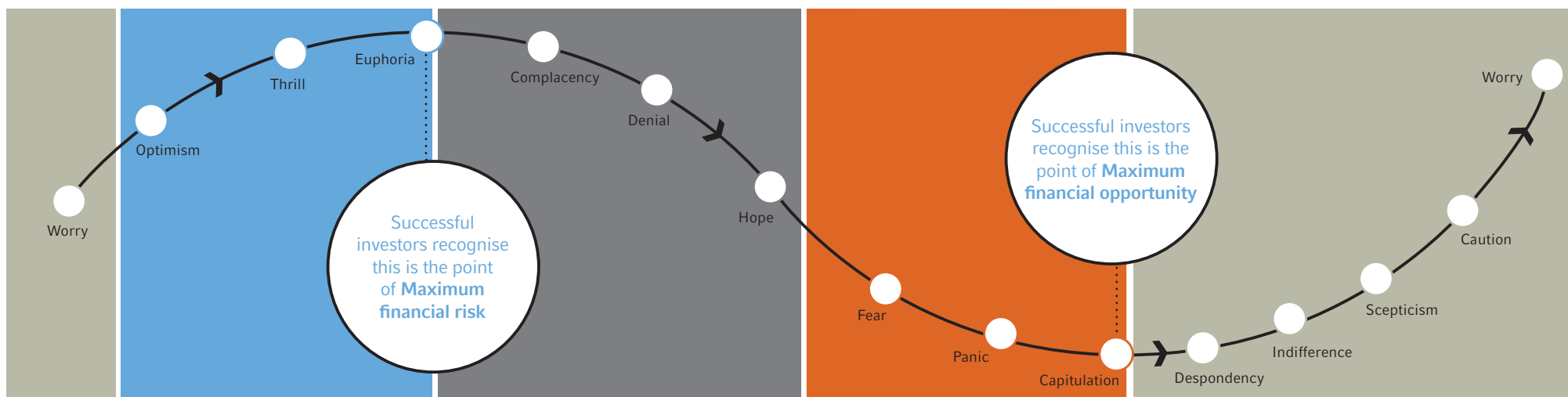


The Cycle of Market Emotions

2022 Edition



	OPTIMISM	THRILL	EUPHORIA	COMPLACENCY	DENIAL	HOPE	PANIC	CAPITULATION	DESPONDENCY	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											

*Latest month-end data available at the time of publishing as at 31 December 2021.

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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