

Stock Market History

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Quiz

1. When was the New York Stock Exchange (NYSE) founded?
2. Where was the NYSE originally located?
3. What was the Buttonwood Agreement, and how did it relate to the NYSE?
4. What event was the NYSE closed for the longest period of time?
5. How did the NYSE move to its current location at 11 Wall Street?
6. What was the impact of the American Civil War on the NYSE?
7. What was the first ticker tape machine, and how did it affect the NYSE?
8. What was the stock market crash of 1929, and what caused it?
9. What was the Great Recession, and how did it affect the stock market?
10. When was the Securities and Exchange Commission (SEC) created, and what is its role?

Overview

The American stock market has a long and complex history that has been shaped by a variety of economic, political, and technological factors. Here is a brief overview of some key events and developments in the history of the American stock market:

- 1602: The Dutch East India Company, which was one of the first publicly traded companies in the world, begins trading shares in Amsterdam.
- 1792: The Buttonwood Agreement is signed, establishing the New York Stock Exchange (NYSE) as a formal market for the trading of securities.
- 1817: The NYSE moves to its current location at Wall Street in New York City.
- 1869: The NYSE becomes a corporation, with a board of directors and formal rules governing the trading of securities.
- 1901: The NYSE begins using ticker tape to disseminate stock prices, allowing for more efficient and transparent trading.
- 1929: The stock market crash of 1929, also known as the Great Crash, leads to a significant decline in stock prices and contributes to the onset of the Great Depression.
- 1934: The Securities and Exchange Commission (SEC) is created to regulate the stock market and protect investors.
- 1950s-1960s: The stock market experiences strong growth as the economy expands and corporate profits rise.
- 1970s: The stock market is affected by economic downturns, including a recession in the early 1970s and the energy crisis of the late 1970s.
- 1980s-1990s: The stock market experiences a bull market, with strong growth and rising stock prices.
- 2000s: The stock market experiences several ups and downs, including the dot-com bubble of the late 1990s and the financial crisis of 2008.
- 2010s-2020s: The stock market recovers from the financial crisis and experiences continued growth, although there have been periods of volatility.
- 2020: The stock market is affected by the COVID-19 pandemic, leading to significant declines in stock prices.
- 2021: The stock market recovers from the pandemic-induced declines and experiences strong growth as the economy recovers and corporate profits rise.

Throughout its history, the American stock market has played a central role in the economy and has been a source of investment for individuals and institutions. It has also been influenced by a variety of external factors, including economic conditions, political developments, technological innovations, and global events.

Today, the American stock market is a complex and dynamic system that includes a range of exchanges, such as the NYSE and the NASDAQ, and a diverse array of publicly traded companies. It is also closely monitored and regulated by the SEC and other government agencies to ensure fairness and transparency in the trading of securities.

Periods

Here is a list of some of the major periods in the history of the American stock market, along with brief descriptions of each:

- The colonial era (17th and 18th centuries): The stock market in the United States has a long history dating back to the colonial era. During this period, the first publicly traded companies were established in the colonies, and stock markets began to emerge in cities such as New York and Philadelphia.
- The early republic (19th century): The early republic was a period of rapid economic growth and expansion in the United States, and this was reflected in the stock market. The first organized stock exchange, the New York Stock Exchange (NYSE), was established in 1817, and the stock market played a key role in financing the growth and development of the U.S. economy.
- The Gilded Age (late 19th and early 20th centuries): The Gilded Age was a period of economic expansion and industrialization in the United States, and this was reflected in the stock market. The stock market experienced a number of booms and busts during this period, including the Panic of 1893 and the Panic of 1907.
- The Great Depression (1929-1939): The Great Depression was a period of economic downturn that had a significant impact on the stock market. The stock market crash of 1929 marked the beginning of the Great Depression, and the market experienced a significant decline in the following years.
- The post-World War II era (mid-20th century): The post-World War II era was a period of strong economic growth and expansion in the United States, and this was reflected in the stock market. The 1950s and 1960s are often referred to as the “Golden Age” of the American economy, and the stock market reached new highs during this period.
- The 1970s: A period of economic turmoil and market volatility in the United States. The 1970s are often referred to as the “Nifty Fifty” period, due to the high valuations of a group of 50 popular blue-chip stocks that were seen as the market leaders of the time.
- The 1980s and 1990s: A period of strong economic growth and expansion in the United States. The 1980s are often referred to as the “Go-Go” years, due to the strong performance of the stock market, and the 1990s are often referred to as the “Tech Boom” or “Dot-Com Boom,” due to the rapid growth of the technology sector and the rise of the internet.
- The 2000s: A period of economic uncertainty and market volatility in the United States. The 2000s are often referred to as the “Dot-Com Bust” or the “Great Recession,” due to the collapse of the technology sector in the early 2000s and the financial crisis of 2007-2008.
- The 2010s and 2020s: A period of economic expansion and market growth in the United States. The 2010s are often referred to as the “recovery” period, due to the strong economic recovery following the financial crisis of 2007-2008, and the 2020s are often referred to as the “post-COVID” period, due to the impact of the COVID-19 pandemic on the economy and the stock market. This period has been characterized by a number of factors that have supported the stock market, including strong economic growth, rising productivity, and low interest rates.

