

# Stock market: Intra-year corrections



Price corrections during the year—often sparked by the “worry of the moment”—occur regularly, even when markets post strong gains. Despite these frequent setbacks, annual returns have been positive most of the time. Making time an ally greatly enhances the likelihood of favourable outcomes, in our view.

### Rough patches are common

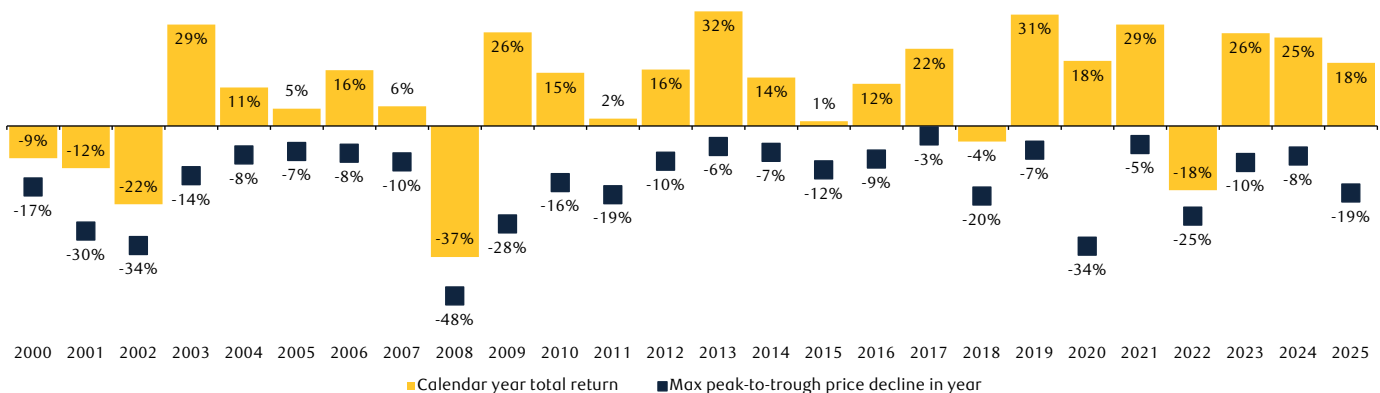
Even strong market years often come with challenging stretches. The 2025 experience underscores this point—both the S&P 500 and S&P/TSX Composite endured steep corrections amid pervasive tariff and economic uncertainty, yet they still ended the year up 18% and 32%, respectively. Historically, intra-year pullbacks have averaged around 15% (see charts), with roughly six in 10 years seeing a peak-to-trough drop of at least 10%. Rather than viewing these declines as unusual, we believe it is helpful to see them as a normal part of the market cycle. Despite this recurring volatility, the S&P 500 and S&P/TSX Composite have generated positive annual total returns approximately 70% of the time since 1980 and 1928, respectively.

### Extend the time horizon

Adopting a long-term mindset remains one of the most effective ways to navigate market volatility, in our view. While price corrections can feel uncomfortable, history shows that time in the market matters far more than short-term declines. The [probability](#) of achieving positive returns improves substantially as the investment horizon lengthens—roughly 75%–80% for one-year periods, close to 90% over three years, and nearly 100% for periods beyond five years. Over time, equity markets have consistently shown resilience and the capacity to recoup losses and compound returns.

### Even good years have difficult stretches

S&P 500

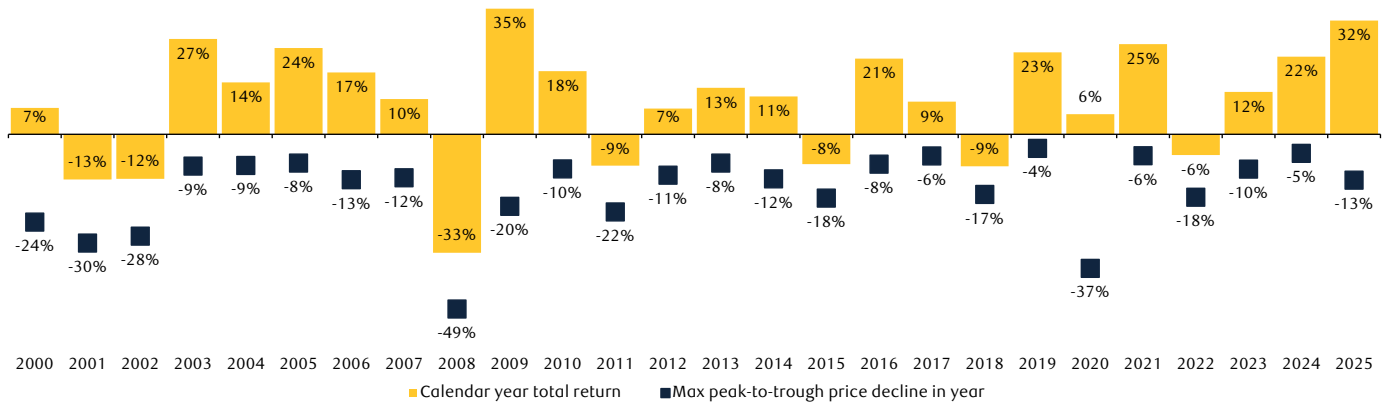


Note: Past performance is no guarantee of future results and should not be viewed as an indicator of future results.

Source - RBC Wealth Management, Bloomberg; data through 12/31/25

### Even good years have difficult stretches (continued)

S&P/TSX Composite



Source - RBC Wealth Management, Bloomberg; data through 12/31/25

### Long-term discipline

Volatility can test investors’ patience and stir the impulse to react. For investors with a well-devised investment plan, resisting the urge to deviate during inevitable “cold stretches” can make a meaningful difference in long-run outcomes. Equity markets tend to follow the upward trend in the economy and earnings over the long haul, even if the path is uneven along the way. Investors who [stay invested](#) through market swings have historically been rewarded with returns that compensate for periods of discomfort. We believe time horizon is a practical tool that can help investors weather volatility and stay anchored to long-term objectives.

## Authors

### Joseph Wu, CFA

Portfolio Manager

joseph.wu@rbc.com; RBC Dominion Securities Inc.

### Zach Muhn

Associate Portfolio Advisor, Multi-Asset Strategy

zachariah.muhn@rbc.com; RBC Dominion Securities Inc.

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