

## Twitter Thread by Vitruvius



**Vitruvius**

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**One of the many paradoxes of trading in markets is that - for a given period of time - strategies that are 'right' in the broader time context can be absolutely catastrophic in other times. Indeed, careers of one or two currently lauded by FinTwit and the wider financial media**

were made by doing exactly the wrong thing at the right time for just long enough before the cycle changed back again.

\* The market constantly changes its reward structure (i.e. what approaches it rewards)

\* It can be relied upon that the variance exhibited in the future on

data that does not yet exist will exceed that which is observed on historical or contemporary data.

With these two points in mind, it is no wonder that the overwhelming majority of the 'turtles' do not make it to the sea from their hatching places. (To take from the great

Dennis/Eckhart experiment of the early /mid 1980's)

The 'turtles' I refer to are new entrants to markets with outrageously good technical qualifications.

I believe that as a member of rare club of quant traders who have traded in three consecutive decades I have earned the

right to say that our education standards for preparing people for markets has shifted way too far towards the 'edge' being related to manipulating large amounts of data quickly rather than actual alpha.

This is why 99/100 advertised 'Quant Trader' roles - to the extent that

they are actually jobs and not HH garbage- are for HFT or HFT related.

People are not prepared, and therefore do not design, systems that can deal with the two points I noted earlier re: changing rewards and variance.

This is why the failure rate is so high and why said rate is

accelerating. Have a look around your firms, 1-3 people are responsible for the lions share.

I genuinely believe, and am observing day to day - that the quant community's last Hail Mary is tying themselves to ML - some will find something , 99% won't.

I do not know how

this generation plans on surviving into the next cycle - I really don't.

It's a little easier in some ways dealing with the complexity of shorter term speculation because I trade through different cycles every day.....

Every market this coming week will do some combination

of movements that it has never done before, just as they did last week.