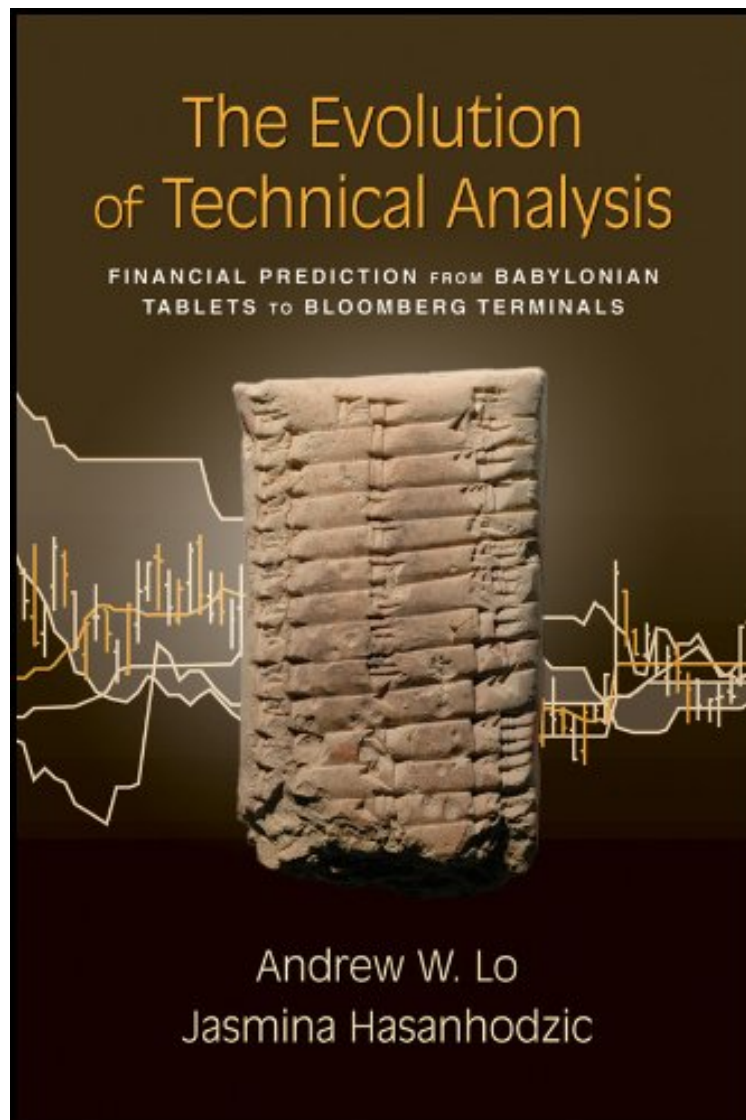


(Read free) The Evolution of Technical Analysis: Financial Prediction from Babylonian Tablets to Bloomberg Terminals

The Evolution of Technical Analysis: Financial Prediction from Babylonian Tablets to Bloomberg Terminals

Andrew W. Lo, Jasmina Hasanhodzic
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Andrew W. Lo, Jasmina Hasanhodzic : The Evolution of Technical Analysis: Financial Prediction from Babylonian Tablets to Bloomberg Terminals before purchasing it in order to gage whether or not it would be worth my time, and all praised The Evolution of Technical Analysis: Financial Prediction from Babylonian Tablets to Bloomberg Terminals:

19 of 21 people found the following review helpful. Maybe I expected too much...By Nash deVilleI eagerly awaited

the release of this book. I've seen the authors present other work at professional conferences or online in other settings, and my expectations for this book were very high. Maybe I just expected too much.

The Good: This is a pure history book. You will not find any guidance for application of technical analysis here. The authors regard technical analysis with sufficient objectivity to acknowledge its potential value. If you do not have an MBA in Finance, the overview of the history of EMH and Random Walk as two related yet distinct theories is worth the price of the book. The authors are steeped in the theories of modern finance and their discourse thereon is brilliantly written. This was by far my favorite part of the book.

