A History of Market Corrections

First Trust

Investors like to avoid stock market declines at all costs, but declines are an inevitable part of investing. A little historical background can help put stock market declines in perspective.

S&P 500 Index 1942 - 2024			
Type of Decline	**Average Frequency***	**Average Length****	**Last Occurrence**
-5% or more	About 3 times a year	39 days	April 2024
-10% or more	About every 16 months	128 days	October 2023
-15% or more	About every 3 years	230 days	October 2022
-20% or more	About every 5.5 years	335 days	October 2022

Dow Jones Industrial Average® 1942 - 2024			
Type of Decline	**Average Frequency***	**Average Length****	**Last Occurrence**
-5% or more	About 3 times a year	41 days	April 2024
-10% or more	About every 17 months	130 days	September 2022
-15% or more	About every 2.75 years	226 days	September 2022
-20% or more	About every 5.75 years	397 days	September 2022

Source: Bloomberg, 4/29/1942 - 6/28/2024. **Past performance is no guarantee of future results.** For illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index.

*Correction cycles are determined by identifying market declines in excess of the minimum declines noted above. The cycle ends when there is a recovery of the magnitude of the minimum decline needed for that correction size (i.e., a recovery of greater than 5%, 10%, 15% or 20%). After that recovery is noted, the algorithm begins searching for the next decline to start the cycle again.

**Measures from the date of the market high to the date of the market low.

The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance.

The Dow Jones Industrial Average® (The Dow®), is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.

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