SELECTOR
Real-Time Money Management

Monthly Commentary
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"Good investors gather information, put that information into current and historical context, then make sound decisions."

When you get older, everything takes a little longer. It is becoming obvious this applies to Bull Markets, too. March of 2009 seems like a long time ago and we haven't seen any real fire from this old Bull since 2014. But the worst thing you can do is underestimate an old geezer and this Monthly Commentary is going to be a reminder as to why the wisest course is to stay the course.

Right off the bat, some of us are going to want to know what the longest and/or the biggest Bull Market on record has been. And this being a science that has many interpretations the answer is going to be, 'it depends on who is doing the measuring.' The DJIA is arguably the granddaddy of stock indexes and going back to 1900 this is the 4th longest and the 5th strongest Bull Market for the DJIA, and still running. The strongest Bull Market started in 1921 and rose 497%. The second strongest started in 1990 and rose 295%. Our current Bull Market is up 275%. The longest Bull Market for the DJIA started in 1921 and ran for 98 months. The second longest started in 1990 and lasted 94 months. Our current Bull Market is at 87 months and counting.

It is important to note that our current financial environment is nothing like the 1920's, or the 1990's. In fact, almost everything is different. Interest rates, inflation, employment, global politics, world stability are all operating under unique circumstances, so it would be foolish to make any presumptions beyond the numerical coincidences. Therein lies the problem with 'data mining', that too-often utilized tool of mainstream journalism. Numbers are just numbers, and coincidence is still just coincidence. So let's get back to the facts and why I believe that this old dog/Bull Market still has some fight left in it.

First and foremost is the common sense knowledge that in the financial world things happen for reasons. Bull Markets expand because the economy is expanding. There are a number of reasons why the economy is expanding so slowly, but it is still crawling along. Until we have an economic recession, or are at least close enough to sniff one, the path of least resistance is up. Yes, we have our share of doomsday predictors. We always have and we always will. They come with the territory, crying wolf until one finally shows up. But the Federal Reserve in their most recent report showed us a 2% quarterly annualized expansion, with 2% projected for the next several quarters. It's not exciting. But it's not damaging. Up is up.

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Interest rates are not going anywhere fast or soon, either. The U.S. Federal Reserve has made it very clear that they are going to be data-driven. The data is low and slow. Ditto for interest rates. Also ditto for inflation. Yes, oil prices are higher than a few months ago. But remember that the Federal Reserve, in their infinite wisdom, does not consider oil prices when they calculate inflation rates. Nor do they consider food prices or medical care costs, which boggles the mind of every rational man, but that is another story for another day.

Years ago I used to reference the E-I-E-I-O acronym from Old McDonald's Farm. It stood for Economy, Interest rates, Employment, Inflation, and Oil prices. Each was scored on its own merit, with the scales tipping towards good markets or bad markets depending on the cumulative score. The Federal Reserves' most recent unemployment stat was 4.6%, which also projected several quarters into the future. There are no red flags waving, not even any yellow flags. Yes, there are orange barrels everywhere, primarily because this is an election year. But the circus features of the Presidency aside, it does appear that Congress is going to find itself stonewalled once again. So more of the same. And everything is just going to take a little longer.

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Sources: Bloomberg, Marketwatch.com, StockCharts.com