

Fisher r-to-z transformation p-values say: 'We are in a great economic depression'

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Dear Newsgroup Readers,

A paper by me is submitted to SATOCONOR Journal of Randomics for peer review by the editors and for public peer review by means of a Wiki.

Title: Bull, Bear and Stochastic: Three Distinct Entropic Stock Market States?

Subtitle: This article presents evidence for the existence of three types of stock market climates based on Pareto entropy measurements

Abstract:

Fitting day-to-day closing price data of NYSE stocks to the Pareto distribution formula was found the best way to distinguish between three hypothetical entropic market states: Bull, bear and stochastic. Several methods to find the significance of the differences between the three mean market state entropies, of 101 stock quote samples, were applied. The best way, giving quantification by means of p-values, was found to be Student's t-Test. This led to the final conclusion: There is high likeliness for the existence of at least these three distinct entropic market states. In contrast to my own postulate that says that stochastic has a sideways (zero) trend, it was found that it's more like yo-yoing share prices superimposed on a negative trend.

Further research on the gathered data also leads to the conclusion that we are at the present (February 2009) in a comparable economic situation as the great depression (around the year 1929).

The SATOCONOR Stock Analyzer, that did the Pareto curve fitting and entropy calculations, was found to be a very useful tool in this research, even though I used only a fraction of its full potential.

PDF draft version + Wiki at:

<http://www.satoconor.com/randomics/JournalofRandomics/tabid/104/Default.aspx>

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Fisher r-to-z transformation p-values say: 'We are in a great economic depression' situation as the great depression (around the year 1929).

This is really bad news! What do you think: Does this conclusion hold water?

Kind regards,

Johan van der Galien.

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