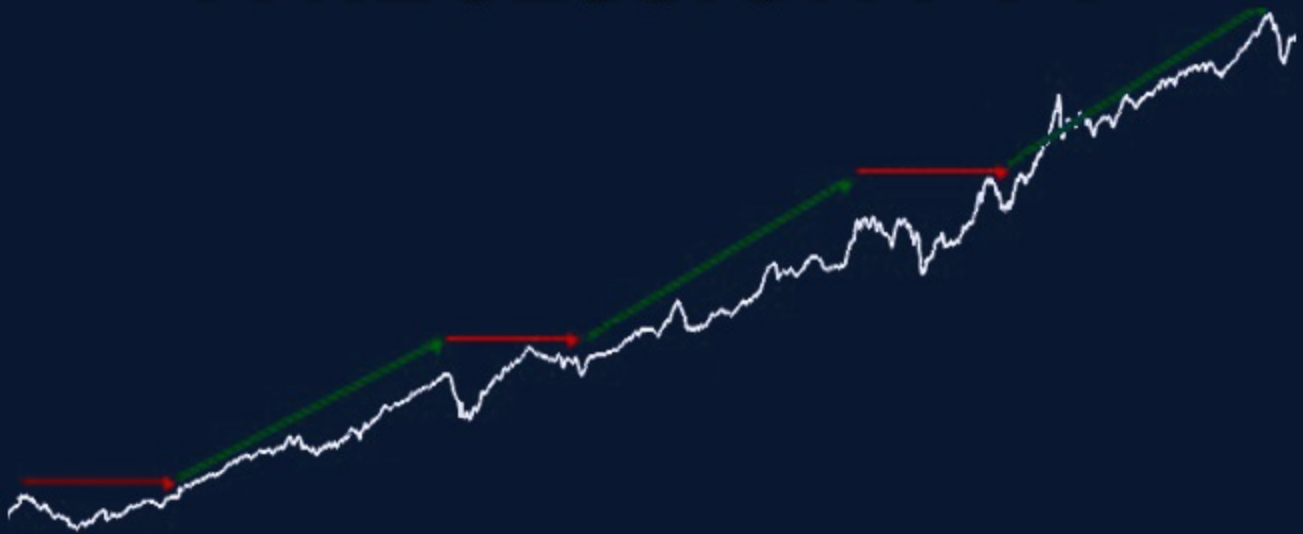


WHAT HAPPENS TO SHARE PRICES DURING A RECESSION PT 1

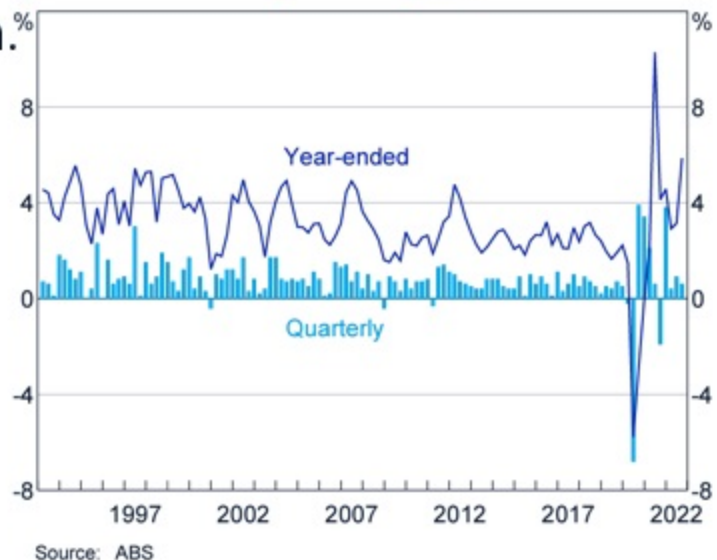


Trade for
Good.



What is a Recession?

A recession is a significant, widespread, and prolonged downturn in economic activity. A common rule of thumb is that two consecutive quarters of negative **gross domestic product (GDP)** growth mean recession.



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How many has Australia had?

Australia has experienced 20 economic 'recessions' (including two 'depressions') since the 1890s.

	Start	End	Qtrs/Years	GDP Fall
1	Dec 1891	Dec 1895	4 yrs	-13.5%
2	Jun 1900	Jun 1901	1 yr	-1.7%
3	Jun 1902	Jun 1903	1 yr	-6.5%
4	Jun 1904	Jun 1905	1 yr	-1.7%
5	Jun 1907	Jun 1908	1 yr	-7.6%
6	Jun 1911	Jun 1912	1 yr	-2.9%
7	Jun 1914	Jun 1915	1 yr	-5.0%
8	Jun 1916	Jun 1918	1 yr	-3.7%
9	Jun 1927	Jun 1928	1 yr	-0.5%
10	Jun 1929	Jun 1931	2 yrs	-18.6%
11	Jun 1938	Jun 1939	1 yr	0.0%
12	Jun 1943	Jun 1947	4 yrs	-13.5%
13	Jun 1952	Jun 1953	1 yr	-0.7%
14	Jun 1961	Sep 1961	2 qtrs	-1.8%
15	Sep 1965	Mar 1966	3 qtrs	-0.3%
16	Dec 1971	Mar 1972	2 qtrs	-1.5%
17	Sep 1975	Dec 1975	2 qtrs	-2.6%
18	Sep 1977	Dec 1977	2 qtrs	-0.7%
19	Dec 1981	Jun 1983	7 qtrs	-3.7%
20	Sep 1990	Jun 1991	4 qtrs	-1.4%

Trade for
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How have Shares Performed in the Recession?

- **Share prices rose during 17 (85%)** of the 20 economic recessions in Australia.
- Share prices rose during each of Australia's last nine recessions.
- The 1938-39 was the last time a recession was accompanied by falling share prices was the (share prices fell by only -1.8%).

Shares Prices During Recessions

Recessions	20
% Positive for shares	85.0%
Median Increase	4.4%%



Share prices rose in each of the recent well-known recent recessions:

- Keating's 1990-91 'recession we had to have'
- The long 1981-1983 recession
- The 1975 post-Whitlam dismissal recession and the 1971-72 oil crisis recession.

Start	End	GDP Fall	Share Prices
Dec 1971	Mar 1972	-1.5%	3.8%
Sep 1975	Dec 1975	-2.6%	31.9%
Dec 1981	Jun 1983	-3.7%	5.2%
Sep 1990	Jun 1991	-1.4%	0.4%

Trade for
Good.

