

Handling Market Volatility with Confidence

(Based on Highland Article)

Investing in 2019 was fairly easy. The Standard & Poor’s 500 Index (S&P) returned nearly 28% for the year with only a few bumps along the way. Today, however, we’re faced with a very different market. More and more uncertainties are seemingly hitting the headlines every day, from the global spread of COVID-19 and its potentially wide-spread economic impact, to a historically low Treasury note, and plummeting oil demand, resulting in a 13% drop in the S&P year-to-date, substantially wiping out gains from the past 12 months.

With the financial markets’ ups and downs over a short period, it’s easy to spot patterns and just as easy to create patterns, if you so choose. However, long-term returns have historically been very favorable to investors who stick to their investment strategies during times of volatility and avoid the temptation of attempting to time the market.

Market downturns happen frequently but don’t last forever <i>Standard & Poor’s 500 Composite Index (1950-2019)</i>				
Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency*	About three times per year	About once per year	About once every four years	About once every six years
Average length†	43 days	112 days	262 days	401 days
Last occurrence	August 2019	December 2018	December 2018	December 2018

*Assumes 50% recovery of lost value. †Measures market high to market low. Sources: Capital Group, Standard & Poor’s.

You may be fearful today, with equities crashing and the 10-year note at historic lows. COVID-19 may be new, but market shocks are not. They don’t have to be something of which to be fearful. We are continuing to watch market conditions. If you have questions or concerns, contact us today to discuss ways that we can answer your “what ifs” and help you feel confident in your savings and investment strategies.



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