

# THE CYCLES OF CRISIS AND RECOVERY

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PRIVATE WEALTH MANAGEMENT

*Welcome to June! Each month, we aim to provide fresh insights into the financial markets and break down current headlines to help you cut through the noise and become a more informed investor. Your feedback and suggestions are always welcome, and if you know someone who might benefit from this piece, we encourage you to share it!*

What a difference a month makes. Just one month ago, the financial markets were in a state of chaos and we were desperately seeking certainty. We were coming off a stretch that saw the S&P 500 decline more than 12% over just four trading days – the index's steepest four-day loss since its inception way back in the 1950s<sup>1</sup>. Then immediately thereafter, we experienced a spectacular 18% rebound – an unusually strong recovery that has happened only six other times in the last 75 years<sup>2</sup>. For what it's worth, in each of those prior cases, the S&P 500 was higher one-year later<sup>2</sup>, but we digress.

The question we want to address this month is whether this recent spike in market volatility is unprecedented, so let's put it all in perspective. The S&P 500 opened the year at 5,868. Today it sits at 5,970<sup>3</sup>. Anyone waking from a five-month slumber would be wondering what all the fuss was about, but those of us who experienced it – wide eyed – felt otherwise. We were exposed to the headlines, and on a daily basis, we were presented with the notion that we were facing something so unique and disruptive that it could permanently alter the path of stocks that has defined markets for more than a century. What is fascinating however, this is not unprecedented. In fact, it has been a remarkably consistent occurrence over the years. An event shocks the system. The markets decline and fear spikes. The markets recover and resume their upward trend. Wash, rinse, repeat.

Not sure about that? Consider these major market events over the last 25 years:

- Y2K – The world braced for a technological disaster as the calendar turned to the year 2000, fearing that computer systems would fail en masse
- 9/11 – The terrorist attacks on September 11, 2001 were a horrific shock, with immediate impacts to the markets and the economy
- 2008 Financial Crisis – The collapse of Lehman Brothers and the ensuing housing crisis triggered a meaningful recession and shook investor confidence to the core
- U.S. Credit Rating Downgrade – In 2011, the United States lost its AAA credit rating for the first time ever, sparking concerns about the country's fiscal health and its role as a global economic leader
- COVID-19 Pandemic – In 2020, the world faced a health

crisis unlike any other in a century. The global economy was shuttered in an unprecedented move, and the markets plunged in response

- Tariffs and Trade Wars – Today's shift away from free trade and the imposition of tariffs have reignited fears about long-term economic growth and market stability

Those of us who have been working together throughout all these events recall how they were presented to us at the time as apocalyptic and how we were warned to take cover, as if a century of history might be erased. Of course, that never happened.

If anything, these remarkably consistent cycles of crisis and recovery should serve to deepen our conviction in the value of discipline and patience, and should remind us to always stay the course, as we so often discuss. Rightfully so.

Inevitably, we will encounter more such events in the years ahead. Yet regardless of what transpires next, there are two enduring truths that should help us maintain our optimistic view of the road ahead:

- Corporate Innovation and Resilience – Companies across the globe constantly evolve. They find new ways to serve customers, improve processes, and unlock value. That engine of progress has powered the long-term growth of markets for decades.
- The Human Drive for Progress – No matter how dark the moment, people press forward. We innovate, adapt, and strive to make tomorrow better than today. That enduring optimism is not only inspiring – it's a critical driver of economic and market growth.

Together these truths have provided the foundation for economic and financial markets growth for decades. And regardless of what happens next, we believe that recognizing the enduring value of these truths will help put the next crisis into proper context, whenever it comes. That doesn't mean it will be easy. It will take resilience, trust, and perspective. But that's why we are here. Our commitment isn't just to help you grow your wealth; it's to help you make sense of the journey. If you have questions, concerns, or simply want to talk through what it all means, please don't hesitate to reach out.

Onward.

<sup>1</sup>Reuters <sup>2</sup>Birinyi Associates <sup>3</sup>FactSet Research (data as-of 6/5/2025)