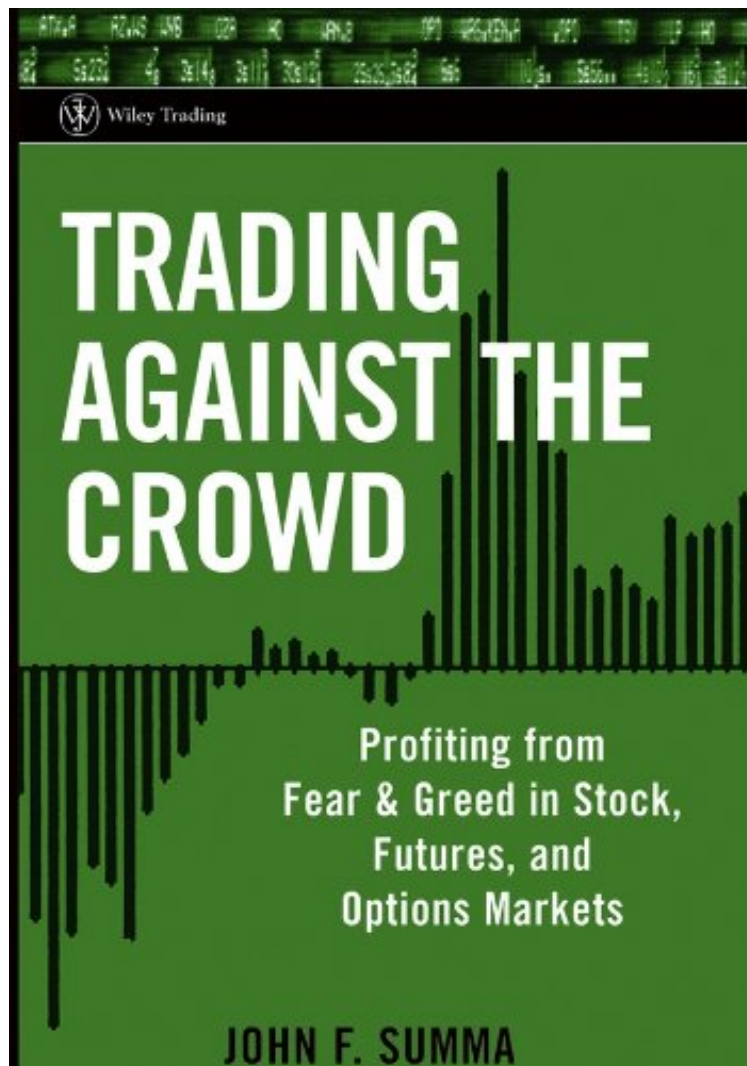


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Trading Against the Crowd: Profiting from Fear and Greed in Stock, Futures and Options Markets (Wiley Trading)

John F. Summa

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John F. Summa : Trading Against the Crowd: Profiting from Fear and Greed in Stock, Futures and Options Markets (Wiley Trading) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Trading Against the Crowd: Profiting from Fear and Greed in Stock, Futures and Options Markets (Wiley Trading):

15 of 16 people found the following review helpful. The Art of Contrary Thinking By Maxim Masiutin Lots of books have been written about options and related stuff like Greeks or complex strategies like "Short Iron Butterfly". This

book is not about options per se. It uses options merely as a tool to predict market tops and bottoms. It uses very simple indicators like as put/call ratios and option-implied volatility. This book does not teach you about options. It assumes that you are already familiar with stocks and options market. Many books have been written about contrary opinion in regards to investing, and most famous is "Security Analysis" by Graham and Dodd. Actually, many of the original works in the area of investor sentiment are from a long-term investing perspective, and largely examine the issue through contrarian analysis of stock market fundamentals, such as intrinsic value and growth prospects. The book "Trading Against the Crowd" ignores fundamentals and instead focuses only on sentiment technicals. In addition to option put/call ratios and volatility, it relies on short sales, advisory opinion, investor surveys, and quantitative news flow. By using these sentiment measures, it is possible to identify investor sentiment extremes and associated market turning points. A unique dimension to this book is the combination of price triggers with sentiment gauges. In addition to this book, I recommend "Art of Contrary Thinking" by Humphrey B. Neill, "Crash Proof 2.0" by Peter D. Schiff and "The Only Three Questions That Count" by Ken Fisher.

