

Stocks Bounce Back in the Second Quarter



So far the coronavirus has given investors a wild ride during the first half of the year. Virtually every stock market in the world declined in value during the first quarter of 2020 and virtually every stock market bounced back during the second quarter. Although only the NASDAQ bounced back to new highs, and both Denmark and the United States are up for 2020, most stock markets declined during the first half of 2020. Nevertheless, most stock markets throughout the world recovered the majority of their losses during the first quarter of the year during the second quarter. Table 1 provides data on percentage returns for the month of June, the first quarter of 2020 and the second quarter of 2020 for 21 countries and 3 regions. As Table 1 shows, every stock market was down during the first quarter and up during the second quarter.

| Country | Jun-20 | Q1 2020 | Q2 2020 |
|-----------|--------|---------|---------|
| Australia | 2.20 | -24.87 | 17.43 |
| Austria | -0.59 | -33.27 | 10.53 |
| Belgium | 2.94 | -29.59 | 9.76 |
| Canada | 2.12 | -21.59 | 15.97 |
| Denmark | 0.37 | -9.73 | 16.14 |
| Finland | -0.46 | -20.40 | 17.20 |
| France | 4.65 | -26.82 | 12.85 |
| Germany | 4.54 | -25.35 | 22.15 |
| India | 7.68 | -28.57 | 18.49 |
| Ireland | 1.45 | -28.26 | 15.92 |

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|----------------|-------|--------|-------|
| Italy | 5.99 | -27.54 | 13.84 |
| Japan | -0.31 | -13.08 | 11.10 |
| Netherlands | 5.34 | -21.15 | 17.42 |
| New Zealand | 4.89 | -15.76 | 16.31 |
| Norway | -0.35 | -23.43 | 8.60 |
| South Africa | 7.68 | -22.06 | 22.19 |
| Spain | 2.16 | -29.39 | 6.42 |
| Sweden | 2.16 | -18.39 | 16.38 |
| Switzerland | 1.54 | -9.84 | 8.09 |
| United Kingdom | 1.53 | -24.80 | 8.77 |
| United States | 2.71 | -17.66 | 20.19 |
| World | 2.51 | -20.10 | 15.93 |
| World x/USA | 3.22 | -23.00 | 10.61 |
| Europe | 3.88 | -25.39 | 10.06 |

Table 1. Monthly and Quarterly Returns in 2020

It should be remembered that the month of July and the third quarter of the year are often the weakest quarters of the year. July is not the best performing month in any country in the world, and the second quarter is the worst performing quarter in seven of the twenty-one countries we cover. On average, the world index rises by 0.76% in the third quarter, but the world x/USA index rises only 0.01%. Since the world has gone through a rapid recovery during the second quarter of 2020, some markets are likely to fall back during the third quarter of 2020. We can only warn investors to be cautious for the third quarter of 2020. The monthly scorecard for June and tables covering returns in 21 countries and 3 regions are provided below. As always, best months are marked in green and worst months in red. **June Monthly Scorecard Smallest Monthly Increase – Belgium, Canada, France, South Africa Fewest Monthly Increases – Austria, Belgium, Canada, Netherlands, Spain Best Month – Finland (1945), Ireland (1847), United Kingdom (1720), Europe (1864) Worst Month – Germany (1948) Largest Quarterly Increase – India Fewest Quarterly Increases – Finland, Norway, Sweden Largest Monthly Increase Since 1900 – Belgium Smallest Monthly Increase Since 1900 – France, South Africa Fewest Monthly Increases Since 1900 – Austria, Belgium, Canada, Denmark, France, South Africa, Spain, United Kingdom, World, World x/USA, Europe Best Month Since 1900 – Finland (1945) Worst Month Since 1900 – Germany (1948) Most Quarterly Increases Since 1900 – New Zealand Fewest Quarterly Increases Since 1900 – Finland, Norway, Sweden**