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Stock Market Crash of 1929

In late October 1929, a major stock market crash occurred that is known as the Wall Street Crash of 1929. This crash literally wiped people out at the time. Many were forced to sell their businesses and cash in their life savings. With brokers calling in their loans when they saw that the stock market began falling. Individuals were scrambling to find money to pay off their margins, but the reality was that the majority of them were unable to pay off their loans in full. The stock market crash of 1929 was not a single day event. This was an event that plunged over the course of a few days.

Wednesday October 23, 1929

Share prices were plummeting without warning at the New York Stock Exchange, this was a shock to investors because for the past five year all they had ever seen was the market go up. Automobile stocks fell that day and it is still unknown today as to why. Two and a half million shares were sold in result and that was only the start.

Thursday October 24, 1929

The official start of the crash, it was recorded that the Down opened at 305.85 and it immediately fell 11 percent. There was a huge difference in the number of people willing to sell than those who were willing to buy. Thousands gathered outside of the New York Stock Exchange in panic desperate to know what was going on.

Friday October 25, 1929

J.P Morgan Bank alongside National Citi Bank and a few other big bankers attempted to bail out the banking system using their own money. They pooled 250 million of their own money, that would be used to support a list of key stocks. It was hoped that this money would get the market moving again and restore confidence in the market.

Saturday October 26, 1929 – Sunday October 27, 1929

Based on what the major banks at the time had done to stabilize the market on Friday, by investing a huge amount of their money to restore investors faith in the stock market led to the stock market actually being stable for three days.

Monday October 28, 1929

Ever since 1922, the stock market had gone up because everyone invested by buying on margin. Individuals were allowed to borrow money from brokers to buy stocks and they only needed to put down ten to twenty percent. On Monday, brokers decided to call in the loans, making individuals pay back the money or their securities would be sold, which resulted in the Dow to further fall. Many of these individuals were unable to pay back the loans and lost everything.

Tuesday October 29, 1929 (Black Tuesday)

There were tremendous waves of selling that day, investors sold over 16.4 million shares of stock. The overall lost of the stock market was equivalent of $396 billion today. The following day, the stock market was closed. Once it reopened, stocks continued to drop.