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## Weekly Market Commentary



### Equity Investor Exuberance in Four Charts

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1. The S&P 500 has returned to an all-time high (Fig.1).
2. The 12-month forward earnings estimates held up during April and have continued to rise since then (Fig. 2), but not as fast as prices.
3. Accordingly, the 12-month forward price-to-earnings ratio is back to late-2024 highs (Fig. 3).
4. As a reminder, all-time highs have historically been good entry points for the S&P 500 (Fig. 4).

#### Why it matters

Equity investors have moved past April's tariff-induced angina and repriced equities for an optimistic future. While high valuations imply a headwind for returns over 7-10 years, they are not a useful indicator of return expectations over shorter periods. All-time highs have historically offered good entry points in US equity markets.

**Fig. 1: S&P 500 Index**



Source: Bloomberg, Mill Creek. As of 07/15/2025.

**Fig. 2: S&P 500 12-month forward earnings expectations**



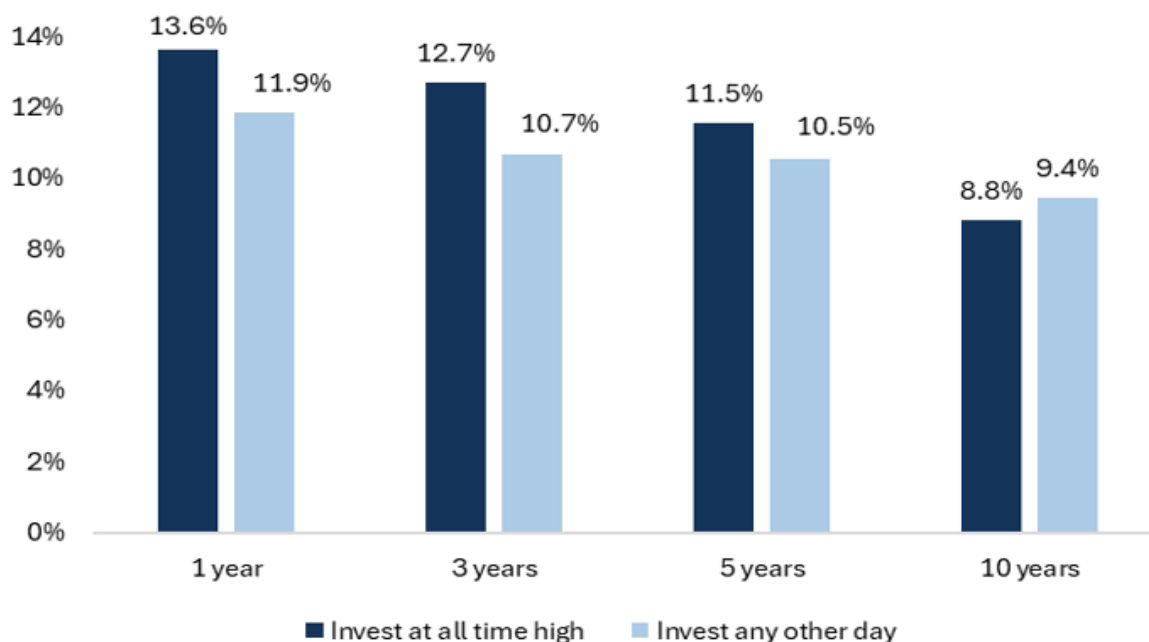
Source: Bloomberg, Mill Creek. As of 07/15/2025.

**Fig. 3: S&P 500 12-month forward price-to-earnings**



Source: Bloomberg, Mill Creek. As of 07/15/2025.

**Fig. 4: S&P 500 performance based on entry point**



Source: Bloomberg, Mill Creek. 09/01/1989-07/15/2025.

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