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My Life as a Quant

Posted by [timothy](#) on Wed Jan 19, '05 04:40 PM
from the sharks-and-jets-and-quants dept.

[charliedickinson](#) writes "Some of the most computationally-intensive tasks around are real-time valuations of derivative securities. Wall Street traders need these for executing the trade whenever anyone wants to hedge stocks, bonds, currencies, commodities, credit, mortgages, power ... the list goes on. [Emanuel Derman](#)'s *My Life as a Quant* is the engaging odyssey of a theoretical physicist turned serious programmer (by way of Bell Labs), turned "rocket scientist" or "quant" (Wall Street slang for the folks who've taken computer-aided design and valuation of financial products to new levels these last two decades)." Read on for Dickinson's review of the book.



My Life as a Quant: Reflections on Physics and Finance

author Emanuel Derman

pages 292

publisher John Wiley & Sons, Inc.

rating 9

reviewer Charlie Dickinson

ISBN 0471394203

summary Autobiography of a theoretical physicist turned serious programmer, turned Wall Street quantitative finance wizard

A complete understanding of Derman's work as physicist, or as finance theoretician, is of course beyond the scope of a memoir. This reviewer studied quantum mechanics in college and took an MBA at UCLA (more about this later) -- adding to my interest in the memoir's technical discussion -- but Derman reasonably pitches his discussion toward a lay audience with many helpful visuals to describe less obvious mathematical relationships. Do not let the perceived arcana of Derman's work keep you away from this memoir.

Emanuel Derman came to New York City in 1966 from Cape Town, South Africa. He started a Ph.D in theoretical physics at Columbia, somewhat in awe to be studying among a cluster of Nobel Laureates. As a teenager, Derman had hopes of being another Einstein if he stayed with physics. But as he notes, time decay happens to ambition. Seven years after earning his Ph.D, he was happy to be an employed postdoc, sharecropping his knowledge of particle physics to willing bidders.

The job market for theoretical physicists continued south. Family responsibilities, his wife's career as a biologist, and iffy prospects for a tenured teaching position --these all added up to Derman abandoning his love of physics, and going to work for money at Bell Labs.

There, Derman fell in love with programming (lex and yacc being two favorite tools). During five years, he built compilers and designed a nonprocedural language, HEQS (Hierarchical EQUation Solver), a precursor to Visicalc. But he never quite adjusted to the politics of Bell Labs, and by 1985, Wall Street was beckoning.

Executive recruiters sought out high-value programmers like Derman. He took a position with Goldman, Sachs in the Financial Strategies Group and began modeling options. It was a good fit. He found himself using sophisticated modeling techniques comparable to "doing physics." Moreover, he soon would collaborate with another Goldman, Sachs employee, one of the most influential theoreticians around: Fischer Black, whose Black-Scholes option pricing model (1973) is a benchmark in the field.

But *My Life as a Quant* is more than technical discussion; it's also a human interest narrative. The chapter "Easy Travel to Other Planets," about Fischer Black, is worth the price of this book. With compassion and honesty, Derman evocatively portrays his genius mentor. Derman shrewdly assesses what the arc of his life has meant. He shares vulnerabilities, decisions made from the weakness of loneliness, for example. Or, in a self-deprecatory vein, faux pas he committed. He's around Nobel Laureates in both physics and economics, and while noting such illustrious company can at times seem self-serving, the overall effect remains an engaging, complex self-portrait.

One idea about the world of quants Derman dispels is that derivative securities are wholly computer-driven. Despite more computing power on Wall Street, Derman asserts human imagination still leads the way. It takes a Fischer Black to intuit the qualitative to set up the quantitative model. Modern computational tools, however, aid the visualization such creative work thrives on.

As an example of the foregoing, and on a personal note, this reviewer remembers derivative security analysis circa 1969. While pursuing an MBA at UCLA, I did grunt work for a private hedge fund, run out of a Westwood apartment. Technology then was a time-sharing computer terminal and a telephone. The fund strategy was to short warrants and go long on the underlying common stock, where arbitraging opportunities were identified, a strategy borrowed from earlier work by Edward Thorp and Sheen Kassouf. My job was simple: I charted historical price data on clear acetate sheets in colored inks for all outstanding warrants against the underlying stock.

