



Brainy's ShMarket GEMS Summary List

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It has taken me a number of years of reading text books and newspapers, attending lectures and seminars, and watching news reports, to hear and see a number of very useful “tips” and observations about the markets. In hindsight, I wish someone had been able to tell me all these things a few years ago. My investing and trading career would have been somewhat smoother.

The list below is only a summary of my **Share Market Gems**. They are described in more detail in (and downloadable from) the Members Area of my **ShMarket Toolbox** web site.

“May your losses be small, and may your profits run like blazes.”

Robert B. Brain

The standard financial disclaimer applies:

**There is no guarantee that there is any truth in any of these “gems”.
They might all be just little jokes.**

You should not take any action on anything that you read in this document.

Brainy's Share Market Gems is just one of many tools in [Brainy's Share Market Toolbox](#) arsenal of weapons to help you tackle the share market — www.robertbrain.com.



For more information on Share Trading, or Technical Analysis, or BullCharts software, look for more of Brainy's articles, or the other resources, in **Brainy's Share Market Toolbox**: www.robertbrain.com

***** CAUTION *****

- Investing in the share market (or various derivative markets) can result in loss of funds.
- There is no guarantee that any particular trading strategy might work or not work.
- Success in the market does rely on an appropriate attitude and psychology.

1 Share trading facts

- The dangers of rushing in
- Consecutive losses
- Cut losses early
- How to minimise losses?
- Psychology, fear and greed.
- For every seller, there needs to be a buyer.

2 Important considerations

First off in my list of share market gems are some important considerations.

- The share market is like an elephant
- Only invest in something that you understand
- Pyramid your buys
- Dollar cost averaging? — NOT!
- Maintain perspective
- Remember your Investment Plan (or Trading Plan)
- Buy low, sell high
- Keep your eye on the ball
- Risk analysis

3 Financial returns

- The 72 Rule
- Never bet the house

4 Strategies for investing and trading

- The trend is your friend
- *Time in the market* is more important than *timing* — NOT!
- Buy on weakness
- The price is running
- Beware the “up-chase”
- Buy on rumour, sell on fact
- Watch the news
- Trade on Index adjustments
- Wouldn't buy the index? — Don't buy a stock

5 Emotions and psychology

- Fear and greed
- Calmness

6 Time-of-Year observations

- As goes January, so goes the year
- Sell in May and go away
- The weekend and holiday sell-off
- Europe holidays in August
- June tax-loss selling
- Confessional season profit warnings (May-June and Nov-Dec)

- Reporting season opportunities (February and August)
- September (and October) — a bad month?
- September (and October) — a good month?

7 Seasons and Cycles

- The 18-year property cycle
- Lunar effects

8 Brokers, fund managers and the big boys

- Fund Manager returns
- “Smart money”
- Big end of town
- How to invest a large amount without anyone noticing
- Broker recommendations and valuations

9 General observations

- Past performance
- When Wall Street sneezes, other markets catch a cold
- Up by the stairs and down by the elevator
- P/E – Price/Earnings Ratio
- Profit takers – they do exist
- Bull Bear market durations

10 Shares and other financial instruments

- Shares are dangerous
- Shares might not be shares
- Derivative products
- Leveraged Products
- Leveraged finances

11 Commodities

- Supply and demand equation
- Global prices impact local stocks
- VIX – Chicago Board Options Exchange Volatility Index
- Gold and \$US
- Australian iTraxx index
- Libor
- Baltic Dry Index (BDI)