

Do Today's Markets Represent the Wisdom of Crowds or the Madness of Crowds?

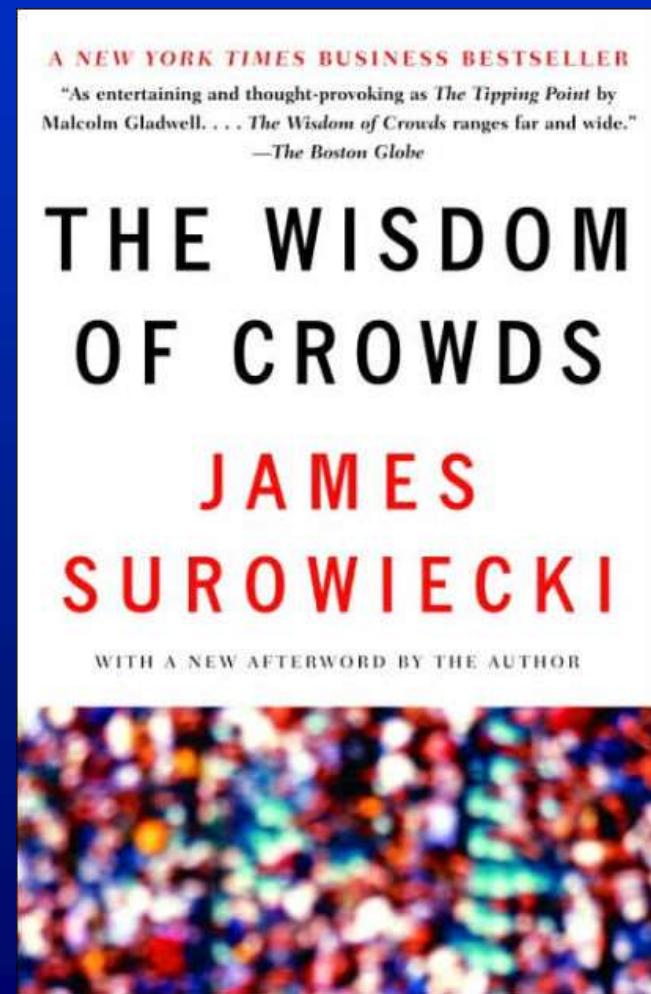
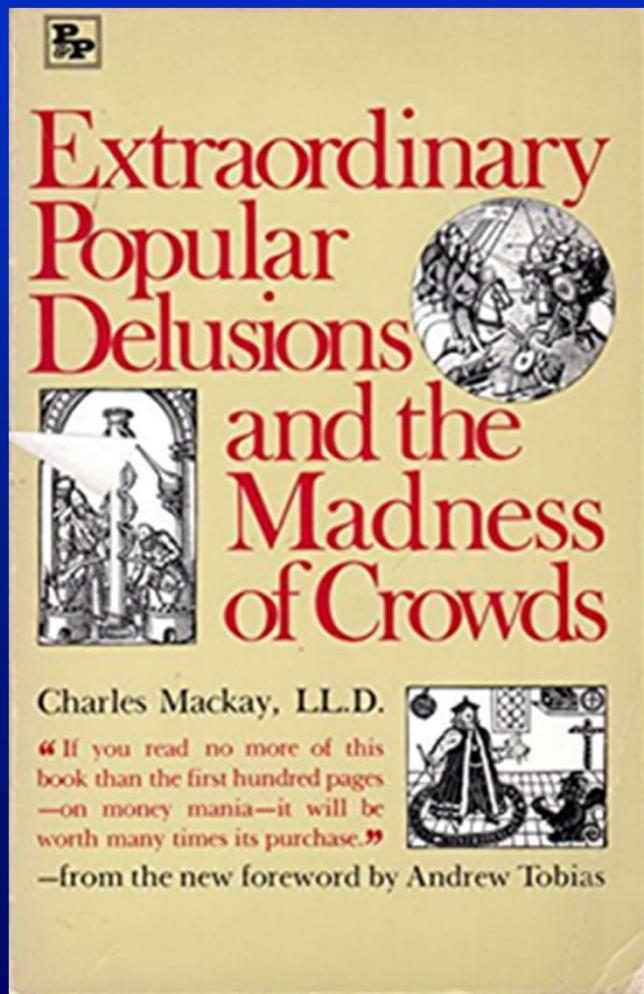
An Austrian Economist Answers!

By Mark Skousen
Presidential Fellow, Chapman University
Editor, Forecasts & Strategies

