



By the Numbers

1. **STOCKS** - The S&P 500 is **down 13.1% YTD** (total return) through **5/06/2022**. The split between **“up” and “down” trading days** YTD is **44/56**, compared to the **54/46 split** achieved over the **years 1950-2021**. The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).
2. **CONTRARIANS** – The S&P 500 was **up +0.2%** on a total return basis over the **1-year** ending 4/30/2022. The **last 7 times** (taking place since 2010) that the index recorded a **negative total return** result over a **trailing 12-month period**, the index **bounced back** each time with a **positive gain of at least +15%** (total return) over the next 12 months. The **1-year average return** of all 7 comebacks is **+27.6%** (total return) (source: BTN Research).
3. **DECLINES HAPPEN** – With its **closing of 4123** on Friday 5/06/2022, the **S&P 500 index is down 14.0%** from an **all-time closing high of 4797** set on 1/03/2022. The decline is the index's **21st tumble of at least 10%** (but less than 20%) in the **last 50 years** but is its **5th since 2015**. Declines of **at least 10%** but less than 20% from a previous closing high are called **“corrections”** (source: BTN Research).
4. **TOOK A BITE OUT OF IT** - The **largest capitalized stock** in the United States was **worth \$2.57 trillion** as of 4/30/2022 even though the stock **fell in value 9.7%** (\$277 billion) in April 2022 (source: BTN Research).
5. **ROARING BEAR** - The **NASDAQ Composite is down 22.2% YTD** (total return) through the close of trading last Friday 5/06/2022, and is **down 24.1%** (total return) from its **all-time closing high set on 11/19/2021**. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system (source: BTN Research).
6. **UP AND UP** - The **yield on the 10-year Treasury note on 5/06/2020** (2-years ago) was **0.71%**. The **yield on the 10-year Treasury note on 5/06/2022** (last Friday) was **3.12%** (source: Treasury Department).
7. **BOND MARKET** - The taxable bond market has produced a **positive total return gain in 42 of the last 46 years** (1976-2021), i.e., **91% of the time**, but is on track for its **worst year** in history, **down 10.1% YTD** through 5/5/2022. The Bloomberg US Aggregate Bond Index (created in 1986 with backdated history calculated to 1976), calculated using publicly traded **investment grade government bonds, corporate bonds and mortgage-related bonds** with at least 1-year until final maturity, **was used as the bond measurement** (source: Bloomberg).
8. **FEWER FUTURE TAXPAYERS** - The US had **7.27 million births** in the **back-to-back years 2020-2021**, i.e., **the pandemic years**. That's the **fewest number of American births in back-to-back years in 40 years**. The US had **7.24 million births** in 1980-1981. **30 years ago** (1990-1991), the US had **8.27 million births in back-to-back years** (source: National Vital Statistics System).
9. **BANKS** - Through the **first 4 months of 2022**, no US bank had failed and required a **financial bailout** from the Federal Deposit Insurance Corporation (FDIC). There have been **less than 10 banks that have failed** in each of the **last 7 calendar years**, i.e., 2015-2021. **389 banks failed** over the 3-year period 2009-2011 (source: FDIC).
10. **HOW WILL THEY RESPOND?** - 75% of 3,001 Americans surveyed in February 2022 said that **rising inflation “has impacted their finances”** (source: Salary Finance Inc.).
11. **MOVE ACROSS THE LINE** - **California** has the **highest state marginal tax rate** in the nation, with a **13.3% top rate** kicking in at **\$1.25 million of taxable income** (joint return) at the state level. Neighboring state **Nevada** has no federal income tax, **1 of 7 US states** with no state income tax (source: Tax Foundation).
12. **VOTING BOOTH** - The **2022 midterm elections** are **6 months** from yesterday (**Tuesday 11/08/2022**). Republicans **lost 42 House seats** in the 2018 midterms 2 years into Donald Trump's presidential term, flipping a **241-194 Republican majority** to a **235-199-1 Democratic majority** (source: House of Representatives).
13. **A MAJORITY STILL WENT TO COLLEGE** – 62.7% of **2020 high school graduates** (after the pandemic started) **enrolled in college** in the fall of 2020. 61.8% of **2021 high school graduates enrolled in college** in the fall of 2021 (source: Bureau of Labor Statistics).
14. **IT'S TOO MUCH** - 32% of currently enrolled college students have **considered withdrawing from school** in the **past 6 months** for at least a semester, primarily due to **pandemic stress or monetary pressure** (source: Gallup).
15. **LOTS OF OUTS** - When the New York Mets beat the Philadelphia Phillies 3-0 on Friday 4/29/2022, **5 Met pitchers threw 159 pitches in no-hitting the Phillies**. It was the **20th time** in history that the Phillies have been no-hit. That ties the Los Angeles Dodgers for the **most times being no-hit** in MLB history (source: MLB).

