

[Home](#)  
[Current signal](#)  
[Stock system](#)  
[Bond system](#)  
[Gold mining stocks](#)  
[Stock sector timing](#)  
[Our performance](#)  
[Stock risk index](#)  
[Bond risk index](#)  
[Market timing report](#)  
[Random trading](#)  
[Value at risk](#)  
[Trading tips](#)  
[Timing newsletter](#)  
[Financial literature](#)  
[Risk disclaimer](#)  
[FAQ on timing](#)  
[Site map](#)  
[About us](#)  
[Testimonials](#)  
[Contact](#)  
[Links: stock + bond](#)

**FREE Newsletter:**  
Subscribe to our free weekly email newsletter and receive all current timing signals.  
Email address:

**ALERT:**  
Our proprietary global **Stock Market Risk Index** went **NEUTRAL** on **08.06.2008**.

- Please read our **DISCLAIMER!** -

---

### **SNIPER Market Timing: Stock market crash - Black Monday - October 1987**

On this page you will find charts, which are illustrating the trends of important indicators during the stock market crash of 1987 ("[Black Monday](#)" - 19.10.1987):

On Black Monday, 19.10.1987, the S&P 500© Index lost 20.5%, the Dow Jones Industrial Average (DJIA)© lost 22.6% and the Nasdaq Composite lost "only" 11.3%. But this severe one-day US stock market crash also affected other international stock markets.

The aggregated implied volatility of at the money options on the S&P 100 (OEX)© soared from 36.37% (Friday, 16.10.1987) to 150.19% (Monday, 19.10.1987). The intra day high - and therefore the all time high since inception of this indicator - was at 152.48%!

### **Some possible reasons for the stock market crash of 1987 and for the rapid psychological shift of the market participants:**

- rapidly increasing [short term US interest rates](#) (the annualized yield of 3M US Treasury Bills increased from 5.30% on 20.01.1987 to the high print of the year: 7.19% on 14.10.1987 - an increase of 189 basis points)
- rapidly increasing [long term US interest rates](#) (the yield of 30Y US Treasury Bonds increased from the low print of the year: 7.29% on 09.01.1987 to the high print of the year: 10.25% on 19.10.1987 - an increase of 296 basis points)
- weakening [US dollar](#) (=falling against most major foreign currencies)
- deteriorating [US current account](#) deficit
- escalating US government debt
- very high [price-earnings-ratios](#) (P/E)
- very low [dividend yields](#)
- very bullish investor sentiment figures (= too much optimism by investors)
- deteriorating "market breadth" (e.g.: weak [Advance-Decline-Line](#))

BUT there were no important events or major news prior to this Black Monday justifying the drastic decline of US equities and the following severe drop of other international equities!

---

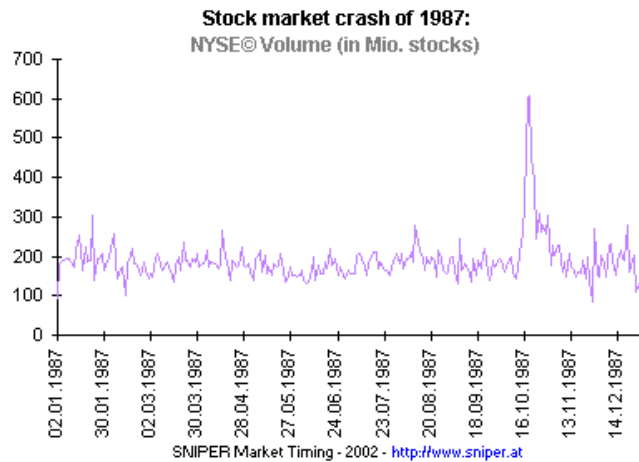
Please note that our [Composite World Stock Market Risk Index](#) was at **51%** (= **neutral**) last week!

