

Yardeni Research, Inc.



- Smoot-Hawley Tariff -

Figure 1.

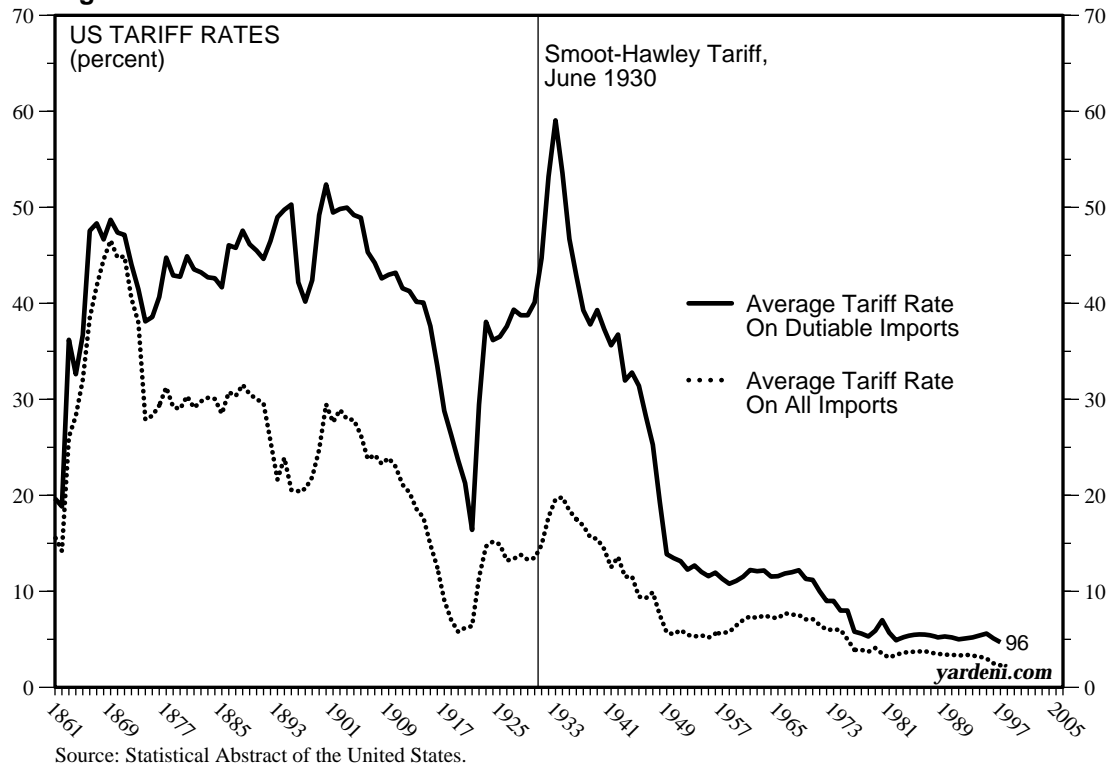
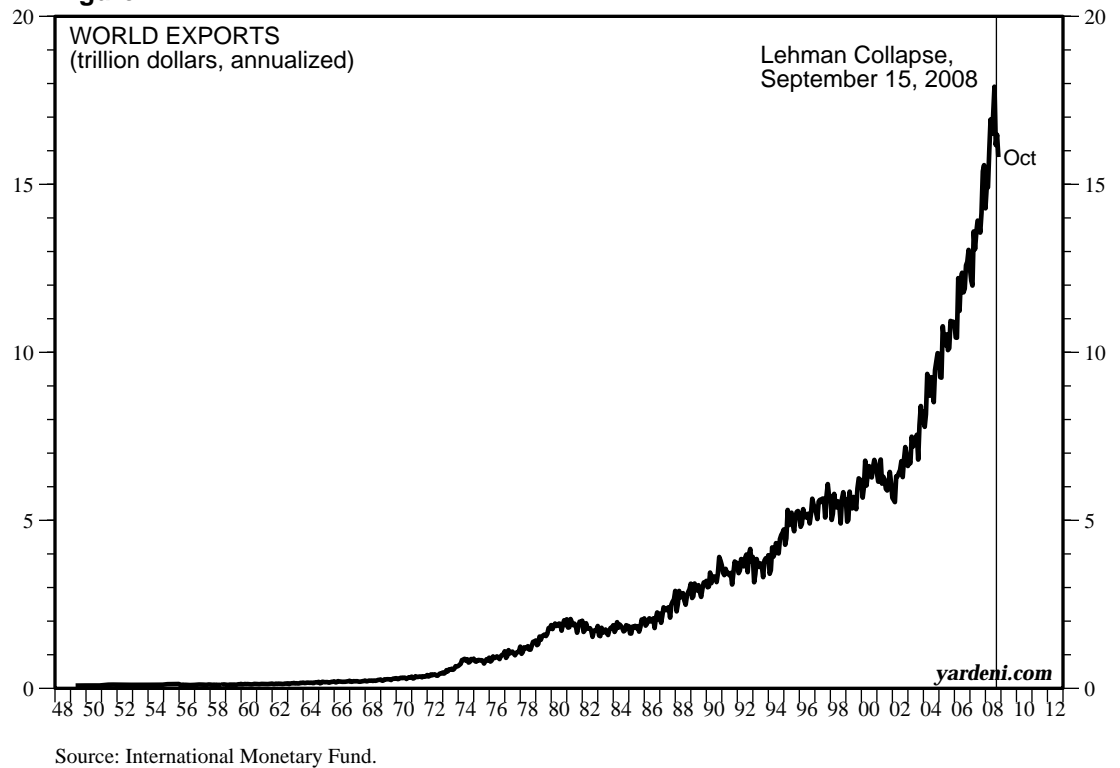