No forecasts can be guaranteed. Past performance is not a guarantee of future results. This has been provided for informational purposes only, reflects the current opinion of the author which is subject to change without notice, as are statements of financial market trends, which are based on current market conditions. Michael Higley is not affiliated with MFS[®] Investment Management nor any of its subsidiaries. Copyright © 2019 Michael A. Higley. All rights reserved. Reproduction Prohibited without Express Permission.

Distributed by: **U.S.** - MFS Institutional Advisors, Inc. ("MFSI"), MFS Investment Management and MFS Fund Distributors, Inc.; **Latin America** - MFS International Ltd.; **Canada** - MFS Investment Management Canada Limited. No securities commission or similar regulatory authority in Canada has reviewed this communication; **U.K.** - MFS International (U.K.) Limited ("MIL UK"), a private limited company registered in England and Wales with the company number 03062718, and authorized and regulated in the conduct of investment business by the U.K. Financial Conduct Authority. MIL UK, an indirect subsidiary of MFS, has its registered office at One Carter Lane, London, EC4V 5ER UK and provides products and investment services to institutional investors globally. This material shall not be circulated or distributed to any person other than to professional investors (as permitted by local regulations) and should not be relied upon or distributed to persons where such reliance or distribution would be contrary to local regulation; **Singapore** - MFS International Singapore Pte. Ltd. (CRN 201228809M); **Australia/New Zealand** - MFS International Australia Pty Ltd ("MFS Australia") holds an Australian financial services license number 485343. In Australia and New Zealand: MFSI is regulated by the US Securities & Exchange Commission under US laws and MIL UK is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian and New Zealand laws. MFS Australia is regulated by the Australian Securities and Investments Commission.; **Hong Kong** - MFS International (Hong Kong) Limited ("MIL HK"), a private limited company licensed and regulated by the Hong Kong Securities and Futures Commission (the "SFC"). MIL HK is approved to engage in dealing in securities and asset management regulated activities and may provide certain investment services to "professional investors" as defined in the Securities and Futures Ordinance ("SFO"). **For Professional Investors in China** – MFS Financial Management Consulting (Shanghai) Co., Ltd. 2801-12, 28th Floor, 100 Century Avenue, Shanghai World Financial Center, Shanghai Pilot Free Trade Zone, 200120, China, a Chinese limited liability company registered to provide financial management consulting services.; **Japan** - MFS Investment Management K.K., is registered as a Financial Instruments Business Operator, Kanto Local Finance Bureau (FIBO) No.312, a member of the Investment Trust Association, Japan and the Japan Investment Advisers Association. As fees to be borne by investors vary depending upon circumstances such as products, services, investment period and market conditions, the total amount nor the calculation methods cannot be disclosed in advance. All investments involve risks, including market fluctuation and investors may lose the principal amount invested. Investors should obtain and read the prospectus and/or document set forth in Article 37-3 of Financial Instruments and Exchange Act carefully before making the investments. *This hypothetical example is for illustrative purposes only; fees not included.