This is my fifth bear market. We'll get through it.

With stock prices down 25 percent this year, perspective is important. So is planning and some luck.

By Larry Edelman Globe Columnist, Updated October 2, 2022, 6:25 p.m.

Wall Street is hunkering down until the next bull market. And there is always another bull market. MICHAEL NAGLE/BLOOMBERG

So here we are again.

After a brief summer rally, US financial markets have resumed the painful retreat that began soon after New Year's celebrations ended.

The third quarter ended Friday with the Standard & Poor's 500 index down 25 percent for the year, its worst January-September showing since 2002. Bonds have taken their worst beating in 96 years.

Just about the only thing that's up is inflation. And that's why we are in this mess.

We've seen this bad news bear-market movie before — during the pandemic in 2020, the financial crisis in 2008-2009, the dot-com bust in 2000-2002. But as I explained back in April, this year's selloff is different.

For the first time in 40 years, inflation is out of control. The Federal Reserve can't cushion the falling market by slashing interest rates as it did in previous meltdowns.

Instead, the Fed has made clear it will continue to jack up rates until the surge in consumer prices moderates, even if that means causing a recession. By at least one measure — two consecutive quarters of negative economic growth — we are already in a recession despite near-record low unemployment.

"This is as challenging of an investment environment as any other time in history," said Matthew Miskin, co-chief investment strategist at John Hancock Investment Management in Boston.

Miskin's outlook wasn't quite as dark when we spoke in April, but the mood on Wall Street has shifted. The focus is on hunkering down until the next bull market.

And let's not forget that there is always another bull market.

"The thing with tough performance years of stocks and bonds," he said last week, "is it usually sets up better years to come."

But it takes time for bear markets to run their course. They have lasted an average of about one year since the end of World War II. As of Monday, we will be 273 days into this one. It could easily take well into 2023 before we see a turnaround.

It all depends on how long it takes the Fed to wrangle inflation, and whether it takes a recession to do so.

For now, consumer prices keep going in the wrong direction. After some signs of easing, the Fed's preferred inflation gauge climbed 4.9 percent over the year through August, after excluding volatile food and energy prices, the government reported Friday. That was a pickup from 4.7 percent in July. The central bank's longer-term target is 2 percent.

In September, Fed officials boosted their benchmark interest rate to the range of 3 to 3.25 percent, up from near-zero in March. In their latest economic projections, they said the rate could reach 4.6 percent next year. That would be the highest since 2001.

While that obviously makes borrowing money more expensive, it also provides a money-making opportunity for haggard investors. Financial advisers say that after years of super-low interest rates, yields in the range of 4 to 6 percent on municipal and investment grade corporate bonds can be attractive. A six-month Treasury bill yields 3.9 percent, up from 0.2 percent at the start of the year.

Also gaining traction are so-called defensive stocks, including health care and utilities, that tend to perform better when the economy is down and out, and companies with strong balance sheets that can ride out a recession.

At unsettling times like these, perspective is especially important.

It may seem like the market is an endless roller coaster where we never get anywhere. But that's not true.

Since I entered the workforce in 1984, the S&P 500 has returned an average of nearly 11 percent a year including dividends. My investing life has spanned five bear markets (a decline of 20 percent or more from the recent peak) and 12 corrections (a drop of at least 10 percent), including four that came within a millimeter of qualifying as a bear market.

For long-term investors, it's an article of faith (from the Gospel according to Warren Buffett) that during market downdrafts you stay the course and pick up some good companies at bargain prices.

"There are still not too many places to hide," said Howard Needle, a portfolio manager at Wellesley Asset Management and another of the investors I interviewed in April when the prices for stocks, bonds, crypto — everything, really — were getting pummeled.

"Having said that, prices of everything are much lower than they were four or five months ago," he said.

A chance to "buy stuff cheap," as Needle put it, can be rewarding, but steadily appreciating markets are better.

You know what else is important? Having a plan.

For savers with 20 or 30 years or even longer until retirement, there will be plenty of opportunities to recoup this year's losses. Don't throw your investment plan overboard in the middle of the storm.

To be sure, it's a lot harder to be sanguine for folks getting close to the day when they have to start withdrawing from their retirement accounts.

"There's no sugar-coating it from a timing standpoint," said Austin Litvak, director of investment research at O'Brien Wealth Partners in Boston.

Litvak repeated what he'd told me in April: It's important to put a financial plan in place well before the markets go south.

"If you haven't, it's never too late to start to build one," he said. But the longer you wait, the less flexibility you might have "to retire on the timeline you were hoping for."

Meanwhile, market pros and amateur investors alike are being punished, with $12.6 trillion in market value disappearing since the start of the year, based on the Wilshire 5000 index.

The outlook for corporate earnings is the main driver of the stock market. Slow or no economic growth doesn't bode well for profits, and inflation eats away at the present value of future earnings.

Unless you went all in on energy stocks — which took off along with the surge in oil and gas prices that helped set a fire under inflation — you are almost certainly staring at double-digit losses on your brokerage statements and retirement account summaries.

Those big-name tech companies that everyone piled into because of their fantastic profit prospects? Clobbered.

Meta, the parent of Facebook, has tumbled nearly 60 percent this year. Netflix. Amazon, and Alphabet, the parent of Google, have lost about one-third of their value. Apple is the "outperformer" with a loss of 22 percent.

Pick a sector other than energy — financials, consumer staples, industrials, real estate, health care — they are all in the red this year. Just 71 stocks in the S&P 500 are in the black.

Corporate and government bonds also continued to get drubbed. That's to be expected when interest rates are climbing and investors sell older bonds to lock in better yields on newer issues.

But in the past stocks and bonds didn't usually crater at the same time. So the "downside" protection that bonds typically offer when stocks sell off has mostly evaporated, deepening losses.

In the spring, there was more optimism among investors and economists that the Fed could engineer a soft landing — choking off inflation without croaking the economy. That led to the summer relief rally — until Fed chair Jerome Powell lowered the boom during an August speech at a central bankers' conference in Jackson Hole, Wyo.

"Restoring price stability will likely require maintaining a restrictive policy stance for some time," Powell said. "The historical record cautions strongly against prematurely loosening policy."

That wiped away any hope that inflation was peaking and the Fed could soon pause raising rates.

Now nearly everyone believes a hard landing is the most likely scenario.

So here we are again. Hold tight. Stick with your plan. And with time — and some luck — we'll get through it.

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