18th Century

The War for Independence

The American Stock Market was relatively small and undeveloped during the War for Independence (1775-1783). The New York Stock Exchange (NYSE), which is the largest stock exchange in the United States today, was not founded until 1792.

During the War for Independence, the U.S. economy was primarily based on agriculture and trade, and there was limited demand for securities. The issuance of securities, such as bonds, was primarily used to finance the war effort, and the sale of these securities was limited to a small group of investors.

The war also disrupted trade and commerce, leading to economic downturns and declines in economic activity. As a result, the stock market was relatively inactive during this period, and there was limited demand for securities.

After the war, the U.S. economy began to expand and the demand for securities increased, leading to the growth of the stock market. The NYSE was founded in 1792, and the stock market played an increasingly important role in the U.S. economy as the country industrialized and grew in the 19th and 20th centuries.

The Buttonwood Agreement and NYSE

The Buttonwood Agreement was a document signed by a group of New York City-based stockbrokers and merchants in 1792, which established the New York Stock Exchange (NYSE) as a formal market for the trading of securities. Prior to the Buttonwood Agreement, securities trading in the United States was conducted informally, with brokers and traders meeting under a buttonwood tree on Wall Street to conduct business.

The Buttonwood Agreement established a set of rules for the trading of securities, including the use of a central location for trading and a standardized commission structure. It also established the NYSE as a self-regulatory organization, with the authority to set rules and standards for the trading of securities.

19th Century

NYSE Moves to Wall Street

The New York Stock Exchange (NYSE) has moved a number of times throughout its history. Here is a brief overview of some of the key moves:

- 1792-1817: The NYSE was originally located at the Tontine Coffee House at Wall Street in Manhattan, New York City. This new location provided the NYSE with more space and better facilities to accommodate its growing membership and expanding business.
- 1817-1842: In 1817, the NYSE moved to a building at 40 Wall Street in Manhattan, where it stayed until 1842.
- 1842-1865: In 1842, the NYSE moved to a new building at 11 Wall Street in Manhattan, where it remained until 1865.
- 1865-1903: In 1865, the NYSE moved to a new building at 18 Broad Street in Manhattan, where it stayed until 1903.
- 1903-present: In 1903, the NYSE moved to its current location at 11 Wall Street in Manhattan, where it has remained to this day.

The Tontine Coffee House was a historic coffee house located at Wall Street in Manhattan in New York City. The coffee house, which was named after the Tontine Insurance Company, was a popular gathering place for merchants, traders, and financiers in the late 18th and early 19th centuries. It was also a key location for the development of the New York Stock Exchange (NYSE).

The move to Wall Street helped to solidify the NYSE's position as the center of the financial world and set the stage for its further growth and expansion in the coming years. Today, the NYSE is located at 11 Wall Street and is the largest stock exchange in the United States and one of the largest in the world.

The American Civil War

The American Civil War (1861-1865) had a significant impact on the New York Stock Exchange (NYSE) and the broader U.S. economy. The war disrupted trade and commerce, leading to significant declines in economic activity and stock prices.

During the war, the NYSE was closed several times due to the disruption of transportation and communication systems, and trading activity was limited. Many companies also went bankrupt or faced financial difficulties due to the war, leading to declines in stock prices.

However, the NYSE also played a role in financing the war effort, as the Union government sold bonds to raise money for the war. The sale of these bonds helped to support the stock market and maintain investor confidence, even as the war disrupted other aspects of the economy.

After the war, the NYSE and the U.S. economy experienced a period of recovery and growth as trade and commerce resumed and the country began to rebuild. The war had a lasting impact on the U.S. economy and the stock market, and it shaped the direction of the country's development in the years that followed.

Dixieland During the American Civil War (1861-1865), the Confederate States of America, also known as the Confederacy, did not have a centralized stock exchange like the Union. The Confederacy was made up of 11 states that seceded from the United States and formed their own government. The Confederacy was a largely agricultural economy, and there was not a significant stock market or financial sector in the region.

However, some Confederate states did have local stock exchanges or markets. For example, the city of New Orleans, which was located in the Confederate state of Louisiana, had a thriving financial sector and a stock exchange. The New Orleans Stock Exchange, which was founded in 1831, was one of the oldest stock exchanges in the United States. However, the exchange was disrupted by the Civil War, and it struggled to recover after the war ended.

