

Analyzing S&P 500 Performance During Recessions Since 1975

The S&P500 performance during recessions offers insights for investors navigating uncertain times.

LONDON, NOT APPLICABLE, UNITED KINGDOM, October 15, 2024 /EINPresswire.com/ -- The S&P500 performance during recessions offers insights for investors navigating uncertain times. Historically, the index has delivered an average annualized return of 9.08% since Feb 1975 to Sep 2024, however, during recessionary periods, this performance tends to vary significantly across different recessions.

Recently, the Sahm Rule Recession Indicator [1] was triggered, signaling a potential US recession on the horizon. This indicator, which activates when the three-month average of U.S.

unemployment rises by 0.50 percentage points or more from its lowest point over the past year, has previously foreshadowed significant economic events like the COVID-19-induced recession in 2020, the 2008 financial crisis, and the dot-com bubble.

Our analysis highlights the importance of understanding these differences. While the S&P 500's expected return over 12 months following a recession averaged 8.56%, when the COVID-19 recession is excluded, this figure turns negative at -0.47. We excluded the COVID-19 period from the recession analysis because the recovery was primarily driven by government stimulus.

S&P 500 Performance Analysis

To explore the S&P 500's performance during economic crises, we conducted an analysis of historical data spanning from February 1975 to September 2024. We imported the Sahm Rule

	Recession	Recession Excluding the COVID-19	Full Period from Feb 1975 - Sep 2024
Annualized Return	9.08%	8.56%	8.56%
Annualized Volatility	15.2%	15.2%	15.2%
Annual Sharpe Ratio (Rf = SONIA)	0.58	0.58	0.58
Max Drawdown	-35.2%	-35.2%	-35.2%
Normal Monthly VaR (95%)	-1.2%	-1.2%	-1.2%
Number of Months	50	50	50

Table 1: Returns During Historical Recessions Since Feb 1975 vs Full Period Return



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recession indicator data into [AlternativeSoft](#) database and utilized our conditional statistics feature to compare two periods: recessions period vs full period. Our analysis revealed the following metrics:

[Click here to unlock the full analysis](#)

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