

Lessons From The Financial Markets For 2013

by Zak Mir

SAMPLE:

Introduction

My first book *101 Charts for Trading Success* was inspired by my former boss and “mentor” Tom Winnifrith, just after he cut my pay in the autumn of 2010. The book was completed by the end of December 2010 in terms of the writing although it took another couple months to tidy up and translate into a recognisable human language. I looked around for a publisher but was dismayed that I would not be able to get it published in paper form but as an ebook, something which I regarded as a rather inferior type of medium. This state of affairs has of course changed over the past couple of years and ebooks are now all the rage, although I would guess that most of us who are 40 and above still do not regard a book as being the real deal unless a tree has been involved.

It also seemed that ebooks have the problem of being rather cheaper than their paper equivalent and therefore it would seem to require millions of copies to be sold in order for there to be big money extracted from this particular activity. However, by the Christmas of 2011 when it appeared that the 42,000 words of the book may go to waste, I asked the opinion of Dominick Picarda at the Investors Chronicle. He rather helpfully reassured me that ebooks are in fact the way to go and also having read the draft of what I sent him, was of the opinion that the book could be a decent prospect. The story was completed when I saw an advert on the ADVFN.com looking for potential authors. They were not only happy to publish but also to sort the book out into a professional looking tome. They were also keen to entertain the prospect of publishing more books in future, which brings the story up to date.

Writing books seems to me about as easy as pulling teeth, especially when you have four young children under six, and even if you don't care about the financial aspect – where I am now. But as a compensation, the reality still seems to be that writing a book/being an author is an occupation that still punches well above its weight in terms of kudos, credibility and a general feel good factor when it goes well, far more than many other more difficult endeavours. That said, I would prefer being a rock star, even at the age of 46.

Therefore with this in mind I offer you *Lessons From The Financial Markets For 2013*. As much as anything else, I would suggest that the catalyst behind *Lessons*, was not the aforementioned Mr Winnifrith's fiscal frugality, but childhood memories of reading the *Guinness Book of World Records*. This book was and is of course a great inspiration to everyone in terms of humanity stretching themselves to the limit in all fields, and for a kid in the 70s when I was still hoping to be the next Winston Churchill, picking up the latest edition was always something of a treat. While *Lessons From The Markets* may not carry quite the same sense of wonder for all of its readers, I would hope that in future years its publication could be an annual event in terms of summing up the financial markets – one of the greatest melodramas the world has ever known – on an annual basis. In particular I would hope that it might spark interest in the younger generations to get involved in the financial markets, which – whatever the frequent scandals might imply – have been a pathway to successful non-rip-off careers for many, even those from the most humble of backgrounds.

Perhaps what should be noted as well is that while I am best known as a chartist, many of the lessons are non-charting lessons and more of psychological, emotional, lessons in life, as much as an illustration of how the markets work, and how general trading ideas can be derived.

A final point, and something which is of course worth bearing in mind, is that while we have a December publication date, obviously I have not been writing everything right at the end of 2012. Also I have not been able to include perhaps every single worthy stock or event in the financial area. The preparation and the writing of this book started from the beginning of October and therefore some guesses, and some predictions have been made in terms of what may be relevant by the end of the year and also where certain stocks and markets may go over that final part of 2012. Clearly, given that I am in the prediction game as a chartist, you would not expect this to be too much of a challenge, even though in some cases it may be slightly foolhardy to attempt to make a call on these particular situations. The fate of the Direct Line insurance float, or even whether Facebook might head for \$0 by 31 December 2012, are a couple of challenges that come to mind.

This book is by its very nature a subjective exercise, and of course the contents are also skewed towards what may be most interesting after the event, even more so than while it is actually going on. For instance, while Hurricane Sandy was important enough and painful enough an event to close the New York Stock Exchange for the first time since 9/11, the price action/trading implications were relatively limited, and to put it bluntly, did not provide much to learn from in my opinion.

The financial markets are of course a massive area to look at, even in terms of the highlights over the past year. But I would be proud if I could convey at least some of the excitement, suspense, emotional swings, manias and gloom over past twelve months even while acknowledging that the best that can be done here is only to skim the surface. I suppose it is the way that they are skimmed which provides the interest.

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Published by ADVFN Books



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