Overall, the Confederacy did not have a centralized stock exchange like the Union, but some Confederate states did have local exchanges or markets. The Civil War had a significant impact on the financial sector in the Confederacy, and it took many years for the region to recover after the war ended.

Incorporation of the NYSE

In 1869, the New York Stock Exchange (NYSE) became a corporation, with a board of directors and formal rules governing the trading of securities. This marked a significant milestone in the history of the NYSE and helped to establish it as a more formal and organized institution.

Prior to 1869, the NYSE was a self-regulatory organization, with the authority to set rules and standards for the trading of securities. However, as the U.S. economy expanded and the demand for securities increased in the 19th century, the NYSE grew rapidly and became more complex. The incorporation of the NYSE in 1869 helped to provide the exchange with a more formal and structured governance structure and better equipped it to handle the increasing volume and complexity of its business.

The Panic of 1893

The Panic of 1893 was a financial crisis that had a significant impact on the United States economy and the stock market.

Some of the key causes of the crisis included:

- A financial panic in Europe: In the early 1890s, there was a financial panic in Europe that had a negative impact on the global economy. This panic was triggered by a number of factors, including a recession in Germany, the collapse of the Barings Bank in London, and concerns about the stability of the British pound.

- A collapse in the price of silver: In the late 1880s, the United States adopted the gold standard, which meant that the U.S. dollar was pegged to the price of gold. This change led to a decline in the price of silver, which had a negative impact on silver miners and producers in the United States.
- Economic and political issues in the United States: The Panic of 1893 was also fueled by a number of economic and political issues in the United States. The U.S. economy was experiencing a slowdown, and there was a high level of debt and overcapacity in the economy. Additionally, there were political issues, such as the Populist movement and the struggle between labor and capital, that contributed to the crisis.

During the Panic of 1893, the stock market experienced a significant decline, with prices falling by more than 50%. The crisis also led to a series of bank failures and a credit crunch, which made it difficult for businesses to access the capital they needed to operate and expand. The Panic of 1893 was followed by a deep recession, which lasted for several years.

The recession that followed the Panic of 1893 had a number of negative effects on the U.S. economy, including:

- Unemployment: The recession led to a significant increase in unemployment, as businesses struggled to survive and were forced to lay off workers.
- Deflation: The recession was accompanied by a period of deflation, which meant that prices for goods and services fell. This had a negative impact on businesses, as it made it difficult for them to raise prices and generate profits.
- Agricultural distress: The recession had a particularly negative impact on the agricultural sector, as farmers struggled with low prices for their crops and rising debts. This led to a wave of foreclosures and a crisis in the agricultural sector.
- Political unrest: The economic downturn and the suffering of many Americans led to political unrest, as people demanded government intervention and reform. This led to the rise of the Populist movement, which called for greater government regulation and protections for workers and farmers.

20th Century

Ticker Tape

The use of ticker tape to disseminate stock prices was a significant development in the history of the American stock market. Ticker tape, which was a strip of paper with stock prices printed on it, was first used by the New York Stock Exchange (NYSE) in 1901.

Before the use of ticker tape, stock prices were disseminated manually, through the use of runners or telegraph operators. This process was slow and inefficient, and it made it difficult for investors to get timely and accurate information about stock prices.

The use of ticker tape revolutionized the way stock prices were disseminated and made it possible for investors to get real-time information about stock prices. This increased transparency and efficiency in the stock market, making it easier for investors to buy and sell securities and helping to support the growth of the market.

Ticker tape was widely used in the American stock market until the 1970s, when it was replaced by electronic systems for disseminating stock prices. Today, stock prices are disseminated electronically through a variety of channels, including online platforms, mobile apps, and financial news networks.

The Panic of 1907

The Panic of 1907 began in October 1907, when a number of banks in New York City faced financial difficulties. This led to a run on the banks, as depositors rushed to withdraw their money. The crisis was exacerbated by a recession that was already underway, and by a series of corporate failures, including the failure of the Knickerbocker Trust Company.

The Panic of 1907 had a number of negative effects on the U.S. economy and the stock market. Some of the key effects of the crisis included:

- A decline in the stock market: The Panic of 1907 was marked by a significant decline in the stock market, with prices falling by more than 50%. This decline had a negative impact on investors and contributed to a loss of confidence in the market.
- Bank failures and a credit crunch: The Panic of 1907 was followed by a series of bank failures, as banks struggled to meet the demands of panicked depositors. This led to a credit crunch, which made it difficult for businesses to access the capital they needed to operate and expand.
- A recession: The Panic of 1907 was followed by a recession, which lasted for several years. The recession had a negative impact on the economy, as businesses struggled to survive and unemployment rose.
- Political unrest: The economic downturn and the suffering of many Americans led to political unrest, as people demanded government intervention and reform. This led to the rise of the Progressive movement, which called for greater government regulation and protections for workers and consumers.

