

Index

- Abbott Laboratories, 78
 Acquisitions, 120–124
 Adidas, 90
 Adobe Systems Inc., 75, 78
 Advanced Micro Devices, 78, 117
 Ahold NV, 79, 107
 Airlines, 142–143
 Alberta oil sands, 132–134
 ALCOA, 79
 Ali, Muhammad. *See* CKX Inc.
 Altria Group. *See* Philip Morris
 Amakudari (Descent from heaven), 104
 American Depository Receipts (ADRs):
 explanation of, 100–101
 list of those bought, 105–108
 of continental European companies, 102–105,
 107–108
 of Japanese companies, 102–105
 of U.K. companies 102–107
 risks of purchasing, 101
 American Depository Shares (ADS), 101
 American Idol. *See* CKX Inc.
 American International Group (AIG), 25, 112–113
 American Smelting, 25
 American Stock Exchange (AMEX), 8–9
 AMR Corporation, 142–143
 Amsterdam Stock Exchange, 8
 Anadarko Petroleum Corporation, 78, 122–123, 131
 Anheuser-Busch, 78
 Apple Computer, 118
 Applied Materials, 72
 Arbitrage, 120–122
 Argus Research Company, 32, 71
 AstraZeneca, 105
 AT&T, 10, 25, 62, 64
 Avaya Inc., 79
- Backtesting, 2
 Bank of America, 75, 121–122
 Bank of Montreal, 79, 109
 Bank of New York, 100
 Banks, 7, 103
 Barrick Gold, 78, 109, 130–131
 Barron's, 64
 Bausch & Lomb, 78, 111–112, 137
 Bear markets:
 according to Elliott Wave Principle, 44
 as cycles, 45
 as "tides", 37, 39
 as trends, 42, 44
 selling during, 53
 special situations, 111
 stages of, according to Dow Theory, 41
 timing of, 28, 43
 Bell South, 127
 Benna, Ted, 11. *See also* 401(k) plans
 Best Buy, 117
 Bethlehem Steel, 26
 Bid-ask spread, 35
 "Big Board", 9. *See also* New York Stock
 Exchange/NYSE Group
 Biogen Idec, 57, 79, 99
 Black & Decker, 57, 116, 119
 Bogle, John, ix, 81, 82
 Boiler rooms, 10
 Boston Scientific, 94, 95, 120
 BP Plc, 57, 78, 105, 131
 Branson, Sir Richard. *See* Virgin Atlantic Airways
 Bristol-Myers Squibb, 78, 86, 108
 British Airways, 143
 Broadcom. *See* Patents
 Brokerage commissions:
 generating of, 26, 34–35
 profits net of, 77, 137, 144, 145
 Brown & Company, 34
 Bucket shops, 9
 Buffett, Warren, x, xvi, 51, 66, 136, 142
 Bull markets:
 according to Elliott Wave Principle, 44
 as cycles, 45
 as "tides", 37, 39
 as trends, 42, 44
 buying during, 53
 special situations, 111
 stages of, according to Dow Theory, 40–41
 timing of, 28, 43
 Bush, George W., xii, 132
 Business Week, 41, 64, 143
 Buttonwood Agreement, 8
 Buy and hold:
 costs of vs. trading, 33, 35
 earning strategy of, xv, 20, 26–27, 80, 140
- Cadbury Schweppes, 79, 105, 106, 125
 California gold rush, 17, 29
 Caremark Rx, 123
 Carnival Corporation, 78
 Cash position, 32, 70–71
 Catalina Marketing, 71–72, 75, 78, 79
 Caterpillar Inc., 78
 CBS, 145
 Central Fund of Canada, 78, 97–98, 109, 130, 131

