



Market Declines - A Little History

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Stock market declines are a natural part of investing, but they're also the last things most investors want to experience. Here is some historical background to help you put market declines in perspective.

Types and frequency of stock market declines

Declines have varied widely in intensity, length and frequency. While in the midst of one, it's been nearly impossible to tell if you're seeing a slight dip in the market or the beginning of a more prolonged correction.

The table below shows how frequently declines in the Dow Jones Industrial Average have occurred since 1900. As you can see, while declines have varied widely in intensity, length and frequency, they have also been somewhat regular events.

A History of Declines (1900 – December 2010)

Type of decline	Average frequency ¹	Average length ²	Last occurrence	Previous occurrence
-5% or more	About 3 times a year	47 days	August 2010	July 2010
-10% or more	About once a year	115 days	July 2010	March 2009
-15% or more	About once every 2 years	217 days	March 2009	March 2008
-20% or more	About once every 3-1/2 years	338 days	March 2009	October 2002

Source: American Funds Retirement Planning Center and The unmanaged Dow Jones Industrial Average

¹ Assumes 50% recovery of lost value

² Measures market high to market low