use every feature. Users pick and choose which parts of the program they want to incorporate in their trading processes and which parts to ignore. The role that the Expert Rating market and stock timing signals play in the analysis is an individual decision. ■

you will often sell a long position too early. You won't be letting your profits run. Secondly, it is possible for a stock to go to zero without registering a sell signal. If it doesn't register a sell near the top, then it probably won't register a sell as the stock moves lower.

Rather than using Expert Ratings in a sell strategy, it is better to use trailing stops. That way you let your profits run while keeping losses small. Expert Ratings are based on an extensive analysis of not only prices but an evaluation of supply and demand for the stock. Expert Ratings are anticipatory. Share prices are reality. When money is on the line, vote for reality.

### Combining Systems

Since 1991, AIQ has followed an easy to use mechanical trading strategy which combines the market and stock timing models with impressive results. Here is the strategy: when a market buy signal of 95 or

### Optionable Stocks

A file of all optionable stocks on the CBOE can be downloaded from the AIQ web site. Connect to the internet and open AIQ's Main Menu. From the menu, choose Help/Technical Support/Product Update. From the web page, choose to download the optionable list file.

## MARKET TIMING

# NASDAQ MARKET TIMING TECHNIQUES

## STUDY SHOWS 'SPECTACULAR' SIGNALS FROM MARKET CREATED FOR NASDAQ-100 INDEX

By David Vomund

DAVID VOMUND

Many AIQ users have expressed an interest in timing the Nasdaq Composite. It is easy to understand why. The Nasdaq makes fantastic advances in good times and undergoes dramatic sell-offs in bad times. Recent activity provides a good example.

From the July 98 high to the low in October 98, the Nasdaq fell 30%. Since the October low the Nasdaq has increased 80%. Because of its volatility and impressive performance, traders often focus more on the Nasdaq than on the Dow.

### Nasdaq Trading with Ticker OCEXCH

AIQ's timing model is a true market timing model but it focuses on New York Stock Exchange (NYSE)

stocks instead of Nasdaq stocks. The Dow is used for price activity while all the stocks on the NYSE are used for breadth and volume data.

With the release of the windows version of TradingExpert in 1995, we allow users to apply AIQ's market timing model to the Nasdaq. By plotting ticker OCEXCH the system displays the Nasdaq Composite along with breadth and volume data from the Nasdaq market.

The Expert Rules are the same as those used for AIQ's regular market timing model. In effect, the model thinks the Nasdaq Composite is the Dow Jones Average and the Nasdaq breadth and volume figures are the figures for the NYSE. In fact, when you click on the ER icon (for Expert Rules), it will talk about the Dow instead of the Nasdaq Composite.

AIQ's market timing model was

created using research from the Dow and NYSE breadth and volume. We were unsure how applying the same model to the Nasdaq market would work. About four years ago, we published in the *Opening Bell* a backtest of the timing signals using AIQ's regular market timing model applied to the Nasdaq. Unfortunately the results were less than spectacular.

Yet, we often talk to people who use the OCEXCH signals to time the Nasdaq stocks. When a good signal is registered, we hear about it. We therefore thought it was time to revisit these signals and update their performance statistics.

