

# Cash Flow and Carey



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8/29/23

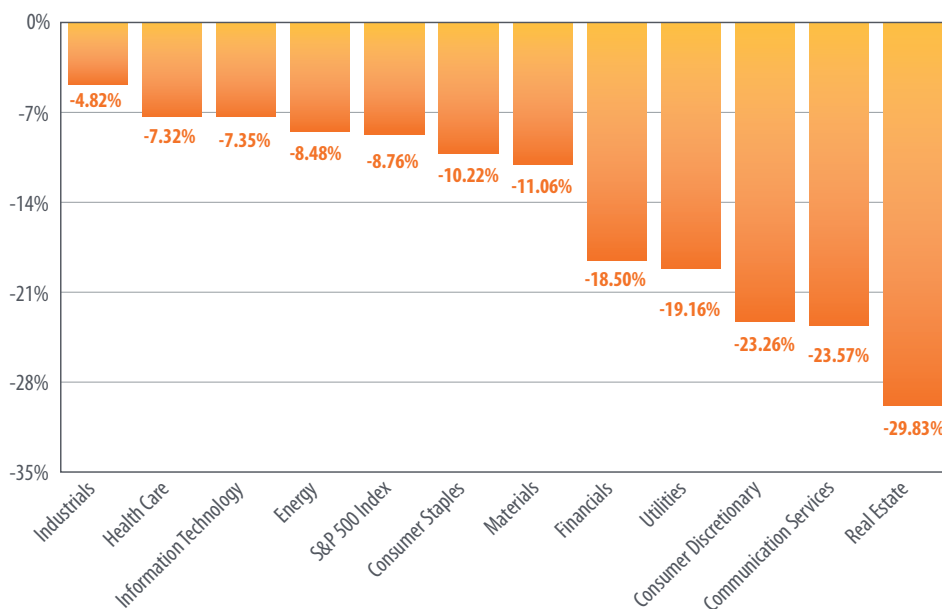


This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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## S&P 500 Stock Prices Relative To Their All-Time Highs

**S&P 500 Index Sectors** (Average Stock % From All-Time High)



Source: Bloomberg. As of 8/24/23. Past Performance is no guarantee of future results.

### View from the Observation Deck

Driven by enthusiasm over recent developments in Artificial Intelligence, the S&P 500 Index ("Index") posted a total return of 15.19% year-to-date (YTD) through 8/24/23. Seven of the eleven sectors that comprise the Index are positive YTD over the same period. That said, the Index closed at 4,376.31 on 8/24/23, 8.76% below its all-time high of 4,796.56 set on 1/3/22. This piqued our curiosity. Where do each of the eleven sectors stand with regards to their respective all-time highs?

- As the chart reveals, all eleven sectors that comprise the Index also remain below their all-time highs as of 8/24/23.

The Industrials sector was closest to its all-time high (-4.82%), while Real Estate was furthest (-29.83%). Communication Services and Information Technology, the two top performing sectors in the Index on a YTD basis, stood -23.57% and -7.35%, respectively, below their all-time highs.

- As of 8/24/23, 275 stocks in the S&P 500 Index (currently 503) had positive returns on a price-only basis in 2023, according to data from Bloomberg. Those 275 stocks only account for 54.7% of the 503 holdings. For comparison, just 145 stocks in the Index finished the 2022 with positive price returns.
- A Bloomberg survey of 23 equity strategists found that their average year-end price target for the S&P 500 Index was 4,318 as of 8/21/23, according to its own release. The highest estimate was 4,900, while the lowest was 3,400.

### Takeaway

The S&P 500 Index has experienced a remarkable year thus far in 2023. That said, neither the broader Index nor any of its eleven sectors have been able to recapture their all-time highs. Even the Communication Services and Information Technology sectors, which posted total returns of 39.31% and 37.70%, respectively (YTD through 8/24/23), are substantially below their highs. The most recent Bloomberg survey of equity strategists revealed an average year-end price target for the S&P 500 Index of 4,318 (23 strategists surveyed). Notably, this same survey stood at an average of 4,017 just a few short months ago (5/18/23, 23 strategists surveyed). We'll leave it to the pundits to debate the day-to-day direction of equity markets. From our perspective, investors with a long-term view should take comfort in the fact that given enough time, equity markets have never failed to produce new highs.