

April 10, 2018

A Great Equity Market Summary Over 84 Years

I want to share a fantastic, long term historical review of the Dow Jones Industrial Average (DJIA) index going back to the depths of the Great Depression in 1934.

Today, the DJIA closed at 24,408, after a strong rally of +428 points following word that China may lower tariffs on U.S. auto and other imports as a conciliatory gesture to Trump and his desire to force China (justifiably so, in my view) to grant greater access to its domestic market. Longer term, as this history lesson shows, this trade dispute in the grand scheme of markets and time, is simply noise.

I stated in my email last week that I still consider this current correction in stocks prices to be nearing its end given that U.S. stocks remain above key technical support levels. Today's price action in stocks further reinforces that view. I shall have more to say on this in my commentary which is included in your upcoming 1Q 2018 portfolio report due out shortly.

As always, please feel free to call or email anytime.

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"I DON'T WANT TO INVEST MY MONEY NOW BECAUSE..."

| Year* | DJIA | |
|--------|-----------|---------------------------------------|
| 1930's | 1934 104 | Great Depression |
| | 1935 144 | Economy still struggling |
| | 1936 180 | Spanish Civil War |
| | 1937 121 | Recession |
| | 1938 155 | War imminent in Europe, Asia |
| | 1939 150 | War in Europe |
| 1940's | 1940 131 | France falls |
| | 1941 111 | Pearl Harbor |
| | 1942 119 | War-time price controls |
| | 1943 136 | Industry mobilizes |
| | 1944 152 | Consumer goods shortage |
| | 1945 193 | Post-war recession predicted |
| | 1946 177 | Dow tops 200 - "market too high" |
| | 1947 181 | Cold War begins |
| | 1948 177 | Berlin Blockade |
| 1950's | 1949 200 | USSR explodes atomic bomb |
| | 1950 235 | Korean War |
| | 1951 269 | Excess Profits Tax |
| | 1952 292 | U.S. seizes steel mills |
| | 1953 281 | USSR explodes hydrogen bomb |
| | 1954 330 | Dow tops 300 - "market too high" |
| | 1955 485 | Eisenhower has heart attack |
| | 1956 499 | Suez Canal crisis |
| | 1957 436 | USSR launches Sputnik |
| | 1958 584 | Recession |
| 1960's | 1959 679 | Castro takes over Cuba |
| | 1960 616 | USSR downs U-2 spy plane |
| | 1961 731 | Berlin Wall erected |
| | 1962 652 | Cuban Missile Crisis |
| | 1963 763 | JFK assassinated |
| | 1964 874 | Gulf of Tonkin Incident |
| | 1965 969 | Civil rights marches |
| | 1966 786 | Vietnam War escalates |
| | 1967 905 | Newark race riots |
| | 1968 944 | USS Pueblo seized - "market too high" |
| 1970's | 1969 800 | Money tightens, market falls |
| | 1970 839 | Conflict spreads to Cambodia |
| | 1971 890 | Wage & price freeze |
| | 1972 1020 | Largest trade deficit in U.S. history |
| | 1973 851 | Energy crisis |
| | 1974 616 | Steepest market drop in 40 years |
| | 1975 852 | Clouded economic prospects |
| | 1976 1005 | Economy slowly recovers |
| | 1977 830 | Market slumps |
| | 1978 805 | Interest rates rise |
| | 1979 839 | Oil skyrockets, 10%+ unemployment |

| Year* | DJIA | |
|--------|------------|--|
| 1980's | 1980 964 | Interest rates hit all-time high |
| | 1981 875 | Deep recession begins, Reagan shot |
| | 1982 1047 | Worst recession in 40 years, debt crisis |
| | 1983 1259 | Market hits record - "market too high" |
| | 1984 1212 | Record U.S. federal deficits |
| | 1985 1547 | Economic growth slows |
| | 1986 1896 | Dow nears 2000 - "market too high" |
| | 1987 1939 | The Crash - Black Monday |
| | 1988 2169 | Fear of recession |
| | 1989 2753 | Junk bond collapse |
| 1990's | 1990 2634 | Gulf War, worst market decline in 16 years |
| | 1991 3169 | Recession, "market too high" |
| | 1992 3301 | Elections, market flat |
| | 1993 3754 | Businesses continue restructuring |
| | 1994 3834 | Interest rates are going up |
| | 1995 5117 | "The market is too high" |
| | 1996 6448 | Fear of inflation |
| | 1997 7908 | "Irrational Exuberance" |
| | 1998 9374 | Asia Crisis |
| | 1999 11497 | Y2K |
| 2000's | 2000 10787 | Technology Correction |
| | 2001 10021 | Recession, World Trade Center attack |
| | 2002 8342 | Corporate Accounting Scandals |
| | 2003 10454 | War in Iraq |
| | 2004 10783 | U.S. has massive trade and budget deficits |
| | 2005 10718 | Record oil & gas prices |
| | 2006 12463 | Housing bubble bursts |
| | 2007 13265 | Sub-prime mortgage crisis |
| | 2008 8776 | Banking and credit crisis |
| | 2009 10428 | Recession, "credit crunch" |
| 2010's | 2010 11578 | Sovereign debt crisis |
| | 2011 12218 | Eurozone crisis |
| | 2012 13104 | U.S. fiscal cliff |
| | 2013 16577 | Federal Reserve to "taper" stimulus |
| | 2014 17823 | Oil prices plunge |
| | 2015 17425 | Chinese stock market sell-off |
| | 2016 19763 | Brexit, U.S. presidential election |
| | 2017 24719 | Stocks at record highs; bitcoin mania |

Source: DJIA – Dow Jones Industrial Average
* Dec. 31 close



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