

TREND FOLLOWING WITH MICHAEL COVEL

— A Proven Way to Beat the Market and Retire Rich —

The \$1 Million Calculator: Punch in These Numbers to Retire Rich...

There's a simple math formula that could hold the key to a wealthy retirement.

Even better, you don't need to crunch the numbers yourself to profit from it — access to our \$1 Million Calculator is included in your benefits package as a paid-up member of *Trend Following With Michael Covell*.

In this report, I'll provide you with detailed instructions on how to use the \$1 Million Calculator. I'll also reveal how our calculator works to spot inflection points that signal major trend shifts in the stock market.

Of course, maybe you don't want to spend your time plugging numbers into the \$1 Million Calculator.

That's fine too!

Remember, as a subscriber to *Trend Following*, you'll also receive monthly issues where my team and I lay out simple, effective buy and sell recommendations based on my private trading system. These monthly issues are the ONLY place where I'll publish actual recommendations from my system.

So you can simply follow along with the buy and sell signals if you choose to...

Or you can "roll on your own," so to speak, and plug your favorite stocks into our \$1 Million Calculator to find opportunities that are trending. It's completely up to you.

But for our purposes today, we'll get started with a look at how to use the \$1 Million Calculator...

First things first, you'll need to log in to www.onemillioncalculator.com.

When prompted, enter **onemillion432** into the password box and click the green "Get Access" button.

WEBSITE:
www.onemillioncalculator.com
PASSWORD: onemillion432

Instructions are available on the website, but I've replicated them below as well.

Step 1: Read the Calculator Instructions

The calculator mathematically identifies long-term trends by looking at the price action over the last 10 months. So to get started, you need to get the data for the stock or ETF you're looking at.

Don't worry. The data are publicly available and easy to find.

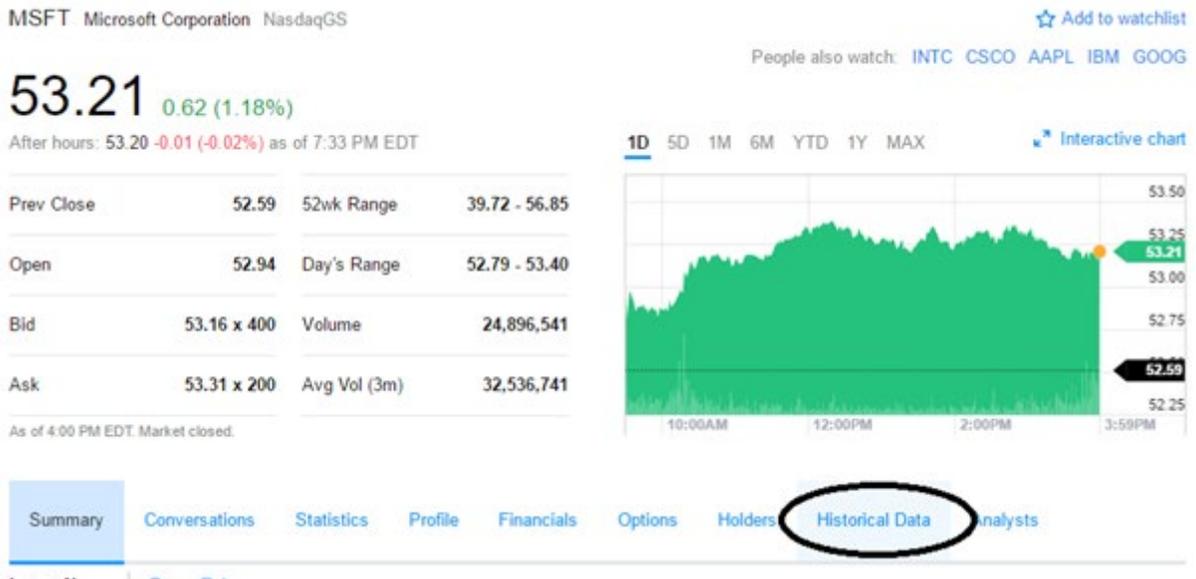
An easy way to get that information is by visiting the website www.finance.yahoo.com.

Enter the ticker symbol into the search box:



For example, if you're looking for the inflection point for Microsoft, enter "MSFT" into the box and click "Search."

You'll then need to click on "Historical Data":



Next, you'll need to adjust the time period to at least one year and then change the frequency from "Daily" to "Monthly."

Then you can hit the "Apply" button to get the monthly price for the past year:

Time Period: Jan 01, 2015 - Jul 13, 2016 Show: Historical Prices Frequency: Monthly Apply

The result should look like this:

Date	Open	High	Low	Adj Close*
Jul 12, 2016	52.94	53.40	52.79	53.21
Jul 01, 2016	51.13	52.83	50.39	52.59
Jun 01, 2016	52.44	52.95	48.04	51.17
May 16, 2016			0.36 Dividend	
May 01, 2016	50.00	53.00	49.46	53.00
Apr 01, 2016	55.05	56.77	49.35	49.87
Mar 01, 2016	50.97	55.64	50.58	55.23
Feb 15, 2016			0.36 Dividend	
Feb 01, 2016	54.88	55.09	48.19	50.88
Jan 01, 2016	54.32	55.39	49.10	55.09
Dec 01, 2015	54.41	56.85	53.68	55.48
Nov 16, 2015			0.36 Dividend	
Nov 01, 2015	52.85	54.98	52.53	54.35
Oct 01, 2015	44.75	54.37	43.75	52.64

You should focus on the “Adj Close” column. And you can ignore the very first price, because we’re only looking for the price on the first of the month for the past 10 months.

These are the 10 pieces of data you need to punch into the calculator.

You’ll also need today’s price.

The calculator will then calculate the inflection point for you... and tell you what it means.

