

# INDEX

- 100 Minds That Made the Market*  
(Green), 90
- 18-month rule. *See* Eighteen-month rule
- 1918 global flu, 136
- "1980 Revisited," 111, 197, 223
- 2008 credit crisis, 242–243
- 2 percent rule. *See* Two percent rule
- 401(k):  
dollar-cost averaging, 319  
overconfidence and, 78  
single stock ownership, 268–269
- 5 percent rule. *See* Five percent rule
- 70/30 Rule. *See* Seventy-thirty rule
- 90-day moving averages, xii
- Absolute return:  
expectations and, 213  
focus on, 217  
low, safe, 254  
negative, 216  
vs. relative return, 125–126, 282–283
- Accounting:  
fair-value, 242–243  
"irregularities," 278  
restrictions, 281  
scandals, 68, 240
- Accretive to earnings, 186, 187, 197
- ACWI. *See* All-Country World Index (ACWI)
- ADRs. *See* American depository receipts (ADRs)
- Advanced tax avoidance, 33–36
- Advantage:  
bell curves and, 111  
overconfidence and, 89, 90  
overweighting/underweighting sectors, 219  
PSR and, 102  
Three Questions and, 90–91, 104, 251, 293
- After-tax borrowing cost, 160, 162
- Aggressive growth, 252
- AIG, 243
- All-Country World Index (ACWI), 116, 117, 125, 266
- Altria, 84, 92
- Always look at it differently:  
generally, 15–16  
question three preview, 17–18  
upside down, backward, 18–20  
your grandparents and, 16–17
- America. *See also* United States (US)  
budget deficits and, 6, 23, 27  
earnings/bond yields and, 20  
foreigners not propping up, 202  
foreign forces and, 64  
GDP of, 28  
indebtedness and, 7

- America. *See also* United States (US)  
 (continued)  
 inflation and, 49  
 P/E's and, 13, 15  
 pollsters and, x  
 property rights in, 61  
 yield curve and, 43, 44, 114
- American Association of Individual Investors, 106
- American depository receipts (ADRs), 120, 203
- American Industrial Revolution, 291
- Analysis:  
 complicated, 146  
 technical, 83
- Anatomy of a bubble:  
 2000 bell curve, 221, 222  
 bearish predictions, 221  
 bubble as "new paradigm, 223–228  
 economic sector weights, 225
- Announcement effect, 239
- Annualized averages, 307–308
- Apple/iPods, 125, 163–166, 202
- Apprenticeships, xiii
- Arithmetic mean, 307, 308
- Asia, 180
- Asset allocation:  
 market scenarios/conditions and, 214, 215–216  
 returns and, 274  
 static, 251  
 subasset allocation, 276, 277, 280, 281
- Auditing firms, 191
- Autobiography of Alice B. Toklas, The* (Stein), 133
- Avian flu (bird flu), impact, 135–136, 249
- Balance sheet:  
 of buy-out target, 198  
 calculations, 157–158  
 of central banks, 207  
 FAS 157 and, 242  
 liabilities side of, 159  
 US hard asset, 157
- Bank(s). *See also* Central banking system  
 asset write-downs, 242  
 global, 44  
 illiquid assets and, 242  
 short rate for, 38–39
- Bank of England, 207
- Barry, John M., 136
- Baum, L. Frank, 309, 310, 311, 312
- BBB 10-year bond rate, 199
- Bear market(s):  
 of 2008, 242–243  
 acting alone, 239  
 bearish too early, 218  
 beginning of, 238–239  
 betting an up Friday, 152  
 causes (*see* Causes of bear market)  
 cross-dressing, 238–239  
 defensive portfolio in, 219–221  
 energy-led, 76  
 financials-led, 76  
 first-year returns following, 194–195  
 followed by bull market, 231  
 four biggest, 19  
 global, 232  
 normal course of, 72  
 "perma-bears," 218, 221, 239  
 recession and, 23, 41, 72, 185, 194, 221, 245  
 reentry time frame, 230  
 rules, basic, 229–233  
 secular, 229, 230, 233  
 steep portions of, 230  
 sympathy selling, 228–229  
 US, 232
- Bear Stearns, 243
- Beating the market, 115, 128–130, 216, 293
- Behavioral finance, 69–71
- Behavioralists:  
 break-even, 76  
 confirmation bias (*see* Confirmation bias)  
 framing and, 81  
 gains/losses and, 73  
 hindsight bias (*see* Hindsight bias)  
 loss aversion (*see* Myopic loss aversion)  
 Stone Age and, 5
- Behavioral psychology, xvii
- Beliefs. *See also* Mythologies  
 confirmation bias and, 80

- shared, 2
- widely-held, 154
- Bell, Neil, 299
- Bell curve:
  - for 2000, 221, 222
  - consensus, 107, 108, 221
  - contrarians and, 110
  - sentiment and, 195
  - technology, 109, 111–112
- Benchmark/benchmarking:
  - beating your, 126, 287
  - broad, 265–266
  - components, analysis of, 265–268
  - equities and, 215–216
  - global (*see* Global benchmarking)
  - lagging vs. beating, 273–274
  - as measuring stick, 115
  - risk control and, 130 (*see also* Benchmark risk)
  - sectors and, 129
  - selection (*see* Benchmark selection)
  - vital to survival, 89, 114
- Benchmark risk:
  - going to cash, 217
  - as greatest risk, 126–128
  - moving away from equities, 217
  - taking on, 274
- Benchmark selection:
  - cash flow, 260–261
  - generally, 257–258
  - heat chasing/benchmark shifting, 264–265
  - homegrown dividends, 261–262
  - individual peculiarity, 263–264
  - return expectation, 262–263
  - risk tolerance and, 258
  - stocks or bonds, 260–261
  - time horizon and, 259–260
- Berkshire Hathaway, 46
- Bernanke, Ben, 40
- Bernstein, Richard, 110, 111
- Bias:
  - confirmation, 80–81, 82, 86
  - hindsight, 86, 233
  - recency, 229
  - stock picking and, 279–280
- Big-cap stocks:
  - growth, 200
  - investors in, xii
  - percentage in, 302
  - vs. small-cap, 119, 200
- “Big Four” auditing firms, 191
- Bird flu. *See* Avian flu
- Bloggers, 106
- Bloomberg.com, 101
- Blue chip stocks, 219
- Bonds:
  - earnings/bond yields and, 21
  - expected returns/yields, 19, 20
  - global long, 181
  - global trading in, 39
  - government, 183, 219
  - holding onto, 127, 275
  - long-term debt and, 55
  - vs. stocks, 118, 260–261
  - yields, since 2002, 20, 21
- Borrowing costs:
  - after-tax, 162
  - banks, 44
  - calculations, 159–160
  - marginal, 159
  - profit and, 163
  - return on assets and, 158, 165
- Brain:
  - behavioral psychology and, xvii
  - biases (*see* Bias)
  - blindsiding us, 72, 85, 89, 134, 317
  - information processing, 16–17, 69, 185
  - as investing enemy, 68
  - pattern recognition, 71
  - Stone Age, 70, 71
- Brazil, 205
- Britain, ix, 81, 191, 199. *See also* UK
- British pound sterling, 210
- Brokerage account, 269
- Bryan, William Jennings, 175, 310, 311
- Bubble. *See also* Anatomy of a bubble
  - energy, 197
  - technology (*see* Tech bubble)
- Budget deficit(s):
  - as economic driver, 193
  - good for stocks, 166
  - myth, US dollar and, 201–202
  - tax cuts and, 193–194

