

## S&P 500 At New All-Time Highs! Reasons to be Optimistic

You do not need to be an economist to sense that many people remain pessimistic and cautious about the economic outlook. But meanwhile, equity indices like the S&P 500 have reached new all-time highs. And with each fresh record, a new chorus begins: 'this must be the top', or 'a crash is coming around the corner'.

It is a natural fear. After all, we have been taught that markets are cyclical. A rising chart inspires greed in some, but dread in many, the dread of being caught high up when the floor gives way.

And yet, there are times when the world is not quite so neatly cyclical. Times when the rules bend. We may be living through such a time now.

Corporate earnings remain strong. For all the hand wringing about inflation and interest rates, the bedrock of the stock market, profits, continue to grow. Companies are not merely treading water. They are expanding, innovating, and in many cases, thriving. Analysts in recent months have quietly raised their forecasts. Not because of hype, but because the data compelled them to.

Recession, for now, has failed to arrive. For two years, headlines warned of a looming US downturn. Yet here we are with employment remaining high. Consumers, though cautious, continue to spend. Planes are full and restaurants are fully booked. The pessimists have not yet been proved right and in economics timing is everything.

The reintroduction of trade barriers by the US would have once spelled real trouble for global markets. But corporations today are nimbler. Supply chains are more diversified and trade is not only between two giants now, but across a web of nations. Tariffs may reduce growth slightly, but they have not had a major impact yet.

We are also living through a surge in productivity led by technology. AI is doing what the best technologies always do: helping people do more with less.

Customer service, logistics, design, medicine, all are being touched, and changed, by intelligent software. In call centres, in factories, in law firms and hospitals, AI is cutting waste and saving time. That means more output for every hour worked. And in the long run, productivity is what makes an economy richer.

This is not dot-com hysteria or a crypto fever-dream. This is concrete and visible and already underway and it supports not just the tech sector, but the entire economic pyramid that sits atop it.

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A thousand data points can tell us what happened yesterday, but investing is about the future. And if we strip away the noise, the picture becomes clear. Companies are doing well, the economy is holding firm, and new technology is making us more productive.

It is easy to sit on the sidelines, to wait for the perfect moment to invest. But in truth, markets reward participation, not perfection. They reward those who plant seeds and wait, not those who stare at the clouds.

The world is not ending. In fact, it may be getting much better, and that is good for investors.

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