

The Little Book of Trend Days
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Definition: I define a trend day as a day that opens at one extreme (the top/bottom 20% of the day's range), closes at the other extreme (the bottom/top 20% of it's range), moves at least 10 points from high-to-low, and has greater range than the prior day.

The following data covers the SP futures from December of 1998 though May of 2011.

Plot 1, **Trend Days by Year** shows the number of trend days and their moves in points by year. Where the cryptic 980000 = 1998, 100000 = 2000, etc.

Plot 2, **Trend Day by Year** show the number of trend days and their moves in points over time, i.e., not bucketed by year as in Plot 1.

Plot 3, **Frequency of Trend Days**, shows the average frequency of trend days over time. On average trend days occur about once every 7 days.

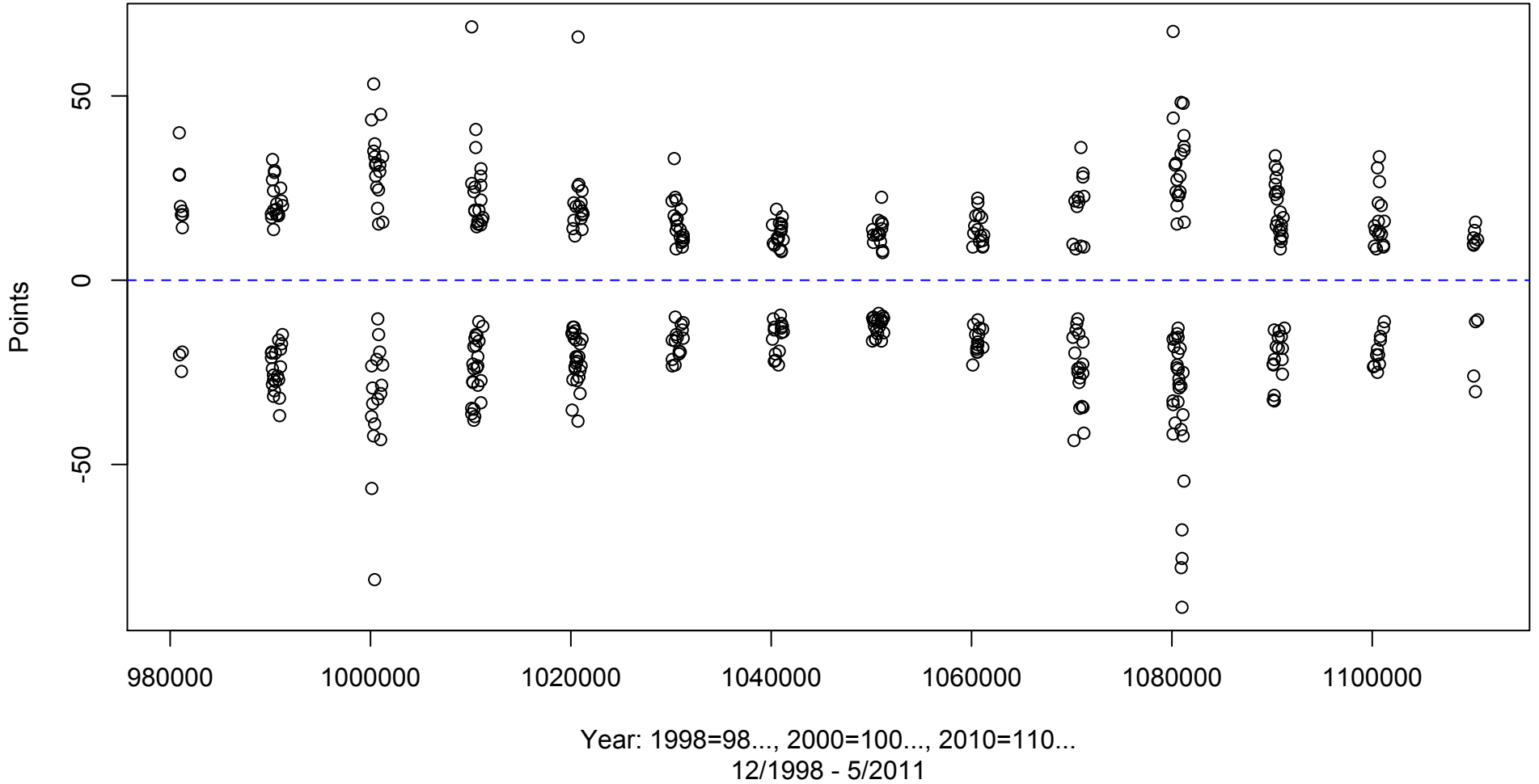
Plot 4, **Trend Day Range as a Function of the Prior Day's Range** plots trend day range against the prior day's range. Range contraction occurred during the prior day roughly 62% of the time.

