**Historic, Unprecedented & Unusual**

In the lexicon of the investment community, the words historic, unprecedented, and unusual are tossed around recklessly to the point that they sometimes lose their true meaning. Often the implication is that they mean the same thing. The truth is that there are quite distinct differences. Below are the definitions of each according to dictionary.com:

* **Historic:** well-known or important in history
* **Unprecedented:** without previous instance; never before known or experienced; unexampled or unparalleled
* **Unusual:** not usual, common, or ordinary; uncommon in amount or degree; exceptional

***Why are we even talking about words in this newsletter? Isn’t this splitting hairs?*** We think not and will elaborate below. Let’s start with a couple who agree with the power of words:

"All I need is a sheet of paper and something to write with, and then I can turn the world upside down." -Friedrich Nietzsche

"Speech has power. Words do not fade. What starts out as a sound, ends in a deed." -Abraham Joshua Herschel

As we sit in the middle of 2023, we routinely hear the term “historic” tossed around with every-other market headline. The Barbie movie was historic?! Was the US Women’s World Cup exit historic? The headlines too often try to persuade us that minor news today somehow matters in the context of history. Just recently the markets suffered their worst daily decline since March. In the context of time, does that hold any real significance?

Furthermore, just because something is historic doesn’t necessarily make it important. The Dow just posted 13 straight winning days (the longest streak since 1987 and tied for the longest since 1897). The percentage gain across those days is far more meaningful than the streak itself. According to Reuters, the 2023 streak produced an index gain of 4.85%, whereas its 1987 counterpart resulted in a gain of over 11%. We would describe the recent move as unusual, but not historic.

Covid is the very epitome of unprecedented…not the virus but the global response to it. There are many instances of deadly global viral outbreaks, but the lockdowns and $ Trillions in stimulus were truly unprecedented. What is less

aptly described as unprecedented is last year’s 9.1% CPI print and the corresponding Federal Reserve response. The speed and scale of the moves were certainly noteworthy and impactful, but “unprecedented” swings the pendulum too far. The 1970’s and early 1980’s saw inflation far higher and more “stubborn” than the post-Covid shocks we witnessed more recently. We aren’t dismissing the impact of the 2022 inflation spike, but rather adding a layer of context with carefully chosen words.

Unusual is a term that could describe nearly any trading day on Wall Street. Unusual is that thing that causes you to pause and say “hmmm.” Rarely does the impact of an unusual event linger long and seldom does it morph into something more historically significant. Unusual might be the initial description for early 2009, a year that saw a huge selloff followed by a truly remarkable surge higher. The initial response in March 2009 would have described those events as unusual, but as time went on, they grew to be truly historic. That V-shaped recovery reshaped a lot about how investors view risk today. The V-shaped bounce in 2020 was nearly a mirror image of that 2009 surge.

**So back to the question posed earlier, why should you care about the semantics of what words describe what market phenomena?**

The media garners eyes primarily through 2 channels: FEAR and GREED. They fill their airwaves with words designed to draw eyes, words like historic and unprecedented. ***Would you stop at a headline that read “unusual trading day for the Dow?” That’s why that won’t be the headline…***

For our clients, investing is not a day-to-day task, but a long-term process. One unusual day follows another, year after year. ***A few times in one’s investment lifetime truly historic and unprecedented events occur. And there’s a really high probability we will write about them, talk with you about them, and reshape your portfolios because of them.*** For all those other weird, unusual, and quirky days, we believe in the power of time favors the disciplined investor.

*It would be remarkable, exciting, and arguably unprecedented if each of you who receive this newsletter reply with a quick note and/or share it with a friend. Thanks for reading!*

Not only have US markets bounced back following major geopolitical events throughout history, but so too have non-US markets. During each of these events, it seemed that things would never calm, but in each instance they did. As we reflect on the past few weeks, we concede the uniqueness of the Russian invasion and maintain a watchful eye on the situation.