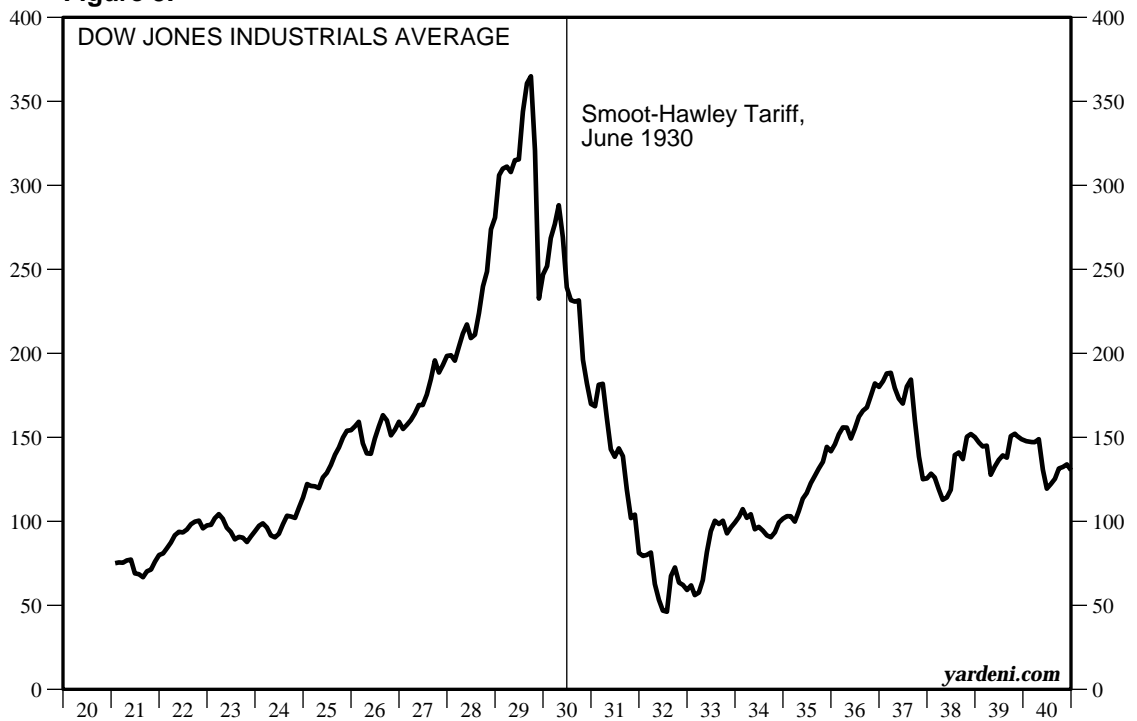
Figure 2.



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Figure 3.

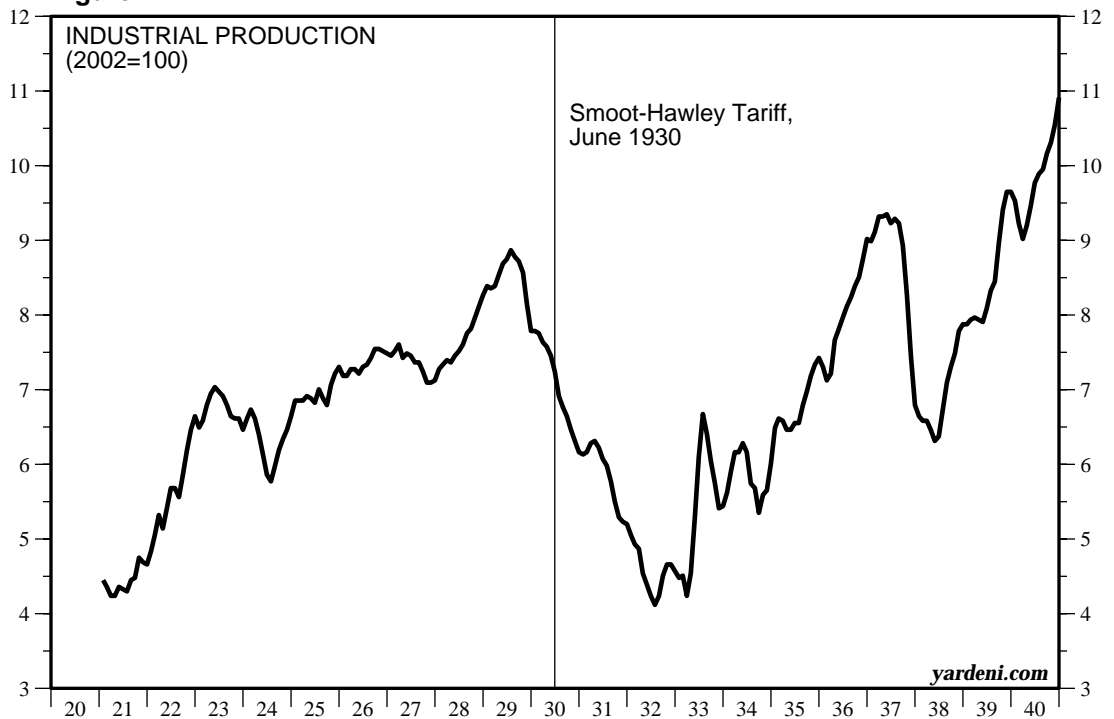
The Great Crash occurred after Congress enacted the Smoot-Hawley Tariff (SHT). DJIA fell 26.3% from September 1929 peak through May 1930. It then plunged 82.8% through July 1932.



Source: Haver Analytics.

Figure 4.

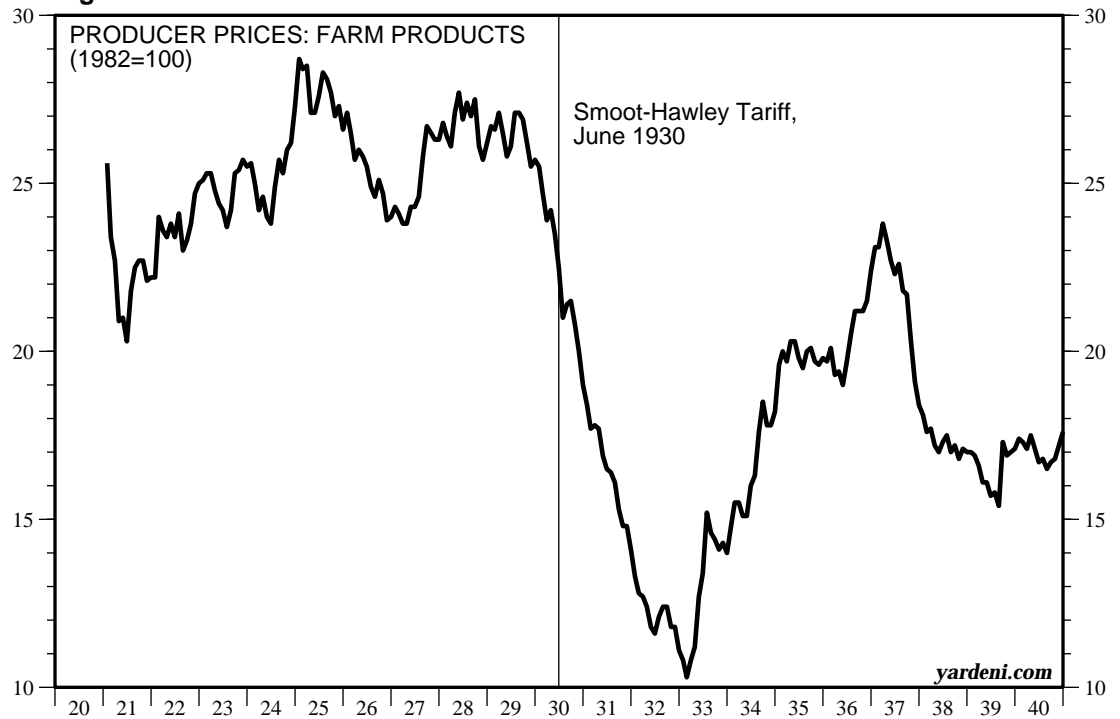
Industrial Production fell 15.9% from its peak of July 1929 through May 1930. After SHT, it plunged 37.0% through 1932.



