

## Client's Corner

# This Just In: The End of the World Has Been Inexplicably Postponed. Again.

**IT WAS INEVITABLE. AND WHEN THE S&P 500 SURMOUNTED** 4,400 (up from a low of around 3,600 barely eight months earlier), one knew it couldn't be more than a few days away. Sure enough, in the third week of June, Bloomberg became the first financial "news" outlet to post a headline referring to—and I quote—"this gravity-defying bull market."

This from financial media which it seems only yesterday were proclaiming the imminence of either (a) an economic recession, (b) intractable inflation, (c) a collapse in corporate earnings, (d) a U.S. default over the debt limit, (e) the dollar turning into toilet tissue, (f) a banking crisis on the scale of 2008-09, (g) a crash to new lows in the stock market, or (h) all of the above. Now—and quite suddenly—we are to understand that not only is a new bull market in full force and effect, but that it has *already* soared to "gravity-defying" heights.

Yes, friends, it's official: the end of economic life on the planet has again been inexplicably postponed.

(Did you happen to get frightened out of even your core high-quality equity investments some time in the last year or so, as financial journalism's trademark catastrophism became progressively more apocalyptic? Gee, that's too bad. Just out of curiosity: what's your plan now?)

Well, look on the bright side. Because *if but only if you let it*, the experience of the last year and a half can inform your long-term investment outlook in a way that may stand you in good stead for the rest of your investing lifetime. What's more, if you learn it now—once and for all—you never have to learn it again.

Just before we get to formulating that lesson, let's check back in on the apparent current status of the allegedly existential crises that stalked the economy and the markets over the last year and a half.

• **Recession:** Might still be coming, of course, because monetary tightening often works on a long lag. But so far, the economy seems more resilient than the consensus was giving it credit for just a short while ago.

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- **The Fed:** Says it's not done tightening yet, but getting a lot closer.
- **Inflation:** Still has a long way to go to meet the Fed's 2% target, but has moderated considerably.
- **Earnings:** Down a bit in the first half of this year, but again less than the consensus expected. A 2024 earnings recovery of some substance now being gingerly forecast.
- **Default:** Didn't happen.
- **Dollar:** About where it was a year ago; no significant weakness just yet.
- **Banking:** Seems to have stabilized; no contagion so far, anyway.

And the lesson? Well, I suppose there are any number of ways to sum it up. My preferred way (and I wouldn't know how I'd go about demonstrating this to you statistically, yet all my experience says it's true) is just to observe that investors who look at crisis and say "This too shall pass" have historically tended to be more right more often than those who say "This time it's different" and head for the exits.

The end of the world has a funny way of getting postponed. That it just did so yet again is, to me, another significant piece of the lesson.

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