

# Stan Weinstein's

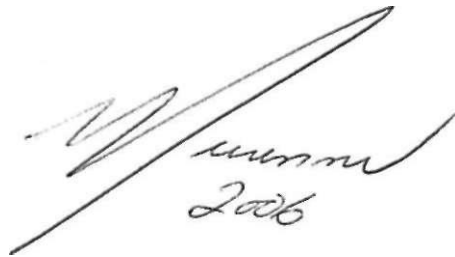
## Secrets for Profiting in Bull and Bear Markets

OVER 60,000  
COPIES SOLD IN  
THE ORIGINAL  
HARD COVER  
EDITION!

by Stan Weinstein

Publisher of *The Professional Tape Reader*

Stan Weinstein's Secrets  
for Profiting in Bull  
and Bear Markets



*Stan Weinstein*  
2006

# Stan Weinstein's Secrets for Profiting in Bull and Bear Markets

---

**Stan Weinstelm**

McGraw-Hill

New York San Francisco Washington, DC. Auckland Bogota  
Caracas Lisbon London Madrid Mexico City Milan  
Montreal New Delhi San Juan Singapore  
Sydney Tokyo Toronto

# **McGraw-Hill**

*A Division of The McGraw-Hill Companies*

© Stan Weinstein, 1988

*All rights reserved.* No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the copyright holder.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that neither the author nor the publisher is engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

*From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers.*

## Library of Congress Cataloging-in-Publication Data

Weinstein, Stan.

Stan Weinstein's Secrets for profiting in bull and bear markets.

I. Stock-exchange—United States. 2. Securities—United States. 3. Investment analysis. I. Title.

II. Title: Secrets for profiting in bull and bear markets.

HG4910.W363 1988 332.63'2 88-2817

ISBN 1-55623-079-6 1-55623-683-2

*Printed in the United States of America*

26 27 DOC/DOC 0 9 8 7 6

*To Rita, My Best Investment,  
and Marcy, Maria, and Marni,  
My Best Dividends*

## ACKNOWLEDGMENTS

I'd like to thank those whose contributions made this book possible, beginning with those chart services whose graphs I drew on so extensively to clarify my points:

Commodity Research Bureau, 30 S. Wacker Drive, Suite 1820, Chicago, Ill. 60606 (Tel. #1-800-826-7685)

Daily Graphs, P.O. Box 24933, Los Angeles, Calif. 90024 (Tel. #213-820-7011)

Dow Theory Letters, P.O. Box 1759, La Jolla, Calif. 92038 (Tel. #619-454-0481)

M. C. Horsey & Co., 120 South Blvd., Salisbury, Md. 21801 (Tel. #301-742-3700)

Market Charts Inc., 20 Exchange Place 13 Floor, New York, N. Y. 10005 (Tel. #212-509-0944)

Mansfield Chart Service, 2973 Kennedy Blvd., Jersey City, N. J. 07306 (Tel. #201-795-0629). This is one chart service that I owe a special debt of appreciation to as they not only granted permission for the reproduction of many charts, but also supplied me with several old charts from their archives.

I'd also like to thank several colleagues for whom I have great respect:

Yale Hirsch and Arthur Merrill who were generous enough to let me draw on their studies of market cycles, and Richard Russell who allowed me to reproduce his historical charts on the Dow Jones Industrial Average.

Robert Diamond of Drexel Burnham who was extremely helpful in obtaining historical data.

Robert Fisher of Thompson McKinnon for keeping me and my staff in touch with the market's hourly moves while I worked on this book.

My *Professional Tape Reader* staff for helping in my research and for keeping their fingers in the dike while I gave my all to this book.

I appreciate the support and assistance of other special people including:

My many *Professional Tape Reader* subscribers who have so loyally supported my work over the years and made people want to read and hear my market opinions.