The Bad: The authors freely admit they are writing about technical analysis from the perspective of outsiders (though they work together managing nearly a billion bucks using quantitative and possibly even technically based strategies, and are regarded by technicians as the tip of the spear among academics advancing the cause of TA). If you are a well-read technician, perhaps a professional one, you will not find any new revelations in the historic review of technical analysis. You probably have been exposed to the important historic information in the classics already on your technician's bookshelf. More importantly, I was disappointed the material was not better organized, and that the essence of certain historic figures' body of work were not presented in a more unified, coherent way.

The Ugly: If you are not a well read technician, you may not realize how jumbled this book can be. The other disappointment of the work is that an enormous amount of exposition is devoted to discussing the development of commerce, the discovery of price records, and the supposition that since such records are found, it is natural to assume they were used for technical analysis. However, only the surface is scratched here. Lastly, the authors tend to give undue emphasis to various categories of non-technicians' disdain, ostracism of, disregard for, and general ignorance of technical analysis. They use much more polite language in citing research that discredits the EMH.

In conclusion: This book represents a very, very important first step in assembling the history of technical analysis into a single volume. I am grateful to the authors for having undertaken it. However, it is not a "definitive" or "authoritative" reference that blocks out the need for others to write history books in the same vein. It can be used either to round out some missing history details for you, to identify some research you might have overlooked, or to give you an idea of the role of price in the grand arc of economic history. The authors are to be commended for creating what may be the first pure-play history book on technical analysis. Hopefully more will follow.

1 of 3 people found the following review helpful.
Fascinating introduction to the history of trade and markets
By J. I'm about 2/3 through this book and really enjoying it. I haven't read any history of trade before now, so this has been a great overview of how trade evolved in different parts of the world. It's well-written, seems well researched, and it's easy to read. I'm giving it 4 stars because the history aspect is highly entertaining and enlightening. I knocked off one star solely because its title is a bit misleading. I think folks will pick this up expecting a bit more focus on the practices and techniques of technical analysis, which this book seems a bit light on. But expectations aside, I highly recommend it to anyone interested in an introduction to how trading and markets evolved.

0 of 1 people found the following review helpful.
Engaging history of financial forecasting from Mesopotamia to Wall Street
By Rolf Dobelli
Finance professor Andrew W. Lo and research specialist Jasmina Hasanhodzic present a history of finance and of the development of business and stock markets. Their informative research connects the commerce of ancient times to modern practices, theories and analytical methods.

getAbstract recommends this sweeping and engaging history to professionals curious about how business evolved and to students majoring in economics, finance, history or related disciplines.

A comprehensive history of the evolution of technical analysis from ancient times to the Internet age Whether driven by mass psychology, fear or greed of investors, the forces of supply and demand, or a combination, technical analysis has flourished for thousands of years on the outskirts of the financial establishment. In *The Evolution of Technical Analysis: Financial Prediction from Babylonian Tablets to Bloomberg Terminals*, MIT's Andrew W. Lo details how the charting of past stock prices for the purpose of identifying trends, patterns, strength, and cycles within market data has allowed traders to make informed investment decisions based in logic, rather than on luck. The book Reveals the origins of technical analysis Compares and contrasts the Eastern practices of China and Japan to Western methods Details the contributions of pioneers such as Charles Dow, Munehisa Homma, Humphrey B. Neill, and William D. Gann *The Evolution of Technical Analysis* explores the fascinating history of technical analysis, tracing where technical analysts failed, how they succeeded, and what it all means for today's traders and investors.

From the Inside Flap: "A movement is over when the news is out," so goes the Wall Street maxim. For thousands of years, technical analysis—marred with common misconceptions likening it to gambling or magic and dismissed by many as "voodoo finance"—has sought methods for spotting trends in what the markets have done and what they are going to do. After all, if you don't learn from history, how can you profit from it? In *The Evolution of Technical Analysis*, the director of MIT's Laboratory for Financial Engineering, Andrew Lo, and coauthor Jasmina Hasanhodzic present an engaging account of the origins and development of this mysterious "black art," tracing its evolution from ancient Babylon to the rise of Wall Street as the world's financial center. Along the way, the practices of Eastern technical analysts like Munehisa Homma (the "god of the markets") are compared and contrasted with those of their Western counterparts, such as

