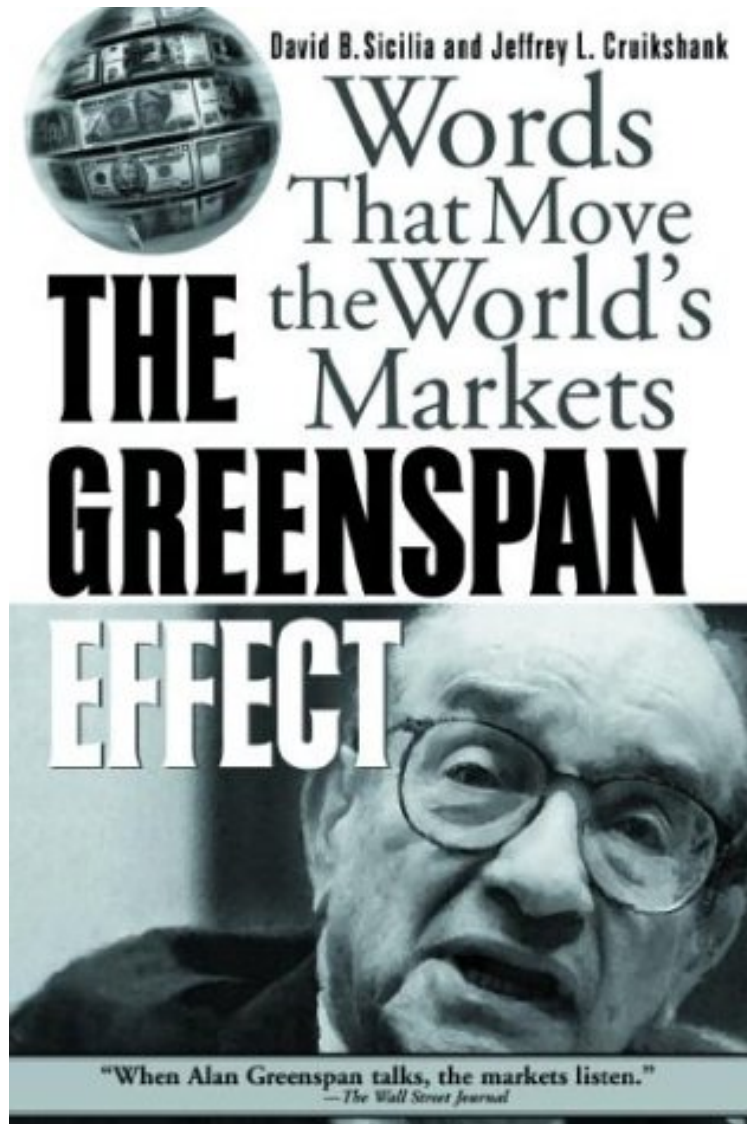


The Greenspan Effect: Words That Move the World's Markets

David B. Sicilia, Jeffrey L. Cruikshank

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David B. Sicilia, Jeffrey L. Cruikshank : The Greenspan Effect: Words That Move the World's Markets before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Greenspan Effect: Words That Move the World's Markets:

0 of 0 people found the following review helpful. CursoryBy Leo LimThe book can be characterized as Greenspan's testimonies interspersed with the authors' interpretation of Greenspan's words in the context of what really happened thereafter. Quite interesting are Greenspan's (and not the authors') take on the 1997 Asian financial crisis and reforming Social Security, quite relevant considering W.'s desire to overhaul the system.If the Internet has not gone

