

If The Stock Market Closes Higher This Year, It'll Do Something It's Never Done Before

By Elena Holodny
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If the stock market closes higher this year, it'll do something it's never done before.

The US stock market has been up for six consecutive calendar years — from 2009 to 2014. If it closes up in 2015 for the seventh year in a row, it'll be the first time this happens ever.

On Tuesday, DoubleLine Funds' Jeffrey Gundlach unveiled his 2015 outlook for the economy and financial markets, during which he included a chart showing that US stocks have never been up for more than 6 consecutive years in a row.

He cited the six-year stock market rally as one of the reasons for his bear-case scenario.

You can see below that the last time stocks closed up six years in a row was over 100 years ago — back in 1893 to 1903. And then the next year saw an 18% downwards price correction.

Gundlach isn't the first to suggest that the rally may not last longer. And last month, Societe Generale's Roland Kaloyan attributed his belief that stocks are going to slide in 2015 to a similar reason.

"Since 1875, we have never seen the S&P rise for seven calendar years in a row, so an eighth year would seem highly unlikely," wrote Kaloyan in a note to investors. "We assume that the S&P 500 will finish the year slightly down as the strengthening of the US dollar and the new tightening cycle offset the strong US GDP growth already priced-in at the start of the year."

The slight difference between the two is that SocGen's Kaloyan uses data for *calendar* years, while Gundlach simply cites consecutive years (without a definitive start date).

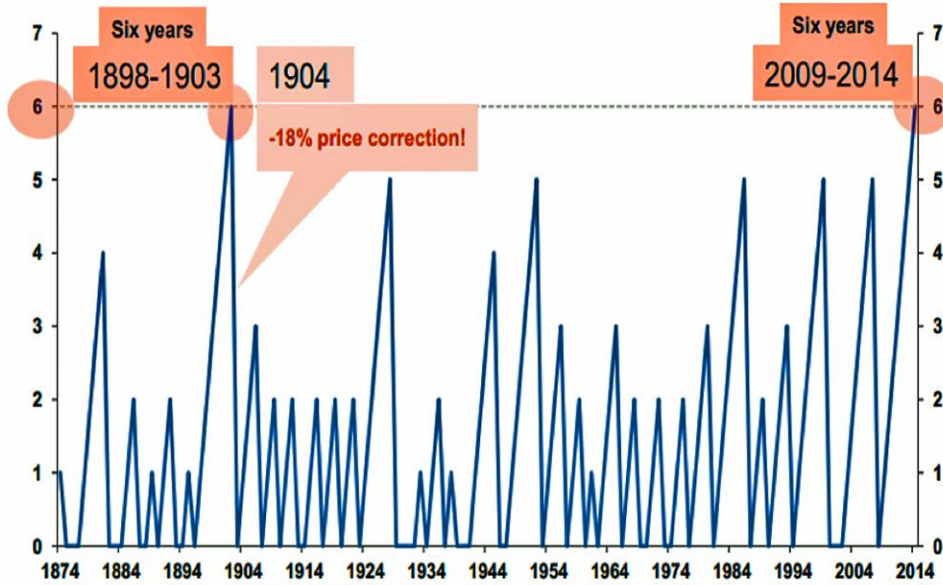
But the bottom line for both investors is pretty much the same: they're bearish on stocks in 2015 because stocks have never seen such a long rally.

Since 1871, US Equities Have Never Risen 7 Consecutive Years in a Row...

June 30, 1874 through December 31, 2014



■ Number of consecutive years of positive returns on the S&P 500



Source: Robert Shiller, Yale University <http://www.econ.yale.edu/~shiller/>