GENERAL INSTRUCTIONS

CAUTIONARY SUGGESTIONS

Your undertaking to learn this Method is evidence that you intend to reverse the rule of the public which is to monkey with the stock market buzz-saw before it knows what makes the wheels go round. As in any other business or profession, art or science, it is essential that you lay a sound foundation by serving an apprenticeship before you begin actual practice. If you were studying to become a dentist, you would not begin by immediately pulling patients' teeth. If you wish to become a lawyer, you do not begin by trying cases before the court (even if the Bar Association would let you). Your clients would soon discover your inexperience and you would have to suck other fields, It is the same way with the stock market. You must study first, then acquire experience by serving an apprenticeship before you begin your actual practice with real patients which, in this Instance, are your own dollars.

The way to lay a solid foundation for success is to begin by:

Trading on Paper. This is an inexpensive way to gain experience and to test your ability to apply what you have learned. Some people object to paper trading on the ground that it is like playing poker without stakes, there is no thrill in it. Very well: We ask you to remember that the biggest thrill of all comes when you make your first series of actual trades, with money, and find that they were correct. There will be more thrills as you continue to make successful commitments and discover that you never again are taking big chances nor suffering disastrous losses. If you wish to forego the satisfaction of stock market success for a little temporary excitement, you may disregard this admonition to start by making trades on paper without taking any risk. But if you wish to attain the thrill of achievement, you will begin by trading on paper.

Do this until you find that you are learning what and when to buy or sell. When you decide a certain stock is either a purchase or a short sale, write it

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down in a record book just as if you were writing an order to your broker. Then ascertain either by telephoning your broker, or by looking in your newspaper that evening or the next morning, at what price your order would have been filled. Give yourself the worst of it if you are in doubt. Mark this price down in the book. Add the commission for buying or selling. When you close out this transaction, figure the commission and the tax on the sale or purchase. Calculate the net profit or lass. Then add, in the loss column, interest at 6% on the amount the stock cost (if it was a long commitment), just as if you had actually bought it through a broker.

Study your losing paper trades and compare them with the successful ones so you may locate the cause of your mistakes. Try to correct these when you make the next series of commitments. After making fifty or a hundred such trades on paper without risk, you will know whether or not you are learning to select the right stocks at the right time. Do not fail to study your weak points.

When making trades on paper, place a stop order on each commitment immediately, the same as with factual money. On a paper transaction it is just as important to do this as on actual purchases and sales, for you want to know when your judgment is wrong, and the penalty for wrong judgment is loss.

After you have completed a successful course in trading and investing on paper, you will be ready to operate with money, but not before. Do not be impatient, to begin trading or to get results. Lay a strong foundation for your future by understanding thoroughly before you make even a single paper commitment. Continue your paper transactions long enough to be certain of your judgment before you venture a dollar.

Do not let anything or anybody lead you to make hasty commitments with real money. If you have subscribed to the Course with this idea and have not the

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capital to see it through, get yourself into that position before you make your first transaction with cash. Nothing should urge you to begin hastily and to be under a nervous financial strain.

Operating with actual money is more of a test of your ability than paper trading, for when your money is at stake you will be more or less at the mercy of the two devils of stock market followers — Hope and Fear.

Therefore, <u>when you start actual operations</u> it is advisable to begin with ten or fifteen share lots no matter how large your capital may be. Remember that you are learning the business. You should not try to make money at this stage. It is vital for you first to train yourself. Bear in mind that you do not need any capital to learn how to trade and invest according to this Method. Knowledge of stock market technique is far more valuable than capital in the beginning.

The longer you study the Course, the more expert you will become. Do not expect to be a full-fledged operator in a few weeks or months. Bull markets sometimes run for years before a bear market comes along. Even the more experienced traders can forget the tricks they have learned in the last bear market before another one develops; and the reverse is equally true. Therefore, if you start at the beginning or in the middle of one cycle, it may take a long time before you will have the opportunity to learn how to handle your transactions in the other. Hence, you should strive to perfect your judgment by constant practice. Avoid concentrating on one feature of the Course to the exclusion of others. Learn the whole Course. Get the benefit of all of it.

<u>Overtrading</u> is a form of financial suicide. It is the second greatest mistake made by the public. After you have gone far enough with your paper transactions to warrant actual trading and investing, begin with small lots. Provide sufficient capital to keep your mind at ease. If actual results are not as good as in your paper trading, go back to paper trading, then resume later with real money. Try to build up your capital out of profits.