Step 2: Punch in the Numbers

Enter the last 10 monthly prices in the “Previous Price(s)” boxes at onemillioncalculator.com.

Then enter today’s price in the box that says “Today’s Price.”

Finally, simply click the “Calculate the Inflection Point” button to have the site run the calculation for you.

How to Interpret the Calculator Results

If the result is “uptrend,” it means the stock/ETF is in a long-term uptrend. This doesn’t automatically mean it’s a “buy.” This tool simply helps you remove the daily noise of price fluctuations, so you can see the prevailing trend.

If the result is “downtrend,” it means the stock/ETF is in a long-term downtrend. This doesn’t automatically mean it’s a “sell.” This tool simply helps you remove the daily noise of price fluctuations, so you can see the prevailing trend.

In short, this tool helps you answer a commonly asked question: Has the trend changed for this asset?

Remember, our monthly *Trend Following* issues are the only place where we’ll be publishing actual buy and sell recommendations based on inflection points. But learning a stock’s inflection point can help you make smarter decisions about your other holdings. To see how, let’s take a look at what’s happening in the \$1 Million Calculator.

How Do Inflection Points Actually Work?

You might be wondering how we identify inflection points — and how they actually work...

Inflection points are based on moving averages.

You may have heard the term “moving average” used before, or seen one of those squiggly lines on a chart.

Moving averages are nothing more than a stock’s average price over a given period. It’s called a *moving* average because the days you’re including in your calculation change as time rolls on — in other words, each day, you’re adding a new day’s price to the calculation and dropping off the last price.

The good news is that while the math is pretty simple, you don’t need to worry about how moving averages are calculated. Our \$1 Million Calculator tool computes a very specific type of moving average to determine inflection points.

(Long ago, before the advent of computers, technical analysts and traders at Wall Street firms had to calculate moving averages by hand with a very tedious process. Consider yourself lucky!)

Many traders use moving averages because they basically act like a *proxy* for a stock’s trend.

That’s the critical secret. Remember, moving averages are basically the average price that investors have paid for shares over a given stretch of time.

So those past price levels carry a lot of significance when we think about what causes buying and selling behavior among market participants.

Why Moving Averages Matter

A lot of my readers frequently ask me, “Mike, how do I know the trend has changed?”

Moving averages help answer that question by removing the day-to-day noise.

Simply put, when the price of an asset crosses above its moving average, it means the asset has entered a new uptrend.

And when the price crosses below its moving average, it means a new downtrend has started.

You can calculate moving averages for different periods. A 10-day moving average, for example, takes every closing price within the last 10 days and counts them equally toward the average.

Every day, the oldest price falls out of the calculation, and the next day gets tacked onto it.

With shorter moving averages, you're likely to get more false signals.

In other words, the longer the moving average period, the smoother its approximation of trend will be.

A longer-term moving average won't change as much from day to day, whereas a moving average with a shorter time frame will track extremely close to the stock price itself.

That's why I think moving averages with longer periods are more useful to determine long-term trends.

And it's why we developed the \$1 Million Calculator around the 10-month moving average. So when an asset's price crosses above the 10-month moving average, it indicates a new long-term uptrend.

In the chart on the right, you can see how the price crossover indicated the change in trend before the 2008 financial crisis.

When the price crossed below the moving average at the end of 2007, it indicated the beginning of a new downtrend. And when it crossed above the moving average in 2009, it indicated the beginning of a new uptrend:

Of course, as I've already mentioned, the inflection points you get from this tool aren't meant to be interpreted as buy or sell recommendations on their own. They just tell us whether a stock is trending.

My monthly letter *Trend Following With Michael Covel* is the only place where I publish buy and sell recommendations based on inflection points. That's because identifying the trend is just part of what goes into my analysis.

The Trend Following Advantage

A simple price crossover is just one way of using moving averages.

After countless hours running back tests, my team and I developed a more sophisticated way to identify inflection points. It's a proprietary system that uses not one, but two moving averages.

We've found this is the best way to reduce noise and best time the markets.

While I can't tell you the specific parameters we use to compute the inflection points we use in our trading system, I can tell you that they're the starting point that we use for the buy signals we publish in each monthly issue of *Trend Following*.

Without that indication that a stock is trending, it'll never ever make the cut to become an actual recommendation. And when a stock stops trending, we don't want to own it anymore.

I encourage you to experiment with the \$1 Million Calculator tool online. Go ahead and plug in some of the stocks in your portfolio. Are they trending? How about some of the other stocks that you're thinking about buying?

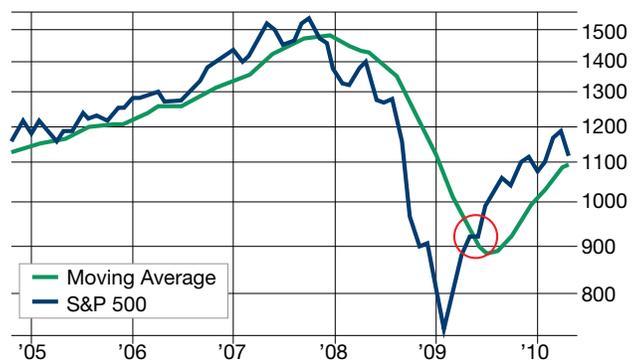
Just adding that litmus test to your investing process could supercharge your gains.

And of course, be sure to have a look at the monthly issues of *Trend Following* for complete buy and sell signals generated by our proprietary trading system. Remember, we'll let you know immediately anytime there's an action to take for your *Trend Following* Portfolio.

Regards,

Michael Covel
Editor, *Trend Following*

The 10-Month Moving Average Would Have Saved You from the 2008 Crash



WEBSITE:

www.onemillioncalculator.com

PASSWORD: onemillion432



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