

Soft landing - A tale of recovery?

- 2022 proved to be a challenging year for global equities, including the S&P 500 Index.
- As investor optimism towards a soft landing grows, equities continue to catch up with select large-cap tech and consumer growth stocks that have driven most of the returns in 2023.
- Corrections are a part of investing – since 1950, the S&P 500 Index has gone through many drawdowns in the 20% range.
- The periods that follow have historically seen the index notch its largest gains.

S&P 500 Index: Worst Declines and Subsequent Recoveries (Cumulative)

Start	End	Peak	Trough	Decline	3 Months Out	6 Months Out	1 Year Out	3 Years Out
2022-01-03	2022-10-12	4796.56	3577.03	-25.43%	10.98%	15.91%	-	-
2020-02-19	2020-03-23	3386.15	2237.4	-33.92%	39.35%	48.19%	74.78%	76.49%
2018-09-20	2018-12-24	2930.75	2351.1	-19.78%	19.02%	24.09%	37.10%	101.00%
2007-10-09	2009-03-09	1565.15	676.53	-56.78%	38.82%	51.57%	68.57%	101.90%
2000-03-24	2002-10-09	1527.46	776.76	-49.15%	17.14%	12.21%	33.73%	53.96%
1990-07-16	1990-10-11	368.95	295.46	-19.92%	6.45%	28.75%	29.10%	55.99%
1987-08-25	1987-12-04	336.77	223.92	-33.51%	19.37%	18.99%	21.39%	44.74%
1980-11-28	1982-08-12	140.52	102.42	-27.11%	38.41%	44.14%	58.33%	83.20%
1973-01-11	1974-10-03	120.24	62.28	-48.20%	12.76%	29.87%	38.01%	55.33%
1968-11-29	1970-05-26	108.37	69.29	-36.06%	17.07%	22.80%	43.73%	55.78%
1966-02-09	1966-10-07	94.06	73.2	-22.18%	12.27%	22.08%	32.87%	27.54%
1961-12-12	1962-06-26	72.64	52.32	-27.97%	8.87%	20.45%	32.66%	58.75%
1956-08-02	1957-10-22	49.74	38.98	-21.63%	5.95%	9.80%	31.02%	36.79%
Average Recovery					18.96%	26.83%	41.77%	62.62%

Source: Bloomberg, BMO Global Asset Management. As of July 31, 2023 (Data studied starts from January 1950).

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