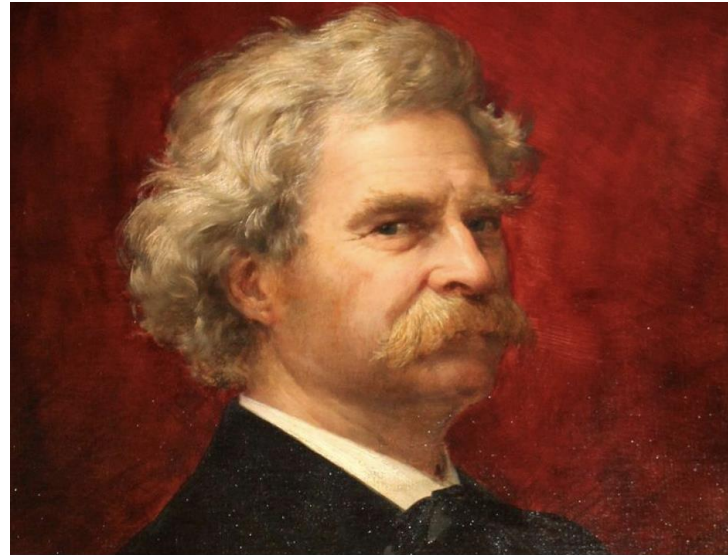


# Lessons from History: Stock Market Crashes, Recoveries, Pandemics, and Wars

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# “History doesn’t repeat, but it often rhymes”



An 1898 portrait of Twain painted by Italian artist Ignace Spiridon, which now hangs in the Mark Twain Library in Redding. (Image courtesy of Flickr user Terry Ballard)

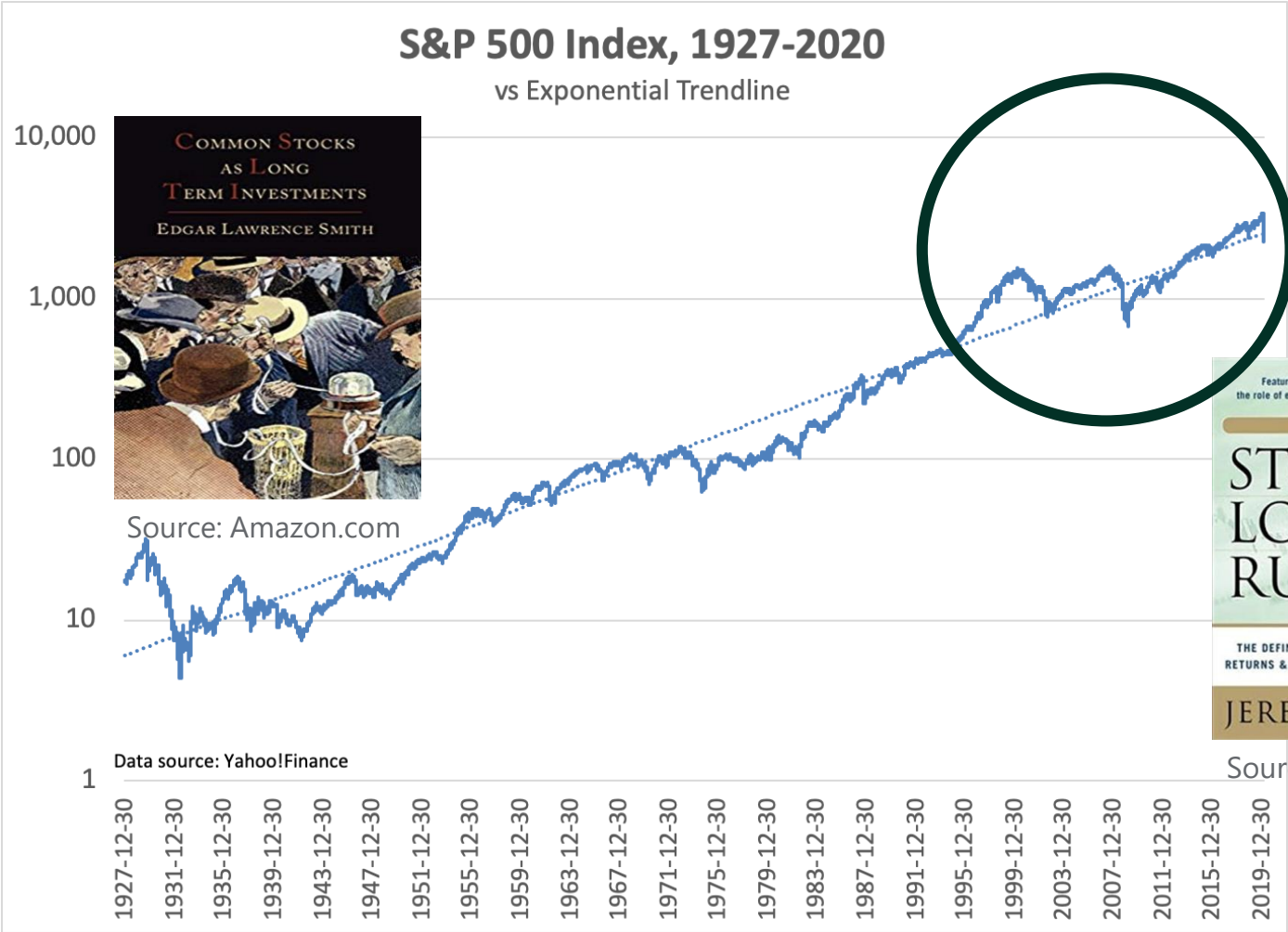
# We live in scary times, with lots of uncertainty



