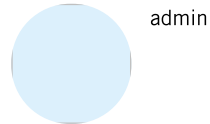




EQUITY

US Equity Bull Market Goes the Distance

August 22, 2018



admin

The US stock market, as measured by the S&P 500 Index, just reached a historic milestone.

On August 22, 2018, the index went 3,453 days without a correction of 20% or more.¹ By that measure, it's now generally regarded as the longest US equity bull market on record, surpassing the previous record bull run that lasted from October 1990 to March 2000.² That record ended when the Dot-Com bubble burst, after valuations for tech stocks disconnected from earnings and reality.

Most observers generally cite March 9, 2009, as the start of the bull market. Since then, the S&P 500 Index has risen more than 300%, as the chart below shows.

US Equity Bull Market's Record Run

S&P 500 Index Value

March 9, 2009 to August 22, 2018



Source: S&P Dow Jones Indices. Calculation period: March 9, 2009 to August 22, 2018. Stocks represented by the S&P 500 Index. Indexes are unmanaged and one cannot directly invest in them. They do not include fees, expenses and sales charges. One cannot invest directly in an index. Past performance is not an indicator or guarantee of future performance. **This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund.** See www.franklintempletondatasources.com for additional data provider information.

As we mentioned in a [previous article](#), the current bull market has shrugged off some notable corrections, defined as a decline of 10% or more.³ It's weathered the beginning and end of [US quantitative easing](#) and crises in other parts of the world.

For example, the S&P 500 Index fell 19% during the European debt crisis from April to June 2011.⁴ However, the market proved to be resilient and finished 2011 up 2% for the year.⁵

Even the [sell-off](#) in early February of this year—when the S&P 500 Index saw its largest one-day percentage fall since 2011—didn't lead to a longer correction. And as of mid-August 2018, the index hovered near the record high of 2,873 set on January 26, 2018.⁶

Meanwhile, some of our investment professionals have questioned [how long the aging bull market can go on](#), despite leading US economic indicators that continue to point to robust growth.

Investment Implications

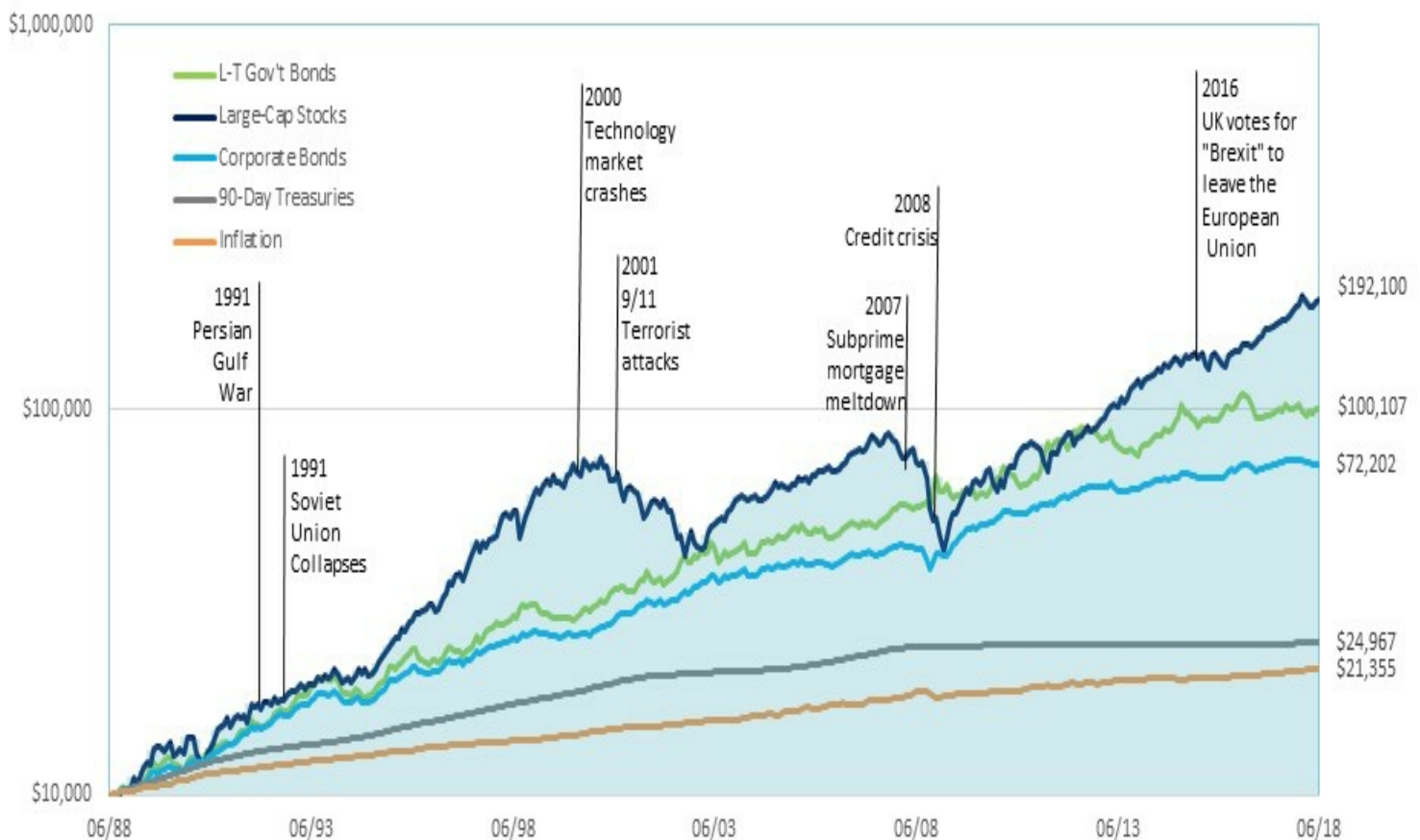
At Franklin Templeton, we've been investing in global markets for more than 65 years, across bull and bear markets alike. While nobody can predict when the current bull market will end, we focus on the long term.

As the chart below shows, US stocks, as well as other asset classes, have tended to rebound after several notable market events over the past 30 years.

US Markets' Historical Performance



Growth of a \$10,000 Investment 30-Year Period Ended June 30, 2018



Source: Morningstar (large-cap stocks are represented by the S&P 500 Index, long-term government bonds are represented by the Bloomberg Barclays US Government Long Index, corporate bonds are represented by the Bloomberg Barclays US Credit Index, Treasury bills are represented by the Payden & Rygel 90-Day US Treasury Bill Index, and inflation is represented by the Consumer Price Index). Indexes are unmanaged and include reinvestment of dividends. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index. Past performance is not an indicator or guarantee of future performance. **This chart is for illustrative purposes only and does not represent the performance of any Franklin Templeton fund.** See www.franklintempletondatasources.com for additional data provider information.

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What Are the Risks?

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions.

[1.](#) Source: S&P Dow Jones Indices, as of August 22, 2018. Stocks represented by the S&P 500 Index. Indexes are unmanaged and one cannot directly invest in them. They do not include fees, expenses and sales charges. Past performance is not an indicator or guarantee of future performance. See www.franklintempletondatasources.com for additional data provider terms and conditions.

[2.](#) Ibid.

[3.](#) Ibid.

[4.](#) Ibid.

[5.](#) Ibid.

[6.](#) Ibid.