I drew hundreds of graphs, assisted in part by an Israeli graduate student (who had fought in the 1967 Six-Day

War). I can't recall his name, but remember that when I'd drop by with more price data, ready to take away graphs, he invariably offered toast and coffee. One morning, I brought yet another roll of graphs to the Fund manager's apartment/office. Steve met me outside, saying he'd just got off the phone with Paul Samuelson at MIT, who wanted to know what our graphs looked like. Samuelson had written an article on warrant pricing, Steve added, which was why he was interested in what we turned up. I knew Samuelson as the author of an economics textbook I'd used a few years earlier.

Another morning, when I motorcycled over to drop off charts, Steve again was outside. He said, "Shelton and Markowitz are here." Professor John Shelton had hired me, of course, but I had no idea who Markowitz was -- he evidently did unspecified work with Shelton. Inside, I was quickly introduced to Harry Markowitz, who unrolled my graphs, becoming immediately absorbed. "Let me get a gestalt on this," was all he said. I didn't know then I was in the same room with the inventor of Modern Portfolio Theory. Now I can say he would see something that maybe a Fischer Black, or, these years later, an Emanuel Derman, might see. When he looked up, he said I did good graphs. I never saw him again.

Years later, I felt honored the low-tech grunt work my Israeli colleague and I labored over had interested those two men, Samuelson and Markowitz. They both received the Nobel Laureate in Economics (1970 and 1990, respectively). My point being -- and I'm sure Derman agrees -- it's not great computers that make breakthroughs in the financial theory. It's great imagination plus the tools at hand! (Obviously, though, computers have changed much of the grunt work.)

For me, *My Life as a Quant* summoned personal memories, but the odyssey of Emanuel Derman from South Africa to Wall Street is a rewarding memoir for anyone with even a casual interest about how the world of finance is being re-imagined. Emanuel Derman didn't really go to Wall Street to get rich. This memoir is a testament to his true passion in life, whether in theoretical physics, in software programming, or in the modeling of derivative securities. He always wanted interesting problems to work on.

You can purchase [My Life as a Quant: Reflections on Physics and Finance from bn.com](#). Slashdot welcomes readers' book reviews -- to see your own review here, read the [book review guidelines](#), then visit the [submission page](#).

[+] ([tagging beta](#))

- **Weird...**

(Score:3, Funny)

by [grub \(11606\)](#) <slashdot@grub.net> on Wednesday January 19, @04:41PM ([#11412219](#))

(<http://www.grub.net/blog/index.html> | Last Journal: [Wednesday June 27, @09:48AM](#))

Amazon doesn't have a listing for "*My Life as a C...* Oh wait a sec..

- [HAHAHA](#) by cculianu (Score:1) Wednesday January 19, @04:46PM
 - [Re:HAHAHA](#) by CreatureComfort (Score:2) Thursday January 20, @09:59AM
- [Re:Weird...](#) by wackysootroom (Score:2) Wednesday January 19, @05:24PM
- [Re:Weird...](#) by kurosawdust (Score:3) Wednesday January 19, @09:13PM
 - [1 reply](#) beneath your current threshold.
- [3 replies](#) beneath your current threshold.

- **For a second...**

(Score:3, Funny)

by Anonymous Coward on Wednesday January 19, @04:45PM ([#11412258](#))

...I thought they had come out with a sequel to The Vagina Monologues.

- **More technical introduction to Quant analysis?**

(Score:4, Interesting)

by [gwernol \(167574\)](#) on Wednesday January 19, @04:50PM ([#11412316](#))

Thanks for the review - sounds like an interesting book. On this topic, can anyone recommend a good technical introduction to the techniques used for quantitative analysis on Wall Street? Derman's book is more of a memoir than a technical introduction: does the latter exist?

- [Re:More technical introduction to Quant analysis?](#) by fizban (Score:3) Wednesday January 19, @04:55PM

- **Re:More technical introduction to Quant analysis?**

(Score:5, Informative)

by [TheWizardOfCheese \(256968\)](#) on Wednesday January 19, @05:17PM ([#11412602](#))

The book recommended by the parent is an excellent practical discussion about exchange-traded options. It is not, however, "a good technical introduction to the techniques used for quantitative analysis on Wall Street", being neither technical nor about derivative securities in general.

