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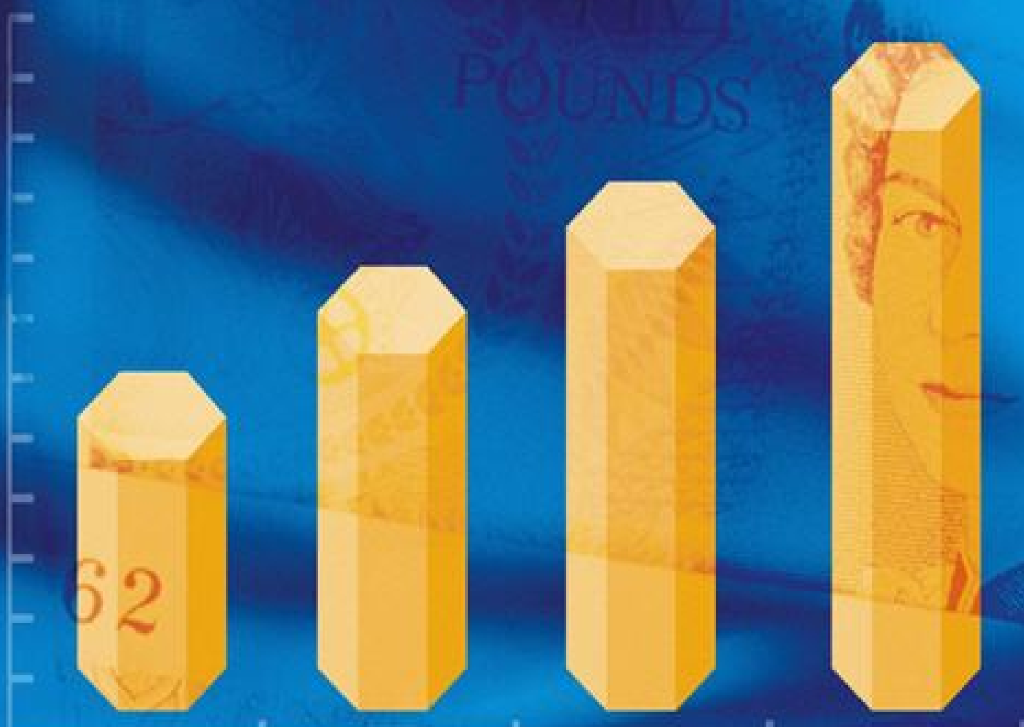

Stockmarket Essentials Home Study Course

STOCKMARKET ESSENTIALS COURSE

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FOREWORD

I knew of no experts when I began my stockmarket ‘education’.

It seemed one was just supposed to *know* what to do. And if you didn’t, well, too bad. Some may have clearly deemed you to be either plain dim, had no money or were part of the wrong ‘class’, i.e. ‘them-and-us’. Or how about you were plain scared stiff of making a loss? The most likely answer is that there was no-one to teach you.

Peter Hall

For all I knew George Soros was a pop singer. Slater was a roofer. Walker was a rambler and Buffett was something you put your feet up on. I had heard, though, of Nathan Rothschild’s advice: *“Always sell too early.”* Great – my problem was I didn’t know what to buy! Or how. I later learned that Rothschild had added: *“…regret (selling early) and grow rich”*. It still didn’t help. If only…

Because of this lack of help, much of what you will read throughout this course has resulted from such basic personal experiences as trial and error; greed and fear (buy fear; sell greed) which sometimes developed into stark panic… from doing something really quite stupid that, at the time, I thought was so, so clever.

As a total novice (but overconfident) I recall buying £110,000 worth of shares in five different companies in five minutes – only to see two hours later that Wall Street opened 100 points down. Ashen-faced is the way my wife described me that afternoon when I panicked and sold, dropping about £1,500. In other words, I was given the tests first and many costly lessons afterwards. Good, but how I hated that teacher!

Over the years I began collating ‘what the experts say’ from clippings, books and elsewhere, which I’d like to share with you throughout this course.

Anyway, *my* first ‘expert’ was a stockbroker and I remember the first time I met him. It was by appointment and I had a spare £19,000 available. (Don’t worry, these days you can start with a capital of just £100-200!) We sat opposite each other along a polished Regency mahogany boardroom table, on which was that day’s *Financial Times* and a small display of old Russian musical instruments he said he collected. It was *so* exciting, this thought of shares that only went up.

