



10% Market Declines: More Common Than You Think

Last week, the S&P 500 marked its first 10% decline in nearly two years. While such a decline may be unnerving, it's more common than you think.

In fact, two years is an unusually long period for markets to go without a 10% decline. Capital Group reports that since 1900, the stock market has declined 10% every 11 months on average.

In more recent decades, 10% declines have been a common occurrence even as stocks have delivered solid returns. Since 1980, stocks have returned more than 10% on average while experiencing a nearly 14% decline in the typical year.

Long-term investors should take these declines in stride, knowing that short-term volatility will always be a fact of life in financial markets.

Annual Returns and Intra-Year Declines		
S&P 500 (U.S. Large Caps)		
	Annual Return	Intra-Year Decline
1980	26%	-17%
1981	-10%	-18%
1982	15%	-17%
1983	17%	-7%
1984	1%	-13%
1985	26%	-8%
1986	15%	-9%
1987	2%	-34%
1988	12%	-8%
1989	27%	-8%
1990	-7%	-20%
1991	26%	-6%
1992	4%	-6%
1993	7%	-5%
1994	-2%	-9%
1995	34%	-3%
1996	20%	-8%
1997	31%	-11%
1998	27%	-19%
1999	20%	-12%
2000	-10%	-17%
2001	-13%	-30%
2002	-23%	-34%
2003	26%	-14%
2004	9%	-8%
2005	3%	-7%
2006	14%	-8%
2007	4%	-10%
2008	-38%	-49%
2009	23%	-28%
2010	13%	-16%
2011	0%	-19%
2012	13%	-10%
2013	30%	-6%
2014	11%	-7%
2015	-1%	-12%
2016	10%	-11%
2017	22%	3%
Simple Averages	10.11%	-13.71%

Source: Hefren-Tillotson, Bloomberg; Data as of 12/31/2017. Ignores fees, taxes and other costs of investina. PAST PERFORMANCE DOES NOT PREDICT FUTURE RESULTS

This report is based on data obtained from sources we believe to be reliable. Hefren-Tillotson does not, nor any other party, guarantee the accuracy or completeness of this report or make any warranties regarding results obtained from its usage. All opinions and estimates included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation to buy or sell the securities herein mentioned.