

February 11, 2022

GEOPOLITICAL EVENTS

News has spread that Russia may invade Ukraine. Investors should be aware that there is likely to be a knee-jerk market reaction, but geopolitical events often do not have a lasting impact on financial markets. The table below provides a good framework to see how stocks have responded to other geopolitical events. The average one-day decline is -1.14% with a total event driven drawdown of -4.39% over 16 days and then recovering in an average of 35 days.

	EVENT DATE	S&P 500 RETURNS		DAYS	
		ONE DAY	TOTAL DRAWDOWN	BOTTOM	RECOVERY
Saudi Aramco Drone Strike	9/14/2019	-0.30%	-4.00%	19	41
North Korea Missile Crisis	7/28/2017	-0.10%	-1.50%	14	36
Bombing of Syria	4/7/2017	-0.10%	-1.20%	7	18
Boston Marathon Bombing	4/15/2013	-2.30%	-3.00%	4	15
London Subway Bombing	7/5/2005	0.90%	0.00%	1	4
Madrid Bombing	3/11/2004	-1.50%	-2.90%	14	20
U.S. Terrorist Attacks	9/11/2001	-4.90%	-11.60%	11	31
Iraq's Invasion of Kuwait	8/2/1990	-1.10%	-16.90%	71	189
Reagan Shooting	3/30/1981	-0.30%	-0.30%	1	2
Yom Kippur War	10/6/1973	0.30%	-0.60%	5	6
Munich Olympics	9/5/1972	-0.30%	-4.30%	42	57
Tet offensive	1/30/1968	-0.50%	-6.00%	36	65
Six-Day War	6/5/1967	-1.50%	-1.50%	1	2
Gulf of Tonkin Incident	8/2/1964	-0.20%	-2.20%	25	41
Kennedy Assassination	11/22/1963	-2.80%	-2.80%	1	1
Cuban Missile Crisis	10/16/1962	-0.30%	-6.60%	8	18
Suez Crisis	10/29/1956	-0.20%	-0.80%	3	4
N. Korea Invades S. Korea	6/25/1950	-5.40%	-12.90%	23	82
AVERAGE		-1.14%	-4.39%	16	35

Source: LPL Research, S&P Dow Jones Indices, CFRA, 1/24/2021, Ryan Detrick. Indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. The modern design of the S&P 500 Index was first launched in 1957. Performance before then incorporates the performance of its predecessor index, the S&P 90.