The standard recommendation is *Options, Futures, and Other Derivatives* by John Hull, and this is in fact a very good book and simultaneously a good introduction to many OTC derivatives. I like Paul Wilmott's book *On Quantitative Finance*. (This book comes in several versions, some longer and some shorter.)

The books mentioned above stress PDE-based analysis. If you would prefer an approach based on martingale theory, try *Financial Calculus* by Baxter and Rennie. *An Introduction to the Mathematics of Financial Derivatives* by Neftci is a more elementary version; think of it as "Stochastic Calculus for Dummies." Neither of these two books contains much information about traded contracts.

[[Parent](#)]

- [John Hull's book kicks butt](#) by Anonymous Coward (Score:1) Wednesday January 19, @05:31PM

- **Re:More technical introduction to Quant analysis?**

(Score:4, Informative)

by [willis \(84779\)](#) on Wednesday January 19, @05:35PM ([#11412830](#))

(http://www.nytimes.com/gst/pop_top.html)

For the beginner, who's just getting a handle on volatility, etc, I think Natenberg is a far better starting place (just the first 6 chapters) -- everything is explained conceptually. After that, it makes sense to jump into the equations in Hull, etc. Taleb is good once you get the hang of things, too...

[[Parent](#)]

■ **Re:More technical introduction to Quant analysis?**

(Score:4, Informative)

by [Lawrence Bird \(67278\)](#) on Wednesday January 19, @06:07PM ([#11413201](#)) (<http://www.rant.st/>)

Having a MS in FE I can say that if you can't handle Hull straight out of the box you should persue other career objectives.

Also as a former currency and bond trader I can say one of the issues with modelling in general is liquidity is not adequately accounted for. It's wonderful to have a theoretical price, but if the spread is wide enough to drive a truck through that takes a way a lot of its good. Likewise when it comes to determining fair market when the shit is hitting the fan. 1994 was a *very* good year to illustrate that.

That isn't at all to say modelling and the rest of hte work of quants is not useful or necessary, just that some people tend to elevate it to levels beyond reasonable and worse, apply theory in a vacuum.

But any of you at all interested in this stuff really need to have a sound grounding in calc and differential equations at a minimum. A few courses in numerical methods are helpful too.

[[Parent](#)]

- [Re:More technical introduction to Quant analysis?](#) by willis (Score:2) Wednesday January 19, @11:17PM
 - [Re:More technical introduction to Quant analysis?](#) by willis (Score:1) Wednesday January 19, @11:33PM
 - [Re:More technical introduction to Quant analysis?](#) by Lawrence_Bird (Score:2) Thursday January 20, @11:30AM
 - **1 reply beneath your current threshold.**
- [Well, my personal library consists of:](#) by Jack.Gavigan (Score:2) Wednesday January 19, @08:31PM
 - **1 reply beneath your current threshold.**
- [Re:More technical introduction to Quant analysis?](#) by fizban (Score:1) Wednesday January 19, @05:18PM
- [Re:More technical introduction to Quant analysis?](#) by Bill Walker (Score:3) Wednesday January 19, @05:03PM
 - [Great story from that board](#) by GoofyBoy (Score:2) Wednesday January 19, @05:14PM
 - [Re:Great story from that board](#) by Bill Walker (Score:1) Wednesday January 19, @05:31PM
 - [Re:Great story from that board](#) by Uber Banker (Score:1) Wednesday January 19,

@05:56PM

- [Re:More technical introduction to Quant analysis?](#) by DavidHumus (Score:1) Wednesday January 19, @05:33PM
- [Career Advice](#) by Uber Banker (Score:1) Wednesday January 19, @06:23PM
- [Re:More technical introduction to Quant analysis?](#) by Seculus (Score:1) Wednesday January 19, @06:24PM
- [Re:More technical introduction to Quant analysis?](#) by lowwave (Score:1) Wednesday January 19, @08:12PM
- [Financial Mathematics Resources](#) by arnasobr (Score:1) Wednesday January 19, @08:43PM

• Pattern analysis

(Score:1, Interesting)

by [ikewillis \(586793\)](#) on Wednesday January 19, @04:51PM ([#11412325](#))

(<http://clickaster.com/>)

I would say what this is fundamentally saying is that the interrelationships of the stock market mimic the interrelationships of the spontaneously broken symmetries of the universe.

