

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

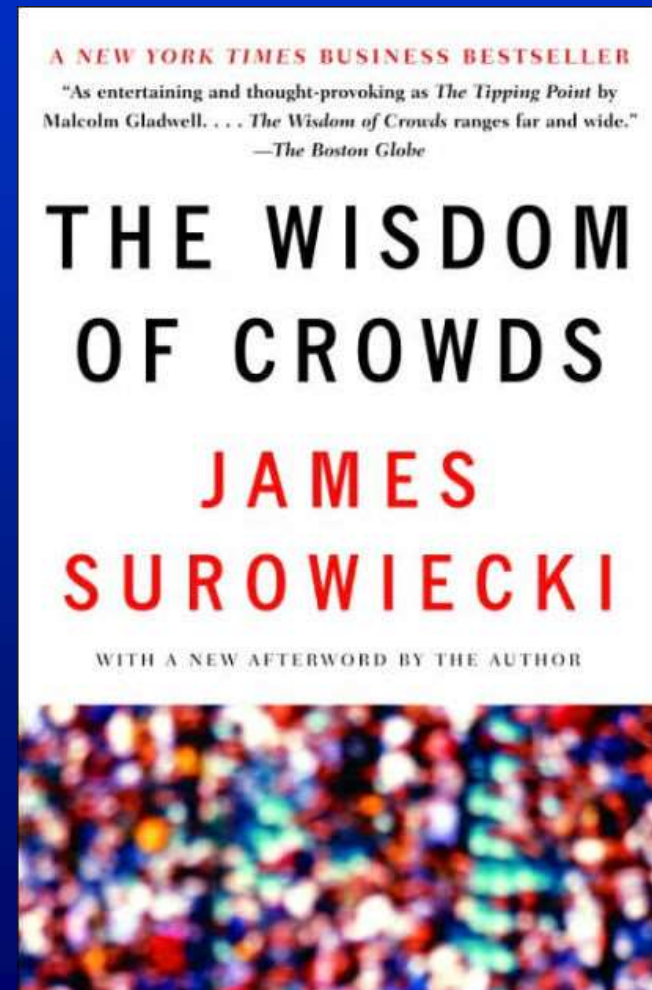
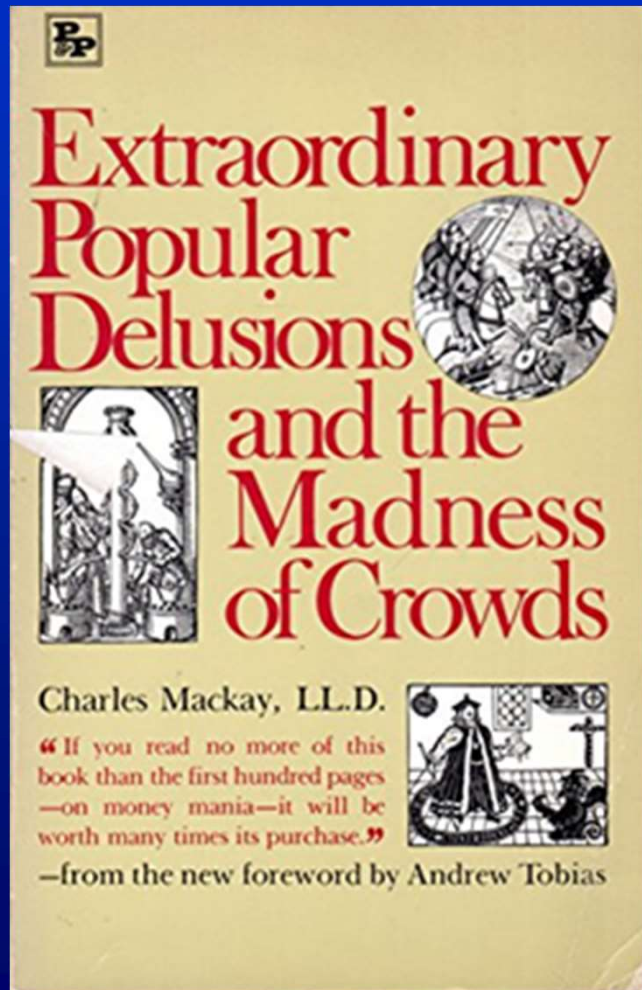
Editor, Forecasts & Strategies

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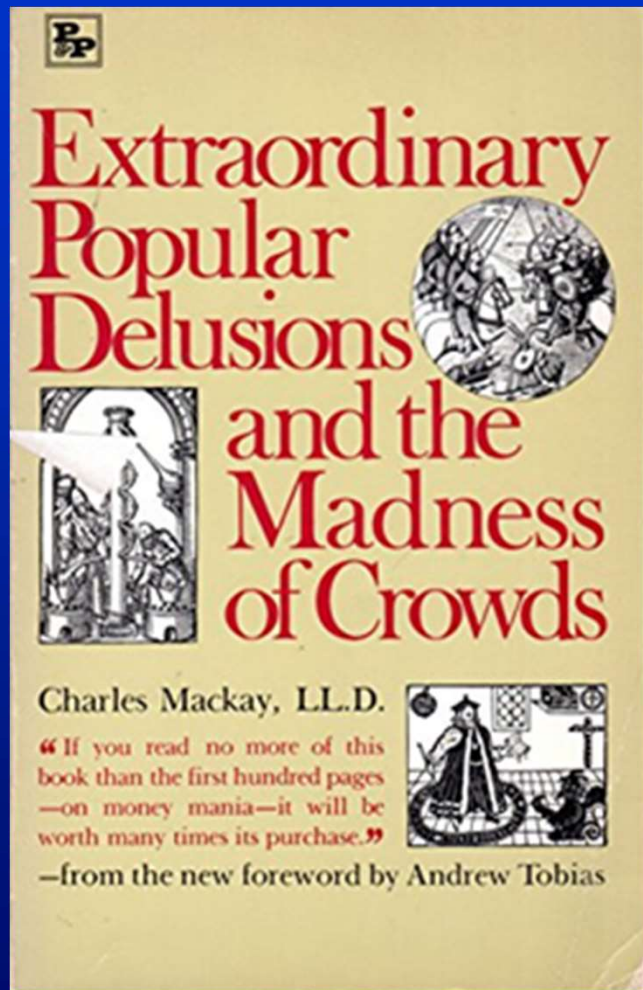
Puzzler

