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Feature · Market history

A short history of the US, Japanese and Chinese stock markets

New York 1792, Tokyo 1878, Shanghai 1990: three markets founded nearly two centuries apart

This note follows the stock markets of the US, Japan and China from their founding to today in four periods: origins, post-war growth, divergence and the current cycle. Each period is set against the country's stage of development, and the final section compares the three markets. Index levels are Yahoo Finance daily closes to 2026-10-23; some Shanghai levels are intraday.

New York	Tokyo	Shanghai
1792	1878	1990
Buttonwood Agreement	Tokyo Stock Exchange founded	Shanghai Stock Exchange opens
Mainland market closed	**Dow back to 1929 high**	**Nikkei back to 1989 high**
41 years	25 years	34 years
1949–1990	November 1954	February 2024

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Key findings

Origins (1790–1949): each market emerged with national modernisation. The US market was born with the young republic and financed railways, steel and oil; Japan's was founded ten years after the Meiji Restoration to serve catch-up industrialisation; share trading in China began in late 19th-century Shanghai and stopped in 1949, leaving the mainland without a stock market for 41 years. The 1929 crash led the US to mandatory disclosure.

Post-war growth (1945–1989): prosperity in the US and Japan, a fresh start in China. The US entered the age of institutional investors and, after stagflation, began a long bull market in 1982; Japan grew fast, and easing after the Plaza Accord fed the 1989 bubble; after reform and opening China saw its first public share issue in 1984 and set up the Shanghai and Shenzhen exchanges in 1990.

Divergence (1990–2012): Japan's lost decades, two US bubbles, institution-building and volatility in China. The Nikkei fell to 7,054.98 in 2009; the Nasdaq and the S&P 500 fell 78% and 57%; China built its regulator, Securities Law and split-share reform, and the Shanghai Composite reached an intraday 6,124 in 2007.

The current cycle (2013 to date): the three markets moved apart. Governance reform and easing took the Nikkei back above its 1989 high in 2024; the US market set records led by indexing and large technology companies; China extended registration-based listing and cross-border connections, and the Shanghai Composite stood at 3,690.48 on 2026-10-23, still below its 2007 high.

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Timeline of the three markets

The first US stock exchange opened in Philadelphia in 1790; the Tokyo Stock Exchange was founded in 1878; the Shanghai Stock Exchange opened in December 1990. Share trading in China began in the second half of the 19th century, but the mainland had no stock market from 1949 to 1990. The table lists the main milestones.

Year	Market	Event
1792	US	Buttonwood Agreement: 24 brokers agree a common commission

Year	Market	Event
1863	US	Name New York Stock Exchange adopted
1872	China	China Merchants Steam Navigation raises share capital
1878	Japan	Tokyo and Osaka stock exchanges founded
1891	China	Shanghai Sharebrokers' Association (foreign brokers)
1896	US	Dow Jones Industrial Average launched (12 stocks)
1920	China	Shanghai Securities and Commodities Exchange opens
1929	US	Crash; securities acts of 1933 and 1934, SEC created
1945	Japan	Trading halted around the defeat
1949	Japan	Tokyo Stock Exchange reopens; Nikkei 225 begins
1949	China	Shanghai exchange closed
1971	US	Nasdaq opens; dollar convertibility into gold ends
1985	Japan	Plaza Accord; yen appreciates, Bank of Japan cuts rates
1987	US	Black Monday: Dow falls 22.6% in a day
1989	Japan	Nikkei 225 closes at 38,915.87
1990	China	Shanghai Stock Exchange opens with 8 stocks
1997	Japan	Yamaichi Securities ceases business
2000	US	Dot-com peak
2005	China	Split-share structure reform begins
2008	US	Lehman Brothers fails; global financial crisis
2014	Japan	NISA launched; GPIF raises its equity allocation
2015	China	Market slump; circuit breaker suspended in 2016
2019	China	STAR Market opens with registration-based IPOs
2024	Japan	Nikkei 225 passes its 1989 high for the first time in 34 years
2026	US	S&P 500 record close at 7,818.93

Sources: exchange histories, Nikkei Inc. index notes, Shanghai Municipal Archives and contemporary reports.

