

Three Market Idiots

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There are three varieties of idiots in the market you're likely to encounter during your trading career. Contemplating the above truth from the great site of Despair, I thought I'd give you a heads up, so you can avoid these laggards in the great Darwinian race. You see, social success is not so different from trading success: you ride your winners and dump your losers. And, trust me, these three are not ones you want to ride:

1) **Idiot #1: The True Believer** - You've probably encountered at least one of these dolts during your market sojourns. They are the ones who have figured out *the* answer to the market. Not *an* answer, mind you. **The** answer. It usually is some kind of numerological or astrological scheme, and it is always a *hidden* secret. Unfortunately, True Believers don't seem content with keeping their knowledge hidden. They're always after you to "unlock the mysteries" of the market by sharing in their discoveries. A surprising number of True Believers are also True Bears, which means that they're forever predicting the end of the financial universe as we know it. They predicted it in 1980, 1990, 2000, and they're still predicting it. And when the market rallies and proves them wrong? Well, that just means the bubble is getting even bigger and the implosion of the universe will be even more profound. My take on True Believers? This is not investing or trading; it's cultism. And true believers are at the point where they **have** to believe, or they'd come face to face with the awful realization of the utter waste of time and money their beliefs have brought, as the Dow has risen from 775 to over 12,000 within a 25-year period.

2) **Idiot #2: The Gambler** - This is the "I'm-giving-up-my-job-to-become-a-trader-because-I-don't-like-working-9-to-5" idiot. Observe that this bottom-dwelling resident of the phylogenetic scale is not giving up his job because he's had success at trading. He's also not

giving up his career because he so loves trading that he researches it day or night and has found a winning edge. No, The Gambler doesn't do *anything* beyond 9-to-5, because what he's after are easy riches, not effort and earned success. He hears that others have been successful (usually from Idiot #3), and he figures, "That means I can do it too". Invariably, the Gambler is attracted to daytrading. Why? It gives him a sense of action, and it justifies his decision to abandon all efforts at productive work. Besides, you can't really explain to your wife and kids why you're not out there with working humanity supporting your household when you're sitting around doing nothing, holding positions for weeks at a time. So the Gambler actively trades in and out of markets, pretends like he's got a job, and every so often berates his spouse when she wonders when the family will be able to pay its bills. My take on Gamblers? They're not interested in trading; they're interested in their fantasy. So interested that they'll take their bank accounts and families down with them.

3) **Idiot #3: The Self Promoter** - It's easy to find the Self-Promoters. By their very nature, they're in your face hawking their wares, lauding their recent market calls, and promising easy trading success. Open any trading magazine and you'll see their well-coiffed, grinning idiot faces leering at you, usually as part of a trading "event" that just happens to be selling all their products. The key to recognizing Self-Promoters is that they promote themselves, not ideas or methods. Indeed, a substantial number of them don't trade. Those include the "Trading Coaches" who promise to improve your confidence, but offer no concrete trading guidance that you could ever feel confident in. They also include the "Gurus" who tout simple chart patterns and indicators, carefully avoiding any possible objective testing of their wonderful setups. Self-Promoters *never* talk about how hard it is to achieve trading success; that would not sell well, especially among The Gamblers. Instead, they borrow their pitches from the "no money down" real estate guys and tell you how easy it will be to succeed with no capital. My take on Self Promoters? I don't mind people who deceive others; they're merely dishonest. It's the ones that deceive themselves that frighten me. That's when dishonesty becomes delusion.

So there you have it: a rogue's gallery of trading idiots. Once you tune your mind to this threefold taxonomy, you'll have no problems at

all recognizing them within moments of their opening their mouths. And, if you want to be happy, you'll follow the advice of literary critic Dorothy Parker and not toss these idiots aside lightly. Rather, you'll hurl them with great force.

Bio:

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