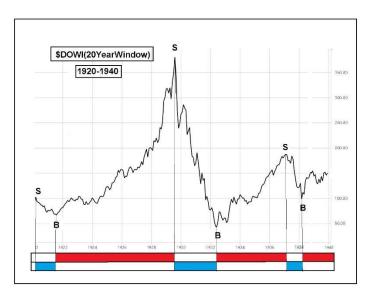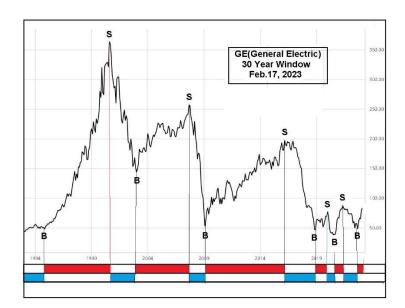# BUY LOW AND SELL HIGH

 It is well known that successful stock investing requires that one buy low and subsequently sell at a higher price. One way to guarantee that this is so is to (1) choose a historical price range(window) for a given stock issue,(2) mark high(S) and low(B) points within this range , and (3) chose the first B point at the end of this moving time window to buy (B) into a stock followed by a later sale at the following S point. This procedure does not require a beforehand knowledge of when the subsequent S point will occur yet follows the important investment law of buying low and selling high. Or as the London Baron Rothschild said several hundred years ago in his heavy accent, "buy sheep and sell deer".

We demonstrate the buy low and sell high procedure with the following examples. Typically for stocks we choose a five year window, although this number can vary from as much as thirty years to just a few weeks. Let us begin with a twenty year window for the Dow Jones Industrials ($DOWI) between 1920 and 1940 which includes the 1929 stock crash. The price graph within this 20 year window looks as follows.
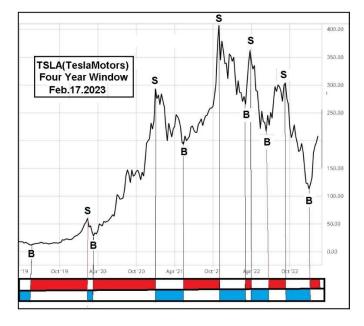

The buy points(B)and sell points (S)have been marked on the graph. The parts between B and S indicate where one should have been long(red) and the blue parts(S to B) where one should have been short or out of the market. The three S points shown is where one could have initiated a short. The three B points is where buys should have been initiated.

We next look at General Electric Stock GE using a thirty year window. The price graph in this window looks as follows-
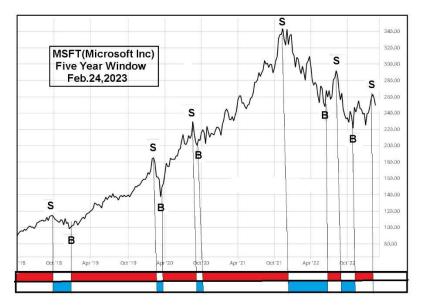
The red regions(B<S)are where the stock should have been held long and the blue regions (S>B) are where the stock should have been shorted. Note that the sell point all lie at local maxima in price window while the buy points all lie along the minimum points of the graph. Although GE has been a poorly performing stock over the last thirty years, one could still realize net gains if holding the stock strictly in the red regions.

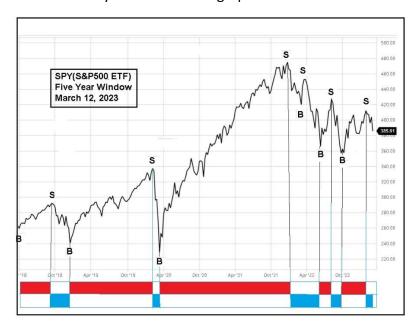Next consider the Tesla stock price (TSLA) over the last four years. Here is its price graph-

The buy(B) and sell(S) points are indicated. Holding long only in the red zones and being short or holding cash in the blue zones guarantees that one is buying low and selling high. The reason for using such a short term window is that the stock has been available to the public for not much over half a decade. At the moment (Feb.17, 2023) we are approaching a sell point S.

Take next the price of MSFT(Microsoft) over a five year window ending on Feb.24, 2023. Here is the price graph with B and S points marked-

 At the moment we are in a blue zone so the stock should be shorted.

As a final example, we consider SPY(S&P 500 ETF) over a five year window ending on March 12, 2023 . This is one of my favorite ETF stock indexes and one I have used repeatedly on the long side over the last few years. Here is its graph-

At the moment it lies in a blue zone and so should _not_ be held long. A buy signal is expected to occur some thirty-five points lower near $350/sh.

The above examples   have shown how our B-S-B-S approach to stock investing allows one to buy low and sell high. It says, be long only during the red regions and short or out of the market in the blue zones. In my now over seventy years of investing experience, I have always made a positive return when obeying this rule. My losses have come only when going against this rule and buying near a high(S) followed by selling near a low(B) as many amateur stock investors do.

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Gainesville, Florida