A Snapshot Of The Two Longest U.S. Equity Bull Markets At The 94-Month Mark

Two Longest U.S. Equity Bull Markets
(2,824 days into bull market)

Key Statistics/Indicators	Current Bull (3/9/09-11/30/16)	Longest Bull (12/4/87-8/28/95)
S&P 500 Index Cumulative Total Return	283.16%	218.70%
S&P 500 Index Trailing 12-Mo. P/E Ratio	20.55 *(11/30/16)*	16.66 *(8/31/95)*
Federal Funds Target Rate *(Upper Bound)*	0.50% *(11/30/16)*	5.75% *(8/28/95)*
Federal Reserve Balance Sheet	$4.47 Trillion *(11/23/16)*	$434.85 Billion *(8/23/95)*
Yield on 10-Year Treasury Note	2.39% *(11/30/16)*	6.34% *(8/28/95)*
CPI Headline Rate	1.6% *(10/31/16)*	2.8% *(7/31/95)*
Consumer Confidence Index *(Conference Board)*	107.10 *(11/30/16)*	101.44 *(7/31/95)*
Unemployment Rate	4.9% *(10/31/16)*	5.7% *(7/31/95)*
GDP Growth Rate *(Annualized)*	3.2% *(Q3'16)*	1.4% *(Q2'95)*
Capacity Utilization *(Industrial)*	75.34% *(10/31/16)*	83.28% *(7/31/95)*

Source: Bloomberg.

View from the Observation Deck

1. A "bull market" is generally defined as a sustained period of rising stock prices.
2. The current bull market, as measured by the S&P 500 Index, just hit 2,824 days as of 11/30/16, which equates to roughly 94 months. It ranks as the second-longest U.S. equity bull market in history, according to Bespoke Investment Group.
3. The longest U.S. equity bull market lasted 4,494 days (12/4/87-3/24/00), according to Bespoke.
4. Keep in mind when looking 2,824 days into the longest bull market, that year (1995) was near the beginning of the "internet revolution," which ran until March 2000. In other words, a unique economic event.
5. Perhaps the statistic that sticks out the most is the size of the Federal Reserve's balance sheet in November 2016 relative to where it stood in August 1995. The Fed's quantitative easing initiatives in response to the 2008-2009 financial crisis helped drive its balance sheet to its current nosebleed level.
6. By buying more than $2 trillion dollars of bonds (Treasuries and mortgages) and dropping the federal funds rate to nearly zero, the Fed was successful in keeping short-term and longer-term interest rates artificially low for many years, in our opinion.
7. For equity investors, the low-rate climate is still a potential tailwind moving forward. President-Elect Donald Trump's pro-growth economic policies, such as infrastructure spending, pruning back government regulations and reducing corporate tax rates, could add to that tailwind if enacted, in our opinion.