- Buffett, Warren, 104–105, 129, 228, 268
- “Bullish for ’99” (Fisher), 109
- Bull market(s):
- betting on down Friday, 152
  - corrections in, 85–86, 238
  - cross-dressing, 233, 238
  - cyclical, 230
  - dying with a whimper, 226
  - following bear markets, 231
  - media disbelief, 72
  - normal course of, 72
  - peak, 217, 218
  - TGH and, 233, 238
  - “wall of worry” and, 195
- Bull run (1990s), 59
- Burn rate, 227
- Burns, Arthur, 206
- Bush, George, 59
- Bush, George W., 61, 138
- BusinessWeek*
- “The New Economy,” 221
- Buy-out targets, 198
- Callan Associates, 200
- Campbell, John Y.:
- study, 9–11, 29
- Canada, 137, 139, 147
- Capital gain(s):
- avoiding, 219
  - distributions, 304
- Capitalism:
- in America, 135
  - debt and, 158
  - faith in, 216
  - gold and, 176
  - government activity and, 169
  - love of, 260, 290, 293
  - mercantilism and, 174–175
  - property rights and, 61
  - stock categories and, 119
- Capital losses, 305
- Capital markets:
- bell curves and, 195
  - conditioning and, 2
  - fear of change, 193
  - long-term forecasting and, 192
  - technology (*see* Capital markets technology)
  - transformationalism and, 292
  - workings of, xvi
- Capital markets technology:
- Benchmarking (*see* Global benchmarking)
  - creating, 241
  - finding earnings, 100–103
  - forecasting with accuracy, 105–111
  - generally, 95–96
  - history as research lab, 96–99
  - innovation and, 112, 113
  - Price-to-sales ratios, 100
- Capital preservation, 255–257
- CAPM, xiii
- Carnegie, Andrew, 291
- Carry trade, 208
- Carter, Jimmy, 27, 137
- Cash:
- benchmark risk and, 217
  - holding onto, 127, 275
  - market direction and, 216
  - portfolio, bear markets, 219
- Cash-based acquisitions, 186
- Cash-based merger manias, 197–198
- Cash-based takeovers, 196
- Cash flow:
- benchmark selection and, 260–261
  - as investing goal, 255
- Caterpillar, 125
- Cato the Elder, 156
- Causes of bear market:
- generally, 244
  - Hurricane Katrina and, 248, 249
  - terrorism and, 244–248
- CBOE. *See* Chicago Board Options Exchange (CBOE)
- CDs. *See* Certificates of deposit (CDs)
- Central banking system:
- currency demand and, 207, 210
  - currency supply and, 205–206
  - monetary mismanagement, 224
  - quality of job of, 183
  - speculators and, 207
- Central banking system of US (*see* Federal Reserve System)
- Certificates of deposit (CDs), 38–39, 287
- “Charting,” 83
- Cherkasky, Michael, 286

- Chicago Board Options Exchange (CBOE), 154
- China:
- boom in, 91
  - oil and, 139–140
- Chinese yuan, 208
- Cleveland, Grover, 310
- Client base, 241–242
- Clinton, Bill, 59, 61, 109
- Cognitive errors:
- common, 87
  - investing errors and, 72, 85
  - overconfidence (*see* Overconfidence)
  - relative thinking and, 28, 93
- Colorado, energy supply, 139–140
- Concentrated portfolios, 268–269
- Conference Board, 154
- Confirmation bias:
- definition, 80
  - favorite category, 118
  - illusion of validity and, 145–146
  - January effect and, 81, 82
  - regret shunning and, 86
- Consensus bell curve, 107, 108, 221
- Consistency, xv
- Consumer buying habits, 179–180
- Consumer confidence, 154
- Consumer Price Index (CPI), 179
- Contrarian:
- bell curves and, 110
  - media buzz and, 299, 300
- Control rules, 83
- Core strategy, counterstrategy (contrast), 271–274
- Corporate earnings, 193
- Corporate role models, 112
- Corrections:
- of 1998, 72
  - bear markets and, 232
  - bull markets and, 85–86
- Correlation coefficient, 295–298
- Counterstrategy, core strategy (contrast), 271–274, 277, 282
- Countries:
- sectors and, index weights, 267
  - weighting, 276–277
- Covered calls, 321–322
- CPI. *See* Consumer Price Index (CPI)
- CP Ships, 199
- Credit card companies, 198–199
- Credit crisis of 2008, 242–243
- Cross of Gold speech, 176
- Currencies:
- demand and, 207–208, 210
  - determinations and, 202
  - exchange rates (*see* Exchange rates)
  - global yield curves, 209, 210
  - gold standard, 309–312
  - prices of (*see* Currency prices)
  - real driver of, 208–271
  - supply of, 205–207
- Currency prices:
- drivers of currency demand, 208–211
  - generally, 205
  - global yield curves, 209, 210
- CXO Advisory Group, 243
- Cyclicals, 219
- Data:
- mining, 118, 119, 146, 186
  - research and, 96, 99
  - sources, 97–98, 106
- DAX index, 116
- DCA. *See* Dollar-cost averaging (DCA)
- Debt:
- big, history of, 168
  - Dow and, 167–169
  - good, 155–158
  - more, bad or good, 161–163
  - “multiplier” effect and, 163–166
  - new offering, 191
  - repayment, 169
  - return on assets and, 160–161
  - “right” amount of, 159–160
  - society, right amount for, 158–159
- Debt-to-equity level, 161
- Debunkery (Fisher), 65, 218, 269, 320
- Defensive portfolio, 219, 220
- Deficit:
- federal (*see* Federal budget deficits)
  - Latin root of, 6, 23
- Defined benefit pension plans, 200
- Dell, Michael, 134
- Demand. *See* Supply and demand
- Depressions, 60, 309–310
- Derivative theory, 176

