Part 1

DEVELOPING AN INVESTMENT PROCESS USING BUSINESS AND FINANCIAL CYCLES

Introduction

In Part 1, we analyze asset prices and business cycles to develop a successful investment process. The current business cycle determines the correct selection of stock sectors and of assets. A careful selection of stocks will maximize profit and minimize risk. Using this approach, portfolios become more reliable and predictable.

What you learn in Part 1

- The importance of establishing an investment process to manage your money
- Identifying the steps of an investment process
- Economic and financial indicators needed to establish an investment process
- The cause and effect relationships between these indicators
- How the financial markets and the economy affect each other
- Identifying the likely direction of
  a. The economy
  b. The stock market
  c. Short-term interest rates
  d. Commodities
  e. Inflation
  f. Bond yields
  g. The dollar
- How to develop an investment process based on likely scenarios
- How to identify an action plan

At the end of Part 1, investors have the knowledge, tools, and techniques to develop an economic scenario and an investment plan. This is helpful because all asset prices from stock prices to commodity prices, short-term interest rates, long-term interest rates, and currencies are driven by economic developments and economic growth patterns. At the end of this part, investors have the tools to answer the questions:

1. What kind of an economy are we going to have?
2. What is our investment environment?
3. What is the best investment strategy to benefit from what is going to happen?