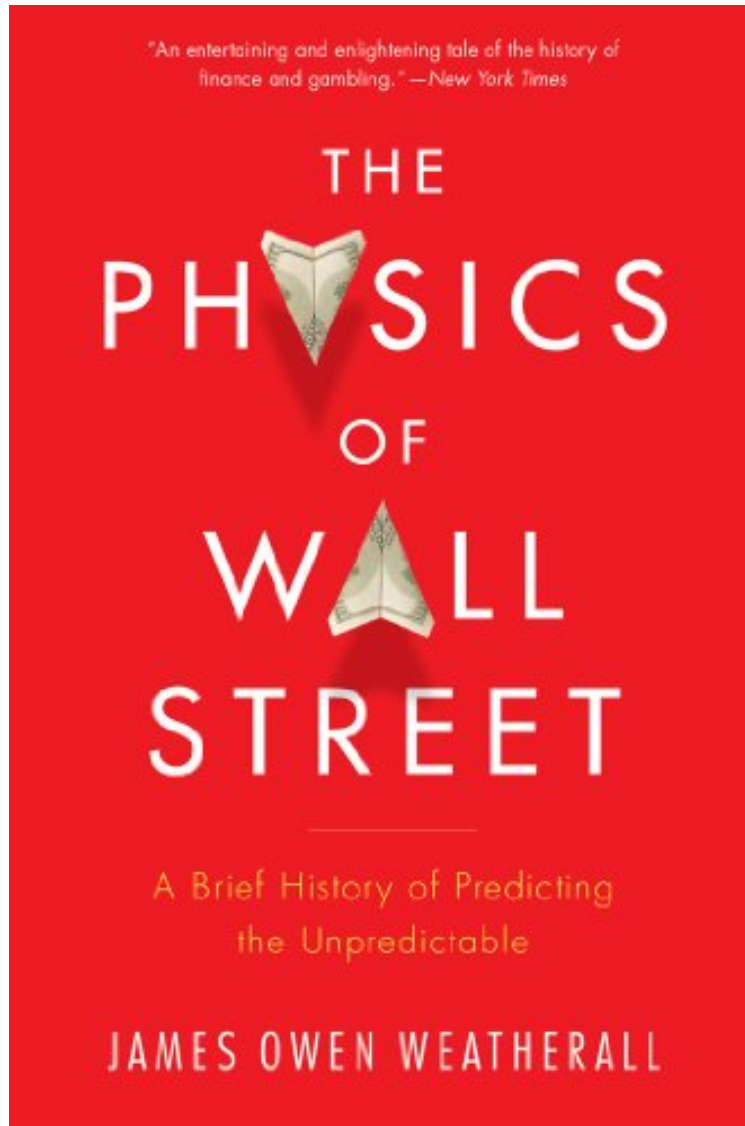


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The Physics of Wall Street: A Brief History of Predicting the Unpredictable

James Owen Weatherall

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1 of 1 people found the following review helpful. Very readable different approach to viewing markets By zzrose I've been a student of price action in numerous kinds of markets for over 30 years. I have an interest in this material. I also have a B.S. in Physics. and this is a really good view of the market from the REAL technical view; not lines and

patterns on a chart. You don't need a technical background to get a wealth of insight from this book. Once I clear through about a dozen other books in my queue for this year, I'm going to re read this. It's worth it. Of other interest if you like this book might be *The Hour Between Dog And Wolf*, which takes this topic in a totally different direction. 1 of 1 people found the following review helpful. As a new economics born. By Edoardo Angeloni This book is an intelligent explication about the financial phenomena. The author so follows several models of important economists, whom have tried to read inner those aspects. Particularly it is interesting as the fractal mathematics had had the possibility to arrive at this level of knowledge, in a better way than the tradition related to the Black-Scholes theorem. Economists as Taleb and Krugman, with mathematicians as Poincaré, Mandelbrot, Lévy, represent the foundations of a new science which knows the economy in similar way of quantum physics. Quantum mathematics and this new economics must be given by exact axioms, and that will be the next job of mathematics. 1 of 1 people found the following review helpful. an entertaining and informative book By Narada About some of the scientists who went into finance, and some of the ideas they brought to bear on the subject. The book, however, has many problems. One is that a lot of the material is covered at length elsewhere (fortune's formula and the eudaemonic pie come to mind), and the author does not see fit to cite this work. Nor does he cite Mandelbrot's the misbehavior of markets, despite a considerable portion of the book being devoted to Mandelbrot's work on finance. Second, the author's hero worshipping approach is quite annoying - many of the people covered are well-known for their considerable talents in marketing themselves, and the author swallows the pitch hook, line, and sinker. For more on this, check out the low-star reviews of Sornette's 2009 book (and no, Mandelbrot DID NOT discover fractals - they were studied by Julia before Mandelbrot was born). Thirdly, the author does not appear to be a practicing financier, since his comments on finance proper are quite shallow.

After the economic meltdown of 2008, Warren Buffett famously warned, "beware of geeks bearing formulas." But as James Weatherall demonstrates, not all geeks are created equal. While many of the mathematicians and software engineers on Wall Street failed when their abstractions turned ugly in practice, a special breed of physicists has a much deeper history of revolutionizing finance. Taking us from fin-de-siècle Paris to Rat Pack-era Las Vegas, from wartime government labs to Yippie communes on the Pacific coast, Weatherall shows how physicists successfully brought their science to bear on some of the thorniest problems in economics, from options pricing to bubbles. The crisis was partly a failure of mathematical modeling. But even more, it was a failure of some very sophisticated financial institutions to think like physicists. Models—whether in science or finance—have limitations; they break down under certain conditions. And in 2008, sophisticated models fell into the hands of people who didn't understand their purpose, and didn't care. It was a catastrophic misuse of science. The solution, however, is not to give up on models; it's to make them better. Weatherall reveals the people and ideas on the cusp of a new era in finance. We see a geophysicist use a model designed for earthquakes to predict a massive stock market crash. We discover a physicist-run hedge fund that earned 2,478.6% over the course of the 1990s. And we see how an obscure idea from quantum theory might soon be used to create a far more accurate Consumer Price Index. Both persuasive and accessible, *The Physics of Wall Street* is riveting history that will change how we think about our economic future.