After completing most of the required registration and other documents,

"What do you want to do?" he asked.

"Make loads of money," I replied without hesitation, *"where do I start?"*

"What level of risk do you want to accept?"

"What do you mean 'level of risk' – I don't want ANY risk!"

How naive could I have been? There is risk in everything, even my sitting there, talking to him around the table. Tropical woodworm may be gnawing away at his table legs, to say nothing of his balalaikas! That lead-heavy weight of mahogany slab could plummet to crush my shins at any moment.

He asked if I was thinking about buying penny shares (which he said had high risk but potentially high reward), or others of medium risk with promising companies but less likely high rewards, or low risk with companies such as the well-known banks and pharmaceuticals and so on, which many beginners mistakenly believe don't move fast enough (which is why I turned them down initially, only to be caught out by the notorious Penny Shares Syndrome).
"How about no risk but high rewards?" I suggested helpfully.

Of course, that's what everyone wants. So far as there is ever no risk you can get pretty close but many give up through lack of patience and that is what the first test is all about, as you will see later.

"Boots the Chemist," continued my guru.

He went on to tell me it was a low-risk company with strong upside potential – and then came a piece of advice I will always remember:

"Wait until a bad day and then get them cheap. They always go back up. There's little downside (i.e. risk) and if you get your timing right you can make a lot of money. They are too high today though".

Now why didn't *I* know they were too high, I mused. (Bear in mind that this was way before the major 2000-2003 stockmarket drop.)

Several weeks later there was a big drop in the market and Boots shares were about 40p cheaper than when I had talked to him. He'd said they were high at the time, which meant virtually nothing to me because I had nothing to compare them with.

So that day I phoned him telling him that it was a bad day (40p cheaper), which made it good, and how much were Boots?
"Yeaass," he agreed (they didn't say 'yup' or 'yes' in those days), *"looks good,"* he added upon checking the price, *"how many do you want?"*

I wasn't ready for that and gulped. This would be my first trade. Let's see, I had £19,000… so divide by – what was the price again? *"It's just gone up a penny."* Damn! That meant a new calculation, now add the stamp duty and his commission… *"It's up another penny,"* he said.

"Oh for goodness sake," I groaned, *"get 2,500."* Fortunately for me that trade worked out well but it could have been better. I would have doubled my money over a reasonable time but, remembering Rothschild, I sold too, *too* early. Another lesson. How early is early?

If only he had told me what you will learn as you complete this course, he could have saved me about £100,000 and made me about £700,000 a few years later. Later in the course you'll learn 16 key lessons that cost me the £100,000 so you won't make the same mistakes.

But he didn't tell me these things, nor did any other broker. But it wasn't their fault. After all, they are not paid to do what FTS does. Over the years I've kept my eyes and ears open for the best of what others suggest and you should do the same.

Perhaps this is why today I always go for highest quality 'no risk' and try to get the timing right for high reward. My worst case is lost time – not lost money. There are arguments against this of course, but it makes *me* feel comfortable. And when I'm comfortable I make fewer mistakes.

This recalls two totally independent FTS members who wrote to me on virtually the same day. Both had the same information but one lost £1,200 while the other profited by £900 in the same company.

The essential difference between the two: the winner used a smaller amount of money with which he was comfortable whereas the other used too much hoping to make far more. This created a strong discomfort level, mistakes were made and money was lost. It's much better to make less and remain comfortable.

So it ain't necessarily what you've got but *how* you use it.

Peter M. Hall
Founder, FTS

INTRODUCTION

Welcome to FTS and… congratulations! If you are serious about learning how to trade, you have just made your first sensible investment.

You are about to enter an exciting and fascinating world based on the experience of FTS founder, Peter Hall. From 1990 until his retirement, Peter has tirelessly shared all his trading knowledge and experience with nearly 14,000 “FTSers” (in addition to the manual he used to run seminars in Somerset but stopped these several years ago as he planned for retirement).

His lessons are never boring, nor condescending. Peter had taught himself to trade - and, in the beginning, had made numerous, expensive mistakes, as he readily admits. He understood all the self-questioning and errors that novices were likely to make - because he’d been there himself.

At FTS, we are proud to continue to offer Peter’s timeless wisdom and humour.

What you will find throughout this course is a combination of practical information, techniques and a distillation of “from scratch” lessons and ensuing experience.

