Projected Time Remaining in the global equity market boom: Less than two months. Omega Metrics® Risk Cycle Analysis correctly predicted the timing of the corrections in 2000 and 2008. The current correction outstanding is at least 30%.

Current Analysis:

Warning signals match those in October 2000 and March 2008. In the past month the estimated time to the end of the boom has shrunk from over 300 days to less than two months. We expect a correction of at least 30%.

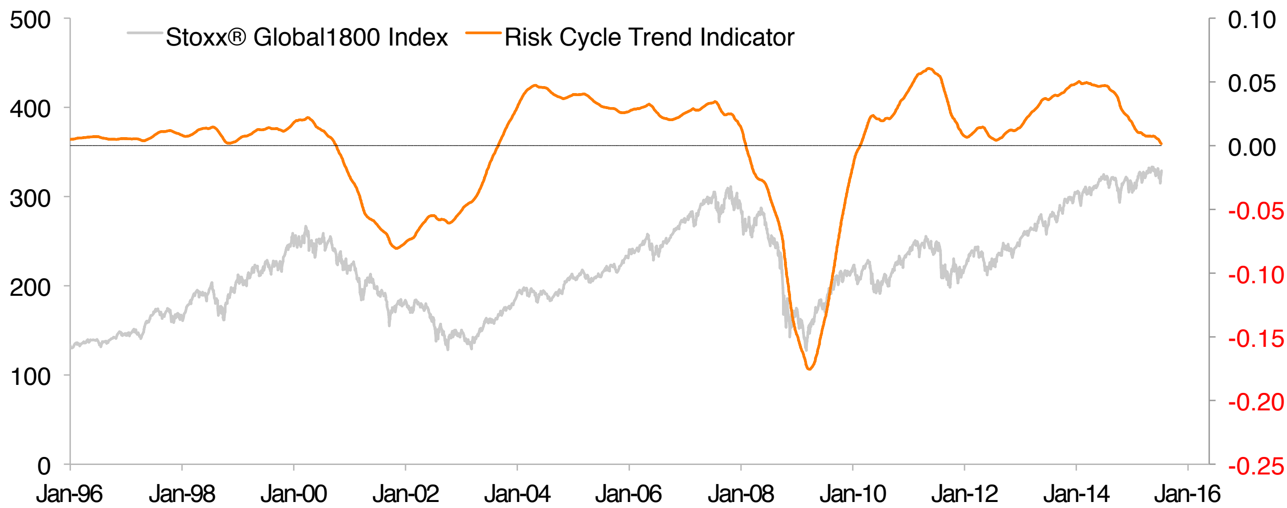

Figure 1. Stoxx® Global 1800 Index and Risk Cycle Downturn Indicator, 1996-2015.

Stoxx® Global 1800 Index

The Stoxx® Global 1800 Index tracks over 80% of the free float market capitalisation in the developed world's equity markets. There have been 3 booms and 2 busts in the Global 1800 Index in the past 25 years. While the terms 'Tech Bubble' and 'Credit Bubble' have been used to describe the booms that turned to busts in 2000 and 2008, it is clear from the Global 1800 Index history in Figure 1 that these were features of the global equity markets.

Just as the equity market recovery which began in 2003 quickly turned into a bubble, the rebound which began in 2009 has also produced a bubble–identified as an Unstable Expansion in Q2 2013.

Omega Metrics® Risk Cycle Analysis identifies unsustainable market booms and predicts the magnitude of the correction which should follow. The Risk Cycle Downturn Indicator marks the transition from boom to bust by turning from positive to negative (see Figure 1). When this happens while there is a large correction outstanding the result is a dramatic collapse in prices. By monitoring the evolution of the Indicator we can estimate the time remaining in a bull market.

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