

Back To Back 20 Percent Gains: What's Next?

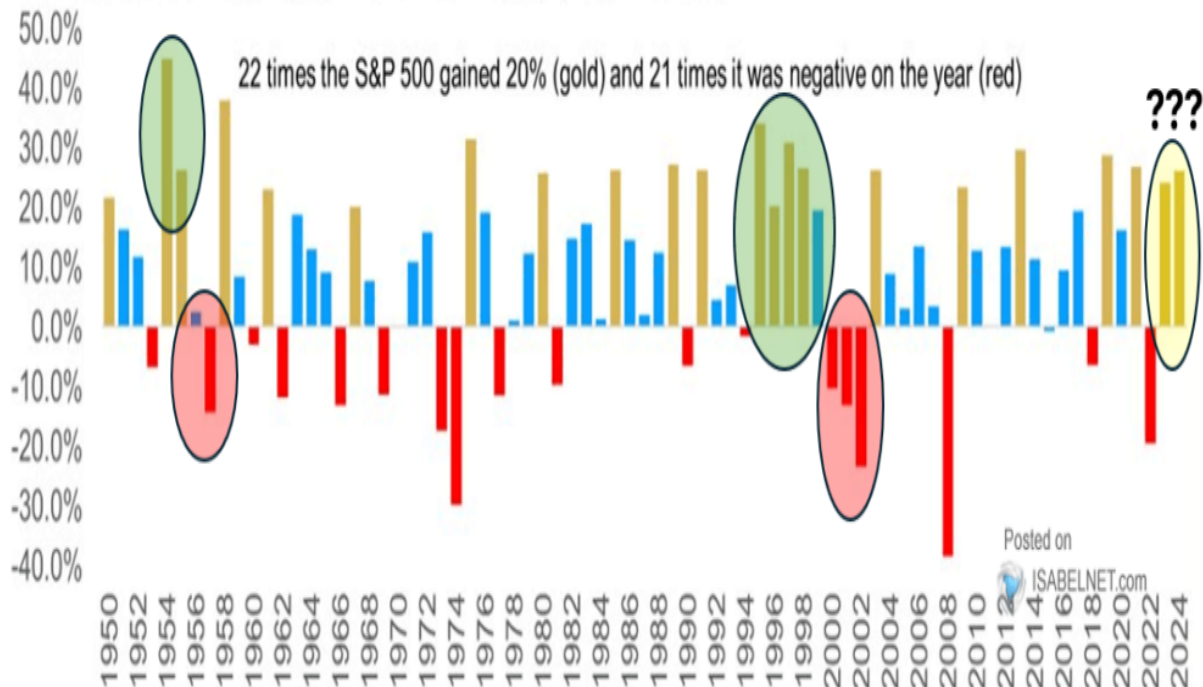
While 20% gains in the S&P 500 are not uncommon, as circled below, back-to-back 20% gains have only occurred three times since 1950. The most recent back to back 20%+ gain was 2023 and 2024. Accordingly, given the rare performance of the last two years, let's look back and see what history teaches us.

The first back-to-back 20%+ gains in the last 75 years occurred in the mid-1950s. These two years were followed by a flat year and a double-digit drawdown the year after. The second episode, 1995-1999, featured four consecutive years of 20%+ returns, followed by one year (1999) that fell just short of 20%. This was the dot.com boom, and following the gains were significant losses. However, the experience raises an important lesson. No rule says back to back 20%+ gains have to be followed by losses. But, the likelihood of a flat or weak performance is certainly on the table.

The bottom line is to trade with caution in 2025, but understand that rich valuations can always get richer before correcting.

Large Gains Tend To Happen More Than You Expect

S&P 500 Gains Of 20% Happen More Than Losses (1950 - Current)



Source: Carson Investment Research, YCharts 12/26/2024 (1950 - Current)

@ryandetrick



Earnings

- *No earnings releases today*

Economy

Thursday January 02 2025			Actual	Previous	Consensus	Forecast		
06:00 AM	 US	MBA 30-Year Mortgage Rate DEC/27		6.75%				
06:00 AM	 US	MBA Mortgage Applications DEC/27		-0.7%				
06:00 AM	 US	MBA Mortgage Market Index DEC/27		224.0				
06:00 AM	 US	MBA Mortgage Refinance Index DEC/27		617.5				
06:00 AM	 US	MBA Purchase Index DEC/27		157.1				
07:30 AM	 US	Initial Jobless Claims DEC/28		219K	224K	222.0K		
07:30 AM	 US	Continuing Jobless Claims DEC/21		1910K		1890.0K		
07:30 AM	 US	Jobless Claims 4-week Average DEC/28		226.5K				
08:45 AM	 US	S&P Global Manufacturing PMI Final DEC		49.7	48.3	48.3		
09:00 AM	 US	Construction Spending MoM NOV		0.4%	0.3%	0.4%		

Market Trading Update

We all at RIA Advisors wish you and your families a very happy and prosperous New Year.