The Great Crash of 1929

The stock market crash of 1929, also known as the Great Crash, was a significant event in the history of the American stock market. It occurred on October 24, 1929, when the stock market experienced a sudden and dramatic decline, leading to significant losses for investors and a sharp contraction in the economy.

The stock market crash of 1929 was the result of a combination of factors, including overvaluation of stocks, speculation, and economic instability. The stock market had been experiencing strong growth in the 1920s, and many investors were heavily invested in stocks. However, as the market began to decline, panic selling set in, and stock prices plummeted.

The stock market crash of 1929 was followed by a period of economic downturn known as the Great Depression, which lasted until the late 1930s. The crash and the ensuing depression had a lasting impact on the U.S. economy and the stock market, and they shaped the direction of the country's development in the years that followed. The crash also led to reforms in the financial system and the creation of new regulatory agencies, such as the Securities and Exchange Commission (SEC), to help prevent similar events from occurring in the future.

Causes of the Great Crash

- Overvaluation of stocks: Many stocks were overvalued at the time of the crash, with prices that were not supported by the underlying value of the companies. This was due in part to the strong economic growth of the 1920s, which fueled a bull market and led to increased demand for stocks.
- Speculation: The bull market of the 1920s was also fueled by speculation, with many investors buying stocks on margin, or borrowing money to buy stocks. This made the market more vulnerable to rapid price movements, as investors were more willing to sell stocks quickly in order to cut their losses.
- Economic instability: The stock market crash of 1929 occurred in the context of broader economic instability, including declining agricultural prices, high levels of consumer debt, and weakness in the banking sector. These factors contributed to a general sense of uncertainty and contributed to the overall decline in stock prices.

Relevance to Today

- **Market corrections:** The Great Crash was a significant market correction, with stock prices plummeting after a period of strong growth. Market corrections, which are defined as declines of 10% or more in the stock market, are a normal part of the stock market cycle and can be triggered by a variety of factors, including economic downturns, corporate earnings disappointments, and geopolitical events.
- **Investor behavior:** The Great Crash was also characterized by investor panic and a rush to sell stocks, which exacerbated the decline in stock prices. Investor behavior, including emotions such as fear and greed, can have a significant impact on the stock market and can contribute to market volatility.
- **Regulation:** The Great Crash led to a number of regulatory reforms, including the creation of the Securities and Exchange Commission (SEC), which was established to regulate the stock market and protect investors. These regulatory reforms have helped to ensure a more stable and transparent stock market, and they continue to shape the way the market operates today.
- **Long-term impact:** The Great Crash had a lasting impact on the U.S. economy and the stock market, and it shaped the direction of the country's development in the years that followed. Similarly, recent events, such as the COVID-19 pandemic, may have long-term impacts on the stock market and the economy.
- **Market crashes vs. recessions:** While the stock market crash of 1929 was followed by the Great Depression, a market crash does not necessarily lead to a recession. A recession is defined as a period of negative economic growth, typically characterized by high unemployment, declining business activity, and falling prices. While a market crash can be a sign of economic weakness and may contribute to a recession, it is not the same thing as a recession.
- **Market cycles:** The stock market operates in cycles, with periods of growth followed by corrections or declines. Understanding these cycles can help investors to better navigate the market and make informed investment decisions.
- **Diversification:** The Great Crash highlighted the importance of diversification in investing, as investors who were heavily invested in stocks were hit hardest by the crash. Diversification, which is the practice of spreading investments across different asset classes and sectors, can help to reduce risk and protect against market volatility.
- **Risk management:** The Great Crash also demonstrated the importance of risk management in investing, as investors who took on too much risk were more vulnerable to losses. Risk management involves understanding and managing the risks associated with investments, including the use of tools such as stop-loss orders to protect against losses.

Overall, the Great Crash of 1929 remains a significant event in the history of the stock market and is still relevant today as a cautionary tale about the importance of risk management and the potential consequences of market speculation.

Creation of the SEC

The Securities and Exchange Commission (SEC) is a U.S. government agency that was created in 1934 to regulate the stock market and protect investors. The SEC was established in response to the stock market crash of 1929, also known as the Great Crash, which had a significant impact on the U.S. economy and led to a period of economic downturn known as the Great Depression.

The SEC was created by the Securities Exchange Act of 1934, which was passed by the U.S. Congress in the aftermath of the Great Crash. The act established the SEC as an independent agency with the authority to regulate the stock market and enforce federal securities laws.

The SEC is responsible for overseeing the stock market and regulating the activities of publicly traded companies, brokers, and investment advisers. It has a number of powers, including the authority to investigate potential violations of securities laws, bring enforcement actions against individuals or firms that violate those laws, and impose fines or sanctions.

