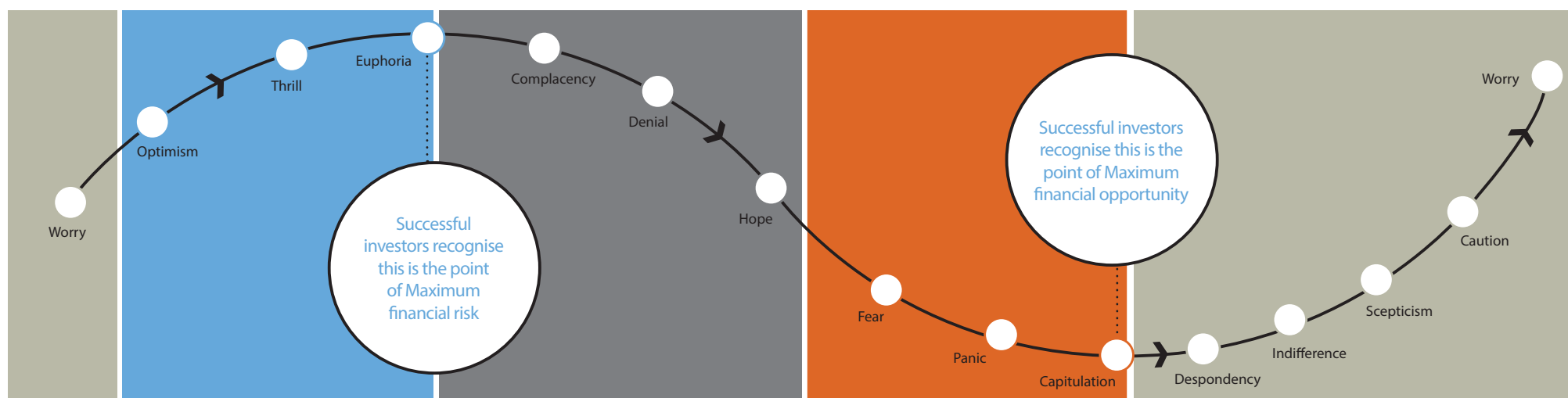


# The Cycle of Market Emotions

2023 Edition



	OPTIMISM	THRILL	EUPHORIA	COMPLACENCY	DENIAL	HOPE	FEAR	PANIC	CAPITULATION	DESPONDENCY	INDIFFERENCE	SCEPTICISM	CAUTION	WORRY
Market Cycle 1	25% Nov 1971 – Dec 1972 • Inflationary pressures • Productivity improvements • Rapid corporate earnings growth • Introduction of paperless technology			-19% Jan 1973 – Jan 1973 • OPEC Oil crisis – crude oil prices tripled • Inflation • Credit squeeze • Property company failures			-24% Mar 1974 – Nov 1974 • Global recession • Extended bear market			36% Dec 1974 – Jun 1975 • Share market recovery despite recession				
Market Cycle 2	119% Aug 1984 – Aug 1987 • Credit boom • Strong world economic growth			-2% Sep 1987 • Irrational shareholder sentiment • Peak of overinflated stock values vs historical PEs			-28% Oct 1987 – Nov 1987 • 1987 Global stock market crash			53% Dec 1987 – Dec 1989 • Share market recovery as value hunters sought to buy quality stocks cheaply				
Market Cycle 3	90% April 1997 – Sep 2000 • Tech boom. Investor exuberance • Emergence of 'new economy' sectors			-28% Oct 2000 – Sep 2001 • Tech bubble burst • September 11 terrorist attack			-22% Mar 2002 – Feb 2003 • Reduced global economic growth forecasts • Extended bear market • Corporate accounting scandals			42% Mar 2003 – May 2005 • Geopolitical uncertainty • Refocus on world economic fundamentals • Boom in resources in response to industrialisation of China				
Market Cycle 4	22% Jun 2005 – Jul 2007 • US home prices hit highs • Credit boom • Higher interest rates			-20% Aug 2007 – Sep 2008 • Credit crunch. Sub-prime mortgage crisis. CDO failures • Lehman Brothers declares bankruptcy			-37% Oct 2008 – Feb 2009 • Global financial crisis • European and U.S. recessions. Negative real GDP reported for major developed countries in Q4 2008			174% Mar 2009 – Oct 2014 • Global stock market recovery • Deleveraging, slow economic growth				
Market Cycle 5	60% Nov 2014 – Dec 2018 • Unemployment rates falling • Economy normalises • Profit margins elevated			-8% Feb 2020 • COVID-19 crisis			-24% Feb 2020 – Mar 2020 • COVID-19 pandemic • -24% to 23rd March			46% Mar 2020 – Oct 2020 • COVID-19 pandemic • Global stock market recovery • 23rd March market rebound				
Market Cycle 6	46% Oct 2020 – Dec 2021 • Early stage of economic recovery • COVID vaccine roll out • Continued policy support			-19% Jan 2022 – Dec 2022* • Stubbornly high inflation • Very rapid interest rate increases lead to recession worries										

\*Latest month-end data available at the time of publishing as at 31 December 2022.

Market cycle returns calculated using S&P500 Price Index (in USD). Indexes are unmanaged, cannot be invested in directly, and do not take into account any fees and costs associated with an actual investment.

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