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Overview
Value Trend Indicator Version 1.0
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The Value Trend Indicator was developed to take advantage of the well known averages and ratios that affect the price of the Shares of Companies listed on Stock Exchanges and on Stock Market Index movements.

It can be used in determine the value of any income producing asset whether it is Shares in a Company,   Mutual Fund,   Commercial Real Estate or any of the popular Stock Market Indices.

The most important and misunderstood ratio is that of   Price/Earnings. The price/earnings ratio of an asset is simply the current price divided by its current earnings.

 An asset or share of stock is considered good value when its P/E ratio is 10.   Even better if the ratio is a lower figure. A lot can be learned from this one ratio. It also makes it easy to compare values of one company with another.

For example a share selling at $10.00, with annual earnings of $1.00, has a P/E Ration of 10. By dividing 100 by the P/E Ratio we get the return on our investment which in this case is 10%.

Another important factor is the Annual Earnings Growth of a share. If it is growing then the share price will grow, if it is dropping then the share price will drop. If earnings remain static then the share price will not move.

The relationship between P/E, Earnings Growth and price can be seen if the annual earnings in the previous example were to increase the following year to $1.10.

For the   P/E to remain at   10 the price would increase to $11.00 . For a capital gain of $1.00 plus an increase of   .10 cents or 10% in annual earnings.

At times investors will put a higher P/E ratio than 10 on the price of a share in anticipation of greater earnings growth several years later.

Since this is an evaluation copy I will not go into a more fully detailed explanation of   all the relationships involved.

A full explanation of all these factors is contained in the Commercial Version. Which help in ascertaining when the a share is overpriced and should be sold, and good buy or not worth holding.

I have used these ratios and averages for many years in the successful selection of stocks and mutual funds for my own portfolio.

See About...   in Entry Form for Database.

Reading and Interpreting

Keep in mind that while each indicator will show important factors they should not be used alone but interpreted together as part of the whole evaluating process coupled with common sense.

2 Weeks: Shows the average of last two data points entered in the file. Not very important by itself.
It is used as the base period against which all other weekly averages are measured.

4 Weeks: Shows the average of the last 4 data points entered in the file. Will show the earliest change in direction. However, short term swings are common.

6 Weeks: Shows the average of the last 6 data points entered in the file. Shows a definite trend   is taking place.

8 Weeks: Shows the average of the last 8 data points entered in the file. At this point   can show an established trend.

26 Weeks: Shows the average of the last 26 data points entered in the file. If this is below the 2 week   average then it can be   a good indication of more good things to come. If it is above the 2 week average it is time to be cautious.

52 Weeks: Shows the average of the last 52 data points entered in the file. Same as above.

102 Weeks: Shows the average of the last 102 data points entered in the file. If it is way below the 2 week average then it is time to be really cautious as bull markets have a life of about 2 to 3 years. If it is above the 2 week average then it is time to seriously consider getting fully invested as it has been a bear market for 2 years.

Direction of Market: Is based on the difference in the two week average and the eight week average. If the latest two week average is greater than that of eight weeks then the trend is in an upward movement. If they are the same then the trend is moving sideways and could break up or down. If the two week average is lower than that of   eight weeks then the trend is moving down.

High for all Data: Shows the highest data point in the file.

Low for all Data: Shows the lowest data point in the file.

Difference between Low and High Data: Shows the difference in percentage of the highest and lowest points in the data.

High and Last Data: Shows the highest data point in the file and the last data point entered in the file.

Low and Last Data: Shows the lowest data point in the file and the last data point entered in the file.

Price/Earnings Ratio: This is one of the most important ratios used in evaluating share prices as it shows the ratio of a common stock's current market price to its current earnings per share and is used as an indicator of a company's profitability.

As there is a direct relationship between earnings and price this ratio can be used to compare different companies on the basis of profitability. Most important of all it   shows

when prices are out of line with actual earnings.

Annual Earnings Growth from earnings of each previous year: Another very important factor in evaluating the future value of an asset as there cannot be a growth in price without a corresponding growth in annual earnings. Requires at least two years data but more is better as it will show the long term trend in growth or lack of it..

Risk Factor: Shows the percentage of risk involved based on the relationship of the present price to earnings.

Based on current earnings and current price. If negative it indicates the amount by which the current price could fall, if positive the amount by which it could rise.

Value Trend Indicator

Exit program: Closes the program and exits.

Printer: Sends the current Averages and Ratios as shown, to your printer.

Database: Opens up the database where you can create a new file or add data to an existing file.

Graphs: Shows all data points plotted on a chart.

Save: Will save the file in memory to disk. File must have a .TND extension.

Load: Will load a file on disk into memory.   File must have been created by this program and have a .TND extension.

Entry Form for Database

How to Use: Click on cell, selected cell will have the focus and show a dark line around it's border, ready to   accept entries. If the cell contains data it will be overwritten.

Latest data will be shown at the top of the list with the oldest data at the bottom.

Week and Date are automatically updated by one week as I have found that one entry value for the same day each week is enough for averaging purposes.

Starting a File: Click on Add Row. Today's date will be shown, change to the date for your data then move to Data cell and enter data. Click on File Name and enter the name of the file.
Date must be entered in the form shown.

Adding Data: Press Add Row   and Week shown in first row cell along with   date shown in first row Date cell will be automatically updated to 7 days after previous entry,   move to Data Cell and enter your data.

 If you are making more than one entry during the session repeatedly pressing Add Row will leave the focus on the first row Data cell making entry a one key stroke operation.

To erase a Row: Delete the Date or Data in the row and when the file is recalculated on Exit row will be eliminated as blank rows are not allowed.

Using Controls:

Exit: Returns to Value Trend Indicator.

Printer: Will send the database to your printer.

Insert Row: If you have forgotten an entry then use to insert a new row which will contain a Date of 12/31/99 and Data of 1. Reason for this is because no blank rows are allowed as they would interfere with results. Change to your own.

Add Row: Will insert a new row at the top of the database and automatically set the new date   seven days after the previous one.

Clear File: Will clear out the file in memory allowing you to start a new one.

Name File: Adds the a file name to your new file or changes an old one.

Latest Annual Earnings Database:

Select the first row cell by clicking on it and enter the latest year   in the Year cell and in the Earnings cell the earnings for that year.

It is important to have the latest year in the top row with each previous year immediately below it.

Viewing Graphs

Latest entries in the file are shown first with the date for that data point shown under its bar.

Exit: Returns to Value Trend Indicator.

Printer: Will print graph on your printer.

Back: Data shown on each screen has a maximum of 26 points or 26 weeks. If there is more data in the file than 26 weeks then pressing Back will scroll back to show the previous 26 weeks until the end of the data is reached.

Forward: If data has been scrolled back then pressing Forward will scroll to the beginning of the data.

TwoD Chart: Shows data in a two dimensional graph.

ThreeD Chart: Shows data in three dimensions.

Value - Is defined as the actual worth of an asset based on its annual earnings.

Price - Is defined as what an investor is willing to pay for an asset and at times bears no relationship to the Value or Worth of the asset.

Annual Earnings - Are what is left after deducting all costs and expenses from all income for one full year.

How to View - Window in full size upper right box shows up and down arrows, if not, click on it. Help-Always on Top should show check mark, if not and this Help Window is made smaller clicking on the VTI program will hide this one which will still be running and using up memory. Always close Help Window by double-clicking on upper left box or use File-Exit.