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”

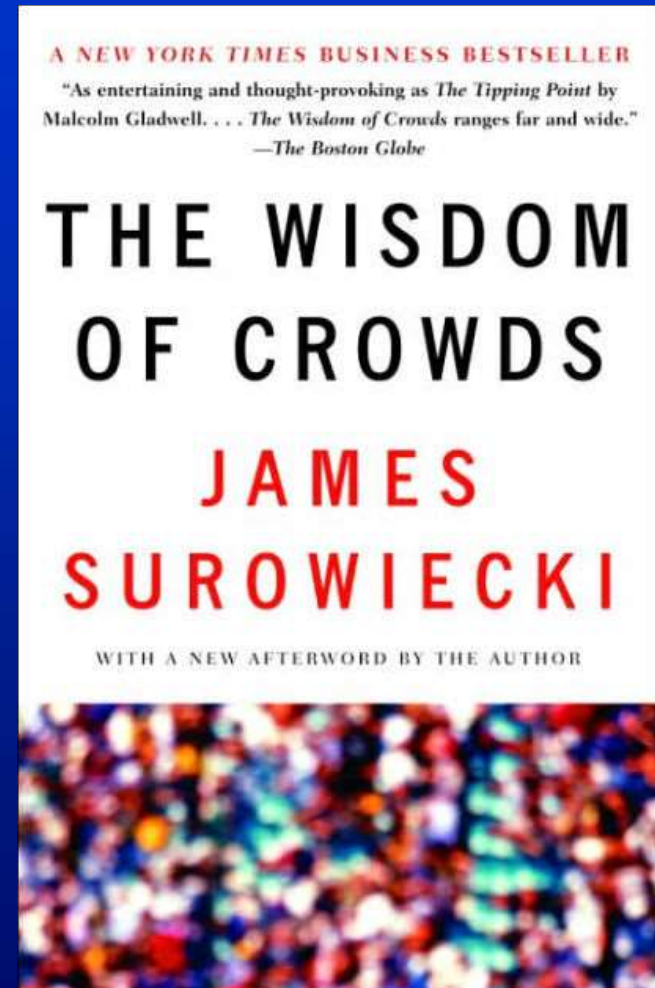
The Wisdom of Crowds

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 townsfolk, placed wagers. Galton compared the contest to democracy.

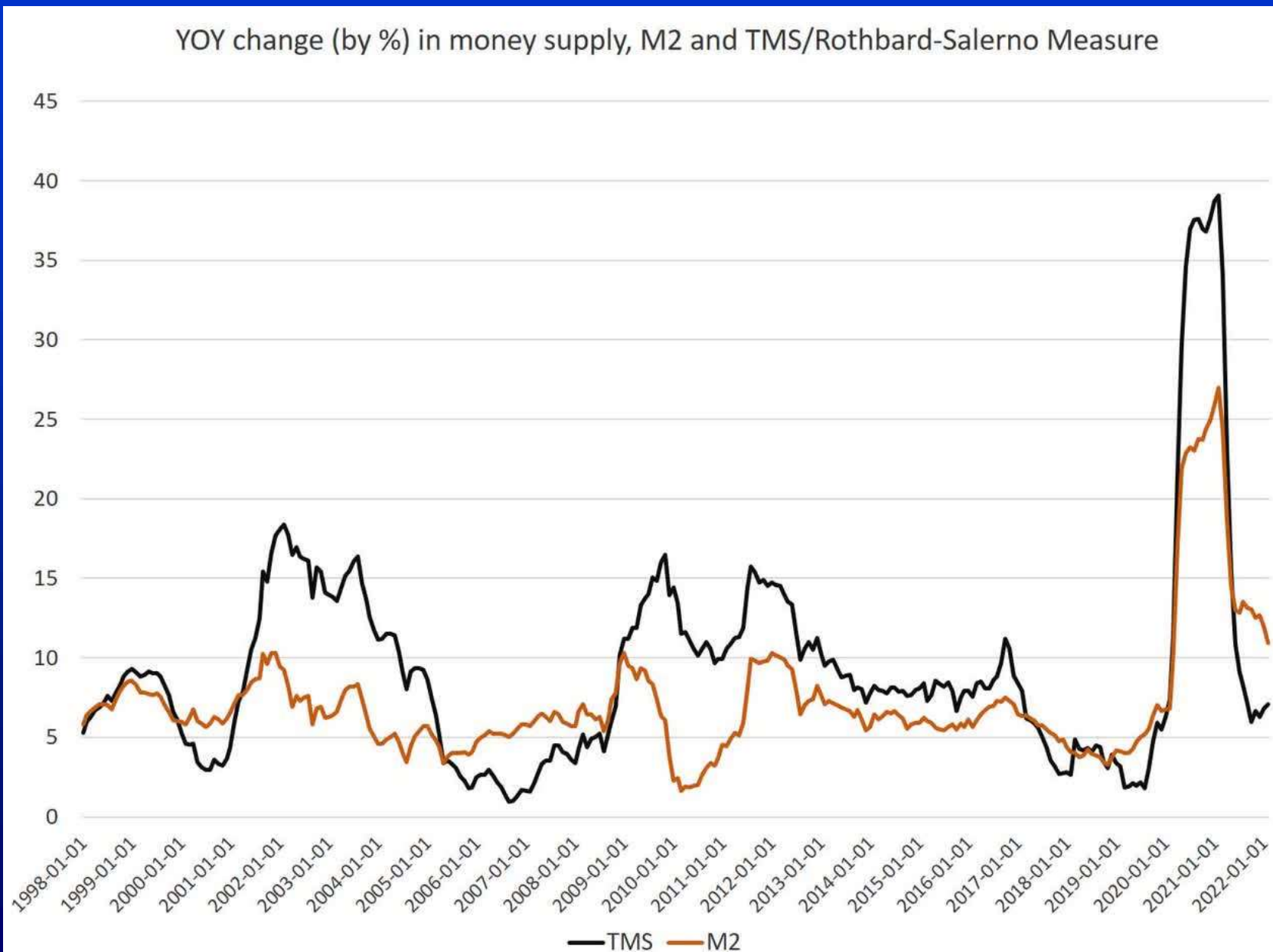
“The average competitor was probably as well fitted for making a just estimate of the weight of the ox as an average voter is of judging the merits of most political issues on which he votes.”

