

## Macro Roundup Article

**Headline:** [The Lion in Winter](#)

**Article Link:** <https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/insights/eye-on-the-market/the-lion-in-winter-amv.pdf>

Author(s)	Michael Cembalest
Publication	J.P. Morgan
Publication Date	July 23, 2024

**Tweet:** Small-cap stocks are at their cheapest level in decades. Michael Cembalest argues "If Trump raises tariffs and ratchets up antitrust enforcement of large-cap tech stocks, that could be a small cap relative value catalyst."

**Summary:** Since 2010, small cap has been one of the big three underperforming portfolio strategies alongside large cap value vs growth and non-US stocks vs the US. All three out of favor strategies are at their cheapest levels in 20 years, but for good reason: weaker earnings growth than US large cap growth. Some observers believe that underperformance of US small cap vs large cap is due to companies staying private for longer periods of time, after which they go public as mid or large companies instead of small cap. We find some evidence for this line of reasoning as it relates to tech stocks. Median time-to-IPO for tech stocks rose from ~8 years before 2009 to ~12 years in 2021, after which IPO activity declined sharply in 2022/2023.

**Related Articles:** The Quality of New Entrants and The Transition to a Higher Cost of Capital and Long-Term Shareholder Returns: Evidence From 64,000 Global Stocks

**Primary Topic:** Financial Markets

**Topics:** Financial Markets, GDP, Op-Ed/Blog Post

**Permalink:** <https://www.edwardconard.com/macro-roundup/small-cap-stocks-are-at-their-cheapest-level-in-decades-michael-cembalest-argues-if-trump-raises-tariffs-and-ratchets-up-antitrust-enforcement-of-large-cap-tech-stocks-that-could-be-a-small-cap-re?view=detail>

**Featured Image Link:** <https://www.edwardconard.com/wp-content/uploads/2024/07/22477-the-lion-in-winter-featured-thumbnail-image.png>