TODD Asset Management

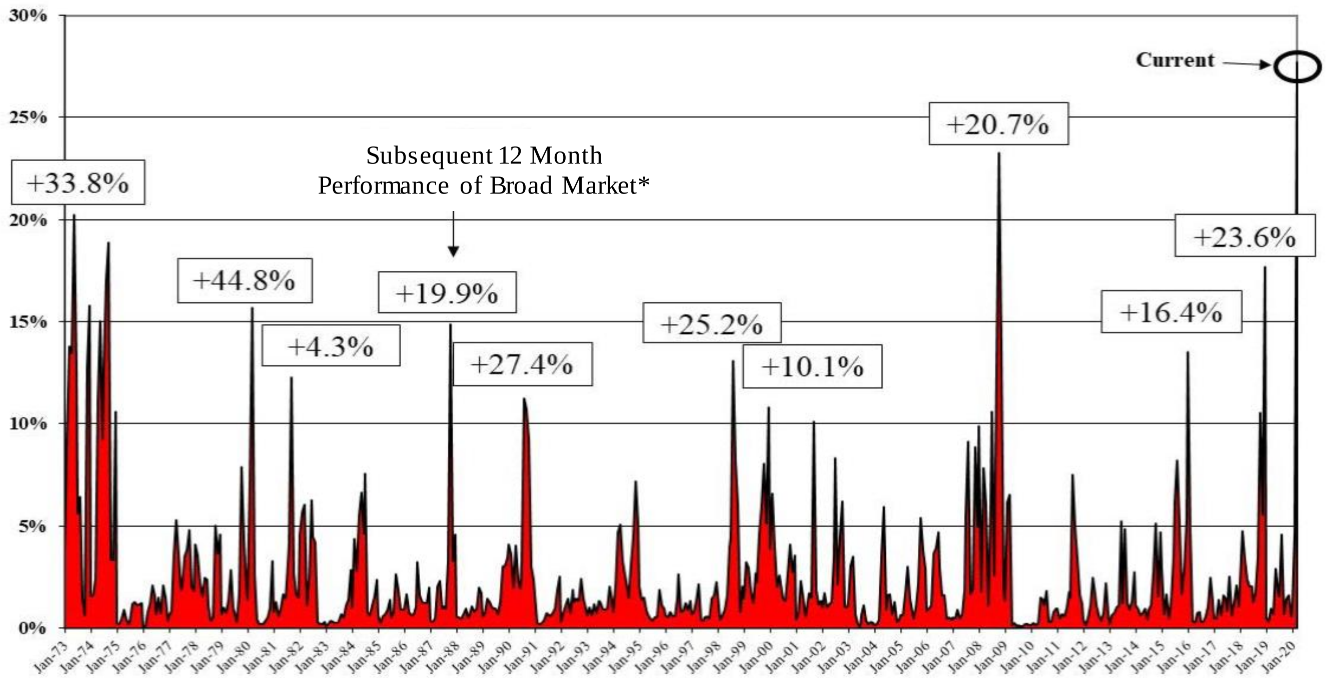
Todd's Chart of Interest

April 7, 2020

After New Lows Spike, Stocks Usually Rally for the Next Year

52 Week Lows as a Percentage of NYSE

Monthly Average Number of 52 Week Lows
January 1973 – March 2020



* Broad market defined as equal-weighted performance of Contravisory universe of stocks

Source: Contravisory Investment Management

- For the month of March, 2020, the number of new 52 week lows reached an extreme we have not experienced before. Those monthly averages since the 1970s are represented by the chart in red above. Over 25% of stocks made new 52 week lows during the month.
- Going back over the past 46 years, when the percentage of stocks making 52-week lows on the NYSE reaches an extreme, the subsequent 12-month performance of the stock market is impressive. Right now, this chart is reaching all-time highs.
- If history is a guide, market performance over the next year should be better than current sentiment would indicate. Over the study period, there are 10 instances where new lows exceeded 10% of NYSE issues, with the average 1 year gain of an equal weighted NYSE universe (highlighted in the box above) following the peak of over 22%.

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