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## DJIA, S&P 500® ARE BACK – WHAT ABOUT OTHER MARKETS?

### U.S. EQUITIES: THE BEST HOUSE IN A BAD NEIGHBORHOOD?

*In light of the recovery of the DJIA and S&P 500, how have other key indices fared since the depths of the Financial Crisis?*

#### At A Glance

- **The Setup** – The month of March witnessed new highs for both the Dow Jones Industrial Average (“DJIA”) and the S&P 500. With these milestones as context, we check in on other key country and regional equity indices from S&P Dow Jones Indices. Note that for purposes of this analysis, we are considering only price return versions expressed in US\$ terms.
- **US Equities** - On the 5<sup>th</sup>, the DJIA finally closed above the record high previously set before the financial crisis. The index spent the rest of the month setting successive highs, closing at the month at 14,578.54. On the 28<sup>th</sup> – the last trading day of the month – the S&P 500 eclipsed its prior record by closing at 1,569.19.
- **Price vs. Total Return** - The S&P 500 Total Return Index is a great study in the difference between price and total return performance. Dividend payments by U.S. companies, which were motivated to increase payouts for various reasons including changing tax law, helped drive the total return index to new highs well before the price return version.
- **Nearly There** – Among the observed markets, Indian equities had the next best recovery, needing an advance of 11%+ to test new highs.
- **A Ways To Go** – Australia, Canada, Japan, Latin America, the BRICs, and Europe need to advance 20-50% to again experience their pre-financial crisis levels.
- **Developed Lags Emerging** – Developed markets (ex-U.S.) have underperformed emerging markets during the recovery since 2009.

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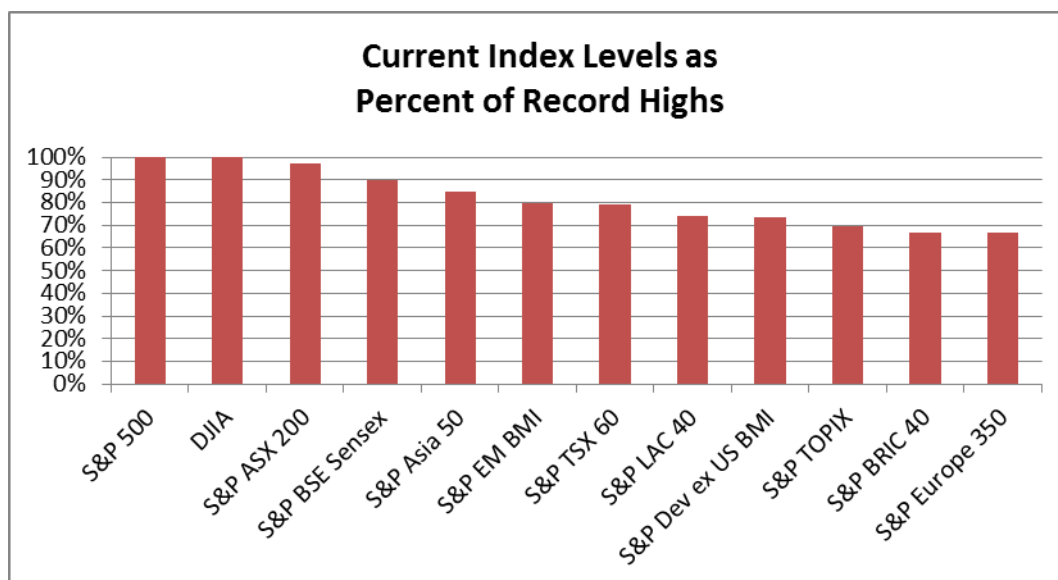
#### Current Levels vs. Historical Index Highs