This can especially be seen in [M-theory](#) [cam.ac.uk], the successor to string theory, which states that what we perceive as the background noise of the universe, fluxuations in the fabric of space-time itself, result not from perturbations of the big bang but the interactions of structures called "branes" which span multiple universes which we perceive as 2-dimensional vibrating strings.

These relationships can be likened to the stock market where the valuations of particular stocks affect the valuations of other related stocks, and the only way to gain a gestalt view is to analyze and derive the interrelationships of the entire system.

◦ Re:Pattern analysis

(Score:4, Funny)

by [K. \(10774\)](#) on Wednesday January 19, @04:54PM ([#11412347](#))

(<http://www.stunbunny.org/> | Last Journal: [Wednesday March 20, @11:48AM](#))

Please don't sign me up for your newsletter.

[[Parent](#)]

◦ Re:Pattern analysis

(Score:5, Informative)

by [Bill Walker \(835082\)](#) on Wednesday January 19, @05:16PM ([#11412593](#))

These relationships can be likened to the stock market where the valuations of particular stocks affect the valuations of other related stocks, and the only way to gain a gestalt view is to analyze and derive the interrelationships of the entire system.

This is impossible. First off there is structural error when you attempt to correlate returns-- the returns of a lot of instruments are far from normally distributed, and I have yet to see a factor model that even comes close.

Secondly, and more importantly, you are not receiving a complete picture if you just look at the

numbers in the system. As we are speaking about the global economy, the 'entire system' you mention includes the actions of every single person on the planet as well as the weather, etc.

The quants aren't usually trying to predict the overall movement of the market. This is called a "Global Macro" strategy, and relies mostly on qualitative assessments. Quants mainly work on pricing inefficiencies (arbitrage), which can get extremely complicated. Check out [When Genius Failed](#) [amazon.com] for an example of a quant-based strategy. (Financial purists please leave me that simplification).

[[Parent](#)]

- [Re:Pattern analysis](#) by Uber Banker (Score:1) Wednesday January 19, @06:08PM
 - [Re:Pattern analysis](#) by Bill Walker (Score:1) Wednesday January 19, @08:24PM
 - [Re:Pattern analysis](#) by Uber Banker (Score:1) Wednesday January 19, @08:56PM
 - [Re:Pattern analysis](#) by Capt. Dick Jackman (Score:1) Thursday January 20, @12:10AM
 - **[1 reply](#) beneath your current threshold.**
 - [Re:Pattern analysis](#) by portscan (Score:1) Wednesday January 19, @07:31PM
- **[3 replies](#) beneath your current threshold.**

- **Don't do this**

(Score:1)

by [Soporific \(595477\)](#) on Wednesday January 19, @04:51PM ([#11412326](#))

I called my girlfriend a Quant once and boy did I get hell for that...

~S

- [Re:Don't do this](#) by Torontoman (Score:1) Wednesday January 19, @04:56PM
- **[1 reply](#) beneath your current threshold.**

- **Extremely off topic**

(Score:1)

by [Kelowna.Blue \(851443\)](#) on Wednesday January 19, @04:54PM ([#11412344](#))

Is it just me or is Groklaw 404'd? <http://www.groklaw.net/> [groklaw.net]

- [Re:Extremely off topic](#) by hackstraw (Score:2) Wednesday January 19, @05:11PM
- **[2 replies](#) beneath your current threshold.**

- **More info**

(Score:3, Informative)

by [Raunch \(191457\)](#) <<http://sicklayouts.com>> on Wednesday January 19, @04:55PM ([#11412356](#))

(<http://sicklayouts.com/>)

Slate has a thing on computer aided trading today as well: <http://www.slate.com/id/2112392/> [slate.com]

- **Minor correction to review**

(Score:2)

by [radish \(98371\)](#) on Wednesday January 19, @05:08PM ([#11412505](#))
(<http://slashdot.org/>)

"Goldman Sachs" (the bank Derman works for) doesn't have a comma in it's name. Strictly speaking it's actually "Goldman Sachs & Co.", but the last bit is frequently missed off when you're referring to the group as a whole rather than the individual US company.

- [Re:Minor correction to review](#) by vraï (Score:1) Wednesday January 19, @05:52PM
- [1 reply](#) beneath your current threshold.