- Dilutive to earnings, 187, 196, 197  
 Discounters, x, 36  
 Dissenting analysis/opinion, 3  
 Diversification:  
   magic of, 269–271  
   opportunity cost and, 120  
   overconfidence and, 79  
   stock picking and, 279–281, 283–284  
 Dividend(s):  
   homegrown, 261–262  
   yields, 154  
 Divisor adjustment, 124  
 DJIA. *See* Dow Jones Industrial Average (DJIA)  
 Dollar:  
   propping, 202  
   strength of (*see* US dollar strength)  
 Dollar-cost averaging (DCA), 319–320  
 Doomsday predictions, 138  
 Dot-com. *See* Tech bubble  
 Dow Jones Industrial Average (DJIA):  
   as misleading index, 168  
   never using, 120, 122–123  
 “Down”/“laggard” stocks, 272  
 Downside, 216  
 Drivers. *See* Stock demand drivers  
 Drug stocks, tech stocks (contrast), 270
- EAFE. *See* Europe, Australia, Far East (EAFE) Index  
 Eagerness, 189  
 Earnings:  
   accretive to, 186, 187, 197  
   dilutive to, 187, 196, 197  
   finding, 100–103  
 Earnings yield (E/P), 19–20, 55, 71, 162, 185  
 Economics:  
   causality and, 52  
   curriculum/instruction, 187, 189  
   debt and, 158  
   global yield curve and, 57  
   of leverage, 156  
   traditional notions of, 70  
 Economic drivers, 193  
 Edison, Thomas, xvii, 2  
 Eighteen-month rule, 231, 239  
 Einstein, Albert, xvii, 2, 291  
 Eisenhower, Dwight D., 27  
 Elastic demand, 281  
 Elections, 99, 193  
 Electoral College, winning, 59  
 Emerging markets, 280–281  
 Emotion. *See also* Psychology  
   for demand for equities, 190  
   as driver of stock demand, 194  
   eagerness and, 189  
   investor sentiment, 194, 195  
   pride (*see* Pride)  
   regret (*see* Regret)  
   worrying, 194–195  
 Endowments:  
   biggest in history, 295  
   management of, 200  
 Energy. *See also* Oil  
   bubble, 197  
   dependency, 148  
   sector, 76, 77, 224, 313–314  
   stocks, 91  
 Enron:  
   401(k), 77  
   accounting fraud, 68, 240  
   tragedy of, 78–79, 88, 242  
 Environmentalists/environmentalism:  
   global warming and, 3  
   nuclear power and, 148  
   popular/contemporary, 80  
 E/P. *See* Earnings yield  
 Equities:  
   bell curves for, 195  
   demand for, 190  
   exposure to, 215  
   moving away from, 218  
   percentage in, 302  
   “re-equitizing,” 239  
 Equity-based (dilutive) mergers, 197  
 Equity-based takeovers, 221, 226  
 Equity indexes:  
   broad, 116  
   equity return and, 118  
   Run Strength Indicator and, 240–241  
   websites, 128  
 Equity-like growth, 243  
 Equity-like returns, 239, 256

- Error rate, xiv, 70
- ETF. *See* Exchange-traded fund (ETF)
- Europe, Australia, Far East (EAFE) Index, 171, 305
- European stocks, 302
- Euros, 209
- Eurozone, 209
- Excel:
  - correlation coefficient and, 295–298
  - spreadsheet, 11, 57, 82, 96, 153, 307–308
- Excess returns, 103
- Exchange rates:
  - budget deficits and, 201
  - carry trades and, 208
  - relative meaning of, 205
  - US dollar and, 201
- Exchange-traded fund (ETF), 120, 266, 276
- Expected returns, 262–263
- Experts, so-called, 192
- Exxon/ExxonMobil, 304, 314
- Fads, avoidance of, 33–36
- Fair-value accounting, 242–243
- Falsehoods:
  - false mythologies, 1–4
  - identification of, xvi–xvii
- FAS 157—“fair value” accounting, 59, 243
- Fastow, Andrew, 79
- Federal budget deficits:
  - fear about, 96
  - market and, 20, 156
  - myth, 23–26, 155
  - stock returns and, 165, 201
  - unchecked, 6
- Federal Express, 314
- Federal Open Market Committee (FOMC):
  - meetings, 38, 40
- Federal Reserve System, 206, 209, 210
- Finance:
  - standard, 84
  - study of, xiii
- Finance theory:
  - craftsmanship and, xiii
  - diversification and, 271
  - market bets and, x
- Financial Accounting Standards Board
  - rule 157 (FAS 157), 242–243
- Financial firm weakness, 243
- Financial planners, xiii
- Financial Services Authority (FSA), 191
- Fisher, Arthur L., 131, 249, 290–291
- Fisher, Isaac, 291
- Fisher, Philip Isaac, 133, 291
- Fisher Investments On* series, 266
- Fitch rating agency, 191
- Five percent rule, 269
- Float, 46
- Flowserve (FLS), 278–280, 281
- FLS. *See* Flowserve (FLS)
- FOMC. *See* Federal Open Market Committee (FOMC)
- Forbes*:
  - forecasts, 110
  - list of richest Americans, ix
  - stock picks, 278
- Forbes* column:
  - “1980 Revisited,” 111, 197, 223
  - April 18, 2005, 199
  - “Bullish for ’99,” 109
  - on Flowserve (FLS), 278, 280
  - “Greater Fools,” 35, 301–302
  - “I Hate Funds,” 303–305
  - of January 26, 2011, 64–65
  - by Joe Goodman, 232, 233
  - July 6, 1998 column, 299–300
  - on M&A, 198, 199
  - “Never Say Dow,” 122
  - “Portfolio Strategy,” ix
  - three purposes for, 290
- Ford, Gerald, 194
- Ford, Henry, 291
- Forecasting:
  - with accuracy, 105–111
  - annual market surveys, 108
  - bell curves and (*see* Bell curve)
  - industry analysts and, xiii
  - January and, 106
  - market direction and, 215
- Foreign investing, 120
- Foreign markets, 240
- Foreign policy, 202
- Foundations, 200