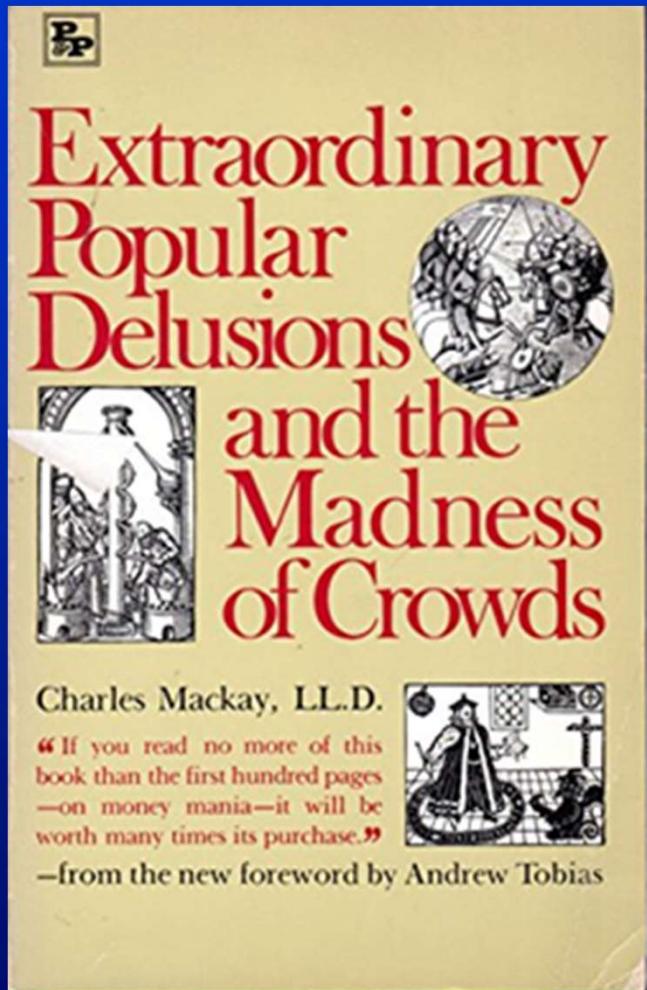
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Puzzler

Democracy debate: Is it the madness of crowds or the wisdom of crowds?



The Madness of Crowds



"The public is fearful of bargains. No one can possibly achieve any real and lasting success or 'get rich' in business by being a conformist."

– J. Paul Getty

"Our investments are chosen on the basis of value, not popularity."

– Warren Buffett

"The public is right during the trends, but wrong at both ends."

– Humphrey B. Neill,
"The Art of Contrary Thinking"

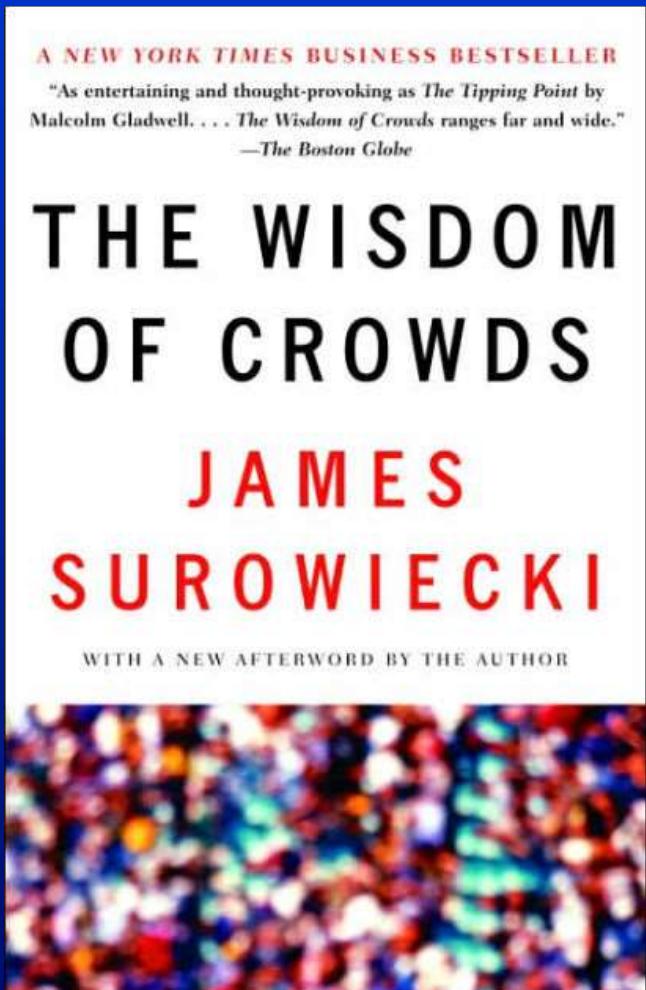
The Wisdom of Crowds

In 1906, British scientist Francis Galton visited a country fair in Plymouth, England, where he witnessed a betting contest on the weight of a fat ox. Around 800 people of all walks of life – butchers, farmers, and townsfolks, placed wagers. Galton compared the contest to democracy.