Ordinarily, the perspective offered to you in this course would probably have cost the average person about £20,000 of REAL MONEY. This is because we all make lots of mistakes before we really learn. However, in trading, each mistake can cost a lot of money and the usual, unsupported, learning curve is about 3 years. Many letters from previous FTS clients over the years support this view without reservation.

Our aim is not to prevent you from ever making a mistake (how could we?), but simply to help you to make much fewer mistakes (and many more, wiser, profitable decisions) over a much shorter learning period.

WHAT THIS COURSE AIMS TO HELP YOU ACHIEVE

This course aims to help you to learn a fascinating subject quickly in a unique, interesting and often exciting way.
It is designed to:

- stimulate your natural learning abilities so as to help you to understand quickly - thus creating a safer, more enjoyable and informative process;
- increase your awareness of trading experiences that you would not normally encounter;
- show you how to use available trading information - and place risks into perspective;

- help you to develop the capacity to make rational, independent judgements.

WHAT THIS COURSE IS NOT

- It is NOT about inviting you to buy or sell shares and/or traded options or enter into spread bets. It is NOT about inviting you not to do so.
- It is NOT advising you on the merits of shares, traded options or spread bets for your circumstances - because we don't know your circumstances.
- It is NOT recommending any specific spread betting firm or broker for trading purposes.
- It is NOT recommending that you use, or do not use, any specific trading system.
- It is NOT advertising shares or traded options.
- It is NOT inviting you, or offering to invite you, into any investment agreement directly or indirectly.
- It is NOT asking for investment funds.
- The author(s) are NOT brokers.
- The author(s) do NOT give specific investment advice - neither does FTS nor its agents.
- The manual or other information does NOT constitute investment advice. It does not and could not constitute complete information on any specific topic, for which there are many specialised books available. (Neither does ANY book or source include everything that is known - as this is impossible.)

HOW TO MAKE THE MOST OF THIS COURSE

The course is organised to take you on a journey from the general to the more specific, so as to help you integrate the basics of what and why, before moving into how.

Please remember that speed of understanding is not a determining factor of success. A chartered accountant, for instance, has no specific disciplinary or emotive advantage over, say, a postman, restaurateur or car salesman. (In fact, a particular car salesman was one of our best success stories for a long time - with a 920% gain in less than one month.)

Progress should be at your most comfortable speed - no one else's. And don't try too hard. Accept that you will probably need to read the course - or at least parts of it - several times.

Accept also that the course cannot provide you with the “full picture” of any situation so do not attempt to use individual factors or indicators in isolation.

Instead use this information to help you put together what we like to call the probability soup!

After all, you wouldn’t decide to cross a road merely because you had your eyes open.

You’d first consider traffic speed, volume, width of road, your ability to move, and so on, right? Of course.

Remember: you are probably a “learner driver” yet test-driving a powerful, new vehicle on strange roads.

Drive carefully and slowly.

Use your powers of observation and common sense.

Change gears frequently and run-in the vehicle properly.

If you don’t... guess what is likely to happen?

All of us at FTS hope that you will enjoy - and benefit from - your FTS Essentials Home Study Course.

FIRST LESSON:

CAN YOU STOP READING AFTER THIS PAGE?

Procedure:

1. *Do not read ahead:* this may raise questions out of sequence and context, thereby creating undue difficulty. It is also valuable to learn early how to resist temptation.

2. After reading this page *put away the manual for 24 hours* before continuing. This is to experience and control what will be inevitable impatience.

   There are fundamental (and potentially profitable) *reasons for this important procedure, as you will eventually discover for yourself.*

   If you cannot follow this simple but essential procedure, you will probably eventually experience similar but STRONGER difficulties when and if you are using money.
   In effect, this is your first lesson!

3. If you are unsure that you have understood a point, *do not* continue reading without noting questions you may have.

NOW ...

PLEASE CLOSE THIS MANUAL FOR 24 HOURS.
DO NOT READ AHEAD.

If you turn the page you have **failed** the first test.

(On the next page or so, though, are Peter's 16 Stock Market Success Secrets)

WERE YOU ABLE TO WAIT?
IF SO . . . CONGRATULATIONS!

If you have *truly* waited a full 24 hours, you have just experienced one of the most important and difficult elements of successful financial trading . . . the control of your emotions through DISCIPLINE.

This is a good early sign that you *can* learn how to overcome what you *want* to do, and do what you *should* do.

