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Frequently the financial press announces various reasons for an advance in the stock market. One idea the financial press presents for explaining rising prices is that cash waiting on the sidelines is now being put into the stock market. This conjures up the image of extra football players being placed in the football game to score a touchdown. Instead of the regulation eleven-person offense there are now thirteen, and clearly this is a good thing for the offense. The offense can take control of the game, and more touchdowns can be scored. This is the image that the financial press believes to be true and wants to place in the minds of investors when attempting to explain why the stock market is advancing.

Unfortunately, a football team cannot field two extra players—and a penalty is quickly called. Sure, a coach can add two fresh players to the field, but two players must leave the field at the same time. The same is true of the stock market. Let's say an investor decides to invest \$10,000.00 in a stock, ABC. The moment one investor purchases ABC, another investor is selling ABC and \$10,000.00 leaves the stock market. One investor has taken money out of savings and placed it into the stock market while another investor, on the opposite side of the transaction, is taking the same amount of money out of the stock market and putting it into savings. No money is actually added to the stock market. In other words, money doesn't flow *into* the stock market: it flows *through* the stock market. Since money on the sidelines flowing through the stock market does not determine the advance, as explained by the above example, it is important to look at possible causations for high prices.

An important cause for higher prices is the *urgency* with which the purchase is made. Investors can flood the stock market with buy orders and if these buy orders are met by investors with little urgency to sell, the result would be drastically higher prices. Sellers can transact business at higher and higher prices until all the new investors' urges to buy are satisfied. Eventually a new, higher, equilibrium price is established. Understanding the role of this psychology, how primitive it might seem, is critical to successful investing. Both growth investors and value investors utilize this psychological insight.

Growth investors identify positive company trends that they believe will result in sustainable urgency for investors to demand their investment at higher and higher prices. Periodically, there are interruptions to this trend, but these interruptions will serve to satisfy any short-term urgency to sell, but if the over-all trend is clear, the urgency to buy will soon materialize.

In contrast, value investors try to identify companies and stocks where all the sellers' urgency has been satisfied. In other words, investors have no reason left to sell. The result is a lower stock price and possibly lower risk.

Smart investors utilize this investor psychology to its fullest by attempting to identify stocks of companies that have satisfied the sellers' urgency and are near a catalyst to create buyers' urgency. Below are questions relating to areas of developing urgency.

Two question of urgency to contemplate:

1. Will there be a sustainable urgency to invest in China in the next decade?
2. Will there be a sustainable urgency for investors to protect themselves from inflation?

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