Midyear Market Outlook: Why It's a Great Time to Be a Multi-Asset Investor

We believe that opportunity awaits for long-term, patient investors.

Danny Noonan • Jul 17, 2024

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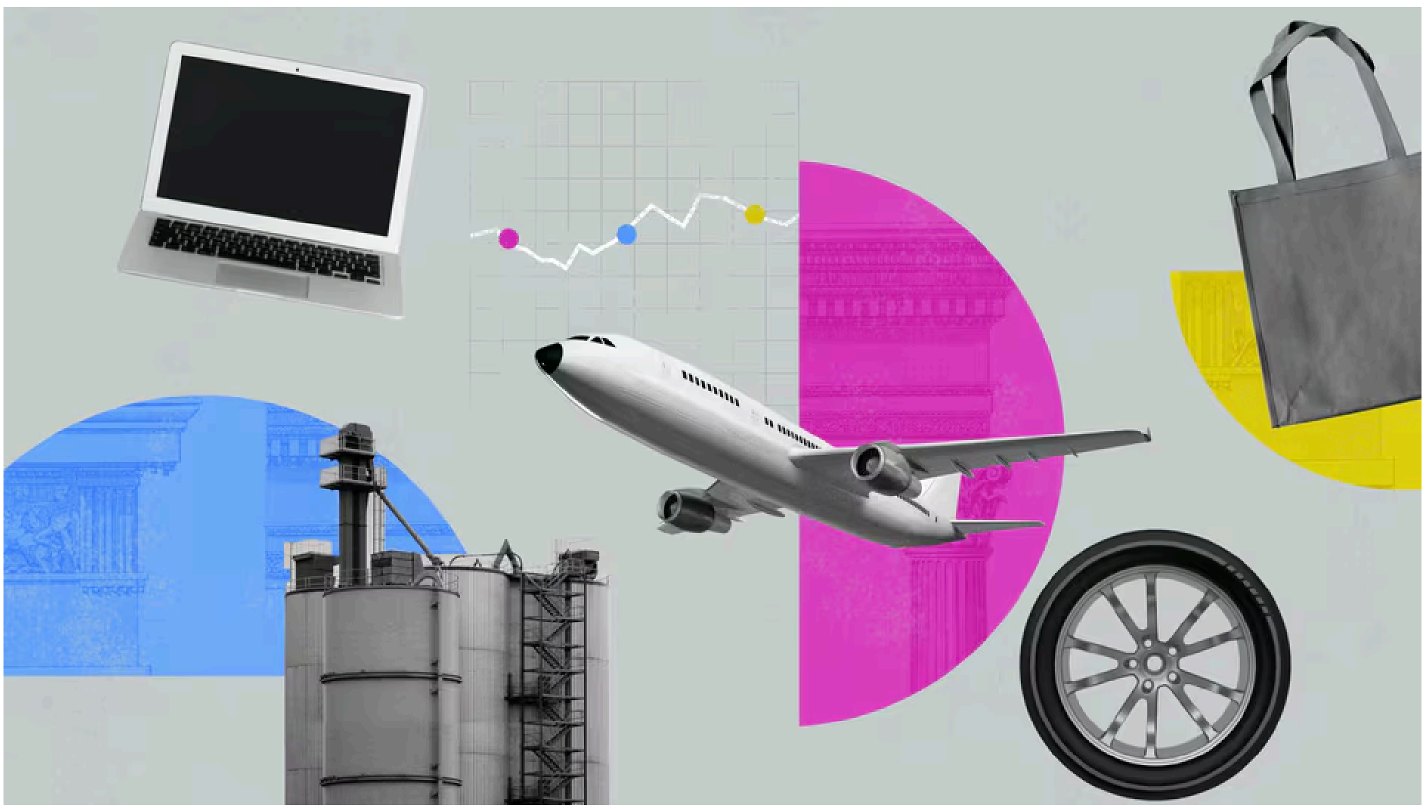

Securities In This Article

NVIDIA Corp (NVDA)

Banking firm Evercore had the lowest price target for the S&P 500 among all Wall Street strategists entering the year. Following a 15% rise in the first half of the year, Evercore raised its S&P 500 forecast to 6,000, suggesting double-digit gains by year-end.

By raising its forecast, Evercore shifted from having the lowest to the highest price target among equity strategists tracked by Bloomberg. Meanwhile, J.P. Morgan holds the lowest price target at 4,200, which would require a decline of more than 20% to be reached.

To recap, the most bearish equity strategist is now the most bullish, and the world's largest bank has a strategist calling for a bear market.

Welcome to the show! Drama is not a genre specific to Hollywood.

Short-term market forecasting is a funny business. There's an audience for it. But in many instances, these forecasts are about as valuable as the paper they're printed on.

Why? Anything is possible over the short term. Markets are unpredictable.

Morningstar Wealth's midyear outlook factors this in as we consider what lies ahead. We don't offer price targets or promises, as it's impossible to predict with any certainty what happens between now and Dec. 31.

But there are opportunities, which our outlook explores in detail. We acknowledge, however, that some of the themes we explore might take longer than six months to manifest.

That's a foundational pillar of our investment philosophy: thinking in probabilities rather than certainties. A major benefit of this philosophy is that certainty is not required, which means you don't end up chasing the guesses of short-term forecast of others.

From our midyear outlook, here are some of the key messages:

- Stocks have been on a great run since the fall of 2022, and there's reason to believe that may continue.
- While Nvidia NVDA is becoming its own asset class, the intense focus on US stock market concentration may overshadow opportunities for diversification in other large-cap sectors, as well as small caps and non-US stocks.
- The increase in yields—while painful for bond owners—should provide a cushion going forward. And while many investors may be tempted to capitulate on fixed income, ample evidence suggests that this may not be a wise decision.

In short, it's a great time to be a multi-asset investor. Despite concerns around election volatility and other uncertainties, we believe that opportunity awaits for long-term, patient investors.

All this and more was discussed on the most recent podcast episode of *Simple, but Not Easy*, which can be accessed here.

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