

The return of the Turtle Traders: nature vs nurture

Another experiment sets out to prove you can be taught to play the markets, says **Jessica Mead**

DO YOU have to be born a successful trader or can anybody learn how to play the financial markets and make a tidy profit in the process? This debate has divided Wall Street and the Square Mile for decades and in 1984 35 year-old Richard Dennis, a commodities analyst from Chicago, set out to prove that trading could indeed be taught to anybody. He placed a job advertisement in the back of national daily newspapers for a commodity futures trader at C&D Commodities, clearly stating that experience was not necessary.

Dennis whittled down the 3,000 applicants to just 23 – 21 men and 2 women – all of whom had never traded the financial markets before and came from a range of backgrounds from a college graduate to a security guard, an assistant restaurant manager and even one of the designers from Dungeons & Dragons.

PRICE BEHAVIOUR

Over a two-week period he taught his Turtles – Dennis was inspired by a visit to a turtle breeding farm – to trade using technical methods, focusing on price and its daily, weekly and monthly behaviour, seeking out patterns or trends. His system was one-third technical, one-third money management and one-third psychological.

After these two weeks, Dennis gave them each \$1m and let them loose on the markets. The experiment ran for four-and-a-half years, after which time the Turtles were up \$175m on Dennis' original investment. One of the most successful was Curtis Faith, who became a Turtle at just 19 and made \$31m in profits over that period.

Other Turtles have gone on to set up their own trading companies – Jerry Parker went on to found Chesapeake Capital Management in 1988 while Elizabeth Cheval set up EMC Capital Management in the same year.

Like Richard Dennis, veteran trader Mike Baghdady believes that trading is a teachable and trainable skill. In conjunction with Training Traders, which has taught trading methods to institutions such as Deutsche Bank, HSBC and Bloomberg, he is reprising the turtles experiment here in London. Baghdady and Training Traders will be taking 10 people with little or no trading experience and will teach them how to trade, although with a different set of rules to

the Turtles and which are said to be more suitable to 21st century trading.

So what are they looking for? Baghdady says: "The first thing to say is that there is no blueprint for a successful trader. However, the 10 people we choose will have a certain way of thinking – they will have courage, passion, discipline and, importantly, the ability to follow a set of rules."

CHARACTER TRAITS

"These character traits will be embedded in 10 people of differing age, gender, race and background," he adds. After the closing date for applications, there will be a first round of interviews. Some candidates will be eliminated at this stage and a smaller group will be invited for a second round, after which the chosen 10 will be notified.

Baghdady and Training Traders will train each apprentice for free and will give each of them a fully-funded account



Taking the first steps to success

Picture: GETTY

to trade live across all the financial markets. Each trader will earn a percentage of his or her profits.

To apply, send your CV and one paragraph to CV@TrainingTraders.com by 15 November, or go to www.newturtletraders.com if you want more information.

FAST FACTS | THE ORIGINAL TURTLE TRADERS

- The original Turtles were recruited by Richard Dennis, a commodities trader from Chicago and who had worked at the Chicago Mercantile Exchange and the Chicago Board of Trade.
- There were 23 Turtles – 21 men and 2 women. The experiment lasted over four years during which time the traders made \$175m on top of the original investment.
- Some market commentators have said it was just luck that the Turtles tested the system during what appears, retrospectively, to be its golden period.
- The 1983 John Landis film Trading Places starring Eddie Murphy is based on a similar concept to the Turtle Traders.



The Tipster
 Important week for data spells FTSE weakness

ALL eyes are on stock market indices such as the **FTSE 100** this week as major economic numbers and announcements from across the globe are released. Yesterday's early gains were wiped out by mid-morning, indicating that there simply aren't enough bulls out there to prop up the markets and further weakness could be around the corner. Capital CFDs quotes 5,677-5,678 for the UK 100 index.

As the bank reporting season kicks off this week in the UK, part-nationalised **RBS** could well set off some fireworks when it updates on 5 November. While the bank has underperformed its peers, its fortunes could soon turn around as it updates the market on any asset disposals. ETX Capital is quoting 45.70p-45.74p.

News Corporation's attempts to add to its existing stake and completely take over BSKyB has hardly been welcomed by the media community in general and it could run into further difficulties with the European Commission expected to be formally notified of the deal in the coming days.

However, the value of the media giant's support for the UK-based satellite broadcaster cannot be understated either, so it could be a tough call for the Eurocrats. The current IG Markets price on the US-listed News Corp stock is \$16.07-\$16.11. In the aftermath of the attempted bomb plot, global technology company **Smiths Group** is once again in the news as the government seeks to improve the standard of air freight monitoring equipment. WorldSpreads offers a rolling spread of 1,225p-1,229p on the company.

Stricken oil giant **BP** has been slowly moving lower since the start of October in a fairly well-defined channel of roughly 20p in height. BP has also recently been finding resistance around the middle of its Bollinger Band, which at the moment is also at the top of the descending channel, around 428p.

With its third quarter earnings figures out today, it will be interesting to see if resistance at 428p can hold – it may dip back to around 415p if the results are disappointing. The gap to 405p from 9 September is also waiting to be filled just below this. Spread Co offers a spread on BP of 426.3p-427.1p.

The last trading update from global brewer **SAB Miller** showed a fall in sales in Latin America but a rise in overall volumes thanks to increases in Asian and South African sales. The shares have traded between 1,975p and 2,075p for around seven weeks now. However, 2,075p seems to be quite an obstacle to overcome – it held back the shares in April, May and several times again in October. Look to sell SAB Miller short again at 2,075p. Spread Co offers a spread on SAB Miller of 2,034.5p-2,038.5p.

Last week, power group **Aggreko** said that revenues had jumped 30 per cent on a constant currency basis during the third quarter, and the temporary power and temperature control expert now thinks full-year profits will beat consensus forecasts. Analysts see upside for Aggreko to the current 10-day moving average at 1,646p. Spreadex quotes 1,558p-1,567p.

Jessica Mead

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