The Streak

Back in 1995, on a crisp fall September night, Cal Ripken Jr. did the previously unthinkable and broke one of the most enduring streaks in baseball history when his 2,131st straight game became official in the top of the fifth. That game surpassed the previous record of 2,130 straight games that was held by "The Iron Horse" Lou Gehrig and stood for over a half century. Ripken's streak continued for another 501 games until 9/19/98 when he voluntarily sat out of what would be his 2,633rd straight game. Because of the way the game is now played and how players are rested on a somewhat regular basis, there is widespread agreement that Ripken's streak could stand forever.

For the US equity market, there is another almost as impressive streak of consistency that could have set a record had we just managed to post a gain in February. February marked the first down month for the S&P 500 since March 2017 (ten straight months of gains). On a total return basis, though, the streak of gains was even more impressive at *15 straight months* heading into February. The last time the index had a down month on a total return basis before February, Hillary Clinton was a shoe-in to be the next President. Just like President Clinton was on hand to watch as Ripken broke Gehrig's streak, President Trump was likely watching this streak just as closely!

S&P 500 Monthly Change

Date	Percent Change (%) Index	Total Return
11/30/16	3.42	3.70
12/31/16	1.82	1.98
1/31/17	1.79	1.90
2/28/17	3.72	3.97
3/31/17	-0.04	0.12
4/30/17	0.91	1.20
5/31/17	1.16	1.23
6/30/17	0.48	0.62
7/31/17	1.93	2.20
8/31/17	0.05	0.16
9/30/17	1.93	2.06
10/31/17	2.22	2.33
11/30/17	2.81	3.07
12/31/17	0.98	1.63
1/31/18	5.62	5.18
2/28/18	-3.89	-3.69

So how impressive was the S&P 500's run of 15 positive total return months? The table below lists each streak since the last 1920s where the S&P 500 went ten or more months without a decline on a total returns basis. Prior to the most recent one, there were only five other periods where the index saw a double-digit streak of gains, and the longest was 15 back in the period ending May 1959. Unlike this time around, though, the streak in that period just barely missed making it to a 16th straight month as the S&P 500 fell just 0.1% on a total return basis in June 1959.

For each of the periods shown below, we have listed the S&P 500's total return in the one, three, six, and twelve months after the first down month that ended each streak. We have also included two columns showing the S&P 500's maximum gain and loss in the year following the end of the first down month. Looking at the table below and the chart of each period on page two, a number of things stand out, but the first we would highlight is that in the month after the first down month, the S&P 500 was up every time for an average gain of 4.65%. *Continued...*

S&P 500 Total Retun Index: Streaks of 10+ Months Without a Decline

Month Ending	Up Months in a Row	Percent Change (%) During Streak	Next Month	Percent Change After First Down Month... One Month	Three Months	Six Months	One Year	Max Decline	Max Gain
3/31/36	12	83.04	-7.45	4.91	16.28	27.50	24.38	0.00	35.58
5/31/50	12	41.65	-5.27	1.48	11.93	19.65	27.31	-5.71	28.94
7/31/54	11	39.20	-2.99	8.72	16.11	25.98	50.96	0.00	46.70
5/31/59	15	50.08	-0.10	3.75	-1.97	4.03	0.61	-8.55	3.83
9/30/95	10	31.69	-0.36	4.39	10.02	13.76	24.10	0.00	22.24
1/31/18	15	36.22	-3.69						
			Average	4.65	10.48	18.18	25.47	-2.85	27.46

The charts below show the S&P 500's performance during and after each of the S&P 500's historical streaks shown in the table on page one. In each chart, the gray shaded period represents the streak of monthly gains, the red line is the performance during the first down month, and the rest of the chart shows the S&P 500's performance over the following year.

What stands out about the prior streaks is how in every case but one, the one down month for the S&P 500 turned out to be nothing more than a blip on the radar, and it wasn't long before the S&P 500 was trading back to new highs. In fact, in addition to being up every time in the month after the first down month, the S&P 500 was up over the following six and twelve months every time as well. Three months later, the market was up four out of five times and the one down period was a decline of less than 2%.

While the overall returns following the end of the five prior streaks has been much better than average, we would be remiss not to point out that the period where the returns were weakest also followed a 15-month winning streak. With that caveat, though, history shows that after these long streaks of gains came to an end, investors went right back to the well.