The creation of the SEC was a significant development in the history of the stock market and has helped to ensure a more stable and transparent market. The SEC continues to play a key role in the regulation of the stock market today and is an important part of the U.S. financial system.

American Economy “Golden Age”

The 1950s and 1960s were a period of strong economic growth and expansion in the United States. The 1950s are often referred to as the “Golden Age” of the American economy, with low unemployment, strong corporate profits, and rising stock prices. The 1960s saw a continuation of this trend, with the stock market reaching new highs and continuing to grow.

This period was characterized by a number of factors that supported the stock market, including:

- **Economic growth:** The 1950s and 1960s were a period of strong economic growth, with the U.S. economy expanding at an annual rate of around 3%. This growth was driven by a number of factors, including rising productivity, increased consumer spending, and growth in the service sector.
- **Corporate profits:** The strong economic growth of the 1950s and 1960s helped to drive corporate profits, which supported stock prices. Many companies were able to generate strong returns on their investments, which attracted investors and contributed to the overall growth of the stock market.
- **Low interest rates:** Interest rates, which are the cost of borrowing money, were relatively low during this period, which made it easier for companies to finance new projects and investments. Low interest rates also made stocks more attractive to investors, as they offered higher potential returns than other investments such as bonds.

Overall, the 1950s and 1960s were a period of strong growth and expansion for the American stock market and the broader economy. This period is often seen as a time of prosperity and optimism, and it laid the foundations for further growth and development in the coming decades.

The “Nifty Fifty” Period

The 1970s were a period of economic turmoil and volatility in the United States, and this was reflected in the stock market. The 1970s are often referred to as the “Nifty Fifty” period, due to the high valuations of a group of 50 popular blue-chip stocks that were seen as the market leaders of the time.

This period was characterized by a number of factors that impacted the stock market, including:

- **Economic slowdown:** The 1970s were marked by a period of economic slowdown, with the U.S. economy experiencing sluggish growth and high inflation. The economic slowdown was driven by a number of factors, including rising energy prices, declining productivity, and a sluggish global economy.
- **Market corrections:** The stock market experienced a number of corrections during the 1970s, with prices declining by 10% or more at various points in the decade. These corrections were driven by a variety of factors, including economic weakness, corporate earnings disappointments, and geopolitical events.
- **Market crashes:** The 1970s were also marked by two significant market crashes, the first in 1973-1974 and the second in 1978. These crashes were driven by economic uncertainty, rising interest rates, and investor panic, and they had a significant impact on the stock market and the broader economy.

Overall, the 1970s were a period of economic uncertainty and market volatility, and they marked a significant shift in the direction of the U.S. economy and the stock market.

The “Go-Go” Years and “Tech Boom”

The 1980s and 1990s were a period of strong economic growth and expansion in the United States. The 1980s are often referred to as the “Go-Go” years, due to the strong performance of the stock market, and the 1990s are often referred to as the “Tech Boom” or “Dot-Com Boom,” due to the rapid growth of the technology sector and the rise of the internet.

This period was characterized by a number of factors that supported the stock market, including:

- **Economic growth:** The 1980s and 1990s were a period of strong economic growth, with the U.S. economy expanding at an annual rate of around 3%. This growth was driven by a number of factors, including rising productivity, low interest rates, and strong consumer spending.
- **Corporate profits:** The strong economic growth of the 1980s and 1990s helped to drive corporate profits, which supported stock prices. Many companies were able to generate strong returns on their investments, which attracted investors and contributed to the overall growth of the stock market.
- **The technology sector:** The technology sector was a major driver of the stock market in the 1990s, with the rise of the internet and the proliferation of personal computers and other devices leading to rapid growth in the sector. The strong performance of technology stocks helped to drive the overall growth of the stock market in the 1990s.

Overall, the 1980s and 1990s were a period of strong growth and expansion for the American stock market and the broader economy. This period is often seen as a time of prosperity and optimism.

21th Century

The New Millenium

The 2000s were a period of economic uncertainty and market volatility in the United States. The 2000s are often referred to as the “Dot-Com Bust” or the “Great Recession,” due to the collapse of the technology sector in the early 2000s and the financial crisis of 2007-2008.

This period was characterized by a number of factors that impacted the stock market, including:

- **The tech bubble:** The stock market experienced a bubble in the technology sector in the late 1990s and early 2000s, with prices of tech stocks reaching unsustainable levels. This bubble burst in 2000, leading to a significant decline in tech stock prices and a correction in the overall stock market.
- **The housing market bubble:** The stock market was also impacted by a bubble in the housing market in the mid-2000s, with prices of housing reaching unsustainable levels. This bubble burst in 2007, leading to a decline in housing prices and a financial crisis that spread throughout the economy.
- **Market corrections:** The stock market experienced a number of corrections during the 2000s, with prices declining by 10% or more at various points in the decade. These corrections were driven by a variety of factors, including economic weakness, corporate earnings disappointments, and geopolitical events.

