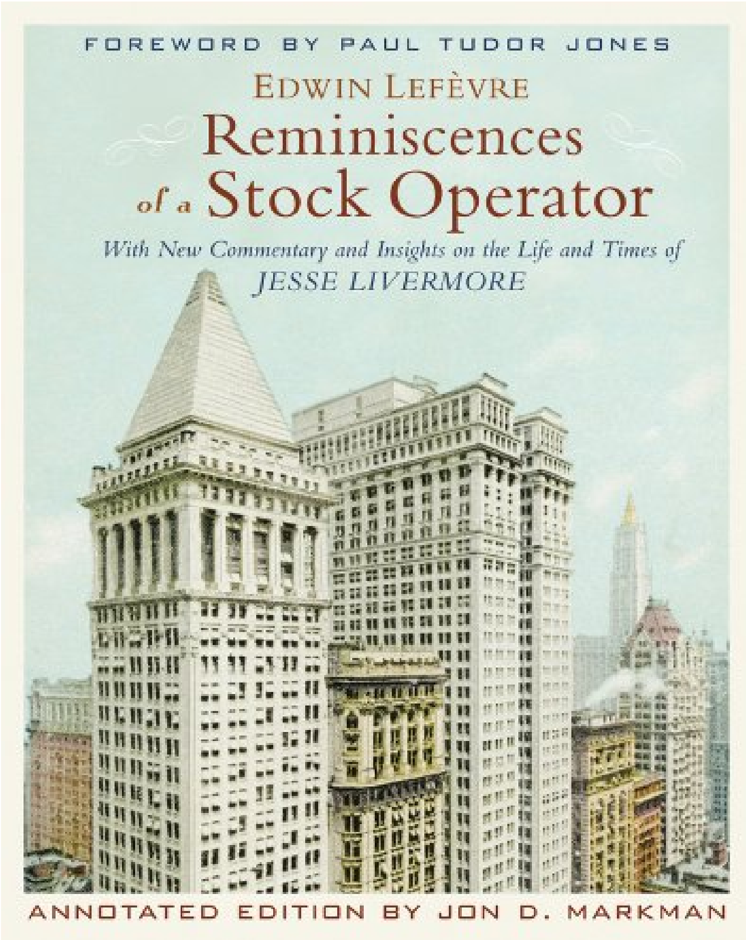
Reminiscences of a Stock Operator: With New Commentary and Insights on the Life and Times of Jesse Livermore

Edwin Lefegrave;vre, Jon D. Markman



Edwin Lefegrave;vre, Jon D. Markman : Reminiscences of a Stock Operator: With New Commentary and Insights on the Life and Times of Jesse Livermore before purchasing it in order to gage whether or not it would be worth my time, and all praised Reminiscences of a Stock Operator: With New Commentary and Insights on the Life and Times of Jesse Livermore:

0 of 0 people found the following review helpful. The traders bible. #1 must read! Annotated version is better.By J. PalThis is *the* traders bible. Written 100+ years ago, covers over 150 years of the stock market, but you'd be surprised at how little anything has changed since then. 75% of it still applies today. Wow.This particular edition has a lot of side information added for historical perspective. About 70% of it was useless history, like where such and such trader was born, etc. About 15% highlighted important concepts which I thought was good, and another 15% explained important historical info that would be lost on readers today (for example, what is a bucket shop?). I'd say it

