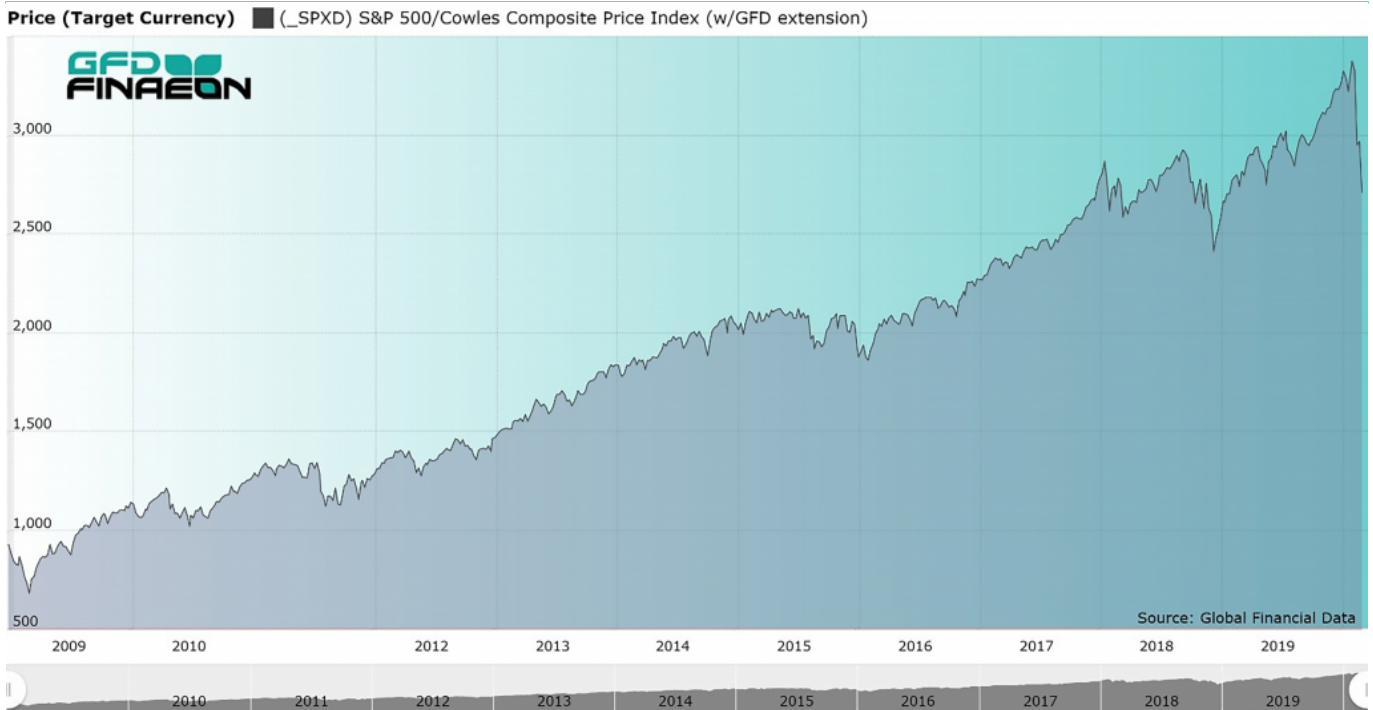


## Global Financial Pandemic or Another Bear Market?



The U.S. stock market fell into a bear market on March 12, 2020 ending the bull market that began in 2009. The bull market had begun on March 9, 2009 and peaked on February 19, 2020. The S&P 500 rose 400% between 2009 and 2020, the Dow Jones Industrials rose 351% between 2009 and 2020. The NASDAQ Composite fell into a bear market in 2018 when it declined 23%, bounced back 58% between 2018 and February 19, 2020. The NASDAQ has fallen 26% since then.

## Global Financial Pandemic or Another Bear Market?



**Figure 1. S&P 500, 2009 to 2020**

The GFD US-100 Index provides more history than any other stock market index ever developed beginning in the year 1792. By our calculation, there have been twenty-four bull and bear markets since 1792 with four occurring in the 1800s, seventeen in the 1900s and three in the 2000s. The worst bear market was in 1929-1932, led by an 89% decline in the Dow Jones Industrials. The two previous bear markets in this century both had declines of 50% in 2000-2002 and 2007-2009. The 2000 bear market lasted over two years and the 2007 bear market over one year. By comparison, the 1987 and 1990 bear markets only lasted a few months before the market bounced back. What is interesting about this bear market is how quickly it hit and how sharply markets throughout the world have dropped in tandem in response to the Coronavirus epidemic. There was no gradual spread of this financial pandemic. It hit all the world's stock markets simultaneously. In many countries, the 2020 bear market is a continuation of the bear market that began in 2018.

