



Correction Reflections...

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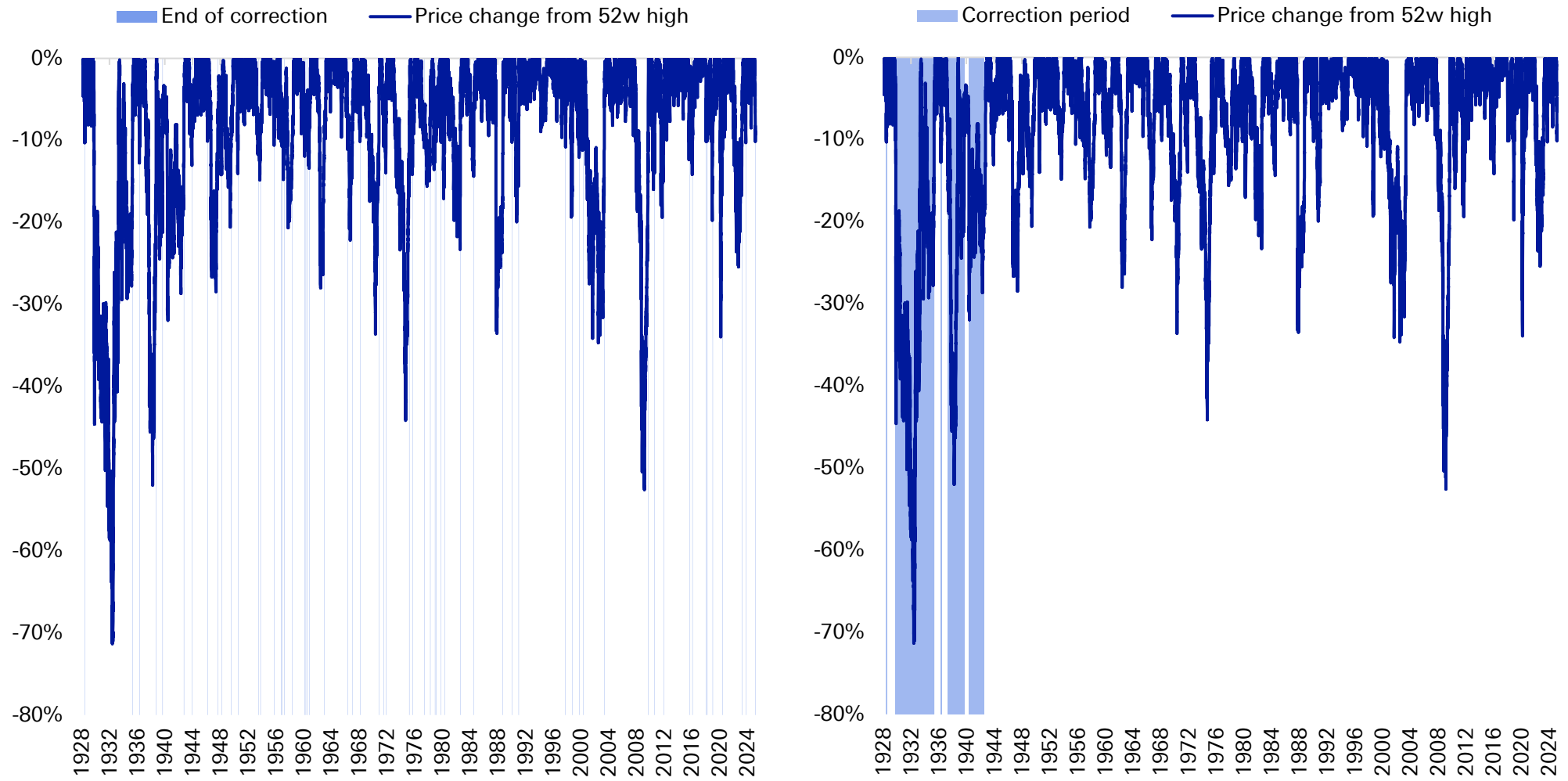
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On our definition of a correction, there have been 60 since 1928. We define the start date as when prices fall -10% from 52 week high. The correction ends when there are no new -10% declines from 52 week high within next 30 trading days.



Drawdown from 52 week high of S&P 500. Left graph highlights when correction ends, right shows all days in correction.