For anyone who just had to read on, there is also an important lesson here: it shows you are *lacking* in the control of your emotions through discipline.

THIS IS AN EARLY DANGER SIGNAL FOR THE FUTURE. BE WARNED!

We have hundreds of letters from those who disagreed initially, only to prove it to themselves at great cost. Will you be another one of them?

So sit back for a few minutes and analyse the ease, difficulty, annoyance or other emotions you experienced while waiting. Did you find it difficult or easy?

Most people find it extremely difficult to do something they don't want to do. (More on this later.) If you found it easy you are quite exceptional. But don't go and fall into another pitfall of overconfidence, dug by Mr. SOD (More later!)

And now, turn over to discover the 16 secrets!

16 STOCK MARKET SUCCESS SECRETS

As sometimes happens in financial markets, things don't always work out the way you thought they would. Some call it Sod's Law. Sometimes the unexpected takes hold. But you must learn to live with it.

For instance, even though you have waited 24 hours (or should have done!) before reading on, we're not putting the section you were expecting on this page, but later in the course!

There is a good reason for this:

It helps you develop protection against the emotional effects of a disappointment. Because disappointments are going to happen in your trading life, no matter how well you plan, or no matter how good your information.

So instead of getting angry, or becoming vengeful against the page that has caused this emotion, say the following aloud several times:

"The information is not on the page. That is very interesting."

Louder!

"The information is not on the page. That is VERY interesting."

But the information *will* be forthcoming. You just don't know when. Patience is another quality you will have to develop.

Now read on at an understanding speed.

WHY DO SO FEW PEOPLE BUY SHARES OR SPREAD BET?

- ***Question***

  Aside from perhaps lack of money, why do you think that until relatively recently most people have never bought shares?

  (Until online trading became popular, only about 18% in the UK had ever bought shares, although this percentage is far larger in the US. In the early 90's a heavy-volume day on the UK market was about 500 million shares traded, whereas at the height of the dotcom bubble fiasco that figure had increased to four BILLION.)

  Even today there are many people who have never bought any. And in a way, who can blame them - newspapers love headlines such as 'Billions wiped off markets' but never say when billions have been put on. So it is easy for fear to take hold when ignorance reigns.

- ***Your answers***

  However, before moving on to the next page, note a few reasons why you think so few people have bought shares or placed a spread bet.

  Don't read on until you have written down at least three reasons. If you can think of only one or two, ask some friends or relatives for their reasons.

  Remember: *don't read on* until you have at least THREE reasons.

  Reason No. 1 ....

  Reason No. 2 ....

  Reason No. 3 ....

  Other ....

Among the thousands of people questioned since FTS began in 1990, the NUMBER ONE problem (excluding lack of money) that apparently prevents them from buying shares or placing spread bets is/has been:

- **FEAR** of losing money.

This was followed by:

- **Lack of general knowledge**.
- **Perceived need to use/have large amounts of money**. (Today you can trade using as little as 50p from a £100 float, i.e. capital.) Looks as though that fear could be waning! But many don't want to trade with pennies, even though this is the smartest way to begin. Enter the classic fight between WANT and SHOULD.
- **Social barriers** especially in the UK. (Who cares?)
- **Complexity and perceived difficulty**. (Easier than you think technically, but emotionally difficult unless you begin with small amounts. The choice is yours.)
- **Lack of confidence** because of educational or other factors. Forget it! If your school had given you the right kind of motivation, you would have learned more, more easily!! You are probably far smarter than you have been led to believe.

"Fine, but I'm still @=+!!z" scared,"* you may add.

FEAR IS AT THE HEART

What people actually mean by the Big F is they don't like risk. But risk is everywhere.

You can look both ways before crossing a road, with no traffic in sight. And a falling airplane wheel narrowly misses you. Next time, just to be sure, you look both ways, and up - only to fall down an open sewer. It is not your day. So stay in bed and die of bed sores! Learn to live with risk because you have to.

But do not accept high risk unnecessarily.

What do you mean by ***f e a r****?*

"Fear of losing my money", people explained reasonably. (We are going to learn how to do this later – if you know how you can avoid it!)

"Is that what is stopping you?" we ask. Virtually everyone agrees.
"In other words," we continue, *"if you could virtually eliminate this fear, would you be more likely to buy shares and attempt to grasp the opportunities for making money that are, in fact, there?"*

"Of course," is the obvious answer. So we have to put risk into perspective and eliminate fear.