SPDJI Index	Region/Country	Index High		Index Close 28-Mar-13	Difference - Current vs. High	
		Date	Level		Points	Growth Needed
S&P 500	US	28-Mar-13	1,569.19	1,569.19	-	0.00%
DJIA	US	28-Mar-13	14,578.54	14,578.54	-	0.00%
S&P TSX 60	Canada	20-May-08	371.21	294.13	77.08	26.21%
S&P TOPIX	Japan	8-May-06	1,719.44	1,195.24	524.20	43.86%
S&P ASX 200	Australia	1-Nov-07	10,334.20	8,521.07	1,813.14	21.28%
S&P LAC 40	Latin America	20-May-08	5,790.05	4,277.39	1,512.65	35.36%
S&P Europe 350	Europe	31-Oct-07	2,072.77	1,378.82	693.95	50.33%
S&P Asia 50	Asia ex Japan	29-Oct-07	4,156.67	3,521.47	635.21	18.04%
S&P BSE Sensex	India	5-Nov-10	21,004.96	18,835.77	2,169.19	11.52%
S&P Dev ex US BMI	Developed ex US	31-Oct-07	352.29	258.84	93.45	36.10%
S&P EM BMI	Emerging	29-Oct-07	329.95	263.36	66.60	25.29%
S&P BRIC 40	BRIC	31-Oct-07	3,520.51	2,343.13	1,177.38	50.25%

Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

- Most of the observed indices achieved their respective record highs in the fall of 2007. Notable exceptions were Latin America and Canada, which maintained strength into Q2 of 2008. Japan hit its high in May of 2006 and India in November of 2010.

- Of the observed indices, only the major U.S. blue chip indices – the S&P 500 and the DJIA – have finally surpassed the levels met before the financial crisis.
- Europe – measured by the S&P Europe 350 Index – is well off its high as the region continues to labor under economic and structural concerns.
- The BRICs – Brazil, Russia, India and China – had stellar performance leading up to the crisis but have not recovered as quickly as other markets/regions. The S&P BRIC 40 Index needs to advance over 50% to get back to record levels.
- Emerging markets have fared better than ex-U.S. developed countries. The former had nearly twice the performance of the latter during the run up to the crisis (157% vs. 81%), experienced a similar fall of ~60% in the aftermath, and has recovered more quickly since. Emerging markets need to advance 25% to see new highs, while developed ex-U.S. markets need a larger gain of 36%.



Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

### Performance Statistics

Index performance is indicated below for:

- *March 1, 2004 to October 7, 2007* – which represents the beginning of the observed 10-year period to the prior peak in the U.S. equity markets
- *October 7, 2007 to March 9, 2009* – which represents the peak of the U.S. equity markets to the post-financial crisis low in the US
- *March 9, 2009 to March 28, 2013* – which represents the U.S. trough to present
- *March 2004 to March 2013* – the entire 10-year observed period

	S&P 500	DJIA	TSX 60	S&P TOPIX	ASX 200	LAC 40	EUR 350	Asia 50	Sensex	DEV xUS	EM	BRIC 40
March 2004 - US Peak	35.40%	32.65%	127.40%	45.99%	129.20%	283.05%	75.45%	106.84%	213.92%	80.89%	156.67%	231.89%
US Peak - US Trough	-56.78%	-53.78%	-58.00%	-51.96%	-66.78%	-57.60%	-62.96%	-57.38%	-55.36%	-61.27%	-60.18%	-59.63%
US Trough - March 2013	131.95%	122.67%	104.01%	53.63%	159.78%	103.38%	84.76%	113.45%	130.82%	94.82%	112.83%	83.57%
March 2004 - March 2013	35.75%	36.53%	94.85%	7.75%	97.77%	230.31%	20.06%	88.16%	223.46%	36.50%	117.50%	145.95%