- Chanos, Jim, 141. *See also* Selling short
- Charles Schwab & Co., 32, 34, 118
- Charts, 42–43, 100. *See also* Technical analysis
- Cheesecake Factory, 79, 145
- Chevron, 25
- Chicago Board of Trade (CBOT), 143
- Circuit City, 117
- Cisco Systems Inc., 70, 79
- CIT, 78
- Citigroup/Citibank, 25, 100
- CKX Inc., 79
- Clear Channel Communications, 78
- CNBC, 64, 143
- Coca-Cola, 25, 78
- Coleman Company. *See* Perelman, Ronald. *See also* Morgan Stanley
- Colgate-Palmolive, 79, 81
- Commerce Bancorp, 77, 85, 96–97
- Compounding, *xvii*
- ConocoPhillips, 78, 131
- Continental Airlines, 142–143
- Corning Inc., 58, 77, 85, 87–89
- Corporate insiders, 32
- Cramer, Jim, *xvi*, 27, 29, 79
- Crash:
 - of 1929, 10, 11, 83, 141
 - of 1987, 83
- “Curb” exchange, 8–9
- CVS Corporation, 79, 122, 123
- Dell Inc., 9, 58, 79, 116, 117–118
- Dell, Michael, 118
- Derivatives, 9
- Diageo Plc, 81, 106
- “Diamonds”, 82. *See also* ETFs
- Dividends:
 - and cash rich companies, 71–72
 - as additional income, 20, 73, 81
 - as part of profits, 4, 5, 145
 - changing importance of, 68–69
 - in U.K. companies, 105–107
 - stocks paying out, *xiv*, 79
 - yield, 13, 68, 69–70, 105–107
- DJIA Futures, 143–144
- Dollar-cost averaging, *ix*, 76
- Dow, Charles H., 20, 38, 43, 44
- Dow Jones & Co., 24, 41, 79
- Dow Jones Industrial Average:
 - and Dow Theory, 41–42
 - checking before purchase, 67, 77, 129
 - drawbacks of using, 26, 51
 - fluctuations of, 16, 58, 127, 138–139
 - history, 20–25
 - market represented by, 3, 4, 61–63
 - milestones, 50
 - round number markers, 50
 - tracked by ETFs, 82
- Dow Jones Transportation Average, 41–42
- Dow Theory, *x*, 28, 31, 36, 37–44
- Dreman, David, 47
- DuPont, 78
- Dutch East-India Company, 8
- Eastman Kodak, 25
- Efficient market hypothesis (EMH), 31
- Electronic Arts, 78, 116–117
- Electronic Communication Networks (ECNs), 35
- Eli Lilly, 58, 78, 85–86
- Elliott, Ralph Nelson, 44
- Elliott wave principle, 44–45
- El Paso Corp., 79
- Endowment funds, 7
- Energy, 77, 129, 131–134, 138
- Enron, 39, 73
- Equity analysts, 30, 31, 32, 56
- E*Trade, 34
- Euro, 102
- Euronext, 8
- Exchange Traded Funds (ETFs), 9, 26, 81, 82–83
- Express Scripts, 123
- Exxon Mobil, 70, 79, 131
- Fama, Eugene. *See* Efficient market hypothesis (EMH)
- Fannie Mae, 146
- Fear and Greed, 31, 44, 49, 136
- Federal Reserve Bank, 58, 96, 146
- FedEx Corporation, 78
- Fibonacci Sequence. *See* Leonardo da Pisa
- Fifth Third Bancorp, 146
- Fifty-two week high/low:
 - as a guide for purchase, 5, 43, 52, 59, 61, 63, 65, 67, 68, 74, 77, 80, 135, 147
 - selling short, 140
 - stock fluctuation during, 51–52
- First in, first out (FIFO), 76
- 529 college savings plans, 19
- Foot Locker, 91
- Forbes*, 64
- Ford Motor Company, 79, 114, 116, 145
- Fortress Investment Group, 104
- Fortune*, 64
- Fortune Brands, 79
- 401(k) plans, 11, 12, 19
- Franklin, Benjamin, 33
- Freeport-McMoRan Copper & Gold, 131
- France, 102, 103
- Frost, A.J. *See* Elliott Wave Principle
- Futures *xx*, 143–144
- Gallea, Anthony, 48
- Gas. *See* Energy
- Gateway Inc., 70, 79, 118, 145, 146
- Genentech, 75, 77, 97, 98–100
- General Electric Co., 21, 78, 127
- General Motors, 78, 114–115, 136
- Generally Accepted Accounting Principles (GAAP), 68
- Germany, 102, 103
- GlaxoSmithKline Plc, 79, 106
- Gold and gold mining stocks, 77, 97–98, 129–131
- Golden ratio. *See* Leonardo da Pisa
- Goldman Sachs, 79, 81, 143
- Goodyear Tire & Rubber, 25, 70, 78, 119
- Great Depression, 10, 11, 38
- Greed and Fear, 31, 44, 49, 136
- Greenberg, Maurice R. “Hank”. *See* American International Group (AIG)
- Greenspan, Alan, 41, 58
- Guidant Corp, 94, 95, 120, 121
- Hamilton, William Peter, 38, 42, 43
- Hanson, 104
- Hedge funds, 7, 27, 82, 141
- Hellman & Friedman, 72
- Hershey Co., 125