Examine where the fear lies, and how to overcome it to take advantage of the opportunities. In other words, let's get rid of the fear as much as is possible.

You said you could then consider trading, right? And now that it can be done with pennies and a low float, it is a great time to learn.

Does a £100 float bother you? If so, then you are going to experience difficulties because you cannot begin with nothing.

HOW TO HELP GET RID OF YOUR MONEYFEAR

Take two different people.

Then take two different companies in which shares are available.

Joe Makeitfastanbig reads about a remarkable opportunity in one of the penny share guides, in which shares bought in Upper Bonga Mining and Leisure are absolutely certain to soar.

And they are *so cheap!* Only about 10 pence each to buy, meaning £100 for 1,000 shares. (But penny shares usually have a big difference - called a spread - between the buy price, here 10p, and the sell price here, which might have been 7p.)

Anyway, sounds good, right? Low cost, good tip. Get lots of them. After all, he could buy 10,000 shares for about £1,000 plus costs, to make £100 on every penny movement upwards past the breakeven (which you can work out easily).

It sounds so good that you may as well get 50,000, and make £500 for every penny. Right?

After all, isn't this what you want to do?

Of course it is. Now we're talking.

Where's that Porsche brochure?

STOP
Consider here, a classic quote of the mythological Medea who says:

"I know the evil I am about to commit, but my irrational self is stronger than my resolution."

Different words – same thing.
What you *want* to do is far stronger than what you *should* do.

And the second person…

Josephine Makeit-Muchsafer and her friend Koo Lasaquecumbah, use the same amount of money to buy shares in the top of the FTSE: Blue Chip Par Excellence PLC.

This is one of the top-valued and safest of the 100 companies listed within the FTSE 100 index, the Financial Times Stock Exchange Index or economic barometer scale mentioned as being up or down daily in the media.

More people buy than sell, and it goes up. Guess what makes it go down?

Meanwhile . . . to place your presumed present perception of fear into perspective, let's go to extremes of moneyfear. First, take your worst case in each scenario.

What is it?

Answer: Fear of losing all your money (and you *can* actually lose more than all your money by trading futures, etc., without appropriate safeguards).

HOW TO LOSE ALL YOUR MONEY!

We don’t say this to be negative. By knowing how to *lose* money in the markets, you will learn how *not* to lose money. This, in turn, will improve your understanding of how to *make* money.

Whom do you think has the greatest potential moneyfear, Joe in Upper Bonga Mining and Leisure or Josephine and Koo in Blue Chip Par Excellence PLC?

Remember, some might say, Joe *was* in Upper Bonga, after all. And maybe he'd just seen the new company brochure (which usually has the plasticine smell of new £50 notes)!

On the cover of Upper Bonga Mining and Leisure's brochure is a picture of a new spade - *new* mind you; not the same one as last year. And on the spade is a designer sunhat.

Nearby there is a large hole in the ground, consistent with the symbolism often preferred by creative graphic artists. Joe had even heard about UBML from four different exclusive sources of overseas broker information, by the way.

One newsletter was distributed by the well-known Panamanian brokerage house of Buyem Flogem Anrun; the other, somewhat coincidentally, was also tipping UBML, and came from Puffjob N. Hookem, of Turks and Caicos Islands; then there was the recommendation that came one night by telephone from Eezatooeazy, Corleone City, Sicily and yet another with an address of P.O. Box 999, Newton Abbot, Devon.

Definitely promising, thought beginner Joe.

Likely to lose all your money, or not? *"But just look how many shares I have in UBML!! They were only 10p each,"* beams Joe, with all the blood-curdling enthusiasm of first-time investors.

"If they go any cheaper, will you buy some more?" he's asked.

"You bet. Better to buy more at 5p, so I can average it with the original 10p price and have lots more at an average lower price," he explains, embellishing his enthusiasm with the relish of a bargain hunter at a car-boot sale.

"And what if they fall to, say, 1p each?"

"Well, they are penny shares, you know! In any case," continues Joe,

"I could then buy even more for 1p than I could for 5p than I could for 10p. Just think, pretty soon, I'll be the major shareholder in UBML. I'll be extremely rich if only they go up.

“And, besides, I would have lots more of them, plus they couldn't go down much further. I'll see you in Palm Beach - if ever your slow-moving BCPE shares get a move on," he tells Josephine and Koo.

Hmm.
Now let's take the worst case of possibly losing all your money with BCPE. And there *is* a way.

