



The Solitary Trader

Tim Rayment

Photo by Jay L. Clendenin

By Kira McCaffrey Brecht

In his own words, Tim Rayment, 49, describes his early years as “a childhood of just enough poverty to create ambition.”

Indeed that ambition has taken Rayment far. Not only is he an accomplished and honored British journalist, but once he shifted his focus, energy and time to trading, he has chalked up substantial success and accolades in that arena as well.

Whopping 44 Percent Gain

Now a full-time currency trader, Rayment earned first place in the 2009 World Cup Trading Championships forex division.

In my one-hour phone interview with Rayment to his remote home in the United Kingdom countryside, I quickly learned that he is a person who does not

rest on his laurels. Indeed, he shrugged off my congratulatory comments. “I was very disappointed with my performance in 2009. It should have been better. The average true range is 120 pips at this moment. That means that the euro moves 0.9 percent per day,” Rayment says.

Hard Driving

His hard-driving work ethic is no doubt in part behind his success in the trading world. Rayment finds participating in the World Cup contest as helpful because “it gives you nowhere to hide. You can’t pretend to yourself you are trading well if you are not.

“One of the things I like best about trading is it will find any weakness. There is no room for complacency. If you get a little lazy, the market will punish that

laziness in an instant. It is a perpetual challenge. You are learning all the time,” he says.

Writing Led to Trading

He earned an English degree at the University of Leeds in the U.K. In 1982, Rayment started his career as a cub newspaper journalist at a small local paper in a tiny fishing village called Grimsby.

Rayment recalls the morning routine at the office in which all the reporters spent the first half hour perusing national papers looking for a potential local tie-in to research and write about. Each morning Rayment gravitated to the Financial Times and Lloyd’s List, a shipping paper.

“I would pick up Lloyd’s List because Grimsby is a fishing port. I thought, I’m going to get some fishing stories from a shipping paper. And I knew instinctively it was important to understand economics to some extent.”

Rayment quickly moved up the journalism ladder, and at age 24, he became the youngest reporter on The [London] Sunday Times. “Newspapers suit me because I’m the solitary type—sociable but capable of long periods of isolation,” Rayment says.

Truth and Reality

He found similarities between his two careers. “Trading is like journalism. It gives you a connection to the world at large,” Rayment says. Also, while working as a reporter, he found that “many stories, as told by governments or banks—whether they are economic, political or business in nature—are not quite as they first appear. The challenge is to be alert and to search for the underlying reality or truth.”

The same could be said for the markets.

Dabbling in the Markets

It was not until nearly a decade later that Rayment began dabbling in the financial markets. He started following U.K. warrant prices in the newspaper. “I liked the volatility, and I thought I could make some money trading,” he remembers.

During the next several years, while continuing his full-time work at the Times, Rayment

tried trading bonds and index futures. “It wasn’t based on anything really. All I can say is that I traded amateurishly.”

However, Rayment tasted something that he liked: “It is probably the same for any retail trader who doesn’t know what they are doing. You get a taste of something that is challenging and exciting,” he says.

Early Mentor

In 1998, Rayment had the good fortune to connect with Tom Williams, the creator of Volume Spread Analysis. “I rang him, and he was very reluctant to sell me his software. He said, ‘Trading is very difficult, you know.’ I insisted and agreed that I would pay £5,000 in installments,” Rayment says.

“These days if I’m asked by someone who is starting out in trading for advice, the first place I send them is the Trade Guider website. For me, it demystified the markets to a great extent,” Rayment says.

Boulders in the Path

Rayment stumbled over his own personality traits in the early part of his trading career, but now finds this mindset helps him succeed.

WRITING ABOUT ROGUE TRADERS

Before earning accolades in the world of trading, Tim Rayment was the British Press Awards Feature Writer of the Year in 2001, which is the equivalent to a Pulitzer Prize in the U.S.

“Some of the Sunday Times work has been fast-moving and dangerous. Such a background is helpful for trading calmly under stress,” Rayment says.

Read Rayment’s story on Joseph Cassano, the multimillionaire trader accused of bringing down the insurance giant AIG and with it the world’s economy in The Sunday Times.

TRADING & MURDER IN THE U.K. COUNTRYSIDE

Tim Rayment rented an isolated farm in the U.K. countryside for nine years. During that period, he completed intensive study of the Tom DeMark methodology, which he has incorporated into his current trading approach.

The farmhouse is quite well-known because a criminal plot to debase England's currency was carried out there in the 18th century," Rayment explains.

"I was studying DeMark in the former home of David Hartley, 'the King of the Coiners.' So, I was planning to take my clippings from the currency legally, in the same 12th-century farmhouse where he had planned to take his clippings illegally 200 years earlier," he says.

Rayment's predecessor in the building was executed for murdering the tax inspector sent from London to see what was going on. Read the story of the Yorkshire Coiners.

"I am an independent-minded person. In the early part of my trading career, that wasn't helpful because I didn't accept anything at face value. It wasn't until I proved that advice was sound by losing money [doing the opposite thing] that I would accept it," he says.

Now, "for a more experienced trader, an independent mind is a prerequisite. The best opportunities lie when you are the other way from the crowd," he explains.

Studying DeMark

The next step in his trading journey was to study the work of trader and analyst Tom DeMark. He now uses a methodology of his own creation that combines Volume Spread Analysis and DeMark's work and indicators.

"I did a lot of work on trading strategies when I lived on a farm that was very isolated. The only light you could see at night was the light on in my kitchen. It was a very good place for a trader to be," Rayment says.

"I work best when I work entirely alone," he continues.

Diving into Forex

In 2003 Rayment moved to the forex arena. "I chose currencies because, as the most liquid market on earth, the trading strategies can be scaled to any size," he says.

"Currencies are also difficult, which appeals to my need to be challenged—I don't like any endeavor to be easy," he adds.

Bottom line? Rayment says, "I think it's possible for a disciplined trader to achieve 35 percent a year without leverage from the currency markets."

His Method

In his trading, Rayment seeks to "identify moments where the crowded trade is wrong."

"I'm a genuine countertrend and reversal trader. I certainly don't try to pick tops and bottoms," he says.

He trades using a daily chart as an anchor and monitors 15 currency pairs for opportunities. His average holding time is one to three days.

Being Human

Trading, at its most unforgiving, forces one to face personal weaknesses. Rayment concludes that "you need a degree of introspection to balance your flaws as a human being."

Rayment has moved from the infamous farmhouse (see sidebar) to a converted mill. "I have two children. I am a parent. [But] I live and work alone," he says.

"The most important room is the one that has 10 screens in it," Rayment concludes. He is probably sitting there right now.