

What If We Have Just Seen The Worst?

eResearch Corporation is pleased to provide an article from *The Reformed Broker*, featuring Josh Brown.

The Reformed Broker is a blog about financial markets and the economy.

From Josh Brown's website: My blog is about markets, politics, economics, media, culture and finance. I'll use statistics, satire, anecdotes, pop culture references, sarcasm, fact, fantasy, and any other device that I feel necessary to get my points across.

What I don't do on this site is give financial advice or tell anyone what to invest in. The Reformed Broker is a forecast-free blog. What I will do on this site is provide you with a running commentary of my market-related insights and thoughts as events unfold. I'll point you toward other interesting content around the web. I'll challenge your perceptions, call it like I see it and, occasionally, I'll make you laugh.

A link to the blog's website is provided here: <http://www.thereformedbroker.com/>.

Joshua Brown is with Ritholtz Wealth Management, a New York City-based investment advisor, whose clients are high net worth individuals, charitable foundations, retirement plans, and corporations. He helps people invest and manages portfolios for them. He is the author of the book *Backstage Wall Street*, from publisher McGraw-Hill. He is a regular contributor to: CNBC, Investment News, The Daily Beast, TheStreet.com, Forbes, CNNMoney, Fortune, Christian Science Monitor, The Faster Times, Marketplace Radio, The Wall Street Journal, and The Business Insider.

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By Josh Brown
January 3, 2019

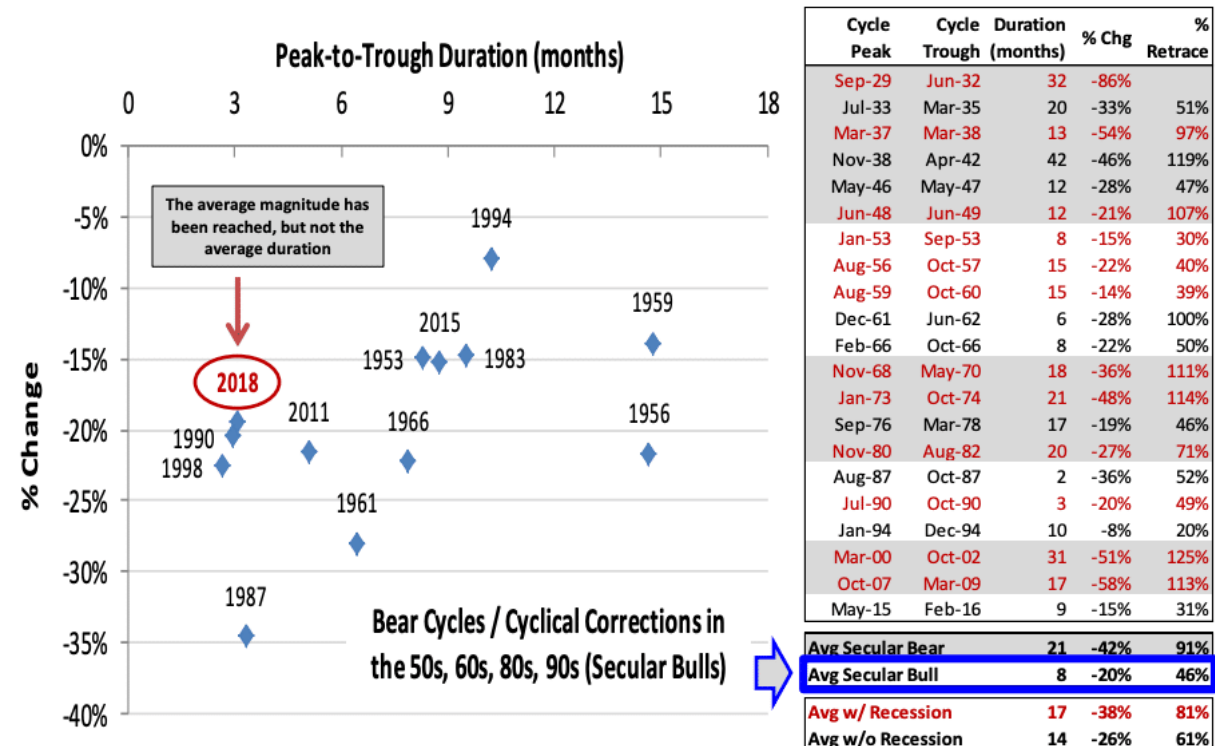
Ari Wald is out with his firm’s technical roadmap for 2019. He lists the numbers he believes will be the most important or meaningful for traders to be aware of. I thought this look at the history of cyclical bear markets occurring during secular bull markets was very interesting.

If Ari is correct, then we are currently enduring a cyclical bear market but the secular bull market that began in 2013 with fresh S&P 500 record highs is still intact. Other secular bull markets throughout history had endured their share of these cyclical bear markets without being thrown off course for good. This would be the best-case scenario for investors at this point – that the recent bear is a short-lived episode of which we have already seen much of the worst.

Here is Ari’s take and some historical context, my Chart o’ the Day...

The table to the right lists the bear markets in the S&P 500 since 1929 (economic recessions are colored in red, secular bears are shaded in gray). By our analysis, we have found that cyclical bears within secular bulls (in white) are usually either long-and-shallow (1953, 1959, 1994, 2015) or short and sharp (1961, 1987, 1990). On average, the index drops 20% over an 8-month period and retraces 50% of the prior advance. This is why we believe the S&P 500 has endured the bulk of the magnitude and now requires time to base.

(<Ctrl-Click> to embiggen the following chart!)



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Josh here – we have already seen a 50% retracement of the 2016-2018 rally. The average cyclical bear in a secular bull has not required losses much deeper than that in order to make its point.

Sources:

Big Numbers for 2019

Oppenheimer & Co – January 1st, 2019

See ABOUT THE AUTHOR on the following page.



ABOUT THE AUTHOR



Josh Brown is a New York City-based financial advisor and the CEO of [Ritholtz Wealth Management](#).

We help people align their investments with their financial goals and manage portfolios for them. Our clients range from high net worth households to corporations to retirement plans to charitable foundations. For younger investors and those just getting started, we've created the [Liftoff automated advisor](#) – a simple, low-cost way to access a professionally managed portfolio selected just for you.

He is also the author of the books [Backstage Wall Street](#) and [Clash of the Financial Pundits](#) from publisher McGraw-Hill. In addition, he serves on the advisory board of financial technology firms [Riskalyze](#), Vestwell, Digital Assets Data Corp as well as [CNBC's Financial Advisor Council](#).

In 2015, he was named to the [Investment News "40 Under 40"](#) list of top financial advisors.

ABOUT THE REFORMED BROKER

The Reformed Broker began in November of 2008 and has become one of the most widely-read sites on the financial web.

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In the Media

I have been featured in or have written for Fortune, Forbes, the Wall Street Journal, MarketWatch, Dow Jones Newswires, Bloomberg, Reuters, CNNMoney, Bloomberg, CNBC, the New York Post, Crain's New York Business, Investment News, Registered Rep, Financial Planning, Fortune, RIA Biz, Business Insider, American Public Media, NPR, TheStreet.com, the Washington Post, BuzzFeed, Barron's and the New York Times.

I am an on-air contributor to CNBC. My show, [The Halftime Report](#), airs weekdays at 12 PM ET. Our YouTube Channel, [The Compound](#), is blowing up. Check us out!

Follow our latest updates with the [Market Moment skill](#) on Amazon's Alexa!

I am available to comment on most topics for print, web, television and radio. [Get in touch](#). Do you want me to speak or moderate at your next event? [More info here](#).

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