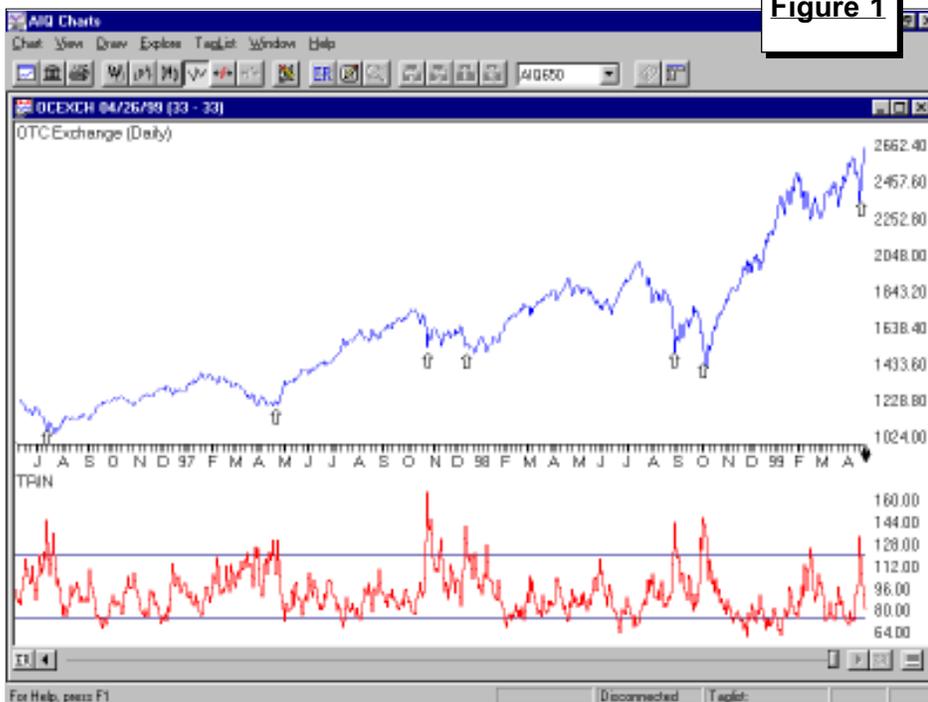
To test the signals, we assumed you purchased the Nasdaq Composite the day a buy signal of 95 or greater was registered and held the Composite until a sell signal of 95 or greater was registered. Since we are only interested in the accuracy of the signals, no confirmation technique was used. Money market interest is not included in return figures.

Trading results are found in **Table 1**. A yearly breakdown is found near the bottom of the table. Return figures assume compounding. Unfortunately, results have not improved in the years following our first article. Applying AIQ's market timing model to the Nasdaq using ticker OCEXCH is not effective in calling market turns.

Part of the problem with Nasdaq timing is that several of the indicators are not effective. The Nasdaq Advance/Decline Line has been declining since 1993, a time when the Nasdaq Composite has been in a huge bull market. Obviously, this weakness in the advance decline data has not led to a weak market.

This does not mean that you should ignore the Nasdaq market (OCEXCH) or its indicators. There is

Figure 1



MARKET TIMING *continued* . . .

one indicator that works exceptionally well. The buy signals on the TRIN indicator are very effective.

The Nasdaq Composite with its TRIN indicator is shown in **Figure 1**. With this indicator, a bullish signal occurs when it rises above the top horizontal line (a level of 120). Since this indicator is more volatile for the Nasdaq market than it is for the Dow, its performance is improved by increasing the buy level to 130. We've drawn arrows (Figure 1) to show where the buy signals were registered. The last signal came in mid-April. This is an indicator worth watching.

### Nasdaq Timing Using Ticker DJIA

At AIQ seminars, I'm constantly asked about Nasdaq timing techniques. My advice is to simply use AIQ's regular market timing model (ticker DJIA) but apply it to the Nasdaq Composite. That is, when a market timing buy or sell signal of 95 or greater is registered using ticker DJIA, then buy the Nasdaq Composite rather than the Dow or the S&P 500 Index. The theory is that the Dow and the Nasdaq tend to move together; the Nasdaq just moves farther and faster.

A backtest of applying the DJIA signals to the Nasdaq Composite is found in **Table 2**. Some of the best trades came last year. From January 12, 1988 to April 17, 1998 the Nasdaq Composite rose 24%. After the October 8, 1998 buy signal, the Nasdaq Composite rose 38% before the December 3 sell signal was registered.

The yearly breakdown is found at the bottom of the table. The return from trading the Nasdaq Composite based on the DJIA signals is about equal to a buy-and-hold strategy. That is not bad considering it was a great period for buy-and-hold investors.

A simple method to improve this performance is to not limit yourself to the Nasdaq. By using the RSMD Indx SPX indicator, you can time when you want to concentrate on the Nasdaq