• Where does one get the info?

(Score:3, Interesting)

by [utexaspunk \(527541\)](#) on Wednesday January 19, @05:50PM ([#11413014](#))

I've temped at a mutual fund place before, which had me thinking about this kind of stuff, and I was wondering where one can get this kind of information on the internet. I realize that one can pull up stuff from yahoo or whatever, but is there some place where one can get large quantities of raw historical data on a multitude of stocks? and how does one tie their computer into trading programs? surely there's something better than just scripting e*trade, or whatever, right? there should be an open source toolkit for this kind of stuff...

- **Re:Where does one get the info?**

(Score:4, Informative)

by [DotDotSlasher \(675502\)](#) on Wednesday January 19, @06:11PM ([#11413260](#))

[HSQuote](#) [1free-hist...loader.com] is a front-end to Yahoo's historic data. Free full-featured demo for 15 days or so. Basically it lets you download years of each-day-end information (open value, close, high, low, volume). In a few minutes I was able to get years (I set begin year to 1900) of results from the fortune 500 companies (had to find that list separately - then process in groups smaller than 125 tickers). I was all ready to code up some predictive functions to figure out what the market was probably going to do next, if it was a good time to sell or buy or hold, similar to [Timing Cube](#) [timingcube.com]. Oh well, maybe one day.

[[Parent](#)]

- [Re:Where does one get the info?](#) by Quixote (Score:3) Wednesday January 19, @10:18PM
- [Re:Where does one get the info?](#) by Seculus (Score:1) Wednesday January 19, @06:14PM
 - [Re:Where does one get the info?](#) by attam (Score:2) Wednesday January 19, @06:27PM
- [Re:Where does one get the info?](#) by WSSA (Score:2) Wednesday January 19, @06:15PM
- [Re:Where does one get the info?](#) by ezzzD55J (Score:2) Wednesday January 19, @06:20PM
- [2 replies](#) beneath your current threshold.

• How Does One Break In?

(Score:1)

by [BlueRain \(90236\)](#) on Wednesday January 19, @06:01PM ([#11413133](#))

Do any quants read Slashdot?

Yes, i'll read the book, but I think things may have changed since it was written.

Cheers, J

- [Re:How Does One Break In?](#) by badmammajamma (Score:2) Wednesday January 19, @07:49PM
- [Re:yup](#) by BizidyDizidy (Score:2) Thursday January 20, @02:29AM
- [2 replies](#) beneath your current threshold.

- **A different opinion on this book**

(Score:4, Informative)

by [randomwalker \(758064\)](#) on Wednesday January 19, @06:12PM ([#11413271](#))

I am currently reading this book and i am not quite so thrilled by it as the reviewer. My complaints so far include

- i am almost half way through and he has not started working as a quant yet
- Can be boring at times. At one point he starts discussing which radio station he was listening to on his commute. It is inconsistent in content, sometimes very interesting and some time really boring. Maybe it was padded to fill up the required pages.
- Not technical, some of his physics research sounds really interesting, but he does not go into details.
- Not the most lively writing style.

I have no regrets about reading this book, and i will finish it, but i am starting to loose interest in the middle. Hopefully it picks up bit in the second half.

- [Re:A different opinion on this book](#) by charliedickinson (Score:1) Thursday January 20, @11:10AM

- **Interesting, yet discouraging**

(Score:4, Insightful)

by [Pseudonym \(62607\)](#) <ajb@spamcop.net> on Wednesday January 19, @06:23PM ([#11413400](#))

Does anyone else find it discouraging that a very smart theoretical physicist ended up being paid huge amounts of money for what is, essentially, non-productive work? This guy could have found a unified field theory by now. Instead, he's helping rich people to transfer money between each other in what is effectively a complex form of gambling.

We have our priorities all wrong.

- **Re:Interesting, yet discouraging**

(Score:4, Interesting)

by Anonymous Coward on Wednesday January 19, @06:58PM ([#11413755](#))

Does anyone else find it discouraging that a very smart theoretical physicist ended up being paid huge amounts of money for what is, essentially, non-productive work?

Non-productive? Derivatives can be used for gambling, but they can also be used for transferring risk and creating greater efficiency in the marketplace. If there weren't smart people figuring out what the right prices should be, bid-ask spreads would be wider and commerce would be less efficient. People are paid good money for doing this stuff because there is real value in the result.