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?

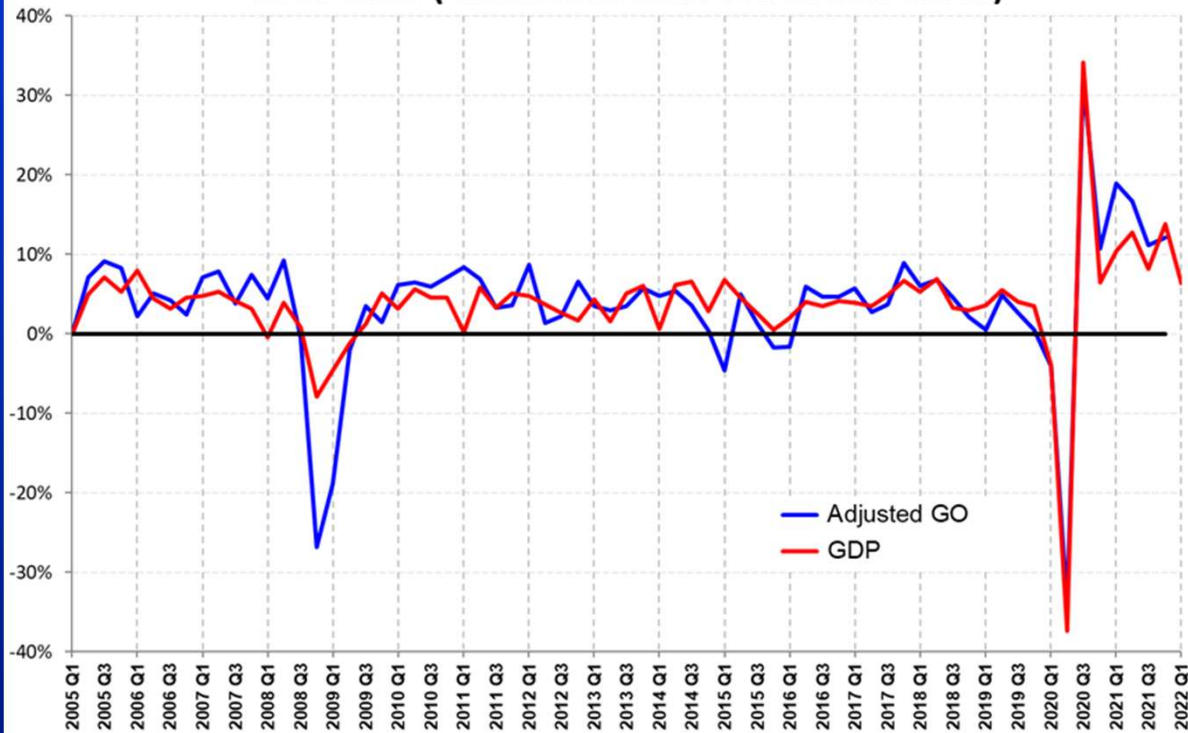


The Fed Started the Inflation, When Will it End?



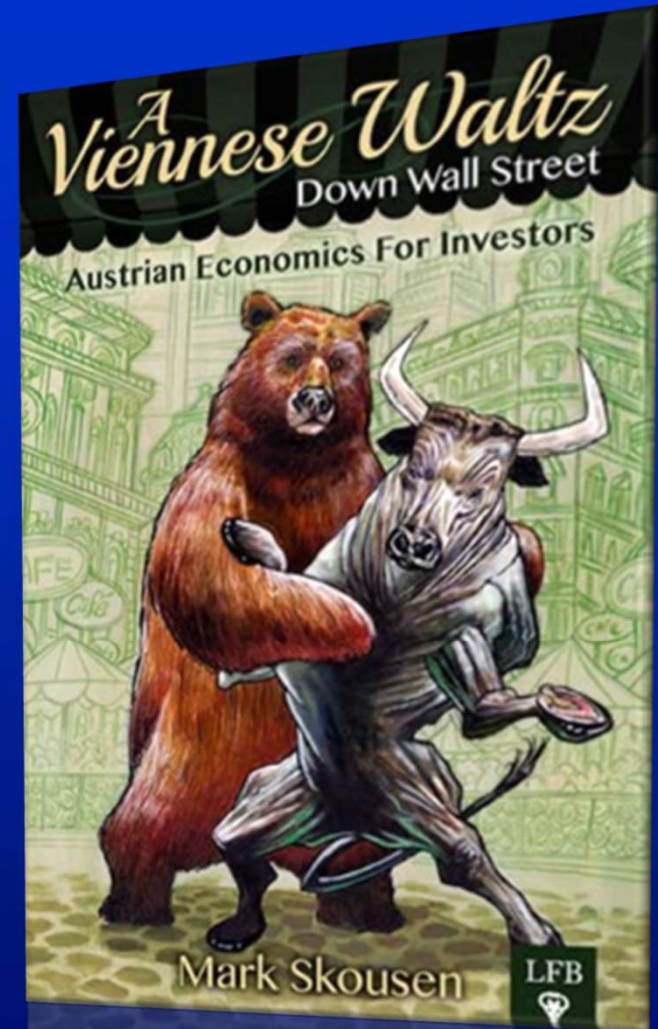
Are We Facing Recession?