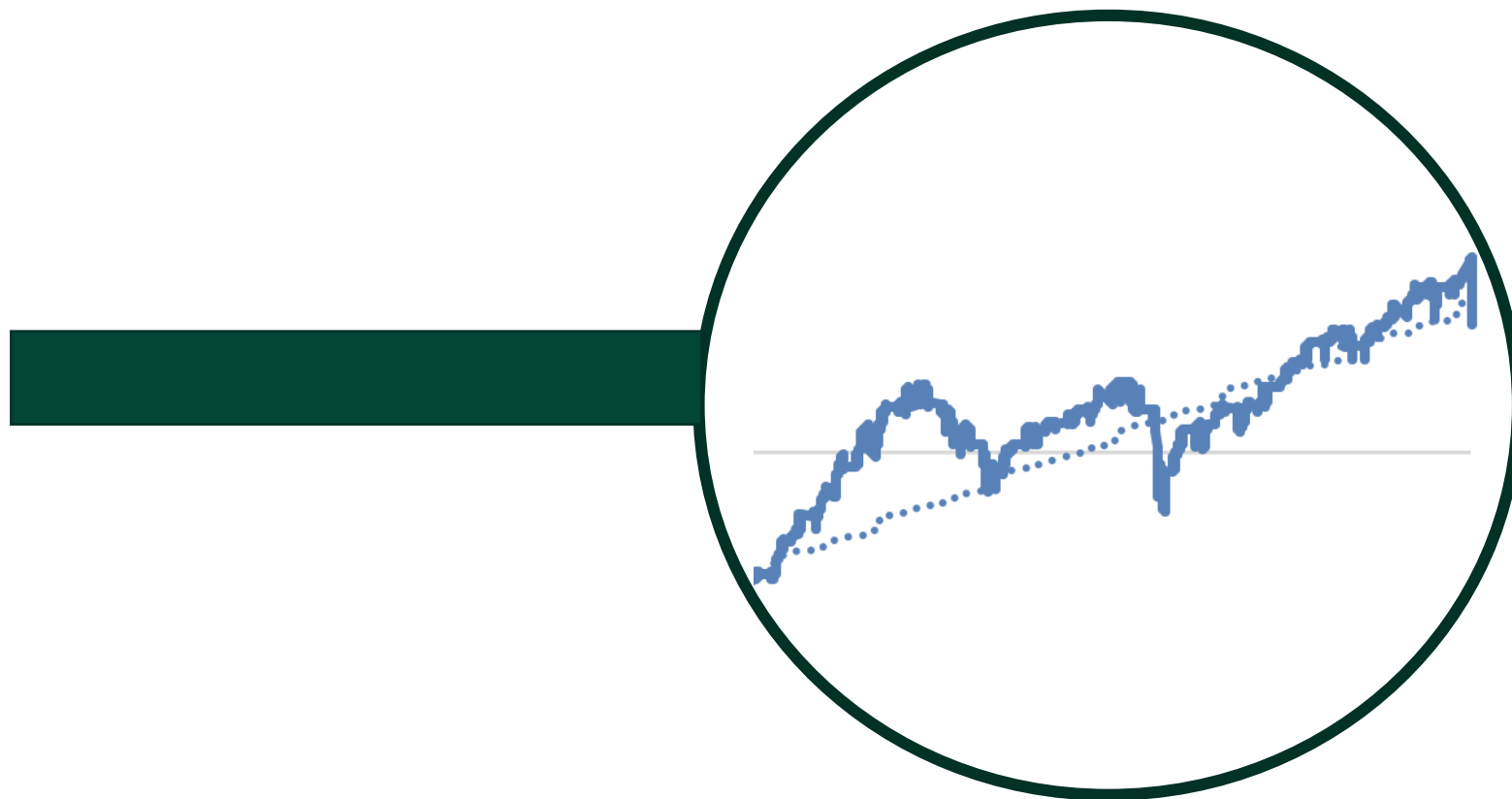
Source: The Economist



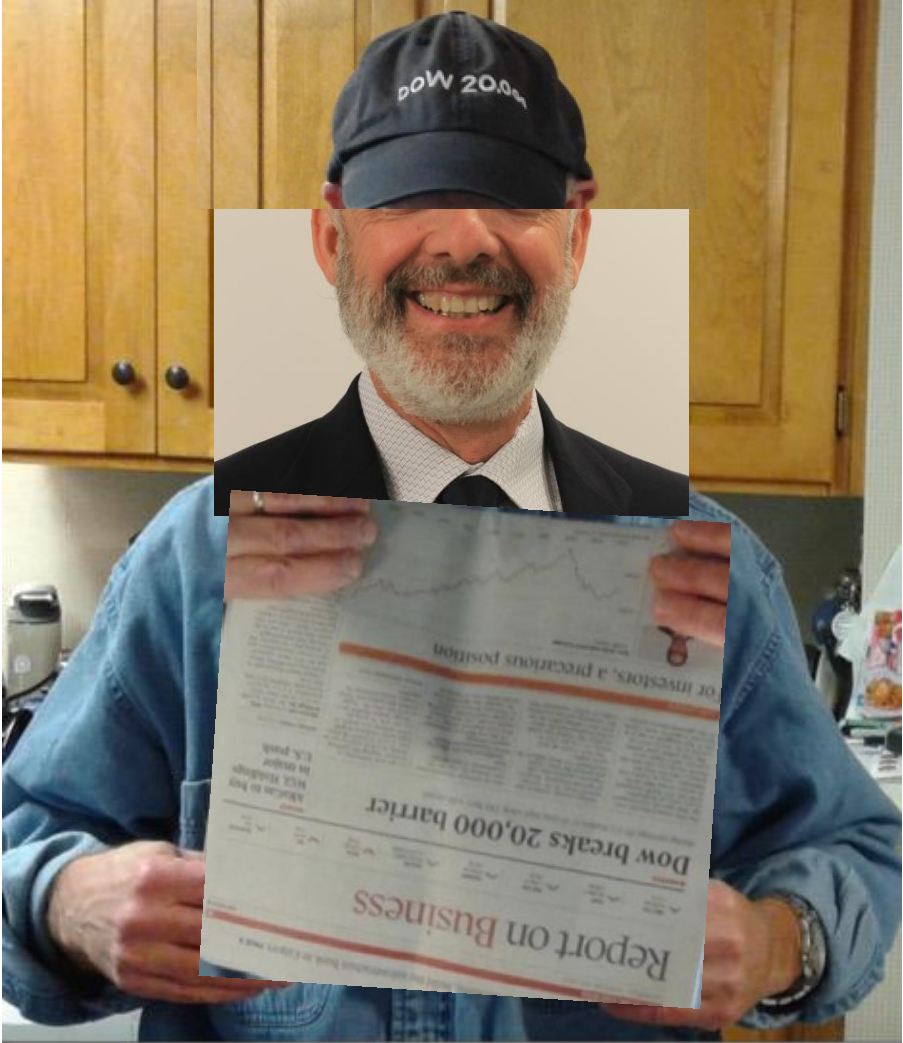
# The power of exponential growth



# A closer look: 1995 to 2020



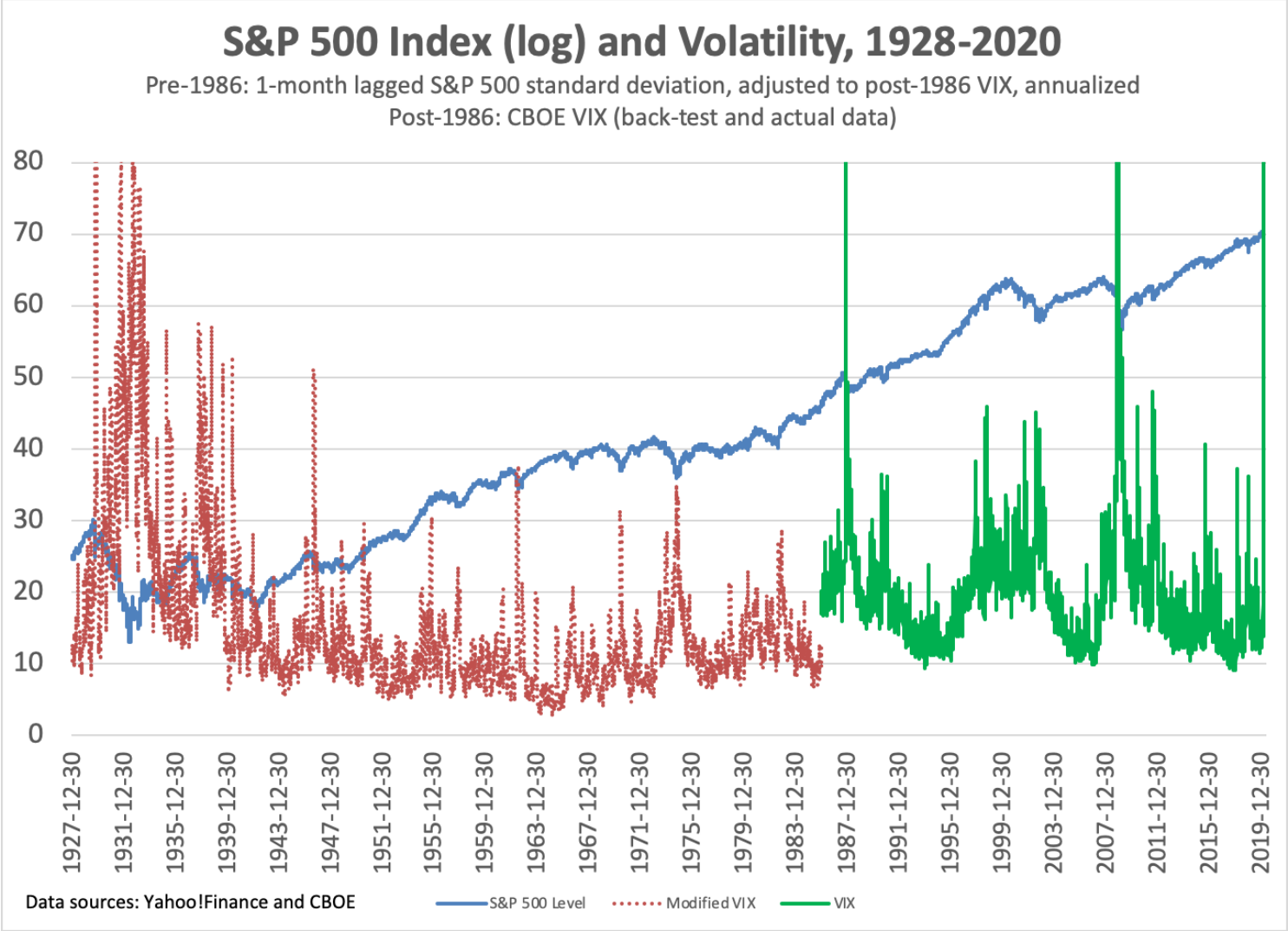
# Not a one-way ride



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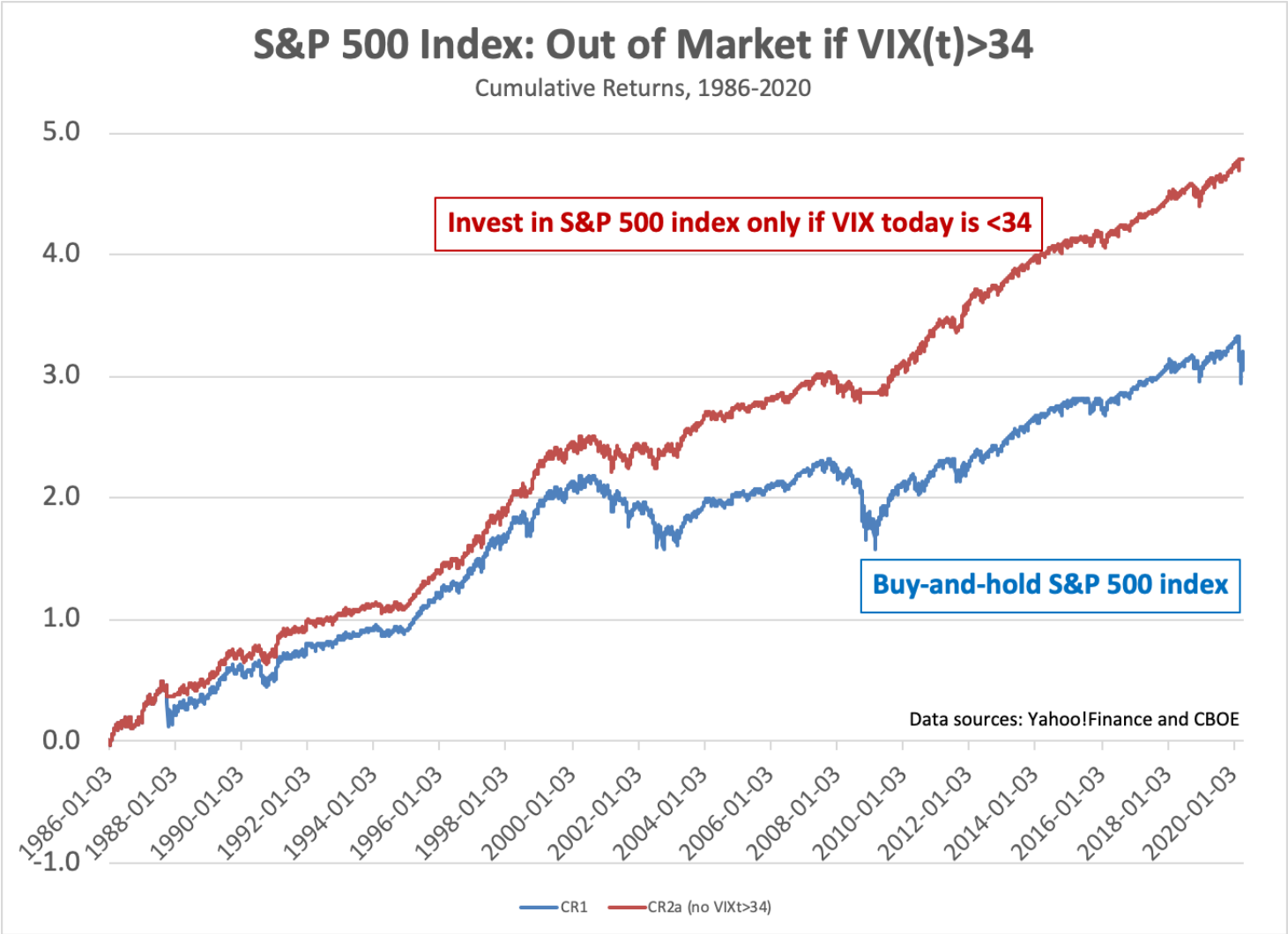
# Nothing to fear but the fear index itself



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# Apparently, easy money...

