

CHART OF THE MONTH

DECEMBER 2011

“History never repeats itself, but it often rhymes.” - Mark Twain



Time magazine selected The Protester as its Person of the Year for 2011. The tradition of honoring a Man of the Year began in 1927 when *Time* featured Charles Lindbergh on the cover of the magazine's special year-end issue following his historic transatlantic flight.

The title, which was changed to Person of the Year in 1999, profiles a person, couple, group, idea, place, or machine that “for better or for worse ... has done the most to influence the events of the year.”

While the title has generally been bestowed upon political and military leaders, the selection has included a category of people, such as The Protester, 13 times since 1950. Of note, the award has increasingly reflected global problems or scandals.

According to Minyanville, an Internet-based financial media and publishing company, “one of the most bullish stock market indicators around is *Time* magazine selecting a Person of the Year that reflects an environment of negative social mood.”

The most recent example was “The Whistleblowers,” the women who exposed wrongdoings at Enron, Worldcom, and the FBI in 2002. The Standard & Poor's 500 Index generated a total return of 28.7% in 2003. In 1998, Bill Clinton and Kenneth Starr were chosen on the heels of the wide-ranging investigation that led to the President's impeachment on the charges of perjury and obstruction of justice. The S&P 500 advanced 21.0% in 1999. “The Endangered Earth” was picked in 1988 as environmental activism was escalating. The S&P 500 rallied 31.7% in 1989.

The contrary indicator works in both directions. Jeff Bezos, the CEO of Amazon, was *Time's* Person of the Year at the height of the dot com boom in 1999. How did the stock market do the following year? It fell 9.1% in 2000 with most Internet and tech stocks plunging much, much more from 2000 to 2002.

In addition, *Time's* [cover story](#) was titled “HOME \$WEET HOME (Why we're going gaga over real estate)” at what was basically the top of the property market in June 2005. You don't have to be a homeowner to know how much housing prices have declined since then.

With respect to the stock market, two of the most famous contrary examples were Newsweek's “The Big Bad Bear” in [September 1974](#) and BusinessWeek's “The Death of Equities” in [August 1979](#). Both magazine covers were buy signals. The S&P 500 jumped 37.2% in 1975 and 32.3% in 1980.

Although the stock market outlook is clouded by social unrest plus political uncertainty here and abroad, *Time's* Person of the Year may just well point to a better-than-expected outcome for 2012.



111 WEST OCEAN BOULEVARD, SUITE 1350, LONG BEACH, CALIFORNIA 90802
TEL: (562) 495-2350 ▲ FAX: (562) 495-2006
www.lederer-associates.com