View from the Observation Deck

1. The S&P 500 Index has never failed to fully recover the losses sustained from a bear market (price decline of 20% or more). We know this because it reached an all-time high on 9/20/18.

2. On a sector level, Financials and Information Technology have both endured crushing bear markets in the new millennium, and they were similar in scope.

3. On a price-only basis (does not include dividends), the S&P 500 Information Technology Index declined by 82.51% from 3/27/00 through 10/9/02 (peak-to-trough), according to Bloomberg. The S&P 500 Financials Index declined by 83.96% (peak-to-trough) from 2/20/07 through 3/6/09, according to Bloomberg.

4. As indicated in the chart, the losses sustained from the bear market in tech stocks took 6,323 days to fully recover, as measured by the S&P 500 Information Technology Index. Since then (7/19/17-2/15/19), the index posted an aggregate price-only return of 22.93%, according to Bloomberg.

5. The rebound in Financials is still a work in progress. As of 2/15/19, the recovery effort from the 2008-2009 financial crisis had lasted 4,378 days, as measured by the S&P 500 Financials Index. As of 2/15/19, the index stood 14.09% below its all-time high set on 2/20/07.

6. We know that the banks, particularly the largest institutions, were at the epicenter of the financial crisis. Here is a link to our latest take on the banks (click here).

7. The U.S. stock market has demonstrated its ability to heal itself. The X-Factor is time. So far, Financials appear to be healing at a much faster clip than Technology did.