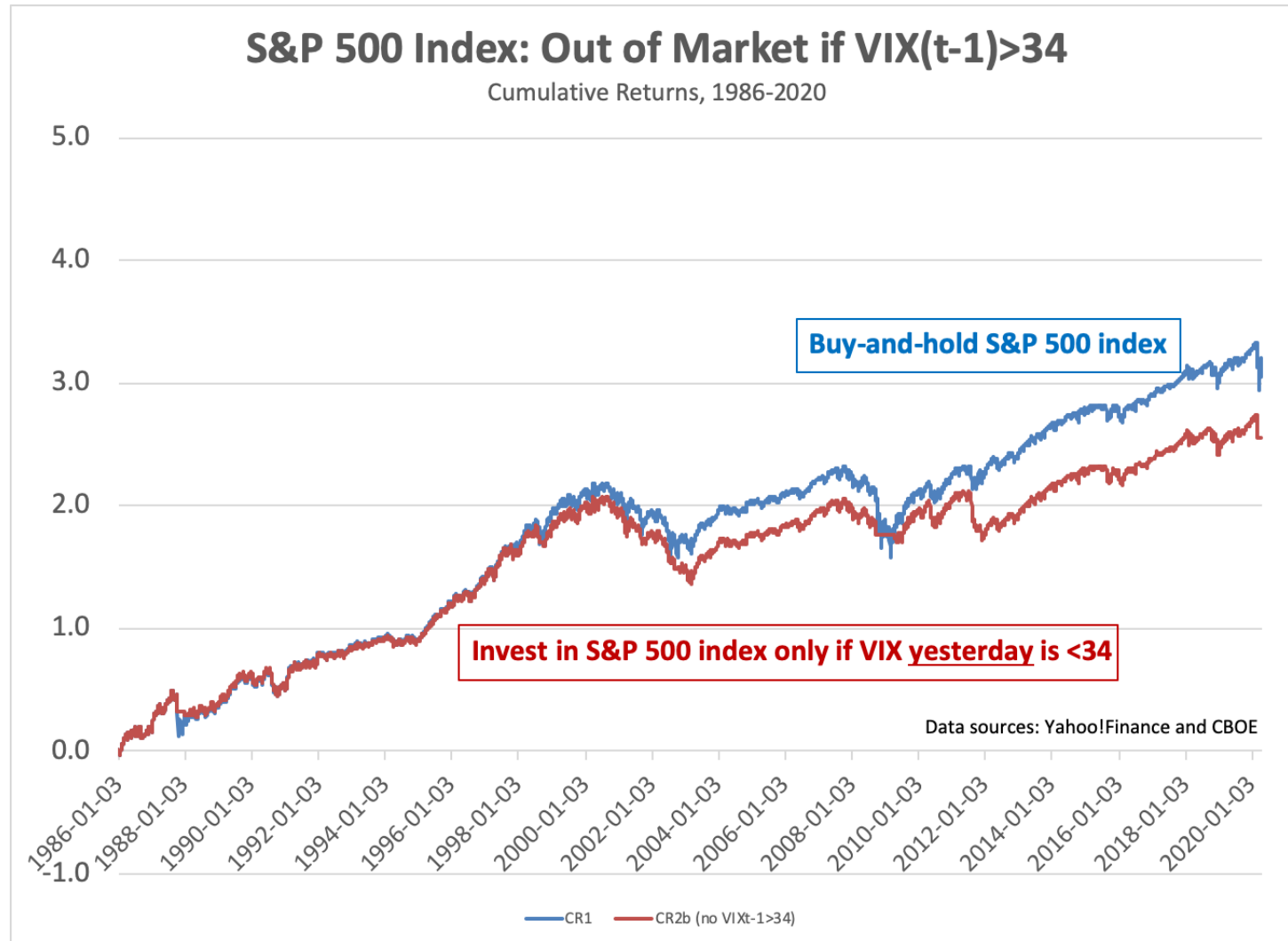


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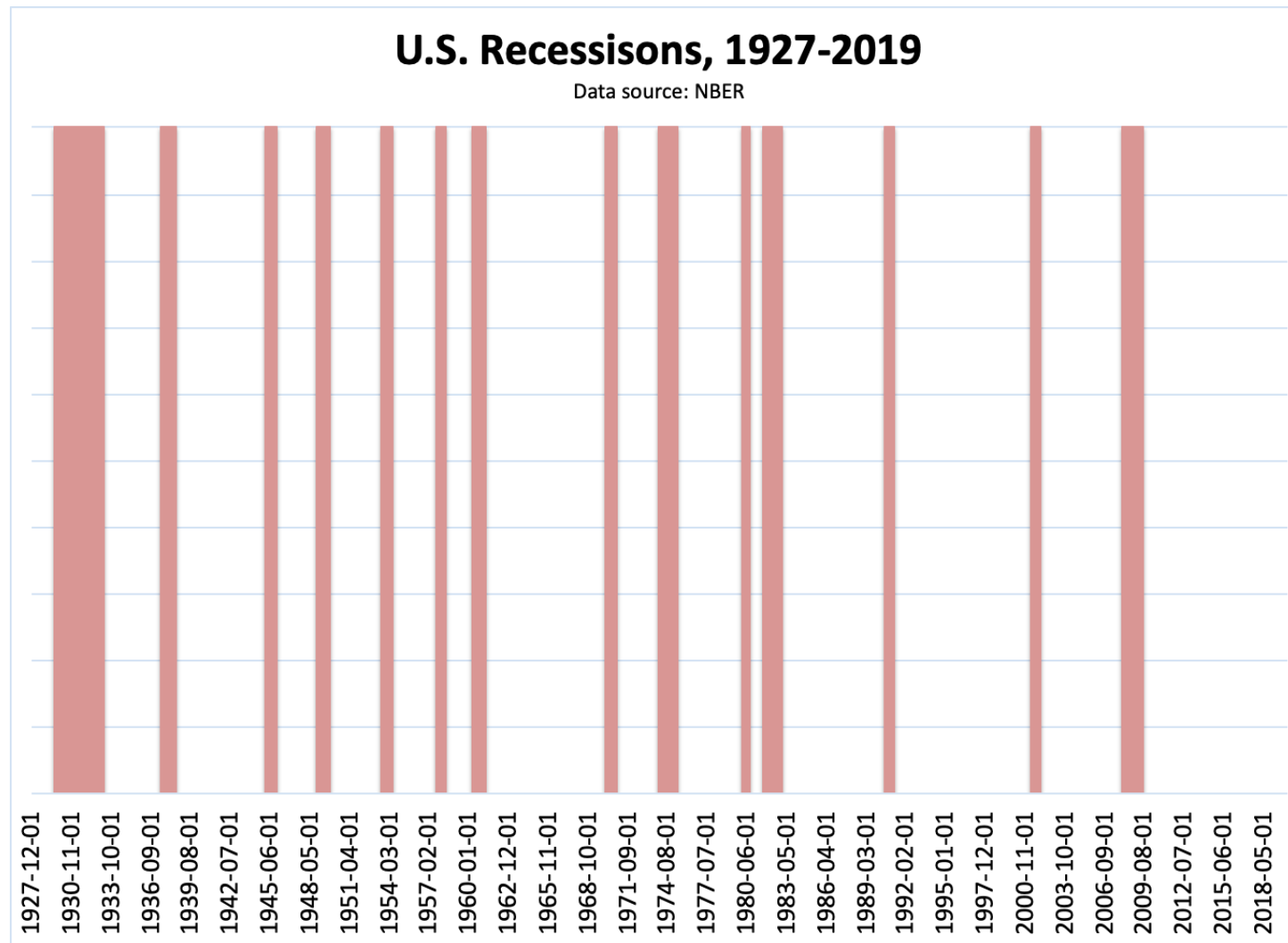
# ...But actually, no easy money



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