---

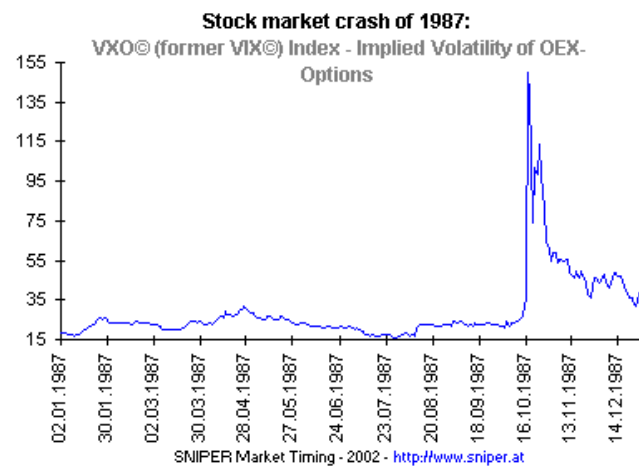
**The US stock market (benchmark: S&P500© index):**

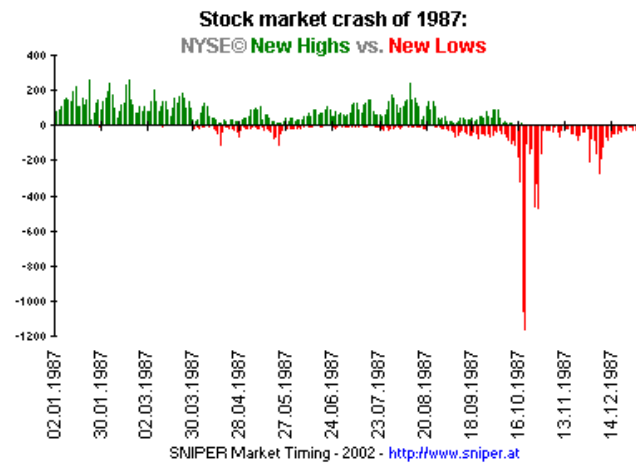
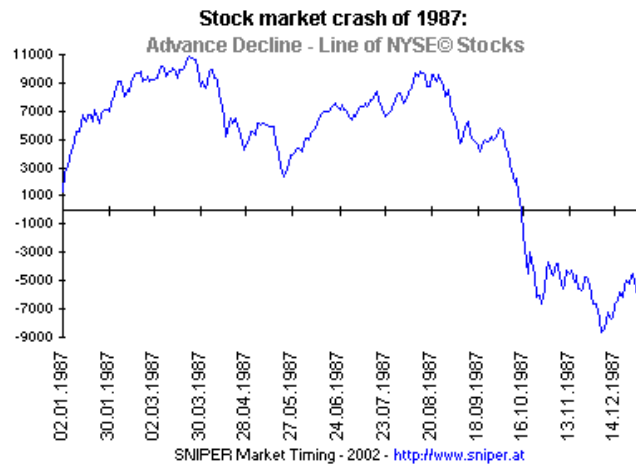


The S&P500® index climbed to an all-time high on 25.08.1987 (Close: 336.77). Two months later (19.10.1987) the S&P500 index® was at 224,84 (-33.24%).

