

The 16 Most Costly Trading Blunders

- **IMPATIENCE**
Have you ever bought too soon for fear of missing a move?
- **FEAR**
Have you ever sold too soon because you were scared?
- **BREAKING RULES**
Do you break your own trading rules?
- **DISCIPLINE**
Are you frustrated by your lack of discipline?
- **EMOTIONS**
Are emotions getting the best of you in the markets?
- **ERRORS**
Do you have a great trading system that won't work because of your own errors?
- **UNCERTAINTY**
Do you get scared out of profitable trades quickly due to uncertainty?
- **RIDING LOSSES**
Have you ever held losing trades well beyond their ideal exit point?
- **REACTING TO THE NEWS**
Do you let the news influence you?
- **LISTENING TO TIPS**
Have you ever taken trading tips based on no logical or systematic information?
- **WEAKNESS**
Are you the weakest link in your trading plan?
- **COPING WITH LOSSES**
Do you have trouble coping with losses?
- **OVER CONFIDENCE**
Have you lost money because you were TOO confident and failed to see the reality of the trend?
- **SELF-CONTROL**
Do you lack the self-control that is necessary for success in the markets?
- **ONE ERROR LEADS TO ANOTHER**
Are you guilty of other shortcomings that result from poor trading discipline?
- **FRUSTRATION**
Do you lose when you should win as a result of your emotional limitations as a trader?

If the answer to any or all of these is YES, then you need...

TradingMind™

Revolutionary Software Designed to Help you Improve your Trading Skills Dramatically

By Jake Bernstein

Control your emotions and discipline as a trader or you will NEVER succeed! It's that simple.

TradingMind™ can help you develop the skills you need to vastly improve your results in the markets!

What is **TradingMind™**?

TradingMind™ is a revolutionary piece of software that helps program your subconscious mind to overcome the major trading problems that have plagued traders for many years. I developed **TradingMind™** in conjunction with the well-known Subconscious Training Corporation (STC). STC has developed other excellent mental training programs such as GolfMind™ and SalesMind™.

STC works with recognized leaders in their field to ensure the finest content using top-notch subconscious trainers and effective mental deliver systems. **TradingMind™** is a CD-ROM program that can help you overcome trading limitations by training your subconscious mind as you listen to the lessons. All you do is listen to the program as often as possible.

Mind Power

According to Norman Hallett, President of STC:

90% of our mind's power is housed in the subconscious mind and is responsible for our behaviors, habits and performance. That 90% can work FOR YOU or AGAINST you. Our subconscious training software will make sure that the 90% is working for you..."

To make **TradingMind™** work for you, simply put it into your computer and follow the directions. It's easy and enjoyable.

TradingMind™ Session Title Descriptions

Here are the excellent topics that my new software features. All of them are designed to help you overcome the most serious trading problems that traders and investors experience in today's markets. **TradingMind™** uses cutting edge mental training methods to help shape your mind behind the scenes, subliminally, as you relax and listen...

- **Trading-to-Win Mindset-** The sole purpose of trading is to make money. This session emphasizes the importance of sticking to your system by solidifying your winning mindset.
- **Strength to Take Your Losses-** If you've traded for any period of time, you know the importance of taking your losses when your system tells you to do so. Riding losses has been the doom of many. Infuse yourself with the strength to take your losses.
- **Maintaining Discipline-** Good trading discipline is what separates winners from losers. This session will employ you to do your market homework, follow through, and use your stops... bringing you closer to success.
- **Handling Fears and Emotions-** The leveraged nature of the futures market can give rise to negative fears and emotions. Build your commitment to trading consistency and watch your fears dissipate.
- **Maintaining Focus-** Focus is the opposite of distraction. Rather than allowing daily distractions to take you down a losing path, stay on the winning path by focusing your thoughts and energies on your market work.
- **Visualize Success-** Unless you CLEARLY see yourself as a confident, positive and successful trader, you may find negative thoughts and influences creeping into your vision of self. See your future as bright... and profitable!
- **Coping with Losses-** We know that losses are an integral part of trading and cannot be avoided. So why is there so much emotion around taking losses? Separate yourself as a person from role as a trader with this vital session.
- **Reversing Bad Trading Habits-** Lifting stops as the market gets near them? Repeating the same trading mistakes over and over again? Use this mental training session to define your mistakes and get back to what you KNOW you should be doing!
- **Controlling Over-Confidence-** Giving back your profit after a winning streak seems to happen so quickly. You're getting carried away and losing control instead of staying cool! Recognize the early signs of over-confidence and stay on the winning path.
- **Living in the Success Zone-** Winners seem to keep winning, and losers, well... Winning is a state of mind first and a reality second. Let your mind work FOR YOU rather than against you with this powerful session.