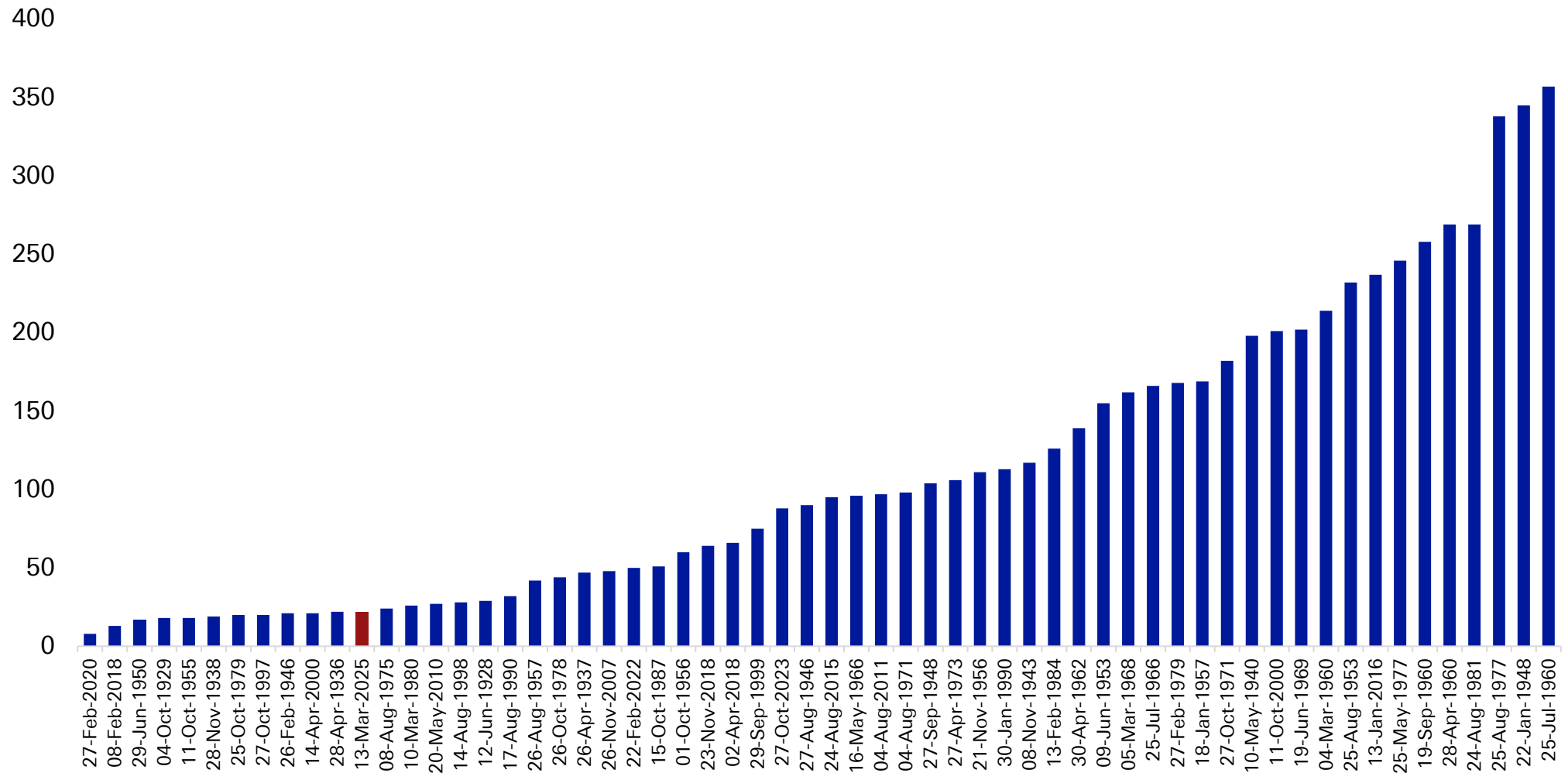


Source: Bloomberg Finance LP, Deutsche Bank.

Out of 60 corrections since 1928, the current one is tied for the 11th most rapid to arrive from the highs...



Number of days from 52 week high of S&P 500 to correction (-10%) level....