Source: Board of Governors of the Federal Reserve.

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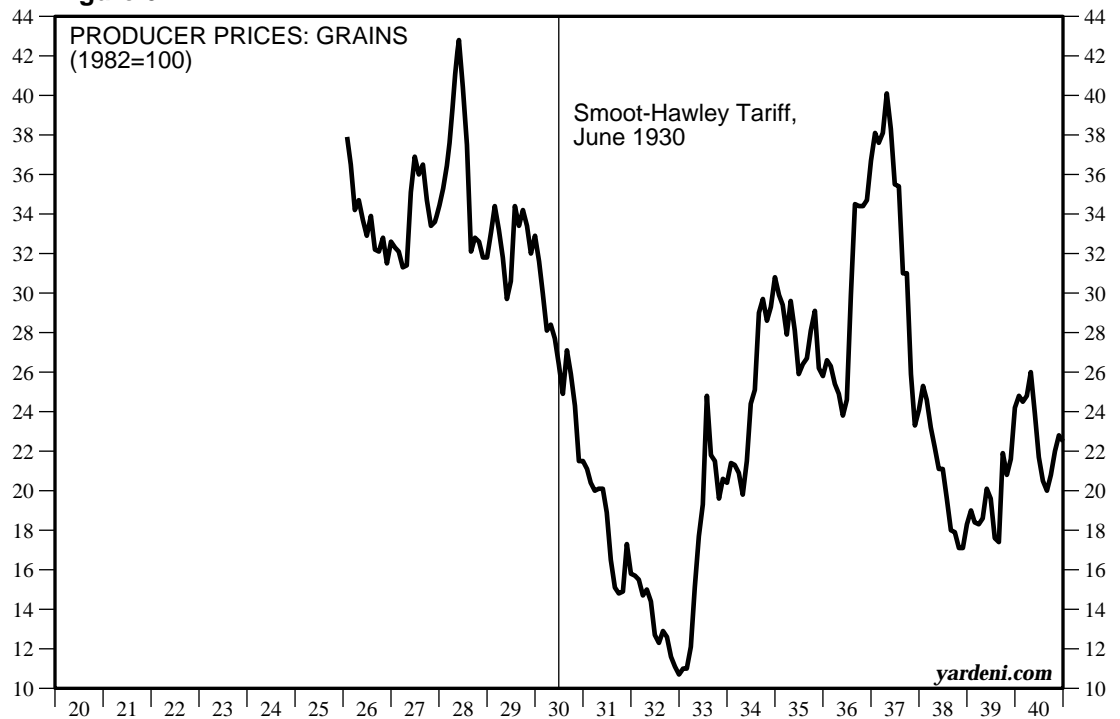
Figure 5.



Farm prices dropped 12.5% during the six months prior to SHT. Then they plunged 37.8% through 1933.

Source: Bureau of Labor Statistics.

Figure 6.



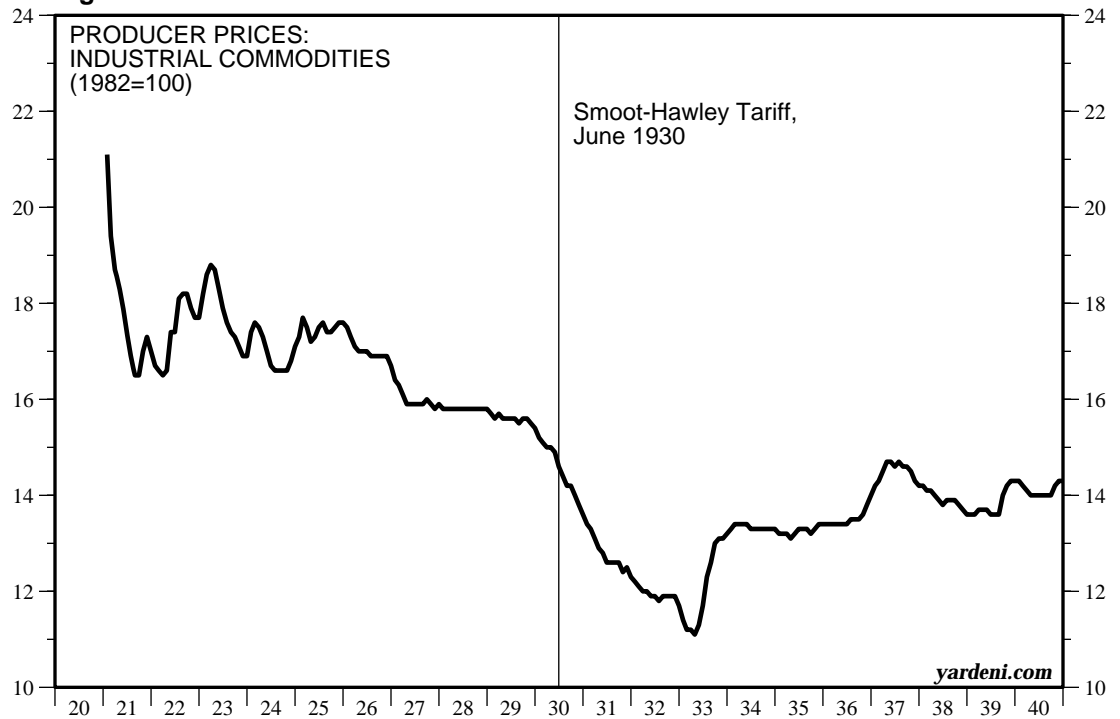
Grain prices dropped 19.8% during the six months prior to SHT. Then they plunged 59.5% through 1932.

Source: Bureau of Labor Statistics.

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Figure 7.

