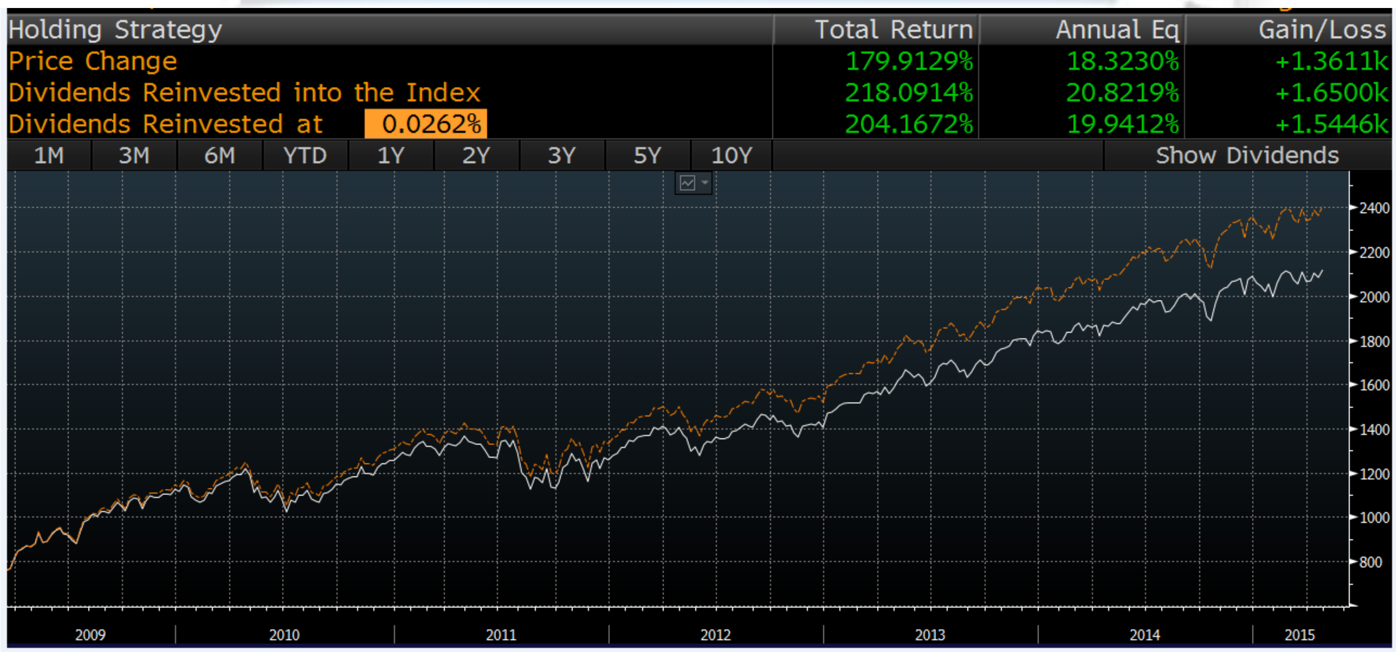
Riding a Secular Bull

Since the end of World War II there have been 12 bull markets. Sam Stovall, S&P Chief Investment Strategist, informs market students that the bull market of '09 set its first all-time high March 28, 2013. Yesterday it posted its 107th record high. The chart below illustrates the path this bull market has traveled over the past 6 years and 2 months. Prior to the onset of this bull market, stocks were hit by the worst bear market since the "crash of 1929," falling nearly 60% from their '07 peak. The news surrounding the financial crisis scared just about everyone, both astute and novice investors alike. Hindsight is 20:20 and for long term investors this bull market has shown returns including dividends of greater than 200%. $100k invested at the end of the bear selloff is worth over $300k today.

There are two types of bull markets - *Secular* (≥64 months) and *Cyclical* (≤48 months). We are in the 74th month of this market expansion which classifies it as a *secular bull market*. Its duration is now the 3rd longest since WWII.



How much longer will the upward trend continue? The answer is most likely multifaceted, but I'll take a swing at it. With interest rates still well below historical norms, inflationary pressures intact, housing fairly priced and long dated bonds risky, smart money should reside in stocks. If corporate profits rise, rates and inflation remain low, job growth continues and the economy stays on course, my guess is that stocks will be higher a year from now and investors will be compensated.

William "Chip" Corley, MBA, RFC