

Chapter 1

Trade Frequently

You've been in a casino. You've watched hockey. You've watched tennis. You know it's all about "the action." It's about rapid, speedy moves, about drama, about sudden changes. That's why it's exciting.

Investing in a broad index fund and just letting it sit there, as John Bogle and Warren Buffett and Ben Stein and Phil DeMuth advise, is boring. It is slow. It is like watching paint dry. Why do it? What if the historical data shows you almost always do better by just buying the index and holding it rather than by frequent trading? What if those data are overwhelming and go back over

many decades? What if they conclusively prove that jumping in and out of the market leads to returns so much lower than buying and holding—that you might as well just keep the money under your pillow as trade frequently? What if they show that this is true not only for 80 years in the United States but all over the world where stock corporations are allowed? So what?

Those data were about average returns from average investors. You don't want average returns. You are not an average John Q. Investor. You are Superman or Superwoman. You want super returns and you are going to get them. And again, by definition, if you just buy and hold broad swaths of the market, you get the returns of the total market over long periods. Guess what: That's not good enough for you. Not even close.

Instead, you go, guys and gals, go for frequent trading.

There are many ways to approach this. Here is one obvious winner: Buy some new proprietary trading software, load it into the old Mac, turn on the computer, and let'er rip!

The people who made that software knew what they were doing. They aren't just scamming you. They are

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unbelievably rich billionaires. And they got that way from trading stocks. Yes, they are keeping it quiet, but they are way beyond Warren Buffett in terms of their success at investing.

They have to be, don't they? Yes, of course they do. How else would they have the stones to tell you how to trade? How else would they have the sheer genius to develop and market a brilliant system to trade a lot and beat the market? They are geniuses. I just told you a million times now.

But they are not like those mean-spirited, harmful, stingy billionaires President Obama talks about. They are kind-hearted, generous, super billionaires. They want to share their secrets with you so you'll be part of The Billionaires Club, too.

They aren't selling this software to make a piddling few bucks on each disc they sell or every program you download. That would be beneath them. Those are pennies to men and women like them. They have billions, maybe trillions, from their investing acumen and their trading brilliance. So they don't sell this software to make money.

No, they sell this stuff for one reason and one reason only. They want you to be rich. That's their sincere motivation.

And how do you get to be rich? Rapid, lightning-fast trading.

After all, hasn't everyone who bought those programs and acted on them gotten to be rich?

So, listen to late-night infomercials. Watch them and pay attention. Order the software, and then go out and get rich.

Or, maybe you don't need software. Maybe you just need to watch CNBC starting very early in the morning, and then to trade on the rich golden nuggets they produce for you day after day, hour by hour, minute by minute. The people on those shows have the most up-to-date inside information. They can get you the 411 before the high-frequency traders or the hedge fund boys and girls get it.

They are brimming over with tips and gossip that if acted upon speedily will make you rich.

CNBC is free in most parts of America. It is like owning an oil well or a huge natural gas shale deposit. Just watch it, pay attention to it, and trade like the dickens.

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For example, if you see that a corporation is about to issue good earnings news, or has just issued good earnings news, buy that sucker and right now!

Well, wait a minute. There is an old saying that goes, “Buy on the rumor. Sell on the news.” So maybe you should sell on the news of good earnings. It varies case by case. But in any event, do SOMETHING right away.

Likewise, if a company has missed its earnings targets, you have to act on that, too. Now, there is one little problem: Sometimes companies that have just missed their earnings projections go down a lot and sometimes they go up a lot. This, however, is no problem for you, the devout CNBC watcher. You just watch and listen to see what the market is doing about the stock in question, and then you do the opposite. Or maybe it's that you do the same.

But no matter. You just do something right away. Maybe just go where the rest of the market is going. Or maybe go against. It is a bit confusing, but for heaven's sake, do something.

Then, of course, there are columns and columnists in magazines and newspapers. They often have tidbits about where certain stocks are going. Pay attention.

These guys and gals are SMART. They didn't get their little desk out in the middle of a floor in an office building in New York City by being stupid. They know things. They can shoot the eyes out of a fly at 100 yards as far as stock picking goes. Don't worry that they are just being fed gossip about the market by men and women who stand to gain by what they whisper to the newspaper and magazine columnists. Don't worry that the big boys are routinely trading against the very advice they whisper to the newspaper columnists. Just do something.

Likewise, when there is any kind of news in the papers or online, trade. Is there war in Syria? That could mean something about oil prices. Do something!

Is there the rumor of a showdown of Israel versus Iran? Again, don't just pretend you can sit this one out. You can't. You have to be in there trading, trading, trading. No *ifs*, *ands*, or *buts*. Is there a presidential candidate who seems likely to win and has announced a plan for a tax on oil companies? Then sell those suckers right this minute. Or maybe buy them because of that "buy on the rumor, sell on the news" thing. Is there bad weather in Guinea-Bissau in West Africa? They

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must sell something or make something there. Buy it or sell it. Scour the newspapers minute by minute and then trade frantically on the news. That is how the big boys do it. You want to wear the big-boy pants, don't you?

And keep close track of what CNBC and other reliable sources tell you about how the powerful hedge funds are trading. For example, once again—and I know this caution must be boring to a riverboat gambler like you—don't worry that the billionaires are telling you to buy just as they are selling and telling you to sell just as they are buying. They wouldn't do that. They are on Wall Street. That means their word is their bond.

Like the people who are selling trading software, they are not doing what they do to make money. They do it to help you. What other motivation could they have? Surely it wouldn't be to make money off a good guy or gal like you, right?

The newspaper columnists are sworn to helping you, too. They are not interested in their own careers or what they can do to curry favor with these rich Wall Street guys so there might be a taste of honey for them down

the road. No, they want to help you. That is their only motive. They are journalists. They live by their honor.

Plus, don't waste your time worrying that if the advice or the gossip is in that day's *Wall Street Journal* or on CNBC, then about 100 million people have already seen the advice and acted upon it. No, no, no. That advice is still fresh and green and useful. Use it. Act on it. Have fun with it. Make money with it.

Now here, perhaps, is a little secret of investing just for you: You may not need any guidance of any kind—not CNBC, not newspapers and magazines, not trading programs. Your own inner guidance and intuition may be more than enough to get the job done.

Yes. Just by a feeling you get at the end of your fingertips when you see the name of a stock rushing by on a computer screen, you will know whether to buy or sell if you are in tune with what George Lucas aptly called “the force.” If the force is with you (and it is), you will know when (and much more vitally WHAT) to buy and sell.

Why, your servant, *moi*, just happened to know a young man who came into an inheritance. He had a computer. He had broadband access. He was soon

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trading just because he felt like it. The results? Well, he was wiped out and his parents had to get a second mortgage on their home to meet their son's debts. But this will not happen to you! Not a freaking chance in the world. You will make money from day one.

So, don't just sit there and watch the paint dry. Go out and trade, trade, trade.

By the way, here's an unexpected side benefit: Whatever brokerage you are using will love you for it. They will be your pals, and call you and thank you and send full-color advertisements so you can trade more and more often. They might even send you a calendar and a birthday card. They will surely send you a Christmas card.

Trade early and often. That's the way the alpha dogs do it, and you are the alpha dog!

