

From an Apple II at 2 a.m. to an Institutional 'Must Have'

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On Monday, Marc explained how following trading volume was the crucial first step for creating his special Chaikin Money Flow indicator.

And in today's essay – adapted from an October special report from our *Smart Money Trader* publication – he continues with more of the

story of how he developed the indicator...I'm sure many of you are business owners, high-level managers, or other professionals...

So you likely know that a huge gap exists between dreaming up a good idea and making money with that idea. It takes a ton of hard work to turn an idea into a product.

With the Chaikin Money Flow indicator, I knew I had something special.

*But it was basically worthless if it never left my head.*

My family lived in a two-bedroom apartment in New York City at the time. My two sons were around 12 and 13 years old. And our family's Apple II computer was in their bedroom.

They would go to sleep. And I'd be sitting across the room, typing away late into the night.

So when it came time to name my work, I didn't need to think too hard...

*I put our family name on it.*

I hoped at the time that my kids would one day understand why I was banging away on the computer till 2 a.m. And with our name on the product, I imagined they would be proud.

But to build something special, you also need to work with good people...

That brings me to Bob Brogan.

I first met Bob when he was an institutional salesman in the mid-1970s in Philadelphia.

We started an office for Tucker Anthony and R.L. Day. And we stayed in touch when I left Tucker Anthony in 1982.

In 1989, we joined forces to form Bomar Securities. Bob brought all his institutional clients from the Mid-Atlantic region – places like T. Rowe Price in Baltimore, several banks in Washington, D.C., and the value-oriented investors in Philadelphia.

My son Eric was now an adult at that point. He programmed the terminal we used. It focused on money flow, volatility bands, and relative strength.

Bob took the suitcases and computers to his clients. He worked his butt off for what felt like 24 hours a day, seven days a week.

He would analyze clients' portfolios by hand over the weekend. He'd look at all the charts. And then, on Monday, he would send them a customized chartbook through FedEx.

Our clients loved it. But Bob started to burn out. So the two of us talked. We walked through his process.

And together, we realized what our clients wanted so badly from Bob...

*The money flow data.*

Specifically, clients wanted to see the stocks in their portfolios with negative money flow.

I spoke to Eric and our programmers. And they developed a system to replicate Bob's work.

Bob and I worked together for years. We eventually sold Bomar to Reuters in 1992.

Bob stayed on for a bit after the sale. Then, he started a money-management firm. And finally, he had his own brokerage firm.

His sons run that business now. To this day, they prioritize the money flow data.

But they aren't the only ones still using this data...

I've built the Chaikin Money Flow indicator right into my Power Gauge system. And today, it's still helping investors spot where institutional money is heading in stocks.

Good investing, Marc Chaikin