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Boom-bust cycles and the appliance of science

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Sir, John Dizard (FTfm, February 15) cites religious belief in his article on the gloomy outlook of technical analysts and their approaches to market cycles. Our risk cycle analysis led us to warn two years ago that equity markets were in an unsustainable boom. In July last year we signalled that the boom had turned to bust with an expected loss of at least 30 per cent in major equity markets.

These predictions come from advances in statistical analysis: we have found the same unmistakable statistical fingerprints are present before every boom-bust cycle in equity markets for more than a century. Science, not religion, was the key to identifying them.

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