



## Stock Market Volume Often Overlooked, Experts Say

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**Symbols:** [ARW](#), [CA](#)

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(Source: Newsday, Melville, N.Y.) By James Bernstein, Newsday, Melville, N.Y.

Oct. 16--That skyrocketing jump of more than 900 points on the Dow Jones industrial average Monday made some investors feel quite good, but it really shouldn't have, market experts said yesterday.

It's not that the professionals want to make anyone feel bad. It's simply that volume that day was a relatively low 1.3 billion shares, because of the Columbus Day holiday, and trading that day is always light. In comparison, 3 billion shares traded hands Friday on the New York Stock Exchange. The average daily volume on the NYSE this year has been 1.9 billion; on the Nasdaq, it's been 2.5 billion.

Sessions Tuesday and yesterday are perhaps more accurate indicator of where the market is going because volume has picked up, showing more trading and activity.

Volume -- the number of shares traded during a given period -- is not usually something many non-professionals look at, preferring to focus on the sexier Dow or the Nasdaq. And volume is often not given much mention on TV and radio reports or newspaper stories about the market's activity.

Greg Hold, chief executive of Hold Brothers, a trading firm in Jersey City, N.J., said that volume is too often overlooked, even by some professionals, and that it is a good indicator of interest in the markets. High volume does not necessarily indicate confidence in the markets by investors, Hold said. Similarly, low volume does not indicate a lack of confidence, he said.

"What volume does indicate," he said, "is interest."

Alan Newman, editor of CrossCurrents, a stock market newsletter based in Wantagh, said he wished Monday's 936-point rise in the Dow had been backed by larger volume. Because it wasn't, Newman did not give the Dow rise that day a lot of significance.

In bear markets, Newman said, volume tends to be lighter than in bull markets. Stocks remain deep in bear territory this year, with key indexes down about 30 percent.

Volume can signal capitulation -- or investors' throwing in the towel -- said Hugh Johnson, an analyst with Johnson Illington Advisors in Albany. If volume in several trading sessions exceeds the average volume of the recent 10 trading days by 50 percent or so, coupled with a sharp decline in prices, then investors have given up and sold off.

Johnson said that in the past he has not paid too much attention to volume, but he has changed his habits in the last few weeks.

"I, like everyone else, have become more interested in volume recently, because I'm trying to look at every tea leaf to see if the market has hit bottom," Johnson said.

So far, he said, he is still unable to tell.

High volume can be sparked by earnings reports. Next week two of Long Island's largest companies -- Arrow Electronics Inc. of Melville and CA Inc. of Islandia -- will report quarterly results, which should create interest in their shares and volume in the market, because both are big cap stocks.

"I think volume matters," said Mark Zandi, an economist with Moody's Economy.com. "If you're a serious student of the market and you want to understand what's happening, you have to pay attention" to volume.

NYSE trading volume

1.3 billion

Monday (Columbus Day)

3 billion

Friday

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