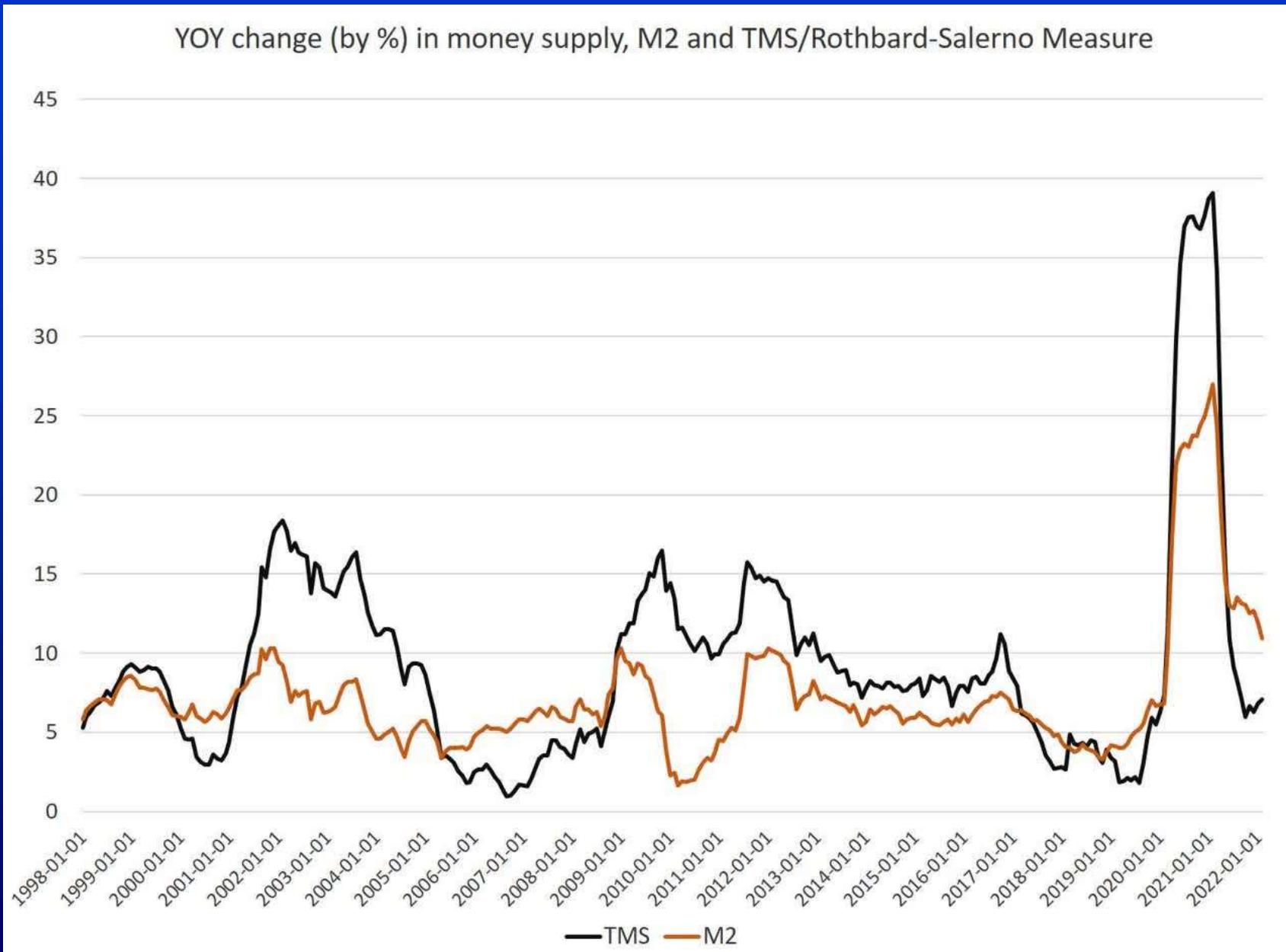
“The average competitor was probably as well fitted for making a just estimate of the weight of the ox as an average voter is of judging the merits of most political issues on which he votes.”

It turned out that the average of the 800 guesses was 1,197 pounds. The actual weight turned out to be 1,198 pounds.