mainstream, this could have been a very good book, however, Greenspan's testimonies can be readily accessible in [...] - and a reasonably astute reader can easily do the analysis and place it in the context of what happened thereafter which is exactly what the authors did. It could have been better if the book concentrated on the inner workings of the Fed. Some anecdotes inside Fed meetings could have gone a long way. The book also has problems with the light treatment it gives to its subject. Case in point - though it mentions that Greenspan looks at key indices and meets with the Fed governors before coming up with his testimony, it never comes around to explaining how he does it in detail. Overall, the "Greenspan Effect" may be a good introductory primer on the Fed but its lack of focus and detail plunges it to the ranks of all those futile attempts to explain every nuance of Greenspan's pronouncements and ending up where they started. 21 of 23 people found the following review helpful. Reinforcing a problem By taking a rest One of the problems that our next President does not want to face is the resignation, or the removal from the Federal Reserve Chairmanship by Mr. Greenspan. As I write we still have no President, thankfully we do have Mr. Greenspan. For those readers who follow or invest in the markets, you all are acutely aware of the power this man wields, 2 words can literally have an impact on markets measured in the hundreds of billions of dollars. Who will forget "irrational exuberance"? Those words were not even a declaration, but part of a rhetorical comment, and terror still ensued. Contrary to what often is reported, Mr. Greenspan speaks English. However the word parse has become connected with any statement he makes. So the routine is, Mr. Greenspan speaks, and I truly believe the vast majority understand him, but like any event the press and their "experts" take apart every word, whether his brow is wrinkled, and essentially try to graph each appearance and comment to find the "true meaning". I have always found this annoying and condescending. People who are sophisticated enough to manage their money, can manage to understand our Fed Chairman. I made it through this book, but I would not recommend you bother. There is a new book about the man I am reading, and so far it is excellent. This work reinforces the idea that experts need to break down every word, and then explain what Mr. Greenspan means. There are no great insights offered, nothing is simplified, you will learn virtually nothing about the workings of The Federal Reserve, and if you feel comfortable listening to the Chairman now, this book will only make you question whether you should. If you are looking for the opinions of these Authors, if you want to follow a needlessly complex maze of an attempt to find a pattern to everything the man has said, this is for you. As I said, Mr. Greenspan speaks English, and were it not for the emphasis placed on pairings of words out of context, and the emotions they generate, people would understand we have a brilliant Fed Chairman, who at times chooses to be vague, and at times cannot give definitive answers about the future, who can. He has been a remarkable Chairman, appointed and reappointed by 3 presidents from both parties. Now you can take that statement at face value, or have the talking heads dissect it for you. The answer is the same either way, and the time you save listening to what you hear, and skipping the experts, is time better spent on anything else. 2 of 2 people found the following review helpful. The benefit of hindsight By Nick Fury It is a recognised fact that statements from the Fed Chairman moves markets. Cruikshank and Sicilia here attempts to interpret the often incoherent mutterings of Mr Greenspan and hence throw light on his intended policy maneuvers. Which is all well and good. However, given the ambivalence of some of his statements, and the multitude of FedWatchers out there, how one interprets his statement may be different from what the market reads it as. With the benefits of hindsight, analysis of Mr Greenspan's statements will always be easier. I feel that at the end of the day, the markets ultimately decides which way they would like to interpret his speech. The whole book is filled with quotes by Greenspan and commentaries by the authors on what these quotes actually mean. I feel however that the authors chose to emphasize on those quotes which actually drove the market one way and downplay those that had less impact on the markets. It's a veritable attempt by the authors here, but it was a real effort for me to finish the book.

The United States Federal Reserve System has played a key role in U.S. economic affairs since it was established in 1913. Still, it has never enjoyed the unprecedented power and influence it wields today over global financial markets. The reason? Alan Greenspan. Greenspan first gained attention when he stopped the 1987 market crash in its tracks, propelling the U.S. economy into its longest period of uninterrupted growth in history. But it was in a speech the evening of December 5, 1996, when Greenspan's words truly revealed their unprecedented powers. When his seemingly innocuous comment about the sky-high stock markets--"How do we know when irrational exuberance has unduly escalated asset values?"--hit global wires, world markets immediately plunged as much as five percent. The next morning, with Greenspan's warning on every New York trader's lips, the Dow immediately dropped two percent. To reeling traders, the dollar value of understanding Greenspan--and the instantaneous effect his speeches would have on markets--became clear. THE GREENSPAN EFFECT recalls these and other Greenspan episodes in the most honest, dependable words available--Greenspan's own. Excerpts of his speeches from 1987 to the present are followed by expert analyses of those speeches, and nuts-and-bolts reporting on global financial reactions. This up-close examination of Alan Greenspan's tumultuous regime discusses his early career, and how he developed the bottom-up analytical approach that is today his hallmark at the Fed. It shows how, unlike the politicians who appoint him, Greenspan has never allowed political distractions or personal foibles to interrupt his chosen course. By focusing on Alan Greenspan's public pronouncements as Fed chairman, THE GREENSPAN EFFECT provides a concise, accurate