TradingMind™ software sells for \$169 plus shipping. The subscriber discount price is **\$129**.

**To Order TradingMind™* now at the Subscriber Discount price with FREE SHIPPING
Call 1-800-678-5253 or 847-446-0800**

* Runs on Pentium PC or MAC. Discount expires 12/15/01.

Bernstein on Stocks

by Jake Bernstein

Volume 2001 #48

Commentary and Analysis for the Week Beginning 26 November 2001

General Market Overview

“Science is the Captain, Practice the Soldier”

Leonardo da Vinci

The Petroleum Price Outlook

The petroleum markets have been plunging due to a new and potentially promising alliance between the United States and Russia, the world's 2nd largest oil producer. Given the decline in demand for petroleum due in part to the events of 9/11/01, combined with an already declining world demand picture, this latest blow to OPEC's vice grip on petroleum prices is likely the beginning of a new era in these markets. Experts have jumped on the bearish bandwagon like flies on rotting fruit. But are the forecasts of \$10/barrel oil realistic? I think not. Before you become too negative on the outlook for this market consider the following points.

- **The drop in prices will be temporary if Middle East violence grows.** This is the “wild card” that must be considered in any forecast. Although the situation is clearly unpredictable, the possibility of war in the Middle East is always present and could very well cause prices to skyrocket should problems become worse.
- **The approximate 5.5 year cycle in crude oil prices** is likely to bottom by late 2002. As a result, the decline in prices may not last nearly as long as many analysts are forecasting.
- **The Russian decision to drop their output by 50,000 barrels daily** is nothing more than positioning at this time. You must remember that the Russian economy stands to benefit substantially from higher petroleum prices and that, conversely, they stand to suffer from a petroleum price war.
- **Use the current decline in petroleum use as a function in of the soft economy.** This will change sooner than many of us expect. As a result, demand

will pick up as world economies turn back around to the upside. Hence, demand may soon be as important a factor as is supply.

- **Weather is an intangible.** Although there are no specific long range forecasts for a cold winter, there is no guarantee that a cold spell won't happen. This is why I am bullish on natural gas suppliers. Combined with the fact that a 3.25 year cycle low is now developing in natural gas prices, there is certainly a possibility that petroleum prices could run in sympathy with a new bull trend in natural gas.
- **Be prepared for massive stockpiling of petroleum to shore up US Federal oil reserves.** These low prices will bring about substantial government purchases as part of the new “war” spirit that has been sweeping the country. Note that I am not making a judgment here. I am merely reporting the possibilities as I see them.
- **If petroleum prices continue to drop sharply** then you will likely see a significant decline in exploration due to the disincentive. Production will decrease and the normal cycle of supply, demand and price trends will begin again no matter how much OPEC cuts or how resistant the Russians are to production cutbacks.
- **Conclusion:** If you think that the crude oil market is dead and that low prices are here to stay then you're wrong. This could be a very good time to buy petroleum stocks.

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Wireless Stock Picks: Update & Recommendations

This group has been moving higher and should continue to rally. I remain bullish for the intermediate and long term. I continue to believe that this sector will benefit from an expanding economy. The severe decline in interest rate futures this week suggests that the recovery is already starting! The worst is over for many of these stocks. The rally should continue.

The strong base that has developed in some of these stocks is likely to provide good support on declines. Signs of bullish life continue in spite of the underlying bearish sentiment.

My 2-year outlook for this group has been bullish and I remain bullish. I continue to believe that many of these stocks are excellent buys, even at current prices. This is a long-term view that will require patience and persistence. I recommend a dollar cost averaging approach. Accordingly, I strongly suggest adding to current positions on the NEXT SHORT TERM DECLINE

Bargains are plentiful in his sector. If you have already established investment positions in any of the recommended stocks then I recommend adding to them in order to average your cost down.

Current Long Term Analysis

Here is my current analysis of the major market trends:

- **Many stocks declined to long-term support and have rallied strongly.**

A downside correction is possible through late this month or into early December.

Wireless Stocks Picks					
Stock	Symbol	Long or Short	Price In	Current Price	Action
Ameri-Indo Tech fund	ATCHX	Long	11.93	5.14	BUY or ADD
Boston Communications	BCGI	Long	28.00	9.27	BUY or ADD
Handspring	HAND	Long	39.94	5.00	BUY or ADD
Millicom	MICC	Long	21.81	9.45	BUY or ADD
Mobile Telesystems	MBT	Long	24.00	37.89	BUY or ADD
Nextel	NXTL	Long	24.50	10.74	BUY or ADD
Nortel	NT	Long	30.88	7.94	BUY or ADD
Palm	PALM	Long	28.75	3.46	BUY or ADD
Rogers Wireless	ROG	Long	40.19	32.23	BUY or ADD
Vodafone	VOD	Long	34.88	25.90	BUY or ADD
WIREX Fund	WIREX	Long	10.89	5.34	BUY or ADD

