

**Market Note**

# 396 Days & Counting

1/24/2018

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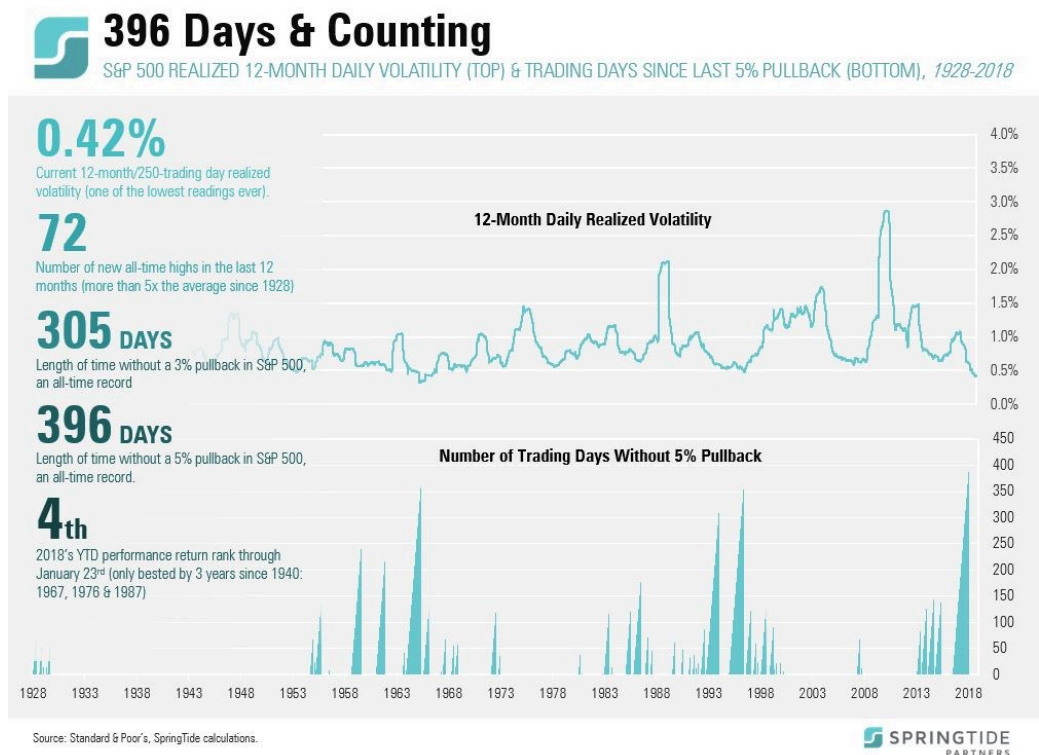
**Summary**

- The last time we had a drawdown in the S&P 500 of 3% or more was 305 trading days ago.
- We have made more new all-time highs in just the first 15 trading days of 2018 than all but 3 rolling 15-day periods in history.
- 2018s year-to-date performance return rank through January 23rd has only been bested by 3 years since 1940—1967, 1976, and 1987.
- We look at a few interesting charts that highlight the current S&P 500 performance, compared to history.