Efficient market theorists contend that markets are random and thus not predictable. With the publication of Trading Against the Crowd, however, noted author, economist, and professional trader John Summa convincingly shows that investor sentiment can be incorporated into profitable stock and stock market trading systems. In this groundbreaking book, Summa explains how to use popular gauges of crowd psychology, such as put/call ratios, option-implied volatility, short sales, investor surveys, and advisory opinion to trade against, or contrary to, prevailing market sentiment. He also makes compelling arguments against the efficient markets hypothesis with the presentation of his own quantitative weekly bear and bull news-flow intensity indices, which he builds from news scans. This data series, and other popular measures of crowd psychology, are processed through custom indicators that are programmed into profitable trading systems, such as Squeeze Play I II, Tsunami Sentiment Wave, and the Fourth Estate. Trading Against the Crowd is the first book to provide a comprehensive assessment of investor crowd psychology, offering valuable market timing tools and trading techniques, including: MetaStock and Trade Station system and custom indicator code; comparative statistical studies of CBOE, OEX, and equity-only put/call ratios; straightforward instructions for combining price triggers with sentiment indicators; a practical guide to understanding put/call ratios, short sales, investor surveys, newsletter opinion, and stock market news-flow intensity; how to use LEAP options as trading vehicles to avoid use of stop loss orders; use of put/call ratios for trading the Treasury bond futures market; and test results and evaluation of trading system performance. Many of today's professional money managers rely on investor sentiment for improved market timing. They know that at extremes of market sentiment, markets tend to be the most predictable. Trading Against the Crowd shows how you can begin to profit from these short- to medium-term sentiment waves generated by the actions of the speculative crowd. Put into practice powerful sentiment data using thoroughly back-tested trading systems, and rise above the herd mentality of the investor crowd, where potentially large profits await.

From the Inside Flap Efficient market theorists contend that markets are random and thus not predictable. With the publication of Trading Against the Crowd, however, noted author, economist, and professional trader John Summa convincingly shows that investor sentiment can be incorporated into profitable stock and stock market trading systems. In this groundbreaking book, Summa explains how to use popular gauges of crowd psychology, such as put/call ratios, option-implied volatility, short sales, investor surveys, and advisory opinion to trade against, or contrary to, prevailing market sentiment. He also makes compelling arguments against the efficient markets hypothesis with the presentation of his own quantitative weekly bear and bull news-flow intensity indices, which he builds from news scans. This data series, and other popular measures of crowd psychology, are processed through custom indicators that are programmed into profitable trading systems, such as Squeeze Play I II, Tsunami Sentiment Wave, and the Fourth Estate. Trading Against the Crowd is the first book to provide a comprehensive assessment of investor crowd psychology, offering valuable market timing tools and trading techniques, including: MetaStock and Trade Station system and custom indicator code Comparative statistical studies of CBOE, OEX, and equity-only put/call ratios Straightforward instructions for combining price triggers with sentiment indicators A practical guide to understanding put/call ratios, short sales, investor surveys, newsletter opinion, and stock market news-flow intensity How to use LEAP options as trading vehicles to avoid use of stop loss orders Use of put/call ratios for trading the Treasury bond futures market Test results and evaluation of trading system performance Many of today's professional money managers rely on investor sentiment for improved market timing. They know that at extremes of market sentiment, markets tend to be the most predictable. Trading Against the Crowd shows how you can begin to profit from these short- to- medium-term sentiment waves generated by the actions of the speculative crowd. Put into practice powerful sentiment data using thoroughly back-tested trading systems, and rise above the herd mentality of the investor crowd, where potentially large profits await. From the Back Cover "The old adage is still true: to make money, do the opposite of the majority. Trading Against the Crowd shows you how to do just that." ndash; Larry Williams, author of The Right Stock at the Right Time and Long-Term Secrets to Short-Term Trading "Mr. Summa's Trading Against the

Crowd provides traders with distinct insight into the art of trading on *contrary opinion*. His groundbreaking approach to quantifying news articles into a bullish versus bearish intensity index should prove to be a very valuable tool for professional traders worldwide." —Dan Stark, President, Daniel B. Stark Company
Publisher, Stark Trader Analysis Report "Summar's new book, *Trading Against the Crowd*, is thoughtful, insightful, and one of the better books on the contrarian style of investing. With the recent stock market meltdown fresh in our minds, this book should be required reading for all investors, whether they are novices or experienced institutional investors." —Jim Mazzola, Director, Thomson Equity Strategies, Thomson Financial
About the Author JOHN F. SUMMA operates his own commodity pool and managed account program. He is an NFA-registered commodity trading advisor (CTA) and licensed, series-3 options broker. In 1997, John founded one of the first option advisory Web sites, OptionsNerd.com. More recently he established a new trading advisory site, TradingAgainstTheCrowd.com. He is the coauthor of *Options on Futures: New Trading Strategies* and *Options on Futures Workbook*, both published by Wiley. John regularly writes for Investopedia.com and has published his trading ideas in *Technical Analysis of Stocks Commodities* magazine and *Futures* magazine. A former professional skier, John also holds a master's degree in economics from the prestigious Graduate Faculty at New School University in New York City.