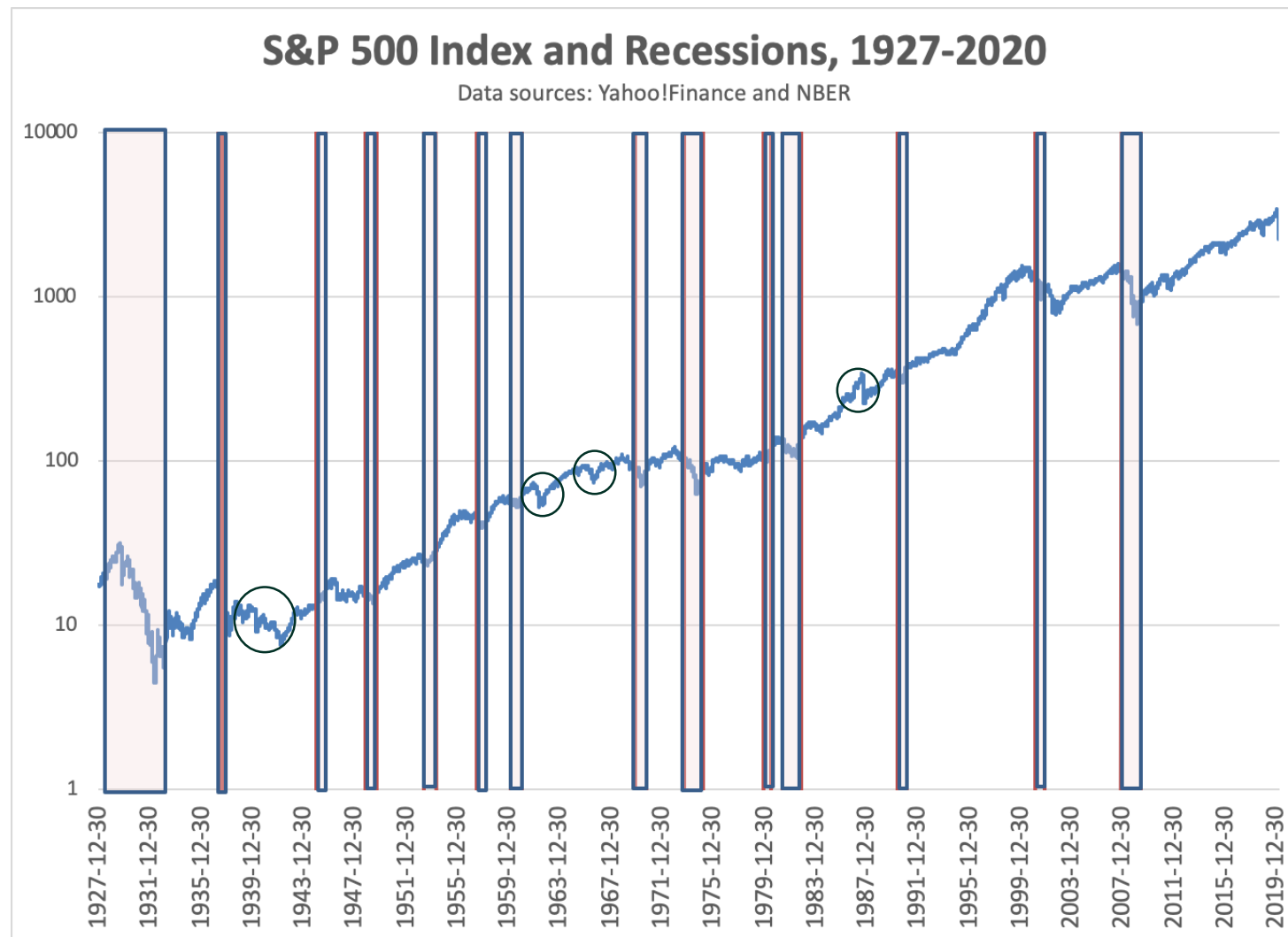


# All business cycles must end sometimes



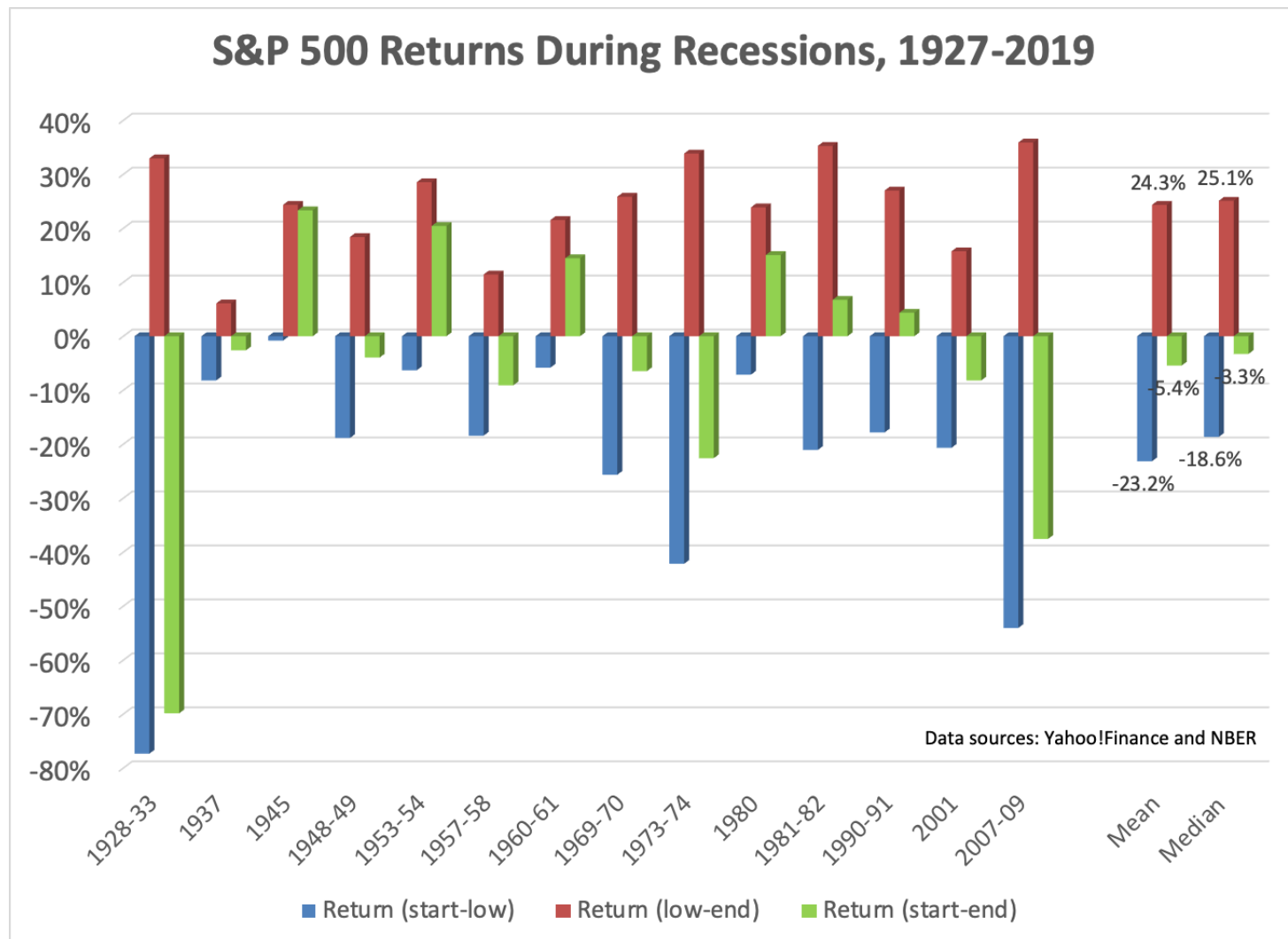
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# The stock market as a predictor: "9 of the past 5"