- Four rules that count:  
 benchmark analysis, 265–268  
 benchmark selection (*see* Benchmark selection)  
 generally, 257  
 okay to be wrong, 271–274  
 securities, blending, 268–271
- Framing, 81
- Franchises, purchase, 104
- Free markets, xiv, 201, 290
- French, the, 147–148
- Friedman, Milton, 179
- Front-running, 278
- FSA. *See* Financial Services Authority (FSA)
- FTSE index, 116
- Funds. *See* Mutual funds
- Galileo Galilei, xv
- Gameable bets, 94
- Gasoline:  
 prices, 91, 138, 139, 141, 179, 180  
 pump, quiz, 146–147
- Gates, Bill, 28, 131, 134, 292, 293
- GDP. *See* Gross domestic product (GDP)
- GE. *See* General Electric (GE)
- General Electric (GE), 112, 242, 304  
 correlation coefficient and, 296–298  
 stock, 304
- Genius, examination, 91–92
- Germany:  
 columns in, ix  
 economy of, 174  
 mercantilism and, 175  
 trade balances of, 172  
 Weimar years, 178
- GlaxoSmithKline, 275
- Global banks, 44
- Global bear market, 232
- Global benchmarking:  
 beating the market, 128–130  
 benchmark as roadmap, 115–116  
 Dow and, 120, 122–123  
 global thinking/better thinking, 120, 121  
 greatest risk, 126–128  
 indexes and, 116–117  
 never maximizing return, 125–126  
 risk vs. return, 117–119  
 thinking better and, 113–114  
 two-stock index, 123–125
- Global growth. *See* Global yield curves
- Global long bonds, 181
- Global no-load funds, 303
- Global stock returns, 234–238. *See also* Returns
- Global thinking, 114, 120, 121
- Global warming, 3
- Global yield curves, 209, 210
- Goldman Sachs, 101
- Gold standard:  
 gold hedge belief, 176–177  
 inflation and, 177–179  
 new, 175–176  
 Wizard of Oz/Oz of gold, 309–312
- Goodman, Joe, 232
- Gore, Al, 39
- Government:  
 core strategy, counterstrategy (contrast), 281–273  
 forestry service job, 289–290  
 operation of, 194  
 restrictions, 282  
 spending, 169
- Graham, Ben, 100
- Great Depression, 60, 232
- “Greater Fools” (Fisher), 35, 301–302
- Great Humiliator. *See* “The Great Humiliator” (TGH)
- Great Influenza, The* (Barry), 136
- Green, Hetty, 90
- Greenberg, Hank, 284–286
- Greenberg, Jeff, 284, 287
- Greenspan, Alan, 40, 206, 207
- Gross, Bill, 128
- Gross domestic product (GDP):  
 budget deficits and, 194  
 composition of, 140  
 as economic driver, 193  
 global, 93, 204  
 natural disasters and, 248  
 net public federal and, 167

- thinking relatively, 28
- trade balances as percent of, 172
- unemployment and, 154
- in US, 28, 172, 174
- Grouphink, 67
- Growth:
  - aggressive, 252
  - equity-like, 243
  - global (*see* Global yield curves)
  - or income, strategy and, 254
  - risk and, 256–257
  - volatility and, 256
- Growth and Welfare in America's Past* (North), 174
  
- Halliburton, 138
- Hambrecht & Quist, 102
- Hanna, Marcus Alonzo, 311
- Harrison, Benjamin, 310
- Hawking, Stephen, 12, 19
- Health care sector, 270
- Health scares, 249
- Heat chasing/benchmark shifting, 264–265
- Hedge funds, 221, 223
- Herd mentality, 34
- Hindsight bias, 83–84, 86, 91, 233, 263
- Hippocrates, 4
- History:
  - events in, 233, 234–238
  - as research lab, 96–99
- Homework, 153–154
- Hoover, Herbert, 60
- Hot sector, 91, 129, 196, 197, 273
- How the Mind Works* (Pinker), 69
- How to Lie With Statistics* (Huff), 106
- How to Smell a Rat* (Fisher), 256
- Huff, Darrell, 106
- Hurricane Katrina, 248, 249
- Hybrid deals, mergers and acquisitions, 187
- Hyperinflation, 178, 183
  
- "I Hate Funds" (Fisher), 303–305
- Illiquid assets, 242
- Illusion of validity, 145
  
- IMF. *See* International Monetary Fund (IMF)
- Income:
  - absolute, 161
  - cash flow as, 255
  - growth and/or, 254
  - national, 28, 160
  - or growth, strategy and, 254
  - total (*see* Gross domestic product (GDP))
- Indexes:
  - price-weighted, 124
  - shorting, 219
  - two-stock, 123–125
  - volatility, returns and, 116–117
  - well-constructed, 46, 89, 116, 120, 124, 125
- Index funds:
  - benchmarking and, 265–266
  - disadvantages of, 120
  - stock selection and, 276
- Index puts, 220
- India, 91, 140
- Individual peculiarity, determinant, 263–264
- Individual retirement account (IRA), 268
- Industrial Revolution, 291
- Inelastic demand, 281
- Inflation:
  - in 1970s, 224
  - American, 180
  - global level of, 49, 204
  - gold as indicator of, 176
  - hyperinflation, 178, 183
  - long-term rates and, 182
  - runaway, 178
  - what it is/isn't, 179
- Inflation risk, 257
- Initial public offering (IPO):
  - in 1980, 314
  - "hot sector" euphoria, 197
  - overconfidence and, 76
  - shares issued, 195
  - Tech IPO craze, 185, 197, 223, 228 (*see also* Tech bubble)
  - yield curve and, 54–55

