A Report Card On Risks

Market Indicators That Reflect Various Risks Over Time

	Current	5-Year Avg.
Consumer Price Index	**1.6%** *(1/31/14)*	**1.6%** *(1/31/09-1/31/14)*
Price of Gold Bullion	**$1350.30** *(3/3/14)*	**$1382.18** *(3/3/09-3/3/14)*
CBOE Equity Put/Call Ratio	**0.62** *(3/3/14)*	**0.63** *(3/3/09-3/3/14)*
NYSE Margin Debt	**$451 Billion** *(1/31/14)*	**$289 Billion** *(1/31/09-1/31/14)*
VIX Index	**16.00** *(3/3/14)*	**21.09** *(3/3/09-3/3/14)*

Source: Bloomberg

View from the Observation Deck

1. The bull market in stocks turns five years old this week (3/9/09-3/9/14). The S&P 500 hit an all-time high of 1859.45 on 2/28/14. From 3/9/09-3/3/14, the S&P 500 posted a cumulative total return of 203.45%.
2. The current bull market in the U.S. has lasted 1,821 calendar days, as measured by the S&P 500. It ranks as the seventh longest bull market dating back to 1928, according to Bespoke Investment Group.
3. For the record, the longest bull market lasted 4,494 days, from 12/4/87 through 3/24/00. The S&P 500 posted a cumulative total return of 841.11% over that period.
4. Today's blog post offers a snapshot of five barometers of various risks. We used a 5-year period to coincide with the current bull market.
5. Notice that there is little to no change between the most recent data points for the Consumer Price Index, the price of an ounce of gold bullion and the CBOE's Equity Put/Call Ratio relative to their 5-year averages.
6. There has been a notable increase in the use of margin debt (NYSE). While some might interpret that as an elevation in risk (investors borrowing more capital), we see it as investors being comfortable with the current risk climate.
7. There is also a notable change in the VIX Index, and it is a positive one. The VIX Index closed yesterday's trading session 24% below its 5-year average of 21.09, which was a bit higher than its 10-year average of 20.15.
8. Our point today is that risk is relative, and relative to the past five years it doesn't appear to be a cause for concern at this time, in our opinion.