*Market Timing continued on page 6*

### Nasdaq Composite Market Trading Study (ticker OCEXCH)

**Table 1**

Entry Date	Expert Rating	Nasdaq Value	Exit Date	Expert Rating	Nasdaq Value	Nasdaq %Ch
01/17/91	98	375.81	04/11/91	95	499.31	32.86
05/22/91	99	487.29	06/07/91	100	498.54	2.31
07/01/91	100	481.31	07/24/91	98	487.42	1.27
09/12/91	96	521.13	11/15/91	100	531.29	1.95
12/02/91	97	530.91	04/16/92	98	591.81	11.47
04/29/92	98	569.94	05/15/92	97	574.43	0.79
05/19/92	98	578.05	06/08/92	96	582.01	0.69
06/29/92	95	558.80	08/06/92	97	574.02	2.72
08/27/92	100	563.27	09/22/92	99	583.00	3.50
10/14/92	98	576.22	12/30/92	99	671.85	16.60
02/25/93	99	667.07	04/02/93	95	669.85	0.42
04/12/93	100	673.12	06/08/93	99	687.74	2.17
06/25/93	100	694.81	07/16/93	100	699.73	0.71
07/28/93	95	705.59	09/07/93	99	739.35	4.78
12/01/93	97	763.81	02/04/94	98	777.28	1.76
02/28/94	99	792.50	03/24/94	99	786.68	-0.73
04/14/94	97	727.31	06/08/94	96	729.79	0.34
06/24/94	97	702.68	08/05/94	100	718.67	2.28
08/09/94	96	722.61	09/21/94	99	760.71	5.27
10/05/94	95	746.28	10/24/94	96	761.21	2.00
12/14/94	99	725.67	03/07/95	100	791.33	9.05
03/14/95	96	808.24	04/19/95	98	816.55	1.03
07/14/95	95	999.33	07/19/95	100	952.83	-4.65
07/25/95	98	993.76	08/16/95	96	1025.75	3.22
10/11/95	96	1001.57	10/25/95	96	1026.47	2.49
01/18/96	97	1007.24	03/20/96	97	1101.82	9.39
03/29/96	99	1101.39	04/08/96	97	1105.65	0.39
06/28/96	99	1185.02	11/18/96	98	1254.57	5.87
02/12/97	99	1358.95	02/20/97	95	1347.13	-0.87
03/05/97	99	1329.09	04/11/97	97	1206.89	-9.19
04/22/97	98	1212.74	08/22/97	97	1598.68	31.82
09/02/97	96	1618.09	12/10/97	97	1596.62	-1.33
12/29/97	99	1537.44	01/07/98	95	1561.69	1.58
01/13/98	99	1541.62	01/26/98	96	1561.46	1.29
06/04/98	99	1769.95	12/14/98	97	1966.91	11.13
12/30/98	95	2166.94	02/04/99	97	2410.20	11.23
02/22/99	97	2342.01	03/12/99	98	2381.54	1.69
04/09/99	98	2593.05	04/26/99	N/A	2652.05	2.28

### Percent Return by Year

	Trading	Nasdaq Comp.
1992	26.97	15.45
1993	10.11	14.75
1994	13.42	-3.2
1995	7.24	39.92
1996	16.28	22.71
1997	19.59	21.64
1998	13.26	39.63
1999*	14.31	20.95
<b>Average</b>	<b>15.15</b>	<b>21.48</b>

\* Updated through April 26, 1999

market and when you want to concentrate on the large-cap S&P 500 stocks.

This indicator is displayed in **Figure 2**. When the timing model is on a buy and this indicator is rising, then the Nasdaq is outperforming. When the indicator is falling, it is time to rotate to the large-cap S&P 500 stocks. We see that during the October 98 to December 98 trade the indicator constantly pointed toward strength in the Nasdaq stocks.

### Nasdaq Composite Trading Using Signals from a Nasdaq-100 Market

In last month's *Opening Bell*, we discussed how to create markets with AIQ TradingExpert. We discovered an effective Nasdaq timing system based on a market created for the Nasdaq-100 Index. Over the last year, its signals have been spectacular.

By creating a Nasdaq-100 market, we can plot the actual Nasdaq-100 Index using the NDX ticker and TradingExpert calculates breadth and volume based on the 100 stocks that comprise the index. A list of these stocks can be found on the Nasdaq web site at [www.nasdaq.com](http://www.nasdaq.com). An explanation of how to create a market can be found in the TradingExpert Pro Users Manual, page 52.

With the market created, we can obtain Expert Rating signals by applying the DJIA model to the Nasdaq-100 market. Unlike the Nasdaq Composite, the Advance/Decline Line on the Nasdaq-100 market works because all the low price and low volume stocks that ruin the Nasdaq Composite market are excluded from the calculation.

