



The S&P500 fell 13.31% in the first 4 months of 2022. That is the largest drop for the first 4 months of a year in the past 50 years. The table below shows 8 years in which the S&P500 fell 5% or more January 1 to April 30. The table also shows the performance that followed these years of bad early month performance. The diagnosis is not great for the market following this early poor performance:

- The average 1, 2, 3, 6, and 12-month performance for all years following the first 4 months is 0.70%, 1.27%, 1.98%, 1.99%, and 9.47%, respectively.
- The average 1, 2, 3, 6, and 12-month performance following the first 4 months for negative years is worse: 0.79%, 0.08%, 0.47%, -1.18%, and 6.88%, respectively. Each period's performance is worse when the first 4-month performance is less than 0%.
- When the first 4 months have declined 5% or more, the average 1, 2, 3, 6, and 12-month performance is even worse (except for the 1-month bounce back): 1.24%, -0.82%, -2.68%, -11.89%, and -1.94%, respectively.

(The table at the bottom of this report details the performance for all years from 1973 to 2022.)

So, is it time to throw in the towel and step to the sidelines? Maybe, but on closer examination maybe not. TPA is not an economist, but the table at the bottom of the report shows brief reasons for the worst first 4-month performance. 2001 and 2002 were declines based on the aftermath of the bursting TECH bubble. The drop in 2008 was due to the Financial recession caused by the housing bubble brought on by mortgage back excesses and weak lending standards. TPA would argue that neither of these conditions exists today.

The conditions in 1974, 1977, and 1990 may be closer parallels today as they concerned inflation and oil shocks and subsequent FED actions. TPA would argue that the ultimate question is whether the current situation is really the result of general economic conditions or the exogenous events of Russia/Ukraine and Covid. Is inflation the result of an overheated economy out of control or shortages and logistical issues caused by the lingering problems of Covid and Russia's invasion of Ukraine? It is a worthwhile question to ask since the performance after the first shocks of Covid was better than the overall average for all 50 years: 1-month 4.53%, 2-month 6.45%, 3-month 12.32%, 6-month 12.28%, and 12-month 43.56%.

One thing to think about when you are ruminating over these results. In a very unscientific TPA survey of 22 traders and managers, when asked the question, "What would the market do if the Russia-Ukraine war ended tomorrow?", 100% of the answers indicated the market would rocket higher. How would you answer that question?

ANALYSIS OF S&P500 PERFORMANCE FOLLOWING THE FIRST 4 MONTHS (1973-2022)

<u>Dates</u>	<u>PX_LAST</u>	<u>PERCENT CHANGE</u>					
		<u>FIRST 4 MONTHS</u>	<u>1 MO</u>	<u>2 MO</u>	<u>3 MO</u>	<u>6 MO</u>	<u>12 MO</u>
All Years	Average	3.82%	0.70%	1.27%	1.98%	1.99%	9.47%
	High	-9.85%	-8.20%	-13.14%	-15.35%	-30.08%	-37.01%
	Low	27.33%	9.20%	10.46%	19.09%	19.93%	43.56%
When 1st 4 months are negative	Average	-4.66%	0.79%	0.08%	0.47%	-1.18%	6.88%
	High	-13.31%	-5.94%	-8.09%	-15.35%	-30.08%	-37.01%
	Low	-0.41%	9.20%	8.23%	14.47%	19.93%	43.56%
When 1st 4 months are positiive	Average	9.19%	0.64%	1.99%	2.88%	3.89%	11.02%
	High	1.03%	-8.20%	-13.14%	-7.17%	-12.68%	-9.37%
	Low	27.33%	5.86%	10.46%	19.09%	14.59%	38.74%
When 1st 4 months are -5% or worse	Average	-7.82%	1.24%	-0.82%	-2.68%	-11.89%	-1.94%
	High	-13.31%	-3.36%	-8.09%	-15.35%	-30.08%	-37.01%
	Low	-5.36%	9.20%	8.23%	12.32%	12.28%	43.56%

