

Thoughts on good investing psychology in the midst of turmoil

Reflecting on the last few days, I can't help but thinking I've been watching some Bruce Willis movie. I just haven't seen the end of the movie yet, where the good guys take out the bad guys with severe prejudice. I usually look at life as a sort of movie where you can guess where the plot is going, but are sometimes surprised. You can remember where the plot has been, but it isn't going back there again. Just like in a movie, the only scene in life you can really see clearly is the one that is in front of you this instance.

Trading is a lot like that movie of life. The events on September 11th surprised and horrified. But, at that moment, and every other moment since then, good investors and traders have to focus on the moment at hand. Conditions may change, but focus on the current situation should never change. Predicting the future or reminiscing over the past may have its allure, and the media loves to speculate on the 50 different ways the world will evolve. However, speculation on the future doesn't allow you to focus on what you should and can be doing right now. You cannot change trades you made last year, or do trades next week, because next week is not here yet. You can only make a trade or put in an order this moment. By focusing on the current scene of the movie of life, the trader can make sure he/she is properly positioned for the current volatile conditions.

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