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If you make money at the start, wait until you have ample capital before you deal in larger lots. It is much better to creep before you try to walk. There will be plenty of time for you to operate in larger lots after you become more expert. The market will always be there, and the main thing at the beginning is to proceed in such a way that you will build a solid foundation for future successes. If you overtrade at this, or any other stage, that is, spread yourself out too thin, you will be handicapped and perhaps discouraged and defeated by your early experiences. This happens to most people who operate without learning stock market technique; they lose their capital before they know how to trade or invest. I emphasize this so it will not happen to you.

Trade in equal lots of stock. Success in active trading means making a series of transactions in equal amounts of stocks with the result that, after paying commissions, interest and taxes, profits exceed losses.

The man does not live who can make a profit on every transaction.

A loss on a trade is punishment for wrong judgment. The more accurate a trader's judgment, the less losses he will have. For example, one hundred percent judgment in selecting opportunities means that after a trade is made the price of the stock bought or sold does not go as much as one-eighth against you. That is the standard which you should strive to equal, and the nearer you come to it, the greater your net profit at the end of the year.

The reason for having the number of shares equal in active trading operations is this: Most people will have twenty-five or fifty shares of this and one hundred or five hundred of that. Usually they aim to make a killing by loading up with the very lowest priced stocks, i.e., the most speculative and hence the riskiest issues. Result: The losing trades oftenest will be in those of which they have the most, and profits will come on the small amounts. Sound practice demands a series of trades in equal amounts; as you become more expert you will find your profitable trades running several times your losing trades, measured in points and fractions.

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If you aim to operate on an investment basis, that is, make commitments for the intermediate and major swings, you may prefer to divide your capital so that, instead of carrying equal lots of stock you will have approximately the same number of dollars invested in each issue. That is all right provided you stick to the better class stocks and do not unbalance your position by placing an unduly large percentage of your funds in "cheap" stocks.

Whether you are trading for short or long swings, it is better to diversify your commitments than to concentrate on one or two issues. In other words, spread your capital over three, five, ten or perhaps twenty of your best selections; how many will depend upon the amount of money you have available. Say you have picked five candidates, and assume that five is the maximum number of commitments you will normally carry at one time. Even with the best judgment, one of these may go wrong and another may fail to make good as you anticipated. But chances are your profits on the other three will more than offset your losses and you will have at least "one good horse in the running." However, if you take on, say, 100 shares of just one of your candidates instead of twenty shares of each, you may find that it is just your luck to be in the poorest performer of the lot.

On the other hand, diversification can be carried to extremes as much as concentration. Thus, if you have too many commitments to watch, your judgment may be warped by worry, or lack of time in which to keep an excessively large number of open trades under careful observation.

Of course, the above does not mean that you must make all five of your commitments at once. As explained elsewhere (Sect. 8M, Pg. 7, Par. 2), the day on which you make your first transaction may not be the best time to enter any one or all of the others. Suppose five is your usual limit and you have taken on one or two of your selections; in that case do not complete your line by putting the rest of your capital in those first two stocks. Keep the rest in reserve until you see that the right time has come to get into the others. It

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may happen, that after you have made your fourth commitment, you will not like the way your fifth choice is behaving. In that event, you will pass it up, keeping - this much of your operating fund on hand until you do find a stock that is acting in the manner which would justify your selling it short, or buying, as the case may be.

Where to study the market. This Method may be followed either in a small private office, or in one's study at home after business hours, or elsewhere in spare time.

If you plan to make active trading your profession (as explained in the "Tape Reading and Active Trading" division of this Course), the best way to study the tape is in a private office, preferably one which you lease for your own use. It may be a very small office, for all you need is a ticker, a telephone, a desk and a chair. If you do not put your name on the door, nobody will call and bother you. Just have the word "Private" painted there; then other folks will keep out.

If your commissions warrant it, your broker will be glad to furnish you with a private office and all equipment at no cost to you.

