

## Carol Harmer

*Interviewed by Maud Gilson*

*"Most of the newer technical analysts today who base their analysis on algorithmic or mathematical models have never traded on a market," says Carol Harmer, founder of Charmercharts. "I am sure they would not be able to trade in today's markets using the tools we had when T/A first became popular..."*

*With a career spanning 29 years and ranging from trading in the pits of the London Futures Exchange, to helping set up the technical analysis operation on the dealing room floor for Midland bank, to heading the Nomura Technical Analysis Trading desk, Carol has undoubtedly become one of the most respected and established technical analysts in the UK.*

*She was one of the first Bank T/A traders to join the Society of Technical Analysis back in the mid 80's when Technical Analysis was still "a new budding flower in the City's bank dealing rooms," says Carol. She has since created her own website in answer to widespread demand for her forecasts.*

*"Even to this day, when I look at a chart," says Carol, "In my mind's eye I still see those bond pit traders all bellowing and shoving each other in their struggle to get out of the wrong way positions."*

*In this "Women in Forex" exclusive interview series from FXstreet.com, Carol Harmer talks about insights market movements, trader behaviors, being a woman in the banking culture, and the charts behind them all.*



Charts are there to make us money, you shouldn't need a doctorate to understand them

MG: You started trading on the London International Financial Futures Exchange (LIFFE) one year before it opened. How did you find the job and what was it like to be a part of LIFFE at that moment?

CH: I saw a situations vacant advert in the Evening Standard news paper about recruiting staff for a brand new market opening in September 1982. They wanted VDU/Computer Operators with a minimum of 5 years experience. I was newly separated with 2 very young children and needed to work full time... I applied, got an interview and got the job on the spot!

That first year was just a whirl of activity and fun. We really had no idea what was in store for us. My first responsibility was to don a hard hat, skintight white jeans and show prospective clients/traders around the building site which was eventually to become the home of LIFFE.

The training trading sessions were amazing. No one really had a clue what to do and most who attended only had to attend three sessions which was enough to give them a silver trading badge...after all, LIFFE could hardly open with no traders.

We were helped by some amazing American traders who were brought in

from Chicago to show us Londoners "how it was done." We just all had a ball! Every stage of completion was cause for a celebration in the Mithras Wine bar around the corner from the Royal Exchange, and there were more than a few celebrations. I joked around with the traders-to-be; I gave back as good as I got but everything was said in fun, and never once did I get offended.

MG: You made a name for yourself at LIFFE, but not for your hard hat tours, I'm sure. What really piqued your interest about the work?

CH: Well finally, after 18 months

I just never experienced the problems that I heard in stories about other women traders. I was basically one of the boys (although prettier, ha!)

of planning, building, testing, training we went live, and on that first day when the bell went off, our lives changed forever. I was hooked. I can't describe that feeling!

I was approached 3 months after we went live to become a trainee trader. It was half my salary for longer working hours, but I grabbed the chance. I became a yellow jacket and then a red jacket within 3 months. I felt I'd arrived, but I wanted to learn more;

LIFFE was a stepping stone for me.

MG: How did it feel to be a woman working with ostensibly mostly men in what was one of the largest open outcry trading pits in existence?

CH: To be fair, I never really thought about it. I'd already worked there for 18 months by the time the pit opened; I had time to become familiar with the guys and to what life at LIFFE was all about. It wasn't like I turned up for work to be met by this mass of sweaty men eager to flex their muscles and mouth off at me; that might have been daunting.

I was treated with the utmost respect by the guys, and it was because I was not a shrinking violet type. I just never experienced the problems that I heard in stories about other women traders. I was basically one of the boys (although prettier, ha!).

I do have one claim to fame though on the floor. They had a dress code for men, but not women traders. I used to toddle into the trading pit in pink jeans, pink high heels and a tight t-shirt. LIFFE then had to come up with a dress code for women because of my Joan Collins-type style. My shoulder pads just didn't fit into the red jackets!

MG: Was that how you got the



Charmer name that you've used for your chart forecasts since 1996?