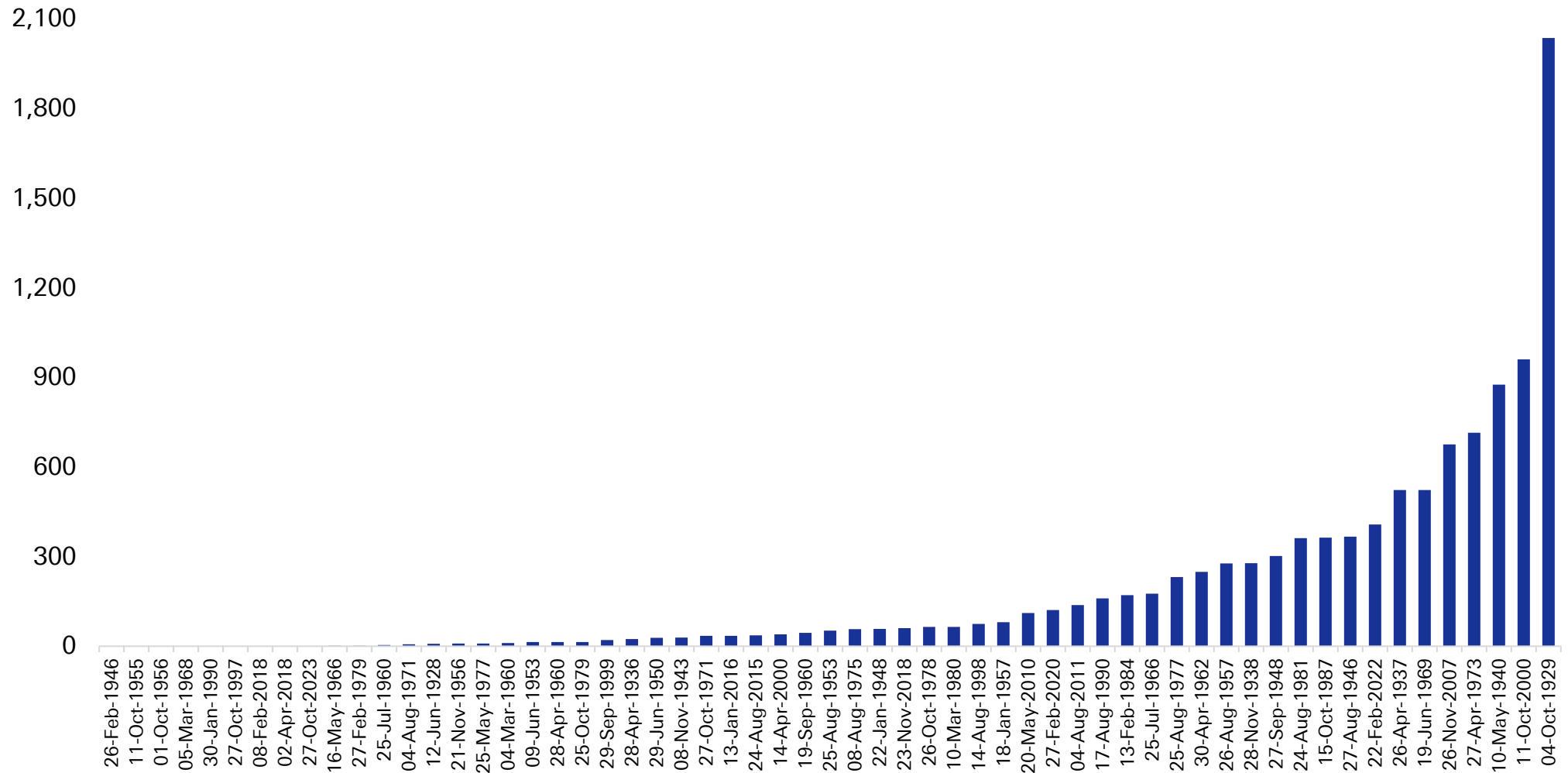


Source: Bloomberg Finance LP, Deutsche Bank.

From 1 to 2000... The average S&P 500 correction lasts 185 days, with the median 52 days. On 10 of 60 occasions S&P 500 only stayed in correction territory for one day (including current so far after the bounce on Friday). A further 7 only lasted up to 10 days.