Your broker's Customers' Room is probably the worst place you could select either for study or for actual operations, regardless of whether the market is your profession or merely your avocation. You cannot concentrate on the very difficult and intricate subject of tape reading when the broker and his assistants are rushing around with orders; when other people are gossiping about the market, asking foolish questions, passing along tips, and shouting out every 1,000 share transaction as it comes across the Trans-Lux. All these influences tend to confuse your judgment. They are just as damaging, just as misleading to the investor as to a trader. Learn a lesson from the hen: She goes off into a quiet nest and there, in a little while, produces the egg. It is the egg of profit which you must learn to lay, and experience will prove that this is best

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done, in solitude. (See also Sect. 25M, Pg. 2, Pars. 1 & 3.)

Judging the stock market is a task which requires a careful balancing of one's faculties. If one's judgment is pulled this way or that by the numerous, influences which are present in a brokerage office, it is almost impossible to keep from being biased. By working in silence and seclusion these1 confusing conditions are done away with.

Another objection to operating in a broker's office is the gradually acquired tendency to trade too often. You see people all about you buying and selling. The customers' man comes to you with his latest bit of news or gossip. The news ticker rouses your curiosity and leads you astray. Everything about the place encourages you to trade frequently; to act on emotional impulses and to go off half-cocked.

It is much better for you to make one commitment a month and realize a profit from it than to trade every day and show a net loss. In the kind of operating which is most profitable, the day to buy is not always the day to sell. If, as I have shown, the important movements in the market take time to prepare and carry through, it must be evident that if you wish to benefit by them you must have patience. It is difficult to have patience in a broker's office; this is comparatively easy when, in your private office, or in the evening, you devote an hour to a study of the market and the planning of your moves.

If you have no private office and no time to devote to the stock market except after office hours, you are perhaps just as well off, even as an active trader, and certainly so if you are more inclined to investment operations. You find in your evening newspaper the complete record and the net results of the day's battle between the bulls and bears. From this record (*) and a Wave Chart

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* That is, from the table of prices and volumes. DO NOT fritter away your time reading the financial news and gossip columns. The less you know of this stuff the better off you will be. Much of this material may be colored by the opinions and prejudices of the writers whose business is journalism, not forecasting. The financial reporter’s function is to gather news of current

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you can, in a little while, obtain the comparatively few facts that are necessary to compile your own individual records. It is from these records of your own that you can, in the silence of your own room at home, plan your campaigns. You then mail, telegraph or telephone instructions to your broker. You need pay no further attention to the market until the next evening, when you see the results of the day's transactions. These will either confirm or contradict your previous judgment, or throw doubt upon it, in which latter case you close out your commitments and take a neutral position.

Devoting an Hour, a Day to the Market. The best results I ever had in judging the market and trading were when I could devote only one hour a day to study of the market, planning my campaigns and giving instructions. Busily engaged in affairs that prevented my studying the tape throughout the session, I found, as stated in my book, "Wall Street Ventures and Adventures," (Page 211): "It was not until some time afterward that I realized that being limited to one hour in the middle of each day was an advantage in my concentrated study of the position of the market and its action. Had I been an active trader, this would not have been true, but in defining the trend of the market, anticipating the important turning, points, and selecting the best stocks for making the most profits in the shortest time, the hour-a-day method was ideal. Each hourly section was compared with those of the preceding days. The comparative strength or weakness, the response of the market to bullish or bearish influences, the nature of the manipulation, and the evident purposes of the manipulators became more clear thus in comparisons of hours side by side."

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happenings; you cannot expect him always to know when a bit of news or gossip may be inspired by some one with an axe to grind. Furthermore, he strives to give the public what it usually wants, namely, the best explanation he can concoct for any given rise or fall in the market. That satisfies the majority, but it is of no value to you. You want to be in or out before the apologies and explanations start. Anyhow, did you ever stop to think how many thousands of other people are reading the same news item at the same time, and reacting to it in the same way? You do not want to go with that crowd, but against it.

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Years ago, as I stood at the ticker watching James R. Keene, the famous stock operator, do his own trading, I observed that he would make a close scrutiny of the tape for two or three minutes, and then he would pace up and down his office for about the same interval. Each time he returned to the ticker he would observe the changes that had taken place in the character of the market and the action of certain stocks. He saw, on the tape, a series of pictures which he closely analyzed and weighed. As he walked back and forth during the intervals he would further consider his observations and form his conclusions.

I suggest that a certain hour each day be devoted to a study of the market by those who cannot give more time to the subject. For the average man who is engaged in his regular line of business, an hour in the late afternoon or evening should be sufficient. On the average I think one who follows this plan will be more successful than those who spend all day in a brokerage office, but probably not as successful as those who can devote all of their time to a study of the tape in combination with the charts in the seclusion of their own private office.

