

# Market Correction or Bear Market?

Market corrections can be unnerving to investors trying to understand if the decline is a shorter-term pullback or the beginning of a sustained downturn. Shorter-term declines or 'market corrections' happen frequently and can trigger the fear of a bigger market decline – but most don't actually result in a bear market, a decline of 20%.

# 95%

The percentage of corrections of more than 10% that have NOT led to bear markets

## 5%

**331** Corrections of 5% or more

**3.4** Mean number of occurrences per year

**35** Mean number of days of correction

## 10%

**103** Corrections of 10% or more

**1.1** Mean number of occurrences per year

**99** Mean number of days of correction

## 15%

**47** Corrections of 15% or more

**0.5** Mean number of occurrences per year

**182** Mean number of days of correction

## 20%

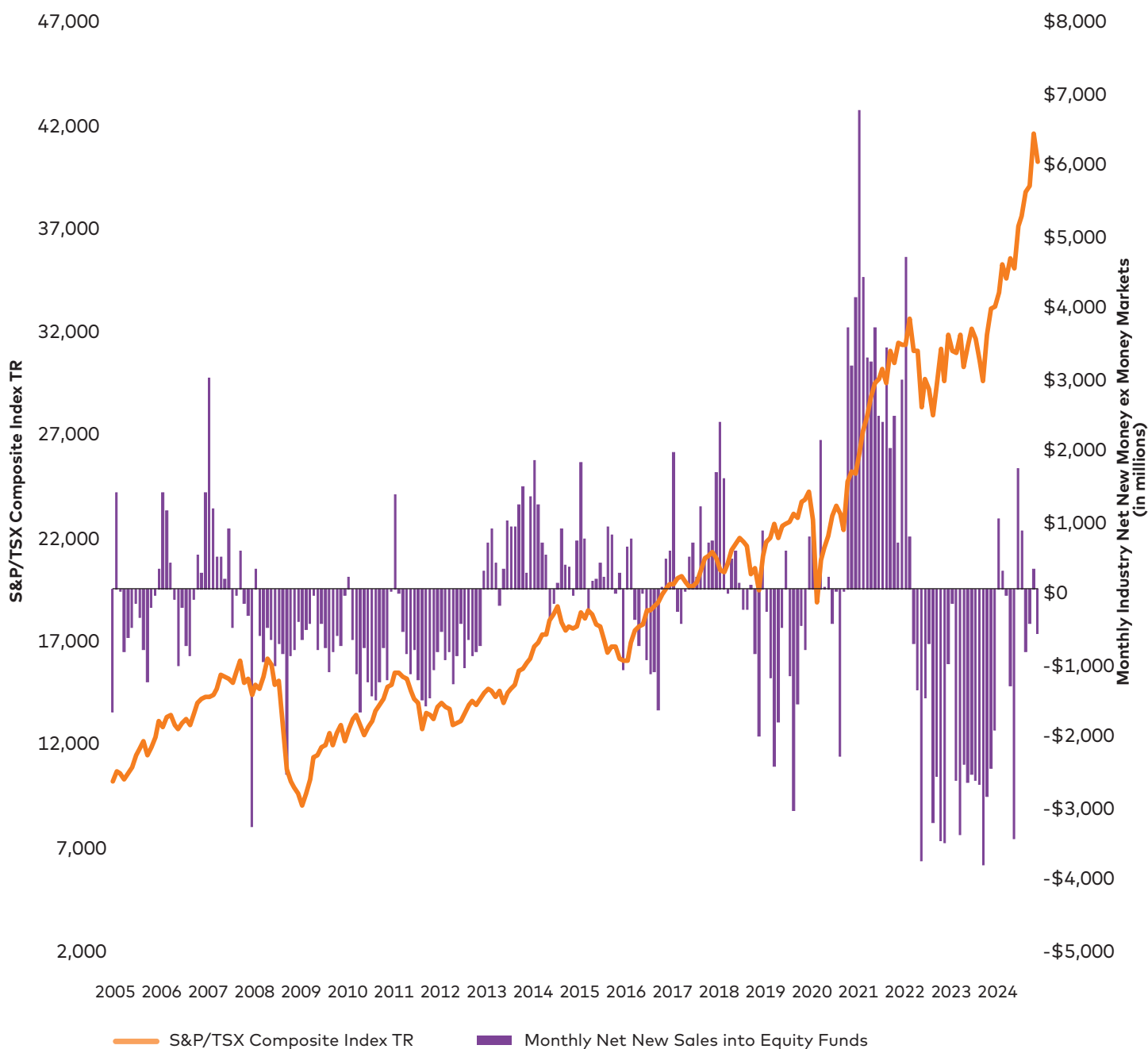
**27** Corrections of 20% or more

**0.3** Mean number of occurrences per year

**289** Mean number of days of correction

# Some Investors Still Buy High And Sell Low

Investors know intuitively to buy low and sell high – but even the most seasoned investors can find their own emotions affect the decision-making process. Market volatility or declines often make people nervous and they can react by pulling their money out of the market. Similarly when markets have persistently gone up, investors often buy in at the wrong time. Staying focused on the long term can help investors tune out the noise.



Source: IFIC Primary View and Morningstar Direct as at December 31, 2024. **Performance returns are for illustrative purposes only. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** You cannot invest directly in an index. Assumptions were made in the calculation of these returns including a \$10,000 investment in the S&P/TSX Total Return Index on December 31, 2004. Any taxes due, trading costs and other fees associated with the investment are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.



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