Before reading on, though, write down all the ways you can think of to achieve this scenario. If you wish, replace BCPE in your head by any quality company that has become a household name.

Don't read ahead until you have done this. Remember, you may *want* to read ahead, but resist it in favour of what you *should* do.

I think I could lose all my money in BCPE if:

HOW TO LOSE ALL YOUR MONEY IN BCPE SHARES

Answers:
(All given previously by those interviewed.)

1. Renationalisation
   A Labour government decides to renationalise the privatisation issues, (of which let's assume BCPE was one). Many believed the cost of BCPE shares would not be compensated.

   REALITY: Likely or unlikely? Imagine a political party enforcing the return of shares from about 20% of the population without any compensation, and still getting elected!

   With even some compensation, which is what would have happened, one hasn't lost all. But this sort of misinformation would cause obvious fear, no matter how unrealistic it was.

2. Competition is such that BCPE goes bust.
   REALITY: Likely or unlikely?

   Anything is possible but do you think BCPE would go to zero? And don't you think the share price would begin to drop first, before plummeting beyond control to nothing?

   (“Not if I'm in them”, you might splutter, in a perceived distortion of reality. *“There will be one almighty sonic boom as they disappear into a black hole.”)*

   There may be far more competition than when they were first issued. But most observers would think it highly unlikely this would ever reduce BCPE to zero.

3. A crash
   It is your first trade and you finally decide to buy BCPE shares at, say, 300p (£3 each but normally listed in pence), telling all your friends fatalistically that: *"You know what will happen as soon as I buy shares? There'll be one almighty stockmarket crash!"*

   REALITY: Guess what? It was early 2000. And for the next 3 years billions were wiped off share prices. Remembering what perhaps you had jokingly said earlier, you can imagine that you wouldn't know whether to laugh or cry. After all, being psychic would mean big bucks.

So far you have still not lost all your money. In scenario No. 3 above, what do you do now?

Would you sell, having bought at 300p, and with the shares now, say, at 200p? It would represent a loss of £1,000 plus costs, had you bought 1000 at 300p (£3,000).

Or would you buy some more at this new, lower level, adding 1000 at 200p (£2,000) to the others at 300p (£3,000) for an average cost of 250p on the 2000 total? After all, your friend Joe did with his UBML.

But what if BCPE stock is still falling? The theoretical bottom, of course, is zero. Please note that this is not to suggest that you should or should not ‘average down’ (i.e. buy more at a cheaper price). But it is common practice among many to top-up their long-term holdings in blue chip shares in market falls. So far, here's the good news in the most likely worst-case scenario with BCPE:

You *haven't* lost ALL of your money as originally feared.

So, just how can you lose it all?

Give up?

Read on . . .

A scenario

Assume you don't have BCPE shares.

Let's also assume that you buy BCPE at, say, 300p.

But you don't believe it is likely to budge, knowing your ‘luck’. You even recall a story not long ago to support this feeling: something about mental telepathy coming of age and its effect on world communications.

But the shares *do* move upwards. They are now 350p. But *you* don't have them. It is unlikely, you perceive, they will move any higher. Looks as though you have missed the boat.

Soon, they move up again, this time to 400p. *"You know,"* you tell the neighbours knowingly, *"I was about to buy BCPE shares at 300p."* *"How come you didn't?"* they reply. This is a common dilemma as you can imagine. Your voice becomes curiously muffled as you change the subject.

Several days later, BCPE shares again shoot upwards, this time to a remarkable 450p . . . or £1.50 more than when you first had the chance to buy them.

Multiply the 150p times the number of shares you would have bought, maybe 2000, and there would have been a £3,000 profit.

But you don't have them, remember? The pain is irritating and intense. It looks as though all is not lost, though, because it appears they are rising up and up and you can still buy in.

Your hand reaches for the mouse to click ‘buy’ on your favourite execution-only website. (No advice to save on commissions, too. Pretty astute, you!)

Then a thought strikes like a thunderbolt.

What if the shares fall?

You recall the mental telepathy story: your ‘luck’. You don't buy. You refresh the page and you see they are up yet again, now standing at 460p. And you could have just bought at 450p, to say nothing of 300p!

But surely, it is too late now. A friend nearby asks why your teeth are beginning to grind. He hadn’t noticed the eye twitch.

On the other hand, just imagine your exhilaration - as well as the envy from your neighbours - when you tell them how much you have made.

