



## The Confused “Investor” Is Now Outmatched - Mike Swanson



“Very few people have any idea at all what they are doing with it comes to the stock market..”

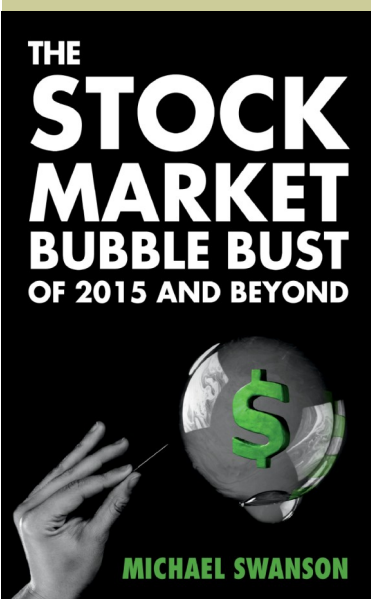
We are getting the rally off of the August lows that everyone has expected. I cannot tell you how many predictions I have read over the past few weeks by people saying that a “double bottom” is going to come in the stock market. In fact this might be the most expected “double bottom” I have ever seen.

So can everyone be right about the market? The same people I am seeing that are predicting “double bottom” were also talking about a “lift-off” a few months ago and claiming that a giant breakout to the upside was going to come for the market in August. Instead it dumped down to begin a new bear market.

So I do not believe a real “double bottom” is going to come at all. In fact I think people should use the bounce in the market that is happening now to sell stocks they may already own and make bets against the stock market or against individual stocks.

I’m watching the situation carefully. I think this rally/bounce that began Wednesday is going to fizzle out much more quickly than most people anticipate. It may end today or by the end of the week. I cannot predict that as I write this and in the end we do not need to predict it. What we need to do is watch the action of the market. When I get a sell signal on the hourly chart I’m going to release an update to Power Investor members to use to take advantage of the situation.

Power Investors get my actionable investment ideas and specifics. This monthly newsletter also goes out to my free email list so it is devoid of ac-



tionable ideas. Those are reserved for Power Investor members.

This week I publicly announced the release of my new book *The Stock Market bubble Bust Of 2015 And Beyond*. As of Wednesday night as I write this it is already the sixth best selling stock investing book on Amazon.com. It is the ONLY book out that deals with the current new bear market and lays out a game plan for people to adjust and adapt to it. It's an important book for investors.

Now the word "investor" is a powerful word. It conjures up the idea that someone is putting their money into something to take advantage of a great opportunity. In the business world it means someone putting money to work to create a business or to buy one and run with it. In the stock market it conjures up the idea of someone buying into the stock market at a cheap price so that they will be able to watch it go up in value for them. Then they can grow a nest egg or sell out at high prices some day in the future.

Everything you see on TV or hear from most financial advisors caters to that idea. The stock market can make you money they tell you. All you need to do is put your money and believe in it, but now we are in a real bear market. Those that bought in 2000 and 2007 destroyed themselves financially and back in 1999 CNBC and Wall Street analysts hyped up internet stocks. And they did the same thing with "social media" stocks last year and biotech stocks that are now crashing into oblivion, because many of the latter make no money at all and are simply concept companies. The people who bought them did so only because their prices were going up and they heard stories about them without any knowledge of the real earnings and fundamentals of the companies they were buying into.

Should such a person be called an "investor" or is best to describe them as a fool? Well you can decide that for yourself.

The reality is that very few people have any idea at all what they are doing when it comes to the stock market. They literally throw money at the market and assume and hope it will just go up for them forever. They watch their account balance and as long as it grows they are happy. If it shrinks they worry and if it falls enough that they feel pain they sell and get out of the stock market forever.



They do not want to take the time and study it really takes to be a successful stock market operator. They just like to be in the market, because it enables them to dream of big gains to come. It's an attitude no different then you see in the convenience store when you see people line up to buy a lottery ticket. All of their actions are based purely on emotions and nothing else.

The unspoken truth is that the average person in the stock market is not really in the stock market to make money. They are in the market for the action and to be able to dream about it. They act like they are in a casino.

If you go in a casino you will see hundreds of people playing slot machines with the full knowledge that they are playing a losing game. They are playing, because they love the action. If they were really motivated by trying to make money they would be doing something else.

And it is the same with the stock market. If the average person with a brokerage account was truly serious about making money than they would spend the time to learn a strategy that will enable them to do that. And they would adjust with the stock market when it goes into a bear market. And neither of these two things are hard to do. But the fact that the average person does neither of these things - which are necessary in order to make money in the market in the long run - proves that he is not motivated primarily by the desire to make money. But instead simply likes the gambling action he gets from the stock market or being in the market itself, which enables him to dream big and think. He likes to think of himself as an "investor" when he really isn't one.

As long as the stock market goes straight up such a person can make money in the market. But no stock market goes straight up forever and once a market stops doing that he is incapable of making money and eventually destroys himself.

The stock market is a competitive arena. It is a game of winners and losers. Someone whose strategy is merely to buy, hold, and hope is competing against hedge funds, institutional investors, and Power Investor members. They have no chance of winning. The good news is that if you are serious about winning the competition of mass investors are easy prey.

But this is why several times in the past few months I have said that if you are not serious about making money in the stock market and not willing to adapt to this new bear market or learn how to do so that you would be best to close your brokerage account and take your money out. Use it to pair down debts. Be responsible. The era of the bubble bull is over and he is going to wipe himself out completely. Be honest about what you are doing in the market with yourself.

I rather you get out of the stock market and unsubscribe from my emails and newsletters than try to chase stupid bear market rallies and

destroy yourself. This is a serious game.