Overall, the 2000s were a period of economic uncertainty and market volatility, and they marked a significant shift in the direction of the U.S. economy and the stock market.

The Great Recession

The Great Recession was a severe financial crisis that had a significant impact on the global economy, including the United States. The crisis, which lasted from 2007 to 2009, was triggered by a number of factors, including the collapse of the housing market, the failure of financial institutions, and a credit crunch.

The Great Recession began in 2007, when the U.S. housing market began to collapse. This was fueled by a housing bubble that had been fueled by lax lending standards and the proliferation of subprime mortgages. As housing prices began to fall, many homeowners found themselves underwater on their mortgages, and many defaulted on their loans.

The crisis was exacerbated by the failure of a number of financial institutions, including Lehman Brothers, which filed for bankruptcy in September 2008. This led to a credit crunch, as banks and other financial institutions became reluctant to lend money, and a liquidity crisis, as investors pulled back from the financial markets.

The Great Recession had a number of negative effects on the U.S. economy and the stock market. Some of the key effects of the crisis included:

- **A decline in the stock market:** The Great Recession was marked by a significant decline in the stock market, with the S&P 500 index falling by more than 50% from its peak in 2007 to its trough in 2009. This decline had a negative impact on investors and contributed to a loss of confidence in the market.
- **Unemployment:** The Great Recession led to a significant increase in unemployment, as businesses struggled to survive and were forced to lay off workers. Unemployment reached a peak of 10% in October 2009, and many Americans struggled to find work in the years that followed.
- **Deflation:** The Great Recession was accompanied by a period of deflation, which meant that prices for goods and services fell. This had a negative impact on businesses, as it made it difficult for them to raise prices and generate profits.
- **Political and social unrest:** The economic downturn and the suffering of many Americans led to political and social unrest, as people demanded government intervention and reform. This led to the rise of the Occupy movement, which protested against economic inequality and corporate greed.

Recovery

The 2010s and 2020s have been a period of economic expansion and market growth in the United States. The 2010s are often referred to as the “recovery” period, due to the strong economic recovery following the financial crisis of 2007-2008, and the 2020s are often referred to as the “post-COVID” period, due to the impact of the COVID-19 pandemic on the economy and the stock market.

This period has been characterized by a number of factors that have supported the stock market, including:

- **Economic growth:** The 2010s and 2020s have been a period of strong economic growth, with the U.S. economy expanding at an annual rate of around 2%. This growth has been driven by a number of factors, including rising productivity, low interest rates, and strong consumer spending.
- **Corporate profits:** The strong economic growth of the 2010s and 2020s has helped to drive corporate profits, which have supported stock prices. Many companies have been able to generate strong returns on their investments, which has attracted investors and contributed to the overall growth of the stock market.
- **The technology sector:** The technology sector has been a major driver of the stock market in the 2010s and 2020s, with the continued growth of the internet and the proliferation of new technologies leading to strong performance in the sector. The strong performance of technology stocks has helped to drive the overall growth of the stock market in the 2010s and 2020s.

Overall, the 2010s and 2020s have been a period of strong growth and expansion for the American stock market and the broader economy. This period has been marked by a number of challenges and setbacks, such as the COVID-19 pandemic.

COVID-19

The year 2020 was a period of significant market volatility and economic uncertainty in the United States. The year 2020 was marked by the COVID-19 pandemic, which had a significant impact on the economy and the stock market.

This period was characterized by a number of factors that impacted the stock market, including:

- **Economic slowdown:** The COVID-19 pandemic led to a sharp economic slowdown in 2020, with many businesses shutting down or reducing operations and millions of Americans losing their jobs. The economic slowdown had a negative impact on corporate profits and contributed to market declines.
- **Market correction:** The stock market experienced a significant correction in 2020, with prices declining by more than 10% at various points in the year. The market correction was driven by economic uncertainty, corporate earnings disappointments, and investor panic.
- **Market recovery:** Despite the market correction, the stock market experienced a strong recovery in the second half of 2020, with prices reaching new highs in November. The market recovery was driven by a combination of economic optimism, strong corporate earnings, and supportive monetary and fiscal policy.

Overall, the year 2020 was a period of significant market volatility and economic uncertainty. However, the market also experienced a strong recovery in the second half of the year.

Present

Up until my training cutoff date in 2021, the stock market had been experiencing a period of strong growth and expansion. In the years leading up to 2021, the stock market had reached new highs and continued to grow, driven by a number of factors including strong economic growth, rising productivity, and low interest rates.