Number of calendar days the correction lasted for the S&P 500

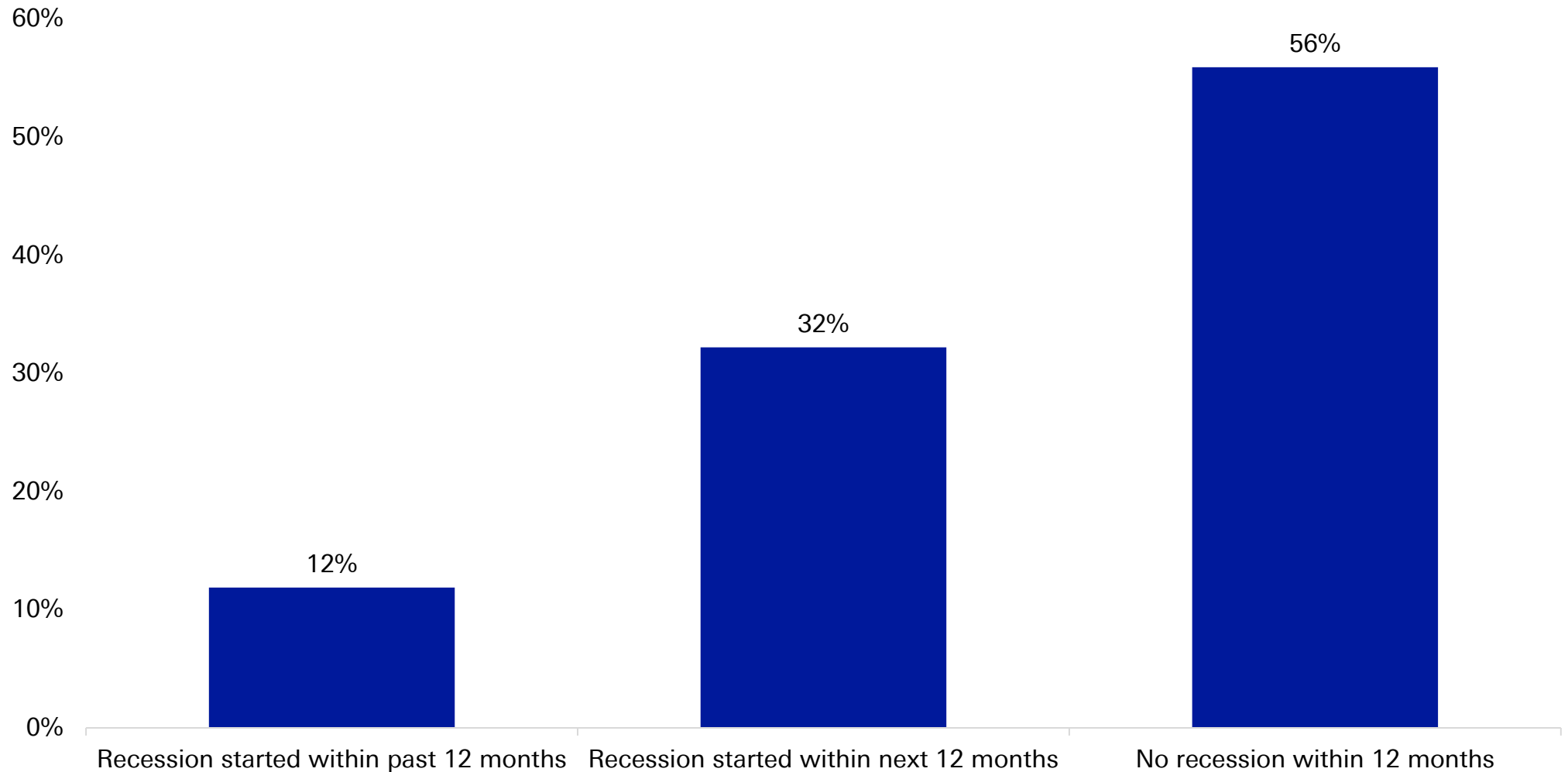


Source: Bloomberg Finance LP, Deutsche Bank.

Of the past 59 corrections, 44% took place around recessions. On 12% of occasions the US was already in one with a further 32% happening within a year. On 56% of times the correction wasn't associated with a recession.



