

“And the Nobel Prize winner is ...”

By Tommy Williams, CFP®

The bull market in U.S. stocks is getting really old! In fact, this bull has been charging, standing, or sitting for more than eight years. In April, it became the second longest bull market in American history, according to *CNN Money*. Please be assured, however, that bull markets do not die of old age. They die of excesses.



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There are some good reasons the stock market in the United States has continued to trend higher. For one, companies have become more profitable. During the first quarter of 2017, companies in the Standard & Poor's 500 Index reported earnings increased by 14 percent,

year-over-year. That was the highest earnings growth rate since 2011, according to *FactSet*.

In addition, the economy in the United States has been chugging along at a steady pace. CIO Charles Lieberman wrote in *Bloomberg View*:

“... U.S. economic growth is continuing at a moderate pace, an economic recovery is finally underway in Europe, inflation is under control, corporate profits are rising, and there is some prospect for tax reform and deregulation, even if whatever gets implemented is less than what is really needed. These conditions imply continued growth in corporate profits.”

The recent employment report boosted both stock and bond markets. *Financial Times* stated the report was weak enough to ease pressure on bond rates and strong enough to boost stock prices higher.

No one can say with certainty how long a bull market will last. Typically, they are interrupted by corrections – declines in value of 10 percent or more. Historically, at some point bulls turn into bears. That’s why it’s important to employ investment strategies that manage risk and preserve capital even when markets are moving higher.

Meanwhile, fresh from the annals of improbable research. Anyone who enjoys the Ig Nobel Prizes – which spur people's interest in science, medicine, and technology by making them laugh and then making them think – may like *The Annals of Improbable Research* (AIR). An enthusiastically nerdy science humor magazine, the publication offers readers the opportunity to read about new and improbable things every other month.

During its 21-year history, AIR has covered

a variety of topics, including:

- The Taxonomy of Barney. *"In February 1994, we observed on television an animal which was there identified as a dinosaur, Barney. Its behavioral characteristics suggested that it was dissimilar to the diverse dinosaurian faunas that are so well documented... To test the hypothesis that Barney is a reptile descended from the true dinosaurs, we went into the field in order to capture and study a living specimen. This we accomplished with remarkable ease, as Barney was advertised to be appearing at a local shopping mall."*
- *"Which weighs more – a pound of lead or a pound of feathers?"* The seemingly naive answer to the familiar riddle is the pound of lead. The correct answer, of course, is that they weigh the same amount. We investigated whether the naive answer to the riddle might have a basis in perception. When blindfolded participants hefted a pound of lead and a pound of feathers each contained in boxes of identical size, shape,

and mass, they reported that the box containing the pound of lead felt heavier at a level above chance. Lurking beneath the unusual is some potentially useful scientific research.

Meanwhile, back on planet earth – a couple of things: 1) Speaking of Nobel prizes, if you have not seen Bob Dylan's acceptance speech of a real Nobel Prize in Literature, you should. 2) Your query for the week: What is it about your current wealth plan or strategy that you would like to improve, develop, or change?

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