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People & Places

For Day Trader, Losing \$20,000 Just Part Of The Job

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Jacki Lyden

Keith O'Malley makes fast money off the market's mood swings, winning big — or losing — depending on his savvy.
NPR

All Things Considered, March 22, 2009 · The mood swings of the markets don't bother Keith O'Malley.

O'Malley is a day trader. And while Warren Buffett's favored holding time for a stock might be forever, day traders won't even hold a stock overnight. O'Malley tries to make fast money off the market's shifts, winning big — or losing — depending on his savvy.

O'Malley can't see Wall Street from his seat at Hold Brothers in Jersey City, N.J. In the office, young men in their 20s and 30s sit in rows surrounded by monitors set to CNBC, Yahoo, Bloomberg, Reuters and more. There are no pictures of adoring wives, no treasured mugs — nothing but screens.

Based on the news at any given moment, O'Malley will make instantaneous calculations, then trade thousands of shares. A fertilizer company, Potash, flashes across his screen with a headline saying that it is cutting production for the quarter. This seemingly bad news prompts O'Malley to bet that company's stock price will go down. But just as he makes the trade, he

realizes that the news isn't as bad as he had thought — Potash is seeing stronger demand in the back half of the year — so its shares don't diminish as much as he'd calculated.

And that's how you lose \$20,000. He curses.

O'Malley will make it all back — not today, but probably tomorrow. He's got a track record of good calls, earning him notice as one of the 30 Top Traders Under 30 by *Trader Monthly* in 2007.

What he does worry about is too much bad news. There's less to trade now, he says. Everything's selling low, and people are becoming numb to bad news. A lack of any reaction in the market is deadly for a profession that trades on ups and downs.

Recent First



[Xiaosen Xie \(theblackswan\)](#) wrote:

Wow Paul. These guys are that important/good for society huh? I mean, we should have more of these guys than engineers, doctors, or nurses.

Don't worry, I don't want them to go away or anything, that's the beauty of a free market; if what you do makes loads of cash and is legal, it's good for society.

Sunday, March 22, 2009 11:45:13 PM

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[Mister Knowittal \(Knows Nothing\)](#) wrote:



I'm not an expert, so I don't know. I'd guess the benefit of Day Trading to liquidity comes from matching sellers to buyers and vis versa. I not certain but I think this is an indispensable component of the markets. But really, I don't know.

Sunday, March 22, 2009 10:48:08 PM

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[Paul James \(Glymour\)](#) wrote:

Day traders add liquidity to the market, have immense skill and nerve, and create wealth which can be use to help charities, their family, and society. It is a shame that such work is negated by posters here.

Sunday, March 22, 2009 6:06:24 PM

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[Xiaosen Xie \(theblackswan\)](#) wrote:

A job that does nothing for anyone.

Lovely.

Sunday, March 22, 2009 4:03:22 PM

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[Robert White \(Austinrunner\)](#) wrote:

I hope for the day that these market manipulators lose all, including their shirt. Then maybe they can go trade themselves in the pursuit of producing something.

Sunday, March 22, 2009 1:23:53 PM

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