Adjusted Gross Output (GO*) vs GDP - Quarterly Change
2005-2022 (Annualized rates in nominal terms)



Data Source: Bureau of Economic Analysis

Chart: Ned Piplovic



\$20 at

www.skousenbooks.com

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

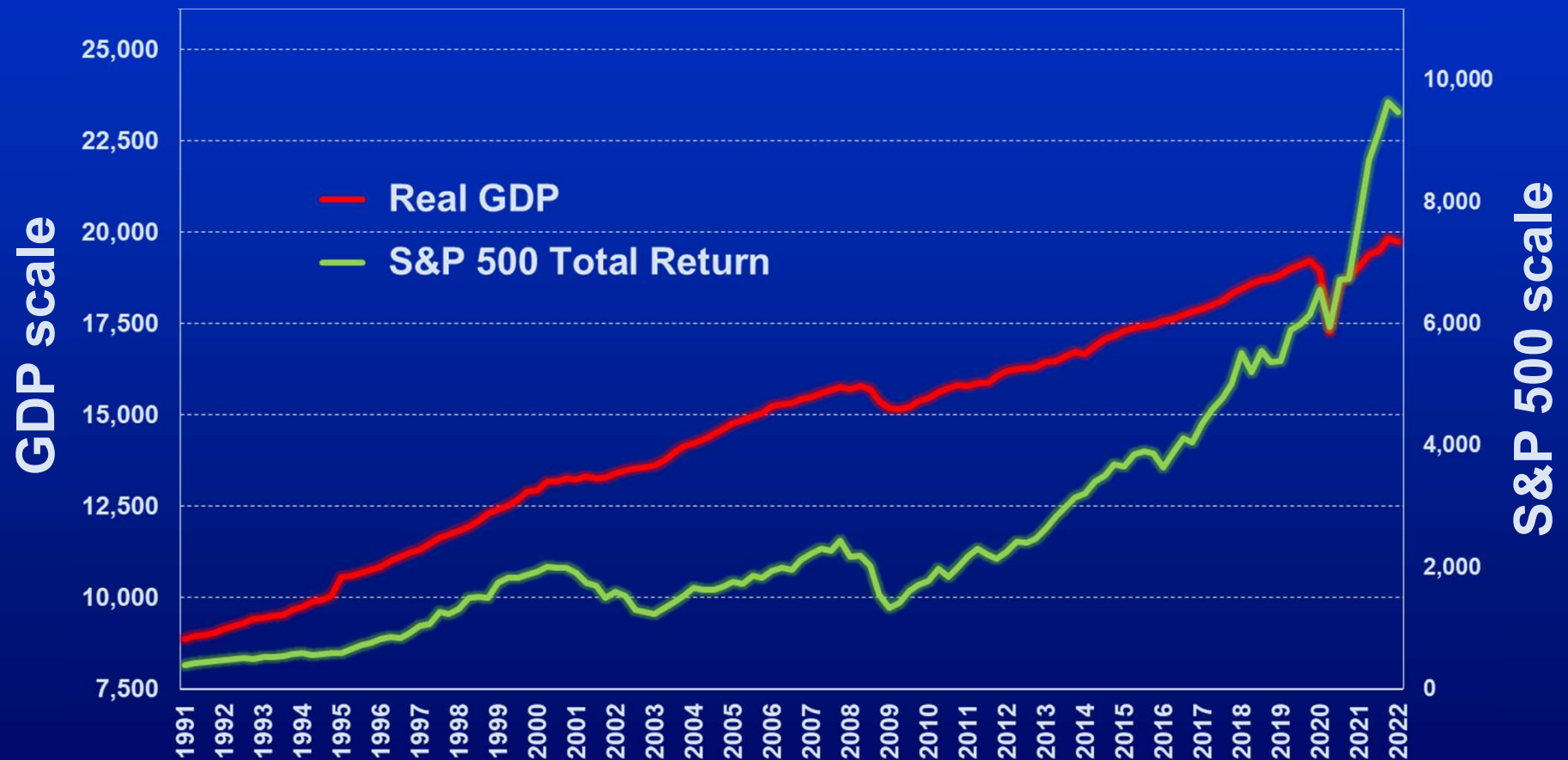


Data Source: Yahoo Finance

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)

EPD Enterprise Products Partn NYSE + BATS

© StockCharts.com

19-May-2022 1:55pm

Open 26.15 High 26.96 Low 26.04 Last 26.45 Volume 25.5M Chg +0.37 (+1.42%) ▲

— EPD (Weekly) 26.45

▒ Volume 25,512,780



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%) ▲

— XOM (Weekly) 91.18

Volume 118,242,552



Dow, Inc.(DOW)