Better get 4000 instead of 2000. No, be cautious. Make it 3000. Your heart beats faster as you click on the ‘buy’ button.

You execute the trade, buying 3000 BCPE at 463p, with the current sell price (in that 'spread' between buy and sell, also called bid and offer) of 460p (more about this later in the course).

There is a relatively small spread on blue chip shares (blue chip means the top-valued or highest market capitalisation companies; hence they are within the FTSE 100. In China they are called "red chip". Seriously!)

It is easier to break even than with penny shares, which have large spreads between the buy and sell price, you remember.

Total commitment: 3000 x £4.63 = £13,890 + 0.5% stamp duty (£69.45) + buy commission (about £75 execution service) plus eventual sell commission (about £75), = total £14,109, divided by 3000 shares = 470p (£4.70) unit breakeven price with all costs included.

So for every penny BCPE rises beyond your breakeven, you will make £30 (3000 shares x 1p). Not bad. Should've bought more!

Just wait until you see ol' Joe and his Upper whatever-they-are-called. You got into blue chip shares with a small spread. He didn't. No way you can lose. Lots of ways he can lose. Great feel-good factor.

Naturally, you keep tabs on share prices from now on. Shouldn't be too long before you can break even and sell.

More feel-good factors.

You check your favourite website, clicking with a glorious flourish for the overview page, then another page for individual share prices.

But wait, someone has tinkered with the site, surely. Everything is showing red.

You hear a loud intake of breath, look around, only to discover the rasping is coming from you. BCPE is 435p! It can't be right!!! If it is, though, should you sell? NO WAY! It's bound to go up again.

You wait, eyes glued to the static prices, willing them to move.

Wall Street's Dow Jones index - which London usually follows - is 250 points down when a reasonable fall is only about 50.

London's FTSE index was 20 points UP when you bought; it is now 80 down, following Big Brother.

- ***Question***

  Should you sell all, buy some more now that BCPE is cheaper, or hold?

  Decide *now*. Circle your answer here:

  SELL **BUY** **HOLD**

  (Don’t read on until you’ve circled one.)

GOOD news…

BCPE is holding steady at 435p.

It is bound to recover. You decide to hold. You have no advice because you didn't arrange for an advisory service from your broker. Even so, such short-term trading is difficult to handle, which is why so many day-traders go berserk with the pressure. You shouldn’t be so close to the market.

It is the next day. BCPE is 429p and the FTSE is still falling. Gloomy economic news everywhere, and no likelihood of interest rate cuts, which is what is needed. Definitely not selling at this level you decide, only to see them go up again right after you've sold. No way Jose!

Next day…

BCPE is 400p. What now? You are already 70p per share down on your breakeven figure, or £700 per 1000 shares, and you have 3000 - that’s about a £2,100 paper loss depending on the variable spread.

Hindsight tells you how clever you were not buying more originally. You feel better.

GOOD news…

If you don't sell, you haven't yet lost any physical money; only paper money.

BAD news…

You don't have the money to pay for them, and must sell within the few days you are allowed since you bought, or your broker will sell for you, eventually sending your name to the no-no list for the City hit squad.

You wonder how you'd greet a bowler-hatted Sicilian at your door. With the share price down, you will also be liable for the difference between the price you paid and what the broker sold them for.

Your neighbour calls around to see if you've heard the latest economic news, planning to congratulate you on not buying those shares after all. He took your advice and didn't buy, either. He would like to know your views. But there is no answer at your door.

Your old, flatulent dog growls as you squeeze in awkwardly alongside him, behind the settee, a lampshade on your head in case someone looks through the window.

Your foot catches the monitor lead. By the time you get your page back, BCPE is now 393p. The pain is intense. And that's just your twisted ankle.

In desperation you even ask the dog for help. You wince as an almost-soundless answer wafts towards you in those intimate confines.

You try praying. *"Please God, what shall I do with my BCPE shares? I'm in deep doo-doos."* (Or other words to that effect.) The dog looks towards you hopefully, raises one ear at such a familiar word, and blows his answer again.

Suddenly, you remember a stockbroker friend who might help. He subscribes to five different financial publications, and that is just in the UK.

His office is wall-to-wall screens showing technical analysis charts, moving averages, triple peaks, head and shoulders formations, Japanese candlestick shapes, their various zigzag lines all illuminated with different coloured blinking lights.

