

MARKET FORECASTS AND THINKING IN CYCLES

“那些无法记得过去的人注定将重蹈覆辙。”——乔治桑塔亚那

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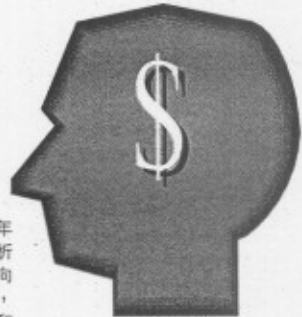
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市场预测



与 周期思考



观察周围的事件，你会发现，大多数事项都发生在周期：白天和黑夜、雨季夏季、生与死、一年四季、经济繁荣和萧条等不胜枚举。当然，并非所有人都同意，上述事件都会发生在周期中，而取决于一个人的信念。

上述的课题也将我们带至一点，股市也有其周期。即有的牛市的出现，也必然有熊市的出现。可以争论的是，一个存有投机成份的长期牛市，即会有更凶猛的熊市跟随在后。不幸的是，大多数人都忘

记这一点。

和平常人一样，我们倾向短期的思考，通常是3个月或更少。人脑拥有更好的条件思考，并更适应于短期周期。

但在长期周期来说，却是很困难的事。你能想象宇宙的扩张甚至毁灭需时多久？千亿年？但这都无所谓，大多数的人甚至都没有过多考虑到5至10年后或将演变的事情——的确困难和艰辛了。

人类在大多数领域皆拥有预测的心理——无论是军事、气象、人口

增长、经济、当然还有股市。每年年初或年中，你会读到、听到分析师和股票经纪分享他们对股市走向的意见或作出预测。而更甚的是，一些分析师也以全球经济、政治和社会条件为基础来预测全年的指数走势。

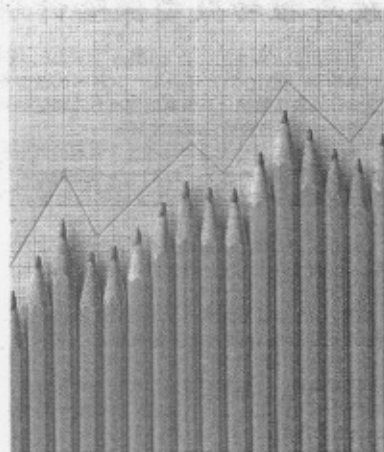
不幸的是，这种预测，绝大多数最终都相当糟糕。事实上，如果我们细心观察，所谓的专家，试图把短期的生活事件如天气、经济甚至军事行动来作预测，唯最终常常出错。

这并不是说，预测的人没有做功绩或只是短期预测几乎是不可能，况且有长期糟糕记录来证明这一点。

事实上，有人甚至说，短期投资即随机挑选股票或投资，比起预测来得可靠。

人类情感决定市场短期走势

在欧洲，这一个有趣的案例。即他们使用大猩猩以挑选印上投资基金名字的香蕉作为随机投资的选择，结果显示，有关选择连续三年的按年表现成功超越大市表现，其他测试，人类使用的飞镖来选择投资，也取得了比预测更好的结果。



●每年年初或年中，你会读到、听到分析师和股票经纪分享他们对股市走向的意见或作出预测。

目前为止，这种“测试”未在马来西亚进行的，但结果很可能是相似的。

这些预测者都取得良好的教育，他们掌握最新信息和电脑软件和硬件来分析所有的数据。

那么，为什么他们有错？问题在于短期的预报是针对股票市场进行。究竟是什么推动股市？公司和经济基础？战争和恐怖主义的威胁？如地震和洪水等自然灾害？疾病和流行病？政治事件？还是人类的情感？

以上所述皆是答案。在短期内，所有这些因素在决定股市走向引致作用。而我们知道，在短期内，许多意想不到的事件可以发生。我们也不要忘记，所有最有力决定市场因素的短期走势是人类的情感，或受所有其他因素所决定的情绪。

也许人类的情感可以帮助解释为什么在短期内，公司和经济基础得以趋稳，但股市却因此一蹶不振，是由投资者情绪所主导。相反，基本面可能恶化，但股市继续上升，高企，原于投资者积极的情绪，促使股票价格不断上涨所造成。底线是，短期内股市的推动力，是投资者的恐惧与贪婪左右。

再说大猩猩案件。在大猩猩的投资组合，表现好并不是以基础为出发点。不幸的是，大多数股市参与者往往没将金钱进行谨慎投资。有超过1万订户根据大猩猩基金挑选技术。

在这个例子中，尽管由大猩猩随机挑选最终击败了“专家”，但由大猩猩进行的随机挑选，最终也面对惨重的结局。



●股市也有其周期，即有的牛市的出现，也必然有熊市的出现。

思考和分析或涉及更长时间

既然我们不能依赖短期预测，我们能做些什么？我们谈到周期及股票市场如何在周期中运作。牛市之后是熊市，经济扩张和收缩等等。诀窍在于思考和分析，长期可能涉及30至40年或更长时间的周期。

所谓的许多分析家宣称90年代后期的新时代，导致科技繁荣，但泡沫却迅速爆破。如果许多人从历史经验学习，他们就将自己从这一场金融悲痛中救出来。

此外，还有在1800年、1920年及1960年中使用的“新时代”主题，从而导致大牛市，但之后却迅速的往南掉落。

这里可归纳的经验教训如下：

1. 股市也经历周期。
2. 勿以短期趋势跟进，反之应以长期走势为主。1个月、3个月、甚至6个月的预测往往是不值得跟进，除非你是进行短期的市场交易。
3. 在短期内的投资建立在良好的基本面，但仍有可能赔钱，因此，该以长远为出发点。
4. 如果你需依赖于某些预测形式，应以长期周期看记录。他们的成功率应该更好。

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## MARKET FORECASTS AND THINKING IN CYCLES

*Those who cannot remember the past are condemned to repeat it*  
**George Santayana**

If you observe many events in your environment, you will notice that most of them occur in cycles: night and day, rainy and sunny seasons, birth and death, the four seasons, economic booms and busts, expansion and contraction of our universe and the list goes on. Of course, not all may agree that some of the aforementioned events do not occur in cycles, depending on one's beliefs.

