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Ellumination Newsletter

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A New Bull Market in Stocks Gets Underway

January 22, 2024

Bull markets are often declared when a major index gains 20% from its most recent low. However, using that criteria can be misleading. Bear market bounces from lows sometimes advance 20% only to reverse and go much lower. Others choose to wait for a new all-time high to confirm the bull market trend. The S&P 500 jumped to a new all-time high last Friday, surpassing the previous record level set in January 2022. The current rally started from a low of 3577.03 in October 2022. Since then the index has rallied 34%.

CNBC.com points out that *"If history is any indication, stocks could be in for even bigger gains ahead, data from CFRA Research shows. The index has surged 156% on average over the course of the typical bull market going back to 1947, with the median gain coming in at 101%."*

Bull markets since 1947

Start	End	S&P 500 Level at start	S&P 500 level at end	▲ Total % gain	Calendar days
5/17/1947	6/15/1948	14	17.06	22%	395
10/12/2022	?	3,577	?	34%	464
10/7/1966	11/29/1968	73	108.37	48%	784
12/4/1987	7/16/1990	224	368.95	65%	955
5/26/1970	1/11/1973	69	120.24	74%	961
6/26/1962	2/9/1966	52	94.06	80%	1,324
10/22/1957	12/12/1961	39	72.64	86%	1,512
10/9/2002	10/9/2007	777	1565.15	101%	1,826
			Median	101%	1,512
3/23/2020	1/3/2022	2,237	4796.56	114%	651
10/3/1974	11/28/1980	62	140.52	126%	2,248
			Average:	156%	1,735
8/12/1982	8/25/1987	102	336.77	229%	1,839
6/13/1949	8/2/1956	14	49.74	267%	2,607
3/9/2009	2/19/2020	677	3386.15	401%	3,999
10/11/1990	3/24/2000	295	1527.46	417%	3,452

Current bull market % gain not factored into average and median figures.

Source: CFRA • Created with [Datwrpper](#)

The average Post-World War 2 bull market has lasted 1735 days, or almost five years. The median length has been 1512 days, or just over four years. The current bull run is 464 days old. If it ended today it would be the second shortest post-war bull market. If history is our guide we could be closer to the beginning of a new upward trend than the end.

Does confirmation of a new bull market, by achieving a new high, mean that it's a good time to increase the stock allocation in your portfolio? To some that may seem counterintuitive. After all, aren't we taught to "buy low and sell high"? According to historical trends, during the past 77 years, it has been a good time to add. You can see the numbers with your own eyes in the table above.

Risk management gets to be a very personal choice. Buying at new highs is not something everyone is comfortable doing. If stocks continue their upward trend, it will not likely be in a straight line. That never happens. There are always things to worry about, and obstacles in the way of upward momentum. The point of this newsletter is simply to point out that new highs have usually confirmed major new upward trends for the stock market.

All the best,



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Disclosure and Disclaimer - Updated last on December 11, 2019 by Paul Krsek:

All return calculations for the S&P 500 were done using <https://dqyvj.com/sp-500-return-calculator/> unless otherwise noted.

All charts used in this newsletter are from Stockcharts.com and annotated by 5T Wealth, LLC

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5T WEALTH, LLC manages accounts with various histories and investment objectives. Various accounts may be managed differently from time to time.

Krsek makes frequent reference to strategies called Mendocino, Dividend Diamonds, Global Select and 5T Wealth Partners, LP. Each of these investment strategies have different suitability standards, investment objectives, potential volatility, and minimum investments. It is important to understand each strategy in detail before investing.

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From time to time Krsek lists the simple annual returns of the strategies mentioned in this newsletter. These results are from accounts that are "models" and do not represent the actual results accruing to each clients individual accounts. Simple annual return does not represent "time weighted return" as reported individually to clients in their investment performance reports which are prepared using data and calculations from Orion Advisors.

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