



IT SEEMS THAT FROM “BUY THE DIP” THE MARKET PARTICIPANTS WENT TO “SELL THE RALLY”...

It may sound a bit simplistic. However if you roam the news , all you find is inflation and fed funds rate increaseand this is having everybody scared. Tuesday the FED meets and we are all on our toes.

Anyway, the Nasdaq is entering his 66th correction since 1971 and it is somehow pleasant to notice that it has been more than once a year. Rotation is very active as well.

Any forecast, anybody?

Nobody can. It’s as simple as that. But everybody tries.....

Sure that we are not in spring 2020 when we discovered that what came out of Wuhan was not confined to that corner of the world. The situation is not the same.

Since then, Governments have poured billions into the economy and we found some silver lining . And we could almost forget about the pandemic because (gullibly) we believed in the ever so support from central banks and the Governments. But since the Fed indicated that they will withdraw the helping hand, we have to ask ourselves if we hadn’t gone to far in our total confidence in them.

If we look into the past and if we base ourselves on the table below, corrections do not last more that some weeks or a couple of months. Except in 2007/2008, but that was a whole different story. What we could experience right now looks more like 2018.

Nasdaq Composite After Closing in Correction Territory							
Entered Correction	One Week	Two Weeks	Three Weeks	One Month	Three Months	Six Months	One Year
11/21/2007	3.9%	4.1%	4.3%	5.1%	-10.2%	-4.4%	-46.0%
6/30/2008	-2.2%	-3.5%	-0.6%	1.6%	-8.8%	-32.4%	-20.0%
9/15/2008	0.0%	-9.0%	-14.5%	-25.3%	-30.8%	-34.3%	-3.5%
10/15/2008	-0.8%	1.8%	3.3%	-6.8%	-7.2%	-0.1%	33.5%
11/11/2008	-6.2%	-7.3%	-8.3%	-4.6%	-3.2%	9.5%	37.1%
1/20/2009	4.4%	5.2%	5.8%	0.0%	11.6%	32.5%	59.0%
2/23/2009	-4.7%	-8.6%	1.2%	12.1%	21.9%	45.6%	59.5%
5/7/2010	3.6%	-1.6%	-0.4%	-4.0%	1.0%	13.8%	24.8%
8/4/2011	-2.5%	-6.9%	-5.3%	-3.0%	5.1%	13.7%	16.1%
10/3/2011	9.9%	11.9%	15.6%	15.5%	13.4%	33.3%	34.2%
11/23/2011	6.5%	7.7%	3.2%	6.4%	20.2%	15.9%	20.6%
5/18/2012	2.1%	-1.1%	2.9%	4.2%	10.7%	2.7%	25.9%
11/14/2012	2.8%	5.1%	4.5%	4.4%	12.4%	21.6%	39.6%
8/24/2015	5.5%	3.5%	6.2%	4.6%	12.7%	0.4%	15.3%
1/11/2016	-3.2%	-2.6%	-0.4%	-8.0%	4.2%	7.6%	20.0%
10/24/2018	2.8%	6.5%	0.4%	-2.4%	-0.5%	14.0%	15.2%
6/3/2019	6.7%	7.0%	9.2%	11.4%	7.4%	16.2%	32.0%
2/27/2020	2.0%	-15.9%	-16.5%	-12.4%	9.9%	35.7%	54.0%
9/8/2020	3.2%	1.1%	2.2%	5.3%	16.0%	16.2%	40.9%
3/8/2021	6.7%	6.1%	3.6%	9.7%	10.4%	21.2%	

Source: Dow Jones Market Data



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