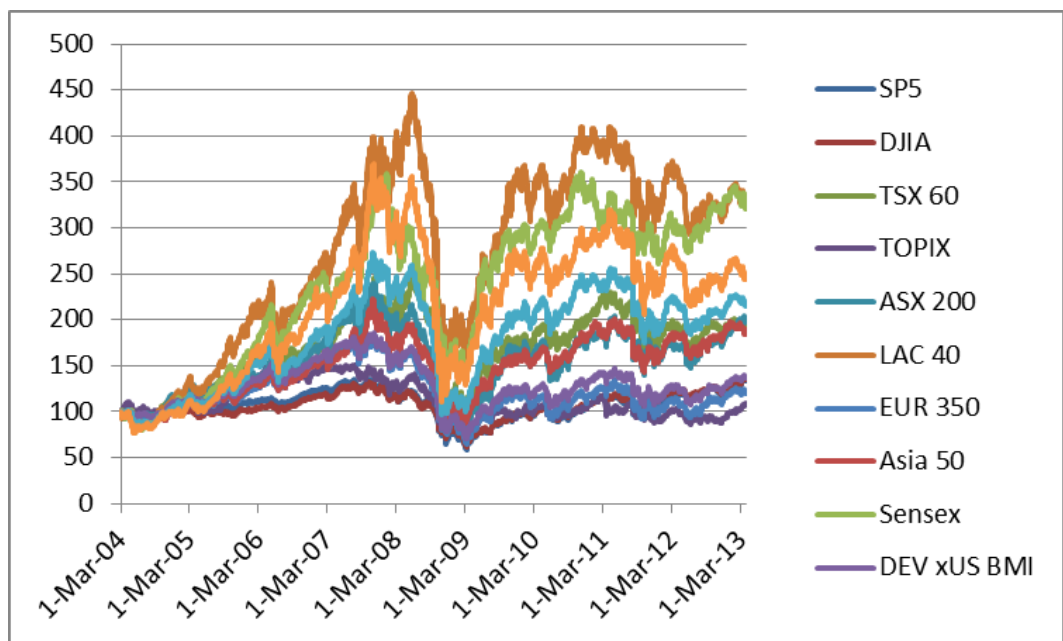
Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

### Observations

- Latin America led the observed markets during the run up to the market peaks - as measured by the S&P Latin American 40 Index. The region was up over 283%. BRIC and India rounded out the top three, up 232% and 214%

respectively. The U.S. markets lagged during the period, with DJIA and S&P 500 up by 32.65% and 35.40, respectively.

- During the crisis, the drop in market values was similar across all observed markets, which lost from ~52% to 67% of value.
- Since the depths of the crisis in March 2009, the U.S. markets have led the recovery. As of March 28, 2013 the S&P 500 is up over 130% from its post crisis low on March 9, 2009. The DJIA is up over 122% over the same period. Japan, in contrast, lags the observed markets with a gain of nearly 54%.
- While a handful of developed markets (US and Australia) have had better recoveries since the financial crisis lows, emerging markets have performed considerably better over the entire 10-year observed period. India, as measured by the S&P BSE Sensex, is the best performing of the observed EM indices since the trough.



Source: S&P Dow Jones Indices. Past performance is not an indication of future results.

## Observed Indices

For more information about the indices in this analysis, visit [www.spindices.com](http://www.spindices.com) or:

S&P 500 - <http://us.spindices.com/indices/equity/sp-500>

Dow Jones Industrial Average - <http://www.djindexes.com/averages/>

S&P/BSE Sensex - <http://us.spindices.com/indices/equity/sp-bse-sensex>

S&P Asia 50 - <http://us.spindices.com/indices/equity/sp-asia-50>

S&P EM BMI - <http://us.spindices.com/indices/equity/sp-emerging-bmi-us-dollar>

S&P/ASX 200 - <http://us.spindices.com/indices/equity/sp-asx-200>

S&P/TSX 60 - <http://us.spindices.com/indices/equity/sp-tsx-60-index>

S&P Latin America 40 - <http://us.spindices.com/indices/equity/sp-lac-40-us>

S&P Dev ex US BMI - <http://us.spindices.com/indices/equity/sp-developed-ex-us-bmi-us-dollar>

S&P Emerging BMI - <http://us.spindices.com/indices/equity/sp-emerging-bmi-us-dollar>

S&P TOPIX - <http://us.spindices.com/indices/equity/sp-topix-yen>

S&P BRIC 40 - <http://us.spindices.com/indices/equity/sp-bric-40-index>

S&P Europe 350 - <http://us.spindices.com/indices/equity/sp-europe-350>

### About S&P Dow Indices

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