In [our last update](#), we discussed the market's recent weakness. That weakness, notably in the overall breadth of the market and declining momentum, has led to a rather weak year-end performance. However, the market ended the year nicely with a second consecutive year of 20% plus gains. As noted above, while such back-to-back years have previously occurred, it is somewhat of a rarity.

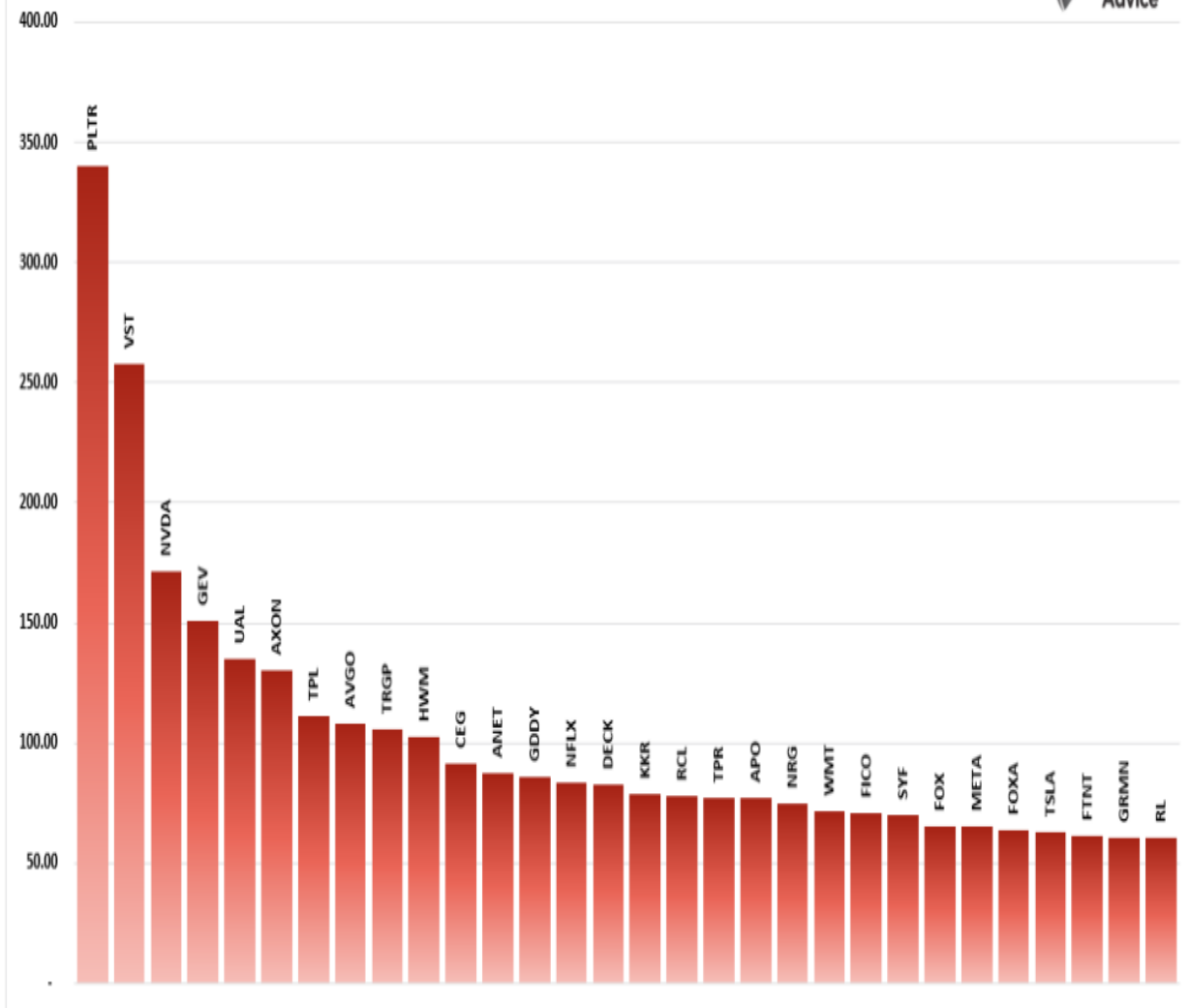


Overall, it was a year driven by the *mega-capitalization* companies in technology and the giants in Communications, Staples, Discretionary, and Finance.

