The **New York Stock Market Crash** most famously refers to the **Wall Street Crash of 1929**, which marked the beginning of the **Great Depression**. Here's a breakdown of how it happened:

## 1. The Roaring Twenties and Economic Boom

- During the 1920s, the U.S. economy was booming, and stock prices were rising rapidly.
- Many people, including ordinary citizens, invested in the stock market, often borrowing money (buying on **margin**) to do so.
- This led to an **overinflated stock market**, where prices were much higher than the actual value of companies.

### Causes of an Overinflated Stock Market

1. **Speculation** – Investors buy stocks expecting prices to keep rising, even if the company isn't growing.
2. **Buying on Margin** – Borrowing money to buy stocks increases demand and drives prices up artificially.
3. **Hype & Market Sentiment** – Positive news, trends, or social media influence can cause people to invest blindly.
4. **Low Interest Rates** – Cheap borrowing makes it easier for people to invest more than they should.

## 2. Speculation and Overconfidence

- Investors speculated that stock prices would keep rising indefinitely.
- Banks and businesses encouraged borrowing to invest in stocks.
- This speculation created a **stock market bubble**—prices were driven by demand rather than actual company earnings.

A **stock market bubble** occurs when stock prices rise **far beyond** their actual value due to excessive speculation and investor enthusiasm. Eventually, the bubble bursts, leading to a sharp decline in stock prices.

## 3. Early Signs of Trouble (September–October 1929)

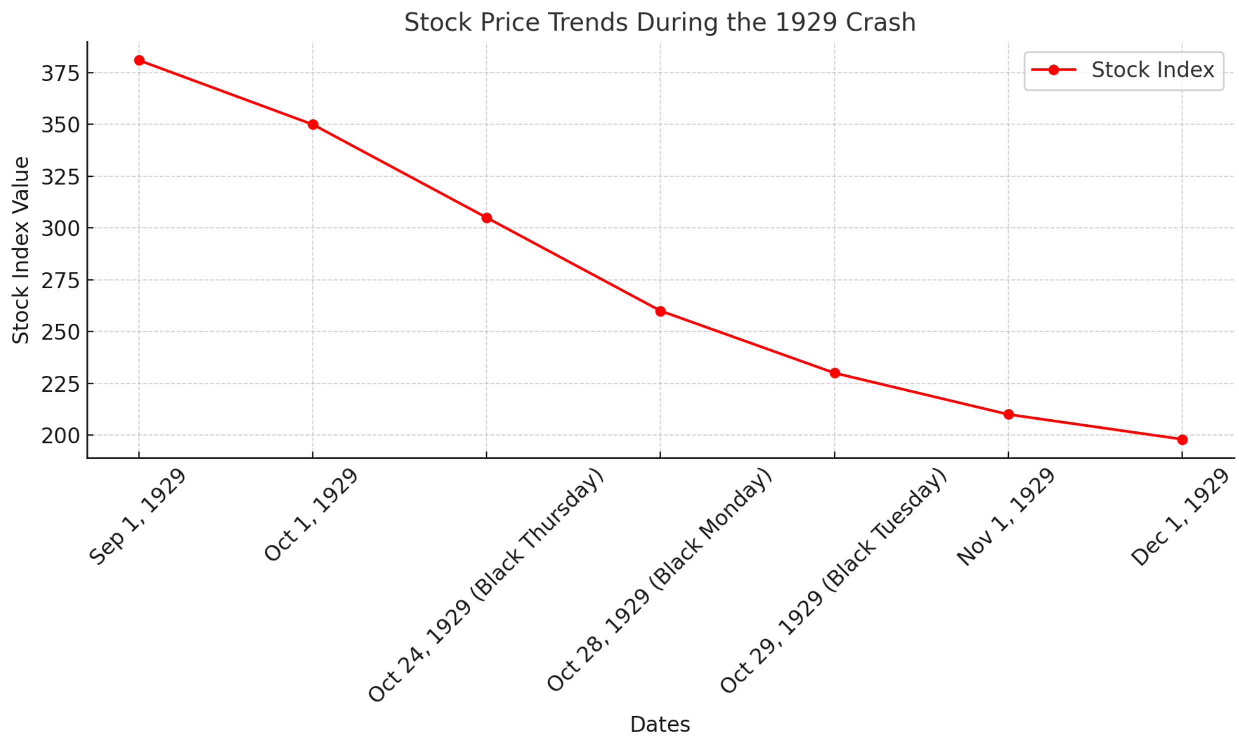
- In **September 1929**, stock prices began to fluctuate, making investors nervous.
- By **October 24, 1929 ("Black Thursday")**, a large number of investors started selling stocks out of fear, causing prices to drop sharply.

## 4. The Crash (Black Monday & Black Tuesday – October 28–29, 1929)

- On **October 28, 1929 ("Black Monday")**, panic selling caused the market to drop 13%.
- On **October 29, 1929 ("Black Tuesday")**, the panic intensified, and the market lost another 12%.
- Millions of investors, including small businesses and ordinary people, **lost their savings overnight**.
- Banks that had loaned money for stock investments **failed**, worsening the crisis.

## 5. Aftermath and the Great Depression

- The stock market crash led to **widespread bank failures**, as banks had also invested heavily in stocks.
- Businesses closed, unemployment soared, and the **Great Depression** (1930s) followed.
- It took **over a decade** and World War II for the economy to fully recover.


Stock Price Trends During the 1929 Crash
Stock Index
Stock Index Value
375
350
325
300
275
250
225
200
Sep 1, 1929
Oct 1, 1929
Oct 24, 1929 (Black Thursday)
Oct 28, 1929 (Black Monday)
Oct 29, 1929 (Black Tuesday)
Nov 1, 1929
Dec 1, 1929
Dates