What most people experience when it comes to the financial markets are really one of two emotions. When things are going up and they see their account growing they get excited and when things do not go in the direction they expect they get confused.

So right now there is a lot of confused people floating around the markets. People saw the stock market drop big in August. That move down initially scared them, but then they saw the stock market rally into the Fed meeting last month. On that rally they started to believe people who said that this was just a correction. The mantra on CNBC is that the stock market is repeating what it did in 2010 and 2011.

People have been told that the market had a "flash crash" in August and is going to make a double bottom and soar forever again. So they saw a bounce last week and got on board again and decided to believe in the bull market.

But then it goes down and they get scared. So the average person is feeling hopeful one day and scared the next and so forth. They are driving themselves crazy and blaming it on the stock market, but it is really their own fault.

They have a problem and do not realize what it is. They do not know what the course of their real confusion is. The problem is what people want is to feel certain about what is happening and the stock market can do anything in any given day so it never provides them with the certainty they want.

So as a result they grasp on to slogans that CNBC provides them to feel like they understand what is happening. So earlier this year CNBC said a second half "lift-off" was going to come for the economy that would cause the stock market to breakout of the trading range it was in and soar for months.

But instead the S&P 500 broke down and fell below its 200-day moving average to start a new bear market. And now the bubble bull who believed in "lift-off" a few months ago has totally forgotten that he fooled himself into believing something so stupid.

And it was stupid to believe in the "lift-off" slogan, because people like me were pointing out in July all of the danger signs that a major top in the stock market was about to come and warned people over and over again about a big coming drop before the market fell in August. And this week Carl Icahn warned about the market. But the small fry bubble bull ignores warnings like these, because he just wants to hold and believe that he doesn't have to do anything to make money but hold and hope.

And now what he has chosen to believe is in "double bottom." But he has no evidence that there is a "double bottom" in the market forming at all. But he doesn't care. He believes in "double bottom", because deep

down he knows he has no idea what is happening, gets confused about the stock market, and believes in phrases like that, because it enables him to feel certain when he thinks about them. But "double bottom" is not real, because this is a real bear market for all of the reasons I have pointed out again and again. For instance see my July newsletter:

<http://wallstreetwindow.com/wswmonthly/wswmonthly07082015.pdf>

You see once you learn how market trends work and know how to identify the big picture trend of the market than you no longer run around confused about the stock market. Then you separate yourself from the masses and can invest or trade using real strategies. Instead of believing in slogans others feed the masses you can believe in yourself and your own reading of the situation.

That's what I am all about and my main goal is to do this the best I can and to help Power Investors do the same thing. If you are not a Power Investor member than you should get my new book about the current stock market environment. It's available now on Amazon and titled The Stock Market Bubble Bust of 2015 and Beyond.

Now the title of the book is not to suggest that the stock market is going to fall forever. It is to suggest that the stock market topped out this year and is now in a bear market.

The first few chapters show why this is the case and will help you understand what is happening in the stock market. That is what people really need right now. They need to stop believing in slogans and understand for themselves how to interpret the stock market and recognize what the overall trend of the market is and when it changes.

The "and Beyond" in the title is about investing strategies to use in the stock market not just this year, but in the years to come. I talk about how to manage money to maximize returns and limit risks by using an ETF rebalancing strategy.

I also talk about how we can identify the ETF's, asset classes, and other world markets that will break away from the US stock market bear trend to go into new bull markets and thereby provide us with real profit opportunities.

While most people hold and lose in bear markets, they actually create great opportunities to make money. They bring an increase in overall stock market volatility and since stocks fall faster than they go up quick and big profits can be made by betting against the stock market or individual stocks. And the best investment buy points are created by them too. It's all in the book. If you have not gotten it yet, just go here:

<http://amzn.to/1Jo9BU8>

## Disclaimer

WallStreetWindow.com is owned by Timingwallstreet, Inc of which Michael Swanson is President and sole shareholder. Both Swanson and employees and associates of Timingwallstreet, Inc. may have a stock trading position in securities which are mentioned on any of the websites or commentaries published by TimingWallStreet or any of its services and may sell or close such positions at any moment and without warning. Under no circumstances should the information received from TimingWallStreet represent a recommendation to buy, sell, or hold any security. TimingWallStreet contains the opinions of Swanson and other financial writers and commentators. Neither Swanson, nor TimingWallstreet, Inc. provide individual investment advice and will not advise you personally concerning the nature, potential, value, or of any particular stock or investment strategy. To the extent that any of the information contained on any TimingWallStreet publications may be deemed investment advice, such information is impersonal and not tailored to the investment and stock trading needs of any specific person. Past results of TimingWallStreet, Michael Swanson or other financial authors are not necessarily indicative of future performance.

TimingWallStreet does not represent the accuracy nor does it warranty the accuracy, completeness or timeliness of the statements published on its websites, its email alerts, podcats, or other media. The information provided should therefore be used as a basis for continued, independent research into a security referenced on TimingWallStreet so that the reader forms his or her own opinion regarding any investment in a security published on any TimingWallStreet of media outlets or services. The reader therefore agrees that he or she alone bears complete responsibility for their own stock trading, investment research and decisions. We are not and do not represent ourselves to be a registered investment adviser or advisory firm or company. You should consult a qualified financial advisor or stock broker before making any investment decision and to help you evaluate any information you may receive from TimingWallstreet.

Consequently, the reader understands and agrees that by using any of TimingWallStreet services, either directly or indirectly, TimingWallStreet, Inc. shall not be liable to anyone for any loss, injury or damage resulting from the use of or information attained from TimingWallStreet.