

His results were controversial at first and were later disproved. But in the process the professor earned tenure, beating a number of his colleagues in the competition for most citations.

Combining the results from Figures 5.5 and 5.6 one can conclude that when a stock achieves a step upward in competitiveness this should not be interpreted as a guarantee for high returns to its investors. But for a stock to suffer in competitiveness means that a spectacularly good performance must be excluded. With this in mind we can now look at the recent moves of the 30 industrials (summer semester of 1998).

THE 30 INDUSTRIALS ON OCTOBER 30, 1998

Looking at the DJIA industrials from the point of view of competitive gains and losses in the stock market sheds new light on our understanding of stock performance. Figure 5.7 shows changes in the competitive positions of the 30 industrials during the summer semester of 1998, that is, between April 30 and October 30. The market took a big dip that summer. According to our earlier discussion, stocks that find themselves in the wedge of good fortune at the end of the semester, namely WMT, IBM, GE, United Technologies (UTX), and Chevron (CHV), make their stockholders happy. This is true despite the fact that UTX and CHV reported in fact drops in absolute price over this period. In relative terms their price increased (or said differently, the average NYSE price dropped more than they did).

Stocks that find themselves in the dog's corner, for example, MCD, J.P. Morgan (JPM), ALD, and Hewlett-Packard (HWP), have no chance of becoming the best-paying stock of the semester. And Disney's (DIS) 4-for-1 stock split proves worse than ineffective. Its stock position after the split fea-