The plots raise some interesting questions regarding frequency and symmetry.

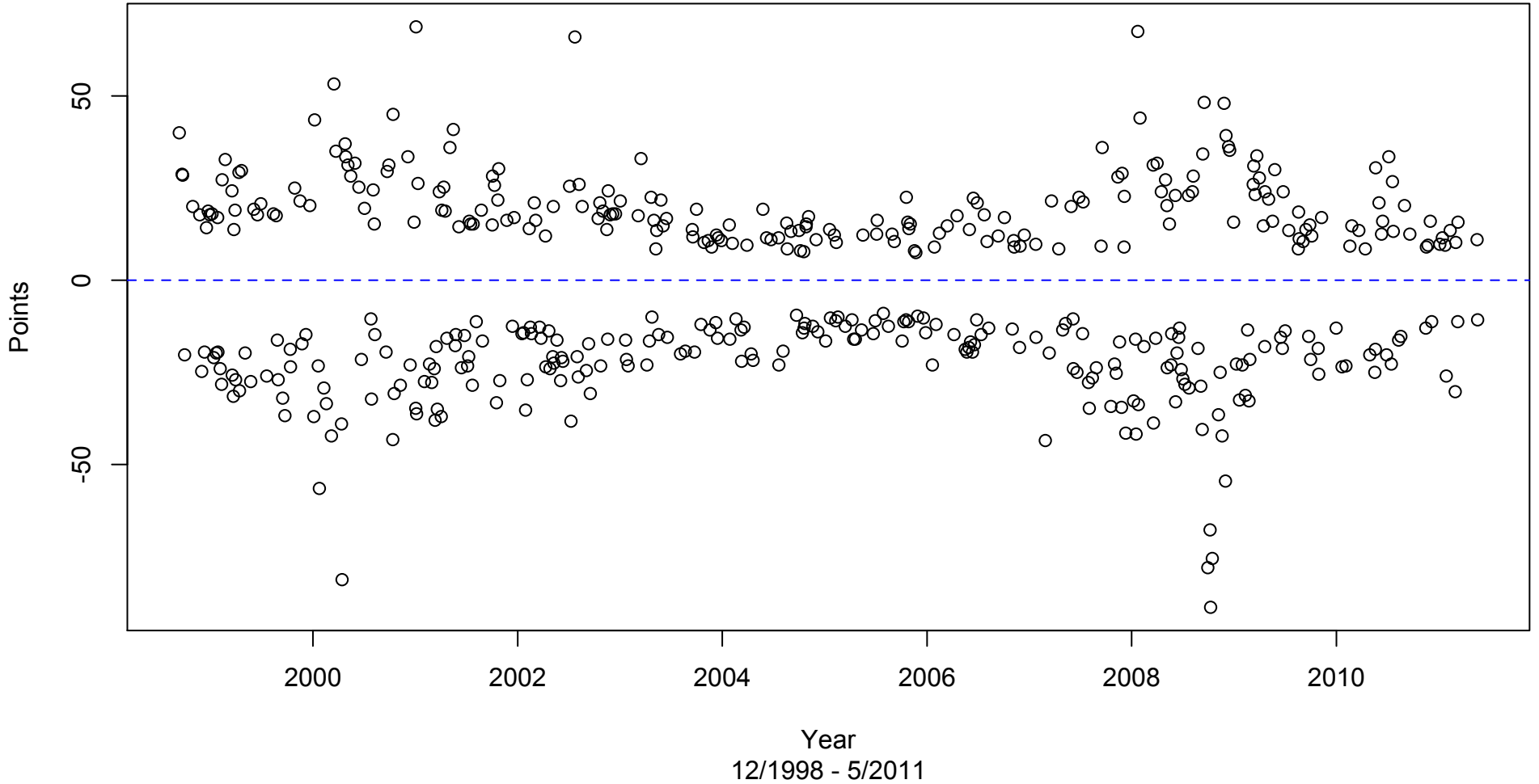
Enjoy,

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