

Global Matters Weekly

12 May 2025

May-be not

By Gabby Bryon

Chart of the Week



Source: Momentum Global Investment Management, Bloomberg Finance L.P., data to 30 April 2025

What this chart shows

This week's chart highlights the average six-month rolling returns for the S&P 500 since 1950, with a focus on the seasonal pattern behind the old market adage "Sell in May and go away". The data suggests that equities have historically performed better in the six-month window from November to April than during the May to October period. While the May to October window has delivered a modest gain of just 1.8% on average, it's still been positive around 65% of the time. In contrast, the November to April period has been far stronger – both in terms of average returns and consistency. The persistence of this trend across decades, despite changes in the economic backdrop, is part of what keeps the saying alive – and may even influence investor behaviour today.

Why this is important

Seasonal investing can sound like a thing of the past, but the data still shows a pattern. Explanations for the pattern range from summer holiday slowdowns and lower trading volumes or lower levels of liquidity, to earnings season dynamics and behavioural shifts. It's hard to pinpoint a single root cause – and that ambiguity is exactly why the trend shouldn't be followed blindly. Still, it offers a useful lens through which to understand shifting market sentiment, particularly at a time like now.

Equities got off to a strong start in January, but the pullbacks in recent months have been a clear reminder of how quickly momentum can fade. Renewed tariffs under President Trump have reintroduced fears of protectionism and investors are now weighing how these trade policies could impact inflation and complicate the path for interest rate cuts.

Still, seasonality is just one of many variables. While short-term moves can be shaped by headlines and political developments, markets are ultimately more influenced by the broader economic backdrop rather than the page on the calendar. While the "Sell in May" mantra may influence short-term narratives, the bigger truth remains: time in the market tends to beat timing the market and investors with a long-term mindset are usually the ones who benefit the most.



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