The steady gains accompanied by the historically low volatility of 2017 have vanished. Given this new trading atmosphere, we must contemplate whether the recent spate of volatility and lower prices is the beginning of a trend change or merely a temporary speed bump on the way to higher prices. Despite a bull market and economic recovery that are historically long in the tooth, we recently read an interesting article that waived the all clear flag for investors. *Hyper volatility in stocks suggest the market has bottomed*, authored by Simon Maierhofer, points to historical bouts of volatility as well as money flows into stocks as a reason to be optimistic. The author argues that bottoms are typically formed when volatility surges and that view is currently bolstered because ?*money is flowing into stocks.*? Relying on short-term and long-term graphs, Maierhofer argues that markets tend to bottom when volatility peaks. His short-term graphs show that volatility peaks in 2015 and 2016 were a perfect buy signal. If the current swoon and volatility spike are in fact short-lived like those in 2015 or 2016, then he may be correct. If, on the other hand, this is like 2008 or 2000, then volatility will continue to move higher and stay elevated for a long period, meaning the current sell-off may be just starting. The author?s second point is based on previous relationships between peak volatility and positive money flows into stocks. *?Even though the S&P 500 and Dow Jones Industrial Average tested their February panic lows last week, money is flowing into stocks. This is a sign of internal strength and generally bullish for stocks.?* Maierhofer?s characterization of money flows is flawed as it implies that there are more investors buying than those selling. Buyers always purchase shares from sellers and sellers always sell shares to buyers. As such, the amount of money flowing into and out of stocks must always equal each other. The issue is not whether money is moving into or out of stocks, but who is more determined to transact, buyers or sellers. Given that prices are well below recent highs, we have to say the sellers are currently playing a larger role in setting prices. The concept of money flows that Maierhofer espouses is similar to the often stated *?cash is on the sidelines and ready to be put to work?* bit of nonsense. *(For more on that see point number four in Lance Robert?s article 7-Myths of Investing.)* Valuations stand at or near the highest levels ever recorded. At the same time, the Federal Reserve is removing liquidity, and domestic and global political risks are on the rise. **When volatility is signaling heightened concerns and possibly warning that the long-term trend might be changing, caution and attention are warranted.** We do not advise you to sell and hide in a bunker. However, you should take all market analysis, bullish and bearish, with a grain of salt and have a plan of action in case the long-running bull market is finally coming to an end.