



Michael Covel – How to Make a Fortune in Bull, Bear, and Black Swan Markets,

By [Brenda Jubin](#) · on May 7, 2017 10:27 am · in [Book Reviews](#)

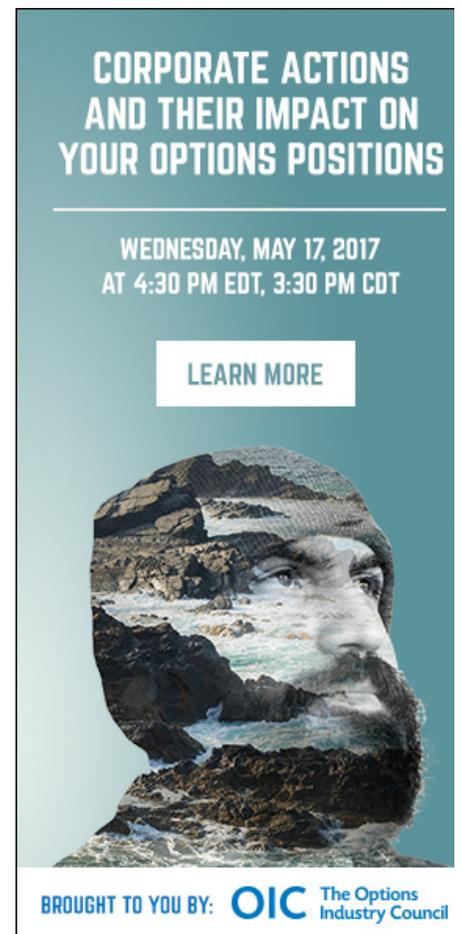
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Michael Covel's *Trend Following* first appeared in the spring of 2004 and went on to sell over 100,000 copies, with translations into German, Korean, Japanese, Chinese, Arabic, French, Portuguese, Russian, Thai, and Turkish. The fifth edition, subtitled [*How to Make a Fortune in Bull, Bear, and Black Swan Markets*](#), is dramatically expanded. Whereas the first four editions ended on what in this edition is page 322, the text of the new edition continues on to page 561. It adds transcripts from seven interviews Michael Covel conducted on his podcast (with Ed Seykota, Martin Lueck, Jean-Philippe Bouchaud, Ewan Kirk, Alex Greyserman, Campbell Harvey, and Lasse Heje Pedersen) and ten trend following research articles by guest authors.

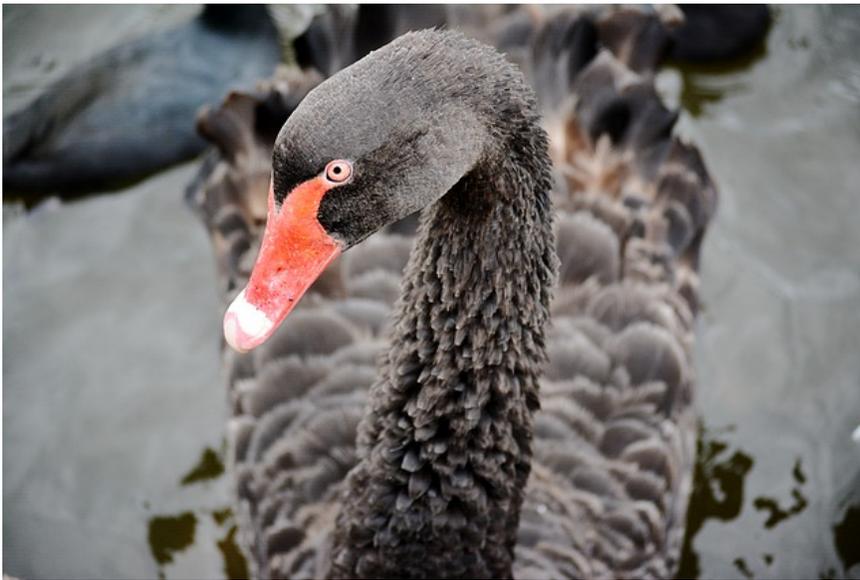


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Michael Covel may be criticized for relying too much on the words of others. He is inclined to string quotations together with minimal commentary. He also uses the margins for more quotations—rightly so, I suppose, since some of them are only marginally related to trend following. This criticism is, however, primarily a stylistic one. The people Covel quotes were in the trenches and knew what they were talking about, so better to hear from them than from an outsider.

Trend trading is no longer as fashionable a concept as it once was—for instance, in the heyday of the “turtles.” It has been replaced, at least in part, by its cousin, momentum trading. What’s the difference between the two? Aside from the fact that relative (cross-sectional) momentum is a more popular factor than time-series momentum, one can say, in very rough outline, that time-series momentum is more forward-looking. In assessing momentum, analysts use a range of inputs, frequently including fundamentals and economic news. Trend following is, as its name indicates, backward-looking; it focuses on where price has been as an indication of where it will be in the future.

Trend trading, traditionally defined as a longer-term strategy, has always been most prevalent among commodity traders, the rationale being that commodity markets trend more than equity markets do. Still, many traders in all kinds of markets, short-term as well as longer-term, employ trend following strategies. Despite some premature obituaries, trend following outside of the managed futures world is far from dead.

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And so a fifth edition of Covell's classic was definitely in order. Michael Covell was wise to add interviews and research articles [to his book](#). They make it all the more valuable.

Michael Covell – [Trend Following, 5th Edition](#)

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