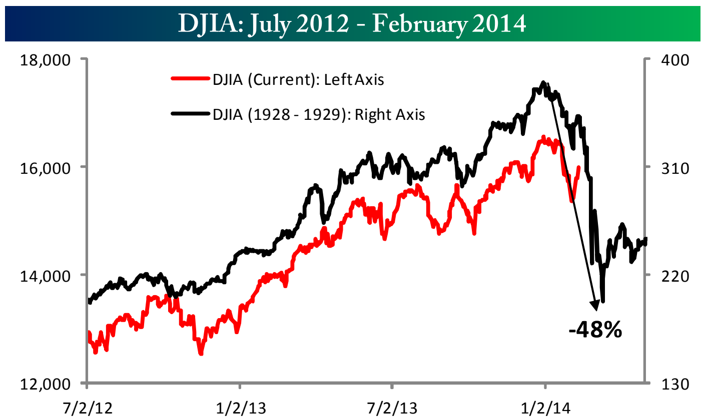
BESPOKE Investment Group
B.I.G. Tips

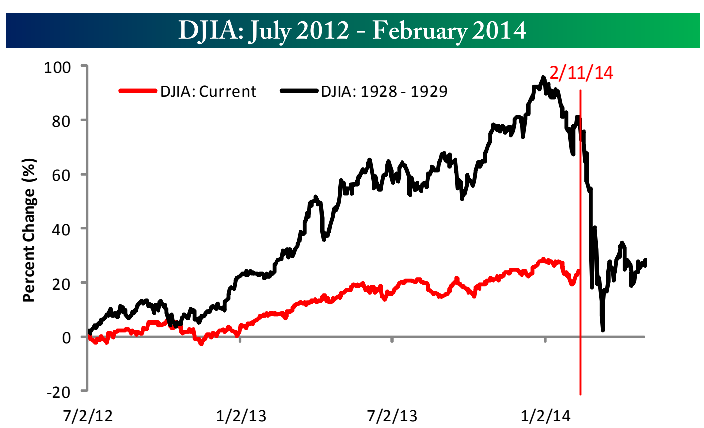
February 11, 2014

Two Very Different Charts

The chart below compares the DJIA in the current period to the DJIA in 1928-1929. Over the last few days a chart very similar to this has caused quite a stir as some strategists have argued that it suggests that the DJIA could be on the verge of another meltdown similar to the 48% drop that it saw following the peak of the 1929 boom. The chart hasn't just been circulating around trading desks on Wall St. either. It was even picked up on mainstream news sites like *Drudgereport*. While that chart is certainly scary enough on the surface, with even a little bit of digging it is not nearly as scary as it looks.



In order to make an apples to apples comparison, we have recreated the above chart using percentages instead of prices. As you can see in this chart, the rally leading up to the peak in 1929 was much stronger than the current one. At the peak in 1929, the DJIA was up 96% from the start date depicted in the chart. In the current period, however, the DJIA is up 24%. In other words, the rally in 1929 was four times stronger than the current one, and outside of a short two-week window, the DJIA was still up more after the crash from the start date than it is now.



Daily market briefings, commentary and tips in your inbox. Sign up for a 5-day free trial to Bespoke Premium today! ***www.bespokepremium.com***