- **Focus on small cap stocks, that have fallen from much higher levels.** Small cap stocks could make large percent gains.
- **Short term decline to support is likely.** I advised you that a rally was coming. It's time to expect a downside correction.
- **The long term decline has continued as forecast in many mutual funds but there are signs of bullish life.** I advised you to use the decline to establish longs and/or to dollar cost average into mutual fund positions. The key is to invest for the LONG RUN!
- **Buy, hold or ADD to mutual funds that have declined 25% or more from their highs.** Invest in foreign stocks and foreign stock mutual funds as recommended. There are MANY mutual funds in this category. After severe decline in European stocks these markets are ripe for accumulation at relatively low prices. This is a long-term strategy.
- **I advised you to buy, hold or ADD to bio-tech mutual funds that declined 15% or more from their highs.** Focus on bio-tech mutual funds if you want to avoid the volatility of individual issues. My advice in this sector has been correct. The bio-tech sector remains relatively strong but you will need to be highly selective. See recom-

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mentation list of *Bio-Tech Bargains* below.

- **Buy tech and Internet stocks that have earnings and whose primary business is in the infrastructure (i.e., suppliers) area.** As the world gears up to deal with bio terrorism the bio-tech area will grow tremendously. The decline in this area has weeded out many weaker stocks, giving you yet another opportunity to buy quality stocks at low prices.
- **Do not commit all your capital at once.** If you have been buying on a scale down as recommended then you have a good average cost and should now show profits in a number of stocks. Dollar cost average.
- **HOLD gold and silver mining shares.** They have bottomed and turned much higher as per my forecast. I expect strength to resume. Some of these stocks have declined to intermediate term support levels.
- **Maintain a long-term perspective** (6-12 months at the very least).

Stock and Mutual Fund Picks Update

Here is my list of stocks and more aggressive mutual fund selections. Many of the recommended stocks made good gains and I advised taking profits.

- **Ameri-Indo Tech fund CL D (ATCHX)**
Long @ 23.25 or lower. Current price 5.14.
HOLD, ADD to current positions or BUY.
- **RyDEX Series Trust Biotech (RYOIX)**
Long @ 24.44 or lower. Current price 25.74
HOLD, ADD to current positions or BUY.

Blue Chip Stock Fund Update

My advice has been to invest in "old economy" blue chip stocks and mutual funds. The "accumulate and hold old economy" strategy I recommended in blue chip stocks and blue chip mutual funds has proven correct. Gains have been strong.

The odds are that the Dow has made a cycle low and is poised for a further rally that could last a year or longer. A new all-time high in the Dow is not ruled out but my forecast for such a high this year is unlikely to develop. My recommended stocks and mutual funds as well follow-up appear below:

- **First Investors Blue Chip Fund B (FBCBX)**
Buy @ 29.50. Now 19.99. BUY OR HOLD.
- **Gabelli Blue Chip Fund (GABBX)**
Long @ 12.45. Now 10.72. BUY OR HOLD.
- **Templeton Growth A (TEPLX)**
Long @ 19.65. Now 17.91. BUY OR HOLD.
- **ARK Blue Chip Fund (ARBIX)**
Long at 21.50. Now 18.20. BUY OR HOLD.

BioTech Bargains

Company Name	Symbol	Recent Price	Industry	Buy Zone
Aclara Biosciences Inc.	ACLA	4.85	Microfluidics Tech. Developer	7-8
Affymetrix Inc.	AFFX	37.13	Genetic Data Analysis Systems	24
Applera Corp. Applied Biosystems	ABI	34.40	Biotech Instruments Manufacturer	27-29
Beckman Instruments Inc	BEC	42.32	Biotech Instruments Manufacturer	35-37
Becton, Dickson and Co.	BDX	32.30	Instruments Manufacturer	33-34
Biacore International AB (ADR)	BCOR	30.20	Biotech Instruments Manufacturer	34-37
Caliper Technologies Corp.	CALP	12.71	Microfluidics Tech. Developer	24-26
Harvard Biosciences Inc.	HBIO	8.25	Biotech Instruments Manufacturer	7-8
Molecular Devices Corp.	MDCC	20.89	Bioanalytic Measurement Systems	21-22

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Forecasts & Actions

- **NASDAQ Has found long-term support and rallied as expected. A correction down is overdue.**
- **Buy or hold biotech stocks.** Buy in support areas. See recommended list below.
- **Continue to expect a short-term downside correction.** A year end rally should follow the decline.
- **Expect further recoveries in the tech sector after the current decline has run its course.** THIS IS A HIGHLY SELECTIVE area of the MARKET. Choose your battles very carefully.
- **Avoid shares of speculative issues** that are not showing either a good amount of revenue or at least minor earnings.
- **Note that there are also many excellent mutual funds in this sector.** Buy into the strongest funds on the coming decline to short term technical support levels. The “strongest” funds are those that have participated best in the current rally.