Share of corrections by proximity to US recession starts as of start date

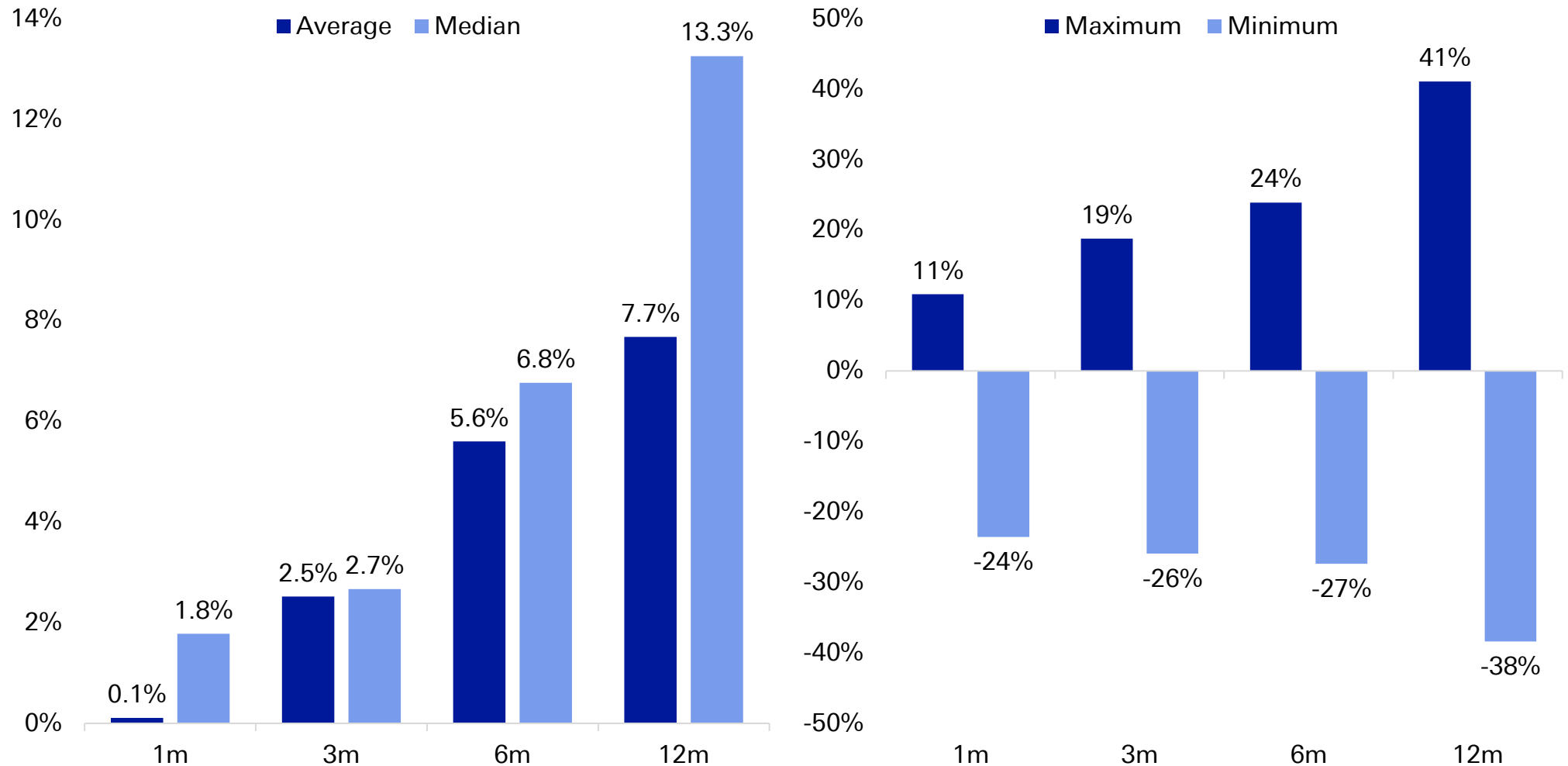


Source: Bloomberg Finance LP, Deutsche Bank.



Average returns after a correction is triggered have been pretty normal with a bias to outperformance over 3-6 months versus normal history. Median returns 12 months later well above normal.... But the range is very wide with the outliers out to 6 months being more on the downside...

Returns following correction trigger start date by horizon



Source: Bloomberg Finance LP, Deutsche Bank.