DOW Dow Holdings Inc. NYSE + BATS

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20-May-2022 3:26pm

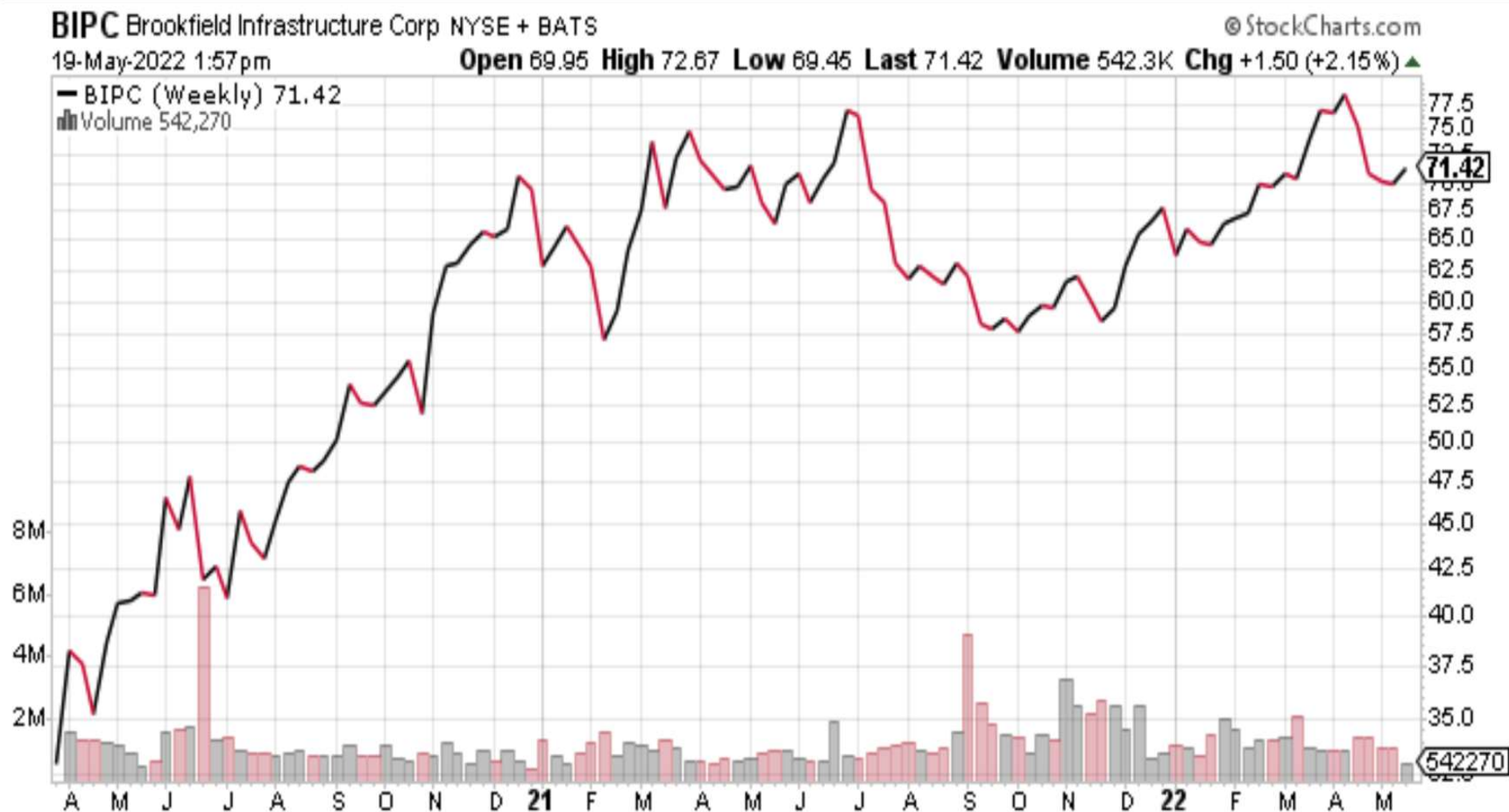
Open 67.31 **High** 70.38 **Low** 66.68 **Last** 67.26 **Volume** 21.3M **Chg** -0.30 (-0.44%) ▼

— DOW (Weekly) 67.26

▒ Volume 21,250,534



Brookfield Infrastructure Corporation (BIPC)



SPDR Gold Shares ETF (GLD)

GLD SPDR Gold Shares NYSE + BATS

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19-May-2022 1:59pm

Open 168.43 High 172.52 Low 168.34 Last 171.81 Volume 28.5M Chg +3.02 (+1.79%) ▲

— GLD (Weekly) 171.81

▒ Volume 28,513,234



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%) ▲



Main Street Capital Corporation (MAIN)

MAIN Main Street and Main Inc. NYSE + BATS

© StockCharts.com

19-May-2022 1:53pm

Open 37.75 **High** 39.30 **Low** 37.28 **Last** 37.28 **Volume** 1.1M **Chg** -0.54 (-1.43%) ▼

