The S&P 500 Index’s Post-Correction Recovery May Be Well Underway

View from the Observation Deck

1. The S&P 500 Index registered its first correction (10% to 20% decline) in four years in August 2015.
2. Sam Stovall, U.S. equity strategist at S&P Capital IQ, notes that corrections typically occur about every 18 months, according to CNBC.
3. Stovall points out that a typical recovery period following a correction in the S&P 500 Index of 10% to 20% is four months, according to Kiplinger.
4. The S&P 500 Index stood at 2071.18 at the close of trading on 10/26/15, up 10.90% from the low-point of the correction on 8/25/15.
5. Based on the historical average recovery period, the S&P 500 Index is two months into its typical recovery period.
6. The index will need to ascend to 2130.82, the all-time high set on 5/21/15, to fully recover.
7. Of course, recovery periods will vary and there can be no assurance that the current recovery will be in line with historical norms, or that the market will not decline further.

Source: Bloomberg. Data from 12/31/14 through 10/26/15. Past performance in no guarantee of future results.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.