

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 25, 1963

MEMORANDUM FOR THE PRESIDENT

Subject: Presidents and Stock Prices

None of the assassinations, deaths, or serious illnesses of presidents in the twentieth century has had any lasting impact on stock prices.

1. President McKinley was shot on September 6, 1901, and died on September 14. On the day following each of these events the market declined 4 to 5 percent. However, although the market remained down, there was no further significant change in stock prices attributable to the assassination.

2. President Wilson broke down on September 25, 1919, and suffered a stroke several days later. However, stock prices rose during this period, although they did decline sharply in 1920 when the economy slumped.

3. President Harding died on August 2, 1923 after a sudden illness. The market reacted very little to this event. There was a decline of a little over 1 percent following the death, and the market rose thereafter.

4. President Roosevelt died on April 12, 1945, and the market was practically unchanged following this news. In the following months the market rose sharply.

5. President Eisenhower's heart attack on September 24, 1955 caused a decline of about 6-1/2 percent in the Dow-Jones industrial average on Monday, September 26. However, the market recovered about two-thirds of the drop in the next two days. It then drifted down 8-1/2 percent until mid-October, rising thereafter.

6. Following the news of the shooting of President Kennedy on Friday, stock prices declined 21.61 points or 3 percent. This sharp decline occurred during only 26 minutes of trading on the New York Stock Exchange. Before the news of the President's shooting was received, the market had risen 3.31 points, a recovery from the previous day's decline of 9.41 points resulting from the suspension of two brokerage houses.

7. As soon as we can reach them, we will be in touch with our Wall Street friends to get their assessment of what they now expect.

Walter W. Heller