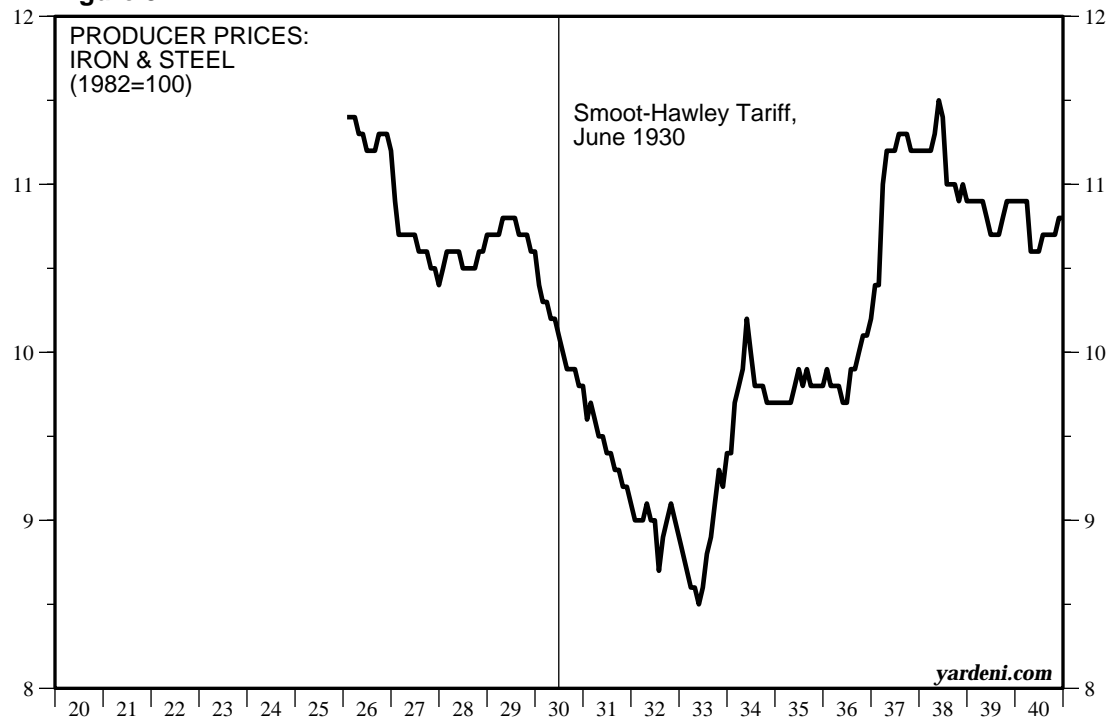
After passage of SHT, industrial commodity prices dropped 24% through April 1933.



Source: Bureau of Labor Statistics.

Figure 8.

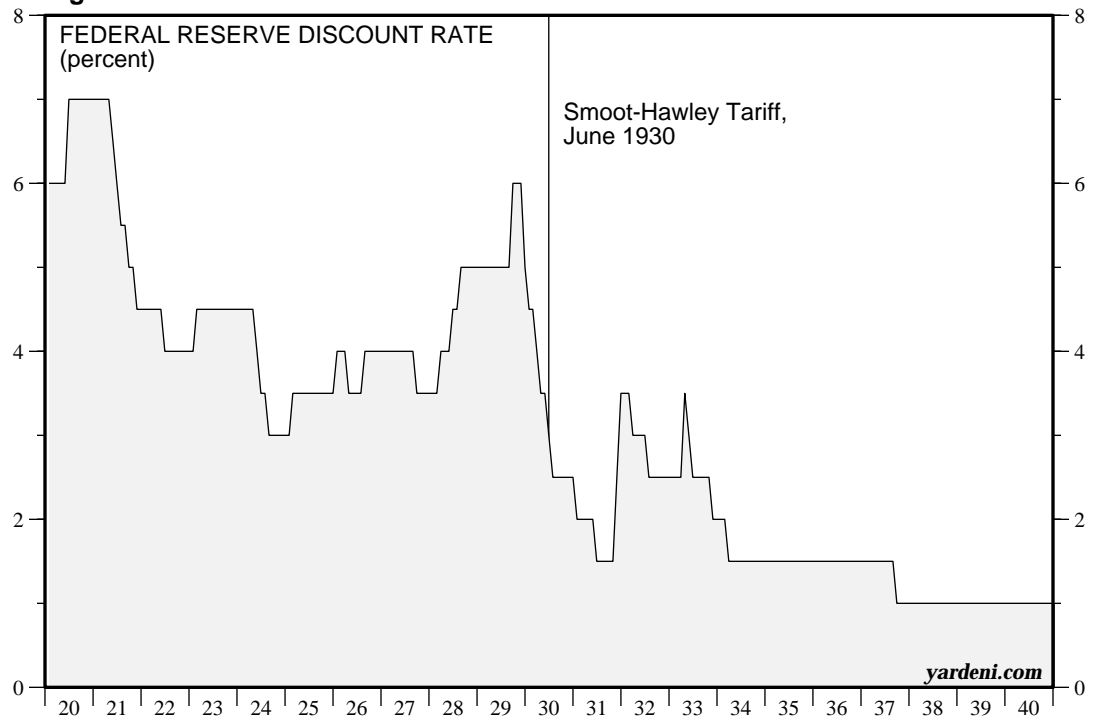
Iron & steel prices dropped 15.8% after passage of SHT through May 1933.



Source: Bureau of Labor Statistics.

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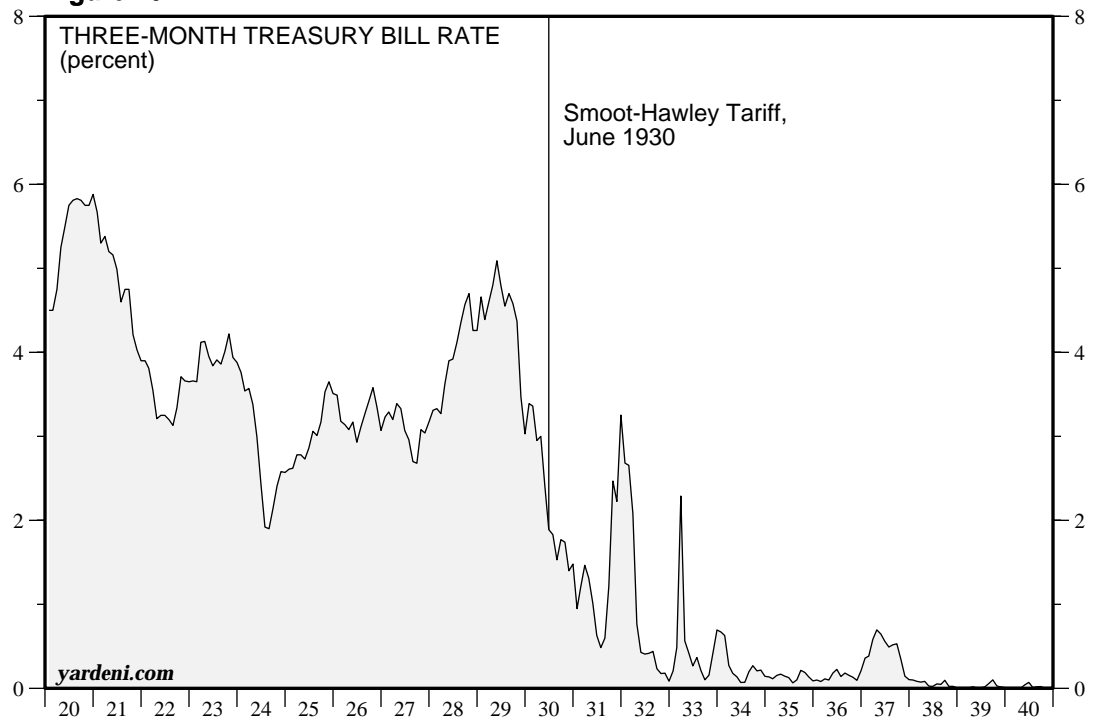
Figure 9.



