



### **Recommended Reading:**

Techniques of a Professional Commodity Chart Trader --Arthur Sklarew (Rule of 7)

\*\*\*Technical Analysis of the Futures Markets – John Murphy, Used, online, \$9.95-39.95

John Murphy on Chart Analysis --John Murphy

Candlestick Chart Explained --Gregory L. Morris

New Concepts in Technical Trading Systems --J. Welles Wilder, Amazon ~\$65

Using Stochastics, Cycles and RSI --George C. Lane

Bollinger on Bollinger Bands --John G. Bollinger, Amazon ~\$34

Japanese Candlestick Charting -Second Edition --Steve Nison, Amazon \$63

What I Learned Losing A Million Dollars –Jim Paul & Brendan Moynihan, Interstate Press, available used on Amazon

The Black Swan - Nassim Taleb

The New Market Wizards – Jack Schwager

### **Options:**

Black-Scholes and Beyond --Neal Chriss, Amazon \$45

Options Industry Council “Options Strategies QUICK GUIDE”

*Warning, heavy math content below!*

Derivatives –Paul Wilmott

The Complete Guide to Option Pricing Formulas – Espen Gaardner Haug

### **Periodicals**

Technical Analysis of Stocks & Commodities: <http://www.traders.com>

### **CME GROUP**

[www.CMEgroup.com](http://www.CMEgroup.com) . On the left side of their home page is an education link.

A film clip from their web site that gives a basic understanding of how the markets work and some of the terminology used in marketing.

<http://powerhost.powerstream.net/008/00102/080812visitorscenter.wmv>

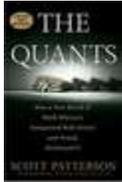
Here is a link to a self study guide in pdf format.

[http://www.cmegroup.com/trading/commodities/files/AC-](http://www.cmegroup.com/trading/commodities/files/AC-216_HedgersGuideNewBoilerplate.pdf)

[216\\_HedgersGuideNewBoilerplate.pdf](http://www.cmegroup.com/trading/commodities/files/AC-216_HedgersGuideNewBoilerplate.pdf) page 11 of the document talks about basis.

## Paul Wilmott's Recommended Finance/Options Reading

Books by Wilmott.com members, contributors and pals:



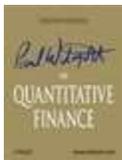
[The Quants](#)  
[How a New Breed of Math Whizzes Conquered Wall Street and Nearly Destroyed It](#)  
[by Scott Patterson](#)

In March of 2006, the world's richest men sipped champagne in an opulent New York hotel. They were preparing to compete in a poker tournament with million-dollar stakes, but those numbers meant nothing to them. They were accustomed to risking "billions." ...



[Frequently Asked Questions in Quantitative Finance](#)  
[by Paul Wilmott](#)

Getting agreement between finance theory and finance practice is important like never before. In the last decade the derivatives business has grown to a staggering size, such that the outstanding notional of all contracts is now many multiples of the underlying world economy. No longer are derivatives for helping people control and manage their financial risks from other business and industries, no, it seems that the people are toiling away in the fields to keep the derivatives market afloat! (Apologies for the mixed metaphor!) ...



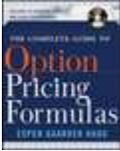
[Paul Wilmott on Quantitative Finance](#)  
[3 Volume Set](#)  
[by Paul Wilmott](#)

Paul Wilmott says: "Buy this book!"

He goes on to add: "Sometimes I get very frustrated when I read QF questions on the Forum because I know most are answered in PWOQF2. And that means questions at all levels, from fundamental to rather esoteric. Just because 99.99% of finance books are essentially the same as each other does not mean there aren't a few useful gems out there, and I like to think mine is one of those few.

"One of my niches is to use the classical tools of QF, such as stochastic calculus, to ask and answer questions about the whole foundation of the subject, such as incomplete markets, hedging errors, arbitrage as opposed

to no-arbitrage, model robustness, etc., areas where no other books dare venture...but areas that are so important in practice."



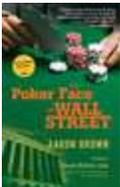
[The Complete Guide to Option Pricing Formulas](#)  
[by Espen Gaarder Haug](#)

Long-established as a definitive resource by Wall Street professionals, The Complete Guide to Option Pricing Formulas has been revised and updated to reflect the realities of today's options markets. The Second Edition contains a complete listing of virtually every pricing formula\_ all presented in an easy-to-use dictionary format, with expert author commentary and ready-to-use programming code. The Second Edition of this classic guide now includes more than 60 new option models and formulas!extensive tables providing an overview of all formulas!new examples and applications!and an updated CD containing all pricing formulas, with VBA code and ready-to-use Excel spreadsheets.



