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.

	Recession	Recession Excluding the COVID-19	Full Period from Feb 1975 – Sep 2024
Annualized Return	[illegible]	[illegible]	[illegible]
Annualized Volatility	[illegible]	[illegible]	[illegible]
Annual Sharpe Ratio (Rf = SONIA)	[illegible]	[illegible]	[illegible]
Max Drawdown	[illegible]	[illegible]	[illegible]
Normal Monthly VaR (95%)	[illegible]	[illegible]	[illegible]
Number of Months	[illegible]	[illegible]	[illegible]

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

AlternativeSoft - Fund Investing, Simplified

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 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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