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## The 1-year anniversary of the peak in the MSCI World Transportation Index.

1 message

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# Worth Charting

Dow Theory Alive and Well...

The 1-year anniversary of the peak in the MSCI World Transportation Index.

The unwind in global equities- despite making headlines only in the past few months, and now making headlines every single day - has been underway for a much longer time.

Indeed, today, May 10th is the 1-year anniversary of the peak in the MSCI World Transportation Index. The fact that World Transportation stocks peaked in Q2 2021 even as the MSCI All Country World Index climbed the remainder of the year (and into 2022 before peaking Jan 4th) is oh-so important. In fact, divergence such as we've seen the past 12 months is the very thing Dow Theory (Charles Dow) warns about (as postulated in 1932 by editors at Dow Jones who built upon Dow's work after his death).

Transports have never confirmed the continued strength in the general indices. Divergence, plain and simple.

**[CLICK HERE](#)** for the November 30, 2021 edition of ***MONEY IN MOTION*** titled, [Dow Theory - Alive and Well and Signaling Caution](#). We're proud of that report.

### May 10<sup>th</sup> ... MSCI World Index



### May 10<sup>th</sup> ... MSCI World Transportation Index



#### **Dow Theory:**

“In Charles Dow's time, the US was a growing industrial power. The US had population centers, but factories were scattered throughout the country. Factories had to ship their goods to market, usually by rail. Dow's first stock averages were an index of industrial (manufacturing) companies and rail companies. To Dow, a bull market in industrials could not occur unless the railway average rallied as well, usually first. According to this logic, if manufacturers' profits are rising, it follows that they are producing more. If they produce more, then they have to ship more goods to consumers. Hence, if an investor is looking for signs of health in manufacturers, he or she should look at the performance of the companies that ship their output to market, the railroads. The two averages should be moving in the same direction. When the performance of the averages diverge, it is a warning that change is in the air.”



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