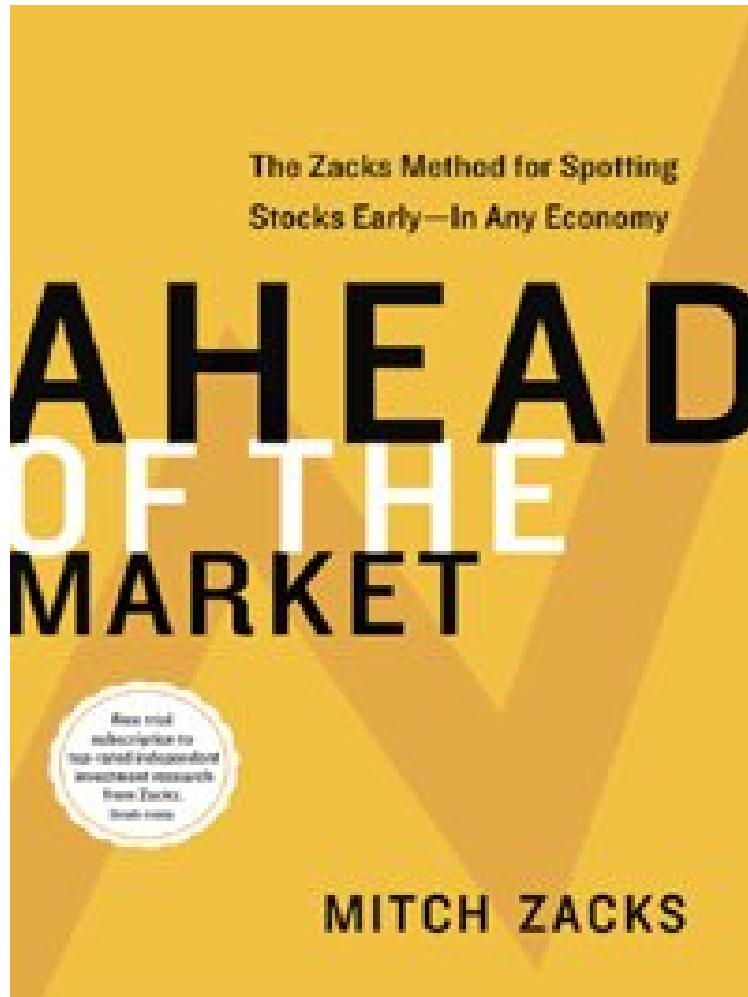


(Ebook pdf) Ahead of the Market: The Zacks Method for Spotting Stocks Early -- In Any Economy

Ahead of the Market: The Zacks Method for Spotting Stocks Early -- In Any Economy

Mitch Zacks

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Mitch Zacks : Ahead of the Market: The Zacks Method for Spotting Stocks Early -- In Any Economy before purchasing it in order to gage whether or not it would be worth my time, and all praised Ahead of the Market: The Zacks Method for Spotting Stocks Early -- In Any Economy:

3 of 4 people found the following review helpful. Intriguing but I'd try trading on paper firstBy FobozOther reviewers have already talked about the concepts and ideas presented in the book; so I won't repeat them here. Overall Mr. Zacks does a really good job of laying-down and explaining the premise of the Zacks Rank and backing it up with his analysis of data available at the time. The "pitch" culminates in "Chapter Eight: It All Comes Togethermdash;The Zacks Rank: The Key to Successful Investing" in which he basically says that everything that he has presented in the previous seven chapters can be neatly captured in the Zacks Rank. In Chapter 9 he presents a basic strategy using

Zacks Rank which can be summed up in these six steps (paraphrased and/or edited for brevity): Step One: Make sure to hold enough positions in order to keep commission costs below 2% annually. Step Two: Set sector exposure to match the sector exposure of the Zacks #1 Ranked portfolio. Step Three: You should buy Zacks #1 Ranked stocks that are reasonably valued and have one or more of six favorable characteristics. Step Four: Decide how much you want to be invested in the market and dollar-cost-average into the market over a period of time. Once invested, try to stay fully invested. Step Five: Sell a stock if after three months the Zacks Rank falls to a 3 (Hold) or below. Sell a stock prior to three months if the Zacks Rank falls to 4 or 5 or if a stock announces a negative earnings surprise, or lowers earnings guidance. Step Six: Rebalance positions after three months. The remaining chapters provide insights and details regarding more advanced analysis of the data provided by analysts - good insights as to how some hedge fund managers use analysts' data. Be sure to ignore what he says about the Fed Model at the end of Chapter Twelve as the Fed Model is no longer considered to be reliable. The Conclusion chapter provides a summary of the four strategies he presents in the book; the first two of which depend on the premises that Zacks Rank is built on but do not involve using the rank itself. The third strategy is the one outlined above that was presented in Chapter 9 and the fourth is an advanced Zacks Rank strategy, called "piggybacking" that is presented in Chapter 10. There are a few key things you need to understand if you are going to implement a portfolio using Zacks Rank (directly quoted or paraphrased from Chapter 9): 1) The Zacks Rank is a short-term indicator; of the stocks that have a Zacks #1 Ranking at the beginning of the month, only 44% will have that ranking by the end of the month. 2) Keep in mind that only 5% of all stocks covered receive a Zacks Rank of 1. Therefore, long-term investors should also seek to own stocks with a Zacks Rank of 1 or 2, and in some cases 3. 4) One of the biggest obstacles that you will face is keeping turnover low to minimize commission expenses. 5) The list of Zacks #1 Ranked stocks will be over-represented by small to mid-cap stocks. That is why a large-cap stock with a Zacks Rank of 2 is actually a very good ranking and may still provide excellent upside potential relative to the overall market. 6) So, in reality the Zacks Rank acts as an initial filter that provides a raw list of potentially successful investment candidates. With these raw lists you can do additional screening according to your own investment criteria. So while it is true that you would only see the returns claimed if you could invest in the 200+ #1 ranked stocks and turn that list over accordingly every month I think there still is an opportunity to use Zacks Rank to your advantage. Starting in June, I intended to "paper trade" a portfolio based on the strategy outlined in Chapter 9 for three months and see how it goes; the \$250/yr subscription is a small price to pay for the experiment. I'll report back at the beginning of September. Other random thought: this book was written in 2003; the data and examples in it are in desperate need of a refresh.

0 of 0 people found the following review helpful. Five Stars
By R. Cooper
Great Reading
0 of 0 people found the following review helpful. Four Stars
By mark lumson
This book has some very useful strategies.