

Macro Roundup Article

Headline: [Do Stocks Always Outperform Bonds?](#)

Article Link: <https://mailchi.mp/verdadcap/do-stocks-always-outperform-bonds?e=7b209e1099>

Author(s)	Greg Obenshain
Publication	Verdad
Publication Date	February 21, 2023

Tweet: [. @GregObenshain highlights Edward McQuarrie research showing that, after a full account of survivorship bias, stocks only modestly outperform bonds, with most of the outperformance concentrated in 1943-1982 \(where stocks outperformed bonds by 8.4%/yr\).](#)

Summary: For stocks, McQuarrie made major revisions to the pre-1871 data by including more stocks, cap-weighting returns, and, most importantly, correcting significant survivorship bias in the original data. According to McQuarrie, “Banks failed during panics, turnpikes and canals succumbed to railroads, and struggling railroads went bust in the 1840s and 1850s to an extent not previously understood. In short, Jeremy Siegel’s sources had left out the bad parts, producing an overly rosy picture of antebellum stock returns.” For bonds, McQuarrie engages in an impressive forensic effort to build a new and more accurate data set of investment-grade bonds available to the public. The first observation is that [geometric real] stock returns are lower (5.9% versus Siegel’s 6.6%) and bond returns are higher (4.1% versus 3.6%) in the revised data.

Related Articles: nan

Primary Topic: Financial Markets

Topics: Data, Financial Markets, Op-Ed/Blog Post, Weekly

Permalink: <https://www.edwardconard.com/macro-roundup/gregobenshain-highlights-edward-mcquarrie-research-showing-that-after-a-full-account-of-survivorship-bias-stocks-only-modestly-outperform-bonds-with-most-of-the-outperformance-concentrated-in-194?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2023/02/Total-Returns-Stock-and-Bonds-.png>