

Chapter 1: Markets

1.1 We Always Buy or Sell...Something

What is a market? In its simplest form, it is a place where buyers and sellers trade. Give yourself a minute and try to recall all the markets you are actively participating in. You may just have sold an old DVD player on eBay. You may have recently purchased a song or two on iTunes. Buying and selling is not limited to tangible goods, either. As an example, you are always in the market of selling your skills and services in the labor market where the companies are the buyers of your skills.

There are many other markets, but one particular category plays a major role in our lives and probably the first one most people would think of when they hear the word “markets”: financial markets. Chances are you are a participant, directly or indirectly, in financial markets as well. Maybe you are actively buying and selling stock. Even if you are not, if you have a 401-K plan, you are a participant in financial markets. It is mostly seamless to you, but once you determine your investment allocations, there are millions of people in the background who buy and sell constantly, which have an impact on YOUR money. More sophisticated traders also trade options, futures and a variety of other products and depending on the make-up of your 401-K plan, their actions also have an impact on your accounts.

What about sports? Give yourself another minute and think of all the sports markets where you are a buyer or a seller. Got a ticket to the big game online recently? Do you collect sports memorabilia? Purchased a jersey of your favorite player? Had a fantasy draft lately? Or maybe you placed a bet in Vegas on your favorite home town team the last time you were there.

Sports markets may not be as big as the financial markets, nor are they as complicated, but they also play an important role in most of our lives. Moreover, people connect to sports in many different ways, sometimes professionally but most often emotionally. The remarkable thing is this: Even though sports markets are not as complicated, or perhaps because of it, AND because sports is a unique passion, they can teach us a thing or two about financial markets. Why does this matter? It matters because in a world where taking ownership of our finances and improving our understanding of the financial markets is one of the best skills we could ever learn and pass on to future generations. This, however, became especially difficult in a world full of misinformation and complexities. One option, perhaps the only option left is to re-enter the financial world with a sports lens.

This is, then, the journey to financial knowledge in a sports car. All the time you spent on sports will benefit you in ways you have never imagined, empower you with knowledge, and give you back the control of your financial life.

Enjoy the ride.