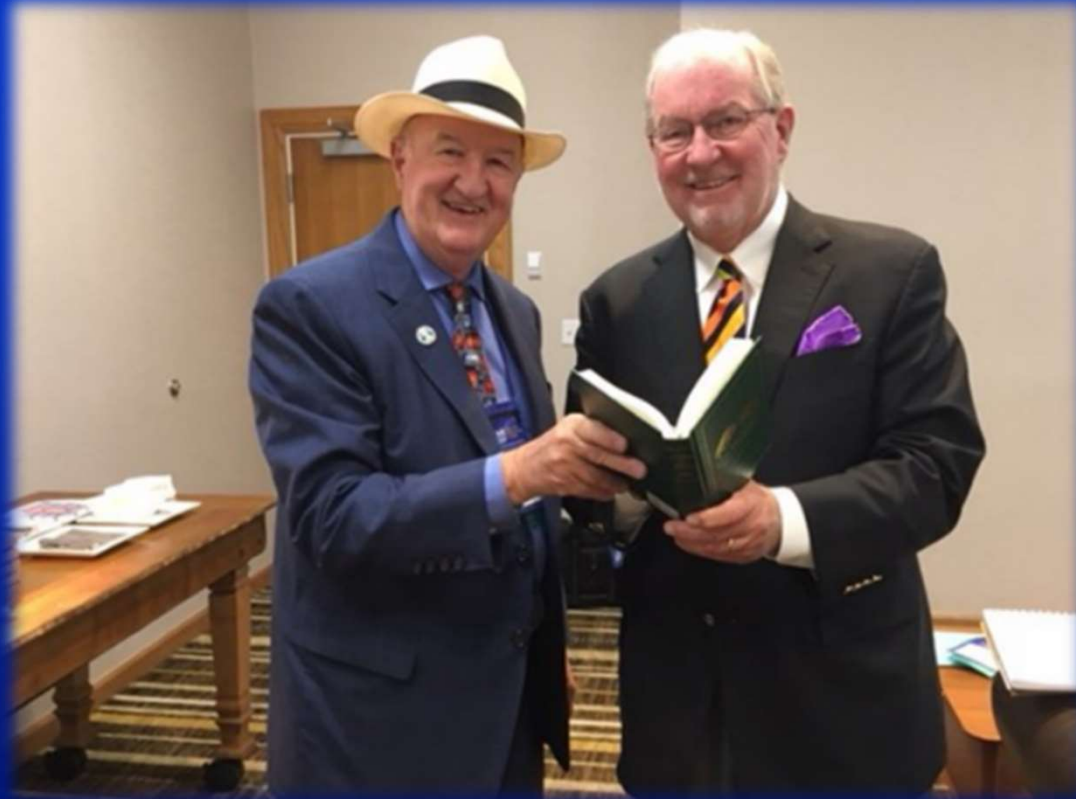
— MAIN (Weekly) 37.28

■ Volume 1,070,323



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– Dennis Gartman

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– **Alex Green**

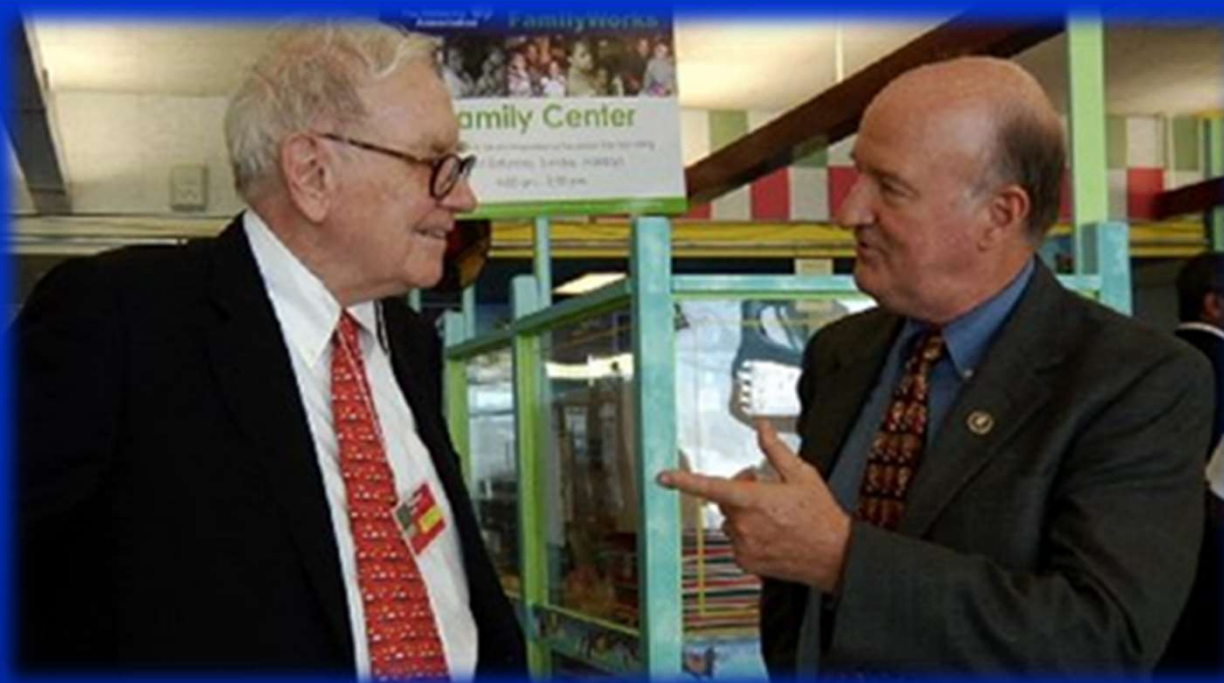
“Love your book! Getting rich is easy if you follow three rules: spend less, save more, and invest the rest.”

– **Kevin O'Leary**



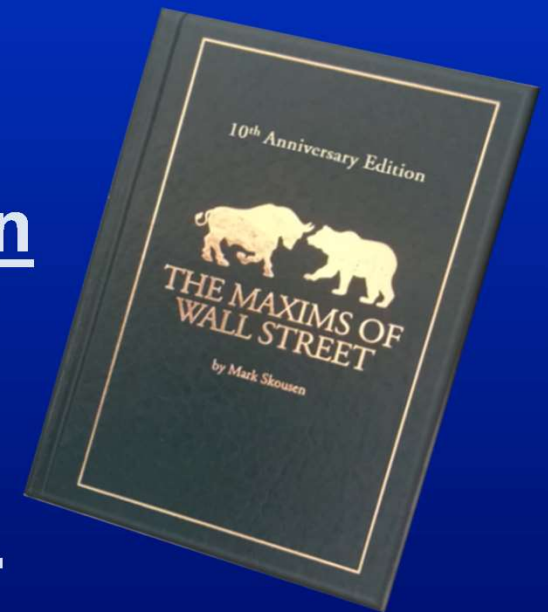
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– Kim Githler,
President, Money Show



