

Investing Strategies



Hi, my name is Marcus de Maria.

In this series of investing micro reports, I want to show you different stock market strategies that will allow you to invest in a manner that matches your desired life style.

In my first report, Price Cost Averaging (PCA), I showed you a strategy that can be completely automated. Once setup with the right broker, you can buy stocks or commodities completely on auto pilot.

In my 2nd strategy, VCA, I showed you how you should buy more or less stocks each month depending on the current price. By spending a little time each month, you can vastly improve the returns that you achieve.

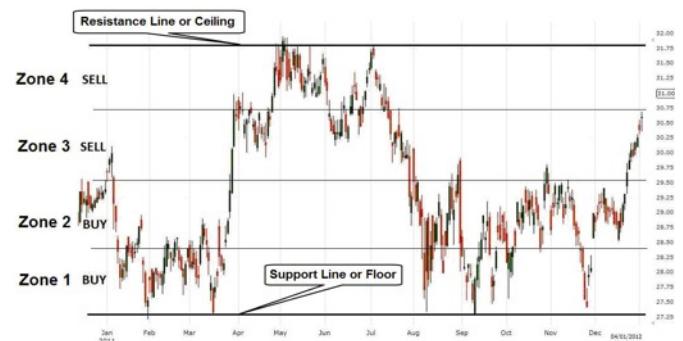
In the 3rd strategy, we stepped across from stock investing, to stock trading using the buy sell zones. The buy sell zones strategy still only takes 10 minutes per month to execute. In this micro report, I want to explore a much more powerful trading strategy, called the Buffalo strategy.

Reminder - please note that this is not a recommendation service, these micro reports simply reveal a selection of investment strategies that you could use.

Buffalo Strategy – up to 35% a year in just 10 minutes a day

In the Buy – Sell Zone strategy discussed in our last mini-report, we bought and sold stock as the price moved from 1 Zone to the next. In other words, we started to time the market but still did it in a manageable way i.e. by looking only on a weekly basis or a monthly basis.

Now let us look at timing the market fully. We do this through the Buffalo strategy, our name for sideways moving markets. With the Buffalo strategy, we only buy if the price comes close to the bottom of Zone 1, and we sell when the price nears the top of our Zone 4.



Where does the term 'Buffalo' actually come from? You probably know that a rising market is called a Bull market, and a falling market is called a Bear market. However, there is a 3rd market movement, the sideways market, which up until a few years ago did not have a name.

So I published an article in a national newspaper to announce the arrival of the sideways moving 'Buffalo' market. The idea was to come up with a big animal starting with the letter B. Bulls, Bears and Buffalo. I was thinking of a sideways range and the open ranges in America and the Buffalo that roam there.



When a stock moves sideways, it can start to slowly creep up, turning into a vertically rising Buffalo (see below). When it goes up it looks more like a caterpillar



or it can creep down, like a caterpillar again (see below), we call this a vertically falling Buffalo stock.

It can be used in all three time frames

- Short term
- Medium term
- Long term

My rules for the Buffalo strategy are:

A stock must show:

- Three bounces from either a support line, or a resistance line
- The ratio of the profit to risk on each trade must be at least 3 to 1
- The percentage price difference between the support and resistance lines must be at least 10%.
For a medium time frame 20%
For a long time frame 30%
- The Trading Volume must be more than 250,000
- The Price must be above \$10
- Always invest with the trend

So the idea is to buy near the bottom and sell near the top. But what is so great about this Buffalo strategy is that we can actually go one step further. We also do something called 'sell short' near the top. This is a way of actually making money when markets go down. So we sell short at the top and buy back at the bottom and the difference is the profit.

In other words, while most people are losing money when markets go down, we are actually making money. Most people don't understand how to make money when markets go down, which is a shame because they are missing out almost double the trading opportunities and chances of making money.

Watch out for the next micro report where the concept of short selling will be fully explained with lots of examples.

Marcus

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So this has to be part of your trading arsenal for sure – selling short almost gives you 100% more chance of making money. And also stocks tend to fall faster than they go up. In fact this is so important that we are going to dedicate the next micro-report to selling short.

So where do you find buffalo stocks. Actually, buffalo stocks are quite common. Many tech stocks that have had their initial growth spurt then tend to plateau after a while – when they become good quality buffalo stocks.

Despite being quite common, finding these stocks and tracking them is a lot of work. My graduates work together in the forum, sharing their findings, which clearly reduce the effort required to monitor stocks that are nearing their trading period.

You can access the forum as part of my support programme. To find out more, click the link at the bottom of the page, which will take you to my 1 day information packed trading and investing seminar.