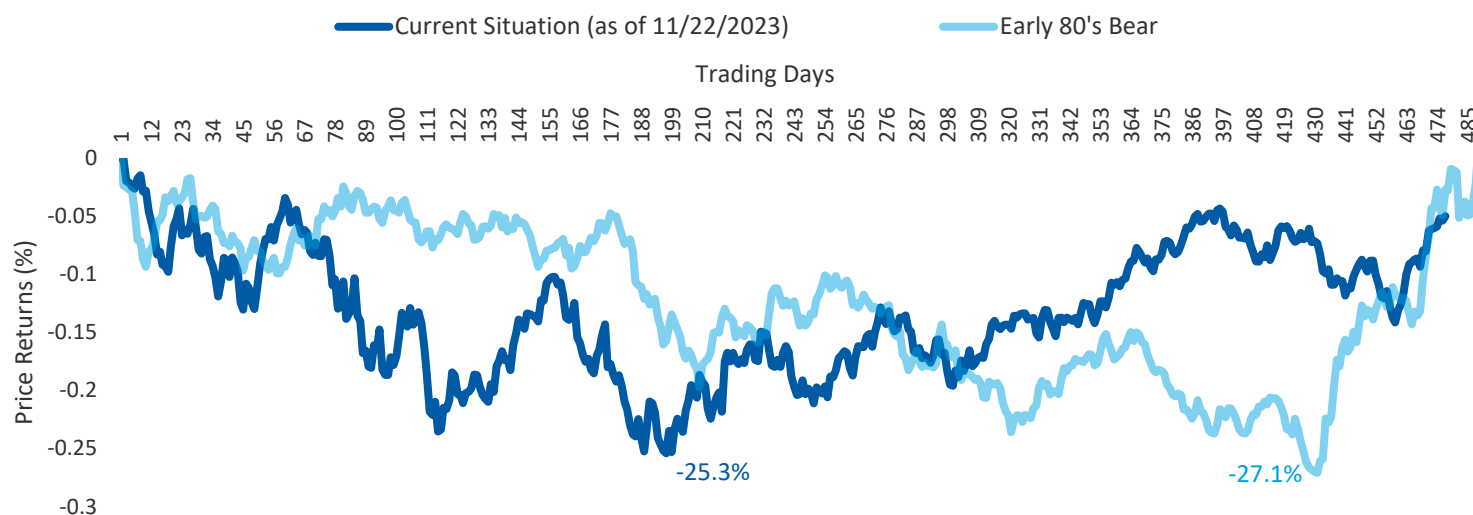


The Balog Group at Morgan Stanley

Chart of the Week – Data as of 11/22/2023

A little over 1 year ago we wrote a piece called “Tracking Bears” [you can reread it [here](#)] where we compared the then current market environment to past bear markets. History tends to repeat itself so we like to study it as much as we can. It was our opinion that this cycle was not going to be worse than the early 1980s. We used this time period as our closest comparison as that was the last time we had seen inflation at such magnitude. Back then inflation hit double digits and 30YR mortgages got as high as 18%. Peak to trough the S&P 500 fell 27% back then, whereas this bear cycle it fell 25%. We were right on the depth of the bear market not being worse, but now the question is where do we stand on the length of the down market? That early 80s downturn took 489 trading days (705 calendar days) to make a new peak, and currently in this cycle we have yet to reach a new peak. As I write this letter [the afternoon of 11/22/2023] we’re 5% away from a new record high and there’s been 477 trading days (688 calendar days). There’s only 12 more trading days to reach a new record high...do you think the S&P 500 can make it? If it doesn’t it will mark the 3rd longest streak between market peaks dating back to the 1970s. Only the dot-com bubble and the Great Recession were longer downturns. As always, we must disclose the past performance is no guarantee of future results, but regardless we will continue to try and be historians.

Figure 1. S&P 500 Bear Markets: Today vs. Early 80's (price-return only)



Source: ThomsonOne



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Sources:

1. ThomsonOne

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