



# CAPITAL MARKET

## CLASS 1: INTRODUCTION



## DISCLAIMER

- ✗ Even though this course covers some corners of the capital market, and the lab part is designed to trade the market, I strongly discourage any related trading activity until the completion of the course. Any trading activity is a personal choice, at your own risk.
- ✗ I'm not a CFP, therefore nothing from this course should be considered financial advice.
- ✗ I reserve the right to be wrong.



# ACKNOWLEDGEMENT

- ✕ It's a journey meant to share my knowledge and thoughts, not to teach
- ✕ English as the primary language
- ✕ Feel free to skip any section
- ✕ Please provide your feedback
- ✕ Credit to the source



# EXPECTATIONS

- ✕ Class goal
- ✕ Capital market vs financial market
- ✕ From me: to engage
- ✕ From you: to learn
- ✕ What does it mean?



An idea is like a virus. Resilient. Highly contagious. And even the smallest seed of an idea can grow. It can grow to define or destroy you.

-- Inception



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## ✕ Choice vs decision

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Decision: the act or process of deciding (to make a final choice or judgement about)





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- ✕ It's your CHOICE, and it's YOUR choice.



## FACT VS OPINION

- ✗ From fact to opinion

Fact: something that has actual existence; an actual occurrence

Opinion: a view, judgment or appraisal formed in the mind about a particular matter

- ✗ Assumption: a fact or statement (such as a proposition, axiom, postulate, or notion) taken for granted
- ✗ Exercise: Laffer curve



# ARGUMENT AND COUNTER ARGUMENT

- ✕ In argument and counter argument, you hear a lot of facts and opinions
- ✕ You have a choice to place your own weight and judgment
- ✕ Exercise: stock to buy or sell



# INVESTING VS SPECULATING

Price is what you pay; value is what you get.

-- Warren Buffett

- ✗ Investing responds to the value
- ✗ Speculating responds to the price
- ✗ Day trading is the worst kind of speculating





## GAMBLE VS BET

- ✗ Gamble: to play a game for money or property; to bet on an uncertain outcome
- ✗ Bet: something that is laid, staked, or pledged typically between two parties on the outcome of a contest or a contingent issue
- ✗ Is trading a bet?
- ✗ Is investing a bet?
- ✗ Why do we invest at the first place?



# STRENGTH AND WEAKNESS

- ✕ Interview question
- ✕ You should know yourself
- ✕ How to see strength and weakness
- ✕ Final thoughts



## RESOURCES



### ✕ Course content

***Financial Markets*** by Robert Shiller (Coursera)

***Reinforcement Learning*** by Charles Isbell and Michael Littman (Udacity)

***Machine Learning for Trading*** by Tucker Balch (Udacity)

### ✕ Reading

***Good to great*** by Jim Collins, ***Grit*** by Angela Duckworth, ***Smarter faster better*** by Charles Duhigg, ***Quiet*** by Susan Cain, ***Principles: life and work*** by Ray Dalio, ***A random walk down wall street*** by Burton Malkiel