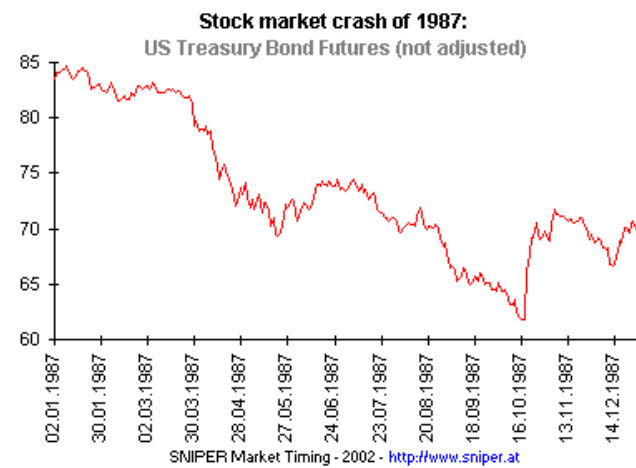


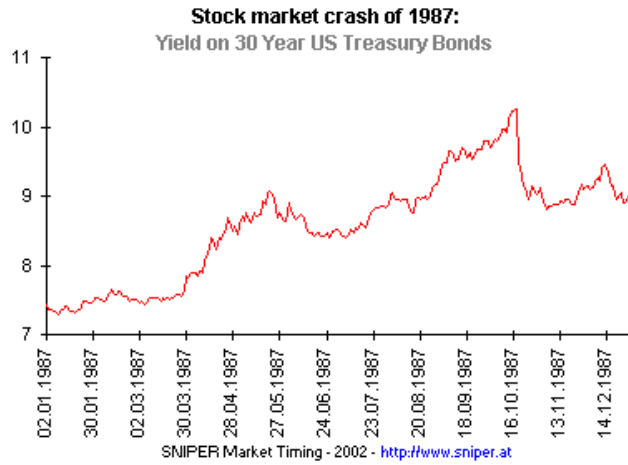
On 19.10.1987 the NYSE volume soared to 604.330.410 traded equities. The average NYSE volume in 1987 was only 188.542.561 traded equities.



