info@marketinsider.uk

Don't get crushed in the wave

Master the market's cycles and learn how to invest wisely in fluctuating conditions

Why the Stock Market Is Always Looking Ahead And How You Can Stay One Step Ahead of It

If you've ever looked at a company's earnings and thought, "How is this worth so much?" — you're not alone.

Welcome to the world of forward pricing — the often misunderstood reality of how the stock market works. Unlike most things in life, the market doesn't care about today. It cares about what's next.

Let's break down what that means… and more importantly, how you can profit from it.

Today's Price Reflects Tomorrow's Expectations

The stock market is forward-looking. That's not just a saying — it's a fundamental principle.

When you see a share price on your screen, it's not simply showing you what a company is worth today. It's showing you what investors think it'll be worth in the future.

This is known as discounting — the idea that future profits, growth, risks, and opportunities are all "priced in" today.

Let's take an example.

Imagine a tech company on the Nasdaq.
It's losing £100 million a year.
It has no profits.
And yet… its price-to-earnings (P/E) ratio is 100.

Sounds ridiculous, right?

But here's what's happening: the market isn't valuing the business as it is now. It's valuing what it could become — next year, or even five years from now.

Investors are betting that this loss-making business will soon flip to profit, scale rapidly, and become dominant. They're buying future potential, not current performance.

So while the financials might look ugly today, the market is already living in tomorrow.

Three Waves of Forward Pricing

Understanding forward pricing isn't just about theory. It's about knowing how price moves — and when to act.

When a major piece of news hits the market — whether it's political, economic, or company-specific — the price movement typically unfolds in three waves.

Wave 1: The Institutional Reaction

This is the domain of the big players:
Goldman Sachs. JP Morgan. BlackRock. Hedge funds. Quant firms.

They have massive teams of analysts, artificial intelligence systems, proprietary data feeds, and real-time access to global news. Their edge is speed and information.

Let's say Donald Trump gives a statement that hints at potential military action in Iran.

Before it even hits the headlines, institutional traders have already processed the implications:

- Military conflict = oil supply disruption
- Supply disruption = higher oil prices
- Higher oil prices = bigger profits for oil companies like BP and Shell
- Bigger profits = rising share prices

So they act. Immediately.

They start buying oil stocks — not because anything has happened, but because the possibility is now in play.

Even if there's no war. Even if oil prices don't move. The market still reacts — because it's pricing in the future risk or potential reward.

That's wave one.
And unless you're on the inside, you're not catching it.

Wave 2: The Professional Traders Step In

The second wave belongs to the pros: full-time traders, small hedge funds, boutique firms, and experienced independents.

These are the people who live and breathe the markets but don't have the same resources as the big banks.

They might spot the trend a few hours later — or at the end of the trading day — but they're still early enough to catch a big move.

They've seen the institutional buying. They understand the logic. They join the momentum.

The price moves further — and fast.

This is the wave that smart retail investors should aim for.

It's not lightning-fast like wave one, but it's still ahead of the news cycle, and the opportunity is real.

Wave 3: The Retail Crowd Arrives

Finally, we get wave three.

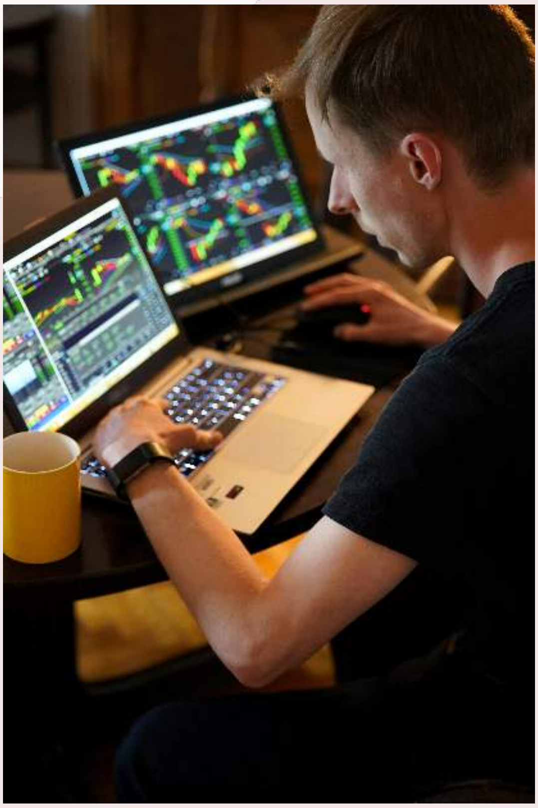
This is where most retail investors — everyday individuals — step in. But by now, the move is old news.

They see headlines about oil prices rising.
They see a 10% increase in BP's share price.
They panic-buy, fearing they'll miss out.

But here's the problem...

While they're buying, the institutions are quietly selling.

They've already made their profits. Now they need someone to buy from them — and that's where the latecomers come in.



Because there's still strong demand from wave three, institutions can offload their positions **without crashing the price.**

But eventually... the music stops.

Prices stall. Then fall.

And the wave three investor is left holding the bag.

A real-world example?

In June 2025, during heightened tensions between the US and Iran, BP's share price surged 10% in under two weeks.
Retail investors flooded in.
And then — the price dropped 7% in days.

Classic wave three.

How to Profit Without Playing Catch-Up

If wave one is out of reach — and wave three is a trap — then **the goal** is to consistently catch **wave two.**

And the good news is — that's doable.

You don't need AI software or access to exclusive news.

What you need is focus, discipline, and the right information flow.

Here's how:

1. Follow smart research

You won't beat Goldman Sachs. But you can work with experienced analysts who monitor institutional behaviour and market signals — and relay that insight to you in plain English.

2. Set alerts and limit orders

Reacting on time isn't about staring at a screen 12 hours a day.

With the right tools, you can get notified when key levels are breached — and be ready to act fast.

3. Avoid the herd mentality

If something's already all over the news, chances are the price has already moved. Be cautious.

Ask yourself: am I buying this because it's a good investment — or because I don't want to miss out?

4. Trust the process, not the hype

Forward pricing is about expectations. That means there will be false starts, overreactions, and corrections. Don't panic. Stick to your system.

The Bottom Line

The market doesn't care what a company is worth today. It cares about what that company could be worth next year. Or in five years. Or never.

Every share price is a bet on the future — not a snapshot of the present.

So if you want to succeed in the market, you need to stop asking, **"What's happening now?"** and start asking, **"What will people believe is about to happen next?"**

And most importantly —
Don't get caught in the third wave.

You may not be able to move like a hedge fund.

But with the right guidance and tools, you can move smarter.

You can position early.

And you can ride wave two — with confidence.

If you want help doing that, that's exactly what my team and I are here for.

Don't get crushed...

In "Don't Get Crushed in Wave," discover how the stock market's forward-looking nature can shape your investment strategy. Learn to navigate the three waves of price movement—where institutional players act first, followed by professionals, and finally the retail crowd—to position yourself for success. Equip yourself with the insights and tools necessary to stay ahead of the market and avoid being caught in the rush.