



# *Harry's Take*

July 16, 2024

## **Our Two Recent Bubble Periods Beat the 'Happy Days,' 1950-1965 Run**

I don't think any period in American history beat the happy days of the 1950s for how good people felt in the U.S. after surviving both the Great Depression and World War II—and clearly, we turned the tide of that war for the Allies. That continued until our world got shaken first by the Kennedy assassination in November 1963 and then by the Vietnam War, which we entered in March 1965.

The table below shows the stock returns from that strong but more normal period from the beginning of 1950 through the stock peak in November 1965. The average annual return, at 11.9%, was higher than the long-term average of 7%, with a cumulative gain of 456% in 15 years and 10.5 months. Nothing to argue with there!

## How Bubbly Bull Markets Outperform Normal, Strong Ones Like 1950-1965

Bull Market Time Frame	Total	Cumulative Return	Average Annual Return
1/03/50-11/15/65	15 yrs., 10.5 mos.	456.0%	11.4%
8/12/82-3/24/00	17 yrs., 7.5 mos.	1416.3%	16.7%
3/06/09-7/09/24	15 yrs., 4 mos.	738.0%	14.9%

Source: Yahoo! Finance

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Compare that to the first bubble period from late 1982 into early 2000, when the average annual returns were as good as it gets, at 16.7% over 17 years and 7.5 months, for a cumulative gain of a whopping 1,416%. Adjusted for the 11% longer time period, that is a cumulative outperformance of 2.8 times or 180% over 1950-1965! The average annual return was 59% higher.

Following that, in our second bubble period from early 2009 into the most recent high on July 9, 2024, the average returns were almost as good at 14.9%, which is 31% higher and a cumulative gain of 738%, or 62% higher than the 456% gain in the 1950-1965 bull run in a similar time frame.

Bubbly stock markets occur when we have strong demographic and fundamental growth along with falling interest rates as a result of falling inflation, which leverages all financial assets but especially stocks and real estate. The happier times, like the 1950s, are that way because they are stabler and less frenetic. Most people will take happier. In my profession, I prefer higher net worth!

Don't take these gains for granted; they tend to disappear at least twice as fast as they come. Signs are only growing that this bubble period is about over—and for the length of a normal lifetime or longer.

Harry

*Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).*