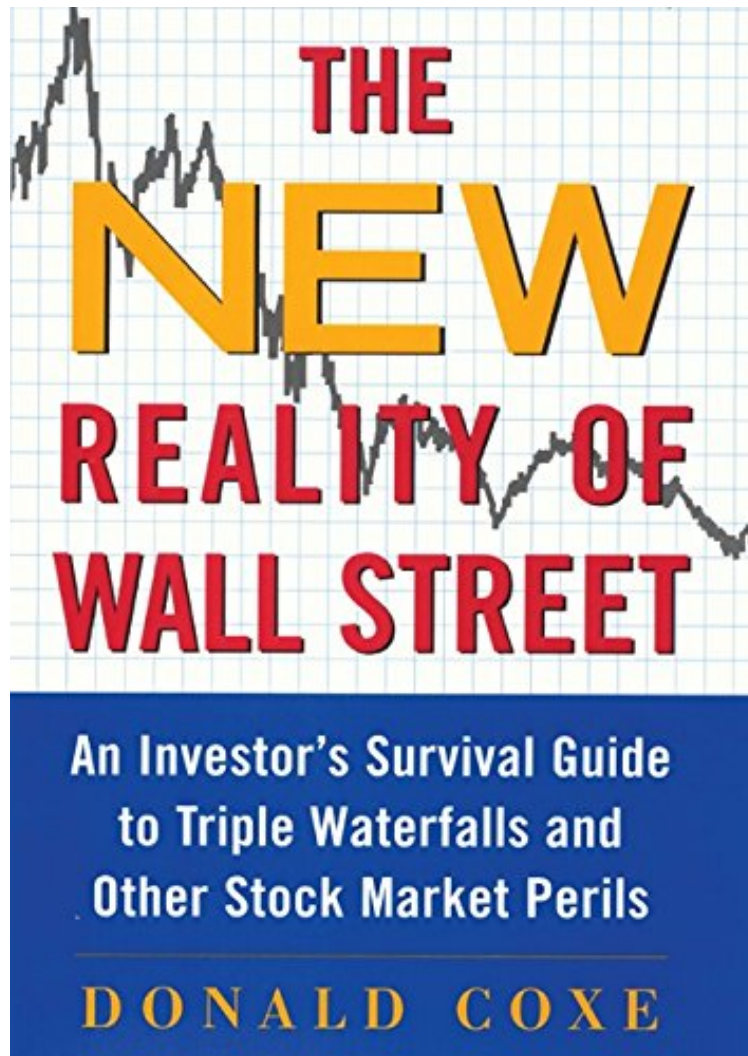


## The New Reality of Wall Street

*Donald Coxe*

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**Donald Coxe : The New Reality of Wall Street** before purchasing it in order to gage whether or not it would be worth my time, and all praised The New Reality of Wall Street:

10 of 17 people found the following review helpful. A Welcome Contrarian View, But Supported Only By Hot Air By nosro "New Reality of Wall Street" is an oddly assembled book with some flashes of insight. Although Mr. Coxe has a lively writing style, the substance and weight of his assertions often leans towards what is colloquially referred to as "bull". The novice will find much to be confused about. The keen skeptic will have much to be skeptical about. And the expert will find nothing new. The book starts out in the style of a wilderness survival guide. This would suggest the book is meant for novice investors. And this is supported by his diversions to explain concepts such as risk premium and bond duration. But he also delves into detailed discussion regarding foreign currencies without explanation of currency mechanisms. For example, he explains that Japan, as an enormous creditor to the USA, must print large

amounts of Yen to "absorb" the inflow of Dollars. A novice who does not understand central banking mechanisms is left without so much as a trail of popcorn to figure out why or how this is. So while Mr. Coxe spends too many pages on basic principles for this to be an expert investor's book, he entirely skips vital concepts for this to be a novice's book. Even if one does understand everything that is said in these pages, there are other thematic problems. He makes numerous creative assertions regarding the causality of certain economic events, but does not offer any supporting logical arguments or empirical evidence. (Contrast this with writers such as Robert Shiller or Marc Faber who do not require you to take their statements at faith, but instead support their assertions with data.) Most often, his arguments are based on political opinions and platitudes. If you do not accept his political opinions, you may find it difficult to accept many of his explanations or conclusions. It's not that his political opinions are unusual as much as his opinions display a disconcerting tendency to confuse fact with opinion or logic with data. For example, in one instance he simply states without further elaboration that democracy is superior to communism as a matter of logical fact. While most readers would agree that historical evidence supports the superiority of democratic style governments, to state that this is a result of deductive reasoning is to be ignorant or confused. Faith is required in reading this book. Ironically, he spends considerable effort explaining why you should never accept Wall Street recommendations on faith. Finally, although some of his assertions may seem bold for those who do not regularly read beyond mainstream financial magazines, his investing recommendations betray any uniqueness. His recommendation is simply to diversify broadly among stocks, bonds, and cash. Although I happen to agree with much that he writes about, I am left feeling that this is nothing more than a very long elaboration of a poolside conversation over beer. It may be enjoyable and you may be nodding your head in agreement often, but unlike what the title suggests, there is nothing substantial, concrete, or convincing. Marc Faber's "Tomorrow's Gold", although slightly dated, is a far superior treatment with similar conclusions and more daring recommendations.

