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Money worked harder

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The Longest Bull Market – Should you care?

In August, the current bull market in U.S. stocks became the longest one in history – So is it overvalued and ripe for a correction?

I attended the **Wharton Jacob-Levy Center for Quantitative Research** Annual Conference in September and was treated to a Jeremey Siegel – Robert Shiller panel discussion on the health of financial markets.

My Take-aways:

- Stocks prices are high but so are earnings, which make stocks fairly valued.
- Stock Prices and their Earnings walk hand in hand most of the time, but like all couples they have their occasional spats. This may cause a temporary correction.
- Stock prices are forecastable, but only in the very long run. And Jeremey Siegel feels that the long term real return average will prevail, perhaps at a slightly lower level.
- Cost of Investing has been declining steadily, which means despite somewhat lower projections, the returns that an investor gets may not be impacted as much (lower cost of investing means more money in their pocket).
- Both professors were bearish on Bonds.
- Keep a steady course: Many are promising active ways to hedge risk - but the promise of Safety does not equate to actual Safety.

So, our position is that a correction is due, but we also believe that the correction will not be permanent, it will not impair the US economic engine and that stocks should still represent a large allocation in most portfolios.

To read more: Siegel vs. Shiller: Is the Stock Market Overvalued?

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