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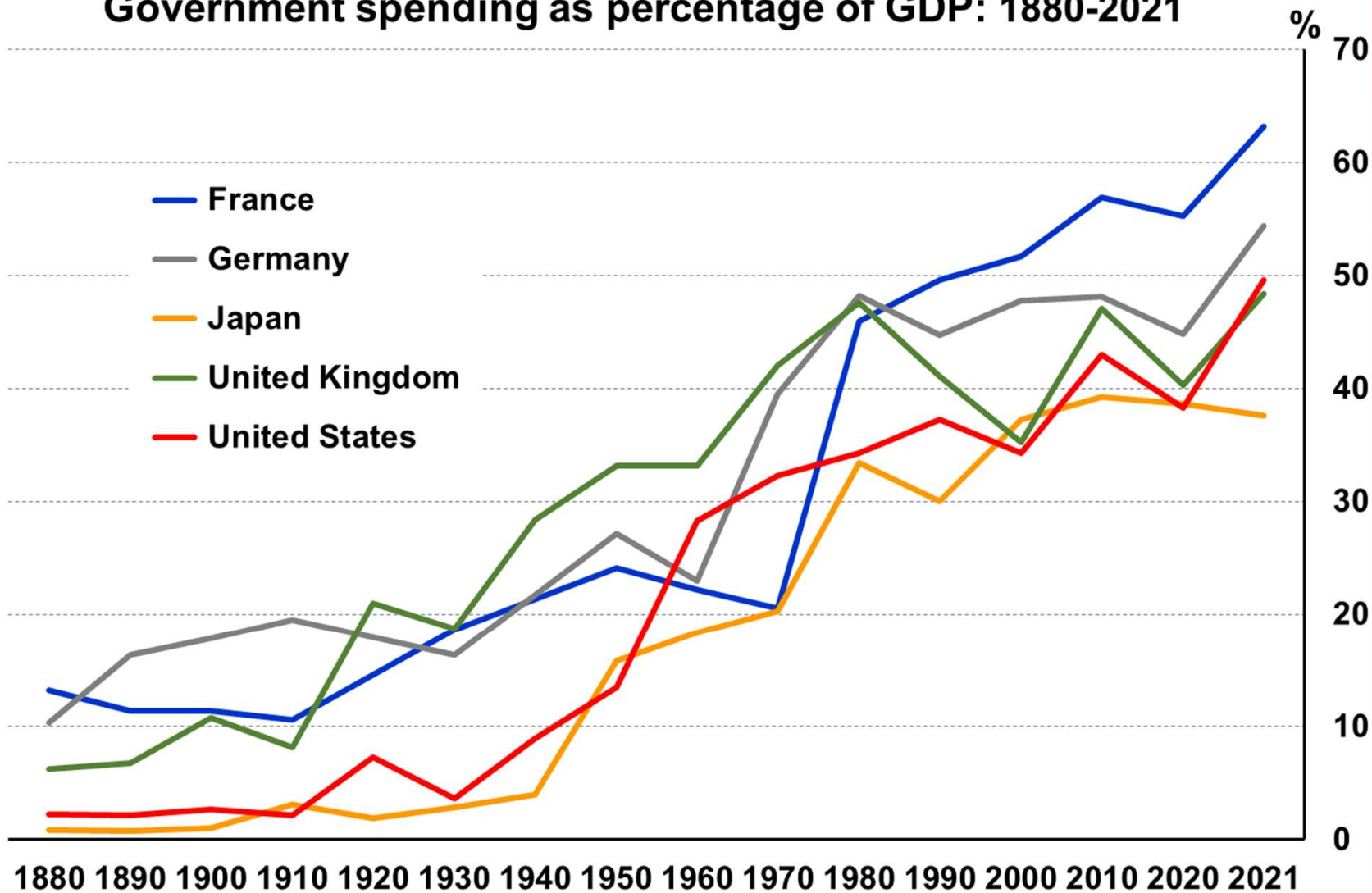
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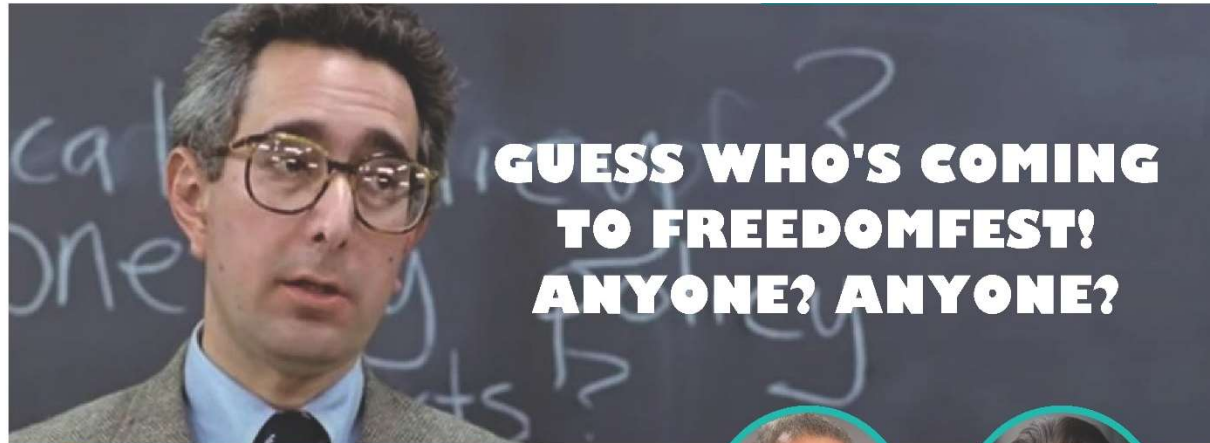
Our Challenge in "Turning the Tide"

Government spending as percentage of GDP: 1880-2021



Data source: International Monetary Fund (IMF)

Graph: Ned Piplovic



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Art Laffer on "voodoo" economics!



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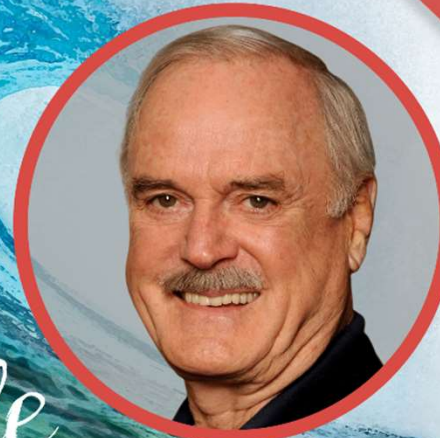
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FreedomWorks