This guy could have found a unified field theory by now. Instead, he's helping rich people to transfer money between each other in what is effectively a complex form of gambling.

So your idea of "productive" work is creating a unified field theory? If such a theory were found tomorrow, how would it improve anyone's life? A unified field theory would be useful for calculating things during the first second of the big bang. It is otherwise worthless.

I have a PhD in theoretical physics and I've worked as a quant. Life as a quant beats the hell out of physics any day.

[[Parent](#)]

- [Re:Interesting, yet discouraging](#) by pbhj (Score:2) Wednesday January 19, @07:44PM
 - [Re:Interesting, yet discouraging](#) by akgoatley (Score:1) Wednesday January 19, @08:37PM
 - [Re:Interesting, yet discouraging](#) by pbhj (Score:2) Thursday January 20, @01:23AM
 - [Re:Interesting, yet discouraging](#) by akgoatley (Score:1) Thursday January 20, @01:38AM
- [Re:Interesting, yet discouraging](#) by Pseudonym (Score:3) Wednesday January 19, @08:14PM
 - [Re:Interesting, yet discouraging](#) by Red Pointy Tail (Score:2) Thursday January 20, @06:24AM
 - [Re:Interesting, yet discouraging](#) by Pseudonym (Score:2) Thursday January 20, @04:04PM
 - [Re:Interesting, yet discouraging](#) by brokenwndw (Score:2) Thursday January 20, @04:10PM
 - [Re:Interesting, yet discouraging](#) by Pseudonym (Score:2) Thursday January 20, @09:20PM
 - [Re:Interesting, yet discouraging](#) by brokenwndw (Score:2) Thursday January 20, @09:46PM
 - [Re:Interesting, yet discouraging](#) by Pseudonym (Score:2) Thursday January 20, @11:45PM
 - [Re:Interesting, yet discouraging](#) by brokenwndw (Score:2) Friday January 21, @12:33AM
 - [Re:Interesting, yet discouraging](#) by Pseudonym (Score:2) Friday January 21, @02:48AM
 - [Re:Interesting, yet discouraging](#) by brokenwndw (Score:2) Friday January 21, @11:28AM
 - [Re:Interesting, yet discouraging](#) by Pseudonym (Score:2) Saturday January 22, @02:16AM
- **1 reply beneath your current threshold.**
- [Re:Interesting, yet discouraging](#) by nelsonal (Score:3) Wednesday January 19, @07:18PM
 - [Re:Interesting, yet discouraging](#) by IgnoramusMaximus (Score:1) Wednesday January 19, @08:42PM
- [Re:Interesting, yet discouraging](#) by portscan (Score:1) Wednesday January 19, @07:35PM
- [Re:Interesting, yet discouraging](#) by Pseudonym (Score:2) Thursday January 20, @12:42AM
 - [Re:Interesting, yet discouraging](#) by Pseudonym (Score:2) Friday January 21, @03:18AM
 - **1 reply beneath your current threshold.**
- **2 replies beneath your current threshold.**

- **Pi**

(Score:2)

by [TheKubrix \(585297\)](#) on Wednesday January 19, @06:28PM ([#11413458](#))

(<http://www.bapudi.com/>)

\$10 says he takes a powerdrill to the temple.

- [1 reply beneath your current threshold.](#)

- **Nice Review**

(Score:2)

by [Schwarzchild \(225794\)](#) on Wednesday January 19, @06:52PM ([#11413703](#))

That was actually a really nice story. It does make me interested actually in hearing more about the reviewer!

One correction that I'd like to make is that there is no Nobel Prize in Economics. It is called the "Bank of Sweden Prize in Economic Sciences in memory of Alfred Nobel."

For some reason, the injection of an Israeli veteran of the six-day war making analyses seems humorous.

- [Re:Nice Review](#) by Don Negro (Score:2) Wednesday January 19, @08:36PM

- **One minor correction....**

(Score:1)

by [TheOriginalRevdoc \(765542\)](#) on Wednesday January 19, @07:11PM ([#11413855](#))

(Last Journal: [Tuesday January 11, @01:48AM](#))

There are no "Nobel laureates" in economics, because there is no such thing as the "Nobel Prize in Economics".

