

# The Bull Market Cycle: Investment Lessons and the Wall of Worry

Stephanie McElheny, CFP®, EA, CMSA®, CHSNC™, PFPST™, CFC™ | President of Financial Planning & Wealth Advisor

April 27, 2026

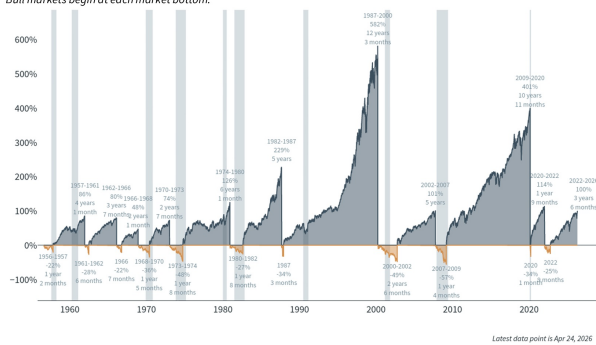
It has now been more than three-and-a-half years since the bull market began in October 2022. At that time, inflation was rising at its fastest pace in fifty years, the Fed was hiking interest rates, and ChatGPT was still a month away from being released to the public. Since then, the S&P 500 has more than doubled in value and the Bloomberg U.S. Aggregate Bond index has fully recovered.

Although the world has changed since then, the fact that there are market concerns in the headlines has not. Each cycle brings new challenges and questions about whether the tried-and-true rules of investing are still relevant. The reality is that each cycle is unique, with catalysts, innovations, and sources of uncertainty that are never quite the same. And yet, the underlying principles of investing and financial planning have remained consistent across decades, and have continued to point investors in the right direction this year.

## **Bull markets climb a wall of worry**

## Stock Market Bull and Bear Cycles

S&P 500 price index since 1956 bear market with recessions shaded.  
For the purposes of this chart, bear markets are 20% declines in price from prior peaks.  
Bull markets begin at each market bottom.



Latest data point is Apr 24, 2026

Source: Clearmatics, Standard & Poor's  
© 2026 Clearmatics, Inc.

Even though geopolitics continue to impact markets, perhaps the more important consideration for long-term investors is the overall market cycle. With the market hovering near all-time highs, it's natural for some investors to worry about market pullbacks and corrections. After all, these events can occur frequently, with the S&P 500 historically experiencing four or five pullbacks of 5% or worse each year, on average.<sup>1</sup> While they are never pleasant, long-term investing depends much more on historical patterns over years and decades. This is one reason that overreacting to market swings can be counterproductive, since it may leave investors poorly positioned in the context of their long-term financial goals.

Investors often say that the market climbs a “wall of worry” on a regular basis. Over the past several years, markets have overcome high inflation, a banking crisis in 2023, geopolitical conflicts, the possibility of a Fed policy error, AI-related market concentration, tariff-driven volatility, and much more. None of these concerns are trivial and yet, through all of them, the market has performed well.

The chart above helps to illustrate this pattern starting from World War II. Over this 70-year period, bull markets have lasted far longer and generated larger gains than what's lost in bear markets. Specifically, bear markets have typically lasted one to two years on average, whereas recent bull markets have run as long as ten years or longer. Even when market corrections occur during bull markets, the average decline is 14%, with the average recovery requiring just four months.<sup>2</sup>

For instance, the bull market cycle that followed the 2008 financial crisis lasted nearly eleven years. Despite this, it is often referred to as “the most unloved bull market” since there was a constant stream of market and economic concerns. In hindsight, it's easy to see that even when these concerns were legitimate, such as around the state of the economic recovery or the size of the national debt, they didn't justify changes to long-term portfolios.

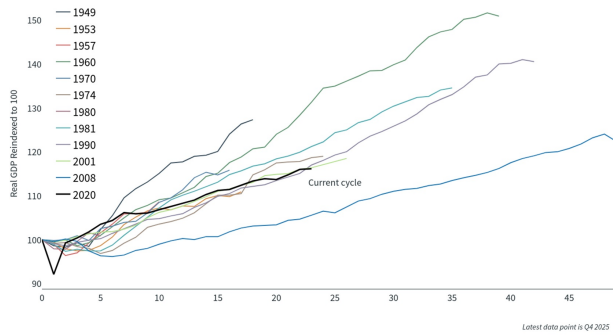
Of course, the past is no guarantee of future results, and how quickly markets rebound depends on the specific circumstances. But the historical record makes it clear that trying to react to every market move has, more often than not, caused investors to miss much of the gains that eventually followed.

### A growing economy is the foundation for long run returns



## U.S. Business Cycles

Since World War II, Relative to Prior Cycle Peak, Duration in Quarters



Sources: Clearnomics, BEA, NBER  
© 2025 Clearnomics, Inc.