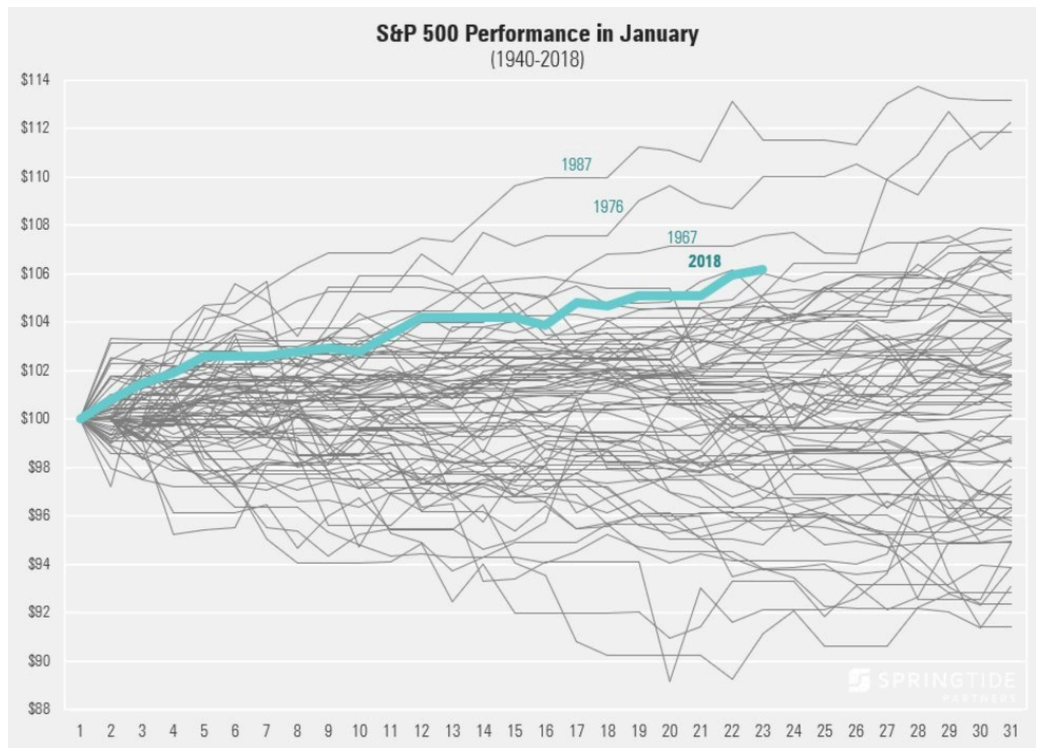
**396 Days & Counting**

The last time we had a drawdown in the S&P 500 of 3% or more was 305 trading days ago. The last time we had a 5% “pullback” was 396 days. Those are both the longest periods ever the S&P 500 has gone without a drawdown of any substance, which is a very long time!

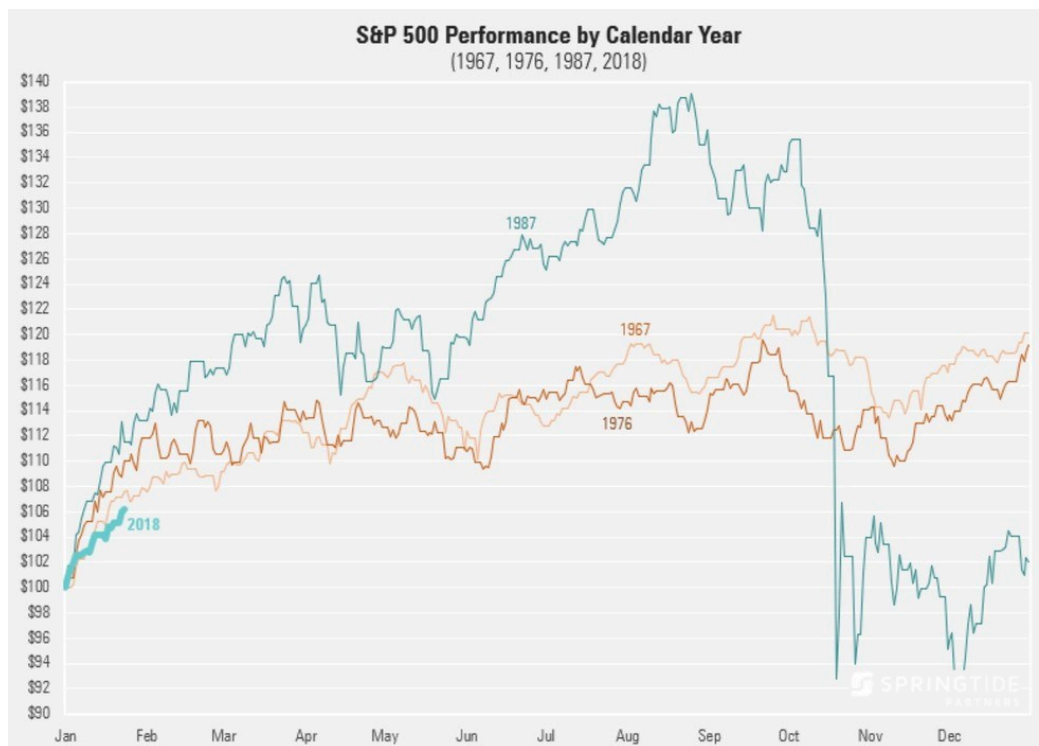
This week’s chart shows that count over the last 90 years along with the realized trailing 12-month volatility, which is also one of the most extreme readings in history.