Current Strategy

- **HOLD “old economy” stocks.** These are long-term investment recommendations. They are not intended for short-term traders.
- **Accumulate blue chip mutual funds for the long term.** The emphasis here is also on “long term.” These stocks are for investors and not for short-term traders.
- **Hold tech and bio-tech stocks bought at technical support.** RESTRICT buying to stocks with solid earnings and histories of profitable operation.
- **HOLD and BUY gold and silver mining stocks (or precious metal mutual funds).** An upmove has started per my forecast. The correction down is temporary. Many of these stocks are now at important intermediate term support levels.

What to Do Now

Here are my current suggestions and recommendations:

- **Remain 70% invested.** My advice has been to keep 70% of your cash position in funds, tech stocks and bio-tech. Short-term traders can take profits!
- **INVEST ONLY in QUALITY shares that have declined to long-term technical support areas.**
- **Consider closed-end mutual funds** that are below net asset value.
- **Hold long positions in precious metals** as previously recommended.

Stock Recommendations				
Stock	Position	Price	Current Price	Action
Alexion (ALXN)	Long	21.40	21.40	Hold or Buy
Amazon.com (AMZN)	Long	9.08	9.08	Hold or Buy
ATT (T)	Long	17.04	17.04	Hold or Buy
Ariba (ARBA)	Long	4.77	4.77	Hold or Buy
Celera (CRA)	Long	28.42	28.42	Hold or Buy
Cisco (CSCO)	Long	19.59	19.59	Hold or Buy
CMGI (CMGI)	Long	2.44	2.44	Hold or Buy
Cor Pharm (CORR)	Long	21.75	21.75	Hold or Buy
EBay (EBAY)	Long	47.63	47.63	Hold or Buy
General Motors (GM)	Long	47.69	47.69	Hold or Buy
Gilead (GILD)	Long	69.20	69.20	Take Profit
Hwtl Pkrd (HWP)	Long	20.94	20.94	Hold or Buy
Inktomi (INKT)	Long	5.85	5.85	Hold or Buy
Lexicon Genetics (LEXG)	Long	9.16	9.16	Hold or Buy
Nextel (NXTL)	Long	10.74	10.74	Hold or Buy
Sears (S)	Long	45.12	45.12	Hold or Buy
UPS (UPS)	Long	54.80	54.80	Hold or Buy
Verisign (VRSN)	Long	40.02	40.02	Hold or Buy

Conservative Stock Picks: Update

Here is my list of stock picks. Consider these for long-term investments. I believe they will fare well in the long run. The uptrends are very strong.

- **Archer Daniels Midland (ADM):** Was recommended as a buy at under 11 per share. Recent price is 14.85. HOLD.

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- **Montana Power (MTP):** Long @ 42. Now about 4.56. HOLD.
- **Heinz (HNZ):** Long @ 40. Hold. Now @ 39.03.
- **Homestake Mining (HM):** Long @ 4.82. Now @ about 7.37.
- **McDonalds (MCD):** Long @ about 32. Now 27.52. Add to longs. Average down.
- **Worldcom (WCOM):** 35 or lower. Now 14.47. Add to longs. Average down.
- **Sears (S):** Long @ 37.25. Now about 45.12. HOLD.
- **United Airlines (UAL):** Long @ 34.37. Now 16.62. Add to longs. Average down.

Summary

- **Gold and Silver:** Hold long positions in gold and silver coins, mutual funds, stocks or futures for the long term as previously recommended. Use a dollar-cost-averaging strategy to accumulate our position. Both markers are still bullish. The current declines are temporary. Many gold mining shares have rallied as predicted. This could be the start of a major bull move. Consider also silver bullion coins, mutual funds and silver mining shares on the current declines.
- **Interest Rates:** Prepare for an upmove in long-term interest rates in 2002. The ongoing decline in interest rates is not an impediment to my long-term forecast. Given the recent sharp decline in rates it is unlikely that another rate cut will develop in 2001.
- **Stocks:** The markets have bottomed on panic selling. Use declines to establish longs as investment positions. See specifics on pages 1-4 and above.
- **Inflation:** Indications are that a new round of inflation is unavoidable. The majority disagrees with me. I do not expect this to develop until well into 2002.
- **Utility Stocks:** get ready for lows in the DJU index.
- **Energy Stocks:** lows are likely in this sector by year end. Consider investment positions in these stocks as well as natural gas producers, drilling and equipment manufacturers.

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Subscription Rates: 6 months \$180, 1 year \$280.

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