📉 Historical Volatility Analyzer

Analyze historical market data and practice making investment decisions during volatile periods. Learn from the past to prepare for future market turbulence.

S&P 500 Historical Statistics (1994-2024)

10.3%	15.4%	24	6
Avg Annual Return	Std Deviation	Positive Years	Negative Years

Scenario 1: Dot-Com Bust

March 2000

The Situation: Tech stocks have soared 400% in 5 years. NASDAQ is at all-time highs. Everyone is talking about "new economy" stocks. Your tech-heavy portfolio is up 80% in the past year. News headlines predict NASDAQ will hit 10,000 by year end.

Your Portfolio: +80% YTD

Next 3 Years: -78% (NASDAQ)

What would you do?

- ○ **Hold everything - momentum will continue**
- ○ **Rebalance - sell some tech, diversify**
- ○ **Sell all tech - switch to bonds**
- ○ **Buy more tech - don't miss out**

Scenario 2: Financial Crisis

October 2008

The Situation: Lehman Brothers just collapsed. Banks are failing. Market is down 35% from peak and falling fast. Your balanced portfolio has lost $50,000. News is predicting Great Depression 2.0. Your friends are moving to cash.

Market YTD: -35%	**Next 5 Years:** +128%

What would you do?

- ○ **Sell everything - get out before it's worse**
- ○ **Hold and wait - don't panic**
- ○ **Rebalance - buy stocks with bond money**
- ○ **Buy more aggressively - stocks are cheap**

Scenario 3: COVID-19 Crash

March 2020

The Situation: Market dropped 34% in just 23 days - fastest decline in history. Global pandemic shutting down economies. Unemployment claims hit 6.6 million in one week. No one knows how long lockdowns will last or if vaccines are possible.

February → March: -34%	**March → August:** +51%

What would you do?

○ **Sell everything - unprecedented crisis**

○ **Hold steady - stick to my plan**

○ **Buy the dip - great opportunity**

📚 Key Historical Lessons

- **Time heals:** Every major crash has been followed by recovery and new highs
- **Panic sells hurt:** Missing the best 10 days can cut your returns in half
- **Diversification works:** Bonds often rise when stocks fall
- **Rebalancing helps:** Systematically buying low and selling high
- **Cash is not safe:** Inflation erodes purchasing power over time

What emotional biases do you notice in yourself when reading these scenarios?

Consider fear, greed, recency bias, loss aversion...

How can you prepare yourself to make better decisions during the next market crash?

Think about having a written plan, automatic rebalancing, avoiding news...