



June 2nd, 2020

What did I miss?

Patience is losing out to FOMO (Fear of Missing Out)

We have argued that it has been premature to position for a lasting bull market while the data was still deteriorating. However, with the data starting to show some initial signs of improvement as economies begin to reopen, our recent shifts have been to modestly increase the cyclical of our portfolios. Still, taking extreme one-sided positions, either bullish or bearish, does not seem prudent given the significant ongoing risks to corporate profits — both positive and negative. It is clear, though, that investors are getting impatient. As markets charge higher, they [feel like they are missing out on all the fun](#).

Quantifying FOMO: how much are you missing?

While being late and being early both come with costs (by definition), [being early has historically been more costly than being late](#). But what if March 23rd was indeed the trough? How much have investors missed out by not being “all-in” on risk? It depends on what you’ve owned. The average S&P 500® stock is still in bear market territory, down more than 20% from its peak. Meanwhile, higher quality stocks have continued to outperform lower quality stocks. But if you’ve been sitting in cash earning next to nothing, then you probably have not participated in the market’s 37% rally, the biggest 48-day rally since 1938. But perspective is always important. The average bull market has historically lasted five years, with returns exceeding 200%. The first 48 trading days typically make up just over 10% of the returns for the entire bull market. So if this is truly a lasting bull market, then we should have plenty more years of attractive returns ahead of us.

Table 1: S&P 500® total returns for the first 48 trading days and first six months of bull markets since 1932

Year	48 trading days		First 6 months		Full bull market return	Bull market duration (years)	48 days % of bull market length
	Total return	% of full cycle return	Total return	% of full cycle return			
1932	68%	20%	53%	15%	344%	4.8	4%
1942	16%	7%	30%	14%	217%	4.1	5%
1949	16%	3%	30%	6%	488%	7.1	3%
1957	5%	4%	12%	11%	114%	4.1	5%
1962	13%	13%	23%	22%	103%	3.6	5%
1966	11%	20%	24%	42%	58%	2.1	9%
1970	12%	14%	25%	28%	89%	2.6	7%
1974	10%	5%	34%	17%	204%	6.2	3%
1982	37%	12%	48%	16%	304%	5.0	4%
1987	16%	20%	21%	26%	81%	2.6	7%
1990	13%	2%	30%	6%	545%	9.5	2%
2002	17%	14%	13%	10%	121%	5.0	4%
2009	31%	6%	55%	10%	528%	10.9	2%
2020	37%	N.A	N.A	N.A	N.A		N.A
Historical average	20%	11%	31%	17%	246%	5.2	5%
Historical median	16%	12%	30%	15%	204%	4.8	4%

Source: Richard Bernstein Advisors LLC, Bloomberg, S&P

Note: Returns do not include dividends prior to 1936

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