The Rewarding Distribution of US Stock Market Returns

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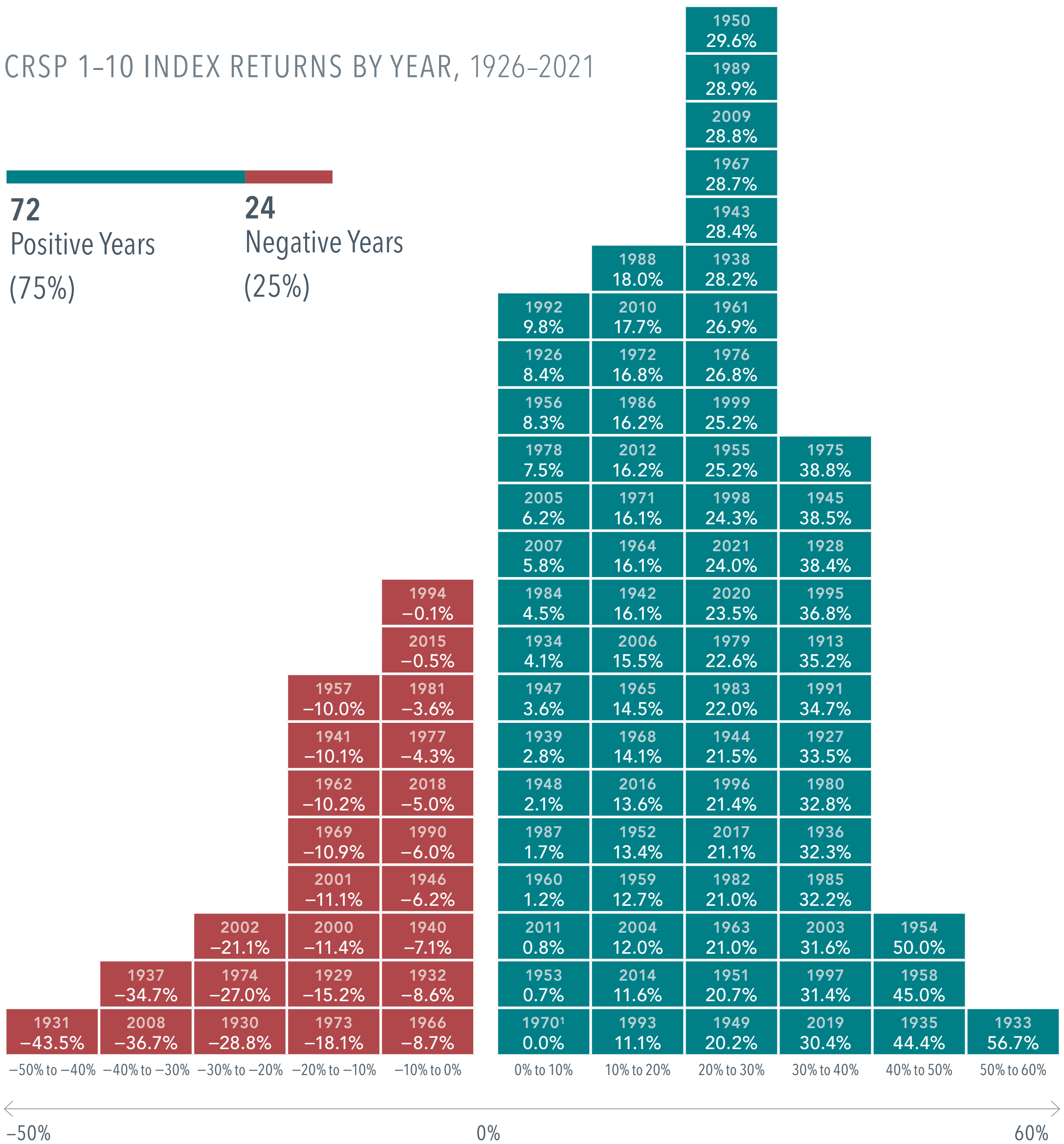
CRSP 1–10 INDEX RETURNS BY YEAR, 1926–2021

72 Positive Years (75%)

24 Negative Years (25%)



Annual stock market returns are unpredictable, but "up" years have occurred much more frequently than "down" years in the US. That may be reassuring to investors, especially if they find market downturns unsettling.

- The US stock market posted positive returns in 75% of the calendar years from 1926 through 2021.
- The market gained an annualized average of 10.2% during this period. Yet nearly two-thirds of yearly observations were at least 10 percentage points above or below the average.
- Another noteworthy trend: More than two-thirds of the down years were followed by up years. The most recent example: a 5.0% loss in 2018 followed by a 30.4% gain in 2019.

The stock market tends to reward investors who can weather annual ups and downs and stay committed to a long-term plan.

1. Return in 1970 was 0.002%.

Past performance is no guarantee of future results. Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

In US dollars. CRSP data provided by the Center for Research in Security Prices, University of Chicago. The CRSP 1–10 Index measures the performance of the total US stock market, which it defines as the aggregate capitalization of all securities listed on the NYSE, AMEX, and NASDAQ exchanges.

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