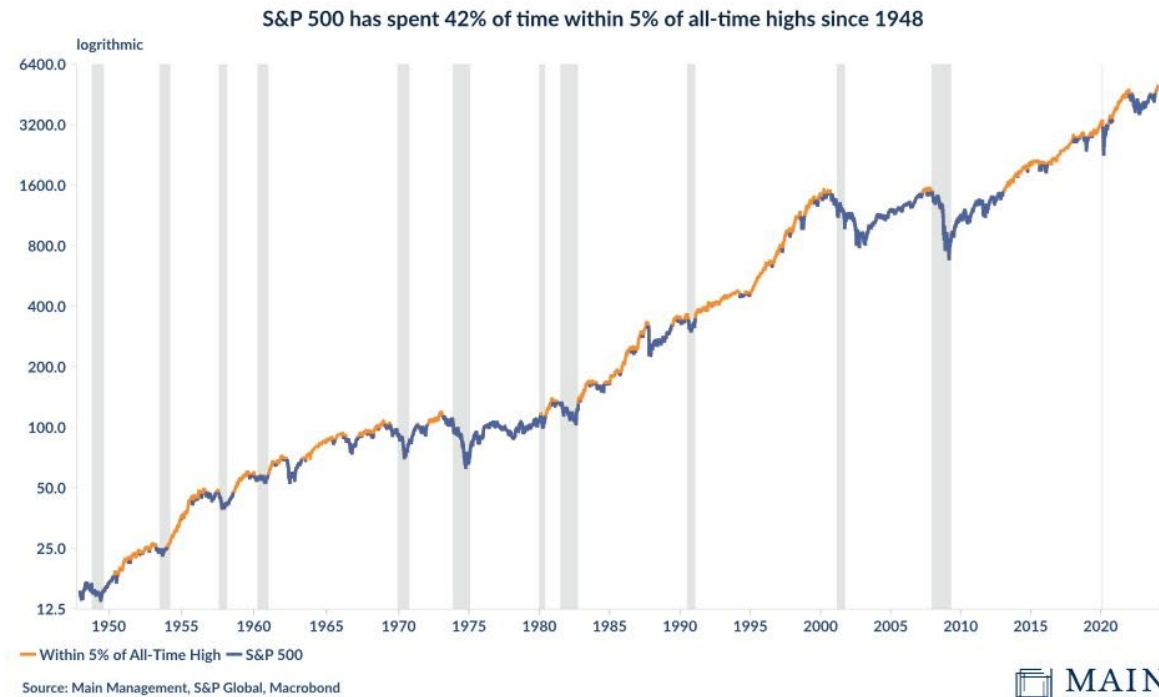


A higher January and February could mean The Bull continues

Since the start of 2024, the S&P 500 (and NASDAQ) have hit new record highs on a few occasions. While this is a positive for investors in the market, for many both inside and outside of financial markets, record highs can be a sign of overpriced equities, a bubble (in this current case a technology bubble) or lower returns going forward. However, when we look at the history of the S&P 500 from 1948 to the present day, we see that the index spent 42% of that time period within 5% of new all-time highs, meaning that when record highs are hit, instead of a major pull back, the market actually rides that momentum and hits new record highs.



Now that the S&P 500 has reached new highs in the past two months, on average in the 6 months after the record high, the index has advanced just under 7% and after 12 months the index has advanced just over 14%.



Following the positive start to 2024, the question now turns to where markets will go in the coming 10 months of the year. Looking to the past once again, in years where the S&P 500 has recorded a higher January and February, there has been only 2 occasions in history where the index has not gone on to record a positive return in the final 10 months of the year, these being 1987 and 2011. On October 19, 1987, the Black Monday event caused the index to lose 20.4% in a single day, severely impacting on yearly gains, while in 2011 a mixture of the Global Financial Crisis fallout, debt crises and geopolitical events such as the Arab Spring impacted heavily upon the index. On a 12 monthly basis, there was only one time in history where the S&P 500 was negative after recording a positive January and February.

A Higher January and February Could Mean The Bull Continues

S&P 500 Performance When Higher in January and February

Year	S&P 500 Index Returns		
	March	Final 10 Months of the Year	Next 12 Months
1950	0.4%	18.6%	26.6%
1951	-1.5%	9.0%	6.7%
1954	3.0%	37.6%	40.6%
1955	-0.5%	23.7%	23.3%
1961	2.6%	12.8%	10.3%
1964	1.5%	8.9%	12.4%
1967	3.9%	11.2%	3.0%
1971	3.7%	5.4%	10.1%
1972	0.6%	10.8%	4.8%
1975	2.2%	10.5%	22.2%
1983	3.3%	11.4%	6.1%
1985	-0.3%	16.6%	25.2%
1986	5.3%	6.7%	25.2%
1987	2.6%	-13.1%	-5.8%
1988	-3.3%	3.7%	7.9%
1991	2.2%	13.6%	12.4%
1993	1.9%	5.2%	5.4%
1995	2.7%	26.4%	31.4%
1996	0.8%	15.7%	23.5%
1997	-4.3%	22.7%	32.7%
1998	5.0%	17.1%	18.0%
2004	-1.6%	5.8%	5.1%
2006	1.1%	10.7%	9.9%
2011	-0.1%	-5.2%	2.9%
2012	3.1%	4.4%	10.9%
2013	3.6%	22.0%	22.8%
2017	0.0%	13.1%	14.8%
2019	1.8%	16.0%	6.1%
2024	?	?	?
Average	1.4%	12.2%	14.8%
Median	1.8%	11.3%	11.6%
% Higher	71.4%	92.9%	96.4%
Average Year			
Average	1.1%	8.1%	9.3%
Median	1.4%	9.0%	12.0%
% Higher	64.9%	73.0%	71.6%

Source: Carson Investment Research, FactSet 2/26/2024
@ryandetrack

