

Truism?

- We all can tell the difference between good news, bad news and noise?

Facts

- GM bankruptcy

Dow falls: "Stocks Decline On GM Bankruptcy Fears"

(Forbes, 27 May 2009)

Dow falls: "Rally hopes shelved as the likelihood of bankruptcy for GM
shook Wall Street"

(Wall Street Journal, 28 May 2009)

Dow soars: "Stock Market Shrugs Off GM Filing"

(Reuters, 1 June 2009)

- Bond market hardly moved for 3 weeks after Archduke Ferdinand was shot in 1914
 - 1 week later it was closed due to fear of wars and meltdowns
- US Banks were closed by government decree in 1933.
 - the Dow then rallied 4 fold over the next 4 years, it's highest returning period ever
- No significant news in papers prior to 1929 and 1987 crash, so don't look there for guidance (Professor Shiller)