CH: Well, as a young red jacket back in 1983, your badge had your company name on it (in my case, MID for Midland bank) and just above it was your name (C.Harmer). Thus was born the Charmer nickname that stuck with me most of my time on the LIFFE floor and beyond.

I left LIFFE 5 years later to work for the banks, but after 10 years in major bank dealing rooms, I realized the banking world was not for me. I hated the politics and the bureaucracy of the banks. Traders were bogged down with reports. I was becoming a paper churner. I decided to return to my first love, the LIFFE floor, which had since left the Royal Exchange and grown 10 fold at Cannon Bridge. But while the building moved, I realized the LIFFE traders had not. Most of the traders did not use any chart points and levels at all, and had little idea how these charts could really help the day trader on the floor. Banks had moved forward by that time, and there were Technical Analysis desks in most of the major city banks.

There had been an explosion of LIFFE locals who knew nothing about charts, levels, supports/resistances, so I did a few charts for friends, and before I knew it I was

under siege at the opening bell for levels and pearls of wisdom. I was busier than I'd ever been at the banks. Thus, CharmerCharts was born.

MG: How did technical analysis enter your life? Tell us about your first big win, your "ah-ha!" moment.

CH: As a junior Treasury Bond trader, I would sit with the other T. Bond traders in the coffee lounge before the market open and listen to all these clever, intelligent men discussing things that completely went over my head. Yet, every bloody day, like clockwork, the market rallied while all my otherwise brilliant colleagues spent day after day selling

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into the market and scrambling just before the close to buy bonds back at a loss. I could not get my head round that. I did mention this to my boss one day, and was told in no uncertain terms Bonds were going down.

One Thursday, when I stayed behind on the floor whilst my boss went home (bemoaning his losses

on another day of bond rallies), I wandered behind the booths and saw a man looking at a screen of charts. I'd never seen or heard of charts before. This man offered me a look at a T Bond chart and it was like a million lightbulbs flashed before my eyes. I felt I'd found the holy grail. I swear I could have cried. I must have stayed by that screen for 3 hours.

The bond market had in fact been in a downtrend since 1977. Bonds then went sideways for years, and, in the past few months, had broken their base formation and were on their way higher, possibly back to the 1977 high which was 10524 (I will never forget that level). I was amazed...The problem was our new young traders had only ever traded Bonds from the sell side of view. It had worked for 5 years, but the trend had changed, and they had not yet spotted that.... another million lightbulbs went off in my head.

MG: When did you decide to act on your new-found knowledge?

CH: The very next day! I gathered up my support and resistance levels, worked out my daily pivots, waltzed into the pit, and started buying bonds to the (friendly) boos and hisses of my fellow traders. It closed 30 points higher.

Sadly this did not help my boss,

whose tendency to sell bonds in the 100's of lots had lost the company a great deal of money, and within 3 weeks we were all made redundant. I had already secured a job at Midland Bank, which had the biggest presence and most volume on our trading floor. I loved every minute, and was soon on the phones advising clients of chart points, Fibonacci retracements and everything to do with charts. I did not just read books on the subject, but spent hours, days, months with screens, working out these levels for myself.

I also started making money trading bonds, something the Midland Treasury department noticed. They invited me to help start up a technical (T/A) trading desk. It was a wrench leaving LIFFE after 5 years, but I knew that bigger and better things awaited me.

**MG: What aspects of Technical Analysis are the most appealing to you? Is it the visual aspect of price patterns or the crowd behavior behind it?**

CH: Well, price patterns reflect crowd behavior and the best lesson was seeing it in the flesh on the floor. You knew by looking at the scuffle and behavior of the pit traders whether the market just moved 10 pips. To me, it was something obvious which has stayed with me for all these years. Even to this day, when I look at a

chart, in my mind's eye I still see those bond pit traders all bellowing and shoving each other in their struggle to get out of the wrong way positions.

**MG: Can you tell us when and how you came to have students/followers? Can you recall a particular one who really impressed you?**

CH: In my early days of trading and helping set up technical analysis

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desks in banks, I remember my boss pointing me to a young, be-speckled lad who had not done well on the Forex trading desk. I was told my group were his last hope of staying in the dealing room.