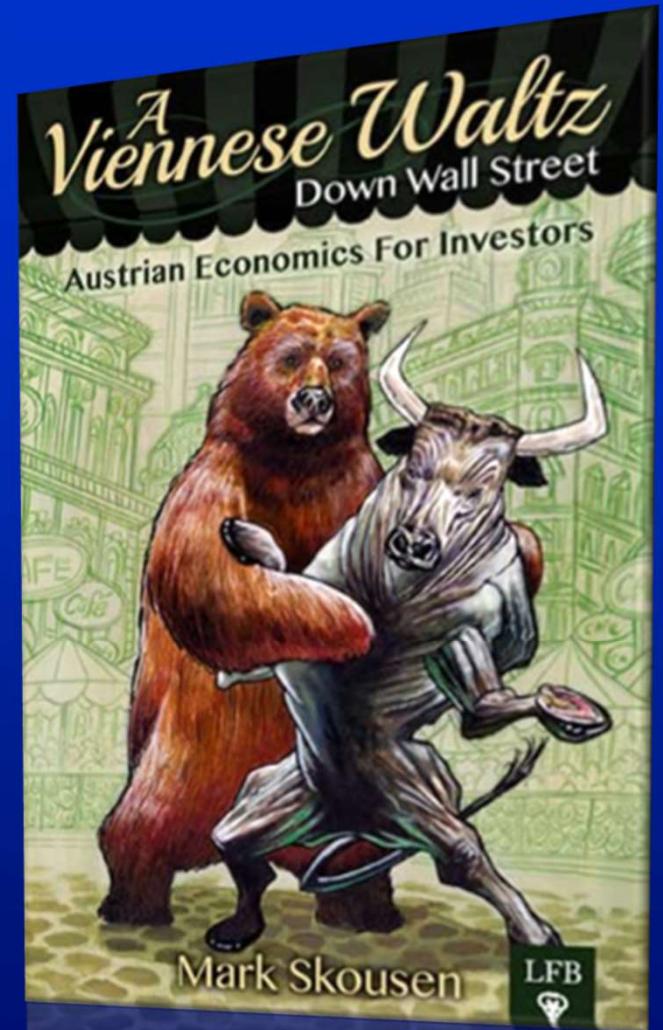
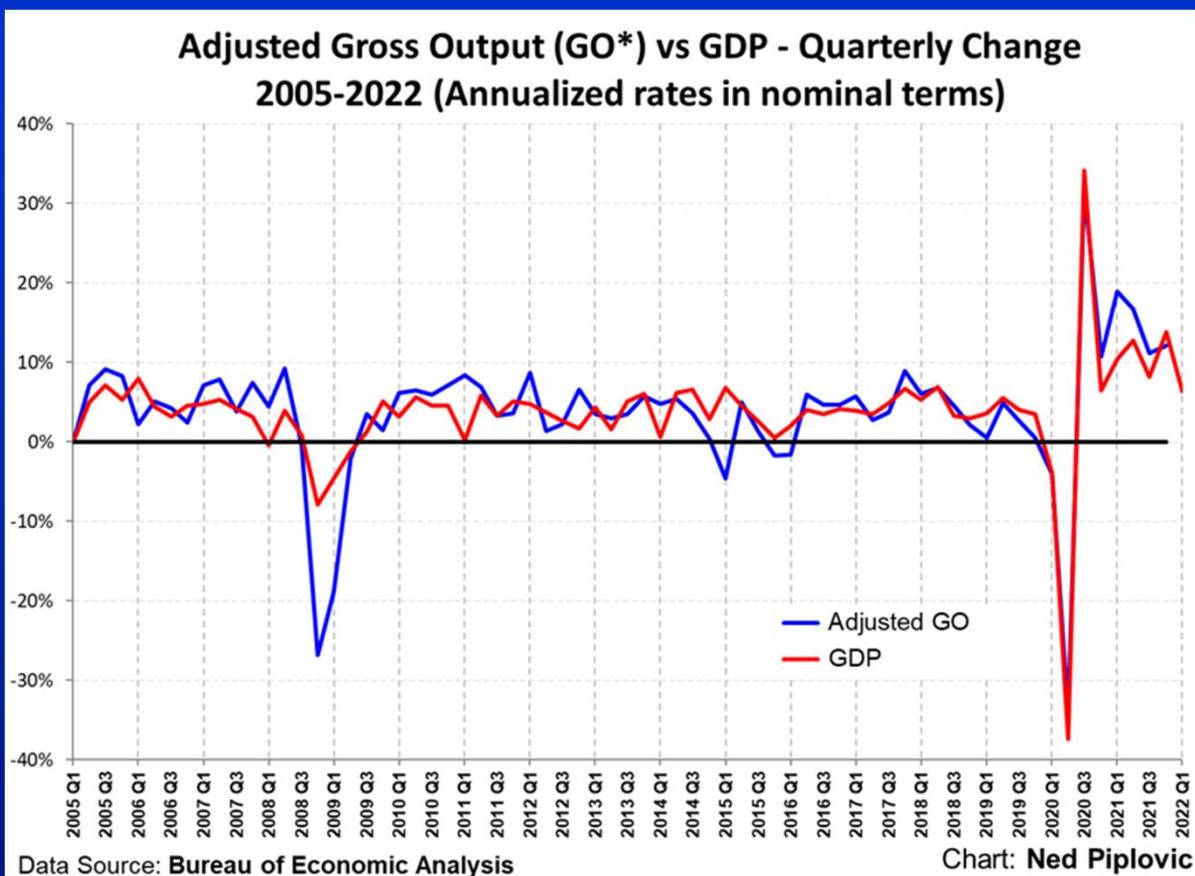
How do you reconcile this puzzle – the madness of crowds in the stock market and the wisdom of crowds at a county fair?



The Fed Started the Inflation, When Will it End?



