

# [Warren buffett comparison with other stock traders](https://assignbuster.com/warren-buffett-comparison-with-other-stock-traders/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

Warren Buffett Comparison with Other Stock Traders Trading more in stocks like any other activity for one to excel he or she ought to emerge with own personal style besides operating within certain common outlined procedures. Hence, avoid being victims of the same traps that prompted those who might have ventured in the same trade before end up failing miserably. However, to some like Warren Buffet have emerged with own style, which encompasses value evaluation not only based on current or short periods but what stocks would become few years from the current time (Pett, 2013). This is quite evident in Shell’s article (2013) outlining some of the Warren’s sentiments in regards to trading whereby he pinpoints numerous traders’ tendency of timing stocks within their current short term.
This is contrary to numerous stock traders or gurus like Ben Graham who normally evaluates a firm’s current and future EPS including Net Current asset being more than its current debt (Reese, 2012). However, this does not imply Buffet in his calculation fails to consider a given firm’s health but looks into its future capability such that what he invests though with time the realization will be handsome (Shell, 2013). In addition, Buffet warns people of mimicking certain gurus’ style who normally end up buying stocks once a given firm seem to have tangible prospects in the near future but end flipping them like short order. Due to the unpredictability of stocks and their influence by global economy, he prefers not to incur many expenses while procuring them and stick by his choices. Since, he holds onto the notion with time stocks as well as tangible firms acquired cheaply today will be of much worth in future (Shell, 2013). Similar kind of style is evident in Jain’s (2010) study relaying how Buffet chooses to procure potential businesses inexpensively then with time under proper management end up being of much worth. This is quite evident with acquisition Berkshire in 1995, which prompts Jain (2010) contend Buffet is not a value investor. According to Jain (2010), Buffet is just a guru who normally examines prospective of a given firm and its management’s competence in turning the fortune of the said company.
References
Jain, P. (2010). Buffett beyond value: Why Warren Buffett looks to growth and management when investing. Hoboken, N. J: John Wiley & Sons.
Pett, D. (2013). How to walk in the footsteps of Warren Buffett. Financial Post. Retrieved from Reese, J. P. (2012). Ben Grahams 60-Year-Old Strategy Still Winning Big. Forbes. Retrieved from http://www. forbes. com/sites/investor/2012/12/18/ben-grahams-60-year-old-strategy-still-winning-big/
Shell, A. (2013). Warren Buffett: Top 3 investing mistakes to avoid. USA Today. Retrieved from http://www. usatoday. com/story/money/personalfinance/2013/10/26/warren-buffett-investment-advice/3188499/