



Thoughts on Recession - Part 4 of 4, History Shows That Stock Gains Can Add Up after Big Declines

June 21, 2022

Sudden market downturns can be unsettling. But historically, US equity returns following sharp downturns have on average, been positive.

A broad market index tracking data since 1926 in the US shows that stocks have tended to deliver positive returns over one-year, three-year, and five-year periods following steep declines.

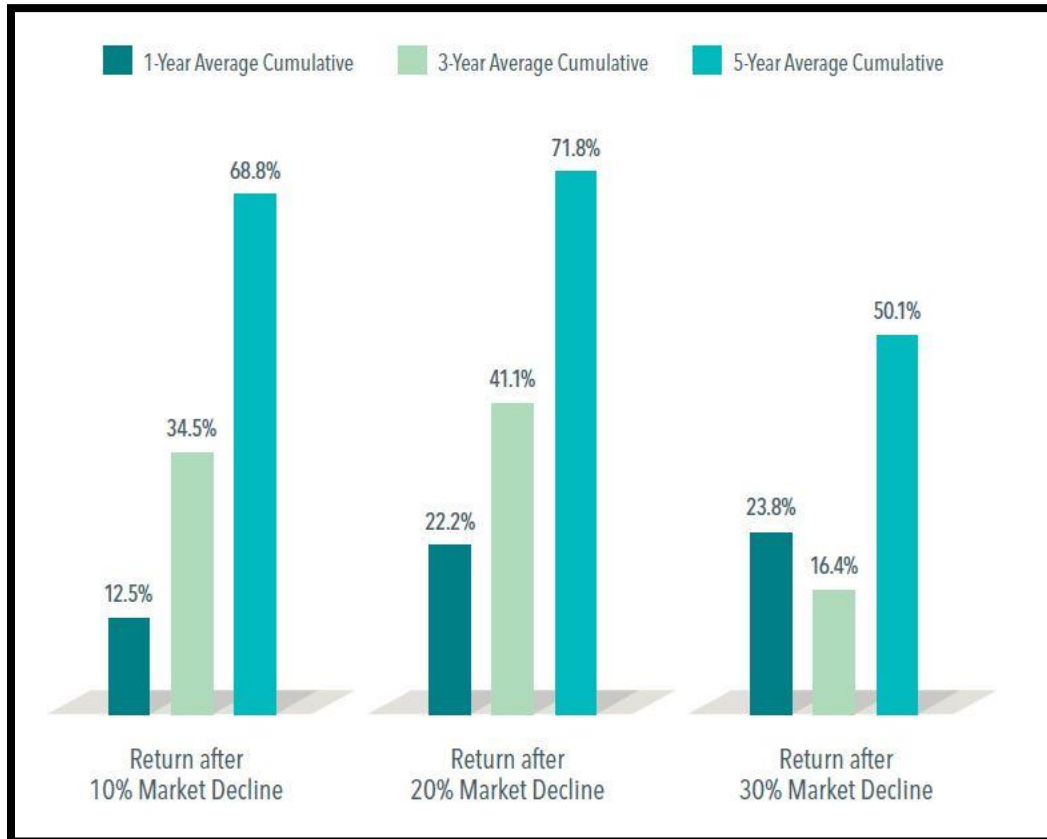
Cumulative returns show this to striking effect. Five years after market declines of 10%, 20%, and 30%, the cumulative returns all top 50%.

Viewed in annualized terms across the longest, five-year period, returns after 10%, 20%, and 30% declines have been close to the historical annualized average over the entire period of 9.8%.

Sticking with your plan helps put you in the best position to capture the recovery.

FAMA/FRENCH TOTAL US MARKET RESEARCH INDEX RETURNS

July 1, 1926—December 31, 2021



If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.



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