## Global Financial Pandemic or Another Bear Market?

Price (Target Currency) ■ (IGUSA10D) USA 10-year Bond Constant Maturity Yield



**Figure 2. United States 10-year Bond Yield, 2010 to 2020**

The extent of the bear market in 22 countries and for global indices is provided in Table 1. The table shows the date of the market top, the value the index hit on that date, the change from the previous market low, the current value of the market, and how much each market has fallen since the top in 2018 or 2020. The only major market in the world which has not fallen into a bear market this year is the Chinese market, the country where the coronavirus originated. However, the Chinese market has been in decline since 2015.

Price (Target Currency) ■ (\_SSEAD) Shanghai SE A Shares



## Global Financial Pandemic or Another Bear Market?

**Figure 3. Shanghai Stock Exchange “A” Shares Index, 2010 to 2020**

So far, global markets have fallen by around 30-40%. The question is, how much more are the markets likely to fall? Will this be a short-lived bear market as occurred in 1987 and 1990 or a more extended bear market as occurred in 2000-2002 and 2007-2009? It should be noted that fixed-income markets have already hit their bottom. This occurred on March 9 when the 10-year bond yield hit 0.381% and the 30-year bond fell below 1%. Yields have risen since then. Moreover, the Shanghai Index bottomed out on February 3, 2020 when the stock market reopened after the Chinese New Year and has not participated in the worldwide sell off. Both of these are positive signs that the bear market will not continue for an extended period of time. We will update Table 1 on a regular basis so our readers can follow the changes that occur in this bear market.

Country	Index	Market Top	Value	Change	Market Low	Value
<b>Asia</b>						
Australia	All-Ordinaries	2/20/2020	7255.2	133.16	<b>3/23/2020</b>	45
China	Shanghai A Shares	6/12/2015	5410.86	165.15	12/27/2018	26
Hong Kong	Hang Seng	1/26/2018	33154.12	80.98	<b>3/23/2020</b>	21
India	BSE Sensex	1/14/2020	41952.63	82.79	<b>3/23/2020</b>	25
Japan	TOPIX	1/23/2018	1911.31	59.77	3/16/2020	12
Singapore	FTSE ST All-Share	1/24/2018	877.87	40.38	<b>3/23/2020</b>	54
South Korea	Korea SE Price Index	1/29/2018	2598.19	57.21	<b>3/19/2020</b>	14
Taiwan	Taiwan Weighted	1/14/2020	12179.81	56.41	<b>3/19/2020</b>	86
<b>Europe and Africa</b>						
Belgium	All-Share	4/13/2015	13859.94	104.31	3/18/2020	72
France	CAC All-Tradable	2/12/2020	4732.14	56.27	<b>3/18/2020</b>	28
Germany	CDAX Composite	1/23/2018	625.19	50.07	<b>3/18/2020</b>	36
Italy	FTSE Italia All-Share	2/19/2020	27675.06	39.43	<b>3/12/2020</b>	16
Netherlands	All-Share Index	2/12/2020	904.31	54.15	3/18/2020	57
Norway	OBX Price	9/25/2018	523.06	70.44	3/16/2020	32
South Africa	FTSE All-Share	1/25/2018	61684.8	246.26	<b>3/19/2020</b>	37
Spain	Madrid General	4/13/2015	1203.82	99.78	3/16/2020	60
Sweden	OMX All-Share Price	2/19/2020	732.67	68.35	<b>3/23/2020</b>	47
Switzerland	SPI Price Index	2/19/2020	731.04	140.71	3/16/2020	54
United Kingdom	FTSE-100	5/22/2018	7534.4	99.27	<b>3/23/2020</b>	49
<b>Americas</b>						
Brazil	Bovespa	1/23/2020	119528	217.51	<b>3/23/2020</b>	63
Canada	TSE-300	2/20/2020	17944.1	51.52	<b>3/23/2020</b>	11
Mexico	Mexico IPC	7/25/2017	51713.38	206.16	<b>3/23/2020</b>	32
United States	DJIA	2/12/2020	29551.42	351.37	<b>3/23/2020</b>	18
United States	S&P 500	2/19/2020	3386.15	400.52	<b>3/23/2020</b>	22
United States	NASDAQ	2/19/2020	9817.18	58.52	<b>3/23/2020</b>	68
<b>Global</b>						
Emerging Markets	MSCI Emerging Free	1/29/2018	1278.53	85.69	<b>3/23/2020</b>	75
Europe	MSCI Europe	1/25/2018	1926.57	47.52	<b>3/23/2020</b>	11
World	MSCI World	2/12/2020	2434.95	35.63	<b>3/23/2020</b>	16



## Global Financial Pandemic or Another Bear Market?

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World	MSCI EAFE	1/25/2018	2186.65	46.52	<b>3/23/2020</b>
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13