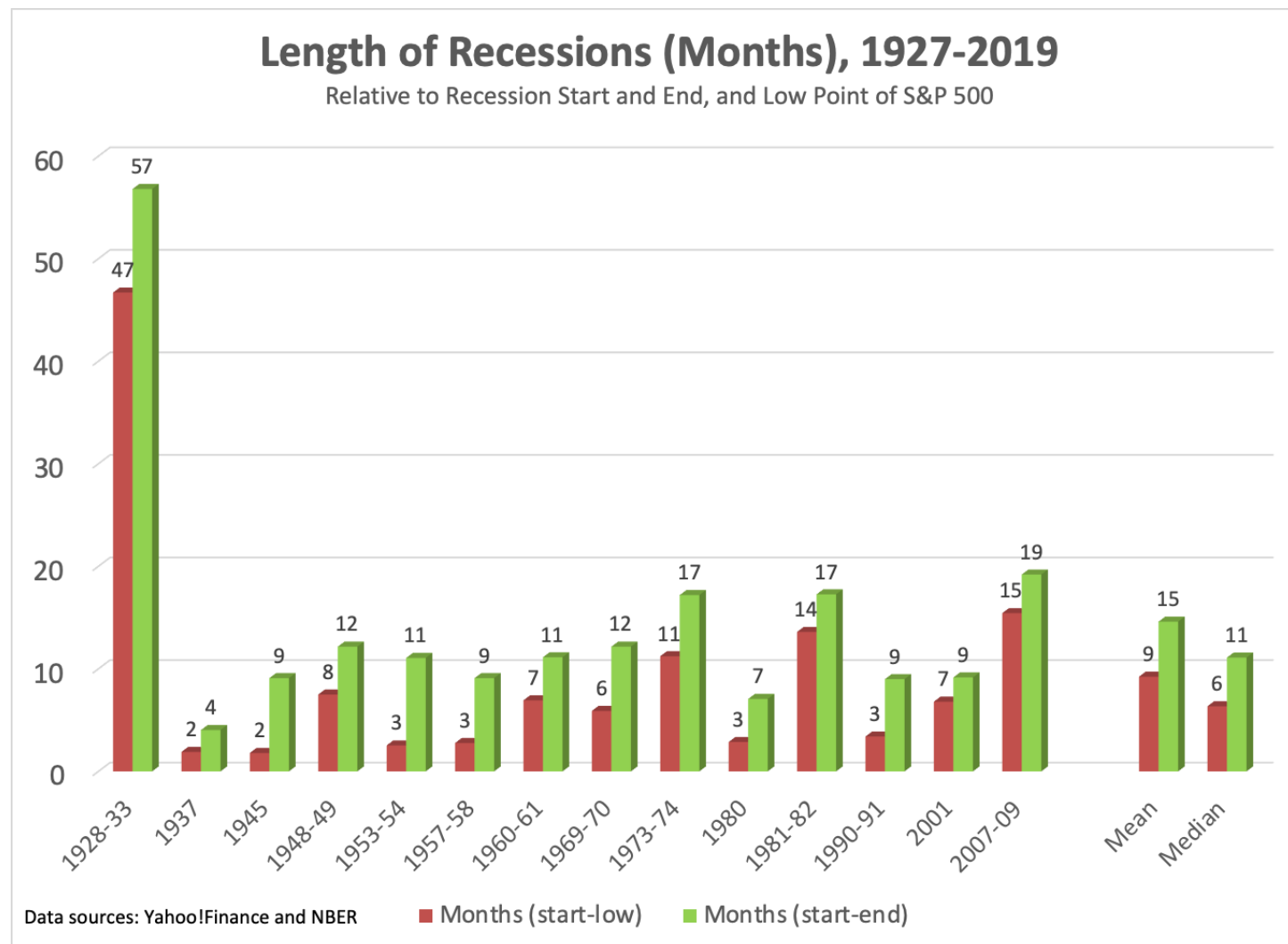
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# The stock market returns and recessions



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# Recession duration



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# The 1918-19 influenza pandemic (that didn't originate in Spain)

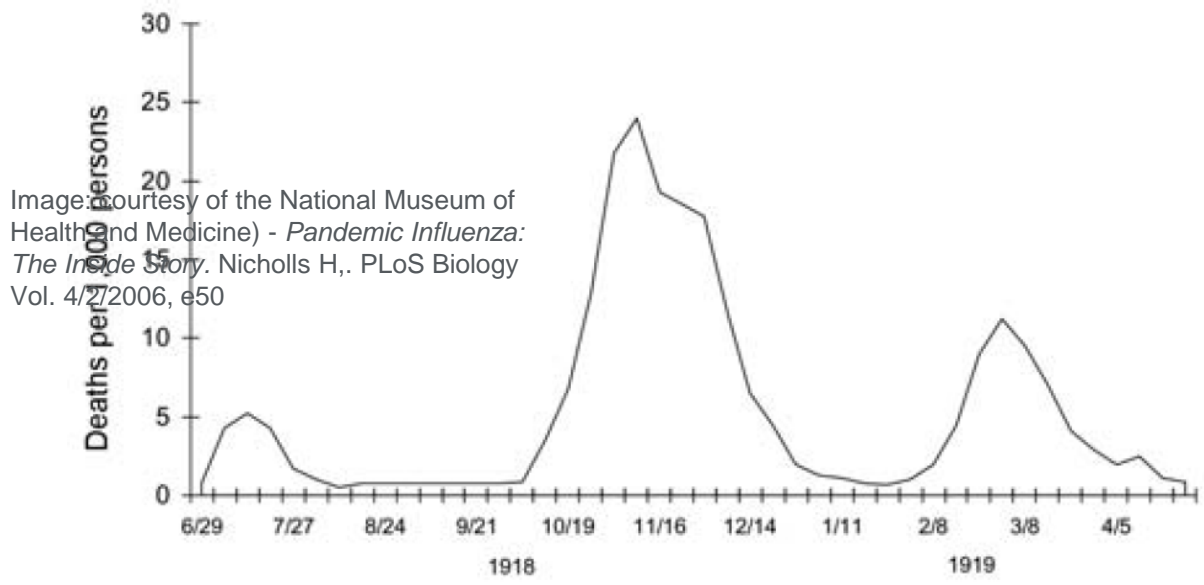
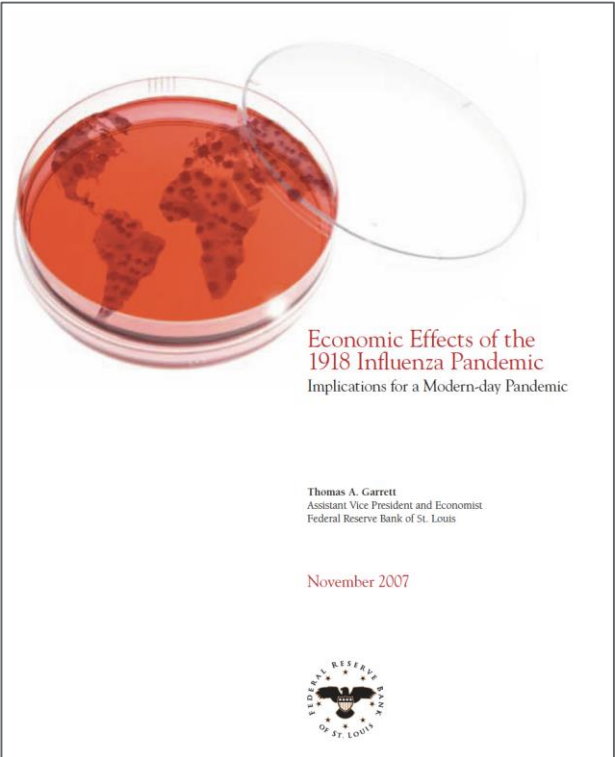