While the stock market and the economy are not the same thing, they are connected. Corporate earnings drive stock prices in the long run and ultimately depend on economic growth. This is why it is important to keep an eye on the broader economic cycle, even as markets move on a day-to-day basis for many other reasons.

The current business cycle has technically been running two-and-a-half years longer than the market cycle. The last official recession, as determined by the National Bureau of Economic Research, was the brief but sharp response to the pandemic in 2020. Since then, there have been quarters of slower growth and occasional predictions about recessions, none of which have taken shape.

Today, the economy is healthy by many measures despite three key areas that investors are watching carefully. First, oil prices above \$100 per barrel, if sustained, could weigh on consumer spending and add to inflationary pressures. Second, the job market has slowed significantly, especially in areas such as technology. This raises questions about consumer spending, which has been robust over the past several years. Third, the size and scale of AI investments have raised questions about whether there is a “bubble.” This is understandable since many of today’s investors have lived through both the dot-com bust and the housing crisis.

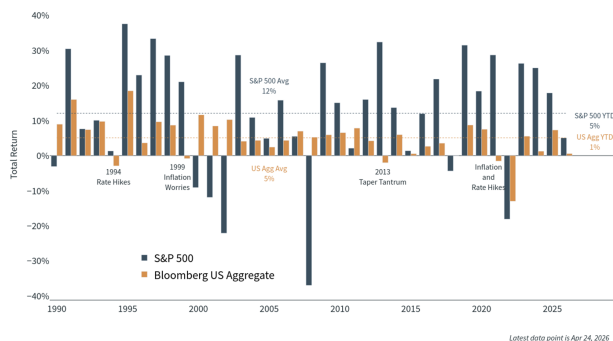
Bubbles are notoriously difficult to identify in real time, and history shows that not every period of high valuations ends in a dramatic collapse. So far in this cycle, unlike in past periods, earnings growth has supported valuations and many companies are making outsized investments out of their profits. For long-term investors, the key consideration is staying balanced across different parts of the market to benefit from growth while managing risk.

### Stocks and bonds continue to work together



## Stock and Bond Annual Returns

S&P 500 and Bloomberg U.S. Aggregate Total Returns



Sources: Clearnomics, Standard & Poor’s, Bloomberg  
© 2025 Clearnomics, Inc.

Every cycle naturally raises questions about whether traditional principles of portfolio management still apply. In 2022, when both stocks and bonds declined simultaneously due to rapidly rising inflation and interest rates, some investors wondered whether bonds still served a meaningful purpose in a diversified portfolio. This was true after the 2008 financial crisis as well, when bonds struggled due to historically low interest rates.

Over the past few years, bonds have not only recovered, but also provide meaningful income and portfolio balance. The Bloomberg U.S. Aggregate Bond Index has delivered positive returns in each of the past two years, helping to offset periods of equity volatility. International stocks and commodities have also contributed, providing

additional diversification benefits.

This pattern is consistent with what history shows across cycles. Every period seems to raise the question of whether “this time is different” when it comes to the relationship between asset classes. In the 1970s, inflation challenged traditional portfolios. In the dot-com era, technology stocks became extremely popular, despite a lack of corporate profits, making other sectors appear boring. In 2022, rising rates created simultaneous pressure on both stocks and bonds. There are echoes of all of these challenges today.

Each time, focusing on the principles of diversification and long-term investing has proven to be the right approach. As uncertainty continues and new headlines cause markets to swing, it’s more important than ever to focus on the bigger picture.

**The bottom line? More than three-and-a-half years into this bull market, the underlying principles of long-term investing remain as relevant as ever. Markets have consistently rewarded those who maintain balanced portfolios and stay focused on their long-term financial goals.**

#### **Footnotes**

1. The number of pullbacks is based on S&P 500 index price returns since 1980.
2. The average size of corrections and recovery time are calculated from S&P 500 index total returns, since World War II.

Aspen Wealth Strategies, LLC (“Aspen”) is a registered investment advisor. Advisory services are only offered to clients or prospective clients where Aspen and its representatives are properly licensed or exempt from licensure.

The information provided is for educational and informational purposes only and does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your attorney or tax advisor.

The views expressed in this commentary are subject to change based on market and other conditions. These documents may contain certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Any projections, market outlooks, or estimates are based upon certain assumptions and should not be construed as indicative of actual events that will occur.

All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

Copyright (c) 2026 Clearnomics, Inc. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on or via [www.clearnomics.com](http://www.clearnomics.com) or any affiliated websites, applications, or services are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed in this report are proprietary to Clearnomics, Inc. and constitute valuable intellectual property. All unauthorized reproduction or other use of material from Clearnomics, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Clearnomics, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Clearnomics, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