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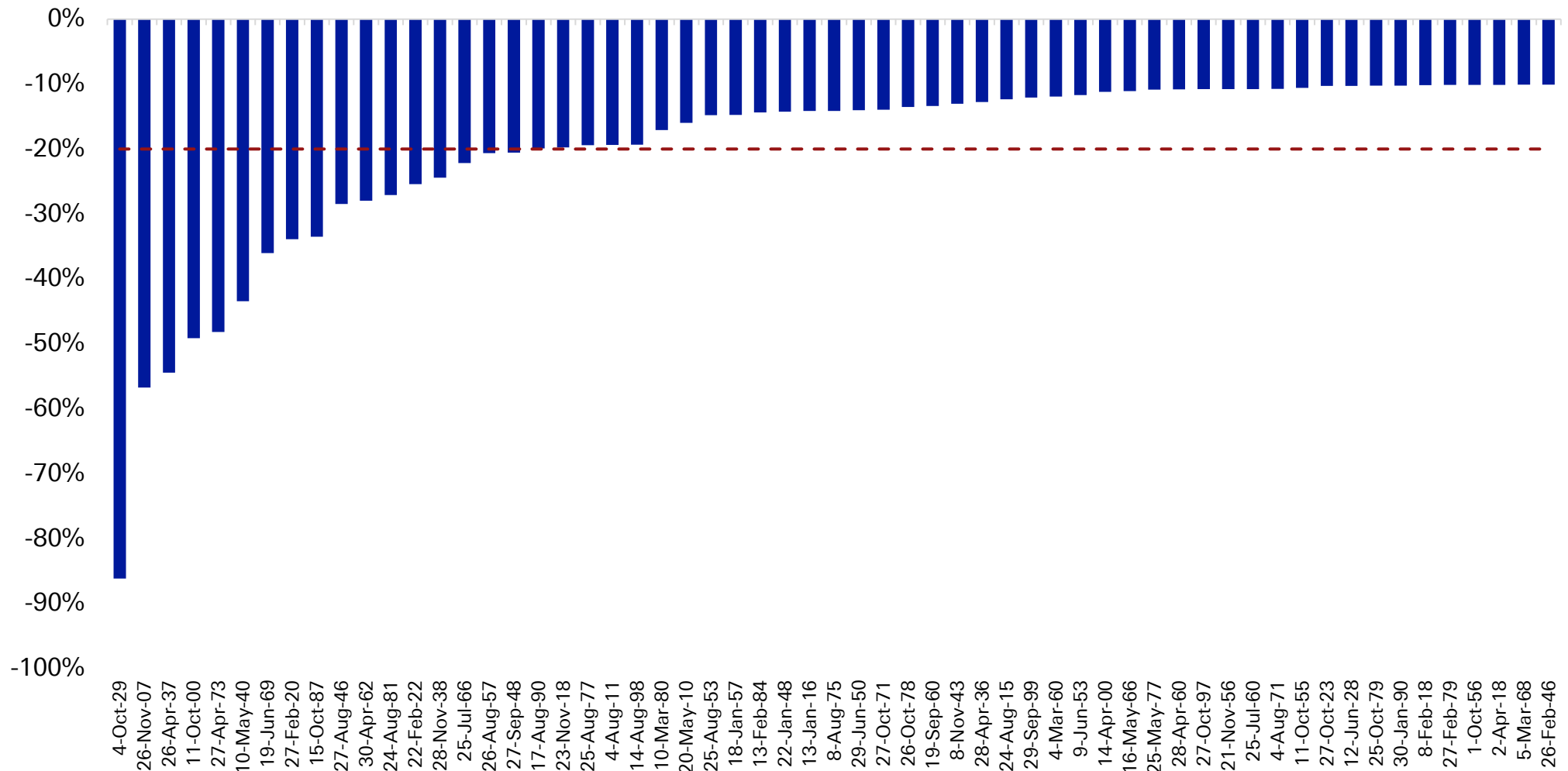
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Of the 59 corrections, 17 went on to become bear markets where the eventual fall was more than -20%. So 42 out of 59 stalled out between -10% and -20% from the highs..



Total drawdown from 52w high at the start of each correction – 17 out of past 59 turned into bear markets



Source: Bloomberg Finance LP, Deutsche Bank.



Appendix 1

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