

Twitter Thread by VJ



VJ

[@VijayThk](#)



The stock market tends to recover relatively quickly after crashes...

Many investors dread stock market corrections and crashes, but there's no use hoping they won't happen -- because they will. They will vary in intensity and duration, but on average,

A thread...

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the news isn't too bad. The folks at Capital Group studied stock market performance from 1950 through 2019, and found that pullbacks of 10% or more (often referred to as "correction") happened about once a year and lasted, on average, about 112 days.

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That's about three and a half months. Even recoveries lasting twice as long wouldn't be so terrible, lasting roughly seven months. Drops of 15% or more happened about once every four years and lasted, on average, about 262 days (roughly eight and a half months),

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while drops of 20% or more ("crashes") happen about every six years and last an average of 401 days, or about a year and a month. These are just averages, and anything can happen at any time, but know that the stock market tends to recover from most big drops fairly quickly.

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Remember, too, that market drops can be wonderful opportunities for long-term investors.

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