

December 30, 2024



Weekly Market Commentary

A Letter from the Grinch

By Michael Crook, Chief Investment Officer

For the third year in a row, the Grinch left a grumpy letter in CIO Michael Crook's stocking. He makes a few good points, but these are not our views. Stay tuned for our 2025 Year Ahead, which we will publish next year.

Happy Holidays,

Mill Creek Capital Advisors

Dear Whos of Whoville,

You Whos, with your boundless optimism and jingling cheer, have spent 2024 singing songs of joy and basking in the glow of a glorious equity market rally. Stocks soared, portfolios sparkled, and sugarplum dreams of lower taxes and deregulation in 2025 danced in your heads. But before you string up another Who-liday light, let me sprinkle some Grinchy gloom into your Whoville wonderland.

First, let's talk about that shiny equity market. Yes, the rally was impressive, fueled by earnings growth, AI innovation, and perhaps a bit of sugar-rush exuberance. But have you stopped to consider that valuations are now stretched tighter than Cindy Lou Who's Christmas

stocking? As interest rates continue to hover at elevated levels, stock prices might start to behave like Max pulling my sleigh down Mount Crumpit.

And those tax cuts and deregulation dreams for 2025? Lovely ideas, but beware—there's a storm brewing. Your politicians can't pass a budget. How will they pass tax cuts? Tariffs are just a negotiating tactic, you say? Oh please, I've got a sack full of those just waiting to jolt your equity markets back to earth.

Inflation? You Whos have been delighting in its gradual decline, but don't get too cozy. Wage pressures linger and my Grinchy instincts tell me that the Fed isn't done playing Scrooge. Higher interest rates could hang around longer than your Who-ville wreaths, squeezing those already-tight margins and making borrowing more painful than a lump of coal under the tree.

And then there's the Grinchiest problem of all: the fiscal deficit. Politicians like dessert, not vegetables. My heart grew five sizes, as will your national debt.

So, dear Whos, enjoy your Who-pudding and Who-roast beast while you can. Savor the good times of 2024, but prepare yourselves for a 2025 that might just come with a bit more Grinchiness all year long.

Yours Grinchfully,

The Grinch

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