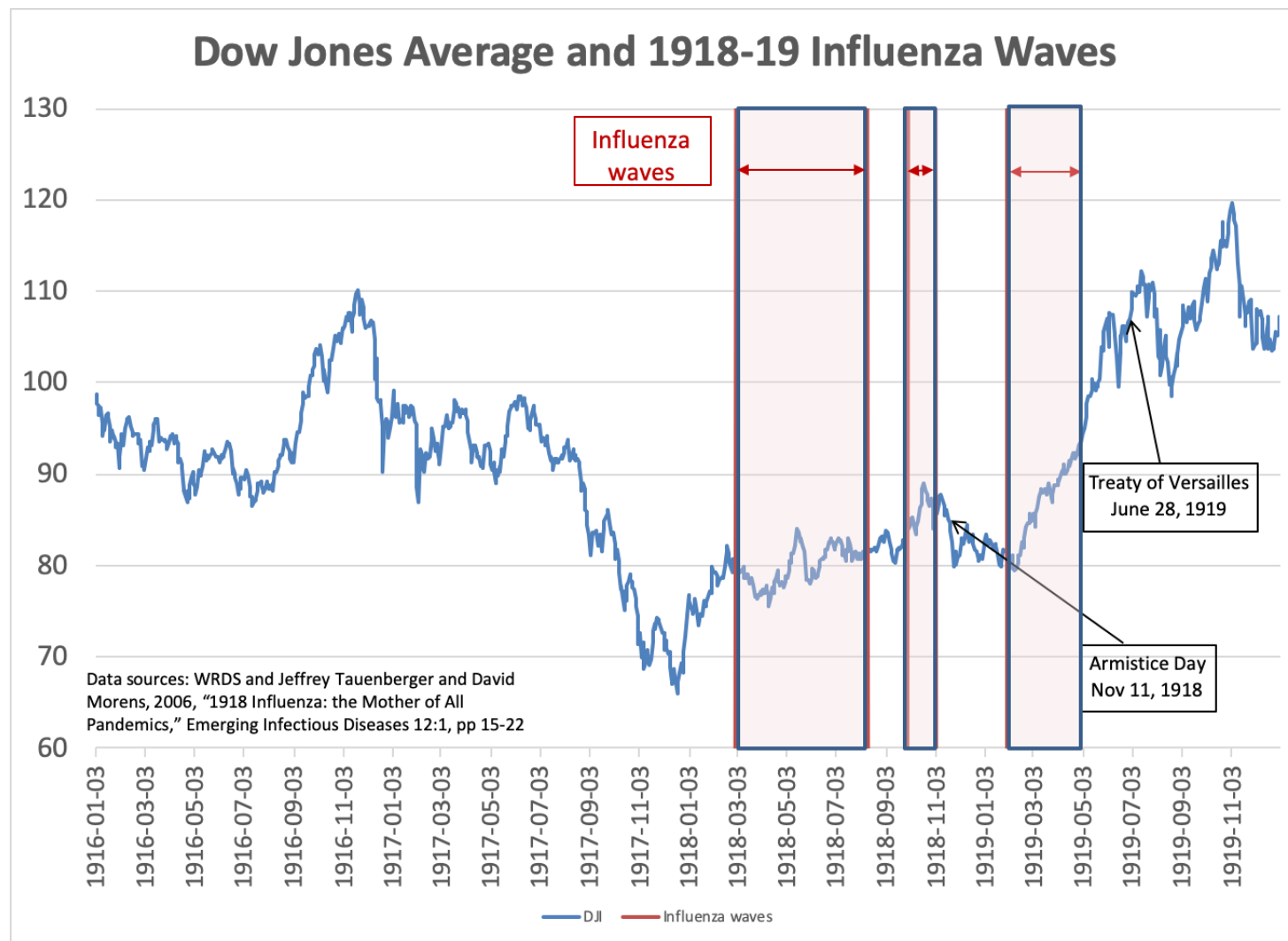
Image courtesy of the National Museum of Health and Medicine) - *Pandemic Influenza: The Inside Story*. Nicholls H., PLoS Biology Vol. 4/7/2006, e50

Figure 1. Three pandemic waves: weekly combined influenza and pneumonia mortality, United Kingdom, 1918–1919 (21).

Source: Jeffrey Tauenberger and David Morens, 2006, "1918 Influenza: the Mother of All Pandemics," *Emerging Infectious Diseases* 12:1, pp 15-22.



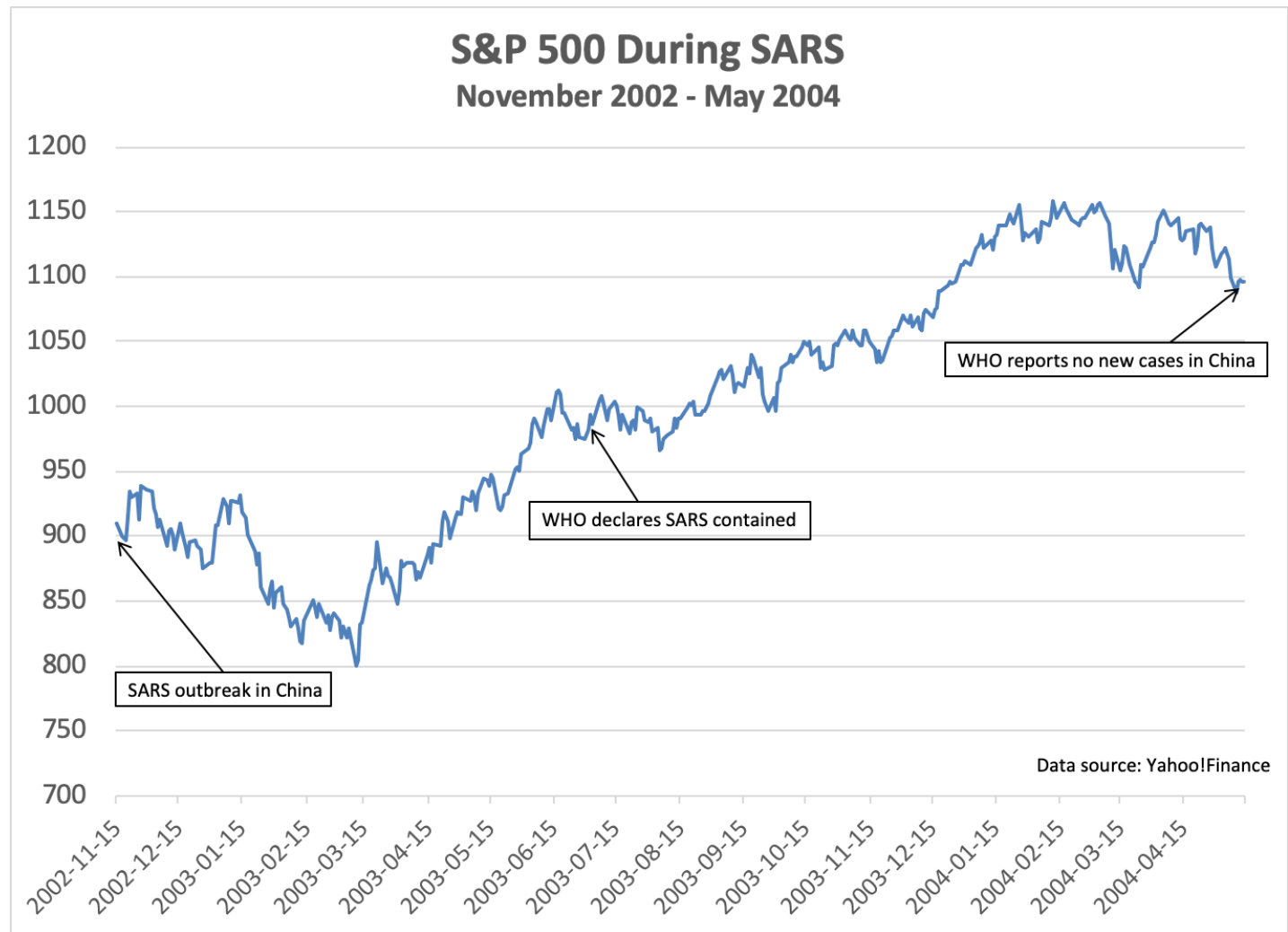
# The 1918-19 influenza pandemic and the stock market



