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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Thursday, January 10, 2013

Ed Seykota on Trends

"Part of the problem you may be having in defining a trend is that trends do not exist.

Like the past and the future, a trend is merely an idea. There is no such thing in nature. Trend is an idea about the overall average historical direction of prices; trend is a convenient way to view history; trends do not indicate the direction of prices in the moment of now, or even exist in the moment of now.

Furthermore, The methods you use to define trend (to view history) are entirely up to you, so you get to define trend any way you wish; everyone may have a different idea of the "trend".

Let's say you make a graph the volume of air in your lungs. If you define trend by the one-second average, your air volume trend may change several times per minute. If you define trend by a 90-day average, then your air volume trend may gradually increase for several decades and then decrease."

Ed Seykota

Posted by SMART Trader at 9:24 AM

2 comments:



sometimesbullsometimesbear January 10, 2013 at 12:37 PM

While Ed may be philosophically or even scientifically correct -- the trend is always prefixed with a time frame just as the trader is prefixed with a time frame to describe the kind of trend and kind of trader. Within that time frame the trader tries to pocket the trend and the trend is trying to pocket the trader:).

Trend itself is a majority set of traders with similar positions.

So, ironically without a trend there is no trader and without a trader there is no trend. Reply



SMART Trader 💋 January 10, 2013 at 3:29 PM

SBSB

Ed is telling the same thing.

There is no natural trend for price in the current moment. It is depended on the historical prices with which we compare and everyone will have a different idea.

Ed is a trend trader and he is very successful at it

ST

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