



CAPITAL MARKET

CLASS 1: INTRODUCTION





- 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.
- X I'm not a CFP, therefore nothing from this course should be considered financial advice.
- **X** I reserve the right to be wrong.





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





- Class goal
- **X** Capital market vs financial market
- **x** From me: to engage
- **x** From you: to learn
- **X** 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





X Choice vs decision

Choice: the act of choosing





X Choice vs decision

Choice: the act of choosing

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

Choice motivates engagement and improves efficiency





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- X Choice motivates engagement and improves efficiency
- Seeking more options makes you less likely to settle for the most obvious





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- ✗ How your choice is made matters, tells more about your preference, and the tipping point

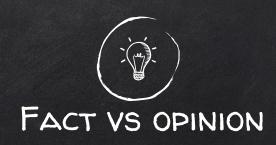




X Choice vs decision

Choice: the act of choosing

- X Choice motivates engagement and improves efficiency
- X Seeking more options makes you less likely to settle for the most obvious
- ✗ How your choice is made matters, tells more about your preference, and the tipping point
- **X** It's your CHOICE, and it's YOUR choice.





x 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

X 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
- **x** Exercise: stock to buy or sell





INVESTING VS SPECULATING

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

-- Warren Buffett

- **x** Investing responds to the value
- **X** Speculating responds to the price
- **X** Day trading is the worst kind of speculating





- **X** 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
- **x** Is trading a bet?
- Is investing a bet?
- **X** Why do we invest at the first place?





STRENGTH AND WEAKNESS

- Interview question
- ✗ You should know yourself
- **X** How to see strength and weakness
- Final thoughts





X 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)

x 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