Source: Haver Analytics.

Interest rates were volatile after SHT, and headed toward zero.

Figure 10.



Source: Haver Analytics.

- Lehman Collapse -

Figure 11.

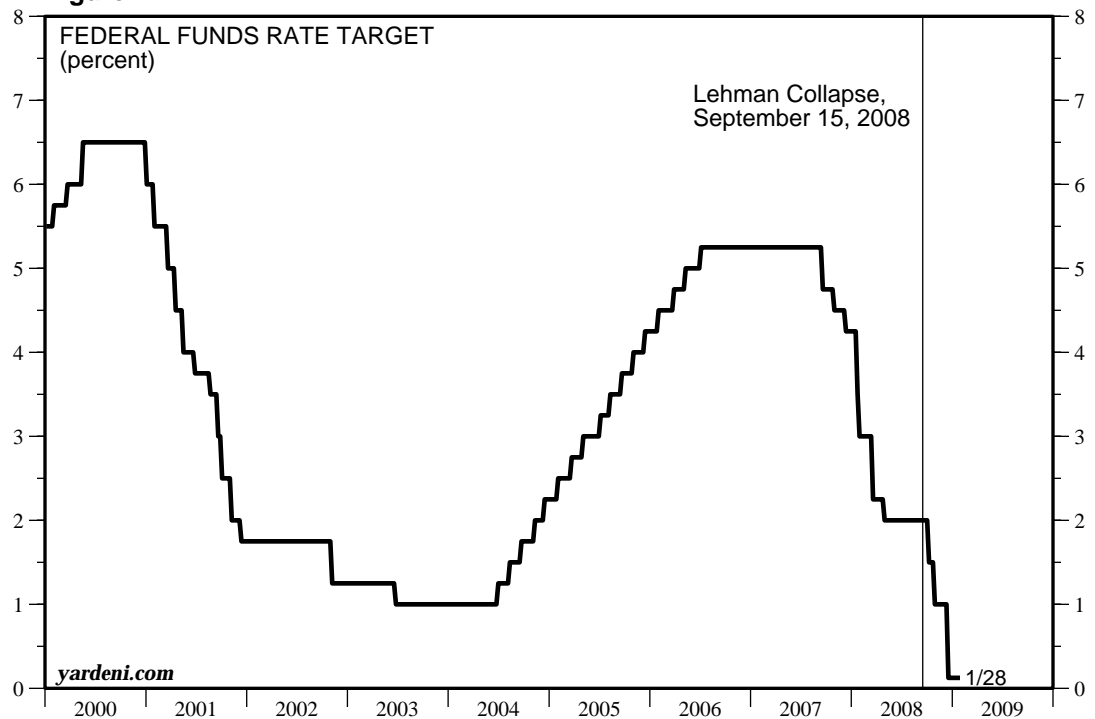
The S&P 500 was down 20.0% from its October 9, 2007 peak prior to Lehman's failure. Afterwards, it lost another 6.8% through the end of January 2009.



Source: Thomson Financial.

Figure 12.

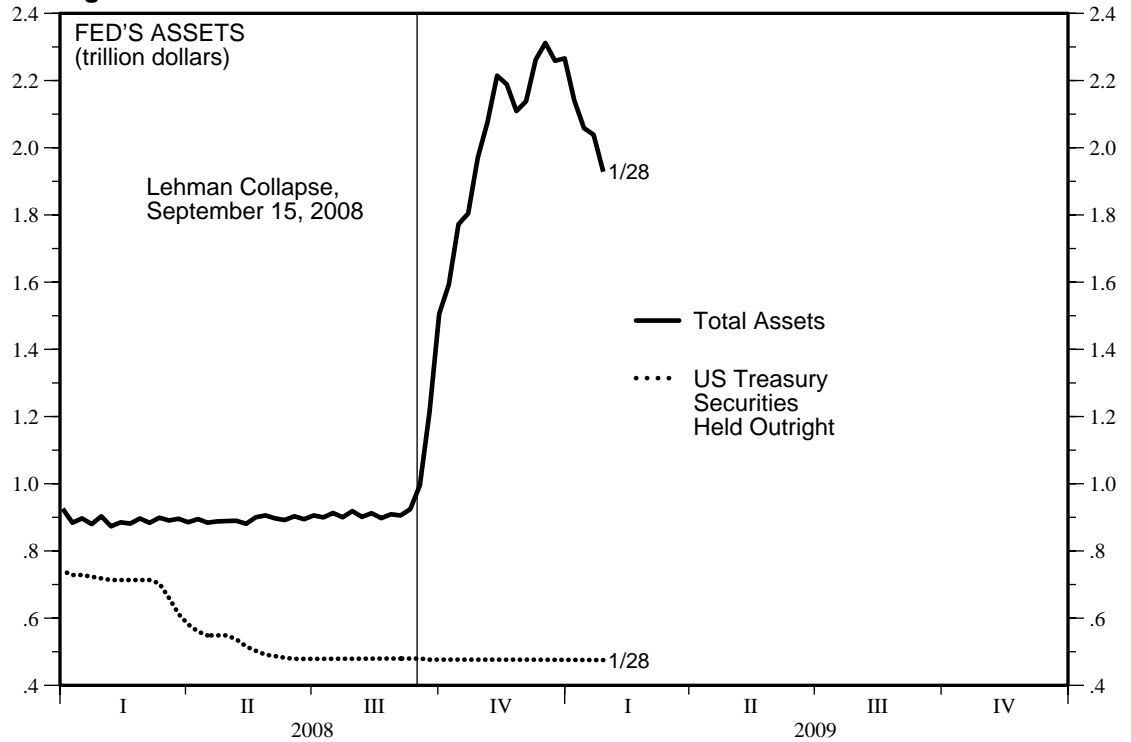
The Fed cut the federal funds rate from 2% to zero after Lehman failed.



