Evaluating “The Longest Bull Market”

There has been some fanfare recently about the length of the current bull market. It started on March 9, 2009 and since then has not fallen by 20% or more (the technical definition of a “bear market”). As of the end of August, the bull market was 3,462 days old, based on closing prices for the S&P 500 index. Some press reports have dubbed this the “longest bull market ever.” However, the stock market run from December 4, 1987 to March 24, 2000 was even longer, at 4,494 days (also based on closing prices). The current bull market could be even younger, considering the intra-day decline on October 4, 2011 that pushed the S&P 500 index into bear territory, down -21.6% from its May 2, 2011 daily high. From that starting point, the current bull market would be less than 7 years old, at 2,523 days.

While many long-term investors typically have responded to such milestones with a hearty “who cares?”, we have noticed increased concern over market volatility in recent client discussions. The journey of a long bull market comes with some often surprising and unexpected turns. For example, since the March 9, 2009 low, the S&P 500 index has delivered 6 major retreats of at least -10% from a recent peak. Early in the decade it twice fell by more than -15%. The rewards for patience may be great, but the bull ride certainly can be a rough one.
We hope you’ve found this commentary helpful. When you’re ready to put these insights into action, visit www.WebsterBank.com/pb, contact your Webster Private Bank Portfolio Manager, or email us at pbinfo@websterbank.com.

What Do We Do Now?

While the picture isn’t quite as rosy as it seemed at the start of 2018, we do not see an end to the bull run in the near future. Increased volatility, however, remains very likely. Interest rates are trending higher, inflation is picking up, and economic growth outside the US has slowed. Yet, corporate earnings growth is robust, with 80% of S&P 500 companies reporting a positive EPS surprise and 72% reporting a positive sales surprise in Q2 (per FactSet Earnings Insights, Aug 31). As a result, we have generally increased our cash or “near cash” holdings modestly, in order to take advantage of any future market weakness in both US and international equity markets, supported by a bullish view over the longer term.

As always, we invite your insights and observations and encourage you to contact your Webster Private Bank Portfolio Manager to discuss your investment portfolio.

TO VIEW A MORE DETAILED DESCRIPTION AND ANALYSIS OF THESE INSIGHTS, VISIT WWW.WEBSTERBANK.COM/PB.

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