Humphrey Neill, William Gann, and Charles Dow (‘the father of technical analysis’). With deep roots in antiquity, technical analysis is part art and part science, seeking to divine trends, reversals, cycles, and other predictable patterns in historical market prices. While the techniques for capturing such regularities have evolved considerably over the centuries, the all-too-human predilection to extrapolate into the future using the past has been a constant driving force throughout history. The authors chronicle the fascinating and unexpected path of charting that likely began with simple superstitions and coincidences, and has developed into widespread practices in many markets and instruments, involving sophisticated computational algorithms and visualization techniques. The Evolution of Technical Analysis is the story of how some early technicians failed miserably, how others succeeded beyond their wildest dreams, and what it means for traders today. From the Back Cover Praise for The Evolution of Technical Analysis ‘Where there is a price, there is a market, then analysis, and ultimately a study of the analyses. You don’t want to enter this circle without a copy of this book to guide you through the bazaar and flash.’ — Dean LeBaron, founder and former chairman of Batterymarch Financial Management, Inc. ‘The urge to find order in the chaos of market prices is as old as civilization itself. This excellent volume traces the development of the tools and insights of technical analysis over the entire span of human history; beginning with the commodity price and astronomical charts of Mesopotamia, through the Dow Theory of the early twentieth century — which forecast the Crash of 1929 — to the analysis of the high-speed electronic marketplace of today. The account is particularly refreshing for academics steeped in statistical models, as technical analysis relies upon a substantially different analytical language: graphs, trends, and complex structures. An excellent overview of an important topic.’ — William N. Goetzmann, Edwin J. Beinecke Professor of Finance and Management Studies, Yale School of Management ‘This book will fascinate anyone interested in technical analysis. Lo and Hasanhodzic are the first to compile this history and they present it with clear, good-humored prose that moves swiftly. And the book has a larger message. By charting the history of organized trading through the millennium — even Babylon! — it points out the timelessness of the human endeavor we presently know as Wall Street.’ — Carol Osler, Director, Lemberg Masters Program in International Economics and Finance, Brandeis International Business School, Brandeis University ‘This book is an exhaustive study of technical analysis history and development from Babylon to the present, another classic by Lo and Hasanhodzic. Using multiple sources, the authors provide a persuasive argument for the origin, rationale, growth, and future of technical analysis. I found the information and logic compelling, and I highly recommend this book to anyone interested in the analysis of trading markets.’ — Charles D. Kirkpatrick II, CMT, President, Kirkpatrick Company, Inc., coauthor of Technical Analysis: The Complete Resource for Financial Market Technicians, and Adjunct Professor, Brandeis University The fascinating history of technical analysis and its role in shaping the behavioral theory of modern financial markets. The Evolution of Technical Analysis explores the history of technical analysis from ancient Babylon through the Internet Age, and highlights the successes and failures of the pioneers — the famous and the forgotten — who played a pivotal role in the evolution of this fascinating craft. Today, thanks to their contributions, technical analysis has evolved from ‘voodoo finance’ into a more scientific endeavor, emerging as a respectable discipline that commands the attention of all serious students of financial markets. This sweeping history will surprise skeptics and open the door for more constructive dialogue between technicians and proponents of modern finance. About the Author ANDREW W. LO is the Harris Harris Group Professor of Finance at MIT Sloan School of Management and the director of MIT’s Laboratory for Financial Engineering. He has published numerous papers in leading academic and practitioner journals, and his books include The Econometrics of Financial Markets, A Non-Random Walk Down Wall Street, and Hedge Funds: An Analytic Perspective. His awards include the Alfred P. Sloan Foundation Fellowship, the Paul A. Samuelson Award, the Graham and Dodd Award, the James R. Vertin Award, and the American Association of Individual Investors Award. He is also Chairman and Chief Investment Strategist of AlphaSimplex Group, LLC. Jasmina Hasanhodzic is a research scientist at Alpha-Simplex Group, LLC, where she develops quantitative investment strategies and benchmarks. She received her PhD from MIT’s Department of Electrical Engineering and Computer Science. Her works on alternative market betas and technical analysis have appeared in leading publications, such as the Journal of Investment Management, and she is the coauthor with Andrew Lo of the book The Heretics of Finance. She also serves on the Board of Directors of the Market Technicians Association Educational Foundation.