

BEAR MARKET? - OUR ANALYSIS

Here is an update on our analysis regarding global equity markets. Devotees of Barmac will remember that we have accurately predicted the bear markets of 2000 - 2003 and 2007 -2009 and this is in response to their enquiries.

As many are aware, we issued a note in August 2014 that the monthly Barmac Indicator had issued a "sell" signal on the FTSE 100 but the monthly Indicator on this index is notoriously bad for timing purposes. Indeed, in the bear market of 2000 - 2003 the signal first occurred on the FTSE 100 in August 1999 after which the market rallied over 10%.

In the bear market of 2007 - 2009, the FTSE 100 rallied nearly 10% after the signal was generated in July 2007. However, once issued our Indicator calls for a correction of at least 15% and we have back tested this on US data to 1929 and found it is unerringly accurate.

So what does this mean, are we or aren't we in a bear market?

What we can say is that since it has been issued on the FTSE 100 we have exercised extreme caution. However as our followers are aware, we use the Indicator in conjunction with the FTSE 250 and this is far more accurate for timing purposes and validity.

Our Indicator on the FTSE 250 is certainly showing signs of giving a signal but we are not there yet. Once the signal is generated, we will be calling a bear market and if our Indicator is proved correct again, markets will then enter a period of steep declines and huge bear rallies.

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Source of data: Sharescope and other sources believed to be reliable.

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