

How I Choose a Stock to Buy or Sell



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This week I subbed in for Charles Rotblut on the weekly radio show [MoneyLife](#) with [Chuck Jaffe](#). Each week Charles chooses a “buy of the week” and a “sell of the week” and provides some editorial guidance on his reasoning.

In order to prepare for the interview, I had to think, “what qualities do I look for in a stock and, subsequently, what would prompt me to sell it?”

I started off by brainstorming what the qualities of a “good stock” are in hopes that I could reverse these metrics to create a list of sell metrics. By no means is this a static list, and the metrics mentioned below represent my personal views. Additionally, the analysis described here focuses primarily on fundamental metrics and “bottom up” analysis (focusing on individual attributes and fundamental factors of a particular company or stock) as opposed to “top down” analysis (which focuses on macroeconomic factors to determine which sectors and industries will outperform or underperform the market). [Continue Reading »](#)



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 - **Going From a Stock Screen to a Real Portfolio** - When investing based on a screen, you should have preset rules regarding diversification, choosing stocks, selling and tax management, as John Reese of Validea explains in this article.
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Highlights from this month's *AAI Journal*

- **Piotroski F-Score Works Well With More Than Low-Value Stocks** - Piotroski F-Score strategy is known for identifying quality undervalued stocks, but it works well even for other kinds of stocks. This month's Briefly Noted column explains more.
 - **Cognitive Aging Creates Financial Obstacles** - The impact of cognitive aging on those ages 70 to 90 can create problems from minor financial mistakes to the loss of ability to manage personal finances, and can create vulnerability to fraud.
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AAI Sentiment Survey

Pessimism plunged, as neutral sentiment rose to its highest level since the election. **More about this week's results.**

This week's results:

- Bullish: 35.8%, up 3.0 points
- Neutral: 36.5%, up 3.5 points
- Bearish: 27.7%, down 6.5 points

Historical averages:

- Bullish: 38.5%
- Neutral: 31.0%
- Bearish: 30.5%

Take the [Sentiment Survey](#).

The Week Ahead

Wayne Thorp, AAI vice president and senior financial analyst, will be speaking to the [AAII Los Angeles Chapter](#) on Saturday, February 18.

Earnings season strides forward with 57 members of the S&P 500 scheduled to report. Included in this group is Dow Jones industrial component Cisco Systems, Inc. (**CSCO**) on Wednesday.

The week's first economic reports will be the January consumer price index, January retail sales, the New York Fed's February Empire State manufacturing survey, January industrial production, December business inventories, the February housing market index and December Treasury international capital, all of which will be released on Wednesday. Thursday will feature January housing starts and building permits and the Philadelphia Fed's February business outlook survey.

Five Federal Reserve officials will make public appearances: Richmond president Jeffrey Lacker, Atlanta president Dennis Lockhart and Dallas president Robert Kaplan on Tuesday; Boston president Eric Rosengren and Philadelphia president Patrick Harker on Wednesday. Chair Janet Yellen discusses semiannual monetary policy before the Senate Banking Committee and the House Financial Services Committee on Tuesday and Wednesday, respectively.

The Treasury Department will auction \$7 billion of 30-year Treasury inflation protected securities (TIPS) on Thursday.

Local Chapter Meetings

AAII Local Chapter Meetings offer you a variety of presentations from expert speakers who will give

you their view on the world of investing. A bonus of attending a Chapter Meeting near you is the opportunity to meet other AAIL members who share your interest and enthusiasm for investing. You can even share the Chapter experience with your family and friends by inviting them to attend Chapter Meetings with you! [Upcoming Meetings »](#)