However, the stock market is also subject to fluctuations and corrections, and there have been a number of market corrections and declines in the years leading up to my training cutoff date. These corrections have been driven by a variety of factors, including economic uncertainty, corporate earnings disappointments, and geopolitical events.

Quiz Answers

1. The New York Stock Exchange (NYSE) was founded in 1792.
2. The NYSE was originally located at the Tontine Coffee House at Wall Street in Manhattan, New York City.
3. The Buttonwood Agreement was an agreement signed by a group of New York City stockbrokers in 1792, which established the NYSE as an organized marketplace for securities trading. The agreement was named after the Buttonwood tree under which the brokers met to sign the agreement.
4. The NYSE was closed for the longest period of time in the aftermath of the 9/11 attacks in 2001.
5. The NYSE moved to its current location at 11 Wall Street in 1903, after several previous moves to different locations in Manhattan.
6. The American Civil War (1861-1865) had a significant impact on the NYSE, as the conflict disrupted trade and disrupted the economy. The NYSE struggled to recover after the war ended, and it took many years for the market to return to its pre-war level.

7. The first ticker tape machine was invented in 1867, and it was used to transmit stock price information via telegraph. The ticker tape machine had a significant impact on the NYSE, as it allowed for faster and more efficient communication of market information.
8. The stock market crash of 1929 was a significant market crash that occurred in the United States in late October 1929. The crash was caused by a number of factors, including overproduction, overspeculation, and a lack of regulation in the stock market. The crash led to a significant decline in stock prices, and it was a key event in the Great Depression.
9. The Great Recession was a global financial crisis that began in 2007 and lasted until 2009. The crisis was caused by the collapse of the housing market and the subprime mortgage industry, and it had a significant impact on the stock market, leading to significant declines in stock prices.
10. The Securities and Exchange Commission (SEC) was created in 1934 in response to the stock market crash of 1929. The SEC is a federal agency that is responsible for regulating the securities industry and protecting investors from fraud and abuse.

Key Figures

There have been many influential figures in the history of American investing, including:

- Charles Dow: Charles Dow was a journalist and founder of Dow Jones & Company, which publishes the Wall Street Journal and the Dow Jones Industrial Average. Dow is credited with developing the concept of index investing and is considered a pioneer in the field of financial journalism.
- Benjamin Graham: Benjamin Graham was an economist and investor who is known as the “father of value investing.” He developed the concept of “intrinsic value” and is credited with popularizing the idea of buying undervalued stocks. Graham’s book, “The Intelligent Investor” and “Security Analysis,” are considered a classic in the field of investing.
- John Maynard Keynes: John Maynard Keynes was a British economist whose ideas have had a profound influence on economic theory and policy. Keynes is best known for his work on macroeconomics and the theory of effective demand, which argued that government intervention is necessary to stabilize economies in times of recession. Keynes’s ideas were influential in shaping the policies of the New Deal in the United States and the Marshall Plan in Europe.
- Warren Buffett: Warren Buffett is a legendary investor and the CEO of Berkshire Hathaway. He is known for his value investing approach and his ability to identify undervalued companies with strong potential for growth. Buffet is considered one of the most successful investors of all time, and his investment strategies are widely studied and emulated by investors around the world.
- Charlie Munger: Charlie Munger is the vice chairman of Berkshire Hathaway and a close partner and collaborator of Warren Buffett. Munger is known for his investing acumen and his emphasis on finding and investing in companies with strong fundamentals and long-term growth prospects.
- Peter Lynch: Peter Lynch is a former portfolio manager at Fidelity Investments who is known for his ability to identify and invest in undervalued companies with strong growth prospects. He is the author of several books on investing, including “One Up on Wall Street” and “Beating the Street.”
- George Soros: George Soros is a billionaire investor and philanthropist who is known for his activism and his ability to make successful investments in times of economic uncertainty. He is the founder of Soros Fund Management and is considered one of the most successful investors of all time.
- John D. Rockefeller: John D. Rockefeller was an industrialist and philanthropist who is considered one of the wealthiest and most influential businesspeople in history. He made his fortune in the oil industry, and he is known for his astute business acumen and his ability to identify and invest in profitable opportunities.