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Gold vs. S&P 500 Since 2000



Data Source: Yahoo Finance

Graph: Ned Piplovic

Gold vs. S&P 500 Total Return Since 2000



Data Source: Yahoo Finance

Graph: Ned Piplovic

Gold vs. S&P 500 Total Return Since 2011



Data Source: Yahoo Finance

Graph: Ned Piplovic

Gold vs. S&P 500 Total Return Since 1990

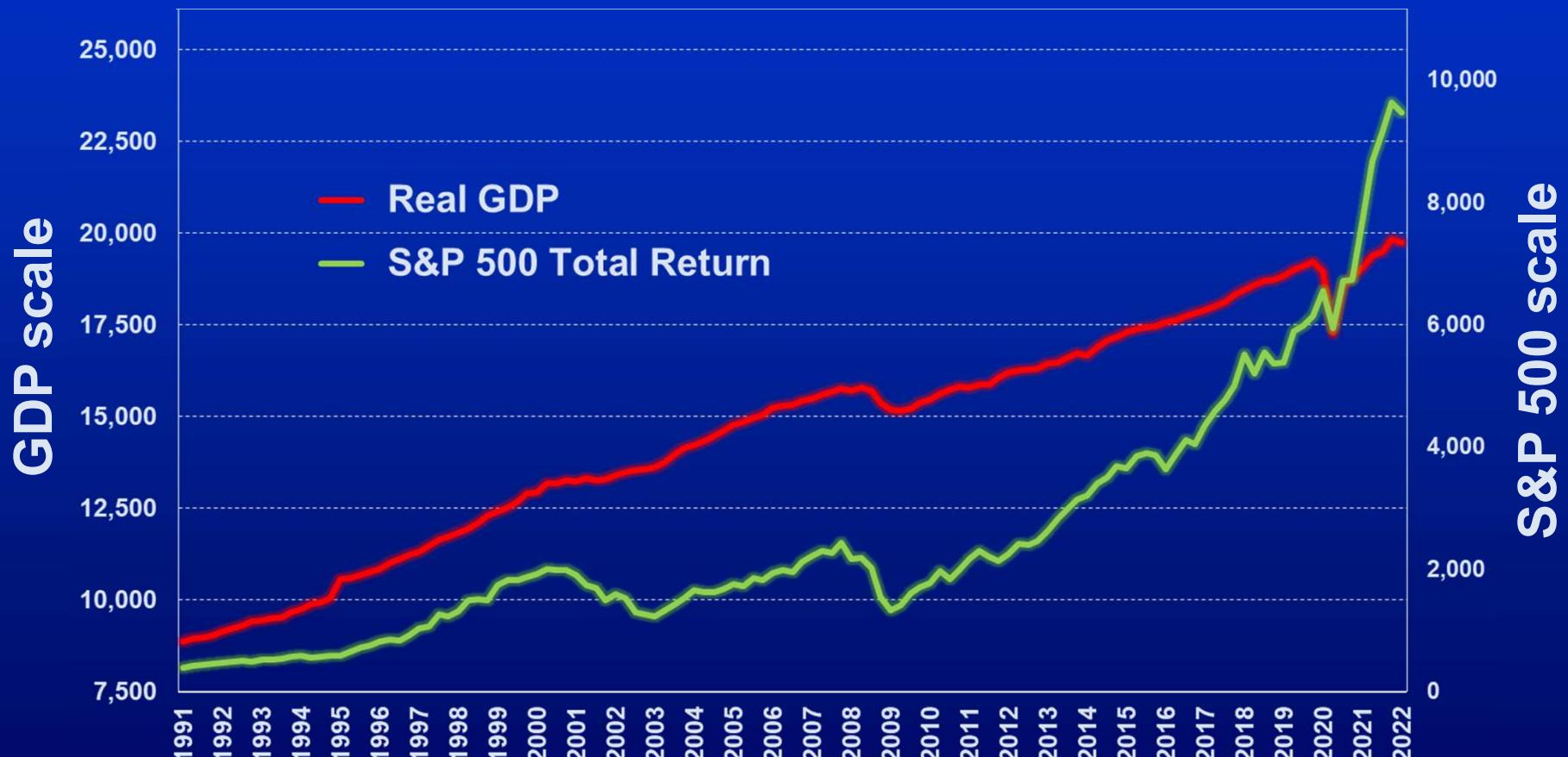


Data Source: Yahoo Finance

Graph: Ned Piplovic

Wall Street vs. Main Street – 1991-2022

Why Stocks Were Due for a Correction



GDP Data Source: BEA; S&P 500 Data Source: Yahoo!Finance

Graph: Ned Piplovic

Mark Skousen's Recommendations

Enterprise Products Partners L.P. (EPD)



Exxon Mobil Corporation (XOM)

XOM Exxon Mobil Corp. NYSE + BATS

© StockCharts.com

20-May-2022 3:03pm

Open 88.98 High 93.59 Low 88.97 Last 91.18 Volume 118.2M Chg +2.32 (+2.61%) ▲



Dow, Inc.(DOW)

DOW Dow Holdings Inc. NYSE + BATS

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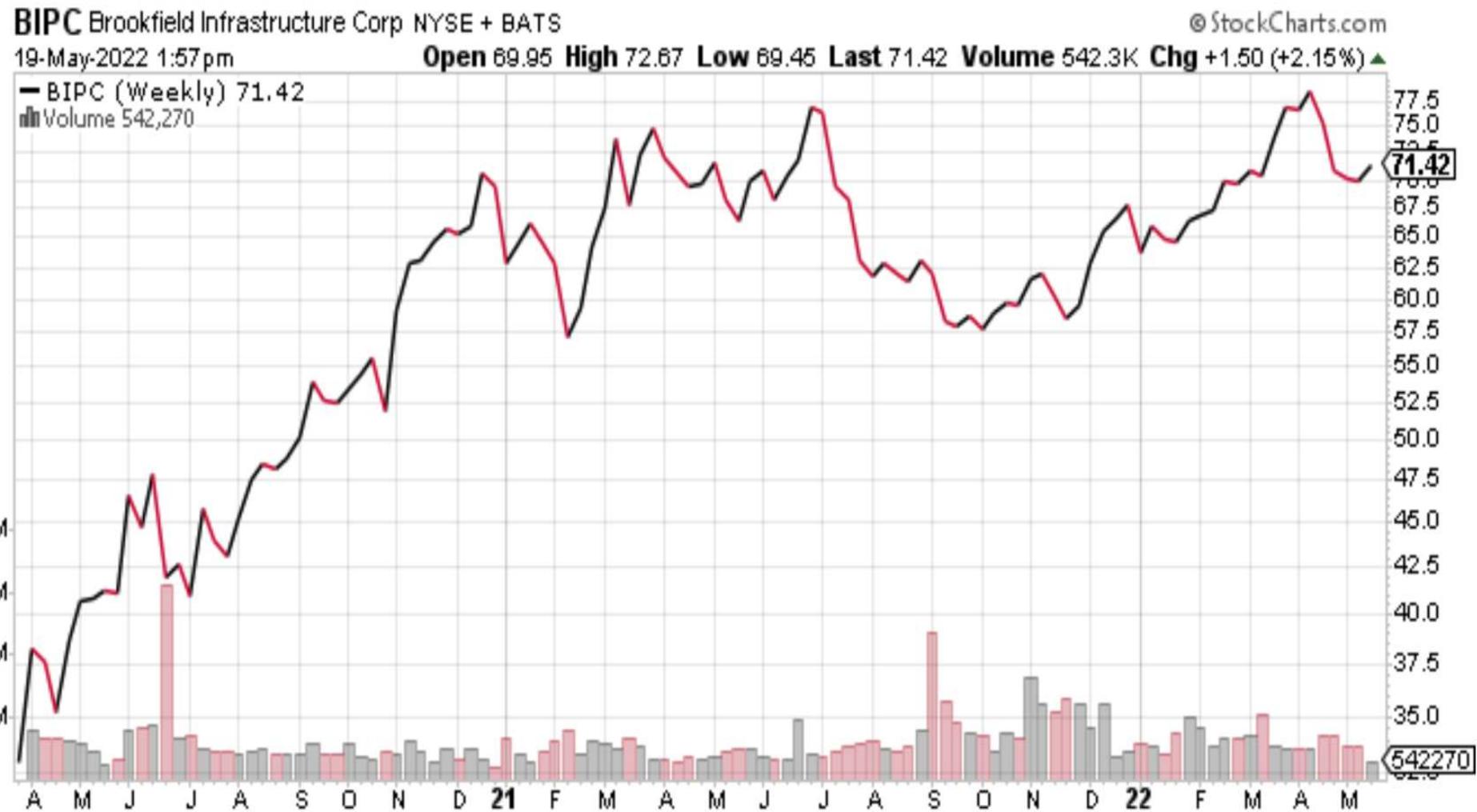
20-May-2022 3:26pm

