The Outlook: Jan. 10, 2020

Those who grew; those who did not; and why.

Friday evening is a good time for more pictures, less words.

Here is a chart from the "Visual Capitalist," whose business is making thought-provoking charts of "Big Pictures." They sure did, with this one. We've seldom seen a chart which so powerfully calls out for an answer to the question: "Why?"

CHART OF THE WEEK

Major World Stock Markets

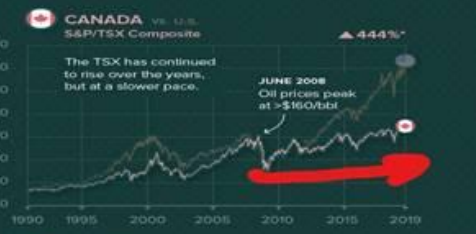
On the Same Scale (1990-2019)

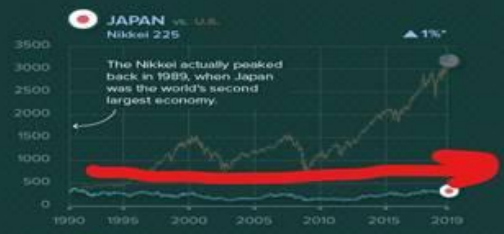
On November 26, 1990, the most important U.S. stock index (S&P 500) sat at 316.5.

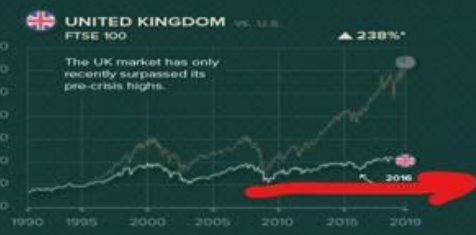
Almost 30 years later, the index sits at **10 times** that, with a value of 3,170.

In today's chart, we show the rise of the S&P 500 over the last 30 years — and transform data on other major world stock indices (i.e. FTSE, Nikkei 225, etc.) to fit on the exact same scale.

How do stock market indices in other countries compare to the S&P 500, when put on the same scale?







*Stats since November 26, 1990
SOURCE: Macro Trends, Google Finance, Author's Calculations

VISUAL CAPITALIST

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Here are 7 of the world's biggest stock markets, and economies, for the past 30 years. America leads the pack with a 901% return. Germany and Hong Kong aren't too far behind. That's the good news. The other four—France, Canada, Japan and Great Britain—are the bad news . . . the saddest possible news, really. Their stock markets have gone just about nowhere since 1990, with Japan literally going "nowhere," since it hit its all-time high back in 1989.

If we look just a little more deeply, though, we see that—except for Japan—the lion's share of the problem happened after the Calamity of 2008 – 2009: the global financial panic, recession and bear market. All 7 countries were hurt badly . . . but America, Germany and Hong Kong came out of that Nightmare running hard toward a better future, and never slowed down. The "Sad Four" did not. They just stagnated, limping forward so weakly that it's constantly looked as if they might keel over again.

Why indeed?

If we ask most economists, professors and eminent pundits that question, we'd better settle down for a long wait in a comfortable chair, with a supply of coffee to keep our eyes open. Let's not. Instead allow Outlook to state the obvious. Ten years of dynamic rebuilding, after an economic disaster, can only reflect one thing: a dynamic, determined attitude on Main Street . . . an attitude which had to exist before the Calamity came along. We might say all kinds of things about culture, politics, the burden of government and so on; but those things did not suddenly change—in America, Germany and Hong Kong—the moment the Calamity ended in March of 2009. They didn't change either way: to help the "Happy Three" or to hurt the "Sad Four."

In the 10 years during which the Three accelerated and the Four stagnated, all Seven countries have faced endless problems, ranging from economic "headaches" to economic "broken legs." In the Three, Main Street shrugged them off and kept marching. In the Four, Main Street buckled under the problems' weight.

When we invest our hard-earned money in common stocks, we are buying a share of real working businesses, run by real people who spend every day trying to overcome challenges and improve their companies. When those people are determined, and they are led by good people, they perform near-miracles for us investors. The miracles can be a little hard for us to see, because they unfold over years instead of days. But they're still miracles, and they send one signal, loud and clear: Main Street USA is a mighty good place for our money.

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