



Equities Technically End Eleven Year Bull Market Run - Domestic Stock Market Overview

Equity markets experienced volatility in March not seen since the 1930s, with daily declines so sharp that rarely-used mechanisms to halt trading were activated by the exchanges on multiple occasions. The S&P 500 Index saw an average daily change of 5.2% in March, the most extreme volatility since November 1929.

Stocks fell into bear market territory and then out of it in technically the shortest bear market in history. The last time the Dow Jones Index went from its bear market low to a bull market in only three days was in October 1931. Stocks had their worst quarter in years, with the S&P 500 Index losing 20% for the quarter ending March 31st, and the Dow Jones Industrial Index surrendering 23%. The bull market that began in March 2009, officially came to an end in March, after an 11-year run. The Dow Jones Industrial Index went from its high on Feb 12th to bear market territory in only 19 trading sessions.

With massive stimulus plans now in place, the market's recovery has become contingent on the virus timeline for containment and effective testing. Analysts expect that once the virus outbreak has abated, any remaining stimulus efforts by the administration and the Fed will continue to act as a stimulus for the markets.

Signs of resilience at the end of March suggest that equities may regain their footing sometime soon. Overall valuations on stocks have fallen to levels that warrant accumulation of certain companies and industries. Eyes will be on earnings and quarterly performance releases over the next few weeks, as analysts determine how much of an impact the pandemic has thus had.

Sources: S&P, Dow Jones, Bloomberg