Open 67.31 **High** 70.38 **Low** 66.68 **Last** 67.26 **Volume** 21.3M **Chg** -0.30 (-0.44%) ▼

— DOW (Weekly) 67.26
■ Volume 21,250,534



Brookfield Infrastructure Corporation (BIPC)



SPDR Gold Shares ETF (GLD)



Bunge Limited (BG)

BG Bunge Ltd. NYSE + BATS

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19-May-2022 2:00pm

Open 109.95 **High** 116.99 **Low** 107.64 **Last** 110.98 **Volume** 5.1M **Chg** +1.89 (+1.74%) ▲

— BG (Weekly) 110.98

■ Volume 5,054,062



Main Street Capital Corporation (MAIN)



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— Alex Green

“Love your book! Getting rich is easy if you follow three rules: spend less, save more, and invest the rest.”

— Kevin O’Leary

A photograph of a woman with blonde hair, wearing a dark turtleneck and a light-colored vest, sitting in a grey office chair. She is looking down at an open green book she is holding in her hands. Behind her is a wooden desk with several framed photographs and a small portrait of a man. To her right is a white printer. The background shows a wall with horizontal blinds.

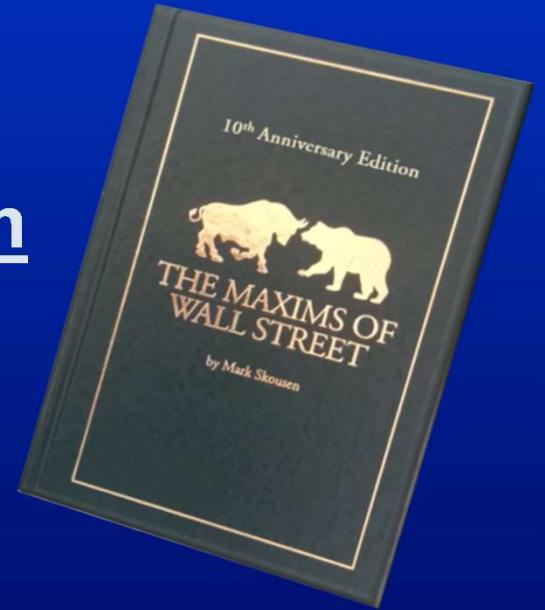
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lesson in finance”

