

MARKET MICROSCOPE – S&P 500 Returns Following A Sharp Market Correction

The S&P 500 fell -10% in just 22 days during the first quarter of 2025. How has the index historically performed following similarly sharp declines?

Initial Drawdown Dates	Days	Initial Drawdown	Max Drawdown	Coinciding Events	1-Month	3-Month	12-Month
6/12/50-6/29/50	17	-10.10%	-10.10%	Korean War	1.4%	11.5%	20.2%
9/23/55-10/11/55	18	-10.59%	-10.59%	Eisenhower Heart Attack	10.9%	8.8%	14.7%
10/5/79-10/25/79	20	-10.13%	-10.25%	Volcker Shock	4.7%	13.6%	29.9%
2/13/80-3/10/80	26	-10.07%	-17.07%	US-Iran Hostage Negotiations	-2.3%	7.7%	22.5%
10/5/87-10/16/87	11	-13.83%	-31.75%	Black Monday Crash	-12.7%	-10.8%	0.3%
1/2/90-1/30/90	28	-10.04%	-10.04%	Soviet Crackdown On Azerbaijan	3.2%	3.3%	9.5%
7/16/90-8/17/90	32	-10.80%	-19.18%	First Gulf War	-2.8%	-2.3%	21.8%
10/7/97-10/27/97	20	-10.75%	-10.75%	Asian Financial Crisis	8.7%	10.9%	23.4%
7/17/98-8/14/98	28	-10.34%	-19.19%	Russian Ruble Crisis	-3.0%	6.4%	26.7%
3/24/00-4/14/00	21	-11.14%	-11.14%	Putin Elected/Microsoft Antitrust Case	4.9%	11.6%	-11.7%
7/7/11-8/4/11	28	-11.23%	-18.38%	Debt Ceiling Crisis	-2.0%	5.0%	18.5%
8/17/15-8/25/15	8	-11.13%	-11.13%	Chinese Market Turbulence	3.6%	12.5%	18.9%
1/26/18-2/8/18	13	-10.10%	-10.10%	Trump Trade War 1.0	6.4%	4.0%	7.0%
2/19/20-2/27/20	8	-11.99%	-33.79%	Covid Pandemic	-14.5%	2.5%	30.2%
1/3/22-1/27/22	24	-9.73%	-24.49%	Rising Inflation (& Russia Invades Ukraine In Feb.)	1.5%	-3.0%	-4.4%
2/19/25-3/13/25	22	-10.04%	?	Trump Trade War 2.0	?	?	?

Average Return	0.5%	5.4%	15.2%
Median Return	1.5%	6.4%	18.9%

We identified 15 other S&P 500 drawdowns since 1950 that occurred over the span of one month or less. Most of the time, the 3-month and 12-month returns following the date of the initial drawdown were positive. The average and median 1-year returns were both above 15%.