INDEX

189

- Hewlett-Packard, 117
Home Depot, 25
Hunt Brothers, 39
Hurricane Katrina, 131
- Icahn, Carl, 72
Index funds, *ix*, *xi*, 9, 26, 81
Indexing. *See* Index funds
Individual Retirement Account (IRA), 33, 34
Inflation, 12, 15–16
Institutional investors:
 acting as a group, 48, 124–125, 127–128
 affected by greed and fear, 49, 54–56, 57–58
 and index funds, 81
 as dominant force, *xi*, 7, 8, 12, 30, 53, 80, 103
Insurance companies, 7, 54
Intel Corporation, 9, 25, 26, 72, 77, 81, 117, 145
InterContinental Hotels Group, 105
Internal Revenue Service (IRS), 11, 76
International Business Machines (IBM), 62, 72
International Game Technology, 79
International Harvester, 25
International Paper, 25
Investment Company Act (1940), 11
“Irrational exuberance”, 41. *See also* Greenspan, Alan
iStar Financial, 79
ITT, 104
- Japan, 102, 103, 104, 105
Jobs and Growth Tax Relief Reconciliation Act (2003), 69
Jobs, Steve, 118
Johnson & Johnson, 64, 70, 77, 81, 85, 94–95, 120
J. P. Morgan Chase, 127
July 7, 2005. *See* Terrorist attacks
Juniper Networks, 78, 79, 145
- Keiretsu*, 103
Kellogg Co., 79
Kerr-McGee Corporation, 122
Keynes, John Maynard, *x*, *xi*, 27
Knight, Philip, 90, 91, 126
Kerkorian, Kirk, 115
“Know your stock” rule, 31–32, 63, 65, 80, 82
Kondratieff, Nikolai. *See* Kondratieff wave
Kondratieff wave, 45
Kraft Foods, 125
- Last in, first out (LIFO), 76
Las Vegas, *x*, 19
Legg Mason, 54, 57, 116, 118–119
Lenovo, 117
Leonardo da Pisa (Fibonacci), 44–45
Limit orders, 75, 135
“Lines”, 42. *See also* Dow Theory
Lloyds TSB Group, 78, 81, 106, 127
Long-term investing, *x*, 20, 24, 30, 31
Lorillard, 57
LTV, 104
Lynch, Peter, *xvi*, 27, 54, 65, 66
- Mack, John, 93
“Mad money”, 79–80
Magellan Fund, 54
Market:
 corrections. *See* “Waves”.
 makers, 35
 timing, 28, 43, 83
- Marlboro Friday. *See* Philip Morris
Massachusetts Investors Trust, 11
MBNA Corp., 75, 121–122
McDonalds Corp., 64
McGuire, Dr. William, 114. *See also* UnitedHealth Group
Merck, 86
Micron Technology, 72, 79
Microsoft, 9, 25, 26, 64, 70, 72, 78, 81, 127
Miller, Bill, 54
Minnesota Mining & Manufacturing (3M), 78
Mitbestimmung (Co-determination), 103
Mitsubishi, 103
Mitsui, 103
Molson Coors Brewing, 79
Morgan Stanley, 57, 77, 85, 92–93, 94
Motorola, 58, 70, 72
MSN Money, 62
Mutual funds, 7, 10–11, 12, 29, 30, 54, 81, 82. *See also* Index funds
- NASDAQ:
 composite index, 20, 62, 143
 exchange, 8, 9, 35, 101
 Marketsite, 9
National Grid Plc, 106–107
Nelson, S.A., 38
News Corporation, 79
Newton, Sir Isaac, 44
New York Stock Exchange, 8, 9, 35, 101
Nike Inc., 59, 64, 77, 81, 85, 90–91, 94, 126, 129
Norsk Hydro, 108, 124
North Sea oil, 124, 133
NYSE Group, 8
- Office of Federal Housing Enterprise Oversight (OFHEO), 146
Office of the Comptroller of the Currency, 96
Oil stocks. *See* Energy
Options, *xv*
- Parker, Mark, 91
Patalon III, William, 48
Patents, 72
Peabody Energy, 78, 131
Peak and trough analysis, 41–42. *See also* Dow Theory
Peak oil, 132–133. *See also* Energy
Pennsylvania Railroad, 10
Pension funds, 7, 10, 30, 54
Perelman, Ronald, 92
Perez, William, 91, 126
Pfizer Inc., 25, 65, 70, 78, 86, 125
Philadelphia Stock Exchange, 8
Philip Morris, 56–57
Philips Electronics Group, 108
Placer Dome, 130
“Portfolio” of monitored stocks 63–66, 67, 73, 75, 80–81, 83, 147
Prechter, Robert, 44
Presley, Elvis, 79
Price/Earnings (P/E) ratio, 13, 68
Price pegging, 97–100, 131
Private equity firms, *xv*, 71–72, 104
Procter & Gamble, 25, 64, 77, 81
Puma, 90
Purcell, Philip, 92, 93
- Qualcomm, 78, 146