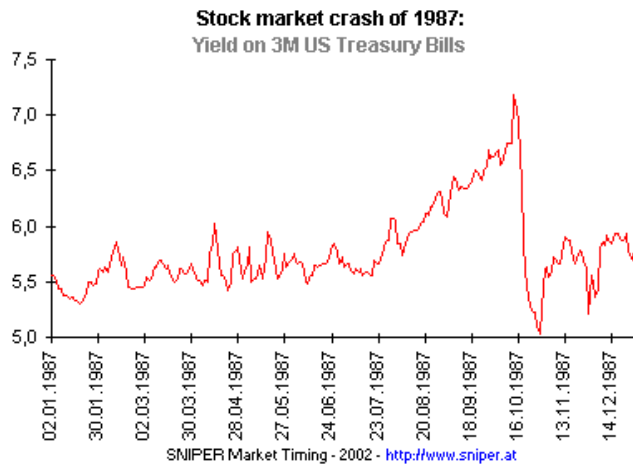


**US bonds:**





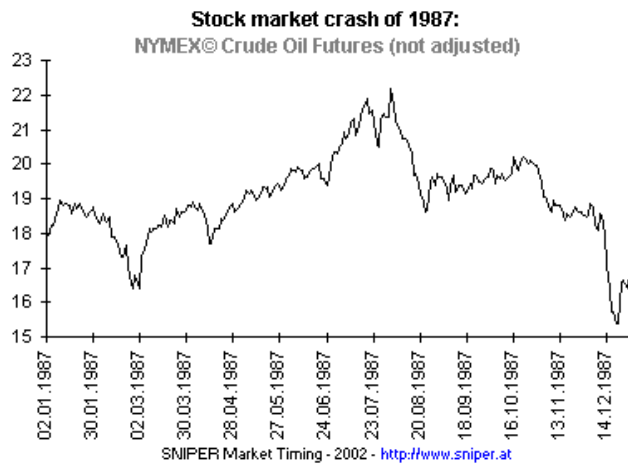
**US treasury bills (3 Month):**



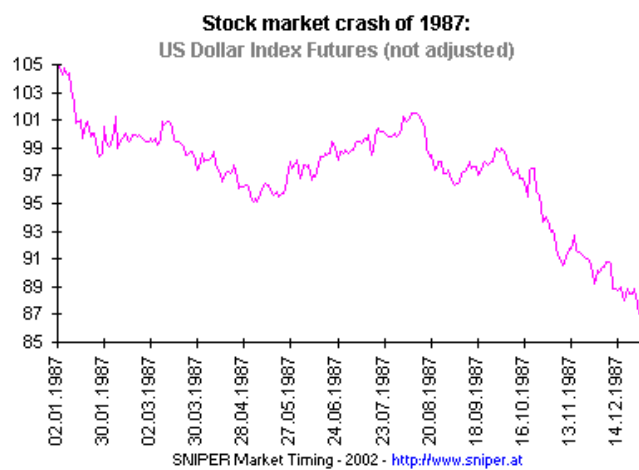
**Gold price:**



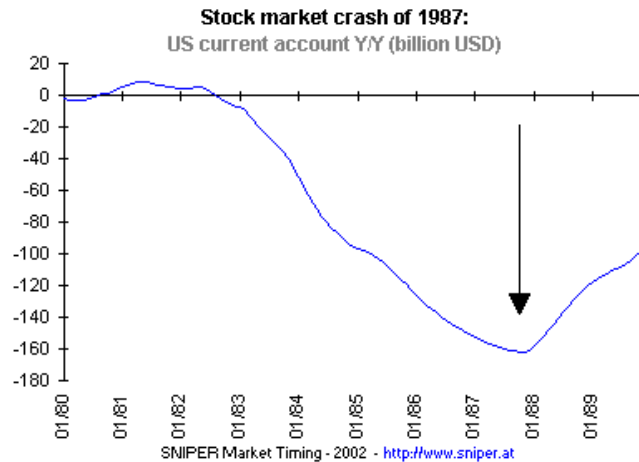
**Commodities:**



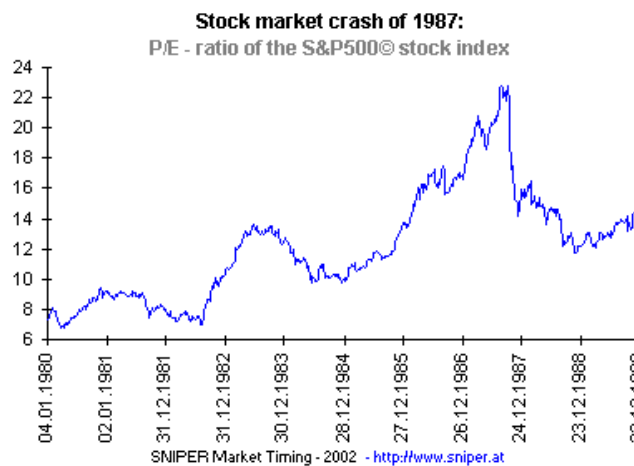
**US dollar:**



**US current account:**



**Price-earnings-ratio (P/E) - S&P500® index:**



**Dividend yield - S&P500® index:**



Trademarks and copyrights mentioned on this web page are the ownership of their respective companies. The names of products and services presented are used only in an educational fashion and to the benefit of the trademark and copyright owner, with no intention of infringing on trademarks or copyrights. This web page and its information are provided for guidance and information purposes only. This web site is not intended to provide investment, tax, or legal advice and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading or timing strategy. The information provided on this web page has been compiled from sources deemed reliable and it is accurate to the best of our knowledge and belief. However, we cannot guarantee as to its accuracy, completeness and validity and cannot be held liable for

any errors or omissions. Changes are periodically made to this web site and may be made at any time. All information contained herein should be independently verified and confirmed.

The risk index and the risk index timing strategy are not intended to provide personal investment advice. The risk index and the risk index timing strategy have been prepared solely for informational purposes, and are not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading or timing strategy. The risk rating and the risk index timing strategy do not provide, imply, or otherwise constitute a guarantee of performance. Therefore it should not be assumed that future risk ratings will be profitable or will equal past performance, real, indicated or implied. Past performance is not necessarily indicative of future results.

Please also read our detailed [risk disclaimer and disclosure statement](#).

---

[Home](#) | [Stock system](#) | [Bond system](#) | [Newsletter](#) | [Disclaimer](#) | [FAQ](#) | [Site map](#) | [About us](#) | [Contact](#) | [Links](#)  
[Web imprint / Impressum](#)

Copyright © 2001-2009 SNIPER Market Timing. All rights reserved.