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LONG TIME - The USA has kept records on economic expansions and contractions since 1854. The current expansion, which began in July 2009, is in its 93rd month. It is the 3rd longest expansion in history, trailing only expansions that ran from 1991-2001 and from 1961-69 (source: National Bureau of Economic Research).

VERY RICH PLAN - Defined benefit pension plans can be funded to produce an annual benefit at retirement as high as \$215,000 in 2017, up from \$180,000 in 2007 (source: Internal Revenue Service).

BORROWING EVERY WEEK - Through the first 2 months of 2017 (i.e., through 2/28/17), the Treasury Department has conducted weekly auctions in which they have borrowed \$1.09 trillion. The duration of the debt ranges from as short as 4 weeks to as long as 30 years (source: Treasury Department).

These are the views of James Steen & Jason Pearson. No independent analysis has been performed and the material should not be construed as investment advice.

Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy.

March 4, 2017 marked the 60th anniversary of the S&P 500®, the most widely followed gauge of the U.S. market and indicator of global economic health.

The Standard “500” was introduced at a luncheon for the press on Feb. 27, 1957, at the Lawyers Club in New York, with a turnout of 35 top financial writers. Between the main dish and coffee, Lew Schellbach—a Standard & Poor’s editor, PR director, and economist considered the “Father of the S&P 500” —described the new index and improvements reflected in the expanded market indicator.

It had been more than 30 years since S&P created its first market indicator—a 90-stock measure that included 50 industrial companies. Based at 100, it didn’t claim to be an average, but rather an “index” that would allow investors to more easily gauge market performance relative to previous levels.

But it wasn’t until 1957 that the Standard “500,” as it was then known, emerged. Its introduction was enabled by an electronic calculation method developed by Boston-based Melpar, Inc., that allowed S&P to perform index calculations much more efficiently than before.

With this new technology, S&P could have covered every stock traded on the New York Stock Exchange. However, some stocks were traded so thinly and infrequently, or garnered such limited public interest, that they didn’t warrant a place in the index. As a result, Lew Schellbach and colleague George Olsen combed the list to find the most meaningful stocks. Ultimately, they settled on a group of 500—425 industrials, 25 rails, and 50 utilities—that they considered most representative of the overall market. These 500 stocks accounted for over 90% of total U.S. market value.

The new Standard “500” was groundbreaking not only for its breadth, but also because it could be calculated and distributed on an hourly basis. From its inception, it was a market-cap index, accounting for the price of each stock as well as the number of shares outstanding for each security.

Anticipating the need for historical data, Olsen and his crew assembled an 80-page document that listed daily figures for the index and its industrial, railroad, and utility subgroup indices back to 1928 (with weekly data for 1926-1927), along with commentary on their construction and use. The document was distributed to security analysts, members of the American Stock Exchange and other interested parties.

The new index was heralded by S&P not only for its “electronic wizardry,” but as a solution for investors seeking a broader and more up-to-date measure of the market. To be sure, it set a precedent and a vision for the future, as S&P described in its in-house newsletter, *The Spectator*:

“Before too long we hope to perfect a whole new series of companion indexes, which will provide our subscribers with standard composite balance sheet data for each of the 91 industrial groups. These will provide the analytical profession with a whole new set of tools that should put the art of security analysis years ahead. In other words, we have just begun to tap the electronic age at Standard & Poor’s.”

P.S. If you think this type of information would be of benefit to anyone you know, please share this communication with them.

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