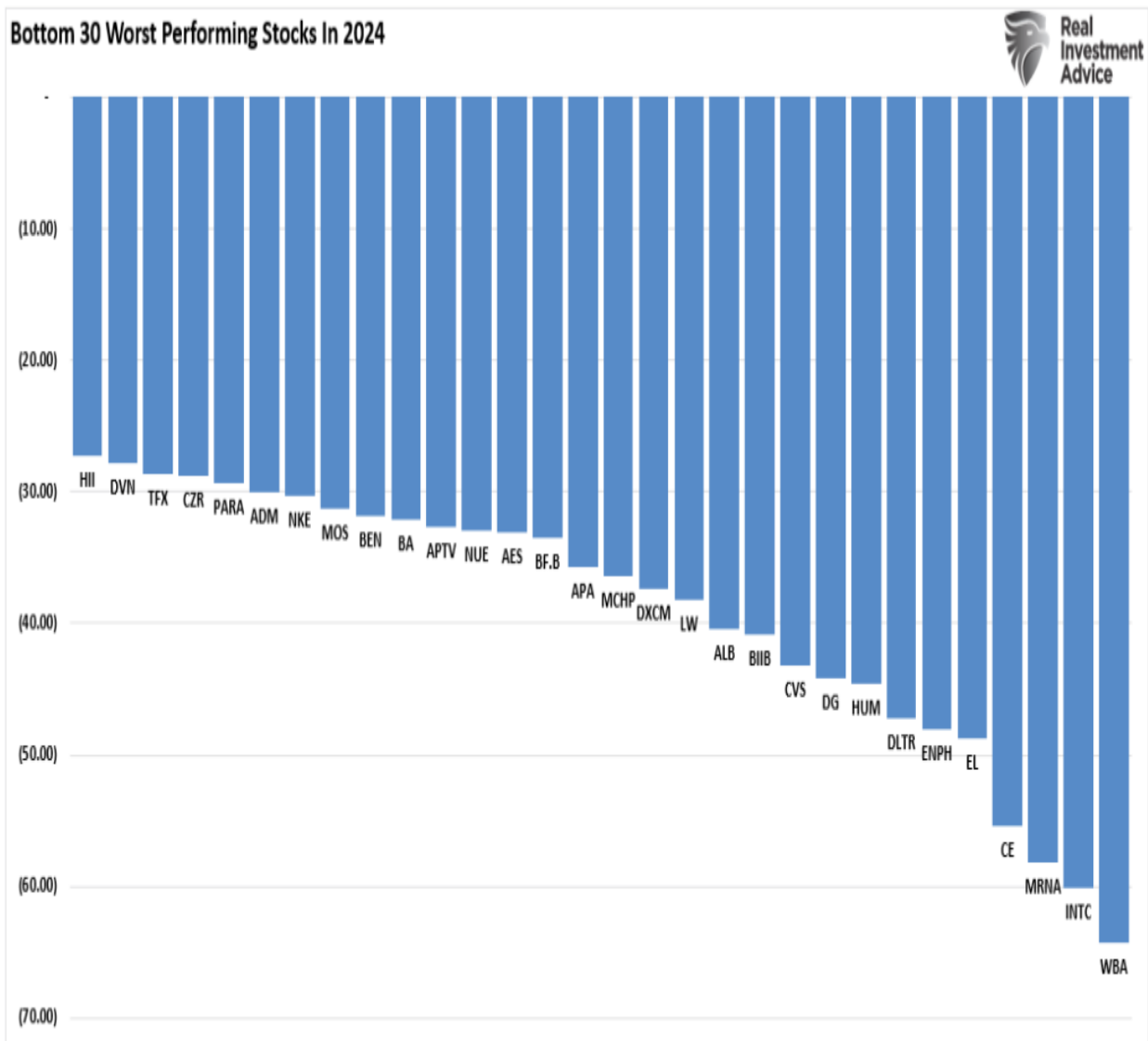


However, while there was much talk about Nvidia and Tesla, the real winners last year may surprise some. Palantir (PLTR) was the clear winner with a more than 300% gain.

Top 30 Best Performing Stocks In 2024



However, last year also saw quite a few losers, with Waltgreen?s coming in dead last with a nearly 70% decline.



What will 2025 hold? I have no idea. However, it would be unsurprising for the market to look very different by this time next year. As is often the case, investors tend to chase last year's best performers to only find out that what worked last year may see quite a different outcome this year.

Trade accordingly, and may you have much success with your investing in 2025.



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The most important things you need to know about the markets.

