Do Downturns Lead to Down Years?

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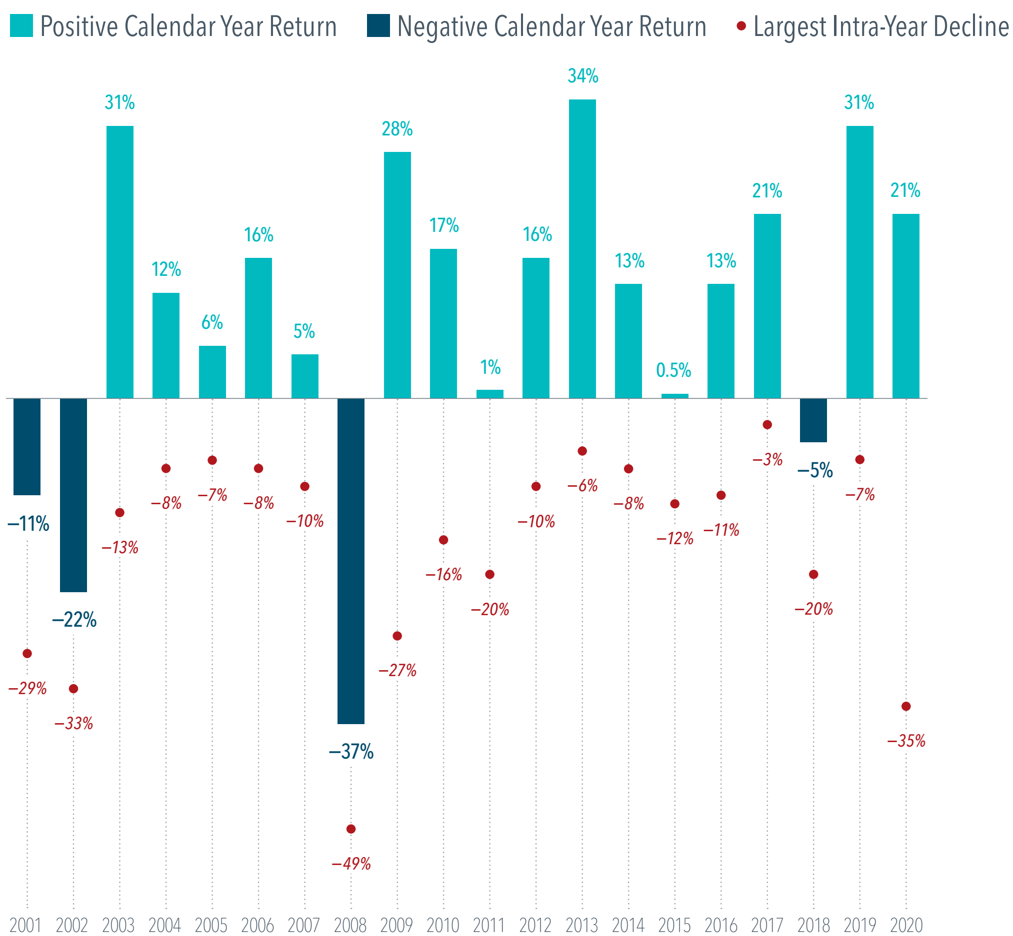
US MARKET INTRA-YEAR DECLINES VS. CALENDAR YEAR RETURNS, January 2001–December 2020



Stock market declines over a few days or months may lead investors to anticipate a down year. But the US stock market had positive returns in 16 of the past 20 calendar years, despite some notable dips in many of those years.

- Intra-year declines for the index ranged from 3% to 49%.
- Many years with large intra-year declines saw positive annual returns. In 16 of the last 20 years, US stocks ended up with gains for the year.
- Even in 2020, when there were sharp market declines associated with the coronavirus pandemic, US stocks ended the year with gains of 21%.

Volatility is a normal part of investing. Tumbles may be scary, but they shouldn't be surprising. A long-term focus can help investors keep perspective.

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