- Innovation:  
 capital markets and, 113  
 ongoing, 104, 112  
 for yourself, 294
- Insider trading, 278
- Institutional investors, 200
- Intel, 112, 228, 229, 292, 314
- Interest rates:  
 global, 181–182  
 long-term, 180–181  
 short vs. long bond, 183
- International Monetary Fund (IMF), 45
- Internet:  
 burn rates, 227  
 stocks, 223 (*see also* Tech bubble)  
 web sites (*see* Web sites)
- Investing:  
 not a craft, xii–xv  
 technical, xiv
- Investment Analysis and Portfolio Management* (Reilly), 124
- Investment banker:  
 demand for category, 200  
 new stock/debt offering and, 191
- Investment finance. *See* Finance
- Investment goal categories:  
 capital preservation, 255–257  
 cash flow, 255  
 maximizing terminal value, 254
- Investment managers, 280
- Investment strategy. *See* Strategy
- Investor demand. *See* Stock demand drivers
- Investor sentiment, 194, 195. *See also* Sentiment
- “Investor Sentiment” (paper), 110
- Investors’ Intelligence data, 106
- IPO. *See* Initial public offering (IPO)
- iPod. *See* Apple/iPods
- IRA. *See* Individual retirement account (IRA)
- Iran-Iraq war, 114, 313
- Isaac, William, 243
- January effect:  
 plot outcomes, 82  
 reframing and, 81  
 selling in May and, 148–153  
 January forecast barrage, 106  
 January ineffect, 82
- Japan:  
 bubble in, 223  
 deflation in, 180  
 economy of, 174  
 indexes and, 117, 122  
 March 2011 Tohoku earthquake, 148  
 mercantilism and, 175  
 trade balances of, 172
- Japanese stocks, 302
- JLG Industries, 279–280
- Johns Hopkins School of Medicine, 131–133, 134, 136, 145, 291
- Joy Global, Inc., 279–280
- JP Morgan, 243
- Kennedy, John F., 59, 233
- Kenneth L. Fisher Chair in Redwood Forest Ecology, 292
- Knowing something others don’t, x
- Kroll, 285–286
- Large-cap. *See* Big-cap stocks
- Latin, xv, 6, 23
- Lay, Kenneth, 79
- Lehman Brothers, 232, 243
- Lincoln, Abraham, 59
- Liquidity:  
 bear markets and, 219  
 market (*see* Float)  
 short-term, 240  
 yield curve and, 43, 44
- Loans. *See also* Borrowing costs  
 “multiplier” effects and, 163–166  
 profit from, 54  
 short rate and, 44
- “Locking in profits,” 282
- London bombing, stock market recovery, 245
- Long rate, 39
- Long-term debt, 55
- Long-term goals, 264
- Long-term growth/returns:  
 bear markets and, 218, 233  
 equity-like, 239
- Long-term interest rates, 180–181

- Long-term market average, 216  
 Long-term mechanical forecasting, 192  
 Loss aversion:  
   buy high/sell low, 75  
   market direction and, 216, 284  
   myopic (*see* Myopic loss aversion)  
   sectors and, 263  
 Louisiana, 248  
 Lump-sum investments, 319–320  
 Lynch, Peter, 128  
  
 M&A. *See* Mergers and acquisitions (M&A)  
 Madoff, Bernard, 256  
 Madrid bombing, stock market  
   recovery, 245  
 Margin, 272–273  
 Market(s). *See also* “The Great Humiliator” (TGH)  
   bear (*see* Bear market(s))  
   beating the, 115, 128–130, 293  
   bottoming, 231  
   capital (*see* Capital markets)  
   condition, determining, 276  
   corrections, 72, 85–86  
   direction, 109–110  
   as discounter, 109  
   emerging, 280–281  
   financial, x  
   foreign, 240  
   free, xiv, 201, 290  
   meltdown of, 226  
   more positive than negative, 149  
   as predictable, 213–215  
   as psychological (*see* Psychology)  
   returns (*see* Returns)  
   scenarios/conditions, 215, 269–270  
   surprises and, 284–285  
   top-performing, 121  
   uncertainty, 59  
 Market capitalization:  
   global markets and, 46  
   indexes and, 125  
   weighted average, 304  
 Market-like returns, 125, 216, 217,  
   251, 287  
 Market neutral position, 219–221  
 Market risk aversion, 193  
  
*Markets Never Forget* (Fisher), 65, 72, 127,  
   167, 192, 223  
 Marsh & McLennan (MMC), 284, 285,  
   286, 287  
 Martin, William McChesney, Jr., 206  
 Mason, George, 61  
 Maximizing terminal value, 254  
 MBNA, 198–199  
 MCI, 68  
 McKinley, William, 310, 311  
 Media:  
   bad news in, 240, 282–283  
   beliefs/disbeliefs, 3, 72  
   buzz, 299, 300  
   commentary, 59  
   discounting, 33–36  
   fear, panic and, 135–137  
   ignoring, 192  
   incorrectness, 36  
   noise, 31  
   oil prices and, 180  
   political agendas and, 194  
   sources, 32  
   supply/demand shifts and, 188  
   thinking relatively, 28  
   usage, 76  
 Mercantilism, 174–175  
 Merck, 229  
 Mergers and acquisitions (M&A):  
   cash, stock, or hybrid, 186–188  
   merger mania, 185–186, 197–198  
   riding the wave, 198–199  
 Merrill Lynch, 110  
 Mexico, 137  
 Michaels, Jim, 290  
 Microeconomics, 159  
 Microsoft, 131, 228, 229  
 Middle East:  
   energy dependency and, 148  
   popular uprisings in, 138  
 Miller, Bill, 128  
 Miller, G. William, 206  
 MMC, 284, 285, 286  
 Momentum investing, 83  
 Monday effect, 152  
 Monetary allegory, 309–312  
 Monetary conditions, 193, 240  
 Moody’s rating agency, 102, 191

