

The S&P 500 Index Is On Pace To Post Its Third Consecutive Double-Digit Gain

S&P 500 Index Total Returns

Year	Return	Year	Return
2021*	26.00%	1965	12.45%
2020	18.40%	1964	16.48%
2019	31.49%	1963	22.80%
2014	13.69%	1952	18.37%
2013	32.39%	1951	24.02%
2012	16.00%	1950	31.71%
1999	21.04%	1949	18.79%
1998	28.58%	1945	36.44%
1997	33.36%	1944	19.75%
1996	23.07%	1943	25.90%
1995	37.43%	1942	20.34%

Source: Morningstar/Ibbotson Associates. *YTD thru 12/13/21. **Past performance is no guarantee of future results.**

View from the Observation Deck

1. If the S&P 500 Index holds on to its double-digit total return in 2021, it will mark the sixth time since 1926 that it has done so for three or more consecutive years (see table).
2. For those equity investors wondering if the momentum in the market, as measured by the S&P 500 Index, can continue, the longest stretch of consecutive calendar-year double-digit total returns was five (1995-1999). This period captured the bulk of the internet revolution.
3. What do the pros think? A Bloomberg survey of 12 equity strategists on Wall Street found that their average 2022 year-end price target for the S&P 500 Index was 4,843 as of 11/19/21, according to its own release. The highest and lowest estimates were 5,300 and 4,400, respectively. On 12/13/21, the S&P 500 Index closed at 4,668.97, which was 0.91% below its all-time closing high of 4,712.02 on 12/10/21.
4. Brian Wesbury, Chief Economist at First Trust Advisors L.P., issued his 2022 forecast on 12/13/21 calling for the S&P 500 Index to finish the year at 5,250.
5. As of the close on 12/13/21, the S&P 500 Index would need to post a gain of 3.73% to reach the 4,843 average year-end target from the equity strategists surveyed. It would need to generate a gain of 13.52% to hit 5,300 (highest estimate) and 12.44% to reach Wesbury's 5,250 projection.
6. As we have noted on many occasions, whenever the stock market is trading at or near its all-time high, corporate earnings typically need to grow to push valuations higher.
7. Bloomberg's consensus estimated earnings growth rates for the S&P 500 Index for 2022 and 2023 were 8.11% and 9.79%, respectively, as of 12/10/21.
8. While not included in the table above, the total returns posted in the years that ended the five previous streaks were as follows: 1.38% (2015); -9.10% (2000); -10.06% (1966); -0.99% (1953); and -8.07% (1946).

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.

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