The above talk about cycles brings us to a point – that the stock markets too, have their cycles. As sure as there are bull markets, these are bound to be followed by bear markets. It can be argued that a prolonged bull market with a large speculative element, i.e. the greater the mania, the greater the likelihood of a protracted and severe bear market that would follow. Unfortunately, most people forget this. As humans, we tend to think mainly in the short term – usually three months or less. That is why it is so common for the general investor and speculator alike to look at the rear-view mirror in making investment decisions. “How did the market perform in the last 2 months? 30%? Great! I'll invest on the assumption that it'll continue to rise as much in the near term”.

The human brain is preconditioned to think and better comprehend short-term cycles. We find it extremely difficult to think in terms of longer-term cycles. Can you imagine how long it would take for the universe to expand and eventually contract – billions of years? Never mind the extreme scenario of expansion of the universe, most of us don't even give much thought to periods of 5 to 10 years forward – it's just too difficult and taxing.

Which now leads us to the art or act of forecasting. Humans partake in forecasting in most fields - be it military, weather, population growth, the economy and not forgetting the stock market. At the start of each year or at mid-year, you will read, hear or watch a panel of analysts and stockbrokers share their views or make predictions on the direction of the stock market by mid year or at year's end. The bold ones even state the exact index level they believe could be reached based on local and global economic, political and social conditions. Unfortunately, the great majority of such forecasts have been quite dismal, often significantly off the mark. Followers of stock market forecasts in the dailies and other media could certainly attest to this. In fact, if we observe closely, so-called experts who attempt to make short-term forecasts of events in life - the weather, the economy and even military initiatives often get it wrong.

This is not to say that the forecasters are incapable people or have not done their homework- it's just that short-term forecasting is virtually impossible and there's a long dismal track record to prove it. In fact, one could even say that for short-term investing, randomly picking stocks or investments could perform better than relying on forecasts. There is an interesting case in Europe that reinforces this point. Some time ago, a test was performed wherein a gorilla managed to outperform a certain market index by large margins over a one-year period for three consecutive years by randomly picking names of investment funds tagged to bananas. Other tests but by humans using darts to pick investments have also yielded better results than forecasting. There probably have not been such “tests” conducted in Malaysia but the results could very well be similar.

These forecasters are all very well educated, have the latest information and computer software and hardware at their disposal to analyse all the data. So why is it that they persistently get it wrong? The problem with short-term forecasting lies with the dynamics of the stock market or life in general. What drives a stock market? Company and economic fundamentals? Threats of war and terrorism? Natural catastrophes such as earthquakes and floods? Diseases and epidemics? Political events? Human emotions?

The answer is all of the above. In the short term, day to day, week to week or month to month, all these factors play a role in determining the direction of the stock market. And as we know, in the short term, many unexpected events can occur. We should also remember however, that the most potent factor of all in determining short-term market movements is human emotion or sentiments that are in turn determined by all the other factors. Perhaps human emotions can help explain why in the short-term, company and economic fundamentals can be strong and yet the stock market languishes and is scorned by investors. Conversely, fundamentals could have deteriorated but the stock market continues to rise sky-high because of positive investor sentiment caused by ever rising stock prices. The bottomline is, in the short-term the stock market is driven by the fear and greed of all stock market participants.

Coming back to the gorilla case. The outperformance of the gorilla's investment picks were not based on any fundamentals whatsoever. Unfortunately, most stock market participants tend not to care about fundamentals when investing their money. They would plow in hard-earned capital when the stock market is going up or has risen substantially and there is perceived profit to be made – regardless of fundamentals. Incidentally, and this is unverified, there were over 10,000 subscribers to the gorilla's fund picking "technique". Just to be fair, even though in this example, the random picks by the gorilla ended up beating the "experts", it is just as likely that if another trial was made in another time period, the random picks by the gorilla may end up as the worst performers as well.

Since we cannot rely on short-term forecasts, what can we do? We talked about cycles earlier and how the stock market too moves in cycles. A bull market is followed by a bear, economic contraction by expansion and so forth. The trick is to think and analyse these cycles over a long period perhaps covering 30 to 40 years or more. Take for example the so-called new era of the late 1990s touted by many analysts and which lead to the "technology" boom and bust shortly after. If many had bothered to take heed from history, they could have saved themselves financial grief due to wealth lost to massively overpriced and overhyped technology stocks. There were also so-called new eras in the late 1800s, 1920s and mid 1960s with their own "technology" themes, which lead to great bull markets but which turned south soon after with just as much if not greater gusto.

The lessons here can be summarised as follows:

- i. Life moves in cycles including the stock market.
- ii. Follow not the short-term trend but the long-term. One-month, three-month and even six-month forecasts are often not worth looking at, unless you are a short term market trader.
- iii. You may invest based on good fundamentals but may still lose money – in the short term. Think longer-term.
- iv. If you really have to rely on some form of forecast, seek those who have a philosophy and record of looking at long-term cycles. Their success rate should be much better.



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