

**HOPE:** It's human nature to be optimistic. It's human nature to hope. Furthermore, hope is a component of a healthy state of mind. Hope is the opposite of negativity. Negativity in life can lead to anger, disappointment and depression. After all, if the world is a negative place, what's the point of living in it? To be negative is to be anti-life.

Ironically, it doesn't work that way in the stock market. In the stock market hope is a hindrance, not a help. Once you take a position in a stock, you obviously want that stock to advance. But if the stock that you bought is a real value, and you bought it right -- you should be content to sit with that stock in the knowledge that over time its value will out without your help, without your hoping.

So in the case of this stock, you have value on your side -- and all you need is patience. In the end, your patience will pay off with a higher price for your stock. Hope shouldn't play any part in this process. You don't need hope, because you bought the stock when it was a great value, and you bought it at the right time.

**Any time you find yourself hoping in this business, the odds are that you are on the wrong path -- that you did something stupid that should be corrected.**

Unfortunately hope is a money-loser in the investment business. This is counter-intuitive but true. Hope will keep you riding a stock that is headed down. Hope will keep you from taking a small loss and instead, allowing that small loss to develop into a large loss.

In the stock market hope gets in the way of reality, hope gets in the way of common sense. One of the first rules in investing is "Don't take the big loss." In order to do that, you've got to be willing to take a small loss.

If the stock market turns bearish, and you're staying put with your whole position. and you're HOPING that what you see is not really happening -- then welcome to poverty city. In this situation, all your hoping isn't going to save you or make you a penny. In fact, in this situation hoping is the devil that bids you to sit -- while your portfolio of stocks goes down the drain.

In the investing business my suggestion is that you avoid hope. Forget the siren, hope -- instead embrace cold, clear reality.

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