ForeWord Reviews

BUSINESS & ECONOMICS

The Market Savvy Investor: Profit from the Techniques of the Top Traders

Howard Abell
Robert Koppel
Dearborn Financial Publishing
978-0-7931-2792-4
(October 1999)

The Internet has given the individual investor access to information that had been previously monopolized by Wall Street. Arising from this information revolution is a new breed of individual trader that is well-informed and independent. Hair-trigger decisions and short investment horizons that characterize this trader have influenced the markets like never before.

In The Market Savvy Investor, Abell and Koppel do an excellent job of identifying the techniques, and perhaps more importantly, the personality traits needed to be a successful trader. Investors of all experience levels would do well to read this book in order to “keep the edge” needed to succeed in today’s market.

Abell and Koppel have divided the book into five main parts: knowing the markets and psychological barriers, sector analysis, interviews with successful traders, briefings on the technical aspects of trading and what it takes to win in the marketplace.

The theme that resonates throughout this fine book is one of self-examination. Do you have what it takes to be a trader? Abell and Koppel waste no time in letting the reader know what personality traits are needed to be a successful trader. In Part I, the reader is presented with a list of questions that attempt to draw out an individual’s motivations for trading. What is your philosophy? What are your biases? What are your strengths and weaknesses? How much effort are you willing to “invest”? These are a few of the questions that the individual needs to answer before going to battle in the market.

The biggest decision that any trader has to make is the sell decision. Abell and Koppel contend that sticking to a rigid discipline will help limit losses and keep the trader focused. In fact, the book begins with a Chinese proverb that bears this out: “Before climbing a perilous summit, one must study all routes of access and escape, and only then, really learn how to climb it from someone who has already made the journey.” In the third part of the book, Abell and Kopell interview those who have already “made the journey.” The reader can quickly glean from these interviews that it takes discipline and a tremendous amount of stamina to be

successful. The interview with Rick Santelli, a CNBC commentator, offers a small glimpse into the life of a trader.

In the last section of the book, Abell and Koppel lay out the framework needed to be successful. Discipline, focus, confidence, optimism, risk vs. reward, expectations, etc. are discussed at length. Abell and Koppel maintain that investors have three things in common: "they lose, become frustrated, and at times feel lousy and experience stress…." A case can be made that this entire book is devoted to remedying these negatives and turning them into positives through a disciplined, non-emotional plan.

The principles laid out in The Market Savvy Investor are valuable for both the novice and experienced investor. Before entering the trading fray, Abell and Koppel stress that a thorough self-examination is imperative. If you think you have what it takes to be a successful trader, then this book should be next to your keyboard.

David Schweitzer