In my case, during the period above mentioned, when I was following the hour-a-day plan, I had an understudy who watched the market closely and called my attention to any special features that occurred while I was absent. A boy kept the charts. One day I said to this boy: "What you are learning here should be worth a million dollars to you some day." That was fifteen years ago. I was right. He has since made more than a million dollars, largely from, what he learned at that time.

<u>Selling Short</u> is something that many people cannot do as easily as they can trade on the long side. <u>This is such a great handicap that I advise trading on paper until you can sell short as readily as you can take a long position:</u> that is, with an equal amount of mental ease.

One who can operate only on the long side of the market is, only half a

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trader. He sees everything through the eyes of a bull. He thinks everything is always going up. He never can see any money on the short side. The truth is, a chronic bear has a better chance of making money than a chronic bull.

The speculative public is made up mostly of bulls. The speculative public loses on a colossal scale every year except in riotous bull markets, and even than this money is only lent to them for the time being. Wall Street history proves that chronic bulls mostly lose their profits and more besides. A great part of these losses could be turned into profits if they could see the short side and the many advantages of operating that way when the proper time arrives.

It is not what you make but what you keep that counts.

Many hesitate to sell, short for fear of a corner. If one were to investigate the number of corners that have occurred in the last fifty years, he would find that there is not one chance in a million of being caught in a corner, and that one chance can be eliminated by placing a stop order on every trade immediately after it is made.

It is an old Wall Street saying: "Stocks are put up but they fall down." The biggest and quickest money is on the short side. In the panic of October and November 1929, the decline, in two months, wiped out the gain of the previous fourteen months. This means that a short seller, acting at the right time, made big and quick money by taking advantage of a bad technical situation and an overloaded public. Had there been more shorts at that time, the market would not have had such a demoralized break. A tremendous balance wheel would have existed had a good portion of the traders taken the short side" in the upper levels of the 1929 market, say in July, August and September. This would not only have prevented prices being marked up so extravagantly, it would also have supplied a great buying power on the way down — to a certain degree a protect-tion against the wide breaks between prices.

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The average man's commercial training requires him to buy before he sells. In stock trading one must get accustomed either to selling first or buying first. It makes no difference which, in the final result, but the object is to sell at a higher price than you buy.

When you sell short, your broker borrows a certificate for the same number of shares as you have sold, and with this he makes your delivery. To the broker who loans him the certificate, he in turn loans the market value thereof in cash, as security.

At times, when it is difficult to borrow certain stocks, it is necessary for you to pay a premium for the use of such certificates. These premium rates are published on the news tickers, also in the financial papers and usually in the daily papers. When a premium is thus charged, it is an indication that there may be an excessive short interest in that stock; but that is no guarantee the stock will not go down and it need not worry any one who uses a stop order.

A trader must be careful to avoid selling short stocks which have a very thin market, for these are likely to open some morning several points above the previous night's closing price, thus resulting in stop orders being executed at much higher figures than anticipated.

There are times, too, when the New York Stock Exchange forbids short selling or puts restrictions on such sales, so that the short seller is at a disadvantage. On such occasions it is best to postpone trading until normal market conditions prevail and thus avoid such handicaps.

<u>Selecting Stocks.</u> Search the market continually for the best stocks in which to trade. Your charts will show you which these are.

Favor the stocks which are the mediums for the largest operations. These usually offer the best action, the greatest facilities for getting in and out close to the last sale, and the most safety in the use of stop orders.

Do not get into a stock just because it is in a bullish position or sell

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it short just because it is in a bearish position. Wait until it gets to the end of its period of preparation and is out on the end of the springboard, ready to go. Let other people play with it until that time. Thus your money will be kept active. You will avoid getting tied up in dull stocks, long before they are ready to make money for you. You will avoid being kicked out of your, trades because you got in too soon.

Try to get almost immediate action for your money; not that you can expect a stock to move just because you bought or sold it, but because it is bad practice to hold a position for many days or weeks without getting anything out of it.

Try to select the stocks that indicate they will move soonest, fastest, and farthest.

Limit your losses and let your profits run. This is one of the fundamental principles in Wall Street trading. Unless you can follow it you had better not start.

