

# Stock Market Performance After 25% Declines

History illustrates the resilience of stock market returns after major selloffs. While market declines can feel daunting, historical data shows that it may be best for investors to stay calm, keep the big picture in perspective, and stay the course.

## Points to Consider

- The S&P 500® is a well-known benchmark index for the U.S. stock market. Composed of 500 large-cap companies across industry sectors, the index helps capture the pulse of the American corporate economy.
- Since being introduced in 1957, there have only been 15 occurrences when the S&P 500 Index declined by 25%<sup>1</sup>. On average, the price performance of the S&P 500® Index after each of these declines over the subsequent 1-, 2-, 3-, and 6-year periods was positive.
- Investors may be comforted by knowing the stock market doesn't fall 25% very often, and when it has in the past, it has provided solid returns, on average, in the years ahead.

## When the S&P 500® Index is down 25%<sup>1</sup>

| Peak   | Index Value | Trough     | Index Value | % Decline      | +1 Year      | +2 Year      | +3 Year      | +6 Year      |
|--|-------------|------------|-------------|----------------|--------------|--------------|--------------|--------------|
| 12/12/1961   | 72.64       | 6/14/1962  | 54.33       | -25.2%         | 29.3%        | 46.5%        | 54.6%        | 86.1%        |
| 11/29/1968   | 108.37      | 4/28/1970  | 80.27       | -25.9%         | 30.5%        | 33.4%        | 33.6%        | 27.2%        |
| 1/11/1973  | 120.24      | 4/25/1974  | 89.57       | -25.5%         | -3.3%        | 14.2%        | 8.5%         | 17.4%        |
| 6/10/1974  | 93.10       | 9/4/1974   | 68.69       | -26.2%         | 25.5%        | 51.8%        | 41.9%        | 82.6%        |
| 11/28/1980   | 140.52      | 8/5/1982   | 105.16      | -25.2%         | 53.8%        | 54.4%        | 81.3%        | 157.8%       |
| 8/25/1987  | 336.77      | 10/19/1987 | 224.84      | -33.2%         | 23.2%        | 52.0%        | 39.0%        | 107.4%       |
| 3/24/2000  | 1527.46     | 3/20/2001  | 1142.62     | -25.2%         | 0.8%         | -23.5%       | -2.9%        | 23.5%        |
| 5/21/2001  | 1312.83     | 9/20/2001  | 984.54      | -25.0%         | -14.1%       | 5.3%         | 14.0%        | 54.3%        |
| 1/4/2002   | 1172.51     | 7/19/2002  | 847.75      | -27.7%         | 17.2%        | 29.9%        | 45.0%        | 48.7%        |
| 10/9/2007  | 1565.15     | 9/17/2008  | 1156.39     | -26.1%         | -7.9%        | -2.7%        | 5.2%         | 73.1%        |
| 9/19/2008  | 1255.08     | 10/9/2008  | 909.92      | -27.5%         | 17.8%        | 28.0%        | 27.0%        | 111.9%       |
| 11/4/2008  | 1005.75     | 11/20/2008 | 752.44      | -25.2%         | 45.0%        | 59.4%        | 61.6%        | 172.8%       |
| 1/6/2009   | 934.70      | 3/2/2009   | 700.82      | -25.0%         | 59.6%        | 86.4%        | 95.4%        | 202.1%       |
| 2/14/2020  | 3380.16     | 3/12/2020  | 2480.64     | -26.6%         | 59.0%        | 69.5%        | 55.4%        | –            |
| 1/3/2022   | 4796.56     | 10/12/2022 | 3577.03     | -25.4%         | 21.6%        | 34.7%        | –            | –            |
| Source: Index values obtained from Bloomberg as of 10/31/2024. |             |            |             | <b>Average</b> | <b>23.9%</b> | <b>36.0%</b> | <b>40.0%</b> | <b>89.6%</b> |

**Past performance does not guarantee future results.** Market indices referenced are not managed and are used as a measurement of the value of a section of the stock market. Information about indices is provided to illustrate historical market trends and does not represent the performance of any specific investment.

<sup>1</sup> Each decline of 25% or greater was measured based on the daily price of the S&P 500® Index from its previous high. For the purposes of this analysis, once the index declined by 25% and new count was established. As a result, there may be multiple 25% decline observations within a broader market decline cycle. The performance on the index from each of these observations reflect the historical 1-, 2-, 3-, and 6-year price returns and do not include the reinvestment of dividends. Past performance is not indicative of future returns.

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