



# Harry's Take

October 8, 2024

## We've Seen 8 Lost Decades Since 1900 in Stocks Counting This One Just Beginning

When I saw this article, I had to pause for a moment: 8 near-decade long periods when stocks had near zero or slightly negative returns since 1900? So, when they say buy and hold stocks for the long-term, that needs to mean much longer than 10 years. This chart actually shows 7 periods of underperformance, but I count the first long period of 1902 – 1921, that was itself 19 years, as two lost decades... so that makes it 8! And they and I count this one that has just started in late 2021 as the next one already occurring as valuations are sky high here and demographic trends for the U.S. and most of the developed world are plateauing or declining (East Asia and Southern Europe) in the decade ahead -- and for as far as the eye can see.

## Long Times Where Stocks Underperform Occur More Than Most Think

### EXHIBIT 1: 60/40 – “LOST DECADES” ARE MORE COMMON THAN YOU THINK

*Most started with high valuations on stocks and/or bonds*



Source: <https://www.businessinsider.com/6040-portfolio-lost-decade-negative-returns-bonds-gmo-2024-9>

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My research has for a long time warned about the infamous Decennial Cycle where there tends to be a recession and a minor or major stock crash in the first 3 years ('00 – '02) of most decades since 1920. And there are the generation cycles that cause major downturns every 39-40 years that also tend to fall in those early years, like 1940-42, 1980-82... and should have been 2020-2022, if it were not for that massive \$27T in stimulus since 2009 that I keep reminding people of. 2022 only saw a brief 27% crash with no recession.

Hence, the fact that shorter and longer-term downturns are more common than people think is no surprise to me. But that there have been 8 periods of approximate decade-long periods of zero or negative returns... that would make more people think twice about buying and holding blindly for decades even more so.

My warning now is more-stark for maturing developed countries with the exception of 5 small ones: Australia, New Zealand, Norway, Sweden and Finland. The developed world is peaking here long term demographically until there is a major revolution in aging (that will likely occur mostly after I'm dead) that revitalizes the developed world wherein there could be two career cycles within one 100 to 120-year lifetime and older people stop dying as early and fast as projected.

We in the developed world will also have to focus on bringing our technologies, and investing more in the emerging world and in the global hi-tech leaders that drive the whole growth engine that will make the other 7 (now) to 9 billion (ahead) middle class for the first time... even if such middle-class levels still aren't as high as in the developed world. That's the real revolution ahead!

Harry

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

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