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Factors needed to make money in the stock market

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1. Price is the most important factor to use in relation to value.
2. Try to establish the value of the company. Remember that a share of stock represents a part of a business and is not just a piece of paper.
3. Use book value as a starting point to try and establish the value of the enterprise. Be sure that debt does not equal 100% of the equity. (Capital and surplus for the common stock).
4. Have patience. Stocks don't go up immediately.
5. Don't buy on tips or for a quick move. Let the professionals do that, if they can. Don't sell on bad news.
6. Don't be afraid to be a loner but be sure that you are correct in your judgment. You can't be 100% certain but try to look for ~~weak~~ weaknesses in your thinking. Buy on a scale and sell on a scale up.
7. Have the courage of your convictions once you have made a decision.
8. Have a philosophy of investment and try to follow it. The above is a way that I've found successful.
9. Don't be in too much of a hurry to sell. If the stock reaches a price that you think is a fair one, then you can sell but often because a stock goes up say 50%, people say sell it and button up your profit. Before selling try to reevaluate the company again and see where the stock sells in relation to its book value. Be aware of the level of the stock market. Are yields low and P-E ratios high. If the stock market historically high. Are people very optimistic etc?
10. When buying a stock, I find it helpful to buy near the low of the past few years. A stock may go as high as 125 and then decline to 60 and you think it attractive. 3 years before the stock sold at 20 which shows that there is some vulnerability in it.
11. Try to buy assets at a discount than to buy earnings. Earnings can change dramatically in a short time. Usually assets change slowly. One has to know much more about a company if one buys earnings.
12. Listen to suggestions from people you respect. This doesn't mean you have to accept them. Remember it's your money and generally it is harder to keep money than to make it. Once you lose a lot of money it is hard to make it back.
13. Try not to let your emotions affect your judgment. Fear and greed are probably the worst emotions to have in connection with the purchase and sale of stocks.
14. Remember the work compounding. For example, if you can make 12% a year and reinvest the money back, you will double your money in 6 yrs, taxes excluded. Remember the rule of 72. Your rate of return into 72 will tell you the number of years to double your money.
15. Prefer stocks over bonds. Bonds will limit your gains and inflation will reduce your purchasing power.
16. Be careful of leverage. It can go against you.

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