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Origins (1790–1949)

US

The first US stock exchange opened in Philadelphia in 1790. In 1792, 24 brokers signed the Buttonwood Agreement under a sycamore outside 68 Wall Street, agreeing to trade with one another at a common commission; this is regarded as the origin of the New York Stock Exchange. Trading was mainly in government debt left by the War of Independence and a few bank shares. The brokers formed the New York Stock and Exchange Board and moved indoors in 1817, and adopted the name New York Stock Exchange in 1863. Railway shares dominated the second half of the 19th century; the stock ticker came into use in 1867, and the Dow Jones Industrial Average, with 12 stocks, was first published in 1896. The US industrialised after the Civil War, and by the end of the century its industrial output was the largest in the world.

Japan

After the Meiji Restoration of 1868 Japan built a modern state on Western models. In 1878, with the industrialist Shibusawa Eiichi among the promoters, stock exchanges opened in Tokyo and Osaka, first trading mainly government bonds issued to compensate the former samurai class. Through the Sino-Japanese War, the Russo-Japanese War and the First World War, textile, railway and shipbuilding companies listed, and the Mitsui, Mitsubishi and Sumitomo zaibatsu came to dominate the economy. Under the wartime regime the exchanges were merged into the Japan Securities Exchange in 1943, and trading stopped around the defeat in August 1945.

China

Share trading in China also began in the second half of the 19th century. China Merchants Steam Navigation, founded in 1872, raised capital from the public and was one of the first Chinese joint-stock companies; in 1891 foreign brokers in Shanghai formed the Shanghai Sharebrokers' Association, trading mainly in foreign companies. A rubber-share boom in London and Shanghai burst in 1910 and set off a financial panic that hit many native banks. The Shanghai Securities and Commodities Exchange opened in 1920, the beginning of a market run by Chinese merchants. The Shanghai Stock Exchange opened

in September 1946 and was closed in June 1949; the mainland then had no stock market for 41 years.

1929: one crash, three countries

The US economy grew fast in the 1920s as cars and electricity spread, and margin buying pushed shares higher. The Dow closed at 381.17 on 3 September 1929, collapsed in late October and fell to 41.22 in July 1932, about 89% below the peak; it did not regain its 1929 high until November 1954. The Securities Act of 1933 and the Securities Exchange Act of 1934 created the SEC and required listed companies to disclose information, a framework still in use. The Depression spread through trade and the gold standard: Japan fell into the Showa depression around 1930, and China left the silver standard with the currency reform of 1935. The countries then took different paths that ended in the Second World War.

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Post-war growth (1945–1989)

US

After the Second World War the US was the largest economy and creditor in the world, and the market entered a long rise. Pension and mutual funds became major investors in the 1950s and 1960s, the start of the institutional era. Nasdaq, the first electronic quotation market, opened in 1971, the year the dollar's link to gold ended along with the Bretton Woods system. The oil shocks of the 1970s brought high inflation and stagnation; shares went nowhere in nominal terms and lost much of their value after inflation. Fixed commissions were abolished in 1975, and the 401(k) provision added to the tax code in 1978 gradually brought ordinary households into the market through retirement accounts. As inflation and interest rates fell from 1982, a long bull market began. On Black Monday, 19 October 1987, the Dow fell 22.6% and the S&P 500 20.5% in one day, but no recession followed.

