Stalking the Black Swan
Research and Decision-Making in a World of Extreme Volatility
Kenneth A. Posner

An inside witness to the global economic meltdown explains how to better anticipate improbable events affecting stocks, industries, and entire markets.

Kenneth A. Posner spent more than a decade tracking the volatile stock sector known as “specialty finance.” A research analyst with Morgan Stanley, Posner monitored markets known for surprise shifts in volatility, including the stocks of controversial credit card companies and mortgage lenders, some of whom catalyzed our recent financial downturn. Extreme volatility is not a new issue in finance, but as the current crisis proves, decision making remains a challenge.

Bringing his experience to bear on this issue, Posner describes a set of research strategies that can help investors and other decision makers better anticipate and react to the “Black Swans” that all too frequently rock the markets. Drawing from the classic, fundamental research heritage of Benjamin Graham and David Dodd, as well as more recent developments in cognitive science and the world of quants, Posner outlines a pragmatic approach to establishing more accurate forecasts, thinking in probabilities, balancing confidence, handling information overload, harnessing sophisticated computer analytics, and even interviewing corporate executives—all with the goal of making better financial decisions. Emphasizing the computational resources we already have at our disposal—our computers and our minds—Posner shows us how to navigate the next phase of our financial recovery.

Kenneth A. Posner was a research analyst and managing director at Morgan Stanley from 1995 to 2008. A certified public accountant, chartered financial analyst, and financial risk manager, his work has been recognized by high rankings in polls conducted by Institutional Investor and Greenwich Associates.

“Stalking the Black Swan is a unique combination of psychology, statistics, and economics that will engage the reader unwilling to settle for quick answers.”
—Aswath Damodaran, New York University