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Mini-Lesson: Buying Climaxes

Buying climaxes occur when a stock rises to a 52-week high, then closes lower for the week. *Investor's Intelligence* reports the figures. The importance of a buying climax is that it indicates *distribution* of a stock. In other words, significant holders of the stock do not believe further highs are forthcoming in the stock, so they sell some or all of their position(s). Large numbers of buying climaxes suggest that stocks are moving from "smart money" investors to "dumb money" investors.

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