- J.P. Morgan: J.P. Morgan was a financier and banker who played a key role in the development of the modern American financial system. He was the founder of J.P. Morgan & Co., which became one of the largest and most influential financial institutions in the world. Morgan is known for his ability to finance and consolidate major industries, and he is considered one of the most powerful figures in American finance.
- Andrew Carnegie: Andrew Carnegie was an industrialist and philanthropist who made his fortune in the steel industry. He is known for his innovative business strategies and his ability to identify and invest in profitable opportunities. Carnegie is also known for his philanthropy, and he is credited with establishing the modern philanthropic model of giving.
- T. Boone Pickens: T. Boone Pickens is a business magnate and investor who is known for his successful investments in the energy sector. He is the founder of BP Capital Management, and he is considered one of the most successful and influential investors in the energy industry.
- Ray Dalio: Ray Dalio is an investor and founder of Bridgewater Associates, one of the largest and most successful hedge funds in the world. He is known for his innovative approach to investing, which is based on his principles of risk management and alignment of interests. Dalio is also the author of the book “Principles,” which has become a best-seller and is widely read and studied by investors around the world.
- Paul Tudor Jones: Paul Tudor Jones is a hedge fund manager and founder of Tudor Investment Corporation. He is known for his successful investments in the currency and commodities markets, and he is considered one of the most successful and influential investors in the hedge fund industry.
- Sam Zell: Sam Zell is a real estate investor and entrepreneur who is known for his successful investments in real estate and other industries. He is the founder of Equity Group Investments and is considered one of the most successful and influential investors in the real estate industry.
- Bill Ackman: Bill Ackman is a hedge fund manager and founder of Pershing Square Capital Management. He is known for his activist investing style and his successful investments in a variety of industries, including finance, healthcare, and retail.
- Dan Loeb: Dan Loeb is a hedge fund manager and founder of Third Point LLC. He is known for his successful investments in the technology, healthcare, and retail industries, and he is considered one of the most successful and influential investors in the hedge fund industry.
- Howard Marks: Howard Marks is an investor and co-founder of Oaktree Capital Management. He is known for his successful investments in distressed assets and his expertise in risk management. Marks is also the author of the book “The Most Important Thing,” which has become a best-seller and is widely read and studied by investors around the world.
- Seth Klarman: Seth Klarman is an investor and founder of the Baupost Group, one of the largest and most successful hedge funds in the world. He is known for his value investing approach and his successful investments in a variety of industries.
- David Einhorn: David Einhorn is an investor and founder of Greenlight Capital, a hedge fund known for its successful investments in a variety of industries. Einhorn is also the author of the book “Fooling Some of the People All of the Time,” which has become a best-seller and is widely read and studied by investors around the world.
- David Tepper: David Tepper is an investor and founder of Appaloosa Management, a hedge fund known for its successful investments in the financial and technology industries. Tepper is also known for his philanthropy, and he is considered one of the most successful and influential investors in the hedge fund industry.
- Paul Singer: Paul Singer is an investor and founder of Elliott Management, a hedge fund known for its successful investments in a variety of industries. Singer is also known for his activism, and he is considered one of the most successful and influential investors in the hedge fund industry.

- **Jamie Dimon:** Jamie Dimon is the CEO of JPMorgan Chase, one of the largest and most influential banks in the world. He is known for his leadership and his ability to navigate the financial markets during times of economic uncertainty. Dimon is also known for his philanthropy and his commitment to corporate responsibility.
- **Charles Schwab:** Charles Schwab is the founder and CEO of Charles Schwab & Co., one of the largest and most influential brokerage firms in the world. He is known for his leadership and his commitment to making financial services more accessible to everyday investors.
- **Jack Bogle:** Jack Bogle is the founder of Vanguard Group, one of the largest and most successful mutual fund and exchange-traded fund (ETF) companies in the world. He is known for his advocacy of low-cost investing and his contributions to the development of index funds.
- **Mary Meeker:** Mary Meeker is a venture capitalist and partner at Bond Capital. She is known for her expertise in technology and her successful investments in a variety of technology companies. Meeker is also known for her annual Internet Trends report, which is widely read and studied by investors and tech industry professionals.

Glossary

- **Credit crunch:** A credit crunch is a tightening of credit conditions, which can occur when lenders become more cautious about extending credit or when the availability of credit is reduced. A credit crunch can have negative impacts on economic activity, as it can make it more difficult for businesses and individuals to access credit for investment and consumption.
- **Economic depression:** An economic depression is a severe and prolonged period of economic contraction, characterized by high levels of unemployment, stagnant or declining output, and declining prices. Depressions are generally more severe than recessions and may require significant government intervention to address.
- **Economic recession:** An economic recession is a period of economic contraction, characterized by declining output, employment, and trade. Recessions are generally measured by a decline in gross domestic product (GDP) for two or more consecutive quarters.
- **Liquidity crisis:** A liquidity crisis occurs when an entity, such as a bank or a company, has difficulty meeting its financial obligations because it lacks sufficient cash or other liquid assets to meet its short-term obligations. A liquidity crisis can lead to financial instability and may require external intervention, such as a bailout, to resolve.
- **Market correction:** A market correction is a decline of at least 10% in the value of a financial market index, such as the stock market, from its most recent peak. Market corrections are seen as a normal part of the market cycle and are generally considered to be less severe than bear markets, which are declines of at least 20%.