

SECULAR STOCK MARKETS EXPLAINED

Dow Jones Industrial Average: 1900-2008

Secular stock market cycles are driven by trends in the price/earnings ratio (P/E)

Secular bull markets start after the trough of below-average P/Es

Secular bears start after the peak of above-average P/Es

Despite market declines in the 2000s, P/Es remain above average and trending lower – the potential sign of a current secular bear market

