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Investing Tools

Ariesmi:

Great question but difficult to answer! Investing is not a science, it it were, anyone following a set of rules would become rich. As a matter of fact, he could program a computer to follow the rules while he was sunning himself on an exotic island in the South Pacific or the Caribbean while at the same time becoming filthy rich. That just don't happen! ;-(except in dreams and Hollywood flicks.

I read a lot, not just about investing but about technology and marketing. In a sense, the market is irrelevant when compared to the individual company that you are following. For example, the current bearishness regarding cellular is trashing Motorola and Nokia as well as the chip makers who supply them. But it misses the greater picture. Cellular won't go away, as a matter of fact, 1G will be replaced by 2G and 3G and less able phones will be replaced by more able phones and more cell towers will be built. Long term (more than this quarter ;-) the picture is clear and here it is: Nokia and Motorola will wage price wars which will help move many more handsets but their margins will shrink as they fight for market share. Less margin equals lower price for the same P/E ratio. The companies that supply Motorola and Nokia don't have to fight price wars. Qualcomm, RF Microdevices, Xilinx and other chip makers that supply the technology and the parts can expand margins while they also expand sales and the "P" in P/E can explode because they not only increase revenues but margins as well. Some people are unhappy with me for "trashing" Motorola. I love Motorola, after all, they make the beloved PPC chip for my beloved Apple Macintosh. The PPC is much better than any Pentium will ever be. The Macintosh OS is much better than any Windoze will ever be. And the Macintosh is better than any IBM compatible PC will ever be. So why is Intel eating Motorola's lunch? Why is DELL eating Apple's lunch? Why is MS eating Apple's lunch? I'll let you figure that one out ;-))))).

If you must fall in love, fall in love with a man or a woman, or at last with a pet. You will likely be corresponded. But a stock does not even know you own it!

Success in the stock market is the byproduct of clear reason applied to evidence. The reasoning you get from understanding business, accounting, marketing, finance and technology. Evidence you get from PR releases, news (not opinion disguised as news) and price movements. Then you need to be able to correlate all this. For that I use charts from Yahoo, my own spreadsheets to track comparative results in my portfolio, 3x5 cards to write down the company's story which you should read every time you are being scared out of the stock by some silly opinion (OK, you can use a database or a word processor for that ;-).

Reading annual reports and visiting the web sites of target companies is very, very instructive. Do you hate the web page? Don't buy the stock just yet, maybe they are bad at other things too. On many web sites you find white papers on new technology which will put you way ahead of the Wall Street analysts and pundits! For example, ARM Holdings' splash screen show the logos of their customers and associates, a veritable Who is Who of the electronics industry. That alone is enough to convince me that they are way ahead of the competition. That splash screen info is never translated into any measurable Wall Street statistic.

One tool that has been very useful for me is Louis Navellier's MPT Review. If a stock is recommended by GG and by Navellier, the odds of it being a success is very high.

Denny
"Demand creates queues. Supply gets rid of them."