Market Commentary Blog

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Sell In May and Go Away?

Performance of S&P 500 Index & 11 Major Sectors (May-October)

Year (May-Oct.)	S&P 500 Total Return	# of Sectors Up	Top Sector	Total Return
2024	14.07%	10	Utilities	21.65%
2023	1.39%	4	Communication Services	10.25%
2022	-5.50%	3	Energy	23.04%
2021	10.91%	11	Energy	20.00%
2020	13.29%	10	Consumer Discretionary	23.09%
2019	4.16%	10	Utilities	11.24%
2018	3.39%	7	Consumer Staples	11.27%
2017	9.10%	9	Information Technology	18.91%
2016	4.06%	7	Information Technology	15.83%
2015	0.77%	7	Consumer Discretionary	8.37%
2014	8.22%	10	Health Care	16.69%
2013	11.14%	8	Industrials	18.63%
2012	2.16%	9	Telecom. Services	11.96%
2011	-7.11%	2	Utilities	7.34%
2010	0.74%	8	Telecom. Services	17.15%
2009	20.03%	11	Financials	30.85%
2008	-29.28%	0	Consumer Staples	-11.43%
2007	5.49%	8	Energy	21.06%
2006	6.11%	11	Real Estate	20.68%
2005	5.27%	9	Energy	15.45%

Source: Bloomberg. **Past Performance is no guarantee of future results.**

View from the Observation Deck

The old axiom in the stock market about selling your stocks at the close of April and buying them back at the start of November used to make some sense from a seasonality standpoint. Back when the U.S. was more of an industrialized economy, it was common for plants and factories to close for a month or longer in the summer. This downtime allowed businesses to retool and gave employees time to vacation. The "Sell In May" theory was that companies would conduct less commerce in that six-month span, which would likely translate into lower earnings, and temporarily reduced stock prices. In our view, the U.S. economy has become so technologically advanced and globally competitive that companies can no longer afford these extended periods of stagnation.

- From 2004 through 2024, there were just three instances (2008, 2011 & 2022) in which the S&P 500 Index posted a negative total return from May through October.
- The average total return for the S&P 500 Index for the May-October periods in the table was 3.92%.
- Seventeen of the twenty top-performing sectors in the table posted total returns in excess of 10.00% (May-October). For comparative purposes, from December 1926 through December 2024 (99 years), the S&P 500 Index posted an average annual total return of 10.41%, according to Ibbotson & Associates/Morningstar.

Takeaway

We publish today's table on an annual basis as a reminder to investors that not all market maxims should be taken at face value. In this case, the data presented does not support the notion that investors should "sell in May and go away". Over the last 20 years, an investor who remained fully invested in the S&P 500 Index from May through October enjoyed an average annual total return of 3.92% during those months alone, a significant figure when compounded. We continue to advocate that investors consider their time horizons and take risk as appropriate.