

Ask a Trust Officer

Bear Markets

DEAR TRUST OFFICER:

Can you put the bear market into perspective for me? When can we expect the stock market to recover?

- RATTLED

DEAR RATTLED:

According to data from Standard and Poor's, we've endured nine bear markets since 1950. On average, bear markets have lasted about 35 months, with prices falling 31.7%. Market indices have already fallen further than that during the current bear market, which started about 14 months ago.

Generally bear markets have ended about six to eight months before the economy reaches a bottom. No one is predicting an end to the current economic uncertainty with any confidence, so we similarly can't tell when the bear market might end.

Bad as the bear markets are, historically they have been more than offset by the bull markets. The nine bullish periods since 1950 have lasted an average of four years, with an average gain of 136.2%.

Bear markets do present buying opportunities, as shares of some companies become undervalued during broad market declines. The investment skill comes in finding those companies. Look to financial professionals, such as us, for guidance during these volatile times.

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