- Moore, Gordon, 112, 113, 292  
 Moore's Law, 189  
 Morgan Stanley Capital International.  
   *See* MSCI World Index  
 Morningstar.com, 101  
 MSCI ACWI, 116, 117  
 MSCI EAFE (Europe, Australia, Far East), 120, 266  
 MSCI World Index:  
   as benchmark, 266, 280–281  
   countries included in, 45  
   emerging markets and, 264–265  
   globally oriented, 117  
   portfolio managed against, 84  
   weights, sectors/countries, 266  
 “Multiplier” effect on loans, 163–166  
 Munger, Charlie, 104  
 Mutual funds:  
   disadvantages of, 120  
   “I Hate Funds” column, 303–305  
   inflows for stock, 67, 68  
 Myopic loss aversion, 73, 86, 204  
 Mythological correlation:  
   generally, 8  
   high P/Es tell you nothing, 9–12  
   if not bad, can they be good, 12–15  
 Mythologies. *See also* Beliefs  
   budget deficit/dollar falling, 201–202  
   currency determinations and, 202  
   days of week and, 152  
   false, 1–4  
   seasonal, 151, 152, 153  
   “Sell in May,” 148–151  
   weak dollar, stocks and, 202–205
- Nader, Ralph, 59  
 Naked put, 321, 322  
 NASDAQ, xii, 111, 115, 116, 265  
 National Bureau of Economic Research (NBER), 42  
 Natural disasters:  
   earthquake, San Francisco, 249  
   Hurricane Katrina, 248, 249  
   March 2011 Tohoku earthquake, 148  
 NBER. *See* National Bureau of Economic Research (NBER)  
 Negatively correlated securities, 268–271  
 Negative years, 216
- “Never Say Dow” (Fisher), 122  
 “New Economy, The,” 221, 223, 224  
 New gold standard. *See* Gold standard  
 New Orleans, Louisiana, 248  
 News. *See* Media  
 “News You Can't Use” column, 299–300  
 Newton, Isaac, 2, 291  
 New York Stock Exchange (NYSE), 101  
*New York Times*, 285  
 NIKKEI index, 122  
 NIMBYs, 138  
 Nixon, Richard, 59  
 No-load funds, 303  
 Non-correlated securities, 268–271  
 North, Douglas C., 174  
 Noyce, Robert, 112, 113, 292  
 Nuclear power, 148
- Oakland, California, 133, 135, 145  
 Obama, Barack, 61, 64  
 Off-balance sheet obligations, 157  
 Oil:  
   in 1970s, 224  
   bubble, 226  
   demand, 91  
   embargoes, 137  
   exploration, 137–138  
   fracking boom, 139  
   gas-pump quiz, 146–147  
   high price of, 137, 139–140  
   media and, 180  
   prices, 140–145, 313  
   reframing, time lags and, 146  
   vs. stocks, 136–139, 148, 149  
 OPEC, 224, 313  
 Op-ed pages, 194  
 Open market operations, 207  
 Opportunity cost:  
   diversification and, 120  
   excess, 253  
   of holding on, 77, 78  
   lifelong, 127  
 Option positions, 321  
 Oracle, 228, 229  
 Order preference:  
   following correction, 86  
   hindsight bias and, 84–85  
   overall result and, 92–93

- O'Shaughnessy, James, 102
- Out-of-the-box thinking, xvii
- Outperformance, 92
- Overconfidence:
  - benchmark risk and, 127
  - concentrated portfolios and, 268
  - down-a-little market and, 216
  - of Enron employees, 79
  - men vs. women, 89–90
  - passivity and, 91
  - sector weightings and, 128
  - as Stone Age behavior, 75–78
  - TGH and, 86–87
  - trading too often and, 266
- Overnight rate, 38
- Overweight sectors. *See under* Sectors
- Pandemic threat, 135–136, 249
- Panic of 1893, 309, 310
- Pattern recognition:
  - incorrect information and, 71
  - repetition and, 82–83
- P/E. *See* Price-to-earnings ratio (P/E)
- Pension plans, 200
- Perkins, Tony, 223
- “Perma-bears,” 218, 221, 239
- Perot, Ross, 59
- Pharmaceutical stocks, 276
- PhDs, xiv
- Pinker, Steven, 69
- Political allegory, 309–312
- Political drivers, 193–194. *See also* Elections
- Pollsters, x–xi
- Ponzi schemes, 256
- Populist movement, 310, 312
- Portfolio:
  - balanced, 271
  - benchmark and, 93, 115, 265–266
  - category's effect in, 280–281
  - checking/rebalancing, 266
  - concentrated, 268
  - defensive, building of, 219–221
  - gold as ultimate hedge, 176
  - progression, as whole, 92
  - risk control and, 126
  - stock picking and, 276
  - “synthetic cash,” 219–221
  - well-managed, 283–284
- Portfolio engineering funnel, 276–278, 286
- “Portfolio Strategy” (Fisher), ix
- Post-offering price, 196
- Presidential term cycles, 57–60, 99
- Price movement patterns, xiv
- Price-to-earnings ratio (P/E):
  - cash-based takeovers and, 199
  - earnings reports and, 101
  - E/P and, 19, 55, 71, 162
  - high vs. low, 2–3, 56, 80, 96
  - investment studies and, xiv
- Price-to-sales ratio (PSR or P/S):
  - development of, 292, 294
  - earnings and, 100–103
  - how to use, 200
  - novelty/obsolescence of, 111
- Price-weighted indexes, 124
- Pride:
  - accumulation, 74, 84, 269
  - shunning, 87–89, 91, 93
  - Stone Age Code and, 73–75
- Procter & Gamble, 112, 229
- Profit maximization, 159
- PSR. *See* Price-to-sales ratio (PSR or P/S)
- Psychology. *See also* Emotion
  - behavioral, xvii
  - markets as psychological, 189
- Putnam mutual fund family, 284–285
- Question One:
  - common myths and, 6
  - falsehoods, xvi–xvii
  - generally, 1–4
  - mythological correlation  
(*see* Mythological correlation)
  - political myth, 193–194
  - proving you're right or wrong, 7–8
  - seeing it differently (*see* Always look at it differently)
  - using question one, 4–5
  - when you're wrong. (*see* When you're really, really wrong)
- Question Two:
  - process of inquiry, xvii
- Question Three:
  - behavioral psychology, xvii
  - preview of, 17–18

- Rating agencies, 191
- Reagan, Ronald, 27
- Rebalancing portfolio, 268
- Recency bias, 229
- Recession:
- of 1980 and 1982, 206
  - of 1990–1991, 143
  - of 2007 to 2009, 173
  - bear market and, 23, 41, 72, 185, 194, 221, 245
  - definition, 42
  - economic drivers and, 193
  - global, 48, 49
  - predictor of, 43
  - suppressed earnings and, 18
- “Re-equitizing,” 239
- Reframing, 81, 146
- Regression analysis, 298
- Regret:
- accumulation, 87–89, 91, 93, 241
  - embracing, 88
  - shunning, 74, 84, 86
  - Stone Age Code and, 72–75
- Reilly, Frank, 124
- Reissues, 195
- Relative return, 125–126, 282
- Repeatability/repetition:
- consistency and, xv
  - pattern recognition and, 82–83
  - pride and, 74
- Research, 110
- Retirement:
- diversification and, 79
  - dividend income, 261–262
  - dollar-cost averaging, 319
  - growth for support of, 127, 254, 263
- Return on assets (ROA), 158, 159, 160–161
- Returns:
- absolute, 125–126
  - asset allocation and, 274–275
  - on assets (*see* Return on assets)
  - average/normal, 213–215
  - benchmark and, 265–268
  - Dow and (*see* Dow Jones Industrial Average (DJIA))
  - equity-like, 239, 256
  - excess, 103
  - expectation, benchmark and, 262–263
  - first-year, following bear market, 194–195
  - following bear markets, 195
  - historical events and, 234–238
  - market-like, 125, 216, 217, 251, 287
  - negative, 216
  - never maximizing, 125–126
  - P/E and, 2
  - relative, 125–126, 283
  - vs. risk, 117–119, 126
  - securities, blending, 268–271
  - standard deviation/variance of, 270
  - total, 255
  - volatility and, 116–117, 118
- Reverse-correlated positions, 271
- Ripple effect, 139, 226, 227, 229
- Risk:
- benchmark (*see* Benchmark risk)
  - control, 130
  - greatest, 126–128
  - growth and, 256–257
  - inflation, 257
  - P/E and, 2
  - vs. return, 117–119, 126
  - securities, blending, 268–271
  - systemic, 117
  - tolerance of, 258
- ROA. *See* Return on assets
- Rockefeller, John, 132, 136
- Rockefeller University, 132
- Rockoff, Hugh, 312
- Roosevelt, Theodore, 64
- Rosenwald, Julius, 291
- Rozeff, Michael, 319
- R-squared:
- five-year rolling, 143, 144
  - regression analysis and, 295, 298
  - risk/expected return and, xiii
- Rules:
- capable people and, 284–285
  - eighteen-month rule, 231, 239
  - five percent rule, 269
  - four that count (*see* Four rules that count)
  - rules, basic, 229–233