Jim Rogers
Author
Investment Expert



Alex Green
Chief Investment Strategist
The Oxford Club

KEYNOTE SPEAKERS



Dave Smith
Host, Part of the
Problem



Spike Cohen
2020 LP VP
Candidate



Magatte Wade
CEO
SkinsSkin.com



Glenn Greenwald
Independent
Journalist



Zuby
Rapper
and Author



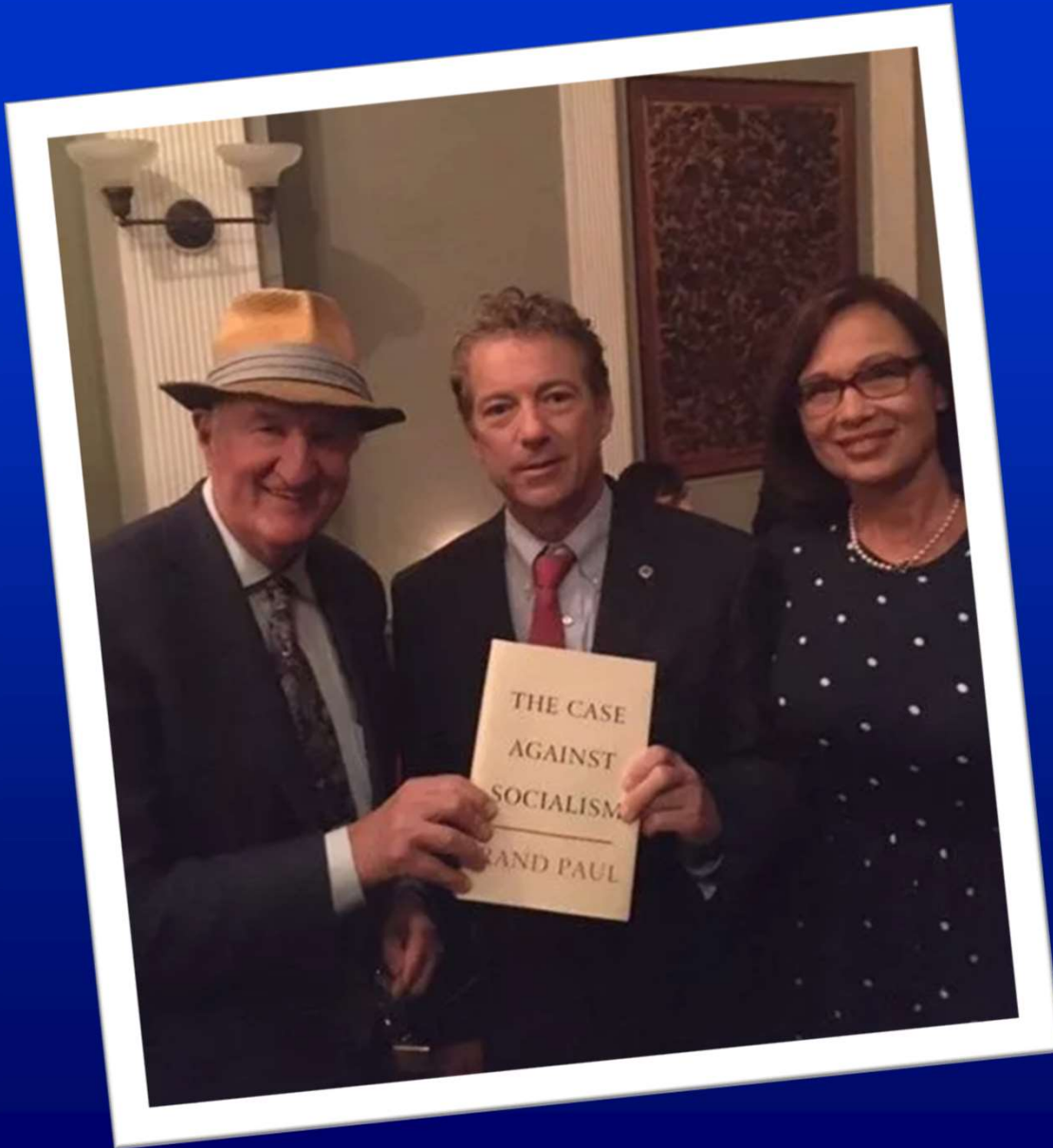
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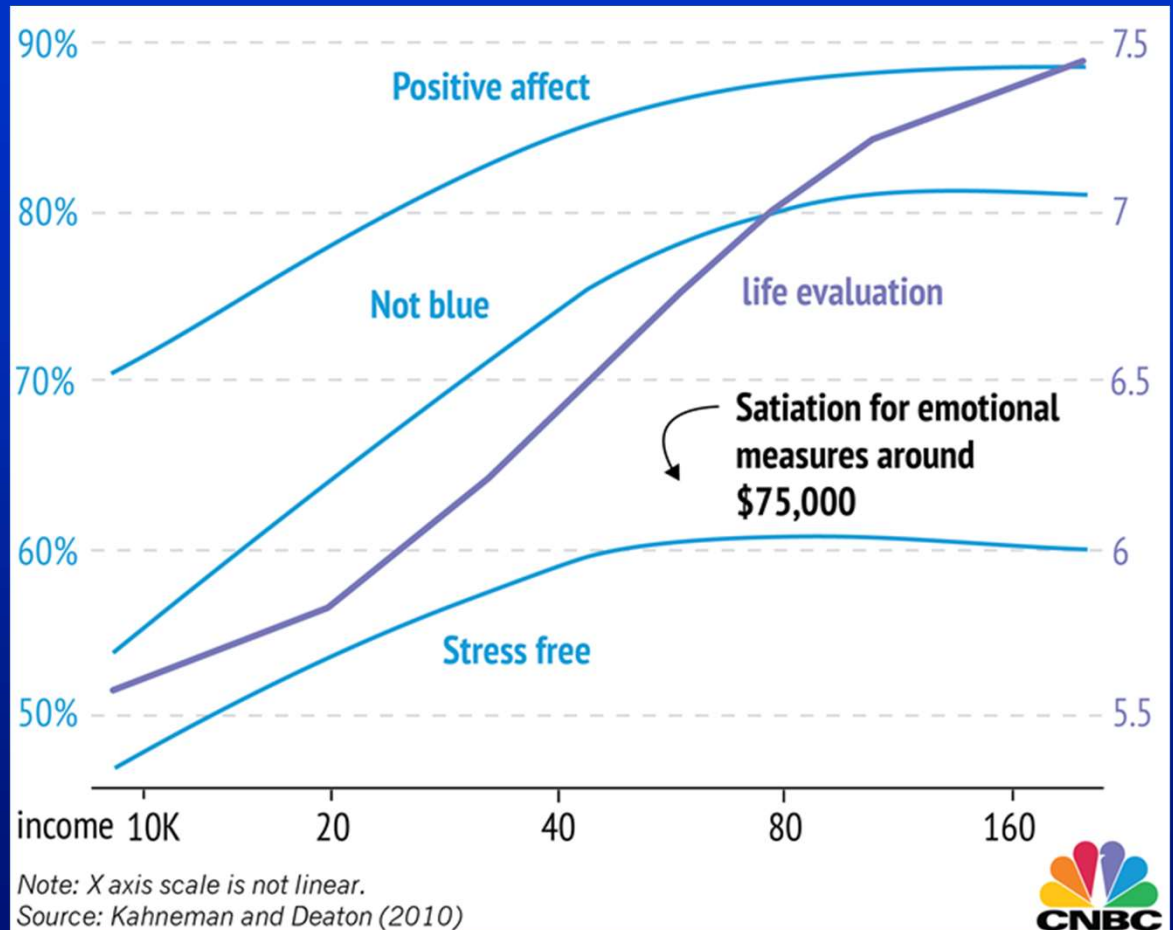
**Senator
Rand
Paul**

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**