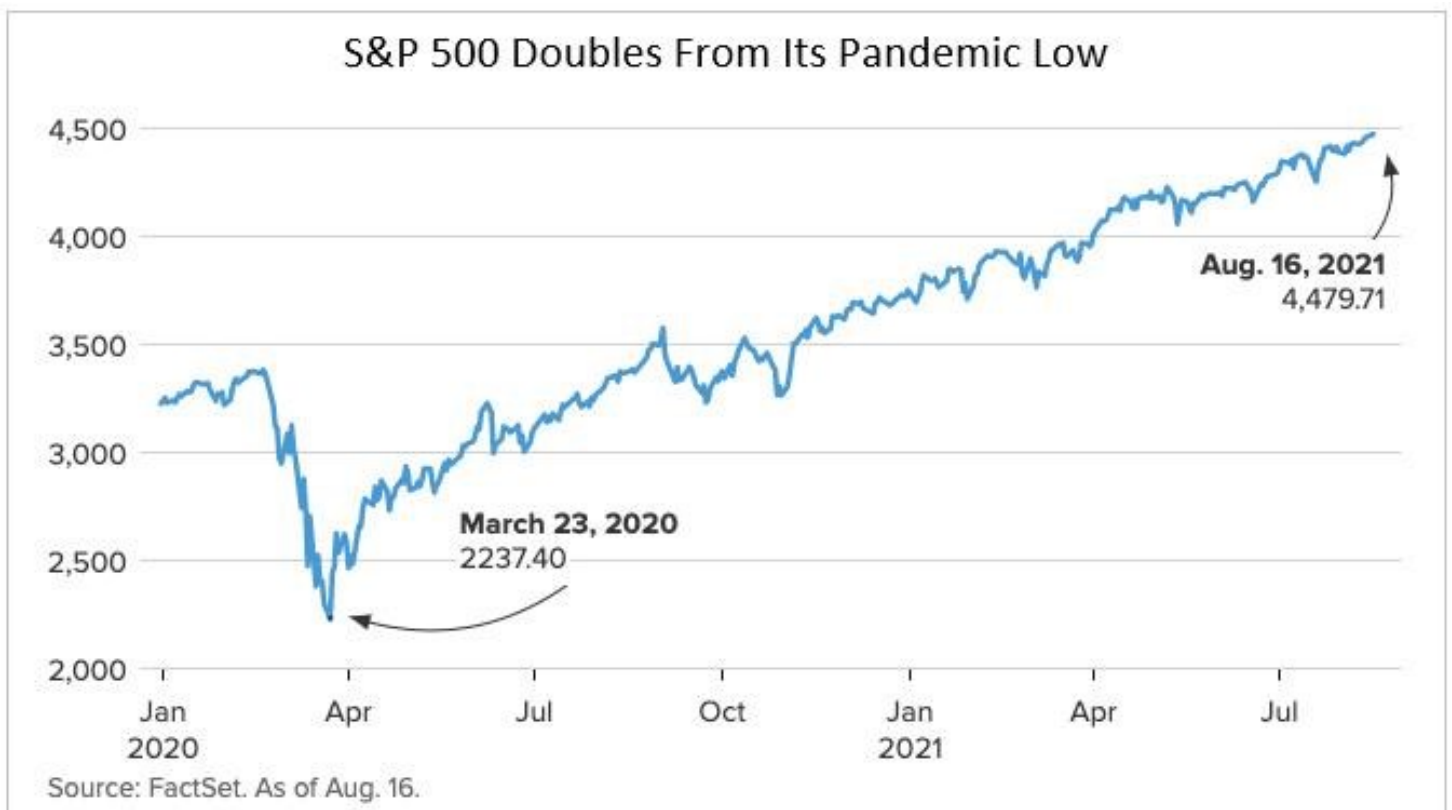


CHART OF THE MONTH

AUGUST 2021



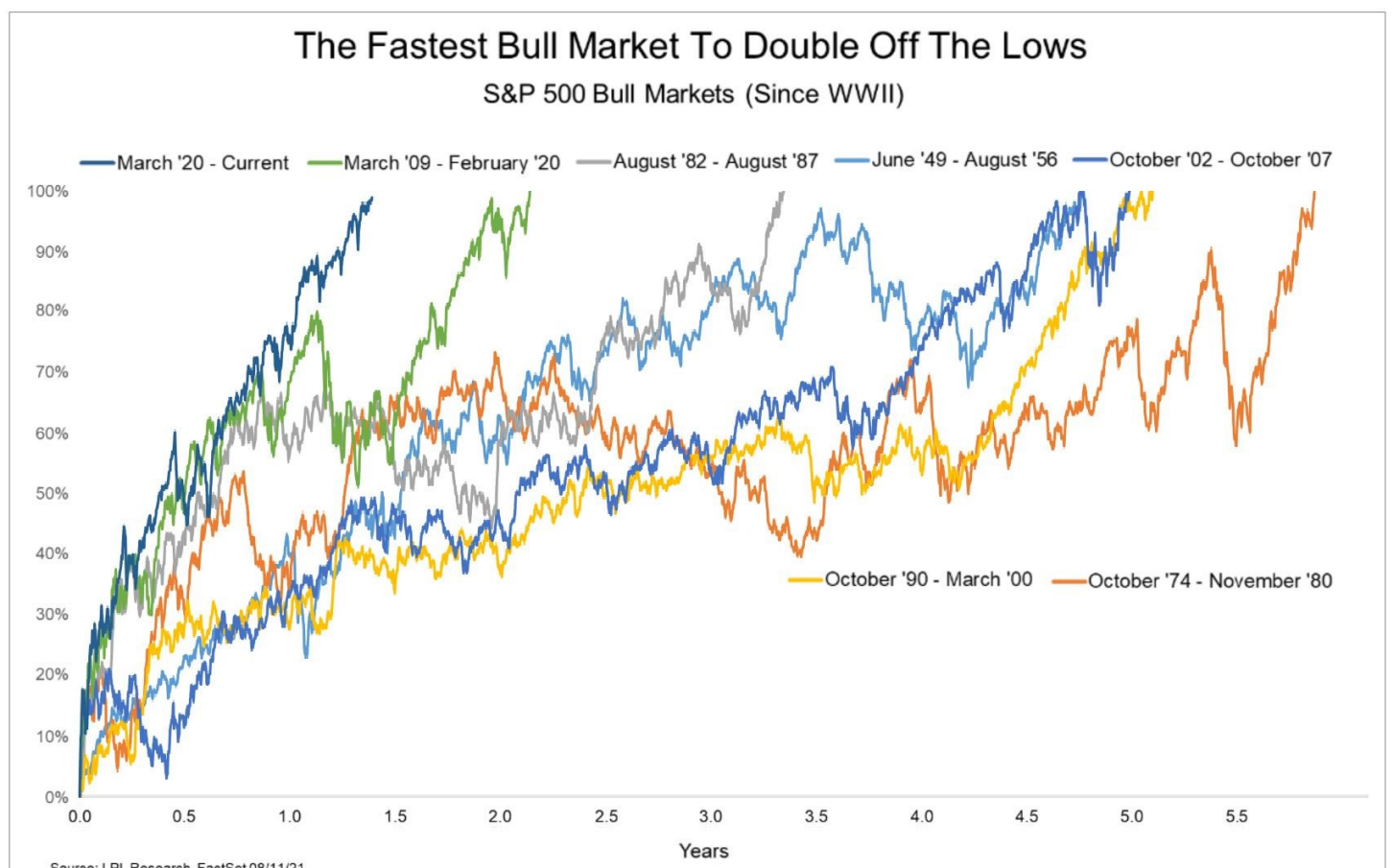
The S&P 500 closed at an all-time high on Monday and has now increased 100.2% from its low in March 2020, marking the fastest doubling off the bottom since World War II. As shown above, the index made a twofold advance in just 17 months, covering 354 trading days. The previous record was set during the bull market run from March 2009 to February 2020 when the S&P 500 doubled in just over two years (see below).

Over the prior six bull markets, it took an average of more than 1,100 trading sessions for the S&P to reach that milestone. (In the chart below, the dates indicate the total length of each bull market and the colored lines represent the doubling time off the bear market lows.) The bull markets lasted approximately 5 to 11 years with an average of 7 years. If the past were to be prologue, the current upturn could have roughly 3-1/2 to 9-1/2 years to go before suffering a 20% or greater correction.

Meanwhile, the S&P 500 has not undergone even a 5% pullback since October last year, an unusually long period without such a drawdown. Accordingly, investors should be prepared for a market retreat at some point in the future. Of note, as discussed in our [July Chart of the Month](#), August and September have historically been two of the weakest months of the calendar year and October is renown for its negative surprises.

The fundamentals for the economy and the market are mixed. The bears can fret about the delta variant, geopolitical concerns, the surge in inflation, and the potential for the Fed tapering its asset purchases later this year, while the bulls can cheer the excess liquidity in the financial system and the powerful rebound in GDP and corporate profits (including a 90%-plus year-over-year growth in the second quarter).

In good times and bad, it is important to recognize that the outlook is almost always murky. That said, investors who stayed the course last year should be pleased to know that the S&P 500 has gained 32% over the past 18 months (inclusive of the 34% decline from the pre-pandemic high in February 2020).



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