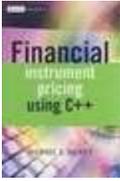
[Derivatives Models on Models](#)  
[Models on Models](#)  
[by Espen Gaarder Haug](#)

This book takes a theoretical and practical look at some of the latest and most important ideas behind derivatives pricing models. In each chapter the author highlights the latest thinking and trends in the area. A wide range of topics is covered, including valuation methods on stocks paying discrete dividend, Asian options, American barrier options, Complex barrier options, reset options, and electricity derivatives. The book also discusses the latest ideas surrounding finance like the robustness of dynamic delta hedging, option hedging, negative probabilities and space-time finance.



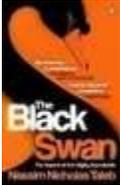
[The Poker Face of Wall Street](#)  
[by Aaron Brown](#)

Aaron Brown is an executive director at the investment bank Morgan Stanley and a serious lifelong poker player who has played with Wall Street tycoons and world champion poker pros. He holds degrees in applied mathematics from Harvard and finance from the University of Chicago. He has been a finance professor and a trader as well as a portfolio manager and risk manager for Prudential Insurance, JPMorgan, Rabobank, and Citigroup.



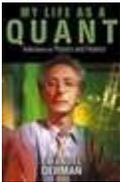
[Financial Instrument Pricing Using C++](#)  
[by Duffy, Daniel J.](#)

Written for those involved in the design and implementation of numerical models for financial derivative products, author Daniel Duffy takes a practical approach to realising these goals using C++, design patterns and state of the art numerical schemes and methods.



[The Black Swan: The Impact of the Highly Improbable](#)  
[by Nassim Nicholas Taleb](#)

Nassim Nicholas Taleb has devoted his life to immersing himself in problems of luck, uncertainty, probability, and knowledge. Part literary essayist, part empiricist, part no-nonsense mathematical trader, he is currently the Dean's Professor in the Sciences of Uncertainty at the University of Massachusetts at Amherst. His last book, the bestseller Fooled by Randomness, has been published in eighteen languages. Taleb lives (mostly) in New York.



[My Life as a Quant](#)  
[Reflections on Physics and Finance](#)  
[by Emanuel Derman](#)

Emanuel Derman has a PhD in theoretical physics from Columbia University. He is the author of numerous articles in elementary particle physics, computer science, and finance, and a coauthor of the widely used Black–Derman–Toy interest rate model and the Derman–Kani local volatility model. After an initial career in academic life and a stint at AT&T Bell Laboratories, he moved to Goldman, Sachs & Co. in 1985, where he became a managing director in 1997.



[Traders, Guns and Money](#)  
[Knowns and Unknowns in the Dazzling World of Derivatives](#)  
[by Satyajit Das](#)

"I had been in derivatives for over 25 years. Many traders hadn't been born when I stumbled accidentally into the arcane world of derivatives trading. The Indonesians were at the fag end of that career. How did I get there? I had followed the money. I had ridden the tide and currents of financial markets. I had not known very much then. Even now I only knew the many unknowns. How did I get here? It was a very long story. Send Traders, Guns and Money is that story .. Warren Buffet once labelled derivatives

financial weapons of mass destruction . Unlike the military kind, financial WMD are not hard to find. Many great companies use them. These businesses use derivatives to make money or protect them from risk. It's a simple case of greed or fear. Or is it? In derivatives, whoever you are, there are things that you don't know that you don't know. These are the real risks of derivatives. They're generally left to the client to discover. So, if you're entering the dazzling world of derivatives, ask yourself this: What do I know? What do I need to know? What don't I know? What am I doing?"



[Scenarios for Risk Management and Global Investment Strategies](#)  
[by Rachel E. S. Ziemba and William T. Ziemba](#)

*Scenarios for Risk Management and Global Investment Strategies* assesses the risks and challenges of modern investing, focusing on the importance of adapting and responding to changing investment climates. This book discusses the probabilities that various future events will occur and how these events and their probable occurrences influence investment decisions. Assessing all possible outcomes is fundamental to risk management, financial engineering and investment and hedge fund strategies.