Chart of the Month | December 2024

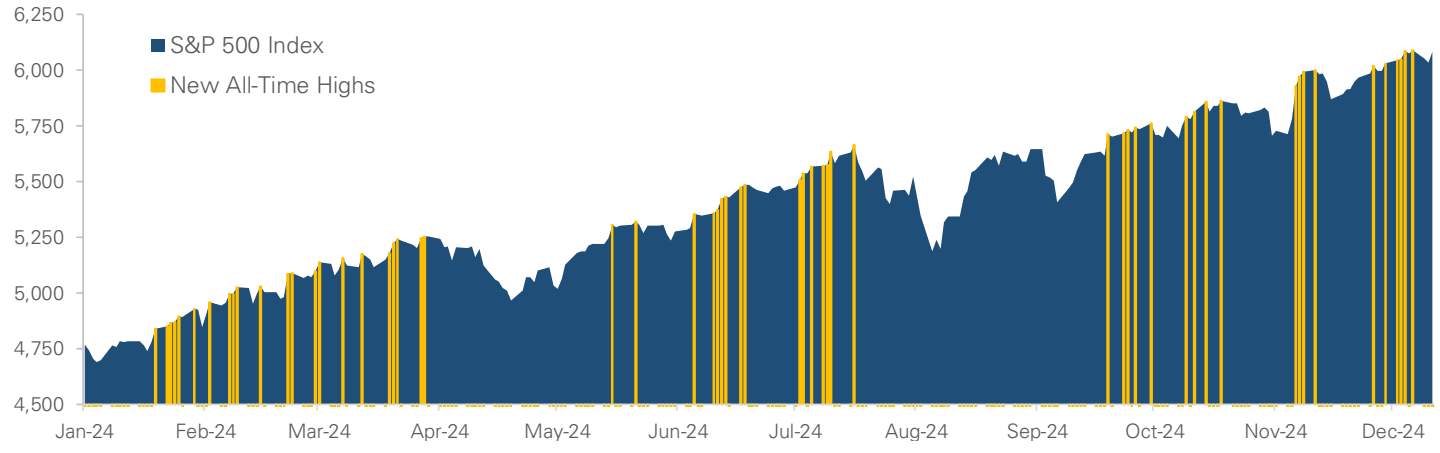
S&P 500 Sets More Than 50 New Highs in 2024

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 list of all-time highs illustrates the current bull market's strength and persistence and could grow by year-end. Large-cap technology stocks, such as Nvidia, Meta, Amazon, and Tesla, have posted strong returns and played a major role in driving the index's gains. The S&P 500's record-setting performance is part of a broader cross-asset rally that has lifted stocks, bonds, and commodities.

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 like the late-1990s tech boom and the post-COVID recovery. Investors have shown a willingness to pay higher multiples, but with valuations at extremes, earnings could 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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