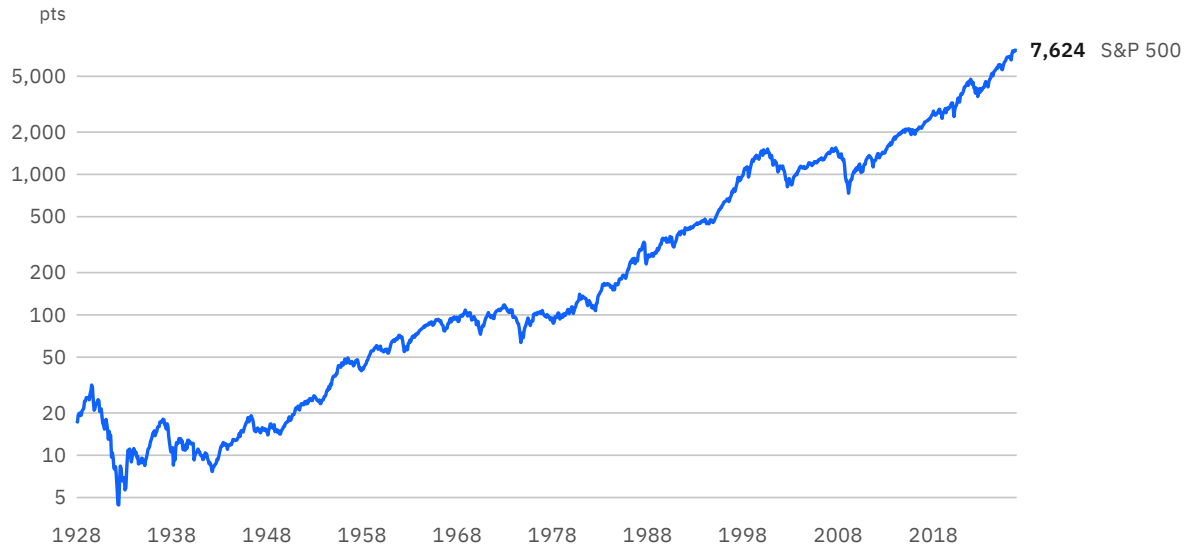
Japan

The Tokyo Stock Exchange reopened in May 1949, the base date of the Nikkei 225. For nearly 20 years the economy grew by about 10% a year; Tokyo hosted the Olympics and the Shinkansen opened in 1964, and in 1968 Japan overtook West Germany as the second-largest economy. A securities slump in 1965 left Yamaichi Securities dependent on special loans from the Bank of Japan. After the Plaza Accord of September 1985 the yen rose sharply; the Bank of Japan cut rates repeatedly to cushion exporters, and easy money flowed into shares and property. The listing of NTT in 1987 set off a public share-buying boom. On 29 December 1989 the Nikkei closed at 38,915.87; Japan accounted for over 40% of world stock market value, and land prices had risen sharply as well.

China

China began reform and opening in 1978, moving from a planned to a market economy. Shanghai Feilo Acoustics issued shares to the public in 1984, the first public offering of the reform era, and over-the-counter trading began at a Shanghai brokerage in 1986. The Shenzhen exchange began trial operation in December 1990 and the Shanghai Stock Exchange opened on 19 December with eight listed stocks, the 'old eight', and the Shanghai Composite based at 100. It was 41 years since the old Shanghai exchange had closed.

S&P 500 since 1928 (month-end close, log scale)



Data: Yahoo Finance ^GSPC.

05

Divergence (1990–2012)

Japan

The Bank of Japan raised rates from May 1989 and capped property lending in 1990. The Nikkei fell 38.7% in 1990 as the bubble burst. Falling share and land prices left banks with large bad loans, companies concentrated on repaying debt, and investment and consumption stayed weak; in November 1997 Yamaichi Securities, one of the four largest brokers, announced it would cease business. The Nikkei fell to 7,607.88 in April 2003 and 7,054.98 in March 2009, about 82% below its 1989 high. Japan's population peaked around 2008, and deflation lasted more than a decade.

US

Personal computers and the internet spread in the 1990s and technology shares led the market. The Nasdaq Composite closed at 5,048.62 on 10 March 2000 and, after the bubble burst, fell to 1,114.11 in October 2002, down 78%; the NYSE closed for four trading days after 11 September 2001. Easy credit then lifted house prices until Lehman Brothers failed in September 2008 and the global financial crisis broke out; the S&P 500 fell from 1,565.15 in October 2007 to 676.53 in March 2009, down 57%. The Federal Reserve cut rates to near zero and bought bonds through quantitative easing, and the market began a long recovery.

China

After Deng Xiaoping's southern tour in 1992 China committed to a socialist market economy, and the China Securities Regulatory Commission was set up that October; a 10% daily price limit took effect at the end of 1996 and the Securities Law in 1999. The economy grew fast after WTO accession in 2001, yet the market peaked in June 2001 and fell for four years, the Shanghai Composite dropping from an intraday 2,245 to an intraday 998 in June 2005. One reason was the split-share structure: about two thirds of listed companies' shares could not be traded. The reform launched in April 2005 had holders of non-tradable shares compensate holders of tradable shares in exchange for trading rights. The index reached an intraday 6,124 on 16 October 2007 and fell to an

intraday 1,664 in October 2008, down 73%. In 2010 China overtook Japan as the second-largest economy.

Nikkei 225 since 1965 (month-end close)



Data: Yahoo Finance ^N225.

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The current cycle (2013 to date)

Japan

Abe Shinzo returned to office at the end of 2012 with policies centred on large-scale easing, and in April 2013 the Bank of Japan introduced quantitative and qualitative easing. NISA tax-free accounts were launched in 2014 and the GPIF raised its equity allocation; the Stewardship Code (2014) and Corporate Governance Code (2015) followed, the TSE reorganised its market segments in 2022, and in March 2023 it asked companies trading below book value to explain how they would raise capital efficiency. Berkshire Hathaway's purchases of the five trading houses from 2020 drew foreign investors back. On 2024-02-22 the Nikkei closed at 39,098.68, above its 1989 high for the first time in 34 years; the Bank of Japan ended negative rates in March, and on 5 August the index fell 12.4% in a day. Led by AI and semiconductor shares, it made a record close of 72,366.34 on 2026-06-25 and stood at 62,693.16 on 2026-10-23.

