

ABOVE THE FRAY

Ignoring the Bumps

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The US stock market had two declines this year that startled many investors. One was just over a month ago, when stocks fell about 8.5% from July 17 through August 5. I had actually forgotten about the other one back in April, when stocks dropped 5.7% from April 1 through April 19.¹ Maybe I'm wired to ignore anything that begins on April Fools' Day.

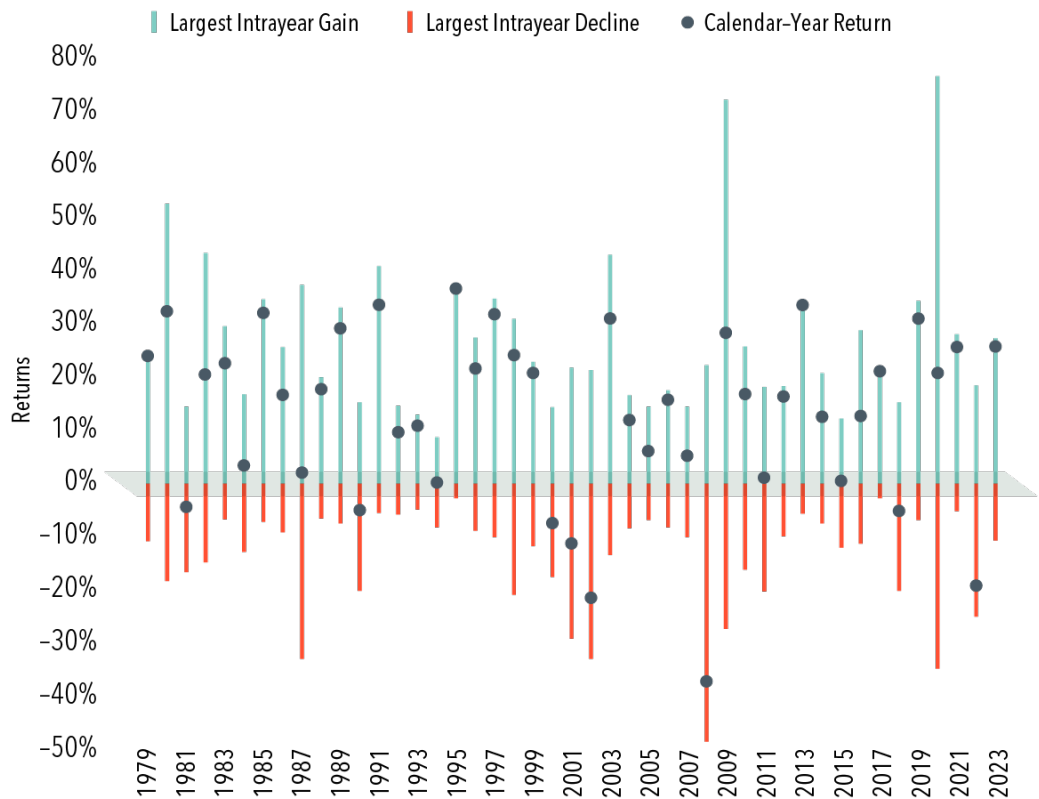
What may have gotten lost in focusing on the declines is how well the US market has performed for the overall year. Through the end of August, the Russell 3000 Index was up 17.1%. That's substantially higher than the index's average calendar-year return of 13.2% from 1979 to 2023.

There's an important message here about not overreacting during a downturn—it could be a momentary blip in an otherwise upward climb for the markets. In fact, the Russell 3000 had an intrayear decline of at least 10% in 25 out of 45 years since 1979. In 17 of those 25, the index ended up for the year!

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Exhibit 1
Calendar-Year Returns
vs. Intrayear Gains and
Declines for the Russell
3000 Index
 1979–2023



Past performance is not a guarantee of future results.

In USD. Data is calculated off rounded daily returns. US Market is the Russell 3000 Index. Largest Intrayear Gain refers to the largest market increase from trough to peak during the year. Largest Intrayear Decline refers to the largest market decrease from peak to trough during the year.

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1. Measured by the Russell 3000 Index.

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