

### 3.17.25

Monday, March 17, 2025 9:14 AM

#### Key Data

- Not out of the woods yet, since 1998 there have been 11 corrections, average price decline between them is 14.3%, that would be 5,268 on SPX
- Markets stop panicking when policy makers panic. Last weekend was Trump saying detox. This weekend Besant says correction is healthy & not worried
- SEP this week & a bunch of central bank decisions. Retail sales on Monday will let us know how the market feels about reacting to economic data
- If SEP & Fed data does not move us a lot it'll go right back to market momentum based off past data (ie, consumer sentiment, PPI, inflation fears, etc)

**Table 2: The S&P 500 correction/bear market rulebook: buy S&P once BofA FMS Cash >4%, HY spreads approach 400bps, ~1% AUM equity outflows**  
S&P 500 Corrections & Bear Markets

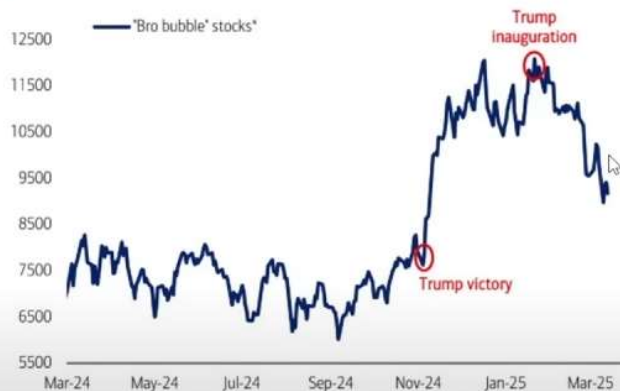
S&P 500			FMS avg cash level %		FMS net % OW Equities		FMS net % expect		Bull & Bear		Global Breadth		Cumulative		HY credit spreads (bps)	
Start	End	Correction	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End
7/17/1998	8/31/1998	-19.3%	7.1	7.5	40bps	-	-	-7	-12	-5ppt	-	-	-	-	329	520
9/23/1998	10/8/1998	-10.0%	8.2	10.3	210bps	-	-	-24	-48	-25ppt	-	-	-	-	572	639
7/16/1999	10/15/1999	-12.1%	5.2	5.9	70bps	-	-	43	39	-5ppt	-	-	-	-	479	494
3/24/2000	10/9/2002	-49.1%	6.6	5.2	-139bps	-	-	41	37	-4ppt	-	-	-	-	547	1117
11/27/2002	3/11/2003	-14.7%	4.6	5.4	80bps	3	-9	-12ppt	42	41	-1ppt	1.5	1.3	16%	894	833
10/9/2007	3/9/2009	-56.8%	4.0	5.2	124bps	41	-41	-82ppt	-55	0	55ppt	5.3	0.0	96%	394	1873
4/23/2010	7/2/2010	-16.0%	3.5	4.4	84bps	52	11	-42ppt	61	-12	-73ppt	9.9	2.8	62%	532	699
4/29/2011	10/3/2011	-19.4%	3.7	5.0	122bps	50	-7	-57ppt	27	-15	-41ppt	8.8	0.0	78%	464	857
7/20/2015	8/25/2015	-12.2%	5.5	5.2	-30bps	42	41	-1ppt	42	37	-5ppt	3.1	1.6	-22%	496	590
11/3/2015	2/11/2016	-13.3%	4.9	5.6	78bps	43	5	-38ppt	35	-16	-51ppt	1.7	0.0	-4%	577	887
1/26/2018	2/8/2018	-10.2%	4.4	4.7	28bps	55	43	-12ppt	47	37	-10ppt	8.4	9.0	98%	323	359
9/20/2018	12/24/2018	-19.8%	5.1	4.8	-30bps	22	16	-6ppt	-24	-53	-30ppt	4.0	2.9	-24%	325	535
2/19/2020	3/23/2020	-33.9%	4.0	5.1	109bps	33	-2	-35ppt	18	-49	-67ppt	6.1	0.6	13%	357	1087
1/3/2022	10/12/2022	-25.4%	5.0	6.3	130bps	55	-49	-104ppt	-1	-72	-71ppt	3.7	0.0	2%	305	531
7/31/2023	10/27/2023	-10.3%	5.3	5.3	-30bps	-24	-4	20ppt	-60	-50	10ppt	3.9	1.4	84%	379	453
2/19/2025	-	-10.1%	3.5	-	-	35	-	-	-2	-	-	5.3	5.4*	47%	268	-
Correction avg		-14.3%	5.2	5.8	59bps	30	12	-18ppt	17	-5	-21ppt	4.6	2.1	32%	488	624
Bear market avg		-41.3%	4.9	5.4	56bps	43	-31	-74ppt	1	-21	-22ppt	5.0	0.2	37%	401	1152

Source: BofA Global Investment Strategy, BofA Global Fund Manager Survey, Bloomberg, ICE Data Indices LLC, EPFR. \*latest reading