US

Two features of the US market became more marked in the 2010s: indexing, as more money went into low-cost index funds and ETFs, and concentration, as large technology companies such as Apple, Microsoft, Amazon, Alphabet and Nvidia carried a rising weight in the indices. In March 2020 the pandemic triggered four market-wide circuit breakers in ten days; the Federal Reserve eased on a large scale and shares rebounded quickly. In 2022 the Fed raised rates fast to fight inflation and the S&P 500's maximum drawdown for the year was about 25%; from 2023 artificial intelligence lifted semiconductor and cloud companies. The S&P 500 made a record close of 7,818.93 on 2026-10-06 and stood at 7,623.68 on 2026-10-23.

China

Shanghai–Hong Kong Stock Connect opened in November 2014, linking the mainland and Hong Kong markets. In the first half of 2015 margin and informal leverage pushed the Shanghai Composite to an intraday 5,178; when regulators curbed the leverage it fell sharply, closing near 2,927 in August. A new circuit breaker was triggered twice in four trading days in January 2016 and then suspended. The STAR Market opened in July 2019 with registration-based listing, extended to the whole market in February 2023, and in April 2024 the State Council's new nine-point guideline stressed company quality and dividends. After a package of growth measures in late September 2024 the index rose quickly from about 2,700 to an intraday level above 3,600; it passed 4,000 in January 2026 and stood at 3,690.48 on 2026-10-23, still below its 2007 high. Over the same period growth slowed from high to medium speed, the property market adjusted and the population began to fall in 2022.

Shanghai Composite since July 1997 (month-end close)



Data: Yahoo Finance 000001.SS (no earlier data on Yahoo).

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Comparing the three markets

Age and stage of development

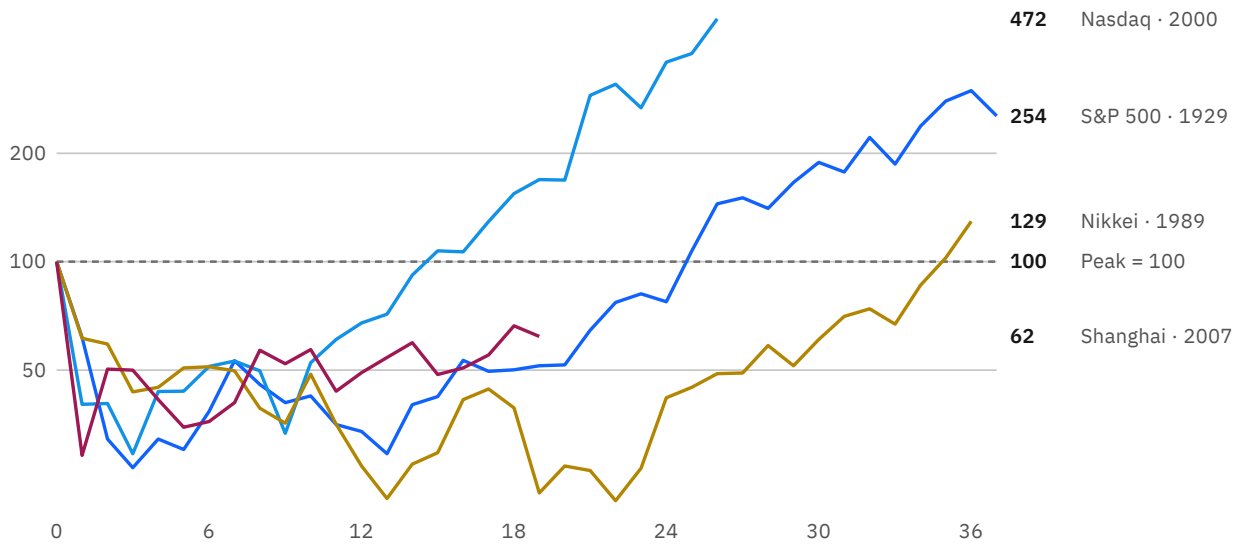
Counting from the first exchange, the US market is 236 years old and Japan's 148; mainland China's modern market dates from 1990, 36 years ago, after a 41-year break. Disclosure, delisting and institutional investors developed gradually in the US and were introduced in China within a short period. The US market was born with the young republic and grew with industrialisation; Japan's was founded ten years after the Meiji Restoration and expanded with catch-up industrialisation; China's modern market was set up 12 years into reform and opening, with the restructuring and financing of state-owned enterprises among its first tasks.

