

THE BEST AND WORST QUARTERS IN STOCK MARKET HISTORY



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The first quarter of 2020 saw the S&P 500® Index fall 19.6%. The second quarter of 2020 saw the S&P 500 rise 20.5%.

Add this up, and on a total return basis, the U.S. stock market was down just 2.7% through the first half of the year. With everything that's going on in the world this year, being down less than 3% feels miraculous.

The first quarter of the year was so bad and the second quarter of the year was so good that both fall into the top 10 for the best/worst quarters ever since 1926:

S&P 500® Index Best and Worst Quarters: 1926–2020			
10 Best		10 Worst	
June 1933	88.8%	June 1932	-37.7%
September 1932	85.0%	September 1931	-33.6%
June 1938	38.4%	December 1929	-27.8%
March 1975	22.9%	September 1974	-25.2%
June 1935	22.3%	December 1987	-22.6%
March 1987	21.3%	December 2008	-21.9%
December 1998	21.3%	December 1937	-21.4%
September 1939	21.2%	June 1962	-20.6%
June 2020	20.5%	March 2020	-19.6%
March 1943	19.8%	March 1938	-18.6%

Past performance is not indicative of future results. Source: Returns 2.0.

The usual suspects are on this list in terms of horrid market environments. You should also notice many of the biggest gains and losses clustered around the same years. Volatility is an equal-opportunity roller coaster.

In 2020, one of the worst quarters of all time was followed by one of the best quarters of all time. While this situation is rare, it's not out of the question for the stock market to see these types of large swings back and forth.

December 1929	-27.8%
March 1930	18.0%
June 1930	-17.7%
September 1930	-8.2%
December 1930	-15.8%
March 1931	9.6%
June 1931	-9.7%
September 1931	-33.6%
December 1931	-13.8%
March 1932	-9.1%
June 1932	-37.7%
September 1932	85.0%
December 1932	-12.4%
March 1933	-14.1%
June 1933	88.8%
September 1933	-9.0%

Past performance is not indicative of future results. Source: Returns 2.0.

The Great Depression was littered with some of the best and worst quarters in stock market history, and it wasn't just one or two.

There wasn't one "normal" quarter over this entire four year period. It was one massive loss or gain after another.

The mid-1930s saw another run of double-digit quarterly moves, most of which were to the upside:

March 1935	-10.0%
June 1935	22.3%
September 1935	14.4%
December 1935	17.3%
March 1936	12.0%

The mirror image of this stretch was the echo bear market of 1937-1938:

June 1937	-12.9%
September 1937	-9.6%
December 1937	-21.4%
March 1938	-18.6%
June 1938	38.4%

The end of the Go-Go years saw some big moves as well:

June 1970	-18.0%
September 1970	16.9%
December 1970	10.4%

Past performance is not indicative of future results. Source: Returns 2.0.

Then there was the bear market of the mid-1970s:

September 1974	-25.2%
December 1974	9.4%
March 1975	22.9%
June 1975	15.4%
September 1975	-11.0%
December 1975	8.6%
March 1976	15.0%

And finally, the end of the Great Financial Crisis:

December 2008	-21.9%
March 2009	-11.0%
June 2009	15.9%
September 2009	15.6%

Even the mini-bear market of late 2018 saw a 4th quarter dive of 13.5%, followed by a 13.7% increase in the 1st quarter of 2019. So these moves happen.

2020 is unprecedented for the number of times people have called it unprecedented. And this year certainly is unique. But stock market volatility is not.

The reasons change, but big moves in the stock market are nothing new.



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All the data in this piece is showing the ending month of each quarter.

The **S&P 500® Index** is a free-float market-capitalization weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and it is not available for direct investment.

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