The reason why the public loses so much money in the stock market is that most people reverse this rule; they take small profits and let their losses run, often until they go broke.

When deciding upon a trade, decide also how much risk you will take. Reason thus: The action of this stock indicates that it should move in my favor ten or fifteen points. I am therefore justified in risking three points; my prospective profit must always be several times the amount of my risk. I must place a stop so many points from the price at which the trade is made. If the stock moves in my favor, I will move the stop so that the risk will be reduced, then eliminated; then, if the market permits, and a paper profit appears, I will move the stop farther so that a part of this profit will be assured.

The above means: If you are wrong, run quickly. When a stock goes against you, you are wrong to just that extent. It is no sin to be wrong, but to

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let a lose run into big figures often leads to failure and disaster. Just think how much money the public would have saved in the decline of 1929 to '31 if the risk on each trade or investment had been limited.

After you have traded for a while, if you find that your stops are being caught too frequently, it will mean that you are not careful enough in starting your trades. Thereafter decide to use more discrimination. Refuse all but the best opportunities. Wait for them. Take your positions as close as you can to the danger points, as shown on your charts or on the tape. Place your stops according to the requirement of the situation (Sect. 23M). Study your mistakes and profit by them. Know every minute why you are starting a trade, why you are holding it, and why you should close out.

Placing Orders. In nearly all cases it is best to place your orders "at the market," except in the case of stop orders, of course. As a rule, limited orders are inadvisable, but not in all cases.

When you have watched a stock go through a period of preparation for a substantial move, and you observe that it is suddenly becoming very active at day 85 1/2, it is a mistake to place an order at 85 1/2, or any other limited price, because your broker may not be able to get it at that figure; it may not be obtainable under 85 3/4 or 86. In trying to save a fraction, you might miss the whole move.

If you are waiting for an opportunity to sell a stock on a rally, or buy it on a dip, and your chart shows you that the trade should not be made unless it goes to about your figure, it is all right to use limited orders. A case would be: A stock advances from 86 to 90 after going through all the1 stages of preparation, and you believe, judging from its own action and that of the rest of the market, it should react a point or two before it goes on upward. You might then place a limited order at 88 1/4 (just above the full figure for reasons explained under the heading "Stop Orders").

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If you are placing orders for execution the next day or are unable to watch the tape or your charts during the day, limited orders are all right in certain cases. However, if you figure, during the evening, that a certain stock is in a bearish position or on the edge of a sharp decline, tell your broker to sell it short at the market price at the opening. Do not use limited orders in such cases.

A limited order always means that it is to be executed at that price or better; in the case of a buying order, at a lower price than the figure stated; in a selling order, at a higher price if possible.

Do not straddle. It is bad practice to be long of one stock and short of another unless you are so proficient and so experienced that nothing will "rattle" you.

When a down trend is indicated, you should be short.

When the decline has run its course, you should cover: if there are indications of a reversal in trend, you should go long at the same time.

If only a small rally is indicated, you should do nothing until the real buying time is indicated. If an important rally is forecast, you should cover and at the top of the rally, if you judge that the trend is still downward, you should again sell short.

But do not try to catch every turn in the market, Wait for the best openings.

In my most successful short swing trading campaigns I took a position on an average of once a month. Five or six of these campaigns showed losses. These were small, because a stop order was always placed on each trade. Result: A very satisfactory net profit at the end of the year. The profitable trades ran into substantial figures — usually several times the risk.

Judging the Market from your Newspaper without the aid of tape or charts: After you have practiced with the wave chart and the others explained in

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this method, you can readily apply the same principles, and study the action of stocks as indicated in your daily newspaper. (Section 4M, Pgs. 22 and 23.)

Take a few of the leading stocks for study purposes and observe how they act in relation to the rest of the market; whether they are well supported on declines; whether they lead or follow in rallies; how the volumes compare with the whole market; whether these volumes are light or heavy on advances and declines, etc.

One after the other consider all the important technical points explained herein and apply them as often as you can whenever you have spare time.

If you have figure charts and can give sufficient time to the subject, you will find that you can memorize them. The way to do this is to look steadily at a chart for a few moments, just as if your eye were a camera and you were thus taking a mental picture of it. This will aid you in studying the market, when you have, no charts handy. From your newspaper you can see what changes would be made on your charts when the time comes to make your entries thereon.