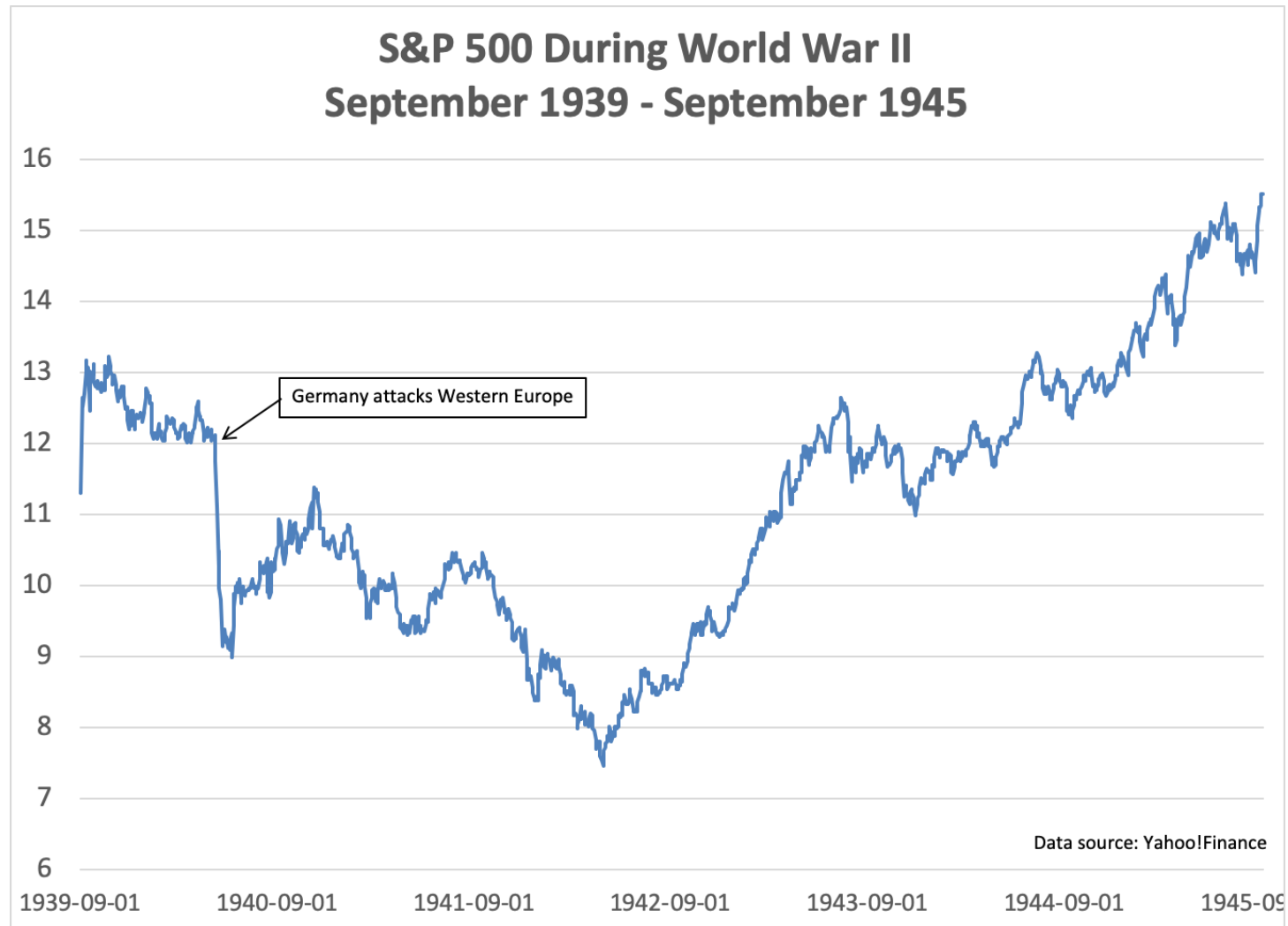
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# The 2002-2004 SARS pandemic and the stock market



# World War II and the stock market



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1929-32 Great Depression



Source: Brooklyn Daily Eagle

1973-74 The Oil Shock



On Dec. 23, 1973, cars formed a double line at a gas station in New York City. The Arab oil embargo caused gas shortages nationwide and shaped U.S. foreign policy to this day.

Source: NPR.org

1980-82 The Inflation Recession



Federal Reserve Board Chairman Paul Volcker listens to a question as he appears before the Senate Banking Committee in Washington, D.C., in 1980.