2 of 9 people found the following review helpful. I think its about India and China mostly  
By Kindle Customer  
I didn't find this book particularly helpful in terms of investing. I think most people know that India and China have become more capatilistic, in a purely relative sense, and that they will be needing to build roads, indoor plumbing, etc. Coxe seems to be a genius in his other writings and has a weekly conference available on line. This book just struck out for me.

8 of 8 people found the following review helpful. The long (long) view  
By Mercenary Trader  
Don Coxe says it took him over a quarter century to develop his triple waterfall theory. In his words, he started out trying to imagine what economic historians would be writing about a hundred years on. Realizing they would focus on the grand sweeping movements (to the exclusion of minor fluctuations), Coxe felt motivated to do the same. Triple waterfall theory is a variation on a popular asset allocation theme, namely that the ultimate investment strategy only requires one or two major decisions per era. As research house Gavekal puts it, imagine being fully vested in gold and oil through the 1970s, going on vacation, coming back to buy Japan and zero coupon bonds for the 1980s, hitting the beach for ten years more, then scooping up tech stocks and JGBs for the 1990's. (For this decade the smart play has been Asia and commodities, though of course we are only half through.) It is unsurprising to Coxe, and to students of market history in general, that Wall Street is still fighting the last war. As of this writing, crude is rapidly reapproaching \$60 a barrel, copper is pushing multi-decade highs, and gold has aggressively decoupled from the dollar as fiat currency worries deepen. Yet the investment houses continue their conceptual love affair with bedraggled and besotted tech stocks, dismissing inflation as benign and the natural resource resurgence as a flash in the pan. Coxe's triple waterfall theory is meant to help you avoid making this type of classic mistake. He tours historical events and makes a powerful argument for a disconcerting conclusion: When an asset class goes through a triple waterfall, it doesn't just fall out of favor temporarily. (And if you think the term 'waterfall' is overly dramatic, just pull up a monthly chart of the Philly semiconductor index.) The exile can last for decades, as gold bugs who spent twenty years out in the cold well know. In addition to warning investors against the danger of hapless old flames, Coxe offers up a "taxonomy of bears," dissecting the rhyme and reason of past bear markets. While his terms are overly cute--teddy bear, baby bear, papa bear etc--the reasoning is sharp and well thought out. He also brushes the dust off a reliable but obscure indicator, the TED spread, and explains why it still has great value during times of international crisis.

One [] review is pretty harsh on Coxe for his poor mutual fund performance, also nitpicking some demographic predictions and a lack of options coverage. This sounds a lot like sour grapes to me. The purpose of the book is to present ideas and insight based on market history, so what do I care about an offhand view on Latin assimilation... and why would anyone expect an options primer? To me, the book rests squarely on the value of the insights--the big takeaways--and by that measure it's a good read. (A fast one too... I finished it on a coast-to-coast plane trip.) As I peruse more reviews, I'm realizing that my viewpoint is often at odds with other readers. I truly enjoy market history, original thought, and well written 'big picture' perspectives. Sometimes I get the feeling this is uncommon, and that many are looking for some kind of concrete instructional payoff along the lines of 'do exactly this and this.' If that's what you want, you're barking up the wrong tree (with Coxe's book). In contrast, if you like doing your own thinking and enjoy seasoned perspectives, you'll be pleased.

An investor's survival guide to avoiding costly dangers in today's uncertain markets  
That the "bubble burst" in 2000 is really a misnomer. The fall of the markets actually marked a seldom-seen--but always dangerous--triple waterfall. In

The New Reality of Wall Street, Donald Coxe--a huge name in institutional investment circles--provides shaky investors with the reassuring knowledge and guidance they need to recoup recent investment losses, and weather a financial storm that is still far from over. While Coxe warns that the third leg of the triple waterfall is still alive, he shows there are profits to be made. The New Reality of Wall Street tells investors where to look--and what to look for--to invest profitably despite the prevailing doom and gloom as it discusses: How to understand and profit from the triple waterfall phenomenon What the fall of the dollar means to future investors Which direction inflation should turn, and why

