

**Wisdom  
Applicable  
to  
Financial Markets**

The secret recipe for success in stock market is simple.

30% in market analysis skills,

30% in risks management,

30% in emotion control, and

10% in luck.

**Benjamin Lee**

Time is the cause, Volume is the fuel, and Price is the result. Of all these 3, Time is the greatest factor in determining stock market direction.

**Benjamin Lee**

## **Rule 1 of the professional trader is:**

*When a stock doesn't do what you expect it to do, sell it. No hesitating, no questions or doubts raised no conjectures of the way it should have turned out, or might still turn out, no dreams of how it will do what it was supposed to do, tomorrow. The pro never says, I'll watch it one more day. He doesn't phone an analyst who's been following the company & ask, What's happening? Is there any news? All too often, the delay in searching for the, why?' is costly. The desire to be perfect is one of the prime bugaboos of the stock market, but it's a compulsion that belongs on the psychiatrist's couch, not on the exchange floor. And that means no berating yourself for having bought it, should it then go down, and no remorse for having sold should the stock turn around after you've gotten out and finally do what was expected.*

**Anonymous**

**When I trade well, almost everything works well. I don't need to be overly patient with positions. The money comes in very fast. That's exactly how trading should be. The exact opposite was the case when my efforts were not leading my portfolio anywhere. It was like folding when you are dealt a bad hand in poker. So I folded. Now I am waiting for the next hand. If it is a bad one I fold again. If a series of trades start to really go my way I push it hard and increase exposure and trade aggressively.**

**Anonymous**

Win or lose, everybody gets what they want out of the market. Some people seem to like to lose, so they win by losing money.

**Ed Seykota**

Simplicity or singleness of approach is a greatly underestimated factor of market success.

**Garfield Drew**

"We humans co-evolve with our tools. We change the tools, and the tools change us, and that cycle repeats."

**Jeff Bezos**

Formal education will make you  
a living, self education make a  
fortune.

**Jim Rohn**

The crowd is actually correct most of the time and it is at turning points that they get things wrong.

**Humphrey Neill**

The market can stay irrational  
longer than you can stay solvent.

**John Maynard Keynes**

“Phenomena of mass action  
(are) under impulses and  
controls which no science has  
explored”

**Bernard Baruch,  
Extraordinary Popular Delusions & the  
Madness of Crowds, 1932**

Stocks don't sell for what they are worth but for what people think they are worth.

**Garfield Drew**

“The laws of nature, and incidentally economics, are ruthless, which is as it should be”

**Ralph N Elliott**

Greed arrogance &  
unscrupulousness are the way of  
the world.

**Teaching of Conrad Black's Father**

75% of all stocks move up with a bull market, and 90% of all stocks move down with a bear market.

**Anonymous**

In one respect markets are like houses. They take longer to build than they do to tear down. Markets spend most of their time advancing rather than declining. This means that the lead characteristics of momentum indicators are usually more pronounced at market peaks than at troughs.

**Martin Pring on Market Momentum**

When markets are topping, there is always another top. And when markets bottom there is always another bottom.

**Aristata**

There are no failures, merely  
different outcomes.

**Penny Thornton**

More money was lost trying to  
get the last TICK than was made  
catching the whole move.

**Bernard Baruch**

A speculator is a man who  
observes the future, and acts  
before it occurs.

**Bernard Baruch**

Age is only a number, a cipher for the records. A man can't retire his experience. He must use it. Experience achieves more with less energy & time.

**Bernard Baruch**

Always do one thing less than you think you can do.

Do not blame anybody for your mistakes and failures.

**Bernard Baruch**

Do not blame anybody for your mistakes and failures.

**Bernard Baruch**

During my 87 years I have witnessed a whole succession of technological revolutions. But none of them has done away with the need for character in the individual or the ability to think.

**Bernard Baruch**

**I made my money by selling too soon.  
I never lost money by turning a profit.**

**If a speculator is correct half of the time,  
he is hitting a good average. Even being  
right 3 or 4 times out of 10 should yield  
a fortune if he has sense to cut his losses  
quickly where he is wrong.**

**Bernard Baruch**

Millions saw the apple fall, but  
Newton was the one who asked why.

Most of the successful people I've  
known are the ones who do more  
listening than talking.

Never follow the crowd.

**Bernard Baruch**

**Bernard Baruch**

As a general rule, it is foolish to do just what other people are doing, because there are almost sure to be too many people doing the same thing.

**William Stanley Jevons**

Buying at the start of a bubble is  
“rational”

**George Soros**

There is always an easy solution to every human problem — neat, plausible & wrong.

**H. L. Mencken**

Just when you think you've found the key to wall street, they go & change the locks.

**Granville**

“In business, you reward people for taking risks. When it doesn’t work out, you promote them because they were willing to try new things. If people come back & tell me they skied all day & never fell down, I tell them to try a different mountain.”

**Bloomberg**

I am proud to be a speculator. I am proud that my humble attempts to predict Tuesday's prices on Monday are an indispensable component of our society. By buying low & selling high, I create harmony & freedom.

**Victor Niederhoffer**

Discovery consists of seeing what everybody has seen and thinking what nobody has thought.

**Albert Szent-Gyorgi,  
Nobel Prize Winner, 1937**

The movement of money from one area to another is inherently unsustainable & destined to reverse itself. The money piling up in the pockets of the citizens of the gaining country will encourage them to go out & buy things, while the loss of purchasing power in the losing country will lead its citizens of the gaining country will encourage them to go out and buy things, while the loss of purchasing power in the losing country will lead its citizens to tighten their belts and buy less; prices will rise in the gaining country and fall in the losing country. This shift in demand will in time reverse the flow of money back to the country that first suffered the outflow. As a result it is impossible to heap up money, more than any other fluid, beyond its proper level.

**David Hume, Of the Balance of Trade**

Nobody wants to sell at a loss as admitting being a loser. That's why most prefer sticking to a losing position. So they start hoping their position will turn around & end up being a huge winner. The stock then keeps dropping. Then they hope they will be able to sell for a break even. The stock then goes down even more. That's when being objective & balanced isn't possible anymore. Losses have become huge & they are trapped.

The cost is simply huge. You lost money. You lost time. You lost energy. There's an opportunity cost as well as during that time other stocks would have made you a profit.

*Avoid huge losses at all cost. Avoid thinking in terms of huge gains as well. Stay balanced. Stay focused and calm.*

Be patient with winning trades; be enormously impatient with losing trades. Remember it is quite possible to make large sums if we are "right" only 30% of the time, as long as our losses are small & our profits are large.

Do more of that which is working &  
less of that which is not: If a  
market is strong, buy more; if a  
market is weak, sell more.  
New highs are to be bought;  
new lows sold.