– Kim Githler,
President, Money Show



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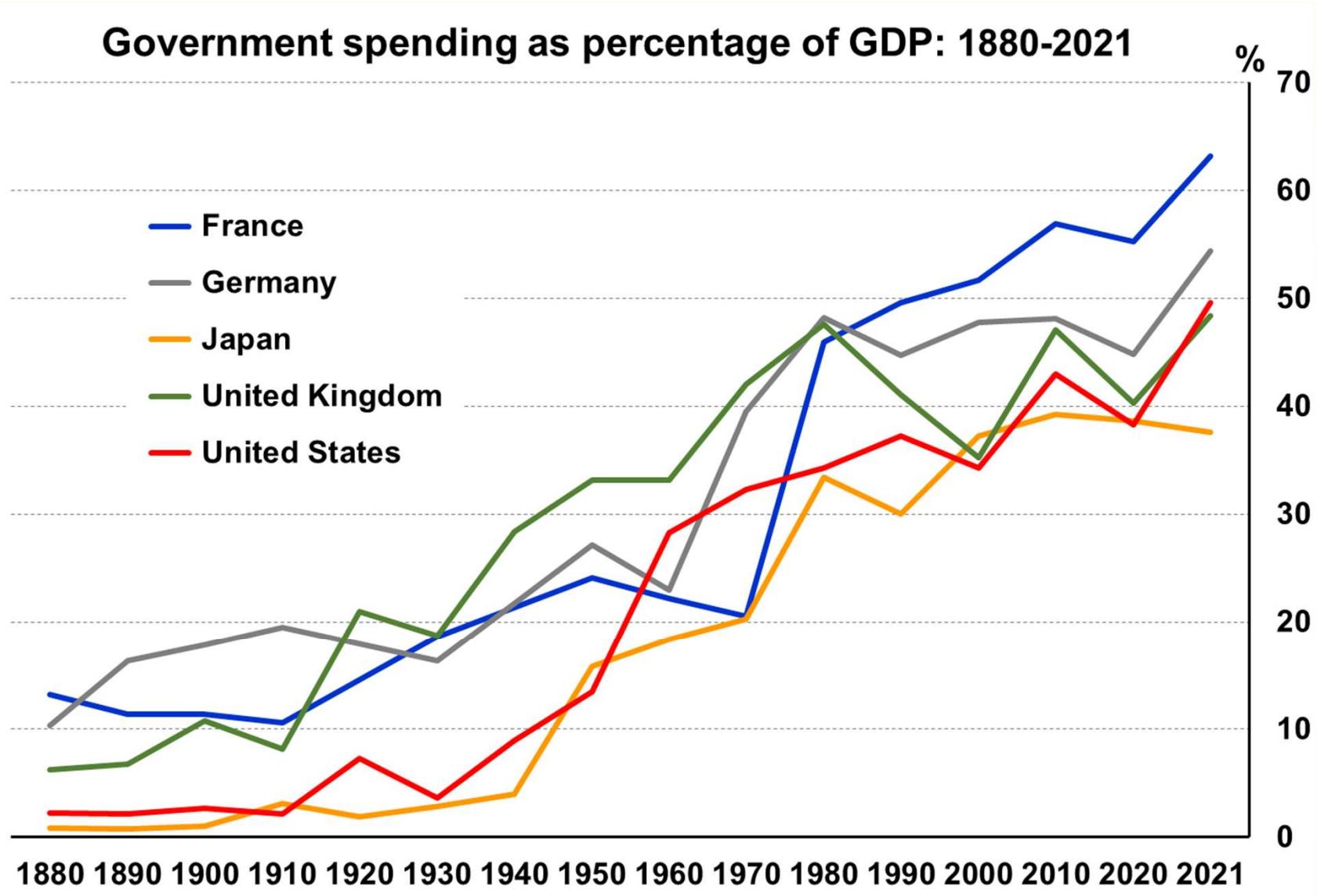


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KEYNOTE SPEAKERS

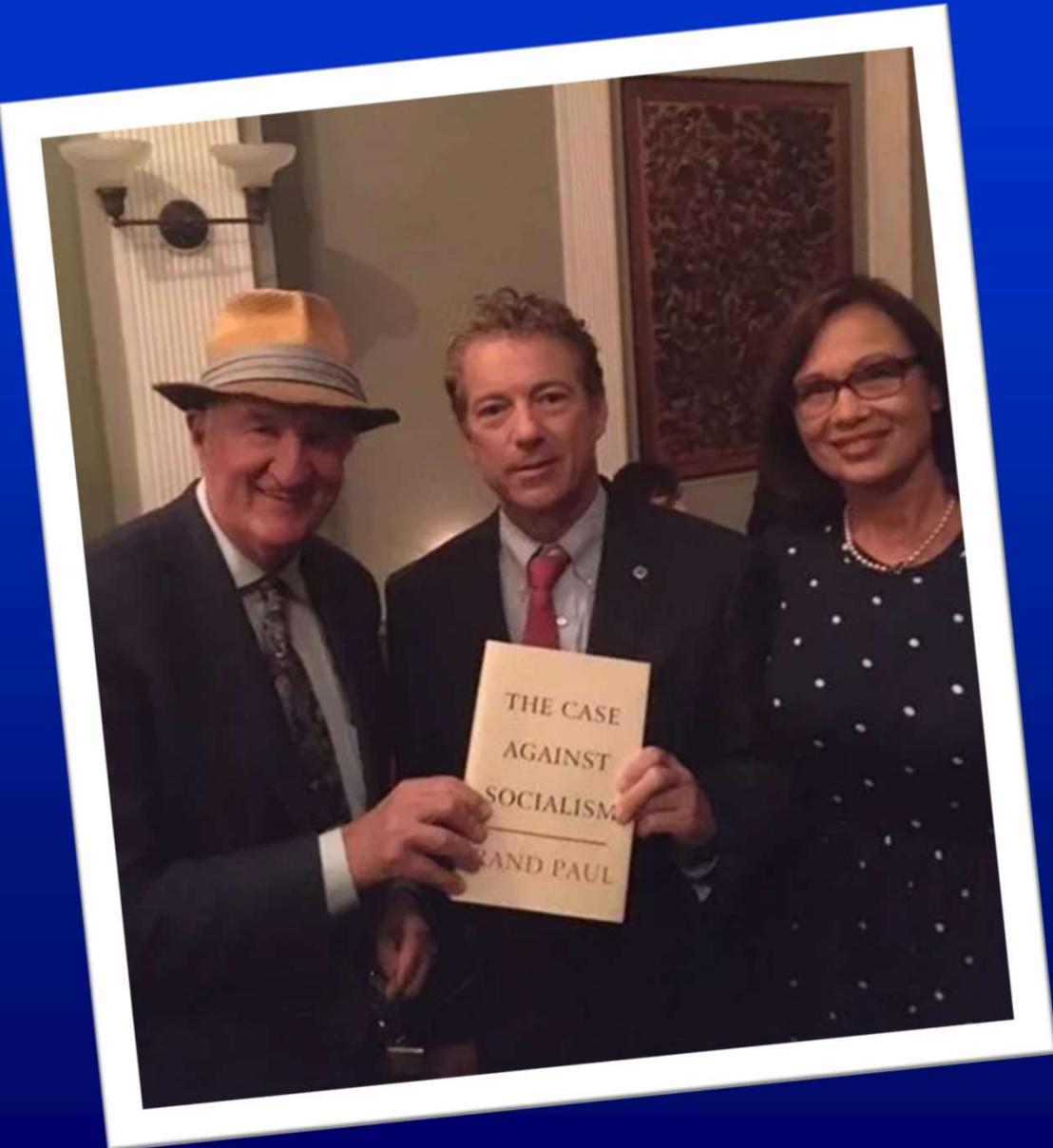
Dave Smith Host, Part of the Problem Spike Cohen 2020 LP VP Candidate Magatte Wade CEO SkinInSkin.com Glenn Greenwald Independent Journalist Zuby Rapper and Author Justin Amash Host, The Justin Amash Podcast

