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Seeing bulls past the dust

FOR the guy who literally wrote the book on property values and cycles, Phil Anderson is keeping an unusually keen eye on the US share market.

"These three months will tell us everything we need to know," said Phil, who has added to his legion of close followers since releasing *The Secret Life of Real Estate and Banking* last year.

"The key is to read the share market for the property cycle. If the Dow Jones reaches higher lows in that time, then the GFC is over and that is a statement of fact and not opinion."

They are brave words indeed from someone who acknowledges the ability of the world economy to constantly throw up surprises.

But from Phil's perspective, these are merely wrinkles on a larger 18-year US real estate cycle that is as regular as clockwork.

Part of that cycle is that the share market always leads the way out of big busts, even when the property market is still on its knees and the economic numbers all look negative.

"In 1974 and 1991 the news got worse but the share market was already on the way upwards."

He sees that happening again, with the deeply depreciated and foreclosed US property market significantly lagging the recovery in the forward-looking US share market — assuming the Dow Jones holds up over the next three months as he is expecting and monitoring.

As for US experts such as hedge fund manager Jeremy Grantham who constantly predicts a significant



More than just bulldust?: Phil Anderson reckons we'll know in three months whether the bulls are back.

bursting bubble of property values in Australia. Phil understands where they are coming from but says they have not allowed for differences in the Australian market and the wealth effect of a booming China.

On a trip back to his native Australia from his day job as managing director of London-based Economic Indicator Services, Phil admitted that even he was surprised by the strength of the Melbourne

property market over the past year.

However, he said the Australian property market normally adjusts by going sideways for a few years to allow real prices to catch up rather than spectacular busts.