Twitter Thread by That Pragmatic Guy



That Pragmatic Guy
@MpiloGMangali

There's blood on these streets. BUY THE DIP!

[A quick thread]



So yesterday I sold two of my holdings that I didn't like very much for the following reasons:

https://t.co/eojTjDJc5B

> Risk reduction in the case of DataDog. I have too many holdings in a similar space. GoodRx's business model doesn't entice me as much as I would like it to. Ultimately, it was to free up some cash in the event that a significant dip comes along. I like to keep 10% in free cash.
>
> — That Pragmatic Guy (@MpiloGMangali) February 16, 2021

I know what you thinking: "smart move! ■"
Will I be going on a buying frenzy today? Not quite. I think I'll sit today out. I've had some great lessons about the dip that I'd like to share with you.

I came across this fortune teller on YouTube who could predict pullbacks. ■■■

https://t.co/rNlOWKsiok

> If this guy is anything to go by, we may have a sale on our hands next week. Do you have:
>
> a) Free cash available, and
> b) Wishlist of holdings you want to add to? pic.twitter.com/ASCrGy3H71
>
> — That Pragmatic Guy (@MpiloGMangali) October 21, 2020

Of course I thought to myself, I'm going to be smart about this and decided to split my money over the full week because no one can predict the bottom. However, this happened:

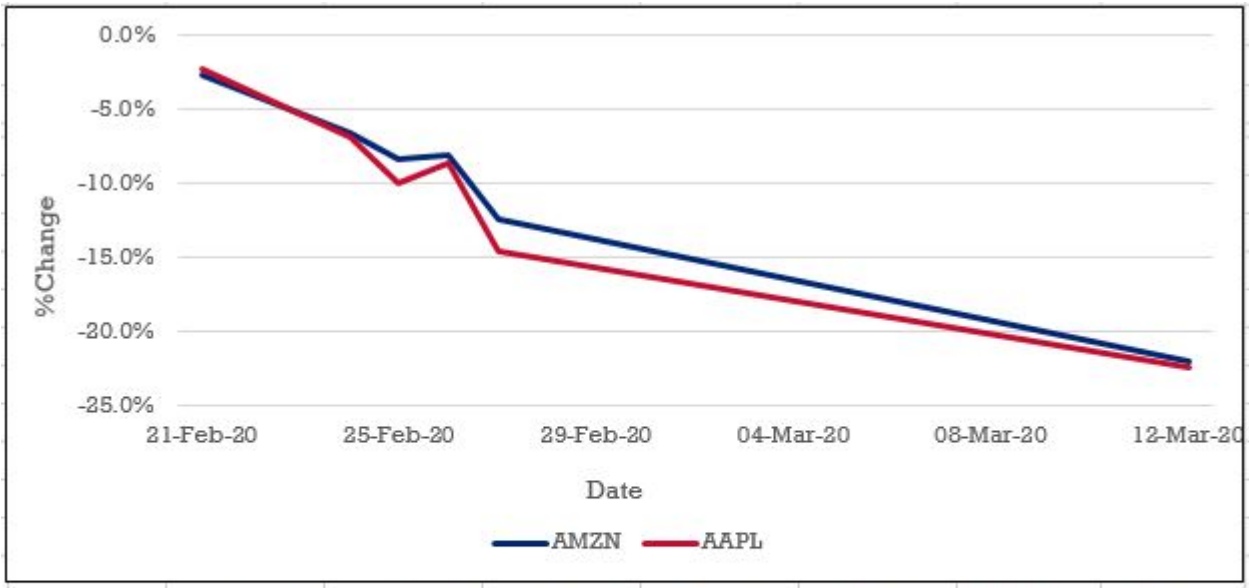
https://t.co/RLYJLtKfGb

> I'm not okay. I've been buying stocks bit by bit since Monday and by Tuesday I got greedy and decided to split my money to last me until yesterday. Today, the market is even lower.
>
> I deviated from my original plan to split my money over the full week and it cost me. pic.twitter.com/1kcRgvj5H3
>
> — That Pragmatic Guy (@MpiloGMangali) October 30, 2020

The lesson? Never get too greedy and never suffer from FOMO.

Here's an even better reason why. Imagine today was 21 Feb '20. Apple and Amazon fell over 2% and your favourite stock probably fell by even more. The whole market is red.

If you bought today (21 Feb '20) you would've exited the battle early as stocks continued to fall further.



	20-Feb-20	21-Feb-20	24-Feb-20	25-Feb-20	26-Feb-20	27-Feb-20	12-Mar-20
AMZN	$ 2,153.21	$ 2,095.97	$ 2,009.29	$ 1,972.74	$ 1,979.59	$ 1,884.30	$ 1,676.61
AAPL	$ 80.07	$ 78.26	$ 74.54	$ 72.02	$ 73.16	$ 68.38	$ 62.06
AMZN		-2.7%	-6.7%	-8.4%	-8.1%	-12.5%	-22.1%
AAPL		-2.3%	-6.9%	-10.1%	-8.6%	-14.6%	-22.5%

I think we can all agree that we keep cash reserves for significant pullbacks in the markets. However, those pullbacks do not happen over night. They need time to mature. Days, sometimes weeks.

Day-to-day dips can be caught any time. Market pullbacks are really worth a buy.

So what do I do on days like today? I observe the market, review my wishlist and PRAY that the market continues to fall. If it rebounds tomorrow? Then it wasn't worth a buy.

https://t.co/Gu5XEYnX2c

> My favorite one \U0001f62d\U0001f62d\U0001f62d\U0001f62d\U0001f62d pic.twitter.com/thUt5Pc04D
>
> — Bangbiza uLuba (@lubabalo_juice) February 11, 2021