From Booklist Coxe describes the spectacular rise and fall of technology and telecom stocks as a "Triple Waterfall," a technical analyst's term for a classic boom-and-bust event. In events like these, vast amounts of wealth change hands from investors to those who profit from the bubble, in this case the upper management of dot-coms and the like who cashed in big at the top by selling stock and exercising stock options. According to Coxe, "Triple Waterfalls aren't mere bubbles, they are financial pandemics that take not months, not years, but decades to run their course." His analyses place investors in the 10- to 12-year "final long-term collapse phase," a treacherous climate most today have never experienced, so few have a clue as how to survive, much less profit in these times. After a reasonable discussion of economic theory, Coxe lays out an investment survival strategy for this environment that includes a consistent approach of diversification and maintenance of an acceptable, if not spectacular, rate of return. David Siegfried Copyright copy; American Library Association. All rights reserved "Coxe has a flair for analyzing markets, and readers will agree with many of his salient points." --Library Journal FROM THE JACKET: Proven Strategies for Investing Wisely--and Successfully--in Today's Precarious "Triple Waterfall" Environment "A lively, provocative, and comprehensive economic critique and analysis of investment intended for perilous periods and likely to be of enduring value."--Lawrence A. Cunningham, Author and Professor, Boston College "Tracing the history of investment from the South Sea Bubble to America's bubble economy of the 1990s, Don Coxe has provided an excellent survival guide for understanding the financial markets of the 21st century."--David Hale, Global Economist, Hale Advisors LLC "This is a clever, witty, and interesting book. It could only have been written by a historian/philosopher with years of investing experience. There are valuable insights and lessons here that are historically, philosophically, economically, and financially based. This book sets a framework necessary for anyone investing in the 21st century."--Robert C. Klemkowsky, Chairperson, Finance Department, Fred T. Greene Professor of Finance, Kelley School of Business, Indiana University Today's investment landscape is littered with the carcasses of portfolios ravaged by the market's recent Triple Waterfall collapse. Scattered throughout this wreckage, however, are numerous opportunities for investors to garner market-beating returns--but only if they know where to look. The New Reality of Wall Street provides specific techniques investors can use to uncover solid investments and rebuild their investment portfolios. Filled with useful and rational insights into the often irrational behavior of investors and markets, this timely book features \* In-depth analysis of how long the current Triple Waterfall environment should last--and what investors can do to weather the storm \* Strategies for seeing warning signs of--and sidestepping--the potential price dangers of deflation \* Investment alternatives to hedge against equity portfolio risks \* Insights into the unique risks a bear market holds for the dollar Say the words "Triple Waterfall," and seasoned market vets will smile knowingly. The New Reality of Wall Street details how millions of investors both small and large ignored the obvious dangers and were sucked into the market's downward spiral--and provides a step-by-step program for both recovering from the recent deluge and prospering in the new investment environment. "The four most dangerous words in investing are 'It's different this time.'"--Sir John Templeton 1929 ... 1973 ... 2001 ... market veterans have experienced devastating Triple Waterfall markets before. And, as hindsight always reveals, the right moves taken at the right times can help investors turn Triple Waterfall from a financial catastrophe into a once-in-a-lifetime golden opportunity. (Templeton, for example, emerged from retirement to short what he felt were overvalued dot-com stocks--and reportedly reaped \$90 million for his charitable foundation.) The New Reality of Wall Street tells investors where to look, and what to look for, to both lock in profits and protect against risks in today's seemingly chaotic, Triple Waterfall markets. Donald Coxe, one of today's most successful and influential institutional investing practitioners, applies the lessons of history to the current boom-and-bust market environment. His battle-hardened findings and insights will show you how to \* Understand and profit from the Triple Waterfall phenomenon \* Forecast which direction inflation will turn...and when...and why \* Look beyond U.S. borders to uncover investment opportunities overseas "Those who do not learn from history are destined to repeat it."--Santayana From the well-documented crash of 1929 through today's surprisingly parallel Nasdaq debacle, The New Reality of Wall Street provides a fascinating and exhaustively researched look at how to spot the initial stages of a collapsing market and where to look for solid opportunities in the ensuing ruins. Donald Coxe's entertaining and anecdotal writing breathes life into the often-dry world of market analysis and features lessons for skillful investing today, tomorrow, and well into the ensuing decades. Whether you won or lost in the dot-com debacle, there is money to be made today. Let The New Reality of Wall Street show you how to weather the current rollercoaster markets, reveal where to look for today's most profitable stocks and opportunities, and prepare you for when--not if, but when--the next Triple Waterfall arrives to

soak a new generation of unsuspecting investors.