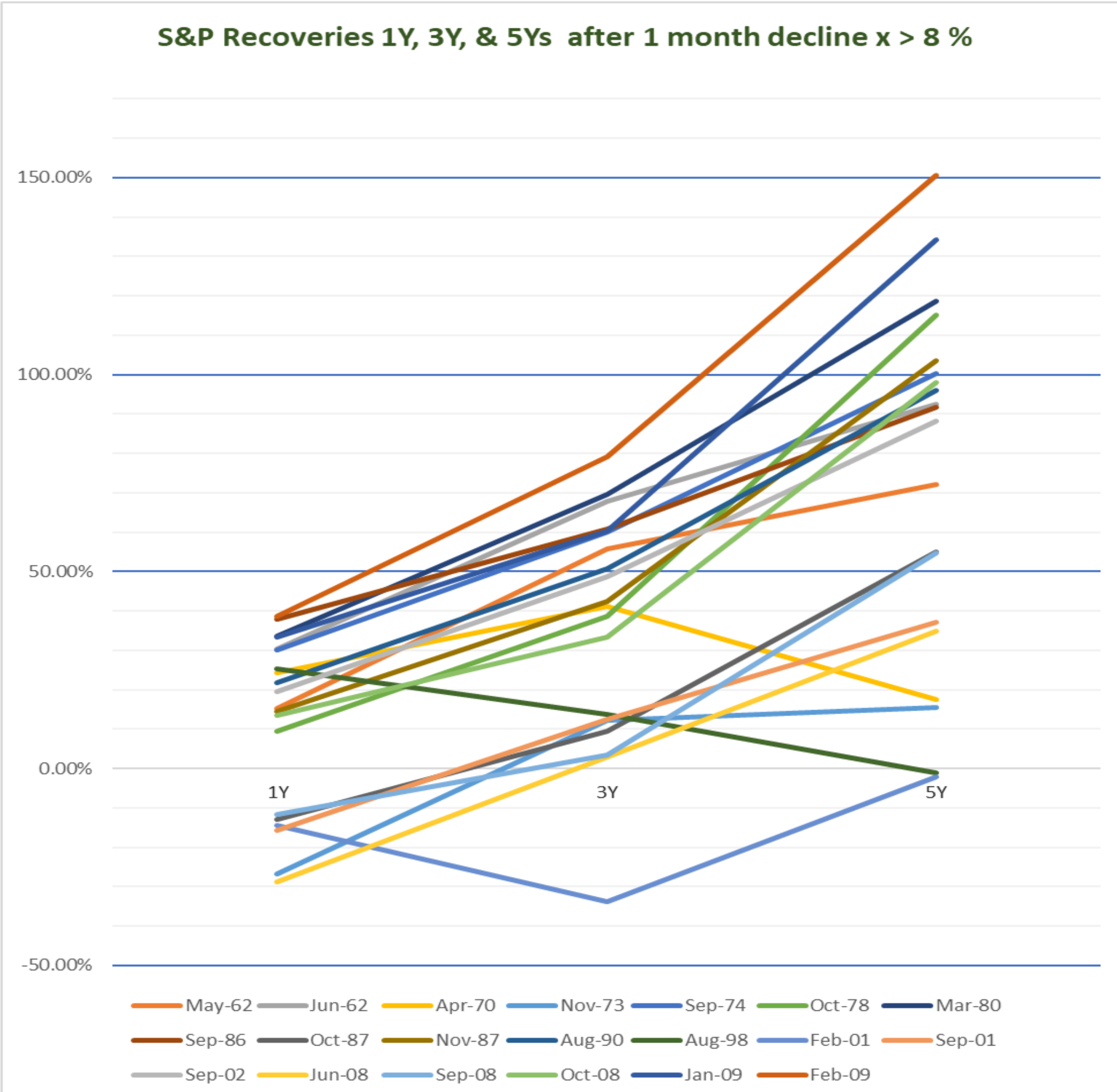
Largest One Month S&P Declines and Subsequent 1Y, 3Y, and 5Y Returns

Given the magnitude of the S&P Sell-off in December 2018 (-9.03 %), we thought it would be instructive to examine past events of a similar magnitude. We selected all single month sell-offs since January 1950. Here is a table and graph of our findings.

	S&P returns with dividends reinvested					Catalysts for the largest single month declines in S&P since 1950, X> 8 %
	% Decline	MM/YY	1Y	3Y	5Y	
1	-8.59	May-62	15.23%	55.69%	72.20%	Margin sales, mutual fund selling
2	-8.18	Jun-62	30.36%	67.83%	92.45%	Continuation of the Sell-off
3	-9.05	Apr-70	24.33%	41.16%	17.41%	Tech stock crash, EDS, NCR, IBM
4	-11.39	Nov-73	-26.66%	12.24%	15.46%	Post-start of oil embargo against West
5	-11.93	Sep-74	30.08%	60.14%	100.18%	Post-Nixon resignation
6	-9.6	Oct-78	9.43%	38.63%	115.04%	Slowing US economy and inflation
7	-10.18	Mar-80	33.63%	69.58%	118.72%	CPI up, geopolitical - Iraq, Afghanistan
8	-8.54	Sep-86	37.79%	60.68%	91.61%	Oil Price Collapse by OPEC
9	-21.76	Oct-87	-12.94%	9.49%	54.90%	"Black Monday" , link to program trading
10	-8.51	Nov-87	14.45%	42.49%	103.47%	Continuation of the Sell-off
11	-9.93	Aug-90	21.86%	50.73%	95.91%	Invasion of Kuwait by Iraq
12	-14.49	Aug-98	25.18%	13.85%	-1.23%	LTCM collapse/rescue
13	-9.19	Feb-01	-14.55%	-33.91%	-2.07%	Start of recession
14	-8.26	Sep-01	-15.66%	12.38%	37.23%	Terror Attacks - NY, DC & PA
15	-11.11	Sep-02	19.56%	48.67%	88.15%	Post Dot.com & Enron Debacle
16	-8.55	Jun-08	-28.89%	2.88%	34.85%	Bear. Lehman collapse, AIG rescue
17	-9.56	Sep-08	-11.56%	3.33%	54.80%	GFC - Initial sell-off
18	-16.66	Oct-08	13.47%	33.38%	98.08%	GFC - Initial sell-off
19	-8.51	Jan-09	33.26%	60.38%	134.14%	GFC - last gasp sell-off
20	-10.65	Feb-09	38.69%	79.07%	150.65%	GFC - last gasp sell-off
21	-9.03	Dec-18	?	?	?	Tariff War, Shutdown, Fed rate hike
	Average-All Scenarios		11.85%	36.43%	73.60%	



No one can predict what the future holds but certainly as one wag put it, "we've been to this picture show before." Large drops in equity prices over a one month horizon are a temptation to take drastic action. Investors tend to become emotionally involved with the market and it is difficult to remain disciplined. What is critical is that investors build portfolios that are resilient to market corrections and achieve the best long-term risk adjusted returns. We present the historical data for the reader's own interpretation.

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