



Is It All Down Hill From Here?

Thus far through 2019, the broader equity market, as measured by the S&P 500, is up roughly 26% on a total return basis, despite a tsunami of geopolitical and economic headwinds over the last year. Bonds have also fared well, with investment-grade corporates, as measured by the Bloomberg/Barclay's Agg, higher by over 8%. As we move into the home-stretch of 2019, we wanted to review the historical average return profile for markets in the second of the year, to determine if we should expect that Lexus with the red-bow, or a lump of coal in our stockings.

Based on our research, the third-quarter of any calendar year is typically the best rolling 90-day period for investors, with November being the best month of the year. While there has been wide-spread literature regarding the [January Effect](#), and the rebound of shares following [tax-loss harvesting](#), we found that over the last 30 years, January has not been as fortuitous as more dated research suggests.

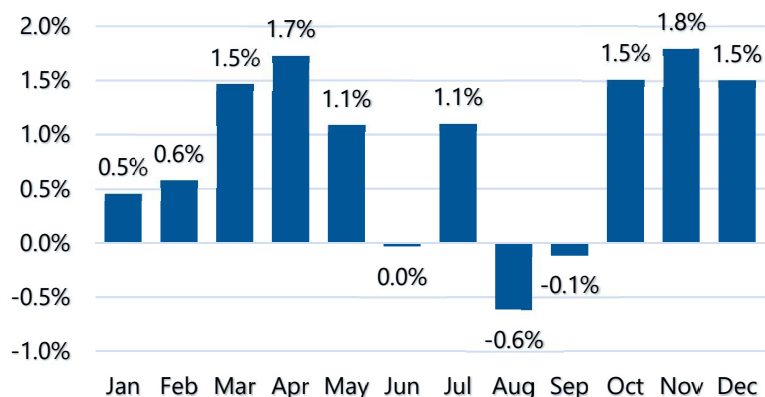
In fact, we found that during the previous 30 years, the average monthly total return in January is only 0.5%, followed by only 0.6% in February. Further, if we were to eliminate the ~8.5% retracement the S&P experienced in January 2009, the average January total return for the S&P 500 would still be only 0.8%. Investors did make positive returns roughly 60% of the time, with an average positive monthly gain of 3.5%. However for the 40% of negative returns, investors suffered over a 4% loss. So as election season heats up, and China/US trade negotiations seem to be moving sideways, we wonder what is in store for equity markets over the next 90 days. We'd love to hear your thoughts.

Index Total Returns

	YTD	1M	3M	6M	1Yr	3Yr
S&P 500	25.7%	4.4%	6.4%	11.3%	16.1%	15.0%
R1000	25.7%	4.4%	6.1%	10.9%	16.1%	14.8%
R1000V	19.3%	5.2%	5.6%	5.1%	6.5%	8.9%
BBgBarAgg	8.4%	0.1%	0.3%	4.8%	10.9%	3.6%
HY Muni	12.6%	0.6%	1.7%	3.8%	9.3%	6.3%
0-3 Muni	2.5%	0.1%	0.0%	1.3%	3.4%	1.7%
HY Bonds	9.6%	-0.1%	0.5%	4.1%	11.5%	7.0%
Glb Bonds	6.0%	-0.2%	-0.8%	3.3%	8.6%	3.0%
1-5yr Govt	4.1%	0.1%	0.4%	2.3%	5.7%	1.9%
1-3Y Corp	4.5%	0.3%	0.9%	2.4%	5.3%	2.5%
1-3Y TIPs	3.7%	0.4%	0.5%	1.7%	3.7%	1.7%
3M Tbills	2.1%	0.2%	0.5%	1.2%	2.4%	1.6%
MBS	9.3%	0.1%	0.1%	5.3%	11.7%	3.9%
Prefs	19.1%	-1.5%	0.4%	5.5%	15.5%	7.6%
REITs	25.4%	-0.9%	3.4%	7.7%	17.0%	10.5%
All World	22.2%	3.9%	6.9%	9.5%	14.5%	12.6%
EM	12.1%	3.1%	7.5%	4.9%	11.6%	10.5%

Source NPCG and FactSet; data as of 11/14/2019

Monthly Returns | S&P 500



Source NPCG and FactSet



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