ANALYSIS OF S&P500 PERFORMANCE FOLLOWING THE FIRST 4 MONTHS (1973-2022)								
		PERCENT CHANGE						
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All Years	Average	3.82%	0.70%	1.27%	1.98%	1.99%	9.47%	
	High	-9.85%	-8.20%	-13.14%	-15.35%	-30.08%	-37.01%	
	Low	27.33%	9.20%	10.46%	19.09%	19.93%	43.56%	
When 1st 4 months are negative	Average	-4.66%	0.79%	0.08%	0.47%	-1.18%	6.88%	
	High	-13.31%	-5.94%	-8.09%	-15.35%	-30.08%	-37.01%	
	Low	-0.41%	9.20%	8.23%	14.47%	19.93%	43.56%	
When 1st 4 months are positive	Average	9.19%	0.64%	1.99%	2.88%	3.89%	11.02%	
	High	1.03%	-8.20%	-13.14%	-7.17%	-12.68%	-9.37%	
	Low	27.33%	5.86%	10.46%	19.09%	14.59%	38.74%	
When 1st 4 months are -5% or worse	Average	-7.82%	1.24%	-0.82%	-2.68%	-11.89%	-1.94%	
	High	-13.31%	-3.36%	-8.09%	-15.35%	-30.08%	-37.01%	
	Low	-5.36%	9.20%	8.23%	12.32%	12.28%	43.56%	
		PERCENT CHANGE						
Dates	PX_LAST	FIRST 4 MONTHS	1 MO	2 MO	3 MO	6 MO	12 MO	
4/29/2022	4131.93	-13.31%	---	---	---	---	---	Russia/Ukraine & FED
4/30/2020	2912.43	-9.85%	4.53%	6.45%	12.32%	12.28%	43.56%	Covid
4/29/1977	98.44	-8.39%	-2.36%	2.07%	0.42%	-6.20%	-1.64%	Inflation
4/30/1974	90.31	-7.42%	-3.36%	-4.77%	-12.18%	-18.17%	-3.33%	Inflation
4/30/1990	330.80	-6.40%	9.20%	8.23%	7.66%	-8.10%	13.47%	Oil price shock & recession
4/30/2002	1076.92	-6.20%	-0.91%	-8.09%	-15.35%	-17.75%	-14.86%	Tech bubble & aftermath
4/30/2008	1385.59	-5.64%	1.07%	-7.62%	-8.53%	-30.08%	-37.01%	Housing Bubble
4/30/2001	1249.46	-5.36%	0.51%	-2.00%	-3.06%	-15.18%	-13.81%	Tech bubble & aftermath
4/30/1982	116.44	-4.99%	-3.92%	-5.87%	-8.03%	14.83%	41.21%	
4/29/2005	1156.85	-4.54%	3.00%	2.98%	6.68%	4.34%	13.29%	
4/30/2009	872.81	-3.37%	5.31%	5.33%	13.14%	18.72%	35.96%	
4/29/1994	450.91	-3.33%	1.24%	-1.47%	1.63%	4.75%	14.15%	
4/30/1984	160.05	-2.96%	-5.94%	-4.29%	-5.87%	3.77%	12.36%	
4/30/1981	132.81	-2.17%	-0.17%	-1.20%	-1.42%	-8.22%	-12.33%	
4/30/1980	106.29	-1.53%	4.66%	7.48%	14.47%	19.93%	24.95%	
4/28/2000	1452.43	-1.14%	-2.19%	0.15%	-1.49%	-1.59%	-13.97%	
4/30/2018	2648.05	-0.96%	2.16%	2.66%	6.35%	2.41%	11.25%	
4/30/1992	414.95	-0.51%	0.10%	-1.64%	2.23%	0.90%	6.08%	
4/30/2004	1107.31	-0.41%	1.21%	3.03%	-0.50%	2.07%	4.47%	
4/30/1993	440.19	1.03%	2.27%	2.35%	1.80%	6.28%	2.44%	
4/29/2016	2065.30	1.05%	1.53%	1.62%	5.24%	2.95%	15.44%	
4/30/2015	2085.51	1.29%	1.05%	-1.07%	0.88%	-0.29%	-0.97%	
4/28/1978	96.83	1.82%	0.48%	-1.34%	3.98%	-3.80%	5.09%	
4/30/2014	1883.95	1.93%	2.10%	4.05%	2.48%	7.12%	10.70%	
4/30/2003	916.92	4.22%	5.09%	6.28%	8.00%	14.59%	20.76%	
4/30/2007	1482.37	4.52%	3.25%	1.42%	-1.83%	4.52%	-6.53%	
4/28/2006	1310.61	4.99%	-3.09%	-3.08%	-2.59%	5.14%	13.11%	
4/29/1988	261.33	5.77%	0.32%	4.66%	4.09%	6.75%	18.49%	
4/30/1979	101.76	5.88%	-2.63%	1.13%	2.01%	0.06%	4.45%	
4/30/1996	654.17	6.21%	2.29%	2.52%	-2.17%	7.81%	22.50%	
4/30/2010	1186.69	6.42%	-8.20%	-13.14%	-7.17%	-0.29%	14.91%	
4/28/2017	2384.20	6.49%	1.16%	1.64%	3.61%	8.01%	11.07%	
4/30/1985	179.83	7.53%	5.41%	6.68%	6.17%	5.56%	30.97%	
4/30/1997	801.34	8.18%	5.86%	10.46%	19.09%	14.14%	38.74%	
4/29/2011	1363.61	8.43%	-1.35%	-3.15%	-5.23%	-8.09%	2.52%	
4/30/1999	1335.18	8.62%	-2.50%	2.81%	-0.48%	2.08%	8.78%	
4/30/2012	1397.91	11.16%	-6.27%	-2.56%	-1.33%	1.02%	14.28%	
4/30/2021	4181.17	11.32%	0.55%	2.78%	5.12%	10.15%	-1.18%	
4/30/1986	235.52	11.47%	5.02%	6.50%	0.25%	3.59%	22.44%	
4/28/1989	309.64	11.49%	3.51%	2.69%	11.77%	9.92%	6.83%	
4/30/2013	1597.57	12.02%	2.08%	0.55%	5.52%	9.95%	17.93%	
4/28/1995	514.71	12.07%	3.63%	5.84%	9.20%	12.98%	27.09%	
4/30/1976	101.64	12.70%	-1.44%	2.60%	1.77%	1.24%	-3.15%	
4/30/1991	375.35	13.67%	3.86%	-1.12%	3.32%	4.56%	10.55%	
4/30/1998	1111.75	14.56%	-1.88%	1.99%	0.80%	-1.18%	20.10%	
4/29/1983	164.42	16.91%	-1.23%	2.24%	-1.13%	-0.53%	-2.66%	
4/30/2019	2945.83	17.51%	-6.58%	-0.14%	1.17%	3.11%	-1.13%	
4/30/1987	288.36	19.07%	0.60%	5.42%	10.51%	-12.68%	-9.37%	
4/30/1975	87.30	27.33%	4.41%	9.04%	1.66%	1.99%	16.43%	