



Third Party Research

March 25, 2017

Notes From The Rabbit Hole

eResearch Corporation is pleased to provide an article, courtesy of NFTRH.com, and written by Gary Tanashian, with a bio on the Author provided at the end of the article.

The article, starting on the next page, is entitled: **“Conversation With An “Algo”**

Biiwii.com was created in mid-2000 solely as a way to help get the message out about deeply-rooted problems about too much debt and leverage within the financial system. The concerns were confirmed and the message proved justified 3 to 4 years later as the system began to purge these distortions, resulting in a climactic washout extending from October, 2008 to March, 2009.

Along the way, a geek-like interest in technical analysis, a long-time interest in human psychology, and various unique macro market ratio indicators were added to the mix, with the result being a financial market newsletter (and dynamic interim updates), Notes From The Rabbit Hole (NFTRH) that combines these attributes to provide a service that is engaged and successful in all market environments by employing risk management first, and opportunity for speculation second.

But It Is What It Is: You can access Biiwii at its website: **www.biiwii.com**.

Notes From The Rabbit Hole: You can access NFTRH at its website: **www.NFTRH.com**

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eResearch.ca.

Bob Weir, CFA
Director of Research

<p>Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.</p>



Notes From The Rabbit Hole

Conversation With An “Algo”

By **Gary Tanashian** (bio at the end of the article)

March 25, 2017

The ‘Algo’ in the title, being subscriber ‘DT’ who, in a previous life was a successful business person, in his current life uses Algorithmic trading strategies to get positive results.

From DT to me at the end of an email inquiring as to why I do not amp up my trading by using more involved strategies, like pairing options with open equity positions...

“Funny thing is, I really look at the trades you throw out there as an added bonus, and not the reason I subscribe- I think your overall analysis is the best out there.....just my .02”

Okay, it is a not-so-veiled plug for the [NFTRH](#) service with his permission to reproduce his emails. I admit to you that that is certainly part of why I wanted to do this post. But, as you may know, I also like to explore the thoughts and methods of intelligent and/or interesting people; things that stand apart from the crowd. Anyway, my answer...

“Well, here is the thing; in order for me to be good at the macro and other stuff I do, I am almost by definition a simpleton at highly involved trading strategies. It is almost like another specialty and so much of what I do requires my undivided attention. I am maxed with that and literally have no more mental capacity or time to apply to trading strategies (which is why I ask subscribers not to automatically do what “this faulty trader” may be doing at any given time). So, it makes me really happy to see that some of my ideas can work out for someone like you who then takes them and applies them to a unique style and has success. The analysis is the starting point!”

And then he replied with the part that really jazzed me up...

“I think if you could do a computerized version of your thought process, it would be my automated system- you and my algos are pretty in-synch- not the most scientific way to do a calibration, but it matches human input verification with mechanical/automated, which I think is better than either application by themselves in a vacuum.... “

My response...

“In the [late 1970s] the original (and best) edition of Ultravox had a song called “I want to be a Machine”. Maybe I listened to it too much!)”

I actually did not listen to it that much because the song sucked (IMO) compared to some of their others, but the title “I. WANT. TO. BE. A. MACHINE” is central to how I want to approach the markets. That is because, while being all too human with all too many faults, I decided a long time ago to keep that element out of my market management (and, by extension, my market management service) as effectively as possible.

To have an ‘Algo’ write something like that to me is the second highest compliment I think I have ever received in the market realm.



Notes From The Rabbit Hole

The first was from a Buddhist who long ago told me I “*have the soul of an old Monk*”. I do not believe that is even nearly true, but it was the highest compliment possible in my opinion. So, from one end of the spectrum (soulful humanity) to the other (machine-like discipline) I can die now, fulfilled. My life and my journey are complete. **(BW: Gary, you are way too young for that!!!)**

Okay, let us backtrack on that a bit. I have more rabble to rouse, people and entities (hello MSM) to make fun of, and evil things to criticize... and more sound and honest work to do. I will be right and I will be wrong. But I know I am one step ahead of those – who I see daily now – trying to run their decision-making through a political meat grinder (watch Twitter or Stocktwits for any length of time and you will see legions of day-traders who think they can make sense of the market in real time based on inflammatory, knee-jerk inducing media spectacles like Trump in general and this week, the Healthcare vote in particular). Seriously, many players, if not armed with a method that works consistently, are trying to out-think machines (and Algos) and trade every twitch; and doing it through biased lenses.

Dial out to [last July when our SPX 2410 target](#) was established. Trump had just been nominated, but the break-out that established the target had actually taken shape a week before that. In other words, Trump hysteria had absolutely nothing to do with the target or for that matter, the bullish destiny that it implied. I am not someone who likes this president. Some (and far from all) of his would-be policies, maybe, but the guy is a train-wreck in progress in my opinion. The parameters were there and I stuck to them even after someone, who I consider dangerous and potentially destructive, had become president.

It is all about parameters folks; those, and functioning human brain cells not subject to the cross-talk of bias. The fact that DT and his Algos, which do not give a damn about anything going on in the greater social and political spectacles, have been in sync with my human brain is something very valuable for me to know. Now, I need to back-shelf it and move forward, which I will do right after I tamp my ego back down.

#####

NOTES

Biiwii: But it is what it is

NFTRH: Notes From The Rabbit Hole

Subscribe to [NFTRH Premium](#) for your 30-45 page weekly report, interim updates and NFTRH+ chart and trade ideas or the [free eLetter](#) for an introduction to our work. Or simply keep up to date with plenty of public content at [NFTRH.com](#) and [Biiwii.com](#). Also, you can follow via Twitter [@BiiwiiNFTRH](#), [StockTwits](#), [RSS](#) or sign up to receive posts directly by email.



Notes From The Rabbit Hole

Biiwii/NFTRH on the Web

[NFTRH](#) and [Biiwii.com](#) commentary and technical analysis have regularly been published, highlighted and/or quoted at [SeekingAlpha](#), [Investing.com](#), [MarketWatch](#), [Yahoo Finance](#), [Ino.com](#), [TalkMarkets](#) and many more since 2004.

Biiwii.com is proud to be included in the **50 Blogs Every Serious Trader Should Read** from [TraderHQ.com](#).

ABOUT THE AUTHOR



Gary Tanashian is a financial market analyst, writer, and editor. He provides “Accurate financial market analysis and commentary focused on unbiased reality as opposed to preconceived assumptions.”

As a long-time participant in financial media (published at leading outlets like SeekingAlpha, Investing.com, and many more), Gary has learned how to communicate with people about often-complex material. He knows that it requires hard work, but he believes that there is no other way in order to provide the highest quality service to the public.

Gary is the owner of Biiwii.com (launched in 2004) and, later, NFTRH.com (launched in 2014).

Biiwii is a financial website that got it RIGHT in the run up to 2008, unlike many in the financial services industry.

He is the owner and publisher of the weekly premium financial market report Notes From The Rabbit Hole, which was launched in September, 2008.

Notes From The Rabbit Hole is a premium newsletter service (including detailed in-week updates) for people who care more about financial market realities than having their preconceived notions reinforced. <http://nftrh.com/nftrh-premium/>

#####