Source: Board of Governors of the Federal Reserve System.

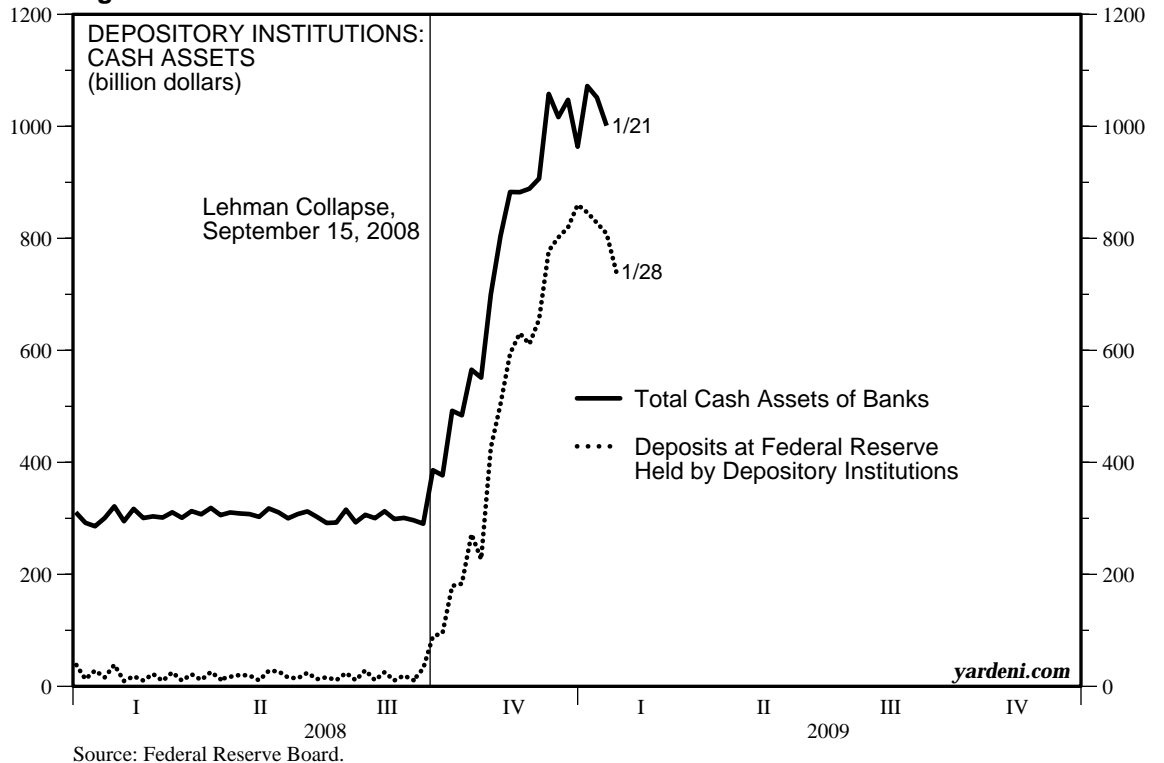
- Lehman Collapse -

Figure 13.



The Fed expanded its balance sheet dramatically after Lehman failed.

Figure 14.



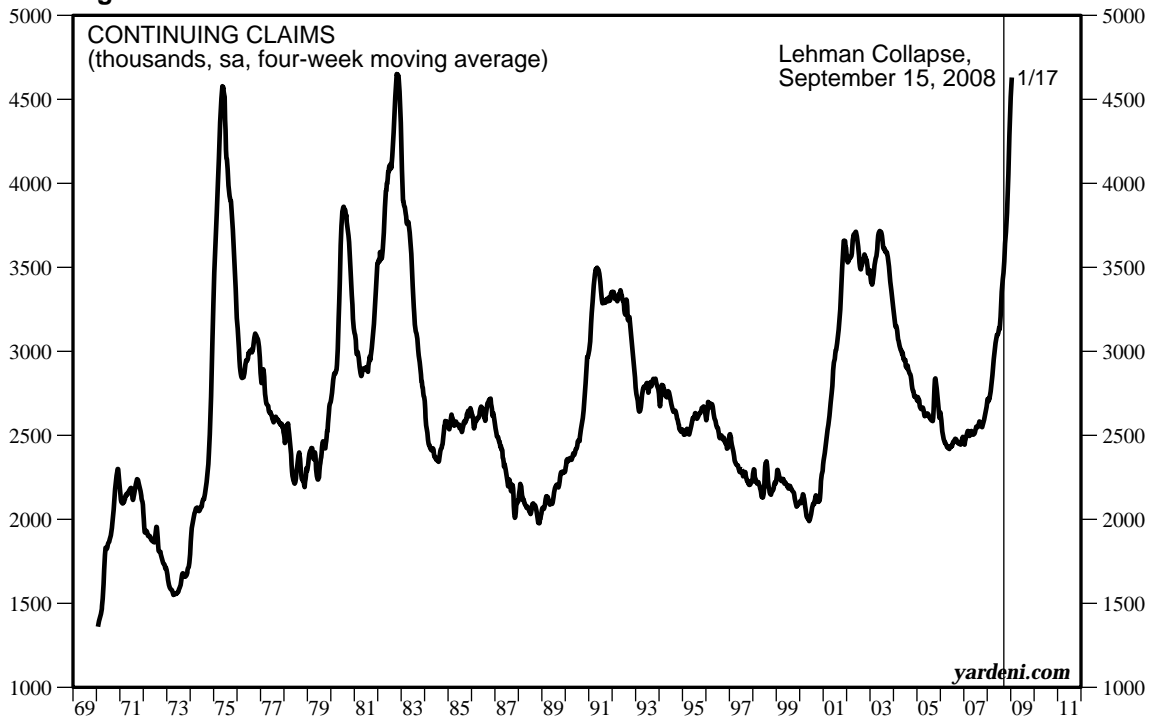
The banking system fell into a Liquidity Trap after Lehman failed.

Source: Federal Reserve Board.

- Lehman Collapse -

Figure 15.

