

NAVIGATE

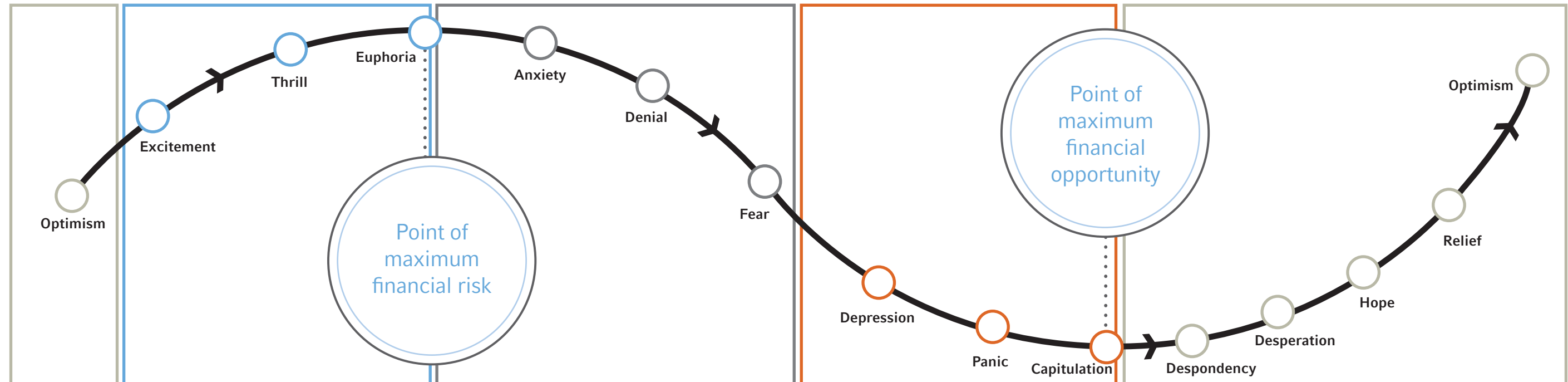
The cycle of market emotions

Find out more about how market
cycles influence investor emotions



The Cycle of Market Emotions

Latest month end data as at 31 December 2020. Illustration purposes only. Market cycle returns calculated using Ibbotson U.S. Equity Total Return Index from 1971–1978 and Russell 3000® Index from 1979–2020. Any past performance is not necessarily a guide to future performance. Indexes are unmanaged and cannot be invested in directly.



	EXCITEMENT	THRILL	EUPHORIA	ANXIETY	DENIAL	FEAR	DEPRESSION	PANIC	CAPITULATION	DESPONDENCY	DESPERATION	HOPE	RELIEF	OPTIMISM
Market Cycle 1	30%	Nov 1971 – Dec 1972 <ul style="list-style-type: none"> Inflationary pressures. Productivity improvements Rapid corporate earnings growth Introduction of paperless technology 		-15%	Jan 1973 – Jan 1974 <ul style="list-style-type: none"> OPEC Oil crisis – crude oil prices tripled. Inflation Credit squeeze Property company failures 		-24%	Feb 1974 – Nov 1974 <ul style="list-style-type: none"> Global recession Extended bear market 		39%	Dec 1974 – Jun 1975 <ul style="list-style-type: none"> Stock market recovery despite recession 			
Market Cycle 2	136%	Aug 1984 – Aug 1987 <ul style="list-style-type: none"> Credit boom Strong world economic growth 		-2%	Sep 1987 <ul style="list-style-type: none"> Irrational shareholder sentiment Peak of overinflated stock values vs historical PEs 		-28%	Oct 1987 – Nov 1987 <ul style="list-style-type: none"> 1987 Global stock market crash 		64%	Dec 1987 – Dec 1989 <ul style="list-style-type: none"> Stock market recovery as value hunters sought to buy quality stocks cheaply 			
Market Cycle 3	99%	Apr 1997 – Sep 2000 <ul style="list-style-type: none"> Tech boom. Investor exuberance Emergence of 'new economy' sectors 		-28%	Oct 2000 – Sep 2001 <ul style="list-style-type: none"> Tech bubble burst September 11 terrorist attack 		-22%	Mar 2002 – Feb 2003 <ul style="list-style-type: none"> Reduced global economic growth forecasts Extended bear market Corporate accounting scandals 		52%	Mar 2003 – May 2005 <ul style="list-style-type: none"> Geopolitical uncertainty Refocus on world economic fundamentals Boom in resources in response to industrialisation of China 			
Market Cycle 4	28%	Jun 2005 – Jul 2007 <ul style="list-style-type: none"> UK house prices hit highs Credit boom Higher interest rates 		-17%	Aug 2007 – Sep 2008 <ul style="list-style-type: none"> Credit crunch. Sub-prime mortgage crisis. Collateralised debt obligation (CDO) failures Lehman Brothers declares bankruptcy 		-37%	Oct 2008 – Feb 2009 <ul style="list-style-type: none"> Global financial crisis European and U.S. recessions. Negative real GDP reported for major developed countries in Q4 2008 		225%	Mar 2009 – Dec 2015 <ul style="list-style-type: none"> Global stock market recovery Deleveraging, slow economic growth 			
Market Cycle 5	+55%	Jan 2015 – Dec 2019 <ul style="list-style-type: none"> Return to full employment in U.S. Optimism rises with U.S. tax cuts Trade war creates volatility in 2018 2019 Fed rate cuts extend the cycle 		+5%	Jan 2020 <ul style="list-style-type: none"> Reports of a virus outbreak in Wuhan, China Small number of cases reported in Europe and North America by the end of January 2020 		-35%	Feb 2020 – Mar 2020 <ul style="list-style-type: none"> COVID-19 pandemic market crash 		+73%	Mar 2020 – Dec 2020 <ul style="list-style-type: none"> Rebound despite lockdowns Tech surges on working from home shift Vaccine hopes 			

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