

# The ETF Portfolio Strategist

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## *Trend Methodology Summary*

The trend analytics for The ETF Portfolio Strategist calculates strength/weakness of trending behavior for five trailing windows:

**Ultra-Short: Trend1** -- 1 through 10 days

**Short: Trend2** -- trailing 11 through 20 days

**Short-Medium: Trend3** – 25 through 70 days via 5-day sequence increments

**Medium-Long: Trend4** – 10 through 55 weeks (based on weekly data) via 5-week sequence increments

**Long: Trend5** – 1 through 10 months (based on monthly data)

Each time window contains ten data points. For example, Ultra-Short: Trend1 reflects the last 10 trading days of price. Each time window weights the trailing returns so that the latest results have the highest weights, with gradually declining weights for older dates. For illustration, weights for the Ultra-Short: Trend 1 window is shown below. (Note: the same weighting system applies to all time windows.)

20%: trailing 1-day return

20%: trailing 2-day return

15%: trailing 3-day return

10%: trailing 4-day return

10%: trailing 5-day return

5%: trailing 6-day return

5%: trailing 7-day return

5%: trailing 8-day return

5%: trailing 9-day return

5%: trailing 10-day

Weighted results are then summed with scores ranging from 0 (extreme bearish momentum) to 1.0 (extreme bullish momentum).

An aggregate signal is also calculated that summarizes the five trend scores. The methodology for this aggregate score – a.k.a. the Signal – runs as follows:

Roughly the lowest one-third (35% or below) of the deepest bearish scores are assigned a rating of -1. The highest one-third of scores (65% or higher) are assigned +1. Intermediate scores are assigned 0. The scores are then summed, resulting in an aggregate Signal ranging from -5 (extreme bearish trend) to +5 (extreme bullish trend).

Finally, the values presented are color coded so that the lowest three scores (-3, -4, -5) of the Signal data are highlighted in salmon and the highest three Signal scores (3, 4, 5) are highlighted in green. A similar color-coding is applied to the Trend1 through Trend5 scores so that data that's 0.35 or lower is highlighted in tan and scores of 0.65 or higher are highlighted in light green.