You are too embarrassed to tell such a perceived expert your position; nevertheless, you do ask which way the market is likely to move. He thinks studiously for a while. You can almost hear his brain ticking and see his diodes blipping. You hear the soft clickety-click of computer keys.

Finally he answers in an intelligent, considered tone: *"Only God knows that,"* he states confidently.

"But I've just been talking to Him," you inadvertently blurt, *"and He didn't tell me anything."*

"Been talking to whom?"

"Never mind." You ring off.

In view of what he said, maybe you should ask the vicar? You call him, asking if he can tell you which way the market is about to move.

"Sorry," says Reverend Upthere. *"Can't give financial advice because of the Financial Services Act (1986). You must ask your broker."*

That night you go to sleep with your head deep inside the escape of a tea cosy.

Next day…

You awaken in what you believe to be the middle of the night, yet can't imagine why the birds are chirping and there is traffic noise. You seek out your luminous clock and believe you've gone blind, too. Then you remember your head is still inside the tea cosy.

Online quickly - BCPE and, indeed, everything is in freefall.

There is *absolutely* no way you're going to sell now that BCPE is only 350p, which would give you a loss of about £3,400. You can't stand it.

But your mouse is beginning to edge with a life of its own towards the sell button. But as soon as the finger is poised to click, the hand retreats.

If you sell, BCPE is bound to go up, so you had better not sell. But if you think it is going to rise, better buy some more. Can't do that either. They might go down. But what if it continues south?

Better sell. Just a minute, BCPE is showing a 1p rise. Hang on. Sod it, a few minutes later, BCPE is down 12p. The neighbour is knocking again. The mouse moves. Click. It's as simple as that.

It is done. That's it! Curiously, you feel a slight relief. Just think, no more tea cosies.

On the other hand, you don't want to calculate how much you have lost in such a short time. You don't want to look at the screen, either, in case the shares have gone up.

But there is an uncontrollable urge to do so. You'll wait and be philosophical about it.

After all, you had read all the risk warnings, hadn't you? That shares can go down as well as up. That you shouldn't get involved unless you can afford 'to lose some or all of your money.' It is called a learning process, you explain to yourself. Experience. Be calm.

Screw calm! Refresh that page again!

Across the road someone cleaning his car hears a horrendous scream from your house. He sees your PC crashing through your downstairs window. The noise excites your dog so much he becomes incontinent over your new calculator. The car cleaner rushes over and balks at your rabid appearance, your mouth foaming.

"What's wrong? Can I help?"

"My damned shares have gone up!!!"

Bottom line:

Do such trades five times in a row, dropping 20% a time and, indeed, you have lost all the money you had in that position. And that's how it is done.

But remember the lesson: You lost not *because* of BCPE, but because of *your* emotions; you began without confidence or sufficient know-how; by the time the share price had risen, it had given you belated confidence; you became convulsed with greed of what you could make, and anger that you hadn't made anything. You became a greedy, vengeful, emotional trader, buying at the top, selling at the bottom.

It hurts.

And some people never recover. The pain or potential pain of reliving such emotional traumas becomes too great.

In direct contrast to your buying greed came a gradual panic until the selling fear took over. At which time many will wait until the price rises high again, to give that belated confidence again, when they will again buy at the top. And so on. Again and again.

Of course, there is literary licence here. But we can assure you that whatever emphasis has been added is not far from reality.

Here are just a few of the hundreds of unsolicited testimonials FTS has received…

It is due to FTS that I find myself where I am today. Who would believe that after spending 10 years within the skiing industry that completing your course would change my career completely. I am now a risk manager for a futures trading company in charge of a group of 16 traders. I would be more than happy to recommend your courses to anyone looking to learn more about the opportunities that investing can provide.

NC – Risk Manager

Easy to understand – an absolute must for anyone wishing to trade.
A. Abowath – Manufacturing Supervisor

The manual presents potentially complex ideas in a very clear & easy to understand way. Brilliantly written.
C. Fuller – Solicitor

Very thorough and instructive, presented in a clear and entertaining format.
N. Mason – Retired Police Inspector

Entertaining, enlightening & highly educational. I can recommend this to anyone interested in the stockmarket.
A. Riaz – Quality Controller

Both entertaining & educational on the emotional aspects of trading. Excellent.
R. Barker – IT Director

Fantastic manual which provides loads of info in easy, understandable manner. Fun too, & very inspirational for me. Thank you.
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