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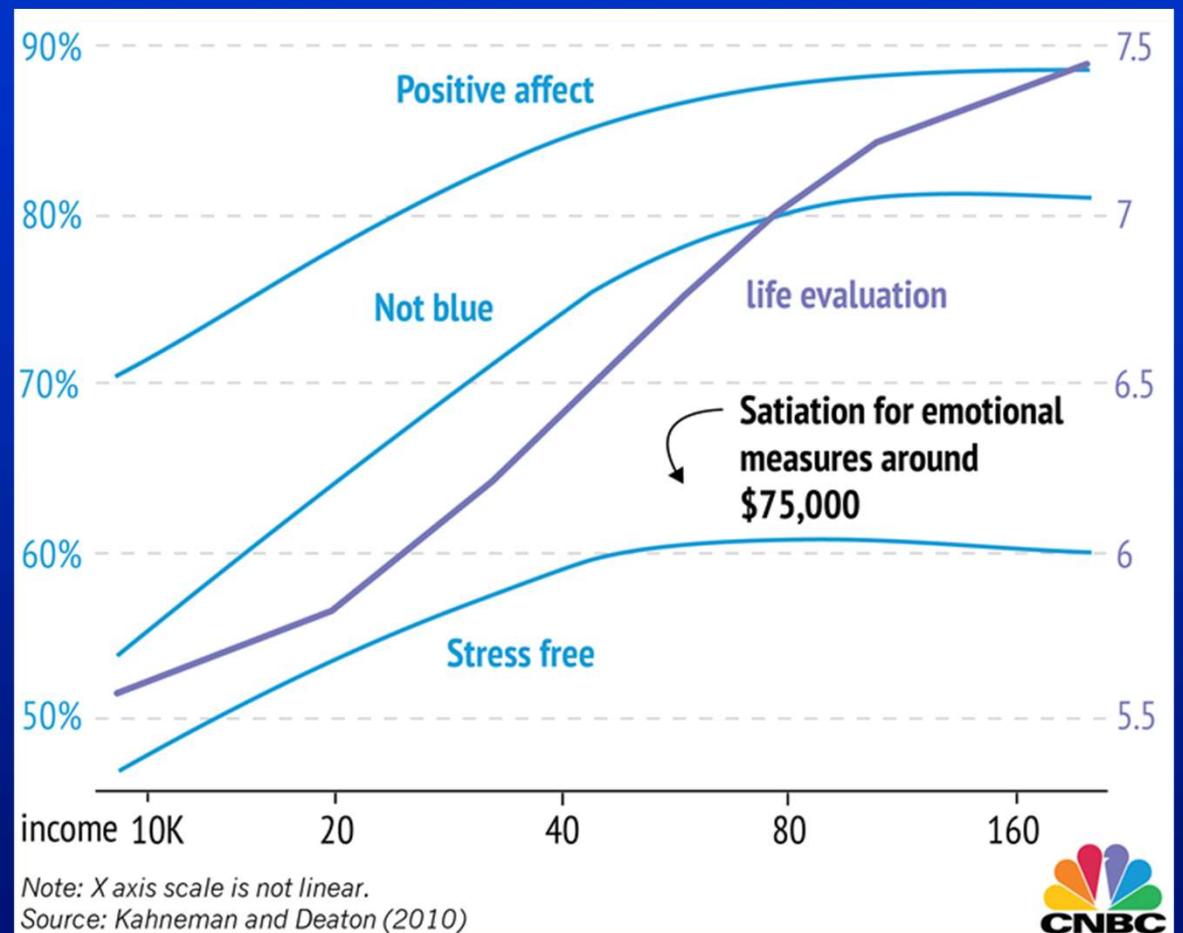
Senator
Rand
Paul

Can money buy happiness?

Hello green,
goodbye blues

A study has found a satiation point around \$75,000 for an individual.

While emotional gains disappear after that, gains in life evaluation continue.



“Money doesn’t buy you happiness. I now have \$50 million, but I was just as happy when I had \$48 million.”

– Arnold Schwarzenegger

What Money Can Buy

A bed but not sleep
Computer but not brain
Food but not appetite
Finery but not beauty
A house but not a home
Medicine but not health
Luxuries but not culture
Amusements
but not happiness
Acquaintance but not friends
Obedience
but not faithfulness
Sex but not love