GARTMAN'S SIMPLE RULES OF TRADING

1. Never, Ever, Ever, Under Any Circumstance, Add To A Losing Position... Ever! Adding to losing positions will lead to ruin. You can count on it. Ask the Nobel Laureates in Economics at Long Term Capital!

2. Trade Like A Mercenary Soldier: As Jesse Livermore said, it is not ours to be bullish or bearish, but to be right.

3. Mental Capital Trumps Real Capital: Capital comes in two types; mental and real. Holding losing positions costs measurable real capital, but immeasurable mental capital.

4. We Are Not A Business Of Buying Low And Selling High; We are, however, a business of buying high and selling higher. Strength begets strength, and weakness further weakness almost always.

5. In Bull Markets One Can Only Be Long or Neutral, and in bear markets, one can only be short or neutral. This may seem self-evident, but very few understand it, and fewer still embrace it.

6. "Markets Can Remain Illogical Far Longer Than You Or I Can Remain Solvent." J.M. Keynes. Illogic does often reign, and it is our duty to learn to handle it as best we might.

7. Buy Markets That Show The Greatest Strength; Sell Markets That Show The Greatest Weakness: Metaphorically, when bearish we need to throw rocks into the wettest paper sacks, for they break most easily. When bullish we need to sail the strongest winds, for they carry the farthest.

8. Think Like A Fundamentalist; Trade Like A Chartist: The fundamentals may drive a market and need to be understood, but if the chart is not bullish, why be bullish? Trade when the technicals and fundamentals, as you understand them, run in concert, one with the other.

9. Trading Runs in Cycles; Some Good; Most Bad: In "good times," even errors turn to profits; in "bad times," the most well researched trade will go awry. This is the nature of trading; accept it and move on.

10. Keep Your Technical Systems Simple: Complicated systems breed confusion; simplicity breeds elegance. The great traders we've known have the simplest methods of trading. There is a correlation here!

11: In Trading/Investing, An Understanding Of Mass Psychology is Often More Important Than An Understanding of Economics: Simply put, *"When they are cryin', you should be buyin'! and when they are yellin', you should be sellin'!"* This is psychology at work and its most elegant.

12. It Takes Buying And Lots Of It To Put A Market Up; It Takes Only A Lack Of Buying To Put Any Market Down: Gravity is an amazing force of nature; it is even more amazing in the world of investing.

13. There Is Never Just One Cockroach: The lesson of most markets is that bad news follows bad... usually hard upon and always with detrimental effect upon price, until such time as panic prevails and the weakest hands finally exit their positions.

14. Be Patient With Winning Trades; Be Enormously Impatient with Losing Trades: The older we get, the more small losses we take each year... and our profits grow accordingly.

15. Fear Turns To Greed At Break Even... And Vice Versa: Know this; understand this; accept this and deal with it.

16. Do More Of That Which Is Working and Less Of That Which Is Not: This works in life as well as trading. Do the things that have been proven of merit. Add to winning trades; Cut or eliminate losing ones. If there is a "secret" to trading (and of life), this is it.

17. All Rules Are Meant To Be Broken.... but only very, very infrequently. Genius comes in knowing how truly infrequently one can do so and still prosper, but when one must, one must!