

Market Resilience During Global Conflicts

In **Figure 1**, we examine the returns of U.S. stocks following major global events over the last 100 years. Returns are computed for three months, one year and three years after each event (starting with the first full month after each episode).

The results provide important takeaways. Regardless of the time horizon, we observe more positive than negative market returns. Following major geopolitical events, it is likely that markets may be more volatile in the short term as uncertainty rises and new information is quickly reflected in prices, but that doesn't guarantee markets will decline even three months out.

It's important to note that the effects on prices around new conflicts aren't solely due to the conflicts themselves. Other externalities exist that are also being considered by markets. Additionally, economic conditions at the time may influence the outcomes.

If a new conflict arises that affects the global economy during a period of already weak economic conditions (for example, around the 1973 oil embargo, which followed a recession just a few years earlier), that will certainly have impacted subsequent realized returns.

Figure 1 | U.S. Stocks Have Shown More Volatility in the Short-Term but Resilience Over the Longer Term Following Major Conflicts

U.S. Stock Performance After Conflicts

EVENT	DATE	3 MO (%)	1 YR (%)	3 YR (%)
U.S. Enters WWII/Pearl Harbor Attack	12/8/1941	-8.14	16.49	21.96
Beginning of the Korean War	6/25/1950	11.74	27.78	16.37
Bay of Pigs Invasion	4/17/1961	2.62	1.76	8.76
Cuban Missile Crisis	10/16/1962	18.30	34.01	21.13
U.S. Enters Vietnam War/Gulf of Tonkin Incident	8/2/1964	4.18	10.83	10.24
Yom Kippur War/1973 Oil Embargo	10/6/1973	-10.72	-31.30	1.79
Iran-Iraq War	9/22/1980	9.21	-2.01	16.65
Lebanon War	6/6/1982	11.58	67.02	26.15
U.S. Invasion of Panama	12/20/1989	-3.33	-6.02	11.62
Beginning of the Gulf War	8/2/1990	-0.22	28.85	18.36
Operation Infinite Reach	8/7/1998	21.74	39.30	7.56
9/11 Attacks/Start of the Afghanistan War	9/11/2001	12.55	-17.87	5.93
Beginning of the Iraq War	3/20/2003	16.68	39.18	19.34
Russia Invades Ukraine	2/24/2022	-6.91	-8.67	11.79
Hamas Attacks Israel	10/7/2023	16.47	38.49	-
Twelve-Day War Between Israel and Iran	6/22/2025	8.48	-	-