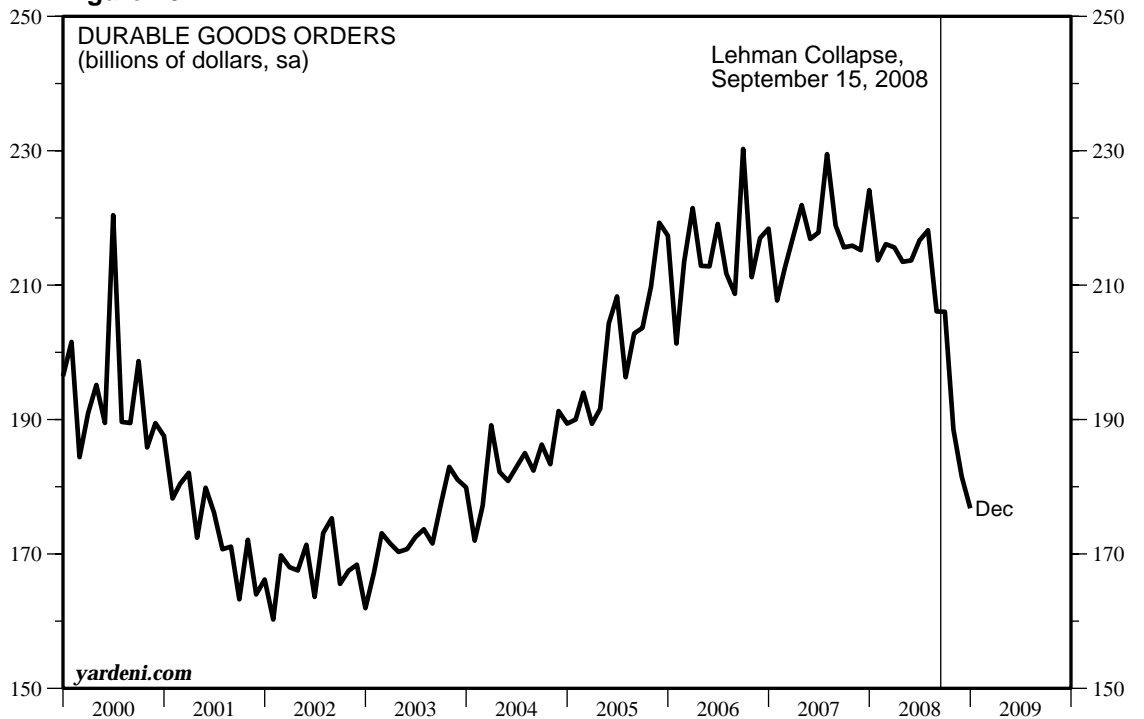
Joblessness soared after Lehman failed.



Source: US Department of Labor.

Figure 16.

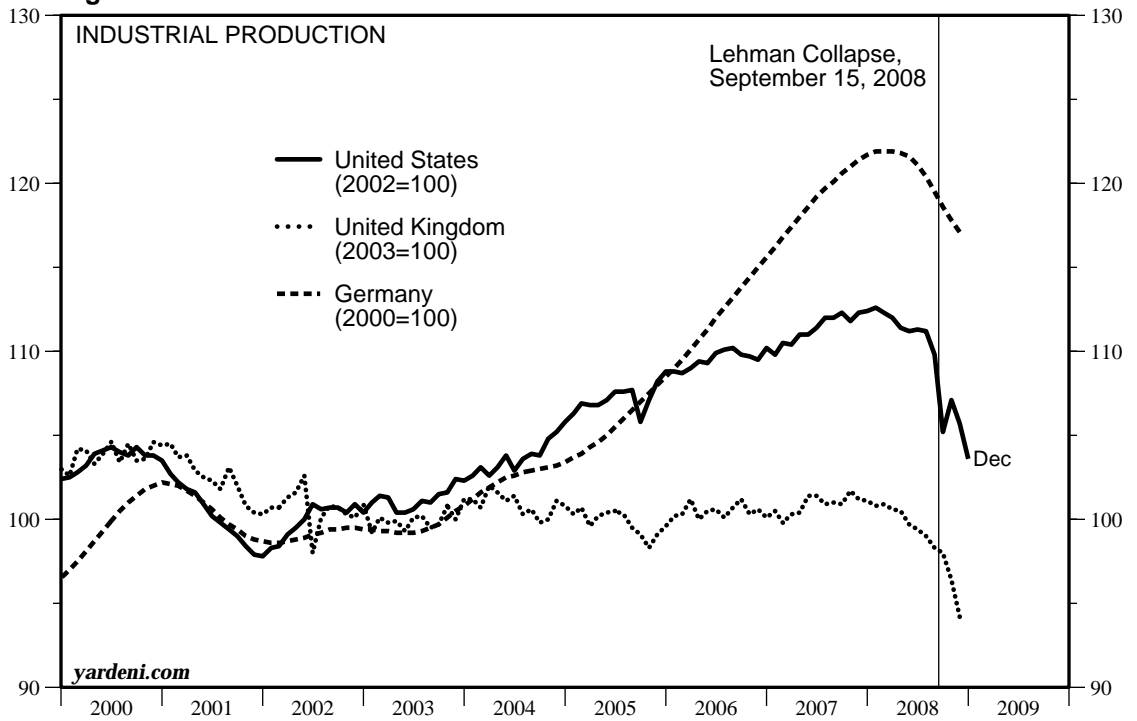
Factory orders plunged after Lehman went under.



Source: US Department of Commerce, Bureau of Census.

