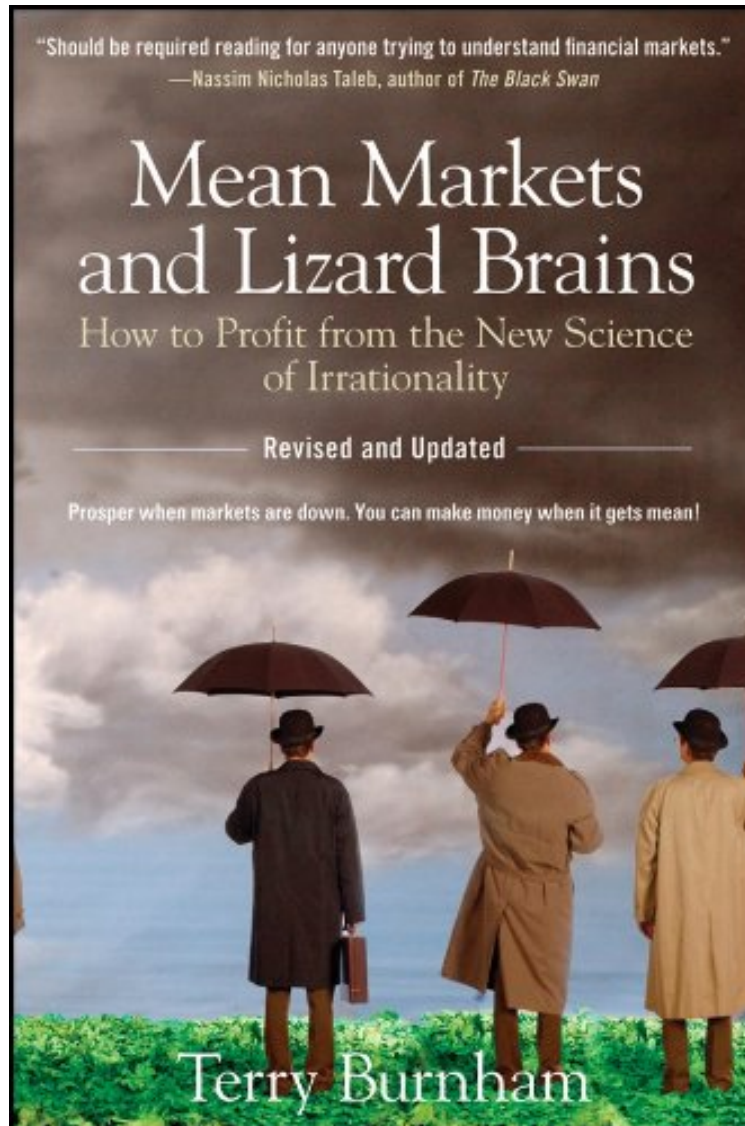


## Mean Markets and Lizard Brains: How to Profit from the New Science of Irrationality

Terry Burnham

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**Terry Burnham : Mean Markets and Lizard Brains: How to Profit from the New Science of Irrationality** before purchasing it in order to gage whether or not it would be worth my time, and all praised Mean Markets and Lizard Brains: How to Profit from the New Science of Irrationality:

0 of 0 people found the following review helpful. its a good book for a general investor or a new person ...By Robert KirkI was expecting much more but this book, losing it's timeliness quickly, is a general book about investing with a splash of behavioral economics. That means, its a good book for a general investor or a new person to the investment

world, but I was expecting more. Sadly, when you make "bold" predictions, and I guess the author felt he needed to, your book will stand on its own against history. Well, the book got the real estate market really wrong. Not that its fair to pick on him for being really wrong on real estate but with the crash in 2008-9 a lot of the theories of the book went down the tube too. 5 of 5 people found the following review helpful. Insightful and Fun! By Jay I found my time well spent reading this book. For would be readers - it seemed to me that there really were two parts to this book: 1. An investigation of irrational economic decisions by investors with roots in our evolutionary history. 2. A reasoned (but somewhat superficial) analysis of current macroeconomic situation (US debt, current account deficit, stock valuations). And there are numerous references to modern studies that help debunk some of the myths of investing and finance. I particularly enjoyed learning about 'survivorship-bias'. And finally, loved the sense of humor! Memorable quotes from popular works of arts kept me laughing and makes this a page-turner from the start. On the downside, by the time I got to the end, I was more than a little tiresome of the repeated references to 'lizard-brain'. That point is made pretty well early on. And while Terry makes a convincing case that the bull market run in U.S. Real Estate, Bonds and Stocks is short on breath - this does not (IMHO) come close to justifying his 10% stock allocation advice. In this respect - not incorporating international stocks into a recommended financial strategy seems particularly glaring. Like never before, investors today have the ability to invest in overseas markets. By Terry's own theories, Japan (and perhaps emerging markets) would seem to be primed for a long bull market (coming off a long period of low growth and adverse investor sentiment). Keeping savings in declining US dollars while overseas currencies and markets appreciate seems ostrich like (if not lizard brained). Material, perhaps, for a second edition ? 1 of 1 people found the following review helpful. Outstanding info. for all levels of investors. By Allan Reid Don't let the funny sounding title turn you away...you'd be doing so at your own peril. Amateur investors are constantly screwing up their portfolios by routinely buying high and selling low with every bull and bear market and yet they expect a different result each time. This is one of the very few books out there that can actually make you a superior investor by simply educating you to the numerous behavioral blunders that the "herd" makes time and time again. Volatility creates enormous opportunities for making market beating gains routinely but you must understand and avoid the typical pitfalls of the clueless masses. A good knowledge base of behavioral investing will give you a substantial advantage in all types of markets and this outstanding book can get you there. As an experienced professional investor and financial/retirement advisor, I can't recommend this book strongly enough. Learn more to earn more.

