Behavioral Finance (Wiley Finance)

Joachim Goldberg, Ruuml;diger von Nitzsch
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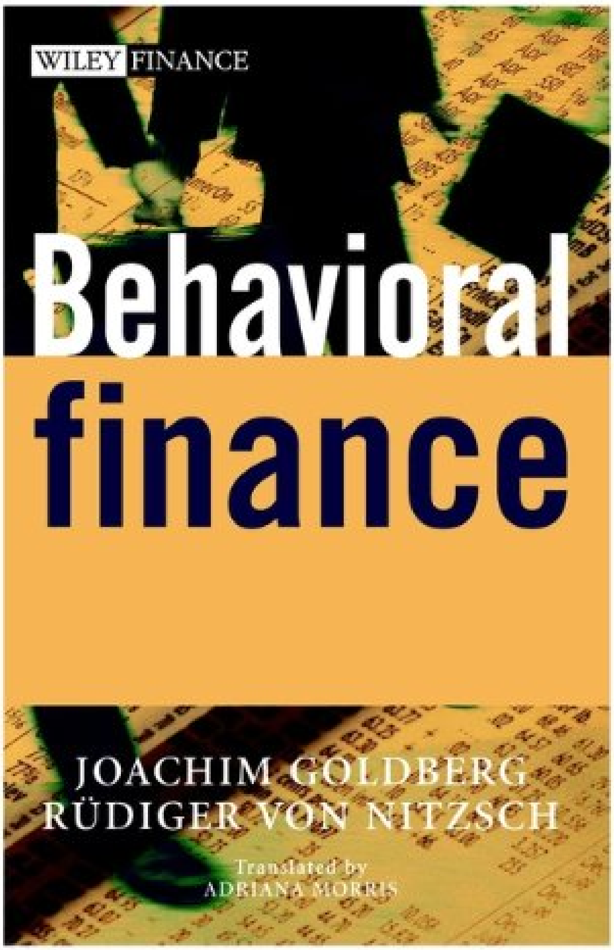

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Joachim Goldberg, Ruuml;diger von Nitzsch : Behavioral Finance (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Behavioral Finance (Wiley Finance):

29 of 33 people found the following review helpful. Better titled 'The psychology of finacial agents.'By Mark MillsObviously, I didn't like this book, but I'm exceptionally biased. I'll try to make my reaction understandable to those I imagine finding this book attractive.First,I was offended by the title itself. 'Behavioral Finance' is an important area of economic research. Leading books in the field include The Winner's Curse by Richard H. Thaler , Advances in Behavioral Finance, Thaler (editor) and Inefficient Markets: An Introduction to Behavioral Finance (Clarendon Lectures in Economics), by Andrei Shleifer. The basic argument of Thaler and Shleifer involves what has come to be known as efficient market theory. Advocates of 'behavioral finance' have been attacking the efficient market hypothesis for 20 years without making much headway in academia. Now, everyone knows markets are ineffienct, just look at the ability of corporate America to buy political advantage, but you won't find that taught in 'higher' institutions

of learning.Now, this little book seems to be doing a nice volume of business by usurping the name by which Thaler, Shleifer and others have been working under for 20 years. Does Goldberg offer any credit to the trail blazers? No. This is simply Goldburg and von Nitzsch's personal effort. In the context of previous efforts in Behavioral Finance, the authors ramble on and on without making any useful points. They do not offer any insights to the body of behavioral finance research. They try to talk as if they know something about trading, but at best their experiences are those of an amateur. The book has none of the rigor I expect from the field.If the book had been titled, 'Psychology of financial agents,' I would have been non-pulsed. The psychology of financial agents is a fascinating field and perhaps the material in this book has respectable insights into psychology. For example, the author's comments on the 'triune brain' seem an interesting insight into human psychology. The authors conclude there are three kinds of investors: the 'gut person', the 'heart person' and the 'head person'. Goldberg and von Nitzsch's take on psychology isn't mine, but it certainly fits under the umbrella of traditional psychology. I just don't think it has much to do with the field of 'Behavioral Finance.'

This fascinating book explains the new science of behavioral finance. It demonstrates clearly how behavior-orientated analysis of the financial markets can explain and account for fundamental principles in technical analysis. The book is divided into the following chapters, each offering practical analysis and advice; Forecasts, An analysis of exposure, Dams to combat the flood of information, Everything is relative, People like to see themselves in a favorable light, Everyone is different and Free advice - valuable tips for successful trades.

From the Inside FlapPure financial theory does not take into account people's emotions, prejudices or expectations. These frequently lead to poor decision making. Despite knowing the slim chances of success, many people are prepared to gamble on events in which they have little chance of winning in the hope of high rewards. This is evidenced by the success of lotteries throughout the world. Therefore, the behavior patterns of society can override the mathematical theory. Many people also listen to gossip and tips or follow the crowd rather than impartially evaluating the facts. In this book the authors, an experienced financial practitioner and a financial theorist with specialist knowledge of market psychology, explain the new science of behavioral finance. The book examines the human decisions that cause price movements in the stock market, how investors select their information and what informs their trading, in their quest to find even better opportunities for investment. The book is divided into seven chapters, each offering practical analysis and advice: * Forecasts: fundamentals, technical analysis and behavioral finance * An analysis of exposure: desire and reality * Dams to combat the flood of information: strategies for controlling difficult situations * Everything is relative - even the evaluation of gains and losses * People like to see themselves in a favorable light: the consequences of psychological needs * Everyone is different: three types of market participants * Free advice: valuable tips for successful tradesFrom the Back CoverThe accurate prediction of stock market trends is the ultimate objective of all involved in the financial markets. Increasingly sophisticated mathematical models have been developed in order to predict future trends and minimize risk. Yet they have done little to increase the reliability of predictions. The reason is the central role played by human psychology in all investment decisions. Irrational decisions, the authors argue, are not made due to a lack of technical tools but as a result of particular behavior patterns. Strong emotions, such as greed and fear, over confidence in one's own abilities and the desire to be ahead of competitors influence (and often override) perception and the decision making process. Behavioral finance is the scientific study of human behavior. This new young science is rapidly proving invaluable to the financial community to assist traders in controlling their own irrational behavior and predicting that of others. A fascinating book that demonstrates clearly how behavior-orientated analysis of the financial markets can explain and account for fundamental principles in technical analysis, this book will be an essential companion for anybody interested in this exciting new discipline.About the AuthorJOACHIM GOLDBERG worked for many years in a major German investment bank, specializing in behavioral finance. In 2000, he founded his own company called Cognitrend. RUuml;DIGER VON NITZSCH is Professor of Finance at the University of Aachen. His research centers on the decision manners of humans the the psychology of the stock markets. He has written a number of scientific books, journals and papers and is on the board of Axio.