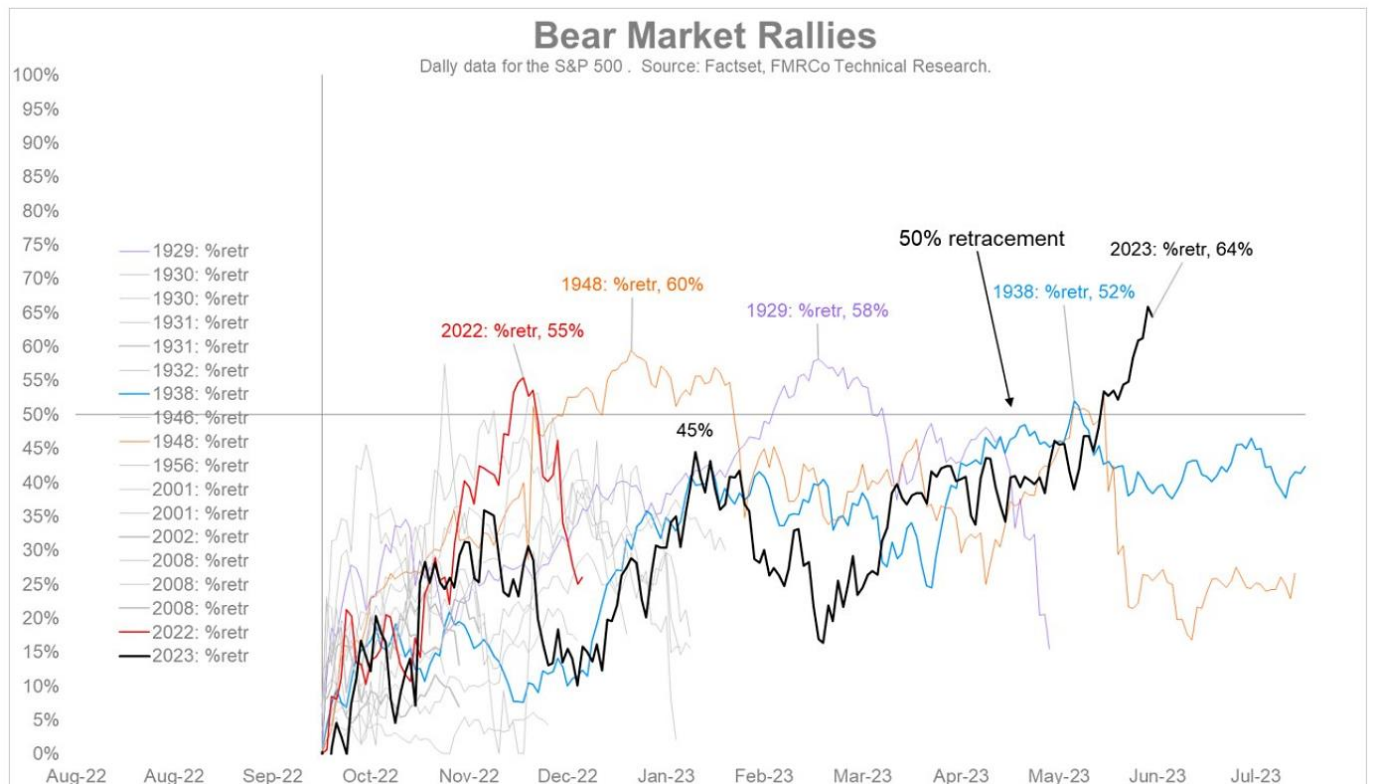


Bear Rally or New Bull?

To state the obvious, as time goes on and as the equity market bounce from 2022 goes on, it is becoming less and less likely that we are in a bear-market rally and more likely that this is the beginning of a new secular bull market. However, while the S&P 500 has rebounded by over 20% and so is now technically in bull territory, this is not evidence that the index will not return to last year's lows.

On the chart below, we take a look at each significant bear market rally since the 1920's with regard to the S&P 500. The 2022/23 rally is represented by the bold black line. The index has now retraced 64% of the 2022 decline, exceeding all previous bear market rallies over the past 100 years. Generally speaking, and as can be evidenced by the information below, most bear market rallies don't even bounce by 50% - only 4 have in the past century: 1929, 1938, 1948, and 2022. This would strongly suggest that we have indeed seen the bottom last October. While we may witness some short-term pullbacks over the next while, the data would suggest that we are in a new secular bull run and that dips should be bought.



Source: Fidelity Investments, FMRCo, Bloomberg, Haver Analytics, FactSet.