Below are some additional numbers highlighting just how unusual this environment has been. For instance, 2018 is off to the 4th best start to the year for stocks since 1940, bested only by 1967, 1976 and 1987 (more on 1987 below).



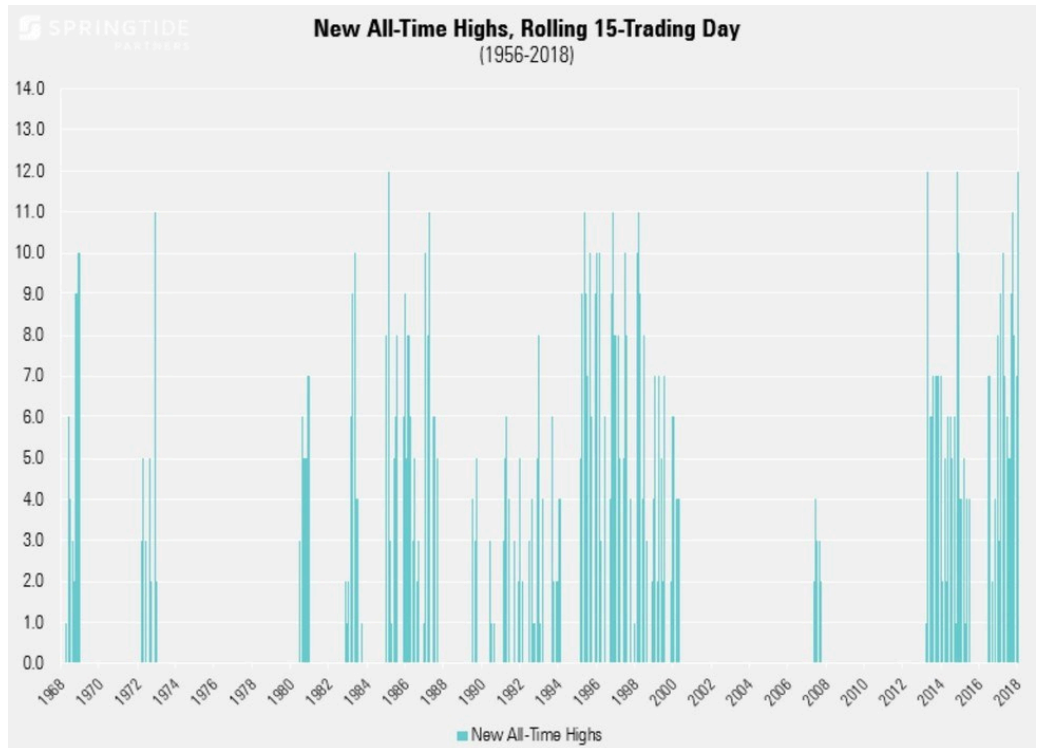
The chart below plots the full year performance for the years mentioned above. If this teaches us anything, it's that (1) we should be prepared for anything and (2) at some point volatility will increase.



If 1987 does prove to be an analogue, which is worth considering given the growth, inflation, fiscal and monetary conditions that could persist for the first half of the year, this could be an interesting one (if you call +38% in 8 months turning into -8% in just a few weeks “interesting”).

Our last chart looks at new all-time highs. We have made more new all-time highs in just the first 15 trading days of 2018 than all but 3 rolling 15-day periods in history. If today (1/24) had closed up, it would have been the first rolling 16-day trading period in 50 years with 13 new all-time closing highs.

What a time.



Sincerely,

The SpringTide Investment Team

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