Putting market declines in perspective

Investment Strategy Team

When stock prices begin falling dramatically, it can appear that your only option is to sell to limit losses. But we disagree – if you are a long-term investor, the difference between success and failure may be determined by your actions during a stock market decline.

Long-term investors will likely experience numerous market declines through the years. Consider the following table:

Declines in the Canadian stock market since 1973

	Dip (5% or more)	**Moderate Correction** (10% or more)	**Severe Correction** (15% or more)	**Bear Market** (20% or more)
Number of occurences	175	55	28	15
Mean number of occurences per year	About 3.5 every year	About 1 every year	About 1 every 2 years	About 1 every 3 years

*Source: MSCI Canada Index, FactSet, Edward Jones calculation: 1/1/1973 - 12/31/2022.
Past performance does not guarantee future results. Market indexes are unmanaged and cannot be invested into directly and are not meant to depict an actual investment.

The next time the market has a hiccup, take a deep breath and remember this advice:

- Market declines are normal, frequent, and not a reason to sell quality investments.
- Market declines begin and end without warning.
- Market declines provide an opportunity to buy quality investments at a lower price.*
- Market declines create opportunities for those who maintain a disciplined approach to investing and avoid making decisions driven by emotion.

Market declines can test the nerves of even the most patient investors. If you own a diversified mix of quality investments, resist the temptation to sell or make changes based on short-term events.

*Investing in stocks involves risk. You may receive more or less than your original investment when you sell your shares.
*Diversification does not guarantee a profit or protect against loss.