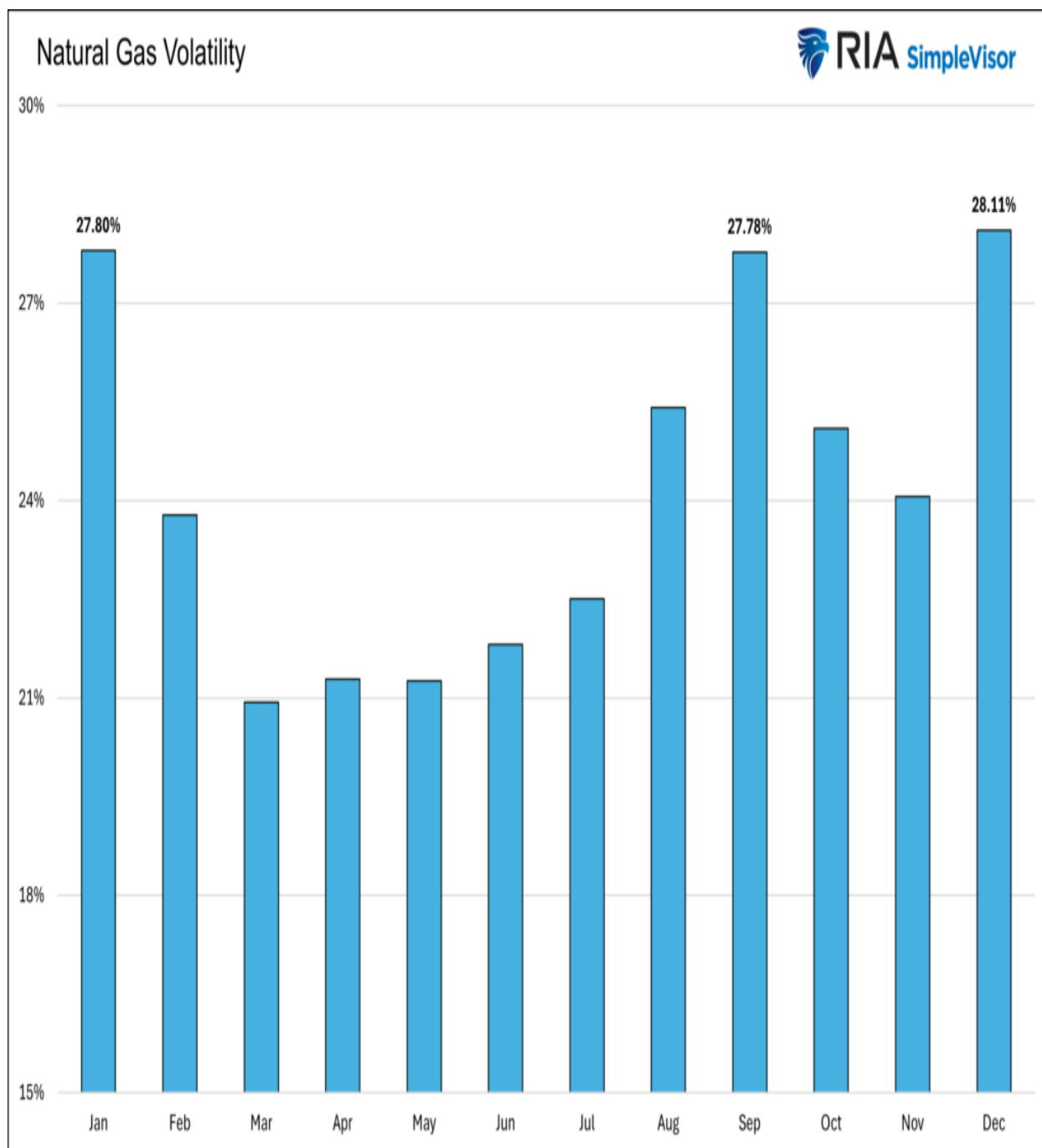
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Natural Gas Volatility

The price of natural gas rose by nearly 50% in December as the nation entered winter heating season. Volatility is nothing new for natural gas. It is one of the more unpredictable commodities, as temperature fluctuations significantly influence demand. The graph below shows the average price range by month since 1990. December and January boast the two largest ranges.

Surprisingly, February is slightly below average. September, followed by August and October, are next in line with the most extensive ranges. Hurricanes, especially those in the Gulf of Mexico, are mainly responsible. Heat waves can undoubtedly have an effect, but as shown, July is often extremely hot but typically lacks significant hurricanes. It is not relatively as volatile as the following

three months.



Investment Strategies For Building Wealth

Building wealth through investing requires a clear understanding of foundational principles and a disciplined approach to asset allocation. Whether you're new to investing or looking to refine your strategy, this guide explores [key investment strategies](#) for wealth creation, offering insights on diversification, risk tolerance, and how to build a portfolio that aligns with your goals.

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New Year's eve is for embracing the future with open arms. It's also a perfect time to share well-wishes, spread positivity, and remind ourselves of the importance of gratitude, kindness, and connection. I send heartfelt wishes for a 2025 full of positivity and joy.



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