- seventy-thirty rule, 243–244  
 two percent rule, 232  
 “Two-Thirds, One-Third Rule,” 230
- Runaway inflation, 178
- Run Strength Indicator, 240–242
- Russell 2000 index, 116
- Russian ruble crisis, 221
- S&P 500:  
 average monthly total returns,  
   152, 153  
 average/normal returns, 214  
 energy companies and, 76, 78  
 flat 2000 forecast, 315  
 investing and, xii  
 large-cap, 304  
 portfolio managed against, 84  
 price of gold and, 177  
 sector bubbles/weights, 225  
 stocks vs. funds and, 305
- San Francisco fire (1906), impact, 249
- Santa Claus rally, 148–154
- Sarbanes-Oxley legislation, 242
- SARS health scare, 249
- Saudi Arabia, 137, 140
- Savings accounts, 38
- Scalability, 93–94
- Schwab, Charles, 292
- Schwarzenegger, Arnold, 27
- Scientist, thinking like, xv–xvi
- Sears, Roebuck and Co., 291
- Seasonal myths, 151, 152, 153
- SEC, 299
- Sectors:  
 benchmark and, 129  
 bubble bursting, 226  
 energy, 76, 77, 224, 313–314  
 hot, 91, 129, 196, 197, 273  
 overconfidence and, 128  
 overweighting/underweighting, 197,  
   198, 219, 268, 271, 277, 278  
 same, similar performance, 275  
 short-term negative correlation, 270  
 Tech (*see* Tech sector)
- Securities:  
 blending non- or negatively correlated,  
   268–271  
 supply and demand, 190  
 types of, 276
- Securities and Exchange Commission  
 (SEC):  
 10-Q filing, 278–279  
 filing with, 191
- Selling stock:  
 bad news and, 282–284  
 fundamental change and, 286  
 generally, 281–282  
 lock and load, 282  
 in May/January effect, 148–153  
 sympathy selling, 228–229  
 when to sell, 282–287  
 “Sell in May, go away,” 148–151
- Senseless Panic (Isaac), 243
- Sentiment:  
 defensive posture and, 223  
 fatigue (*see* Run Strength Indicator)  
 investor, 154, 195  
 testing, 242
- Sentiment-based bell curve  
 forecasting, 195
- September 11, 2001 terrorist attacks, 190,  
 240, 244–245
- Seventy-thirty rule, 243–244
- Sharpe ratios, xiii
- Shiller, Robert J.:  
 study, 9–11, 29
- Short rate, definition, 38–39
- Sillett, Stephen, xv, 292
- Silver movement, 310, 311
- Skilling, Jeffrey, 79
- Small-cap stocks:  
 vs. big-cap, 119, 200  
 industrial machinery, 279–280  
 investors in, xii  
 value and, 200
- Smith, Adam, 175, 291
- Software, xiv
- “So-goes” crowd, 81, 82
- Soros, George, 207
- “Speculators,” 207–208
- Spitzer, Eliot, 284–285, 286
- Standard & Poor’s rating agency, 191
- Standard deviation of returns, 269–271
- Standard finance, 84

- Stanford Ponzi scandals, 256
- Statman, Meir, 106, 110
- Stein, Gertrude:  
 investment life lessons, 133–134  
 “There is no there, there,” 133, 134, 136, 141–142, 145, 153  
 vision of, 293
- Stock(s):  
 big-cap (*see* Big-cap stocks)  
 blue chip, 219  
 vs. bonds, 20, 118, 260  
 budget deficits and, 166  
 demand drivers (*see* Stock demand drivers)  
 “down”/“laggard,” 272  
 holding onto/“break-even,” 76  
 market direction and, 216  
 new offering, 191  
 no more than willing to lose, 283  
 “not serially correlated,” 83  
 offerings, new, 191–192  
 vs. oil, 136–139, 148, 149  
 oil prices and, 140–145  
 or bonds, 260  
 owning too few, 78  
 percentage of, ownership, 269  
 picking (*see* Stock picking)  
 proportion to hold, 266  
 returns (*see* Returns)  
 selling (*see* Selling stock)  
 small-cap (*see* Small-cap stocks)  
 styles of, 199–200  
 takeovers transacted in, 187  
 US multinational, 114  
 weak dollar and, 202–205  
 what makes prices move, 188–192
- Stockbrokers, xiii
- Stock buy-backs, 196
- Stock collectors, 286–287
- Stock demand drivers:  
 economic drivers, 193  
 generally, 192  
 investor sentiment, 194  
 political drivers, 193–194  
 portfolio engineering funnel and, 277
- Stock picking:  
 categories and, 280–281  
 diversification and, 279–280
- Flowserve (FLS), 278–280
- Forbes* picks, 278
- performance and, 274–275
- portfolio engineering funnel, 276–278
- portfolio performance and, 273–275
- Stock prices:  
 supply, demand and, 199  
 supply and, 192
- Stone Age:  
 behavioralists and, 5  
 brains, 70, 71, 125, 128, 136, 287  
 overconfidence and, 75–78
- Stop losses, 317–319
- Strategy:  
 core, counterstrategy (contrast), 271–274, 277, 282  
 generally, 251–254  
 goals (*see* Investment goal categories)  
 rules (*see* Four rules that count; Rules)
- Strauss, Neil, 133
- Subasset allocation, 276, 277, 281
- Substitution, 189
- Super Stocks* (Fisher), 100, 101, 102, 200, 276
- Supply and demand:  
 currency prices and (*see* Currency prices)  
 eagerness and, 189  
 elastic/inelastic demand, 281  
 how supply works, 195–197  
 media and, 188  
 merger mania and, 185–186  
 securities and, 190  
 shifts in, 188, 189, 190, 191, 192  
 stock pricing and, 119, 192, 199
- Sympathy selling, 228–229
- “Synthetic cash” portfolio, 219–221
- Takeovers:  
 backfiring, 186  
 cash-based, 196  
 transacted in stock, 187
- Taxable distributions, 304
- Tax code, 193
- Tax cuts:  
 budget deficits and, 193–194  
 politicians and, 26

