



(UBS)

# 'Twas the night before Christmas

19 December 2024, 3:48 pm CET, written by UBS Editorial Team US Editorial Team

**'Twas the night before Christmas, and for many years running,  
I've recapped the prior twelve months, steeped with metered punning.  
'24 has been a blast, the market kept climbing,  
So here we go again, a look back in my rhyming.**

We started off January with the wind at our back,  
Near the end of '23, inflation started to crack.  
Jobs were still abundant, a robust backdrop for stocks,  
An economic cocktail that we call goldilocks.

But in the first quarter, the CPI surprised,  
Fewer rate cuts are coming, some experts advised.  
With interest rates higher, bond portfolios retreated,  
Perhaps inflation wasn't entirely defeated.

As earnings unfolded, optimism returned,  
Semiconductor sales surged; tech gains were well earned.  
Corporate profits were rising, which was reassuring,  
Spending on AI chips appeared to be enduring.

Springtime ushered in a 5% correction,  
Some highflyers sunk upon further reflection.  
But stock market downturns seem to get shorter and shorter,  
When Nvidia prints blow-out earnings in the quarter.

The US economy remained bifurcated,  
High prices kept the working class fairly deflated.  
But even as the masses were still feeling a pinch,  
Two grand for a concert? Swifties didn't even flinch.

The end of June brought us the first great debate,  
Trump versus Biden, the country couldn't wait.  
Then Joe labored, and after thinking it over for a few,  
He decided to withdraw and let Kamala start anew.

The Magnificent Seven - a group of tech giants,  
Pushed the S&P higher, pleasing many clients.  
How high can they climb? It's not yet clear how this run ends.  
But their dominance grows as the bull market ascends.

As indices lean more on these mega-caps might,  
Diversification qualities fade from sight.  
While their fundamentals remain robust and sound,  
Flashbacks of past bubbles continue to abound.

In the third quarter, market breadth started to improve.  
Industrial and financial stocks were on the move.  
Tech stocks lagged after CrowdStrike's outage gaffe,  
Shares of Super Micro were cut in half.

Volatility spiked when Japan dealt us a blow,  
Signaling that real interest rates would remain quite low.  
The so-called "yen carry trade" began to unwind,  
For a few days in August, stocks quickly declined.

The Fed promptly captivated investor attention,  
A 50-basis-point cut without any dissension.  
Investors cheered, bull markets get back on track,  
When earnings are up and the Fed's got your back.

In November, the voters used their voice,  
And made their decision, Trump was the choice.  
Equities ripped higher, initially led by the banks.  
For the prospects of lower taxes, investors gave thanks.

So many storylines, from RFK to Musk,  
I could keep writing more stanzas from dawn to dusk.  
But if there's one thing to remember from 2024,  
It's the 50-plus daily record highs, who could ask for more?

To wrap this poem up, I'll pay tribute to a man,  
Who penned astute market comments here for a span.  
Arthur Cashin was a true legend, may he rest sweetly up above,  
As he reminds us "never, ever forget to kiss someone you love."

Happy Holidays!

**Jeremy Zirin**, CFA, Head of the Private Client US Equity Team  
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