

Could It Almost Be Time to Buy?

The chart below shows, historically, calendar years with market declines of more than 10% have typically been followed by strong 1 and 3 year returns.

S&P 500® Index 1 and 3 Year Returns After 10%+ Yearly Decline					
Worst Years		Next Year		3 Years	
Year	Return	Year	Return	Period	Return
2008	-37.0%	2009	26.5%	2009-2011	48.6%
1937	-34.7%	1938	30.8%	1938-1940	17.5%
1974	-26.5%	1975	37.2%	1975-1977	57.6%
2002	-22.1%	2003	28.7%	2003-2005	49.7%
1973	-14.7%	1974	-26.5%	1974-1976	25.1%
2001	-11.9%	2002	-22.1%	2002-2004	11.2%
1941	-11.6%	1942	20.2%	1942-1944	80.4%
1957	-10.7%	1958	43.2%	1958-1960	61.0%
1966	-10.0%	1967	23.9%	1967-1969	26.0%

Source: Morningstar Direct

Quick Takeaways:

- Since 1935, there have been only **9 calendar years** with declines of 10% or more (S&P 500 Index)
- **7 of those 9** years were followed by positive calendar year returns of between +20.2% and +43.2%
- **In all 9 periods**, the market had a positive cumulative return over the ensuing 3 years (ranging from +11.2% to +80.4%)
- In the 1970's, which many people are comparing to today, the **S&P 500 gained 25.1% from 1974-1976 and 57.6% from 1975-1977** (following negative years in both 1973 and 1974)

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