The efficient market hypothesis states that markets incorporate available information into prices automatically. There are various levels of interpretation of this principle ranging from the weak interpretation which states “prices cannot be predicted from analyzing past statistical patterns alone” (341) to the strong interpretation which proposes “even private information—insider secrets—will quickly be incorporated into market prices and will not produce above-average results” (342). This is relevant to the NOVA episode because just as there is no connection between a person’s choices on a personality survey and a species of flower, there is also no connection between then information a person has and the direction the market will take. This is because markets are complex systems, and therefore are inherently unpredictable.

The idea of predicting market bubbles and taking advantage of them, was also discussed in both the video and the text. The video seemed to take the view that bubbles were predictable and could be easily taken advantage of. Nate Silver, however, took a more sympathetic view, explaining why taking advantage of a bubble is rather difficult. Silver points out that making a trade under the assumption that the market is about to crash is incredibly risky and that it is much safer to continue to buy stocks in spite of the evidence of a bubble. This is because, bubbles are never very certain, and there is very little risk when everyone else is making the same decision as you.