Dividends. It is bad practice to buy a stock just before it sells ex-dividend, merely for the sake of getting the dividend. Many people do this, in the mistaken belief that they are securing an additional profit and as a result of this kind of buying there are occasional bulges in a stock the day before a dividend comes off, but this gain is just us likely to be lost in the succeeding sessions.

In a bull market the dividend will frequently be recovered in the market price, within a day or two following the ex-dividend date but in the long run these gains are absorbed in the average trend; hence, buying to get the dividend is based on a fallacy and is simply a gamble that it will be recovered, almost immediately.

If you are short of a stock on the day it soils ex-dividend, you must pay the amount of the dividend, or, rather, your broker will charge it against your account. But that should not bother you because if your short position is sound

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the stock is likely to lose the full amount of the dividend. Thus, in a bear market, when the dividend comes off the price, a stock usually declines more rapidly than the average trend. That is, on the ex-dividend date, the stock may not only sag off by the amount of the dividend, but may also lose several points more owing to offerings from those who hold the stock just long enough to secure the dividend.

Therefore, in making commitments, either on the long or the short side, it is best to disregard ex-dividend dates.

*Pyramiding. There are certain points, as indicated by the tape or your charts, when it is good practice to pyramid, protecting each additional lot with a stop order. These are explained on the charts.

There are certain other times when the preparation has been completed for a quick and important move in, a stock; when it is out on the springboard, as we call it, and is giving almost positive evidence that the psychological moment has arrived for a pyramiding play. At such times there are two good ways of pyramiding:

(1) By making your initial short sale (or purchase) 300 shares (or 30 or any multiple number of shares) and, as the market goes in your favor, adding to your line 100 (or 10) shares for each one point. Your trade should be started so that your initial stop order will be about three points or less away from your first sale price. A stop order should also be placed about three points away from the selling price for each additional lot. The stop on the 300 shares should be lowered one point for each point the stock declines. The stops on the 100 share lots should be so moved that none of them will be above the stop price on the 300 lot.

(2) 1 By starting with 100 shares, add 10 shares for each one point the stock goes in your favor. Have a stop on each and every lot. Move all stops the

* This explanation is intended to illustrate the principle involved. Pyramiding is no longer practicable on the long side under present day (1937) high margin requirements.

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same way as in the first operation above described.

Closing pyramid trades should be done the same as any other trades — when the action of the stock on the tape, or on the chart, tells you it is time to close.

Never get the idea that because a stock shows a clear indication of going up or down, it is time to pyramid. There are only certain conditions under which this form of operation is comparatively safe. I say comparatively because no one can ever make a trade in the stock market with any guarantee or positive assurance of success.

As above stated, the ideal time for pyramiding on the short side is when' the pressure on a stock is so heavy, and the support beneath it so light, that it shows positive signs of sudden and drastic decline. Or, on the long side, when sudden and insistent demand for a stock shows such irresistible lifting power, as shown on the tape or your charts, that it seems about to be driven suddenly and strongly upward.

There should be evidence of a 10 to 15 point move at least to justify pyramiding.

Orders to buy or sell for the additional lots should be placed "on stop" so that when the price touches the buying or selling prices the pyramiding orders will be executed automatically.

Averaging. Never increase your line when a trade goes against you.

Letting a stock run against you more than a few points is bad practice. Letting it run to where you think it desirable to buy or sell more to average your cost is worse practice.

If your judgment was wrong in the first instance, a stop order should have let you out with a small loss. If you had no stop, and the price goes against you, it proves more than ever that your judgment was wrong. Why persist in using wrong judgment?

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You may think a stock is cheap at 90 and still cheaper at 80, but remember that it may go to 25 or 10. Neither a trader nor an investor has any business to be in a stock after it goes few points against him. So eliminate the idea of averaging. Never average in trading.

Closing Your Trades. This should be done on positive tape or chart indications. Just as there must be good reasons for beginning a trade, there should be other good reasons for staying in it and closing it.

The market constantly tells you what to do: Be long; be short; be neutral.

When it says "be neutral" you should close your commitment, whether there be a profit or a loss in it.

If you don't get out on the rises, rallies or booms, you will have no money with which to buy in the slumps, panics and depressions.

And when you are short, if you don't cover when they are weak, you will probably lose your best chance.

James R. Keene once said to me:

"The best time to buy stocks is when they are all going down together, and the best time to sell is when the whole body of stocks is strong."

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