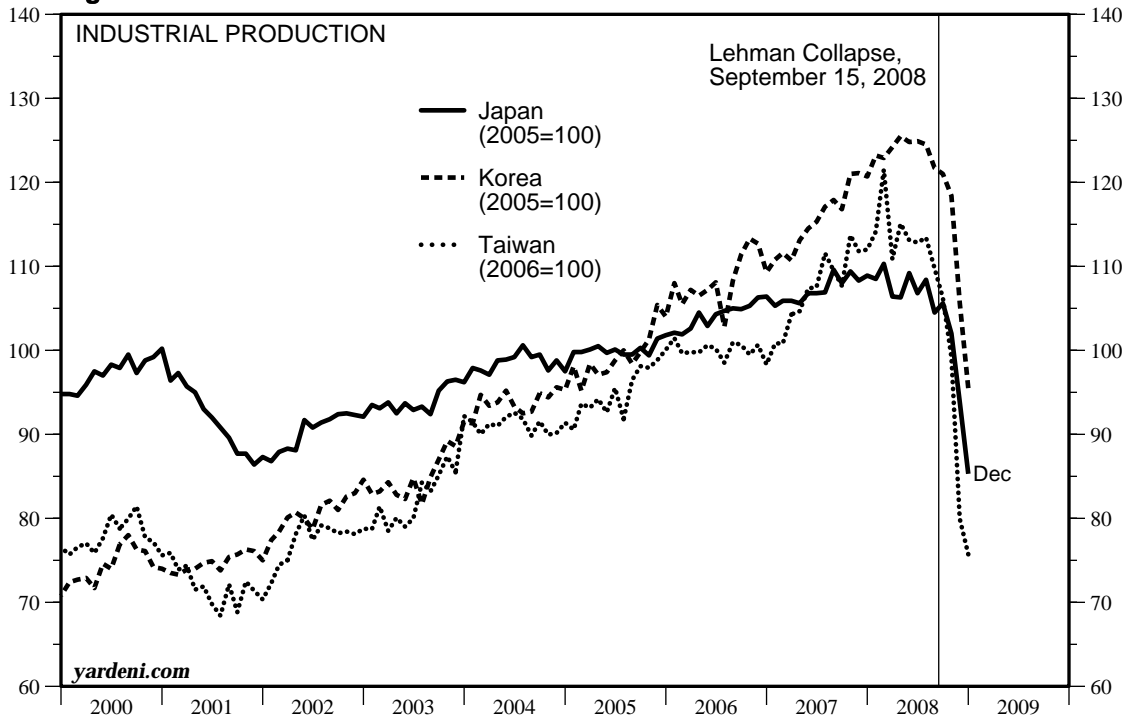
- Lehman Collapse -

Figure 17.



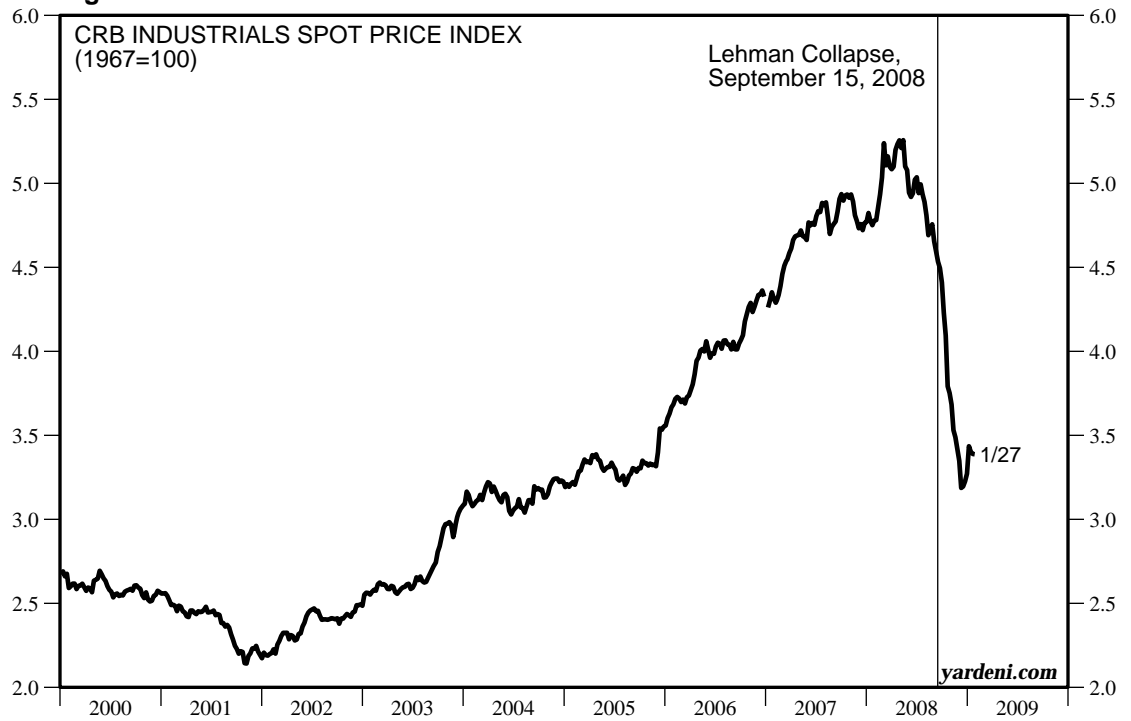
Global industrial production in freefall after September 2008.

Figure 18.



- Lehman Collapse -

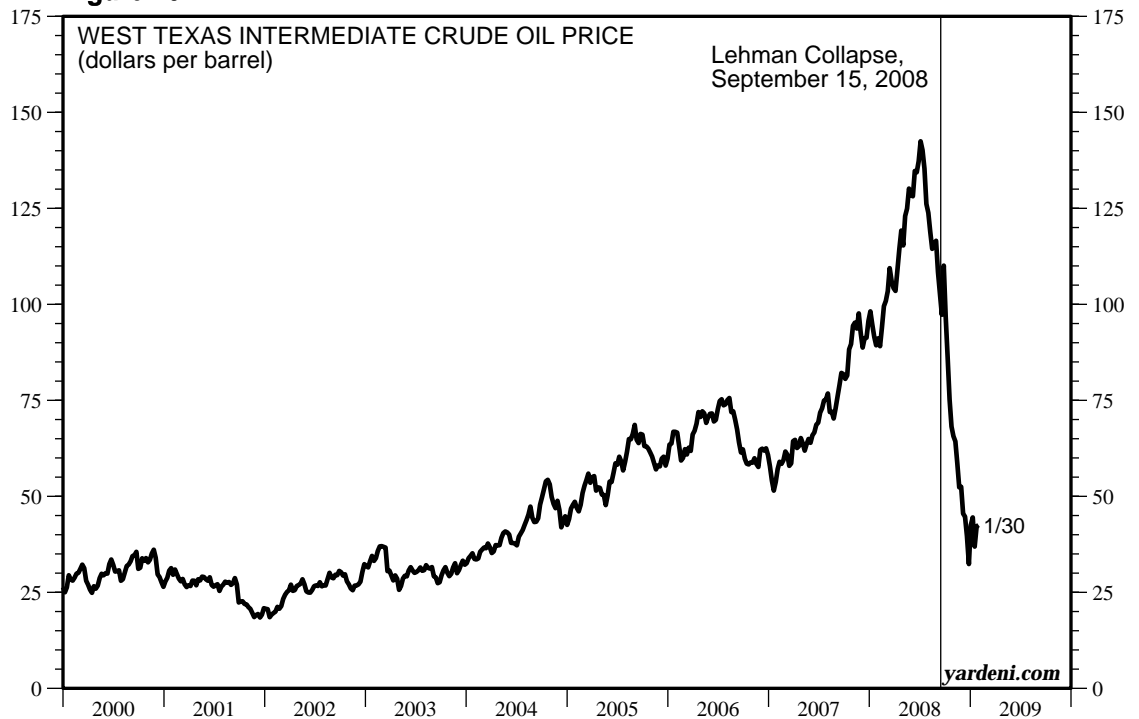
Figure 19.



Source: Commodity Research Bureau.

Commodity prices plunged after mid-September 2008.

Figure 20.



Source: Wall Street Journal.

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