I spent many hours, weeks, months with this young lad before he finally got it and, I have to say, he progressed to become head of research at a major bank. Every time I see him on CNBC I feel a burst of pride at how far he's come from that young shy awkward boy all those years ago.

But I have worked with and trained a lot of the most fantastic technical analysis of today. I am proud of every one of them and I feel I contributed to at least a part of their love of charts.

**MG: How do you feel forecasting currency movements as opposed to the kind of price movements in futures contracts that you used to begin your career?**

CH: A chart is a chart is a chart, as far as I am concerned. Every market has its own little ways, but I am as happy charting currencies as I am oil futures.

**MG: What are your favorite technical indicators? Have you kept the same favorites throughout your career or have they changed over time?**

CH: Obviously in my business there are different flavors of the month... every other month. I have always kept abreast of all the T/A theories, new and old. I learned Candlestick charts at Nomura bank in 1987, then later Elliot Wave, Dow Theory, Market Profile, you name it. I have always returned to my favorite theory - KISS, Keep it Simple and Stupid. Charts are there to make us money, you shouldn't need a doctorate to understand them.

Markets retrace from significant points, so Fibonacci levels are a must. Markets go from bullish to bearish in a short time so stochastics are useful. And moving averages, just because I like them. Those are the 3 I use. I have

discarded everything else over the 29 years I have been doing my job.

Nothing else I have learned over the years gives me as much insight to what the price is going to do the next day as a daily and/or 60 min bar chart, Fibonacci levels and stochastics. Most recent technical analysts in banks who use these new-fangled systems don't actually trade and, frankly, I am not sure that they would know how to. Trading is most likely not part of their job anyway these days.

I have found my trading background was an incredible asset to my ability to produce T/A reports. I know how traders feel. I am one at heart, and this is why I base Charmercharts from the eyes of a trader who uses charts to make profitable trading decisions.

**MG: Did you ever need to face the stereotype of women being more risk adverse than men? Do you agree with it?**

CH: To be fair, because I have been doing this so long the female stereotypes never really applied to me. I was never the aggressive type because I never needed to be. I was in this market from the beginning. Have come up against being stereotyped by men? No. By women, yes...

Some women over the years have

been a disgrace and I am ashamed of them. I'm referring to those who claim to want to work in this wonderful business and then scream sexual harassment because a trader has farted. I say fart back or smile knowingly. I have never been insulted by male colleagues. Even though I have held some senior rank in the Banks. If I heard some comment aimed at me on the floor or in the dealing room, I always fired back a quick retort. It was all taken in fun however, even on the most stressful times in the market. I have never found the need to burn my bra.

**MG: So you believe women can do their way through this man's world...**

CH: The genders are not so skewed in the big banks anymore, but (in the retail market) I believe very few women actually trade their own money in comparison to men. This should change as women make great traders if given the opportunity.

What I will say is that in my 29 years of experience on the LIFFE floor and with various major bank dealing rooms, women were then and are now by far the better trader when given the opportunity, and if I needed to recruit a trader I would definitely go for a women rather than a man.

I must admit that women traders are better than men because they do not have egos. They can change their minds quickly if they are wrong, and

are patient if they are right.

Men have egos. A position becomes their position and they guard it jealously, sometimes to the detriment of the position. Once they have taken a view, they do not like to lose face and reverse a wrong position. "It will come eventually" is a phrase I have heard over and over again. Sadly, sometimes a position does not pan out and has to be closed.

Women are different. They tend to go into a trade with a profit and a stop order in mind. They clearly define that they have entered a trade at a good level, and if that level is wrong, they quickly reverse their trade and do not hold onto a losing position. They have no egos, the trade is not personal to them. They know when they are wrong.

Patience is a virtue has always been my other favorite saying.

#### PROFILE: Carol Harmer

- Current Job: Founder of CharmerCharts.com
- Career: 30 years in the FX Market spent at the London Futures Exchange, in banks and as a traders coach.
- Age: 54

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