- Rallies. *See* "Waves"
 Random walk theory, 31, 44
 Recordkeeping, 144–145
 Repsol YPF, 78, 108, 131
 Research, *xiii*, 29–32
 Reuters, 78, 107
 Revenue Act (1978), 11
 Reversion to the mean, 59–60
 Rhea, Robert, 37, 38, 40, 42, 44
 "Riding the ripples":
 a low-risk technique, 4–5
 and Dow Theory, 43, 44
 in practice, 52, 58, 61, 67, 73, 75, 76–80, 85, 137, 147
 opportunities for, *xvii*, 74, 77, 81, 82, 134, 135
 "Ripples", *x*, *xi*, *xvii*, 37, 38, 40, 42, 76, 136
 R. J. Reynolds, 57
 Roche Holding, 98
 Rollins, Kevin, 118
 Roth IRA, 33

 SAB Miller Plc, 104
 S&P 500, 20, 25, 62, 82
 Sanofi-Aventis, 108
 SBC Communications, 25
 Scalpers, 16–17, 18
 Schwab, Charles, 118
 SC Johnson & Co., 91, 126
 Scottrade, 34
 Sears Roebuck & Co., 25
 Securities & Exchange Commission (SEC), 32, 113,
 114, 141, 146
 Self-discipline, 135–138
 Selling short, 16, 139–143, 148
 September 11. *See* Terrorist attacks
 Short squeeze, 140. *See also* Selling short
 Siegel, Jeremy, *xvi*
 SLM Corporation, 58
 Soros, George, *x*, *xi*
 Southwest Airlines, 142
 "Spiders", 82. *See also* Exchange Traded Funds
 Spitzer, Eliot, 112
 Spring loaded options, 114
 State Street Corp., 79
 Statism, 104
 Statoil ASA, 58, 79, 108, 122, 124, 131
 St. Jude Medical, 79
 Stochastic oscillators, *xiv*
 Stock:
 buybacks, 70
 exchanges, 8–9, 35, 101
 options, 113–114
 Stop-loss orders, 74
 Sumitomo, 103
 Sunbeam. *See* Perelman, Ronald. *See* Morgan Stanley
 Suncor Energy, 77, 109, 131, 133–134
 Support level, 100
 Switzerland, 102

 Taxes, 26, 33–34, 68, 69
 Technical analysis, 28, 29, 37, 42–43, 100
 Templeton, John, *xvi*
 "10 baggers", 66. *See also* Lynch, Peter
 Terrorist attacks, 126–127, 142
 Teva Pharmaceutical Industries Ltd., 79, 108

 Texas Gulf Sulphur, 25
 Texas Instruments, 59, 139
The Deal, *xv*
 Theory of Fluctuation, 59–60
 Third law of motion. *See* Newton, Sir Isaac
 "Tides", 37, 38, 39. *See also* Dow Theory
 Time Warner Inc., 78
 Trading:
 contrarian, *x*, *xi*, 1, 3, 18, 43, 47–49, 52–53, 58–59,
 61, 63, 67, 68, 73, 74, 83, 135–136, 138, 140, 147
 day, *x*, 2, 16, 17–18, 20, 40
 demo (paper), 2
 insider, 19, 33, 64, 65
 momentum, 16, 18
 position, 17
 swing, 17
 twain, Mark, 24, 83
 Tyco International, 78, 145

 UBS AG, 78, 108
 Unilever Plc, 79, 107
 Union Carbide, 25
 UnitedHealth Group, 57, 79, 113–114
 United Kingdom, 102–107
 United States Airlines Deregulation Act (1978), 142
 United Steelworkers Union, 119
 United Technologies Corporation, 78, 81, 127
 Univision, 121
 Uptick rule, 141. *See also* Selling short
 US Airways, 142

 ValueAct Capital Master Fund LP, 71
 Value Investing, *x*, *xi*, 129
 Vanguard Group, *ix*, 81
 Verizon, 25, 107
 Viacom, 145
 Victor Talking Machine, 25
 Virgin Atlantic Airways, 142
 Vodafone Group, 78, 107

 Wagoner, Rick, 115. *See also* General Motors
 Waitt, Ted, 118
 Wall Street, *xvi*, 8, 10, 72, 128, 141
Wall Street Journal, 20, 24, 38, 62, 64, 113–114
 Wal-Mart Stores, 64, 65, 78, 85, 86–87, 145
 Walt Disney Company, 79
 Walton, Sam, 86
 Washington Mutual, 79
 "Waves", 37, 38, 39. *See also* Dow Theory
 Weatherford International, 58, 139
 Western Gas Resources, 122
 Weyerhaeuser, 78
 Wilshire 5000 Total Market Index, 82
 Wm. Wrigley Jr. Co., 57, 79, 124–126
 WorldCom, 73
 Wright, Orville, 142
 Wrigley, Bill, 125, 126
 Wrigley Jr., William, 125

 Yahoo! Finance, 62
 Yahoo! Inc., 79, 146
 Yield. *See* Dividends.

Zaibatsu, 103