Harry's Take

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Years 2009-2021 Were Longest Bull Run Since 1982

The bull market we witnessed from early 2009 into very early 2022 (January 4) was the final short-term bull market within the longest long-term bull market in history, back to late 1982. Until late 2007, that long bull market was the natural result of the Baby Boom Spending Wave, which was followed by the greatest 14-year stimulus program in history, bar none! The $27T combined fiscal and monetary program basically offset the Great Depression of 2008–2022 that was expected from the drop in spending as much-smaller Generation X came into its Spending Wave. The larger Millennial Generation Spending Wave was set to kick in from 2023 or 2024 into 2037. So yes, that is the quantifiable cost of preventing a Great Depression: about $2T per year.

Longest Stock Bull Run With Higher-Than-Average Returns Since 1982

Bull Market Time Frame	Total	Cumulative Return	Average Annual Return
8/12/82-7/16/90	7 yrs., 11 mos.	261.0%	17.4%
10/11/90-3/24/00	9 yrs., 5.5 mos.	427.4%	19.1%
10/10/02-10/11/07	5 yrs., 0 mos.	105.1%	15.4%
3/06/09-1/04/22	12 yrs., 10 mos.	622.7%	16.4%
Total Bull Market			
8/12/82-1/04/22	39 yrs., 4.5 mos.	4605.8%	10.3%

Source: Yahoo! Finance

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The top part of this chart shows the four bull markets within the larger one at the bottom. The recent one from early 2009 into the beginning of 2024 was the longest, at 12 years and 10 months. The longer bull market back from late 1982 lasted almost 40 years (39 years, 4.5 months). The obvious reason that the 40-year bull market added up to lower average returns, at 10.3%, was that it included the recessions and crashes in between. But the returns on that market were almost 50% higher than the longer-term average of 7%.

Now, some would claim that the longer bull market shows how strong the economy is and, hence, the slowdown or recession to follow should be milder. Not in my book! First, the last bull run was fueled totally by artificial stimulus. Second and worse, it created a longer, larger bubble than the first tech bubble from late 1994 into early 2000, and every bubble in history has crashed. Finally, the results of the Fed's panicky 525-bp hike into July 2023 will continue to hit into early 2025+, even if the central bank eases rates again later this year, which now looks much less likely, given that recent inflation reports have been higher than expected.

Make no mistake about it: This stock crash and recession should be the worst of our lifetimes, past and future. Take this seriously and get into 10-year to 30-year Treasury bonds (30-years are best) or TLT, now! If there is no substantial stock crash by year-end, I will reconsider… but don't wait to see.

Harry

Got a question or comment? You can contact us at info@hsdent.com.