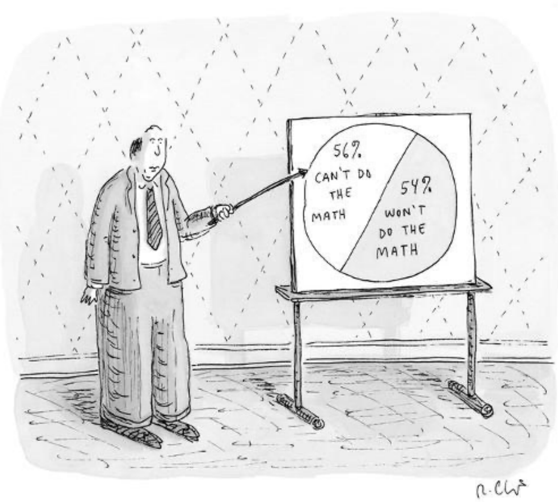
With stock markets dominating the news these days -mostly for going in the wrong direction, it is timely to bring you some interesting facts that put markets into a larger perspective. Here are some of my favourites:



1. Stock Markets are over four centuries old. This will surprises many, but the first bourse was established in the Netherlands in 1602. Shares of the Dutch East India Company were floated, allowing investors to buy and sell paper shares in the world's first mega-corporation whose primary asset was an exclusive monopoly on spice and textile trade with India.

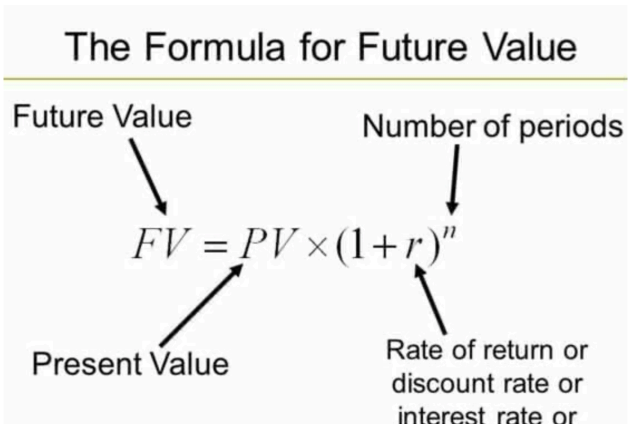
2. There are more than sixty stock exchanges in the world. The largest are the New York Stock Exchange and the NASDAQ (not coincidentally located in what was once called New Amsterdam and established by the Dutch *West* India Company). The smallest is the Seychelles Stock Exchange, which has just four different stocks and a total market capitalization of about U.S. $100 million.

3. The Bear and Bull analogy is based on observations about the natural world. A Bearish market is one that is moving lower, while a Bullish one moves higher. These names come from the fact that a bear attacks from above in a downward motion, while a bull attacks from below and moves upward.

4. The earliest investing book dates from 1688. Written in Spanish, Confusion of Confusions, by Joseph De La Vega concisely explains the difference between investing and speculation. A copy of it can be found on the bookshelf in my office!

5. The first Stock Market bubble dates back to 1720. Known as the South Sea Bubble, it saw shares of the British South Sea Company collapse following speculative mania that sent its shares up a thousand percent earlier in that year. It's primary asset was a monopoly granted by King George the First, to supply African slaves to South America and the islands in the South

Seas. But it was the brazen move to acquire the national debt -an astounding sum of 30 million Pounds Sterling that proved to be its undoing. The feverish run up in its share price following this untenable financial decision, was followed by an spectacular decline that caused a catastrophic loss of money and property in England. Investors would have done well to read Confusion of Confusion and stayed clear of too-good-to-be-true ventures. For more on this story of greed and speculation click <here>.



6. October is the most volatile month for stocks, September is the worst month, but over the last 100 years the stock market is up 70% of the time. Even better, in the past 40 years stocks are up about 77% of the time. As written about in earlier blog postings, stocks are a way of measuring human progress. The value of exchanges is the estimate of the present value of discounted future income streams from every listed company that makes products and services we all need. The high winning percentage is another way of quantifying that about three-quarters of the time, life is good. We are busy building, creating, designing, engineering and progressing, with the other quarter representing a lost opportunity. Still, this statistical fact is why we are bullish on stocks and why they form the bulk of our model portfolios.

If you liked these facts about stock market, read <here> about the biggest market myths. Happy reading!

Be safe, be well!

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