Everyone from journalists to market pros are turning to behavioral finance to explain, analyze, and predict market direction. In contrast to old-school assumptions of cool-headed rationality, the new behavioral school embraces hot-blooded human irrationality as a core feature of both individuals and financial markets. The 2002 Nobel Prize in Economics was awarded to scholars of this new scientific approach to irrationality. In *Mean Markets and Lizard Brains*, Terry Burnham, an economist who has a proven ability to translate complex topics into everyday language, reveals the biological causes of irrationality. The human brain contains ancient structures that exert powerful and often unconscious influences on behavior. This "lizard brain" may have helped our ancestors eat and reproduce, but it wreaks havoc with our finances. Going far beyond cataloguing our financial foibles, Dr. Burnham applies this novel approach to all of today's most important financial topics: the stock market, the economy, real estate, bonds, mortgages, inflation, and savings. This broad and scholarly investigation provides an in-depth look at why manias, panics, and crashes happen, and why people are built to want to buy at irrationally high prices and sell at irrationally low prices. Most importantly, by incorporating the new science of irrationality, readers can position themselves to profit from financial markets that often seem downright mean. *Mean Markets and Lizard Brains* skillfully identifies the craziness that is part of human nature, helps us see it in ourselves, and then shows us how to profit from a world that doesn't always make sense.

From the Inside Flap In *Mean Markets and Lizard Brains*, Terry Burnham— an economist who has a proven ability to translate complex topics into everyday language— reveals the biological causes of irrationality and its connection to the way we invest. The human brain contains ancient structures that exert powerful and often unconscious influences on behavior. This "lizard brain" may have helped our ancestors eat and reproduce, but it wreaks havoc on our finances. Going far beyond cataloguing our financial foibles, Dr. Burnham applies this novel approach to all of today's most important financial topics— the stock market, the economy, real estate, bonds, mortgages, inflation, and savings. This broad and scholarly investigation provides an in-depth look at why manias, panics, and crashes occur and how you can profit from this knowledge. The investigation into the economic implications of the lizard brain began in the late 1970s— and led to a 2002 Nobel Prize in Economics being awarded to the scholars of this new approach— but only recently have individual investors and market professionals begun to exploit these findings to explain, analyze, and predict market direction. In contrast to old-school assumptions of cool-headed rationality, the new school embraces hot-blooded human irrationality as a core feature of both individuals and financial markets. *Mean Markets and Lizard Brains* converts cutting-edge intellectual developments into practical investment steps. Filled with in-depth insights and real-world advice, this guide: Provides

a timeless blueprint for effective and low-stress investing through a thorough examination and explanation of the lizard brain. Summarizes the key findings of the science of irrationality and reveals the biological forces that cause even the smartest of people to make systematic mistakes. Sets the macroeconomic stage for choosing investments, with discussions of the economy, inflation, and the value of the U.S. dollar. Evaluates investments based on understanding how the lizard brain operates in today's global macroeconomic landscape. By understanding and taming the lizard brain, you can position yourself to prosper in financial markets that often seem downright mean. Mean Markets and Lizard Brains skillfully identifies the craziness that is part of human nature, helps us see it in ourselves, and then shows us how to profit from a world that doesn't always make sense.

**From the Back Cover**  
**Praise for Mean Markets and Lizard Brains** "A thought-provoking read that gives insight to human behavior and your investment strategies." —Isiah Thomas, President, Basketball Operations, New York Knicks "Mean Markets and Lizard Brains translates neuroeconomics and cutting-edge theories of human behavior into practical advice. While the causes of costly decisions often lie outside our conscious awareness, they need not remain a mystery. The writing is provocative and insightful." —Professor Vernon L. Smith, Nobel Prize winner in Economics "A lively and entertaining account of the emerging field of neuroeconomics, where Fear and Greed meet Nature red in tooth and claw, with some surprisingly practical implications for individual investors, portfolio managers, and other market prognosticators." —Andrew W. Lo, Harris Harris Group Professor, MIT Sloan School of Management, and director of MIT's Laboratory for Financial Engineering "Mean Markets and Lizard Brains is a whole new way of approaching the world of finance. It explains why we should question the financial advice of our friends, colleagues, and advisors. For years, my wife and I have relied upon Terry's financial advice. We are glad that this excellent book makes his discoveries available to everyone." —Mark-Paul Gosselaar, actor, NYPD Blue "Should be required reading for anyone trying to understand financial markets. It is the first book positioned at the intersection of finance, biology, and psychology —but it does not require knowledge of any of these fields. The author, one of the pioneers in the field of economics grounded in biology, combines accessibility with rigor. Reading it (along with everything Burnham writes) is a delight." —Nassim Nicholas Taleb, author of Fooled by Randomness

**About the Author**  
**TERRY BURNHAM** is a leader in the application of biology to economics and finance. He was an economics professor at Harvard for many years, beginning at the Kennedy School and, most recently, at the Harvard Business School. His biological research has taken him to Africa to observe wild chimpanzees and to the laboratory to study the role of testosterone in negotiation. He is coauthor of the international bestseller Mean Genes. Before joining the Harvard faculty, he worked at Goldman Sachs Co. and was the president and CFO of the successful start-up biotechnology firm, Progenics Pharmaceuticals, whose work in AIDS and cancer treatment has been widely praised. Dr. Burnham has a PhD in business economics from Harvard University, a master's in finance from MIT, an MS in computer science from San Diego State University, and a BS in biophysics from the University of Michigan. He served with distinction as a tank driver in the U.S. Marine Corps.