

MARKETS

The S&P 500 Had Its Worst First Half Since 1970. What Comes Next.

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The S&P 500 [SPX +1.06%](#) ▲ has posted its worst first half of a year since Richard Nixon's presidency, and many investors worry it has yet to hit bottom.

In the first six months of 2022, the widely followed large-cap index has tumbled 20.6% amid expectations of high inflation and a hawkish Federal Reserve, whose rate-hike plans could push the U.S. economy into recession. The last time the S&P 500 fell this much in the first half was in 1970, according to Dow Jones markets data.

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Energy stocks were the only ones that posted gains in the first half on the back of soaring oil prices, but even that sector has lost its momentum since June. Although energy companies are still pocketing record profits today, traders are quite aware that a recession would drag down demand, curb oil prices, and cut into their earnings. The S&P 500's energy sector has tumbled 22% in the past three weeks, but still trades 28% higher than where it was at the beginning of the year.