The very helpful and cooperative team at IRWIN Professional Publishing who made this book priority and helped bring it out so quickly. One special member of that team, my editor, Dick Luecke, was great to work with. His advice and guidance were very important in giving this book a cohesive direction and making it more readable. I am truly indebted to him.

My late father for first introducing me to the fascinating swings of the market and whetting my investment appetite at a very young age.

My mother for giving me my first market stake and always believing in me.

My daughter Maria for taking time out from her rigorous college schedule to both type and read the manuscript. Her suggestions were excellent and I appreciate her being available at all hours of the day and night.

My three wonderful daughters, Marcy, Maria, and Marni—who make my life just a bit more special every day—for giving me the time, space, and understanding to write this book while I secluded myself in my study.

My wife, Rita, for wrestling with the word processor and making many excellent suggestions about the content. I also want to thank her for always being there for me and for choosing to make the journey through life with me.

Writing this book was a really tough task and I thank you all.

Stan Weinstein

## **CHAPTER 1 It All Starts Here!**

My Philosophy of Investing. Why the Technical Approach. Let's All Speak the Same Language. Quiz. Answers. Charts—They Come in All Forms. Reading the Mansfield Chart.

## **CHAPTER 2 One Glance Is Worth a Thousand Earnings Forecasts**

Stage 1: The Basing Area. Stage 2: Advancing Phase. Stage 3: The Top Area. Stage 4: The Declining Phase. Buy the Numbers. Now It's Your Turn. Quiz. Answers. The Real World.

## **CHAPTER 3 The Ideal Time to Buy**

How, When, and What. The Investor's Way. The Trader's Way. Under the Microscope. Using Buy-Stop Orders. Buying within Limits. Buying and Selling Patterns to Be Aware of. What Not to Buy. What to Buy. *My "Forest to the Trees" Approach*. How to Implement the Strategy. Selecting the Sector. Here's How It Works. Quiz. Answers.

## **CHAPTER 4 Refining the Buying Process**

The Less Resistance the Better. The Importance of Volume. It's All Relative. Quick Reference Guide on

Buying. Further Tips for Buying. Double-Barreled Action. Bigger Is Better. Stan's Don't Commandments. Quiz. Answers. Don't Put All Your Eggs in One Basket.

**CHAPTER 5 Uncovering Exceptional Winners 139**

The Triple Confirmation Pattern. Quiz. Answers.

**CHAPTER 6 When to Sell 164**

Don'ts for Selling. Selling Properly—The Investor's Way. Sell-Stop Orders. Sell-Stops in the Real World. The Trader's Way. Trending toward Profits. Measuring the Move. Learning How to Win by Learning How to Lose. The Philosophy of Selling, or Don't Give Back Profits Needlessly. Quiz. Answers.

**CHAPTER 7 Selling Short: The Less Traveled Road to Profits 215**

Why Is Short Selling So Feared? Common Mistakes When Shorting. Other Short-Selling Errors. Summary of Short-Selling Don'ts. How to Do It Right. When to Sell Short. Taking Some Profitable Steps. Placing the Order. Never Too Late? Especially Profitable Formations. Projecting a Target. Protecting Your Short with a Buy-Stop. Using Buy-Stops the Trader's Way. Trendlines on the Downside. Another Way of Reducing Risk. Quiz. Answers.

**CHAPTER 8 Using the Best Long-Term Indicators to Spot Bull and Bear Markets 268**

Stage Analysis for the Market Averages. The Advance-Decline Line. Measuring the Market's Momentum. Simple but Effective. No Isolationism

Here. As GM Goes . . . Cheap or Dear. Going Against  
the Crowd.

**CHAPTER 9 Odds, Ends, and Profits 310**

Fun with Funds. Short-Term Fund Trading. The  
Same Game with a Slight Twist. Options: A Very  
Exciting but Risky Game. Some Real-Life Examples.  
It's No Different When Dealing with the Future(s).

**CHAPTER 10 Putting It All Together 336**

A Few Last Suggestions.

**INDEX 343**