- Tech:  
 boom in, 223  
 getting out of, 241  
 stocks (*see* Tech stocks)
- Tech bubble:  
 “1980 Revisited” column, 111, 313–315  
 and bear market call, 239  
 benchmark risk and, 127  
 implosion/market drop, 226, 227  
 scapegoats for, 197  
 Tech names and, 76
- Technical analysis, 83
- Technical investing, xiv
- Tech sector:  
 bubble (*see* Tech bubble)  
 market crash, 197  
 supply and, 196
- Tech stocks, drug stocks, contrast, 270
- Ten Roads to Riches, The* (Fisher), xv, 269
- Terminal value, 254
- Terrorism, 244–248. *See also* September 11, 2001 terrorist attacks
- Testing:  
 continued, 104  
 sentiment, 242
- TGH. *See* “The Great Humiliator” (TGH), “The Great Humiliator” (TGH):  
 bear market and, 217–218  
 favorite tricks of, 85–87  
 market as, 5, 299  
 as YOH in UK, 213
- The Mild Humiliator (TMH), 85
- “There is no there, there,” 133, 134, 136, 141–142, 145, 153
- The Softer, Gentler and Kinder Trickster (TSGKT), 85
- Thinking. *See also* Cognitive errors  
 better, 113–114  
 globally, 114, 120, 121  
 relatively, 28, 93
- Three Questions. *See also* specific question application of, xvii–xviii
- Time horizon, 259–260
- Time lags, 146
- “Time the market,” 217–218
- TMH. *See* The Mild Humiliator (TMH)
- Total return, 255
- Trade balances, 202
- Trade deficits:  
 mercantilism and, 174–175  
 never “paid back,” 202  
 scalability and, 93  
 trade balances and, 172  
 UK and, 173–174  
 US/developed foreign markets, 170–171, 174
- Trading Places* (movie), 67
- Transaction fees:  
 going to cash, 216, 217  
 huge, 281  
 increased trading and, 317, 320  
 making living from, 152
- Transformation, 291
- Transformational evolution, 132
- Transformationalism, 290–294
- Treasury bonds, 183
- Triple witching, 140
- Truths:  
 about P/Es, 2–3  
 challenging, 2
- TSGKT. *See* The Softer, Gentler and Kinder Trickster (TSGKT)
- TUI AG, 199
- Two percent rule, 232, 238
- Two-stock index, 123–125
- “Two-Thirds, One-Third Rule,” 230
- UK. *See also* Britain  
 budget deficits and, 202  
 debt, history of, 168  
 economy of, 173–174
- Uncertainty, markets and, 59
- Underperformance, 92
- Underweight sectors. *See under* Sectors
- Unemployment number, 154
- Unfathomable, fathoming, 66
- United States (US). *See also* America  
 10-year treasury yield, 182–183  
 average/normal returns, 214  
 bear market, 232  
 dollar strength (*see* US dollar strength)  
 federal budget deficit, 6, 23–26, 29, 96, 155, 156, 165, 201  
 government bonds, 219  
 hard asset balance sheet, 157  
 multinational stocks, 114

- University at Buffalo (SUNY), 319
- Unthinkable, the, xvii
- US. *See* United States (US)
- US dollar strength:  
 budget deficit myth, 201–202  
 currency determinations and, 202  
 generally, 200–201  
 weak dollar, stocks and, 202–205
- USS Cole attack, stock market  
 recovery, 245
- Validity, illusion of, 145
- Value, maximizing terminal, 254
- Value investor, xii
- Variance of returns, 270
- V-bottom, 231
- Velocity, definition, 163
- VIX (S&P 500 volatility index),  
 xii, 154
- Volatility. *See also* VIX (S&P 500 volatility  
 index)  
 diversification and, 269  
 growth with no, 256  
 market-like, 218  
 normal, 232  
 returns and, 116–117, 118  
 short-term, 127
- Volker, Paul, 206
- “Wall of worry,” 194–195
- Wall Street Journal* (WSJ), 76, 277
- Wall Street Waltz, The* (Fisher), 60,  
 169, 186
- Walton, Sam, 112
- W-bottom, 231
- Wealth:  
 budget deficits and, 165  
 protection of, 269  
 redistribution, 61, 62
- Wealth of Nations, The* (Smith),  
 175, 291
- Web sites:  
 bloggers, 106  
 for research, 96, 97–98  
 “Weekend effect,” 152
- Weighted average market capitalization,  
 304
- Welch, Jack, 242
- Welch, William, 132, 136
- What Works on Wall Street*  
 (O’Shaughnessy), 102
- When you’re really, really wrong:  
 federal budget deficit myth, 23–26  
 generally, 21–22  
 it’s all relative, 28  
 killing the bloodsuckers, 26–27  
 other deficits and, 27–28  
 question everything you know, 28–30
- Whitehead, John, 285
- Wholesale price index, 10
- Witching effect, 148–154
- Wizard of Oz*, 309–312
- Wonderful World of Oz, The* (Baum), 309
- WorldCom, scandal, 240
- World Index. *See* MSCI World Index
- World Wide Web, 300. *See also* Web sites
- Worrying, 194–195
- “Wrong call,” 242
- WSJ. *See* *Wall Street Journal* (WSJ)
- Xenophobes, benchmarking and, 114
- Y2K scare, 35, 109, 135, 207, 221, 233
- Y2K scare:  
 “Greater Fools” column, 301–302  
 July 6, 1998 column on, 299–300
- Yield curve:  
 America’s, 43, 44, 114  
 changes in, 282  
 global, 57, 209, 210  
 inverted, 43  
 value, growth and, 54