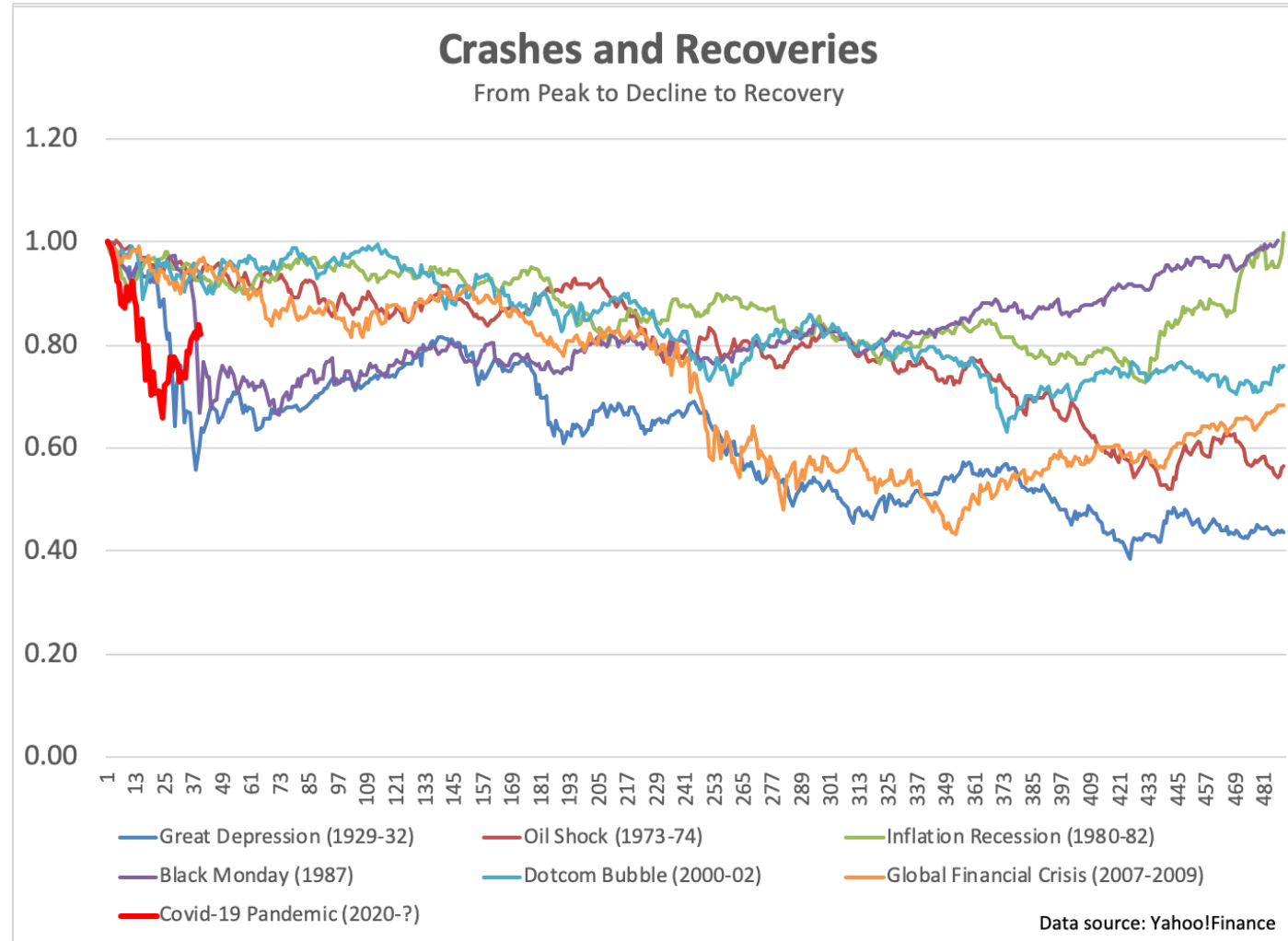
Source: NPR.org

1987 Black Monday



Source: New York Times

# Crashes and (eventual) recoveries



2000-02 Dotcom Bubble



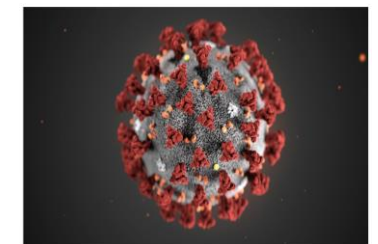
Source: CBC archives

2007-09 Global Financial Crisis



Source: Global Research

2020 Covid-19 Pandemic

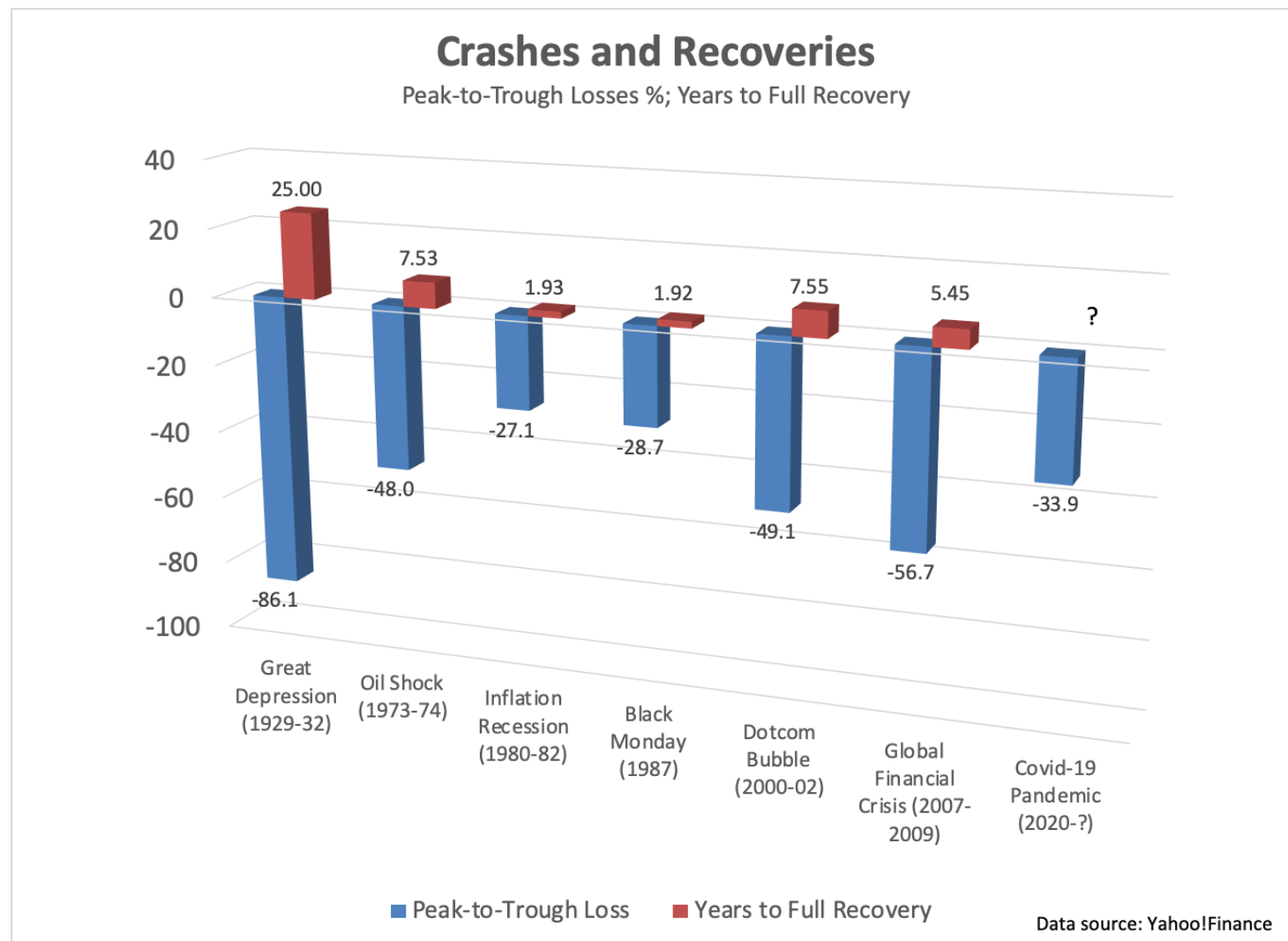


In this illustration provided by the Centers for Disease Control and Prevention (CDC) in January 2020 shows the 2019 Novel Coronavirus (2019-nCoV). THE CANADIAN PRESS/CDC via AP File

Source: The Canadian Press and CDC

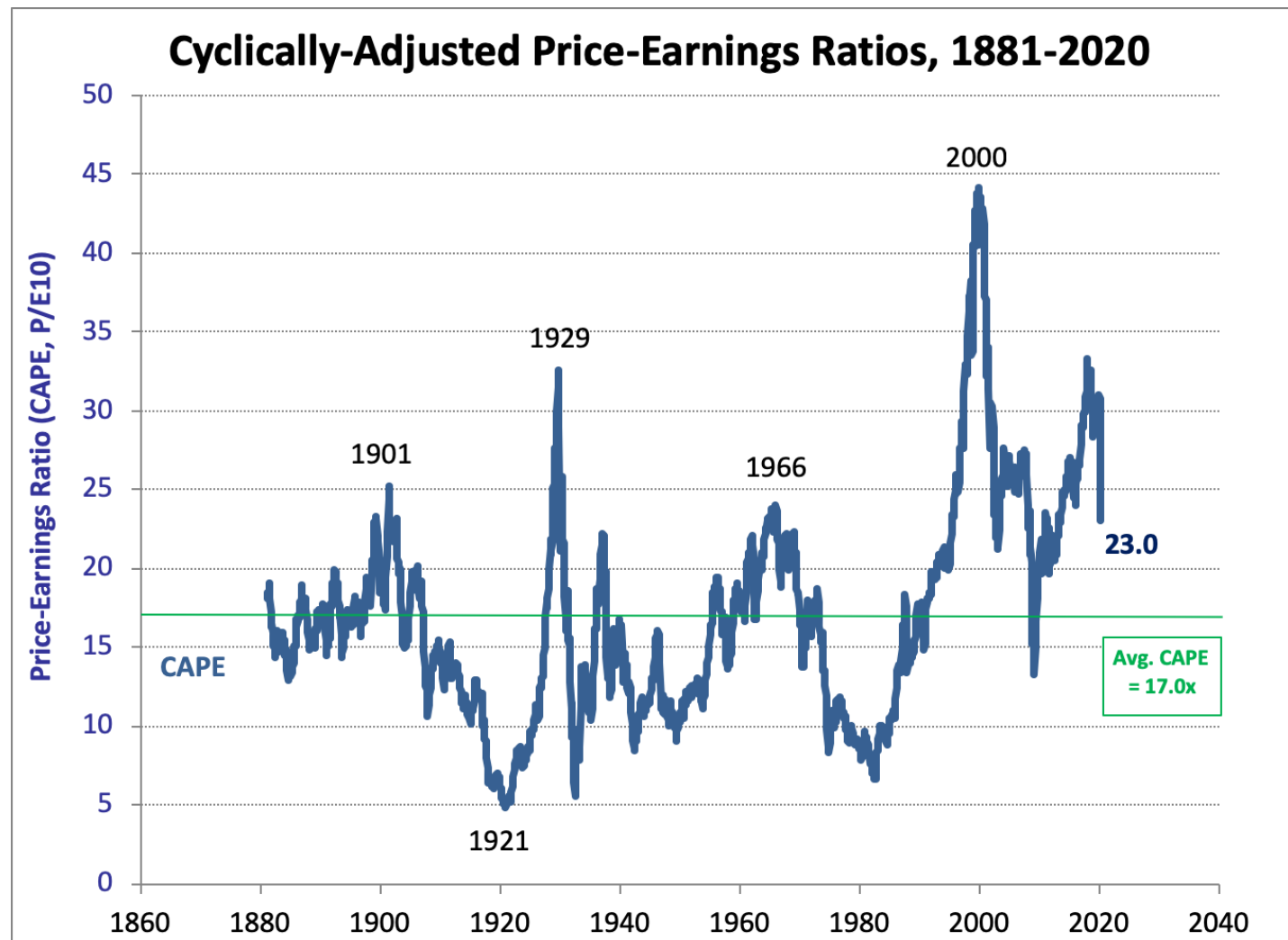


# Crashes and (eventual) recoveries



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## But even now stocks aren't cheap



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## Key take-aways

- Stocks for the long-run have paid off
- Markets have been and always will be volatile
- Stock declines are naturally associated with economic declines—and recoveries
- Pandemics and wars take a tragic human toll; not necessarily a long-term economic toll
- Each bear and bull run is unique
- Pay attention to history, keep calm, and carry on!

