

Why Timing the Market Is a Fool's Errand



The stock market has gone through numerous periods of volatility over the past 40 years. In nearly all cases, markets recovered within three years of their worst weekly drop. In some cases, it only took a month for the market to start bouncing back. Long-term investors who sold when the market dropped sharply risked missing out on the rebound.

Week Ending	Event	Forward Cumulative Returns				
		1 Week Return	1 Month Later	1 Year Later	2 Years Later	3 Years Later
10/10/2008	Global Financial Crisis	-18.2%	-0.4%	24.1%	38.3%	44.5%
3/20/2020	Covid pandemic	-15.3	19.2	78.2	101.3	82.4
10/23/1987	Black Monday	-12.8	-0.4	18.7	49.3	37.3
9/21/2001	9/11 aftermath	-11.7	12.9	-10.4	11.2	23.3
2/28/2020	Covid emerges	-11.5	-14.6	34.3	52.7	40.2
4/14/2000	Tech crash	-11.0	7.2	-12.2	-16.4	-31.3
10/3/2008	Global Financial Crisis – central bank rate cuts	-9.8	-8.7	-3.1	10.4	11.0
3/13/2020	Covid pandemic	-9.3	5.0	52.3	59.2	51.4
4/4/2025	Tariff turbulence	-9.1	11.6	--	--	--
10/16/1987	Trade deficit concerns/Triple Witching	-8.8	-14.3	1.5	29.2	14.5
Average		-11.8	1.7	20.4	37.3	30.4

Source: Factset. Based on Russell 1000® Index.

The Upshot: Stay Invested for the Long Run

It's important to stay invested in the face of extreme volatility as timing market entries and exits can be a fool's errand.



Talk to your financial advisor about how to play defense when the stock market experiences a sudden spike in volatility and learn the benefits of rebalancing and compounding interest.

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Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

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Russell 1000® Index: Measures the performance of the U.S. large-capitalization equity universe.

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First used: April 2025. RIFIS-26532

[EXP-04-2026]