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- BESSENT SAID THIS IS SOMETHING TEMPORARY
- SIGNAL\*\*\*\*\*
- When cash levels go back above 4 & high yield credit spreads go back above 400, once that happens wallstreet advises clients to buy the dip - historically this is when the market bounces

**Chart 4: "Bro Bubble" Trump 2.0 winners down 25% since Jan 20<sup>th</sup>**  
"Bro Bubble" stocks\*

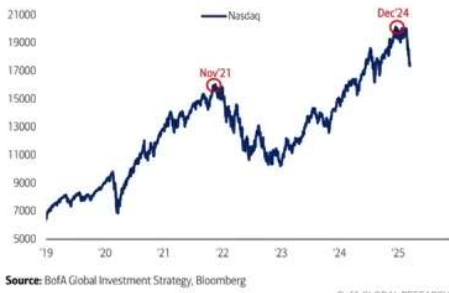


Source: BofA Global Investment Strategy, Bloomberg. \*equal-weighted average of NVDA, META, PLTR, TSLA, IBKR, XBT, ARKK, COIN, APO

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**Chart 7: Big cyclical peak in US tech stocks**

Nasdaq Composite price index



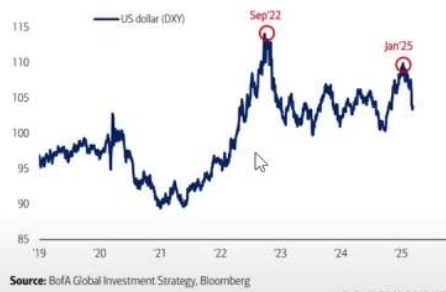
**Chart 8: Big cyclical peak in long-dated US Treasury yields**

US 30-year Treasury yield (%)



**Chart 9: Big cyclical peak in US dollar**

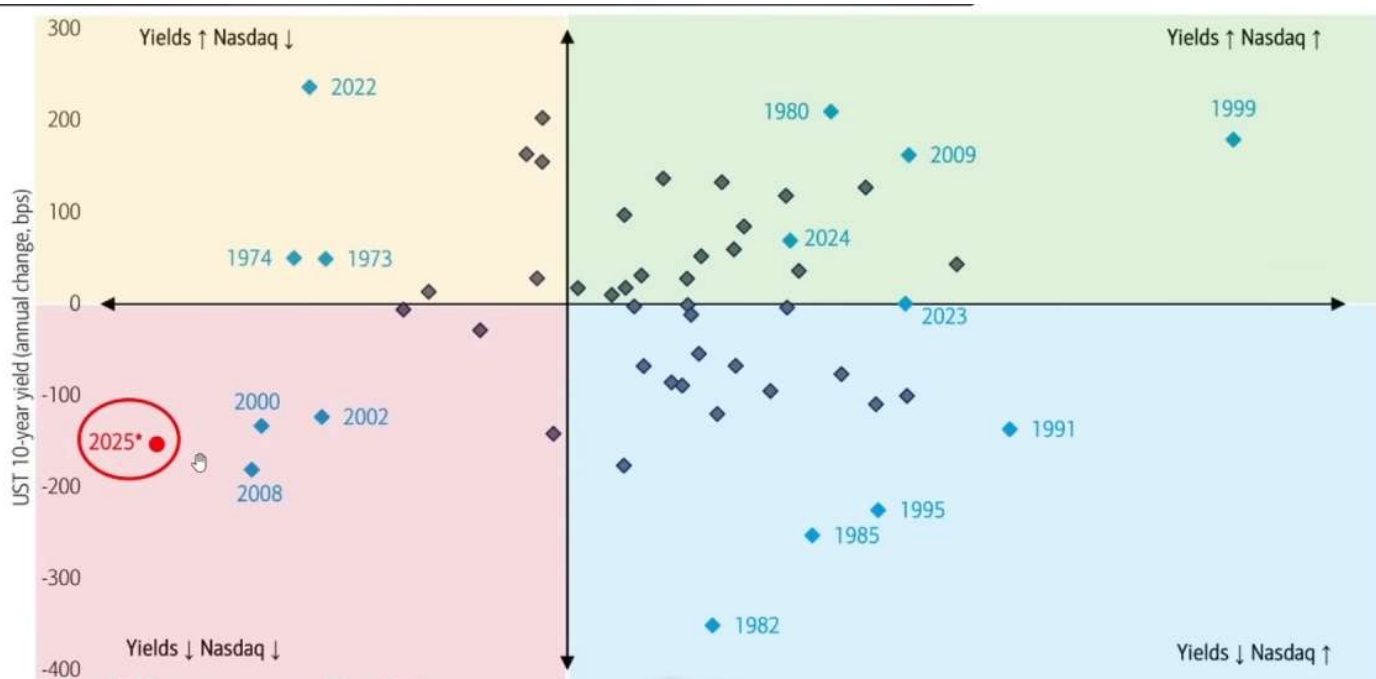
US dollar index (DXY)



**Chart 13: Gold best hedge against collapse in US real rates**

US 10-year real rate % (inverted) & Gold





- Dynamic of stocks down yields down is interesting