



New Highs. Now What?

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We're all reading headlines telling us that the stock market has reached all-time highs, something that never happened in 2023. Many investors who have a worrisome mindset will think that means that there's a high likelihood that we'll see a downturn in the near future. The markets have nowhere to go but down from here, right?

There's a kind of logic to this assumption, but history says that it's actually wrong. Since 1973 (the modern stock market), the markets have achieved an average 10.1% positive return over the 12 months following an all-time high, which is higher than the average 12-month return from any random day during that time period (+9.5%). Going back further, for shorter time frames, since 1950, 80% of record highs have led to at least one more record high the following week, and the markets generally hit a new all-time high (again, on average) every 19 days.

If you go back 60 years (since 1964) the average one, two and three-year returns after a record high are 12%, 23%, and 39% (these are aggregate, not annual returns), which is surprisingly close to the 12%, 25% and 38% average aggregate returns for all other one-, two- and three-year time periods.

This is not to say that the markets will not or cannot go down from here; they can, and they might. But the most consistent thing about the markets is that no matter where you start, the overall long-term trend has been positive, and all-time highs are, perhaps surprisingly, no exception.

Sources:

<https://ca.finance.yahoo.com/news/stock-market-history-shows-record-highs-arent-a-bad-time-to-buy-103029686.html>

<https://www.fxstreet.com/news/sp-500-index-returns-following-record-highs-are-positive-ubs-202401301450>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.



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