was worth getting this annotated version.22 of 23 people found the following review helpful. Annotated Edition by Jon D. MarkmanBy M. LavdiotisAged 14, Livermore leaves his family of subsistence farmers and arrives in Boston with $5. It will be another 5 years until the first Dow Jones index, comprising of 12 stocks, is formed in 1896. Price (1891-1901)For 10 years Livermore day trades. As he says: "in a bucket shop where your margin is a shoestring you don't play for the long pulls". Bucket shops are places where no actual transactions take place (the house takes the opposite side of the bet). Bucket shops offer three advantages: instant execution, a guaranteed stop loss and lots of margin. In fact both times Livermore goes broke (and in debt the first time) he does so when trading from brokerage firms, not bucket shops. Livermore has trained himself to "read" small moves of up to 2-3% and his orders are "at the market". In the brokerage firms however (where $1000 will "only" get you $10,000 of stock), he gets terrible executions and this is the reason he goes broke both times before he turns 24 in 1901. The second time he also had to face violent price movements in Northern Pacific on Thursday May 9, 1901. The stock was cornered and went from $160 to $1000 and closed at $325 only after Morgan and Harriman reassured traders that they would not force delivery. (The ticker had a 10 minute delay from action on the floor). Again, Livermore will go to the few remaining bucket shops to make some money (which were becoming fewer by that time, until they were banned in 1915). Time (1901-1908)From here on, Livermore will try to cash in on the big bet. As he says: "A big swing will mean big money if your line is big, and to be able to swing a big line you need a big balance at your broker's." He has to change his game. His focus shifts from studying short-term price fluctuations to the study of timing longer term movements. He has to play for the long pull. To do this successfully he begins to study general conditions, including the money markets. Having mastered individual stock movements and the technical part of stock speculation he moves on to study basic principles. As he will later say, Every successful trader has to anticipate. However, in 1906 he goes broke again. To blame is his wrong timing. His outlook remains on the bear side and on borrowed money and this time he successfully shorts Great Northern in late 1906 and covers in February 1907. He then goes on a vacation to France. His trip ends abruptly when he sees the market advancing by the bull cliques "fighting desperately against conditions-against common sense and common honesty". He finds a fast boat leaving Paris for New York and shorts the market with $500,000 on margin. As he says: I certainly pushed my luck to the limit. What is the use of being right unless you get all the good possible out of it? October 24, 1907 will find him with more than $1 million. Over a period of six weeks the Panic of 1907 will net him more than $3 million. And in the spring of 1908 he will clear another $2 million in cotton. Psychology (1908-1917)Aged 31, Livermore has mastered the price and time aspects to trading. Soon he will also learn about the human factor in trading. As he says: "To learn that a man can make foolish plays for no reason whatsoever was a valuable lesson." Before 1908 ends he will lose all his money and go into debt. After meeting an influential personality of the time (likely the cotton broker Theodore Hazeltine Price) Livermore is talked into such a state of uncertainty about the markets that he loses his confidence in trading. As he says: It cost me millions to learn that another dangerous enemy to a trader is his susceptibility to the urgings of a magnetic personality when plausibly expressed by a brilliant mind. The final blow occurs in 1908 when he runs up against illness and also needs to find $200,000 in cash (to defend his brother-in-law). He goes broke by trying to make the market pay for that sum. As he says: the hope of making the stock market pay your bill is one of the most prolific sources of losses on Wall Street. In 1911, he will learn another lesson. This time he subordinates his judgment to another man's desires. That man is "Williamson" who was very nice about giving Livermore money to trade. Having made a profit of $112,000 out of a $25,000 loan, Livermore goes back to pay his creditor. Williamson, however, does not accept the money. Livermore does not insist and finds himself with a moral obligation that ties up his own hands. It is bad business, and a mistake he regrets more than any other. Allowing his gratitude to interfere with his play will be Livermore's undoing. He will lose a great opportunity to make millions, an opportunity he will not find for the next 5 years ("...five years is a long time for a man to be poor. Young or old, it is not to be relished"). The years running up (1911-1914) to World War I were rather dull. As he says: I could do without the yachts a great deal easier than I could without a market to come back on... It was the kind of market in which not even a skunk could make a scent! In 1915, vexed by debts since 1908, he voluntarily files for bankruptcy. His mind now free, he can trade with some prospects of success. In 1915 he goes back to Williamson to ask for an allowance. He will get his chance to trade and will also be lucky enough to find "the most clearly defined bull market we ever had." The DJIA will gain 82% in 1915. Livermore has caught his break and will come back big in December 1916, playing the short side. His profits will be around $800,000 to $1 million. By January 1917 rumors say that he has cleared $3.5 million recently. The Boston Daily Globe, reports him having said, I made this fortune on several issues- cotton, grain, and "war brides". This Wall Street game is a psychological one.__________________In Lefevre's narrative, Livermore goes broke 4 times. The first two have to do with bad executions. He then realizes that he has to change his game and go for the long pull. He sees a big smash coming in 1907. Yet, he is a bit early in calling it, and goes broke a third time. The next time we see him lose all his money, in late 1908, he will remain in a slump for the next 5 years, until 1915. During this period he realizes that, this Wall Street game is a psychological one.The remaining of the book deals with Livermore's methods as a stock "manipulator" for other people. As he says, Stocks are manipulated to the highest point possible and then sold to the public on the way down... It is perfectly astonishing how much stock a man can get rid of on a decline. And, the public's buying capacity ... was something that they could determine only by actual tests. Sounds familiar?In the annotations we are told that Livermore will make millions in the 1929 crash but will suffer a series of setbacks following the multi-month rally of mid-1932. He will file for bankruptcy for a fourth time in 1934.PS. For a video on the 1929 crash and Livermore, see [...]0 of 0 people found the following review helpful. The Same Principles Remain True TodayBy Sean T. CarterReminiscences of a Stock Operator hits on the very principles on which the markets rests. That being: the markets are driven by human emotions of fear, greed and hope. Not only that, but that obeying the tape is essential. While discussing what is going on in the economy and politically (the fundamentals) may make for good dinner party discussions, the effect of these things will show themselves on the tape first. That's the way it was back and that's the way it still remains. One also learns about the important of following the line of least resistance, today we call them trends.This annotated edition would be great for new traders for the reason that it contains side notes which elaborates on some of the events, companies and people that Livermore discussed. Those that are not familiar with those times will benefit immensely. For me, what caught my attention about this edition was that the author was able to get in print the views of Paul Tudor Jones --- someone who's success I aspire to reach. To hear someone of Jones' stature endorse this work, even going so far as saying that he passes out a copy to every new trader he hires, that's a pretty big deal!I know that some people are going to whine and complain that the book doesn't teach any specific trading techniques, but that's not why this book was written. If you want to learn specific trading techniques, visit one of the many failed traders turend snake-oil salesman that will sell you a "system." This book, however, is meant for those that want to learn the principles of the markets from one of the greatest speculators ever.

With new commentary and Insights on the life and times of Jesse Livermore Reminiscences of a Stock Operator is the fictionalized biography of perhaps the most famous financial speculator of all time-Jesse Livermore. This annotated edition bridges the gap between Edwin Lefevre's fictionalized account of Livermore's life and the actual, historical events, places, and people that populate the book. It also describes the variety of trading approaches Livermore used throughout his life and analyzes his psychological development as a trader and the lessons gained through hard experiences. Analyzes legendary trader Jesse Livermore's strategies and explains how they can be used in today's markets Provides factual details regarding the actual companies Livermore traded in and the people who helped/hindered him along the way Explains the structure and mechanics of the Livermore-era markets, including the bucket shops and the commodity exchanges Includes more than 100 pages of new material Reminiscences of a Stock Operator has endured over 70 years because traders and investors continue to find lessons from Livermore's experiences that they can apply to their own trading. This annotated edition will continue the trend.