



Investors obsessively focus on round numbers for the Dow Jones Industrial Average.

More than half a century ago, in late 1965, Wall Street breathlessly observed the Dow approach 1,000. In both January and February 1966, the index surpassed the magic level intra-day, only to slip back by the market close. A bear market ensued, shaving a quarter off the index value, and excitement subsided.

The Dow approached the mystical threshold again in December 1968 but only as a prelude to a 35 percent bear market. The index *finally* closed above the 1,000 level in November 1972, only to fall into the worst bear market since the 1930s.

The Dow failed to see the charmed level again until seven years later in November 1980, followed by another bear market. A huge bull market then began, and the last close of the Dow Industrials below the 1,000 mark (we hope) was in December 1982. The initial excitement in late 1965 about the Dow 1,000 led to a 17-year, frustrating slog.

Having learned nothing, investors celebrated the Dow's first close above 10,000 in March 1999, accompanied by popping of champagne corks by reporters on CNBC.

As if to prove that history does not repeat, the market kept going, rising another 17 percent into January 2000.

Alas, history was just slow to catch up, and the market lost more than 37 percent before the end of 2002.

By the end of 2003, though, the Dow re-attained 10,000 and then rose another 39 percent to October 2007 before falling by more than half in the global financial crisis.

The market recovered and the last Dow close below the 10,000 mark (we hope) was in August 2010. In what we will interpret as an inspiring triumph both of the human spirit and the shortness of memory, the financial media now celebrates the Dow Industrial Average closing above the significant 20,000 level. **Saving you a lecture on randomness and index construction, we optimistically observe that, if history is any guide, we may get to experience and celebrate the crossing of this new magic level several times over the next several years.**