



# Brainy's Articles on Share Trading\*\*

## NSTI — Stocks, sectors, markets

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page 1 of 7  
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### Introduction

Regarding the *Nimble Short Term Investing* (NSTI) approach for investing in the equity markets (just one of many possible strategies), there are some key relevant considerations regarding the **analysis of stocks**, and the **analysis of market sectors**, and the **analysis of markets** comparing one to the other. This Article in Brainy's series on Share Trading and Investing (number ST-7600) focuses on just those particular aspects of the Nimble Short Term approach. It includes a reference to other related eBook Articles in this series. See the list of related Articles included on the last page.

For a general introduction to this nimble short term approach, refer to eBook (PDF) Article **ST-7100**, "*Nimble Short Term Investing*".

**NOTE:** This information is for general education only. It does NOT include a recommendation to take any action, nor make any investments. One should always consult a properly trained, qualified and experienced professional before undertaking any investment.

**Extra note:** There is no guarantee that any information in this article is useful, or that it might result in investment success. It only partly describes one possible investing approach which might not be successful in the hands of any investor.

### Stock, sector and market analysis

There are seven key considerations to do with stock analysis, sector analysis and market analysis, that are relevant to the Nimble Short Term Investing approach. They are as follows, with further details on the following pages:

- (a) Fundamental Analysis — The fundamental details of stocks are somewhat useful, but limited for the average retail investor, so be careful not to over-do fundamental analysis. At the end of the day, the true value of a company's shares is the value at which they trade on the market. There is no point arguing with Mister Market, because the market is like an elephant (see more details: [www.robertbrain.com/elephant.html](http://www.robertbrain.com/elephant.html)).
- (b) Stock valuations — These are theoretical, and assumption based. Basically they are opinions, and different analysts will have different values, so ignore them completely.
- (c) Sector analysis — Ignore sector analysis as it is not overly helpful for the amount of time that one could commit to it.
- (d) Blue chip stocks — This term is not helpful, so ignore references to *blue chip* stocks.
- (e) IPOs — Do not participate in IPOs. After floating, too many of them are under water for too long. Without a trading history, investing in an IPO is somewhat akin to gambling.
- (f) Dividends — These are useful, but are not the primary objective for this strategy, so don't focus or rely on dividends, and be cautious about making stock selection decisions based on dividend returns.
- (g) Markets are inter-related — Different markets, and markets in different countries, tend to influence each other from day to day. So it can be helpful to pay attention to them and their performance.

There is more information on each of these items on the pages below.

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\*\* - The two words *trading* and *investing* are often used somewhat interchangeably.



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