Trading results using our calculated Nasdaq-100 market are found in **Table 3**. To be consistent with the results in Table 1 and Table 2, we purchased the Nasdaq Composite when a buy signal was registered instead of buying the Nasdaq-100 Index. The 100 stocks that comprise the Nasdaq-100 Index change over time so we are unable to perform a multi-year backtest. We took our test

**Table 2**

### Nasdaq Composite Market Trading Study (ticker DJIA)

Entry Date	Expert Rating	Nasdaq Value	Exit Date	Expert Rating	Nasdaq Value	Nasdaq %Ch
12/31/91	N/A	586.34	02/24/92	99	634.93	8.29
04/10/92	96	584.24	05/15/92	100	574.43	-1.68
05/29/92	98	585.31	06/05/92	98	585.43	0.02
06/22/92	95	549.72	07/20/92	97	564.28	2.65
07/27/92	99	564.73	08/06/92	98	574.02	1.65
08/14/92	96	572.17	09/08/92	100	571.17	-0.17
09/10/92	99	581.24	09/22/92	97	583.00	0.30
09/28/92	99	575.34	12/14/92	95	654.77	13.81
12/18/92	97	661.29	01/07/93	98	678.21	2.56
01/12/93	95	679.45	02/16/93	96	665.39	-2.07
07/06/93	99	702.22	10/26/93	98	765.46	9.01
12/17/93	98	759.23	02/04/94	100	777.28	2.38
02/28/94	99	792.50	03/24/94	100	786.68	-0.73
03/28/94	96	772.50	06/20/94	100	718.85	-6.94
06/27/94	98	702.68	08/05/94	98	718.67	2.28
08/23/94	97	747.98	09/19/94	98	776.72	3.84
09/26/94	95	755.63	09/29/94	98	759.34	0.49
10/10/94	100	756.81	10/20/94	98	768.24	1.51
11/07/94	95	762.31	04/20/95	99	819.01	7.44
04/21/95	98	823.44	06/16/95	98	908.65	10.35
08/25/95	95	1019.97	10/02/95	95	1027.57	0.75
10/12/95	99	1015.62	10/19/95	99	1046.96	3.09
11/16/95	98	1044.47	12/18/95	95	1002.56	-4.01
01/16/96	95	995.87	04/03/96	99	1115.85	12.05
04/15/96	99	1110.43	04/17/96	100	1120.87	0.94
05/08/96	99	1183.42	06/07/96	97	1229.76	3.92
07/09/96	95	1153.59	08/29/96	98	1145.03	-0.74
09/09/96	98	1148.70	01/06/97	95	1316.39	14.60
01/07/97	96	1327.72	03/13/97	100	1293.28	-2.59
03/21/97	96	1254.07	08/08/97	98	1598.52	27.47
09/02/97	100	1618.09	11/18/97	99	1600.43	-1.09
12/29/97	100	1537.44	01/08/98	96	1555.54	1.18
01/12/98	97	1507.58	04/17/98	95	1866.60	23.81
06/02/98	98	1761.79	06/10/98	95	1773.25	0.65
06/16/98	95	1753.12	07/21/98	100	1979.13	12.89
07/29/98	98	1881.49	09/03/98	95	1571.86	-16.46
09/08/98	100	1660.86	10/05/98	97	1536.68	-7.48
10/08/98	95	1419.12	12/03/98	98	1954.35	37.72
12/29/98	96	2181.77	01/13/99	100	2316.81	6.19
01/25/99	95	2369.31	02/25/99	100	2326.82	-1.79
04/16/99	95	2484.04	04/26/99	N/A	2652.05	6.76

### Percent Return by Year

	Trading	Nasdaq Comp.
1992	29.61	15.45
1993	9.42	14.75
1994	-1.22	-3.20
1995	19.81	39.92
1996	31.11	22.71
1997	27.90	21.64
1998	49.09	39.63
1999*	10.78	20.95
Average	<b>22.06</b>	<b>21.48</b>

\* Updated through April 26, 1999

MARKET TIMING *continued* . . .

back to January 1988, which may be a stretch given that many of the internet stocks that are part of the index now were not part of the index at that time.

The yearly results found at the bottom of the table are spectacular. This is the first time that I have created a market and found the signals to actually be more accurate than the DJIA signals. Look how this model handled the very tough second half of 1998. The model gave a sell on July 23 and kept investors out of the market for all but a few days until October 12 when a buy signal was registered. It then kept investors in the market until mid-December. Remember, confirmation was not used in this study so this wasn't a case where waiting for confirmation saved a bad signal.

Because differences in stock data or variations on the Nasdaq-100 stock holdings may affect results, your buy and sell dates may vary from those listed in Table 3. With less than two years of back data, it is hard to tell whether this technique will continue its impressive results but I am now just as excited to see its signal at the end of the day as I am seeing the signal on the Dow.

