

S&P 500 Sets More Than 50 New Highs in 2024

Services
Investment Management

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The past two years have been remarkable for investors, with the S&P 500 posting back-to-back gains of over +20%. The chart below takes a closer look at 2024’s price movement and uses yellow shading to mark the days when it closed at an all-time high. At the start of this year, the S&P 500’s previous all-time high was set in January 2022. It took over two years to reclaim the prior high, but once the index broke through in late January 2024, it set more than 50 new highs this year.

The stock market’s steady climb this year speaks to investors’ growing confidence. Investors are optimistic about the artificial intelligence industry’s growth potential. The economy has outperformed expectations driven by robust consumer spending, growing at an above-trend rate in Q2 and Q3 despite high interest rates. After the November election, the stock market rally intensified as investors focused on the incoming administration’s policy agenda. Expectations for tax cuts, deregulation, and energy production are fueling hopes for stronger economic growth. The bond market echoes the confidence in equity markets, and corporate high-yield credit spreads are at levels not seen since May 2007.

The question on many minds is whether the momentum can continue in 2025. The S&P 500 currently trades at over 22x its next 12-month earnings estimate, a level not seen outside of periods of the late-1990s tech bubble and the post-COVID recovery. Investors have shown a willingness to pay higher multiples, but with valuations at extremes, earnings will play an important role in determining the stock market’s next move. The current bull market, which started in October 2022, is now in its third year, and it’s common to see investors shift focus to fundamentals as the bull market matures. 2025 is shaping up to be a year where companies will need to deliver on investors’ expectations to justify their high prices.

FIGURE 1 – S&P 500 Performance in 2024



Source: S&P Global. Data from January 1st 2024 to December 12th 2024.

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The Russell 2000 index measures the performance of approximately 2,000 small-cap US equities.

The MSCI EAFE Index is a stock market index that measures the performance of large- and mid-cap companies across 21 developed markets countries around the world. Canada and the USA are not included.

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The Nasdaq 100 Index is a stock index of the 100 largest companies by modified market capitalization trading on Nasdaq exchanges.

The Russell 1000 Growth index is an index that tracks large cap, growth stocks. This benchmark is important for investors that might tilt their investments towards large cap growth. Growth stocks, in comparison to value stocks, are considered companies with a more growth potential, and a higher risk profile.

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The Magnificent 7 is a group of major tech companies with stock growth that, on average, far outpaced the high-performing S&P 500® in recent years.

Coined in 2023, the group consists of Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

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The Bloomberg US Aggregate Bond Index is used as a benchmark for investment grade bonds within

the United States. This index is important as a benchmark for someone wanting to track their fixed income asset allocation.

The Bloomberg US Corporate Index covers performance for United States corporate bonds. This index serves as an important benchmark for portfolios that include exposure to investment grade corporate bonds.

The Bloomberg US Corporate High Yield Index covers performance for United States high yield corporate bonds. This index serves as an important benchmark for portfolios that include exposure to riskier corporate bonds that might not necessarily be investment grade.

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The Prime Rate is the interest rate that commercial banks charge their most creditworthy corporate customers. The prime rate is derived from the federal funds rate, usually using fed funds + 3 as the formula.