Recovery after great bubbles

The table compares four great bubbles: the peak, the subsequent low, the maximum fall and when the index regained its peak. Dow levels for 1929 are documented closes; Shanghai levels are intraday; the others are daily closes.

Bubble	Peak	Low	Max fall	Peak regained	Time taken
Dow 1929	381.17 1929-09-03	41.22 1932-07	-89%	1954-11	**25 years**
Nasdaq 2000	5,048.62 2000-03-10	1,114.11 2002-10	-78%	2015-04	**15 years**
Nikkei 1989	38,915.87 1989-12-29	7,054.98 2009-03	-82%	2024-02-22	**34 years**
Shanghai 2007	6,124 2007-10-16	1,664 2008-10	-73%	Not yet	19 years so far

Index after the peak (peak month = 100; years after the peak; log scale)

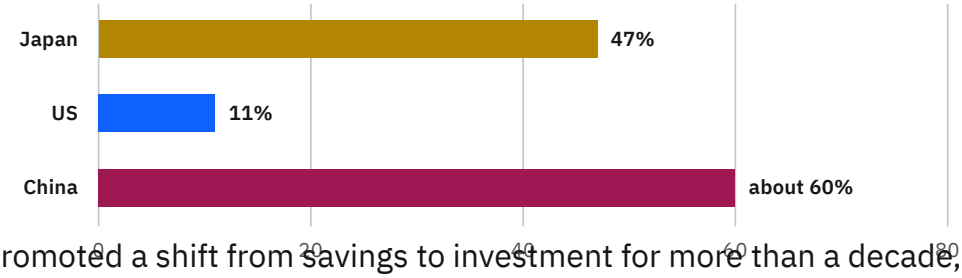


Values on each anniversary of the peak month, month-end closes. The S&P 500 stands in for the Dow in 1929 (Yahoo has no early Dow data); both regained their 1929 highs in the same year.

Recovery time depends mainly on three things: how high valuations were at the peak, subsequent economic growth and corporate earnings, and the policy response, including monetary policy, the treatment of bad bank loans and market reform. Japan took a long time to resolve bad loans in the 1990s, alongside deflation and a peaking population; the Nasdaq's recovery came with sustained earnings growth at large technology companies.

Cash and deposits in household financial assets

Cash and deposits as a share of household financial assets



Japan has promoted a shift from savings to investment for more than a decade, with NISA as one element; US households hold equities long-term mainly through retirement accounts such as 401(k) plans and index funds. Chinese households still hold most of their financial assets as deposits, and property is a large share of total assets.

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Risks and limitations

History is not a forecast
Past levels and recovery times do not predict future returns.

Price indices exclude dividends
The indices are price indices; with dividends reinvested, the time to regain a peak is shorter.

No inflation or currency adjustment
Levels are nominal and in local currency, with no inflation or currency adjustment.

Definitions differ
Some Shanghai levels are intraday; 1929 Dow levels are documented values; China's household figure is a research estimate.

Indices and economies diverge
Index composition, sector mix and valuation differ, so market returns need not track economic growth.

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Method and sources

Indices: Yahoo Finance daily closes (^GSPC, ^IXIC, ^N225, 000001.SS) to 2026-10-23; charts use month-end closes. Shanghai levels of 998, 1,664, 2,245, 5,178 and 6,124 are intraday.

Dow Jones Industrial Average 1929–1954: documented closes (381.17 on 3 September 1929, 41.22 in July 1932, 382.74 in November 1954).

Institutions and events: histories of the NYSE, Japan Exchange Group and Shanghai Stock Exchange; Nikkei Inc. index notes; Shanghai Municipal Archives; the US securities acts of 1933 and 1934; events after 2024 as reported at the time.

Household assets: Bank of Japan, Flow of Funds: Overview of Japan, US and Euro area (end-March 2026); China: Industrial Bank research estimate (2023).

Recovery time: first close above the bubble peak; for the Nasdaq, by month.

This is a historical review based on public sources for a general audience. It does not address any individual's circumstances and is not investment advice. Past index levels and recovery times do not indicate the future.

Data as of 2026-10-23 · Yahoo Finance 指数日收盘；各交易所史料；日本银行资金循环统计；兴业研究估算

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