



<http://www.chicagotribune.com/business/chi-0509040205sep04,1,5638087.story?coll=chi-business-hed>

FRONT AND CENTER

Viewers mad about CNBC's Cramer

BY MATEA GOLD

TRIBUNE NEWSPAPERS: Los Angeles Times

Advertisement

September 4, 2005

ENGLEWOOD CLIFFS, N.J. -- Stumble across Jim Cramer's show on CNBC and you may think you've come upon a music video featuring a balding, manic businessman. Lights pulsate as cameras sweep the set, lightning crackling on a flat-panel screen while booms of thunder punctuate a loud electronic guitar riff. Then a middle-aged man in rolled-up shirt sleeves flings his chair across the room, gesticulating wildly as he shouts, "Are you readdyyy SKIDADDYYY?!?" This is not your father's finance show.

It's "Mad Money With Jim Cramer," the former hedge fund manager's high-octane hourlong take on the world of stocks. For CNBC, it's a far cry from sedate business fare like Louis Rukeyser's "Wall Street Week," which used to define the genre.

Since it debuted in March, the program has transformed the 5 p.m. time slot from one of the business channel's lowest-rated into one of its highest, with an average of 182,000 viewers, a jump of 80 percent from a year ago, according to Nielsen Media Research.

Cramer is not the first CNBC anchor to gain a following based on style as much as substance. Maria Bartiromo, for example, became a favorite of Wall Street traders in the late 1990s when she was known as "the Money Honey." But Cramer is the rare commentator whose influence moves the market itself.

Along the way, he's given a needed lift to CNBC, a business channel that has been profitable--small as its niche is, its well-heeled viewers are desirable to advertisers--but that nonetheless has struggled to keep people watching after the market closes.

During the show's "lightning round," Cramer offers instant, five-second assessments of companies tossed out by viewers who call in. (He says he's conversant in 2,000 actively traded stocks.) In other segments, he goes on at length about such varied topics as defense contracting, liquor sales and Brazilian banks.

His fans track his advice with cult-like devotion, jumping to place orders for stocks as soon as he mentions them. Professional day traders have taken notice as well.

The result is a Wall Street phenomenon now known as the "Cramer effect." The day after a stock gets a

mention on "Mad Money," its price shoots up, at least temporarily, and its trading volume soars.

One reason for his influence is that he has filled a void left by the recent stock analyst scandal, in which professional analysts were caught pushing stocks their companies had some stake in. Since then, large brokerage firms have shied away from weighing in on smaller stocks, one of Cramer's specialties.

That worries some critics, who question Cramer's track record. They note that stocks get an artificial bump after he touts them, a spike that short-sellers take advantage of.

Steve LeCompte, managing partner of CXO Advisory Group, a market analysis Web site for private investors, analyzed more than 100 stocks highlighted on "Mad Money" and concluded that Cramer's picks do not translate into substantial returns.

In fact, he believes the show's viewers could end up losing money by overtrading and incurring excessive fees.

"My advice would be to buy a good index fund and watch him for entertainment," LeCompte said.

In an interview, Cramer defended his record and disputed the notion that his lighthearted approach comes at the expense of serious-minded analysis.

"If I can't be entertaining, no one will watch," said Cramer, who seemed animated and intense but not nearly as tightly wound as his on-air persona.

"The kind of sector analysis that I do is not only extremely responsible but probably much better than your broker or analyst does, and that would have cost you a fortune.

"I think you'd rather have a guy who is just literally out there trying to find you the right ideas and is not trying to get the corporate finance or get the commission be your honest broker," he added.

But Cramer does acknowledge that his apparent influence on the market eventually could undercut the effectiveness of his advice.

"I want to help people make money," he said. "If an effect [on a stock] is contrary to making people money, that could be a problem."

Now 50, Cramer tried his hand as a newspaper reporter and pursued a law degree before making his name on Wall Street. He helped found TheStreet.com and managed a hedge fund for wealthy families that produced a hearty 24 percent average return after fees for 15 years.

Achieving that rate came at a price. Cramer never sat down at work--he didn't even have a chair--and was known for throwing items like keyboards and water bottles in frustration.

"I drove everybody crazy," he said.

"Mad Money" often seems like a relic from the flush 1980s, when greed was in. "Let's try to make some money!" Cramer declares at the beginning of each show.

And, yet, the show opens with a lengthy disclaimer, and he often suggests having a balanced portfolio.

"You can't just buy stocks 'cause I like them," he said recently in the tone of a tired parent.

Still, the formula works. Most of the time his voice screeches until he's almost unintelligible, and he resembles the plastic bulls he constantly throws at the camera: red-faced, glowering and snorting.

The retired money manager said his major picks on the show have done "extremely well." According to a compilation provided by CNBC, the 21 "picks of the week" Cramer has made since April rose an average of 6.24 percent, about double the rise in the Standard & Poor's 500 index and slightly less than the small-stock S&P 600 index during that same period.

Analysts noted that to get that return, investors would have had to buy the stock at the price it was when Cramer mentioned it, an easier prospect for professional traders than amateurs.

Not all who lost money off his tips are embittered. Nutley, N.J, resident Douglas Roberts said he was out a few thousand dollars after buying one of Cramer's picks last month but doesn't blame the "Mad Money" host.

And Roberts said he still tunes into Cramer's show several times a week, even though he doesn't believe he'll be able to make substantial profits from it.

"It's just good TV."

Copyright © 2005, [Chicago Tribune](#)