

Dow Jones' past performance should ease some worries

QUESTIONS? Contact Professor Bill Pinkovitz, Center for Community and Economic Development, UW-Extension at bill.pinkovitz@ces.uwex.edu.

Economic Snapshot is a weekly feature provided by the



If you have just finished some last-minute year-end tax-loss selling or are dreading the arrival of your December 401(k) statement, it is time to remember that recessions do end and stock markets do recover.

While picking the market bottom is nearly impossible, history provides some perspective and optimism for the future.

The Dow Jones Industrial Average is down about 40 percent since it peaked in October 2007. Such monumental declines are painful reminders that potential investment returns come with real risks.

The recession

Week Four:
How the Dow Jones Industrial Average recovers

bottom.

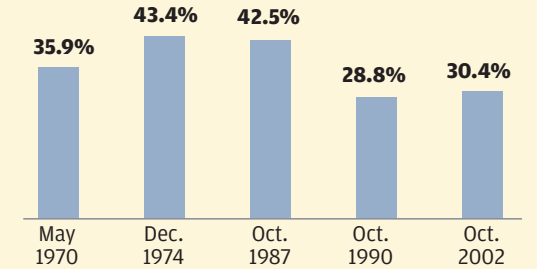
Although past results are no guarantee of future stock market performance, this data may help ease some of the year-end financial angst many are feeling.

The Dow has experienced significant declines in the past followed by substantial recoveries.

The following chart shows the percentage increase in the Dow Jones Industrial Average two years after achieving a market

Post-recession Dow Jones

Dow Jones Industrial Average increase two years after the market reaches its lowest point of a recession.



SOURCE: www.finance.yahoo.com

State Journal