

## Every cloud has a silver lining.

*“The stock market is a device for transferring money from the impatient to the patient.”*

*Warren Buffett*

The table below relates to the S&P 500 index and covers data from 12 recessions between the 1940s and the most recent 2020 Covid downturn. Markets will generally price in a recession well in advance, and as can be seen below have actually averaged a positive return during these periods. The average return seen during these 12 recessions has been +3.8% for the S&P 500, with significant returns to be seen in the 1yr, 3yr, 5yr, and 10yr periods thereafter. With the exception of one case (1 year after the 2001 recession), every instance below for ‘after recession’ has shown positive returns.

### Recessions: Before and After

S&P 500 Index

Past performance is no guarantee of future results.

Recession Start	Recession End	Before		After			
		6 Months	During Recession	1 Year	3 Years	5 Years	10 Years
30/11/1948	31/10/1949	-8.99%	19.01%	35.06%	92.80%	177.83%	510.36%
31/7/1953	31/5/1954	-3.53%	22.94%	36.07%	83.74%	145.16%	295.53%
31/8/1957	30/4/1958	6.52%	-0.94%	37.23%	66.38%	89.85%	211.22%
30/4/1960	28/2/1961	-3.83%	19.74%	13.64%	35.15%	68.41%	112.23%
31/12/1969	30/11/1970	-4.14%	-1.92%	11.25%	20.58%	25.10%	146.56%
30/11/1973	31/3/1975	-7.63%	-7.80%	28.33%	22.08%	55.64%	253.47%
31/3/1980	31/7/1980	12.99%	9.58%	13.00%	56.07%	100.53%	344.64%
31/7/1981	30/11/1982	3.59%	14.23%	25.57%	66.79%	102.96%	350.21%
31/7/1990	31/3/1991	10.12%	7.94%	11.00%	29.79%	98.08%	284.21%
31/3/2001	30/11/2001	-18.75%	-0.91%	-16.51%	8.42%	34.29%	33.17%
31/12/2007	30/6/2009	-1.29%	-35.01%	14.42%	57.66%	136.88%	293.77%
29/9/2020	30/4/2020	1.91%	-1.12%	45.96%	N/A	N/A	N/A
Average		-1.08%	3.81%	21.25%	49.04%	94.07%	257.76%
Median		-2.41%	3.52%	20.00%	56.07%	98.08%	284.21%

Source: Bloomberg, First Trust Global Portfolios Management Ltd.