The Nasdaq Composite has received a lot of attention the past few years because the large-cap technology stocks that drive the index have been the star performers during this bull run. This may continue as money is flowing into index funds that are tied to the Nasdaq-100 index. A thorough analysis of the Nasdaq is important for almost all equity traders. We hope this article gives you new timing techniques to be included in your trading strategy. ■

### S&P 500 Changes

(WPI) Watson Pharmaceuticals replaces (ANV) Aero-Vickers Inc. WPI is added to a new S&P group.

The new group is (HEALTHDU) Health Care-(Drugs-Generic & Other). This group is under the HealthSector (HEALTH).

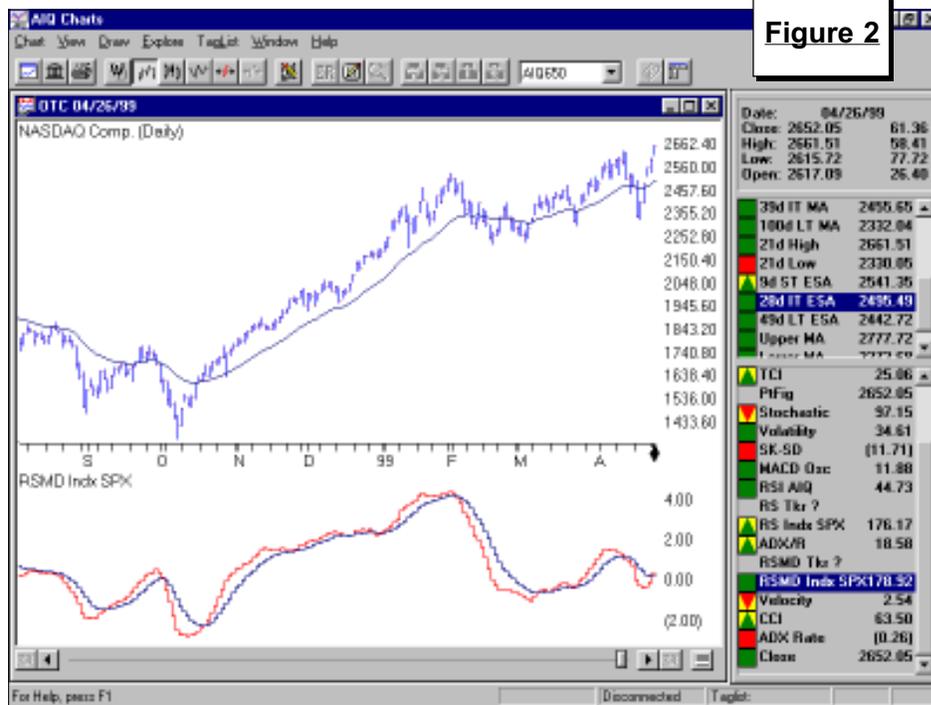


Figure 2

Table 3

### Nasdaq Composite Trading Using Signals from the Nasdaq 100 Market

Entry Date	Expert Rating	Nasdaq Value	Exit Date	Expert Rating	Nasdaq Value	Nasdaq %Ch
12/31/97	N/A	1570.35	01/30/98	95	1619.36	3.12
02/20/98	96	1728.12	04/07/98	100	1798.70	4.08
04/15/98	96	1863.26	04/27/98	98	1820.32	-2.30
06/04/98	99	1769.95	06/10/98	98	1773.25	0.19
06/16/98	99	1753.12	07/23/98	95	1935.21	10.39
08/17/98	97	1818.04	08/21/98	97	1797.61	-1.12
10/12/98	98	1546.08	12/14/98	99	1966.91	27.22
12/18/98	99	2086.13	02/04/99	97	2410.20	15.53
02/22/99	99	2342.01	02/24/99	99	2339.37	-0.11
03/29/99	95	2491.84	04/13/99	98	2583.49	3.68
04/21/99	96	2488.29	04/26/99	N/A	2652.05	6.58

### Percent Return by Year

	Trading	Nasdaq Comp.
1998	53.32	39.63
1999*	21.32	20.95
Average	37.32	30.29

\* Updated through April 26,1999

## MARKET REVIEW

One reason the AIQ timing model has been on a sell for much of the first half of the year was because of poor market breadth. In April that situation improved and the broader market began to rally. The 405 level had acted as resistance on the Russell 2000 index for more than a month but that level was broken mid-month.

