VANDENBOSCH

CAPITAL MANAGEMENT

Let's Talk About the Dow

Understanding One of the Most Misunderstood Numbers in Finance

We've all seen headlines like:

"The Dow Fell 1,000 Points Today."

That sounds dramatic.

HOW BIG IS A 1,000-POINT DOW MOVE, REALLY?



BLACK MONDAY

October 19, 1987

508

POINTS

▼ **22.6% Decline**

Dow ≈ 2,246

Largest one-day percentage decline in Dow history.

"MAJOR" HEADLINE TODAY

Current Market Environment

1,000

POINTS

▼ **~1.9% Decline**

Dow ≈ 53,000

Significant, but not historically unusual.



A BLACK MONDAY-SIZED DECLINE TODAY WOULD APPROACH

12,000 DOW POINTS

Perspective changes everything.

What Is the Dow?

The Dow Jones Industrial Average tracks just 30 large U.S. companies.

Despite being one of the most widely quoted market benchmarks, it represents only 30 stocks rather than the entire U.S. stock market.

The Dow is a small piece of a much larger market.

Why One Stock Can Matter More Than Another

Unlike the S&P 500, the Dow is a price-weighted index.

That means stocks with higher share prices have greater influence on the index. Today, Goldman Sachs is one of the most influential components because it has one of the highest share prices among the 30 companies in the Dow.

The Dow measures stock prices, not company size.

The Bigger Lesson

Headlines Focus on Points. Investors Should Focus on Perspective.

The next time you hear:
"The Dow moved 1,000 points today."

Ask yourself:

- What percentage did the market move?
- What caused the move?
- Is it significant historically?
- Does it change my long-term financial plan?

Understanding the story behind the headline can help investors make more informed decisions and avoid emotional reactions to short-term market noise.



Markets Move. Perspective Matters.

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11/2026