

Sector Performance: Past vs Present

As the major equity indices revisit (and breach) their lows of last week, some have speculated that we are in the early stages of a bear market. *Historical precedent however, would refute that view.*

In the table to the right, we summarized sector performance in the months leading up to bear markets and compared those returns to the months leading up to the February 20th high. For the most part, the performance of the market and individual sectors ahead of the February 20th peak was significantly below the gains we typically see at the end of a bull market.

On page two, we have broken out the market's returns leading up to the beginning of each bear market since 1962. In each period, we also highlight those instances where returns most closely resembled today's market (in green) and instances where returns were the least similar to today (in red). Based on the color-coding, the period which compares closest to the current market is the months leading up to the 1966 bear market, while the months prior to the 1987 bear market have the least resemblance to today.

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Sector Performance Prior To Bear Markets vs Current: 1962 - 2007

Sector	Average Performance Before Peak			Current Performance (thru 2/20)		
	1 Month	3 Months	6 Months	1 Month	3 Months	6 Months
Cons Discret.	3.0	5.3	13.4	-1.0	3.1	20.2
Cons Staples	0.9	2.8	4.8	-0.9	2.4	4.8
Energy	3.6	7.7	16.5	1.8	0.6	0.8
Financials	5.7	4.9	10.5	0.1	2.6	11.3
Health Care	5.6	10.1	15.7	-1.0	3.8	6.6
Industrials	6.2	7.2	14.7	0.2	1.1	10.9
Materials	1.9	2.1	7.2	2.6	5.6	16.4
Technology	9.0	9.2	23.7	-0.4	-2.8	13.2
Telecom Svcs	3.0	4.8	12.1	3.0	7.9	16.1
Utilities	-0.5	0.7	0.5	5.0	5.6	10.3
S&P 500	6.1	9.0	16.3	2.0	3.8	12.4

Sector Performance One, Three, and Six Months Before Bear Markets: 1962 - 2007

Sector	2/9/66		
	1 Month	3 Months	6 Months
Cons Discret.	0.1	1.2	5.0
Cons. Staples	-0.5	-0.6	-0.3
Energy	-0.1	-2.1	5.6
Financials	-1.1	1.1	-1.2
Health Care	1.9	7.9	24.2
Industrials	0.3	0.5	22.4
Materials	1.0	0.4	6.0
Technology	6.6	3.1	12.8
Telecom Svcs	-0.6	-0.7	-4.8
Utilities	-3.8	-6.9	-4.0
S&P 500	1.0	2.1	9.2

Period that has most in common with current period.

Sector	11/29/68		
	1 Month	3 Months	6 Months
Cons Discret.	0.4	9.6	4.5
Cons. Staples	4.3	6.6	6.0
Energy	3.6	10.1	22.9
Financials	3.7	12.6	28.0
Health Care	7.2	6.8	2.0
Industrials	6.1	11.4	3.0
Materials	3.0	13.9	15.1
Technology	8.1	0.8	-2.4
Telecom Svcs	3.5	13.1	18.4
Utilities	9.0	8.0	16.3
S&P 500	4.4	9.6	9.8

Sector	1/11/73		
	1 Month	3 Months	6 Months
Cons Discret.	1.3	9.5	10.9
Cons. Staples	1.1	9.8	10.9
Energy	2.0	10.0	20.7
Financials	2.9	2.9	15.0
Health Care	3.7	10.9	11.3
Industrials	-0.2	2.8	1.7
Materials	2.6	9.7	7.4
Technology	2.8	4.1	5.0
Telecom Svcs	2.3	12.2	28.1
Utilities	-2.7	6.5	10.7
S&P 500	0.9	11.4	13.1

Sector	11/28/80		
	1 Month	3 Months	6 Months
Cons Discret.	-9.1	-17.6	-9.0
Cons. Staples	-3.1	-6.0	1.4
Energy	15.1	39.1	49.3
Financials	0.0	-2.1	-0.7
Health Care	5.3	4.6	13.0
Industrials	13.0	19.1	42.8
Materials	4.5	2.7	13.6
Technology	3.5	6.8	26.3
Telecom Svcs	-4.2	-8.5	-9.9
Utilities	-4.9	-7.7	-12.4
S&P 500	9.7	14.8	26.3

Sector	8/25/87		
	1 Month	3 Months	6 Months
Cons Discret.	7.4	19.6	27.2
Cons. Staples	6.6	16.0	11.1
Energy	-1.2	6.5	19.7
Financials	7.0	12.3	5.0
Health Care	8.9	20.6	23.4
Industrials	6.9	15.5	8.8
Materials	7.2	14.2	16.6
Technology	9.2	9.1	22.8
Telecom Svcs	12.6	31.5	44.5
Utilities	4.2	4.9	-8.8
S&P 500	8.9	16.6	19.1

Sector	7/16/90		
	1 Month	3 Months	6 Months
Cons Discret.	0.3	9.4	14.4
Cons. Staples	3.8	12.5	16.1
Energy	3.1	6.2	8.0
Financials	-2.6	2.5	-1.9
Health Care	8.7	20.4	21.5
Industrials	2.1	7.7	13.8
Materials	-2.2	-0.5	-7.8
Technology	0.4	9.4	19.1
Telecom Svcs	-6.7	-5.9	-3.7
Utilities	-3.6	-3.3	-3.2
S&P 500	1.7	7.0	9.5

Period with the least similarity to current period.

Sector	7/17/98		
	1 Month	3 Months	6 Months
Cons Discret.	11.0	13.1	38.3
Cons. Staples	4.3	3.9	12.5
Energy	-0.1	-5.8	4.8
Financials	13.3	5.0	28.1
Health Care	10.2	13.0	31.3
Industrials	7.0	-1.2	14.3
Materials	-1.4	-11.7	8.7
Technology	19.2	17.5	41.3
Telecom Svcs	5.9	1.5	14.5
Utilities	-0.4	-0.9	6.9
S&P 500	9.1	5.7	23.4

Sector	3/24/00		
	1 Month	3 Months	6 Months
Cons Discret.	13.0	-2.4	15.6
Cons. Staples	-9.0	-19.7	-19.4
Energy	6.7	-2.5	0.7
Financials	22.0	4.9	11.9
Health Care	-1.0	-3.9	-1.4
Industrials	14.2	1.9	10.6
Materials	0.4	-11.4	-1.7
Technology	22.0	23.2	65.2
Telecom Svcs	11.4	-4.6	9.3
Utilities	-1.7	5.0	-1.7
S&P 500	13.0	4.7	19.6

Sector	2/20/07		
	1 Month	3 Months	6 Months
Cons Discret.	-1.0	3.1	20.2
Cons. Staples	-0.9	2.4	4.8
Energy	1.8	0.6	0.8
Financials	0.1	2.6	11.3
Health Care	-1.0	3.8	6.6
Industrials	0.2	1.1	10.9
Materials	2.6	5.6	16.4
Technology	-0.4	-2.8	13.2
Telecom Svcs	3.0	7.9	16.1
Utilities	5.0	5.6	10.3
S&P 500	2.0	3.8	12.4