distillation of Greenspan's thinking on today's most important economic topics. It presents an historic, solidly researched overview of how these pronouncements have affected Wall Street and other world financial markets. In so doing, this immensely valuable profile equips investors and businesspeople with today's most important tool--an analysis of how Alan Greenspan has responded in past economic environments, what he is likely to do in the future, and how financial markets will react.

.com The son of a stockbroker and himself a one-time swing-band musician, Federal Reserve chairman Alan Greenspan has incontrovertibly turned his formerly anonymous presidential appointment into the single most dominant financial position on earth. Whenever he prepares to speak, fiscal agents around the world hold their collective breaths--and then react emphatically to his words, often even before he finishes saying them. But exactly what does he say that so affects money management? And precisely why does he say it? David Sicilia and Jeffrey Cruikshank, consultants and previous collaborators, do a formidable job of answering both questions by analyzing the chairman's own statements in *The Greenspan Effect*. The result is an insightful point-by-point assessment of the man and his enormous influence. From critical utterances like those in his famous "irrational exuberance" speech (which sank the markets after he delivered it in 1996) to uplifting phrases such as "oasis of prosperity" (which boosted them when he used it in 1998), they're all examined according to the way they affect and are affected by interest rates, inflation, labor, banking, global economies, and other factors. Perhaps most useful is the penultimate chapter, which offers 16 principles of Greenspanology, such as "It's always about interest rates" even though he "hardly ever talks about interest rates," designed to guide those who "navigate the often troubled waters onto which Greenspan pours his rhetorical oils, or into which he introduces new turbulence." --Howard Rothman
From *Library Journal*
The words of Federal Reserve Board chairman Alan Greenspan are said to have the power to move markets. Sicilia, a business historian, and Cruikshank, a communications consultant, set out to prove that theory through examination of movements of the Dow Jones Industrial Average (DJIA) in the days surrounding several of Greenspan's speeches. And, indeed, they discover a "Greenspan Effect": Greenspan's words significantly changed market valuations for several days. But the DJIA tended to return to its trend after that time. The bulk of the book consists of short excerpts from Greenspan's speeches, organized by topic, with brief passages of explanation; the authors also provide a biographical sketch of Greenspan and a brief history of central banking in the United States. Of particular interest are Chapter 29, explaining Greenspan's opposition to federal budget deficits, and Chapter 37, providing 16 tips to keep in mind when interpreting Greenspan's speeches. Recommended for both public and academic libraries.
AA.J. Sobczak, Covina, CA Copyright 1999 Reed Business Information, Inc.
From *Booklist*
Who is the most powerful person in the world? The authors, both consultants and cowriters of *The Engine That Could*, say that Federal Reserve Chairman Alan Greenspan fits the bill, as his pronouncements can cause interest rates to soar or plummet. Even the smallest statement from Greenspan can send the market into a tizzy, and the authors dissect virtually every speech or written statement the chairman has made since 1987. Even more impressively, they go the extra mile and forecast what Greenspan will say in the future and what impact his words will have on the global economy. It is difficult to convey the level of detail to which the authors go; much of what is here is extremely technical, and the casual investor will likely steer clear after just a couple of chapters. However, the analysis and subsequent predictions are well suited to the serious economist. In post-cold war America and the world, Greenspan's utterances have an obvious impact, but never before have they been so exhaustively scrutinized. Joe Collins