BAIRD
Private Wealth Management

# In the Markets Now

## Selloffs through history

We believe in the old saying: a picture is worth a thousand words. Here, we aim to recap recent market action and provide some perspective to investors.

**PWM Equity & Fixed Income Research**
Ross Mayfield, CFA
Investment Strategy Analyst

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## MARKET SELLOFF TEAR SHEET

Recency bias is the tendency to over-emphasize the immediate past, often at the expense of events from longer ago. Humans are hardwired for this, and it can become an issue when market volatility pops up. We quickly forget how common volatility is, and we also easily forget how frightening market sell-offs of the past were. Rose-colored glasses tend to become the fashion statement of choice.

With that in mind, our table shows every S&P 500 sell-off since WWII. There's a lot here, but perhaps most critical is this: **selloffs may be common, but their length and severity vary widely.** And while neither can be known ahead of time, understanding this is half the battle. History is useful for context above all else.

Speaking of history: since WWII, the S&P 500 has gained 8% per year (11% with dividends) on average. There've also been 13 recessions, 17 bear markets, and 42 corrections in that same span. Volatility is a basic part of the long-term investor's experience – and has been for as long as humans have been involved in markets.

Every single day, there are reasons not to invest. Throw a dart at the timeline of history – you may not always hit a war or a pandemic, but any given moment was loaded with its own brand of uncertainty, often amplified by a news cycle prone to sensationalism. So in times of fear, remember to control what you can: revisit your plan, think long-term, and above all else, lean on your Baird Advisor.

Pink = bear market (down ≥ 20%)

S&P 500 Sell-offs of more than 10% since WWII

| Day Market Peaked | Day Market Bottomed | Drawdown (%) | Days from Peak to Bottom | Days from Peak to New High |
|---|---|---|---|---|
| 2/5/1946 | 2/26/1946 | -10.1 | 21 | 63 |
| 5/29/1946 | 10/9/1946 | -26.6 | 133 | 1,472 |
| 2/11/1947 | 5/19/1947 | -14.7 | 97 | 461 |
| 7/24/1947 | 2/14/1948 | -14.1 | 205 | 298 |
| 6/15/1948 | 6/13/1949 | -20.6 | 363 | 573 |
| 6/12/1950 | 7/17/1950 | -14.0 | 35 | 102 |
| 1/5/1953 | 9/14/1953 | -14.8 | 252 | 430 |
| 9/23/1955 | 10/11/1955 | -10.6 | 18 | 52 |
| 8/2/1956 | 2/12/1957 | -14.8 | 194 | 783 |
| 7/15/1957 | 10/22/1957 | -20.7 | 99 | 428 |
| 8/3/1959 | 9/28/1960 | -13.6 | 422 | 543 |
| 12/12/1961 | 6/26/1962 | -28.0 | 196 | 630 |
| 8/22/1962 | 10/23/1962 | -10.5 | 62 | 84 |
| 2/9/1966 | 10/7/1966 | -22.2 | 240 | 449 |
| 9/25/1967 | 3/5/1968 | -10.1 | 162 | 218 |
| 11/29/1968 | 5/26/1970 | -36.1 | 543 | 1,193 |
| 4/28/1971 | 11/23/1971 | -13.9 | 209 | 282 |
| 1/11/1973 | 10/3/1974 | -48.2 | 630 | 2,744 |
| 11/7/1974 | 12/6/1974 | -13.6 | 29 | 81 |
| 7/15/1975 | 9/16/1975 | -14.1 | 63 | 181 |
| 9/21/1976 | 3/6/1978 | -19.4 | 531 | 1,058 |
| 9/11/1978 | 11/14/1978 | -13.6 | 64 | 336 |
| 10/5/1979 | 11/7/1979 | -10.2 | 33 | 108 |
| 2/13/1980 | 3/27/1980 | -17.1 | 43 | 152 |
| 11/28/1980 | 8/12/1982 | -27.1 | 622 | 705 |
| 10/10/1983 | 7/24/1984 | -14.4 | 288 | 469 |
| 8/25/1987 | 12/4/1987 | -33.5 | 101 | 701 |
| 1/2/1990 | 1/30/1990 | -10.2 | 28 | 147 |
| 7/16/1990 | 10/11/1990 | -19.9 | 87 | 212 |
| 10/7/1997 | 10/27/1997 | -10.8 | 20 | 59 |
| 7/17/1998 | 8/31/1998 | -19.3 | 45 | 129 |
| 7/16/1999 | 10/15/1999 | -12.1 | 91 | 123 |
| 3/24/2000 | 10/9/2002 | -49.1 | 929 | 2,623 |
| 11/27/2002 | 3/11/2003 | -14.7 | 104 | 166 |
| 10/9/2007 | 3/9/2009 | -56.8 | 517 | 1,997 |
| 4/23/2010 | 7/2/2010 | -16.0 | 70 | 195 |
| 4/29/2011 | 10/3/2011 | -19.4 | 157 | 301 |
| 5/21/2015 | 2/11/2016 | -14.2 | 266 | 417 |
| 1/26/2018 | 2/8/2018 | -10.2 | 13 | 210 |
| 9/20/2018 | 12/24/2018 | -19.8 | 95 | 215 |
| 2/19/2020 | 3/23/2020 | -33.9 | 33 | 181 |
| 1/3/2022 | 5/18/22* | -18.2* | 135* | - |
| **Average** | | **-19.8** | **198** | **526** |
| **Median** | | **-14.8** | **101** | **298** |

We count the -19% or worse drawdowns as bear markets even though -20% is the technical hurdle.

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