On April 16, the AIQ timing model switched to a buy mode when it registered a 95 up signal. This was an unusual signal as it gave a buy into strength. This signal came because the market had increased and remained above an upper band for three straight days with increasing volume. Improved market breadth certainly

didn't hurt. At the time of the buy signal the Advance Decline Oscillator was at a higher level than anytime in the last five months. An additional buy signal was registered on April 29.

Before month end, the Dow, S&P 500, and Nasdaq Composite had all closed at new all-time highs. Analyzing the Point & Figure chart on the S&P 500 that we've covered in the last few Market Reviews, two more price columns were added and the pattern of higher highs and higher lows continues unbroken.

During the month, there was a dramatic shift away from the growth stocks and into value stocks. The internet and large-cap growth issues

came under selling pressure at the same time that the higher yielding stocks drove the market averages higher.

For the month, the best performing industry groups were Chemicals-Commodity up 40%, Aluminum up 33%, Oil Drilling up 30%, and Heavy Machinery up 26%. The worst performing groups were Pharmaceuticals down 6%, Retail-Specialty down 6%, and Computers & Information down 3%.

To update the Nasdaq 100 market timing system discussed in this month's issue (see article starting on page 4), the model registered sell signals on April 28 and April 29. ■

## STOCK DATA MAINTENANCE

The following table shows past and future stock splits and large dividends:

Stock	Ticker	Split/Div.	Approx. Date	Stock	Ticker	Split/Div.	Approx. Date
Amer. Eagle Outfitters	AEOS	2:1	05/04/99	Mellon Bank	MEL	2:1	05/18/99
4 Kids Ent.	KIDE	3:2	05/04/99	Tellabs Inc.	TLAB	2:1	05/18/99
InfoSpace.Com	INSP	2:1	05/05/99	Hertz Tech Group	HERZ	2:1	05/19/99
Priority Healthcare	PHCC	3:2	05/05/99	CDW Computer Ctrs.	CDWC	2:1	05/20/99
Price Communications	PR	5:4	05/05/99	Altera Corp	ALTR	2:1	05/20/99
FDX Corp.	FDX	2:1	05/07/99	Paychex Inc.	PAYX	3:2	05/24/99
AboveNet Comm.	ABOV	2:1	05/10/99	Concentric Network	CNCX	2:1	05/24/99
Security First Tech.	SONE	2:1	05/10/99	E-Trade Group	EGRP	2:1	05/24/99
Ohio Valley Bank Corp.	OVBC	5:4	05/11/99	Ethan Allen Interiors	ETH	3:2	05/24/99
Qualcomm Inc.	QCOM	2:1	05/11/99	Dollar General	DG	5:4	05/25/99
Valassis Commun.	VCI	3:2	05/13/99	AmSouth Bancorp	ASO	3:2	05/25/99
VISX Inc.	VISX	2:1	05/13/99	Int'l Business Mach.	IBM	2:1	05/27/99
Conestoga Ent.	CENI	3:2	05/17/99	TranSwitch Corp	TXCC	3:2	05/28/99
TheGlobe.Com Inc.	TGLO	2:1	05/17/99	IHOP Corp	IHOP	2:1	05/28/99
Gemstar Int'l Group	GMSTF	2:1	05/17/99	EMC Corp	EMC	2:1	06/01/99
Net.Bank	NTBK	3:1	05/17/99	Citigroup Inc.	C	3:2	06/01/99
PMC Sierra	PMCS	2:1	05/17/99	VeriSign Inc.	VRSN	2:1	06/01/99
AON Corp.	AOC	3:2	05/18/99				

## Name/Ticker Changes:

Nipsco Inc (NI)	to	N.Source Inc. (NI)
Republic Industries (RII)	to	AutoNation Inc. (AN)
Seagull Energy (SGO)	to	Ocean Energy (OEI)
Vertex Communications (VTEX)	to	Vertex Communications (VTX)
Viacom Inc (VIAB)	to	Viacom Inc (VIA)

## Trading Suspended:

Aeroquip-Vickers (ANV), AMP Inc. (AMP), Banner Aerospace Inc. (BAR), Boole & Babbage Inc (BOOL), Brylane Inc. (BYL), Envoy Corp (ENVY)