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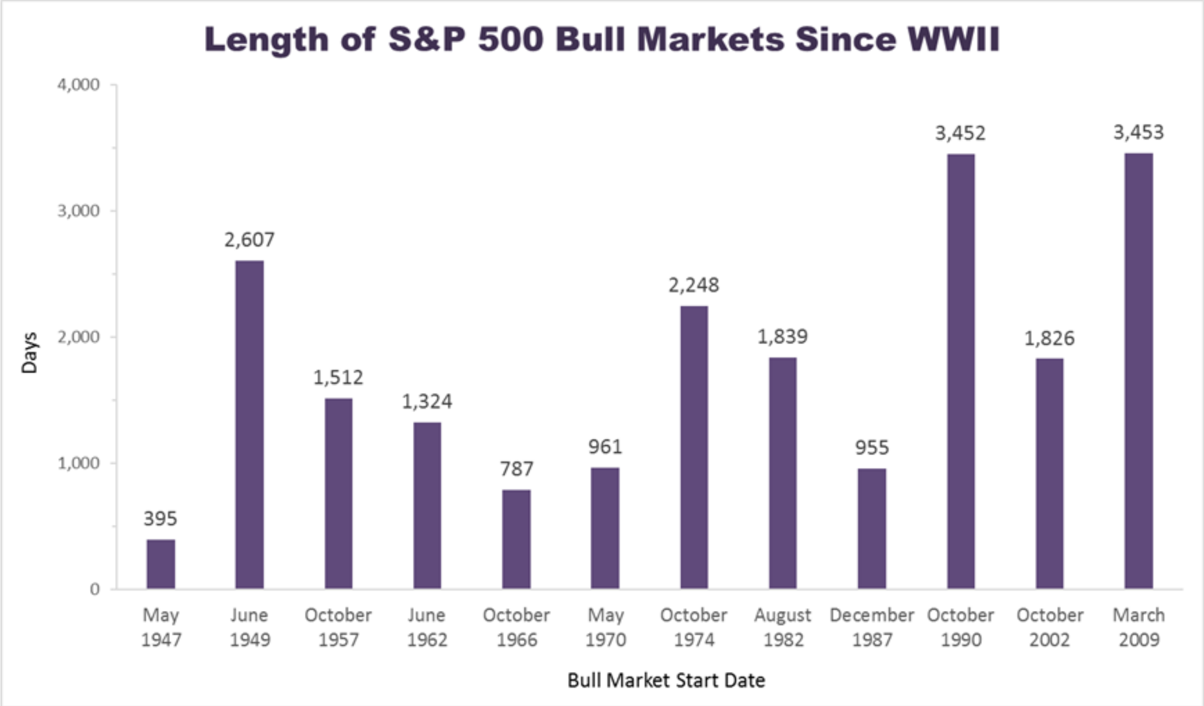
The Longest Bull Market Ride

Key Takeaways:

- As of today, the S&P 500's bull run has avoided a decline of 20% or more for 3,453 calendar days, making it the longest running bull market in U.S. history.
- At 113 consecutive months, the current bull market has lasted nearly twice as long as the average bull market, looking back at the 12 bull markets since 1947.
- According to CFRA S&P, to officially seal this bull market as the longest ever, the S&P 500 needs to set a new all-time closing high on or after today.

Yesterday, Tuesday, August 21, the S&P 500 briefly touched an intra-day all-time high of 2,873.23, surpassing, at least for a short time, the 2,872.87 closing record reached January 26. Additionally on Tuesday, the broad market benchmark tied the record for the longest U.S. bull market since the technology-driven rally from October 1990 to March 2000.

Today, Wednesday August 22, the bull market will be 3,453 days old, one-day longer than the previous record-setting bull market that ended when the "dot-com" bubble burst. By most measures, the current bull market has become the longest U.S. stock bull market ever.



Source: Cetera Investment Management, CFRA, S&P Global.

Since the current bull market's inception on March 9, 2009, the S&P 500 has risen 322% in price, second only to the 417% price gain experienced for the 1990-2000 expansion. On a total return basis, including dividends, the current bull ride has returned 410%.

The best performing sectors since the start of latest bull market are Consumer Discretionary (+718%) and Technology (+611%), while worst performing sectors have been Energy (+120%) and Telecom (+180%).

Upside equity catalysts for investors have been the strengthening economy, with GDP expanding at the fastest pace in four years, a strong and improving labor market. Corporate earnings are surging with S&P 500 companies posting two consecutive quarters of 20% plus profit growth. While the S&P 500 has taken nearly seven months to climb back to the January highs, the recovery has rewarded investors who stayed in the market despite challenging equity volatility, turbulent bond yields, Fed rates hikes and global trade tensions that may hopefully end soon.

With the S&P 500 now up 7% so far this year, we are seeing signs of leadership rotation from technology to value-oriented stocks, brought on likely by the drop in bond yields, which, at 2.82% for 10-year Treasurys, are marking a three-month low. Value stocks tend to be more sensitive to yield, as they are more dividend-oriented.

Barring an unforeseen geopolitical calamity, our outlook remains bullish for equities. Backed by newly set all-time highs on the Nasdaq Composite, the smaller cap focused Russell 2000 and the broader Russell 3000 Indices, we maintain that we are still in the midst of a late-cycle rally, which traditionally has strongly rewarded investors. Our recession indicators remain below average, particularly because of slower wage growth. The most recent recessions were preceded by annual wage growth of over 4%, whereas the most recent data showed wages are growing at 2.7% from a year ago.

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Glossary

*The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.*

*The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index*

*The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.*

*The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.*

*The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.*

*The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.6*