

Topnotch Trader

By Jane Wollman Rusoff



TRADER LINDA BRADFORD RASCHKE RIDES HORSES WHEN SHE'S NOT RIDING THE MARKETS.

What makes a top trader tick? In life, "I've always been one to leap first, look later. I've taken lots of chances and often got burnt; but on the other hand, many risks have paid off," says Linda Bradford Raschke, a trader for 17-plus years and head of her own LBR Group.

Technical analyst and CNBC-TV commentator John Murphy has called her "the best trader in the world." Raschke, 38, who started out trading equity options, and who for past eight years now has earned a living chiefly trading futures, tunes into the rhythm of the markets: "There are times when a trade is very hot or really cold. Sometimes you're right in synch and can take advantage of opportunities," she says. "It happens when you're not trying. But when there are no orders, you can't try to force things. That's a mistake lots of people make."

Author of "Street Smarts" (M. Gordon Publishing/Ocean View; 800-797-2584) and an in-demand lecturer — she'll speak at Dow Jones' Telerate TAG Conference in October, among other fall events — the money manager this month is set to open a new Bahamas-based hedge fund, called Watermark, with assets between \$20 million and \$30 million. (The fund will be closed on October 1).

An accomplished equestrian and owner of a trio of horses, Raschke has just relocated from New Jersey to Wellington, Florida, near West Palm Beach — a community of bridal trails and polo fields. "Riding is what keeps me sane," laughs Raschke, who most of the time can be found all alone at a computer screen in her office. "I do my best work

when I'm by myself," she says.

"You can't afford to be diverted; concentration is everything. If people are around, it's hard to focus. I can be easily distracted: news reports, brokers' opinions distort my view and make it difficult to think with a clear head. So when I trade, I don't read newspapers or watch TV. I go by the price action; nothing is truer than the price itself," says Raschke.

Charts and technical analysis are her primary tools. She got a head start as a child, when her builder father, who speculated on lunar cycles, put her to work searching for patterns on stock charts. "He'd say, 'Here, find something that looks like this' and paid me a quarter for each one I found," recalls the Pasadena, California-born Raschke. But it wasn't until she'd been trading for six years, she says, that she fully appreciated the "simplicity behind the concepts of technical analysis: 'Ahh, a trend! This is what it means!'"

Raschke's father also had her biking around town scouting lots on which he might build houses. "My father was responsible for exposing me to a way of life where, by your own means, you can go out there and make something happen," she says.

She earned a college degree in economics; but when she tried to find work as a stock broker, no San Francisco firm would hire the 21-year-old 1980 grad. A year later, a friend introduced her to the trading floor of the Pacific Stock Exchange, where she began as an options trader and market maker. The pre-bull market, though, was pretty dull, she remembers. "Traders would come up with the most amazing pranks out of sheer boredom."

Things heated up by 1982, when the market started to roar. After making \$25,000 in three months, Raschke got caught on the wrong side of a takeover deal and lost \$70,000 overnight. "It was a very rude learning experience," she says. The hit wiped out her capital and put her in debt to her clearing firm for \$45,000. It took five years to repay it.

In 1987, she moved from the floor to become an "upstairs" trader, with a vast array of product from which to choose and, she notes, more "upside opportunity. On the floor, it's [usually just] buying the bid or selling the offer — turning stuff over as fast as you can. Upstairs it's more strategic, like a chess game." ■