The Norwegian Nobel Institute awards prizes in physics, chemistry, physiology or medicine, literature, and peace. People who win these prizes can say they won the Nobel prize.

However, someone who wins the "The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel" hasn't won a "Nobel prize".

- [1 reply beneath your current threshold.](#)

- **Starting Bell**

(Score:2)

by [Doc Ruby \(173196\)](#) on Wednesday January 19, @07:55PM ([#11414291](#))

(<http://slashdot.org/~Doc%20Ruby/journal> | Last Journal: [Thursday March 31, @02:48PM](#))

Richard Feynmann also had to decide between theoretical physics and Bell Labs (where he would have been surrounded by Nobel Laureates). He went for physics (CalTech), and became the kind of person Derman dreamed of becoming: another "Einstein", possibly the "smartest person in the world" in the second half of the 20th Century. My life is so much better for his decision.

- [Re:" My life is so much better for his decision."](#) by Doc Ruby (Score:2) Wednesday January 19,

@08:18PM

- [1 reply](#) beneath your current threshold.

- **merely gambling?**

(Score:1)

by [randy kim phila \(729683\)](#) on Wednesday January 19, @08:46PM ([#11414837](#))

although the remark about derivatives being complex forms of gambling and a horrible waste of supposed experts in the field of physics is accurate, I thought it might be useful to point out that derivatives are much more malicious than mere gambling.

The amount of derivatives bets in the global economy is somewhere around 300 to 600 trillion dollars (the amount is not all that clear because since derivatives aren't "actual" securities, they aren't made transparent under things like Fed regulationT). Its obvious that this figure is many MANY times bigger than any ACTUAL amount of equity capital to support these contracts.

In other words, we live in a horribly over-leveraged system. A credit bubble. And nobody knows when a Barings bank, an orange county, or an LTCM goes bust and takes down an interconnected banking mess which, although the finance may have less and less to do with physical economic reality, a run on banks, hyper-inflated currencies, and other shockingly possible things certainly do.

- [Re:merely gambling?](#) by Capt. Dick Jackman (Score:1) Wednesday January 19, @11:53PM

- **When Genius Failed**

(Score:2, Informative)

by [dgmckay \(757282\)](#) on Wednesday January 19, @09:20PM ([#11415136](#))

Another excellent book that touches on what quants do is When Genius Failed, by Roger Lowenstein. This book charts the rise & fall of Long-Term Capital Management, a hedge fund that relied heavily on mathematical models to guide their trading activity. It's a cautionary tale about placing too much faith in mathematical models of markets that are not always rational.

- [Re:When Genius Failed](#) by CaroKann (Score:1) Wednesday January 19, @09:54PM

- **I'm sorry, but...**

(Score:2)

by [Quixote \(154172\)](#) on Wednesday January 19, @10:21PM ([#11415600](#))

(<http://slashdot.org/> | Last Journal: [Wednesday April 16, @08:07AM](#))

Does anyone else find it a bit irritating that the reviewer spends half the time talking about his own life? I mean, I'm looking for a book review, not the reviewer's life story! Cut out the chatter, please.

- **You know, where I come from...**

(Score:2)

by [justins \(80659\)](#) on Thursday January 20, @12:56AM ([#11416664](#))

(<http://www.yahoo.com/> | Last Journal: [Sunday May 22, @11:57AM](#))

you would get your ass kicked calling somebody a "Quant". Just saying.

- **Re:Just in case**

(Score:2)

by [Lawrence Bird \(67278\)](#) on Wednesday January 19, @06:13PM ([#11413278](#))
(<http://www.rant.st/>)

the parent is correct about the hours involved. Even those who are front office work some very long days, and lunch is usually something that happens the week between xmas and new years. Depending what markets and products you are involved in can also result in quite a few stressed out late night phone calls.

Of course the pay does tend to compensate to an extent but burnout and lack of life outside of the street does take its toll.

[[Parent](#)]

- **Re:rich?**

(Score:1)

by [fijimf \(676893\)](#) on Wednesday January 19, @10:03PM ([#11415438](#))
I believe he was a partner at Goldman when they went public. He's doing OK.

[[Parent](#)]

- **[16 replies](#) beneath your current threshold.**

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