

Market Corrections and the Long-Term Investor

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On Tuesday, the S&P 500 entered correction territory—a decline of at least 10% from the previous high—following aggressive positioning at the Russo-Ukraine border. We as investors may recognize that these events will endanger many innocent people, but may struggle to then take a step back to consider what this means for the stock market and the long-term investor.

Though in times like these it can seem inappropriate to talk about markets, it is absolutely valid to be concerned with whether you can realize the long-term goals associated with your portfolios.

At Portfolio Advisors, we remind the families we serve that it is important to focus on those things that we can control. It is worth recalling that as investors, we deal with changes and uncertainties constantly. With recent market volatility, there might be opportunities for rebalancing portfolios with an eye towards the long-term. The chart below provides some insight into historical corrections in the S&P 500 index and how markets have responded in the 1 and 2-year periods following such market turbulence.



Stocks Have Historically Done Well After Corrections

S&P 500 Index Corrections and Bear Markets (1980 - Current)

High Date	S&P 500 High Price	Low Date	S&P 500 Low Price	Correction Return	S&P 500 Index Returns	
					1-Year Return After Lows	2-Year Return After Lows
2/13/1980	118.44	3/27/1980	98.22	-17.1%	33.0%	10.6%
11/28/1980	140.52	9/25/1981	112.77	-19.7%	9.4%	50.5%
11/30/1981	126.35	3/8/1982	107.34	-15.0%	43.2%	48.4%
5/7/1982	119.47	8/12/1982	102.42	-14.3%	57.7%	57.9%
10/10/1983	172.65	7/24/1984	147.82	-14.4%	30.3%	61.5%
8/25/1987	336.77	10/19/1987	224.84	-33.2%	22.9%	52.5%
10/21/1987	258.38	10/26/1987	227.67	-11.9%	24.0%	51.5%
11/2/1987	255.75	12/4/1987	223.92	-12.4%	21.4%	56.6%
10/9/1989	359.80	1/30/1990	322.98	-10.2%	3.7%	28.5%
7/16/1990	368.95	10/11/1990	295.46	-19.9%	28.8%	38.2%
10/7/1997	983.12	10/27/1997	876.99	-10.8%	21.5%	47.9%
7/17/1998	1186.75	8/31/1998	957.28	-19.3%	37.9%	57.7%
9/23/1998	1066.09	10/8/1998	959.44	-10.0%	39.2%	46.9%
7/16/1999	1418.78	10/15/1999	1247.41	-12.1%	10.2%	-13.9%
3/24/2000	1527.46	4/14/2000	1356.56	-11.2%	-12.1%	-18.8%
9/1/2000	1520.77	4/4/2001	1103.25	-27.5%	0.0%	-21.0%
5/21/2001	1312.83	9/21/2001	965.80	-26.4%	-13.7%	6.5%
1/4/2002	1172.51	7/23/2002	797.70	-32.0%	23.9%	36.2%
8/22/2002	962.70	10/9/2002	776.76	-19.3%	33.7%	44.8%
11/27/2002	938.87	3/11/2003	800.73	-14.7%	40.4%	51.0%
10/9/2007	1565.15	3/10/2008	1273.37	-18.6%	-43.5%	-10.0%
5/19/2008	1426.63	10/10/2008	899.22	-37.0%	19.7%	30.1%
10/13/2008	1003.35	10/27/2008	848.92	-15.4%	25.3%	39.3%
11/4/2008	1005.75	11/20/2008	752.44	-25.2%	45.0%	59.2%
1/6/2009	934.70	3/9/2009	676.53	-27.6%	68.6%	95.4%
4/23/2010	1217.28	7/2/2010	1022.58	-16.0%	31.0%	33.5%
4/29/2011	1363.61	10/3/2011	1099.23	-19.4%	31.5%	53.8%
5/21/2015	2130.82	8/25/2015	1867.61	-12.4%	16.5%	30.6%
11/3/2015	2109.79	2/11/2016	1829.08	-13.3%	26.6%	45.2%
1/26/2018	2872.87	2/8/2018	2581.00	-10.2%	5.0%	30.1%
9/20/2018	2930.75	12/24/2018	2351.10	-19.8%	37.1%	57.8%
2/19/2020	3386.15	3/23/2020	2237.40	-33.9%	74.8%	?
1/3/2021	4796.56	2/22/2022	4304.76	-10.3%	?	?
Average				-18.5%	24.8%	37.4%
Median				-16.0%	26.0%	45.2%

Source: LPL Research, Ned Davis Research, FactSet 02/22/2022

Past performance is no guarantee of future results.

History tells us that corrections in the S&P 500 occur with some frequency but that, statistically, those investors have benefited by maintaining a disciplined approach with a focus on the long-term.

As always, feel free to [reach out and schedule some time with your financial advisor](#) if you would benefit from further discussion on this or any other pertinent topics.