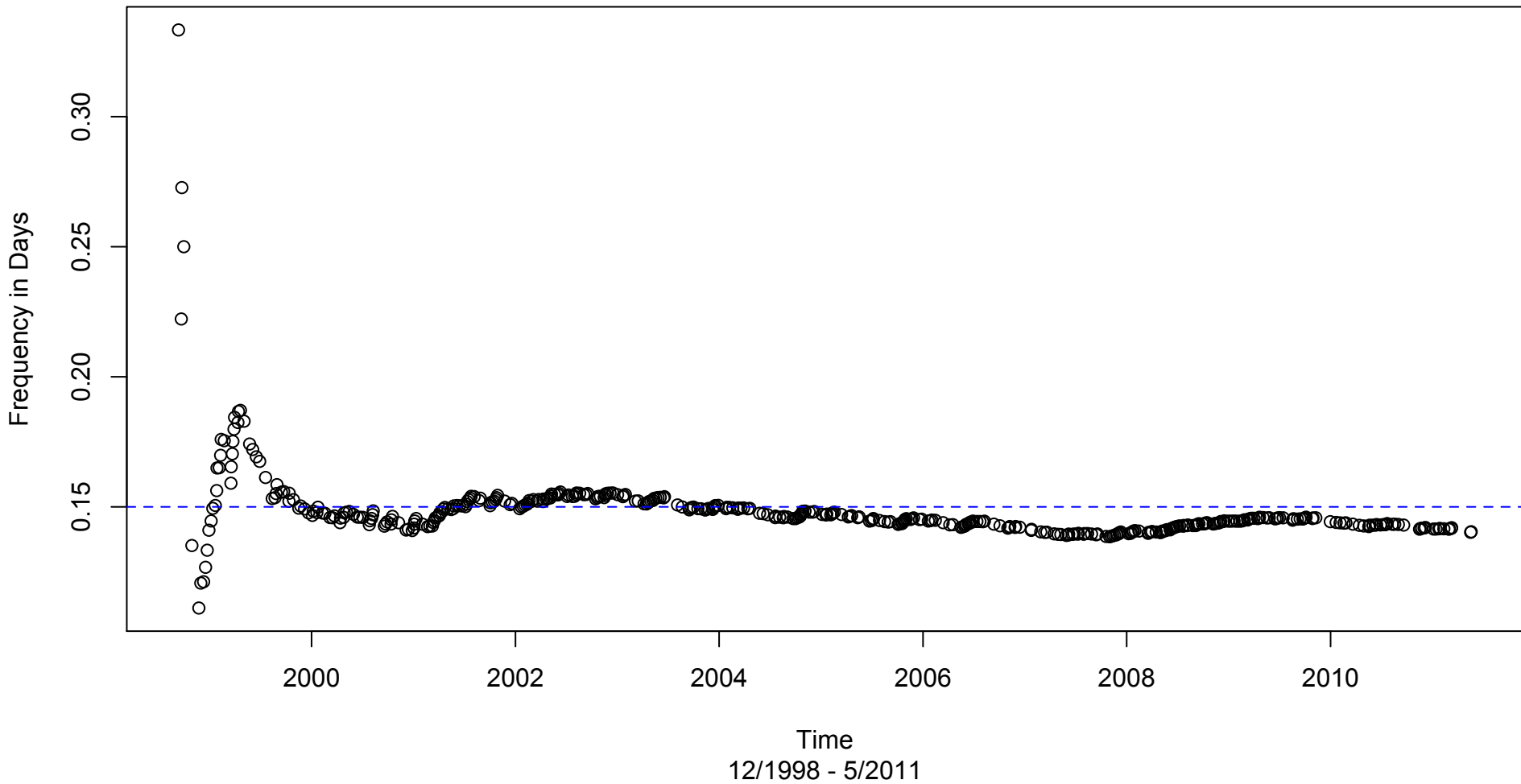
Trend Days by Year



Trend Days by Year



Frequency of Trend Days



Trend Day Range as a Function of the Prior Days Range

