EAST TENNESSEE STATE UNIVERSITY

Stocks at All Time Highs and Will Decline: Buy Now!

This isn't your typical buy on this day only sale…

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Director of the Center for the Study of Finance, Poteat Chairholder
2024 Appalachian Highlands Economics Forum

Last year's question:

A roman soldier is contemplating saving one denarii instead of going to the pub in year zero (although not defined as such at the time). Assuming you could find a bank to last 2023 years, at 3% interest, how much would that be worth today?

$90,545,809,100,365,500,000,000,000

Approximately $11 Quadrillion for every person on the planet

I’m relatively certain I don’t have that long.

In fact, I’m getting to the point where I don’t even want the anti-aging pill.

I need the reverse aging pill.

STAYING HEALTHY

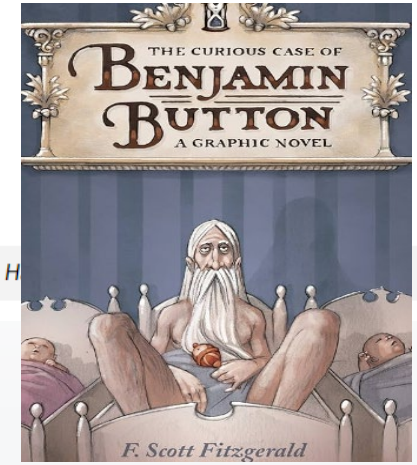
More evidence that aging might be reversible

News briefs

August 1, 2023

By Heidi Godman, Executive Editor, Harvard Health Letter

Reviewed by **Anthony L. Komaroff, MD**, Editor in Chief, *H*



Betty White discussing “tired” blood.

https://www.youtube.com/watch?v=G6MlXc-Bao4

Assuming only the mice get to live forever, what can be done in 30 odd years?????

Assume an economic forum participant had $1,000 back in 1990 and at the beginning of each day, always invests in the market when it goes up and in t-bills when it goes down.

By the end of 2023, how much would you have?

$805,753,766,082,446,000

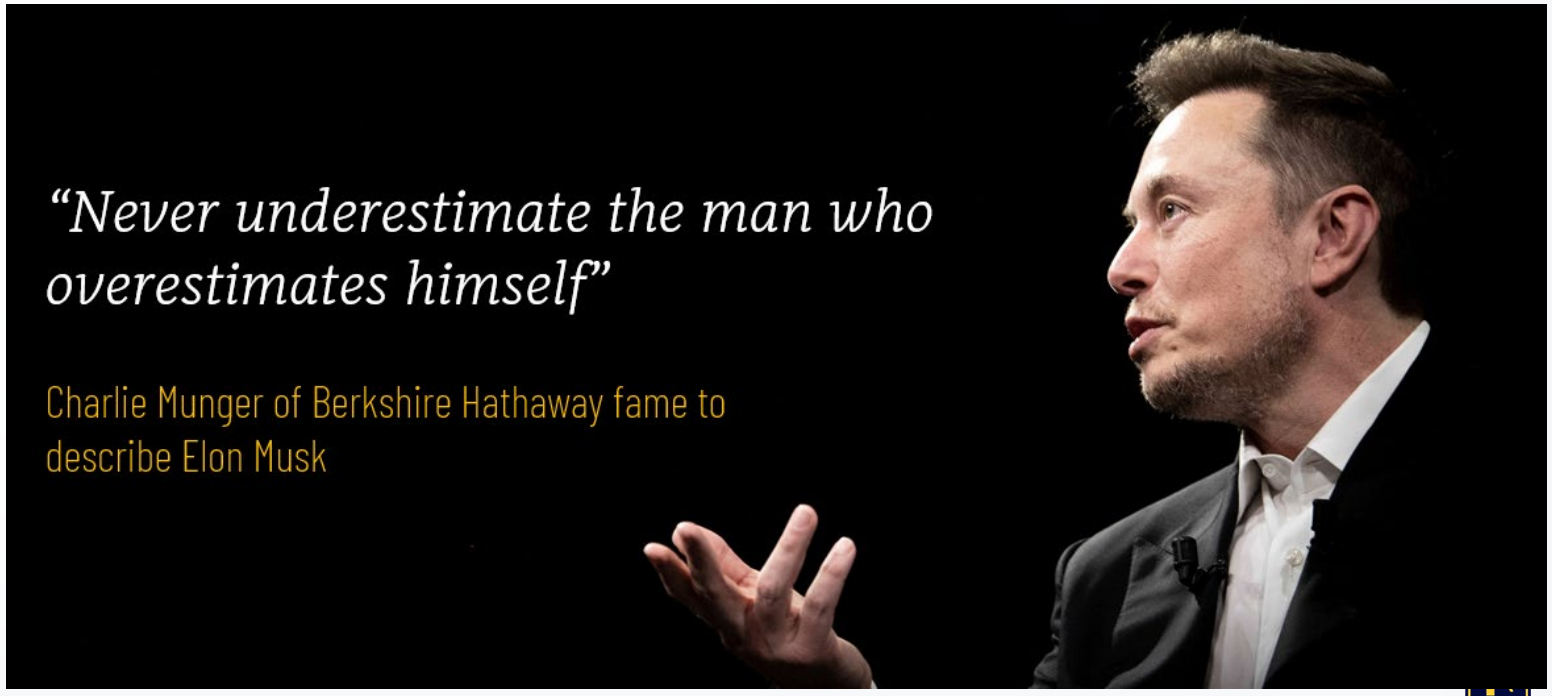
Only about $101 million for every person on the planet.

What about the “youth” challenged?

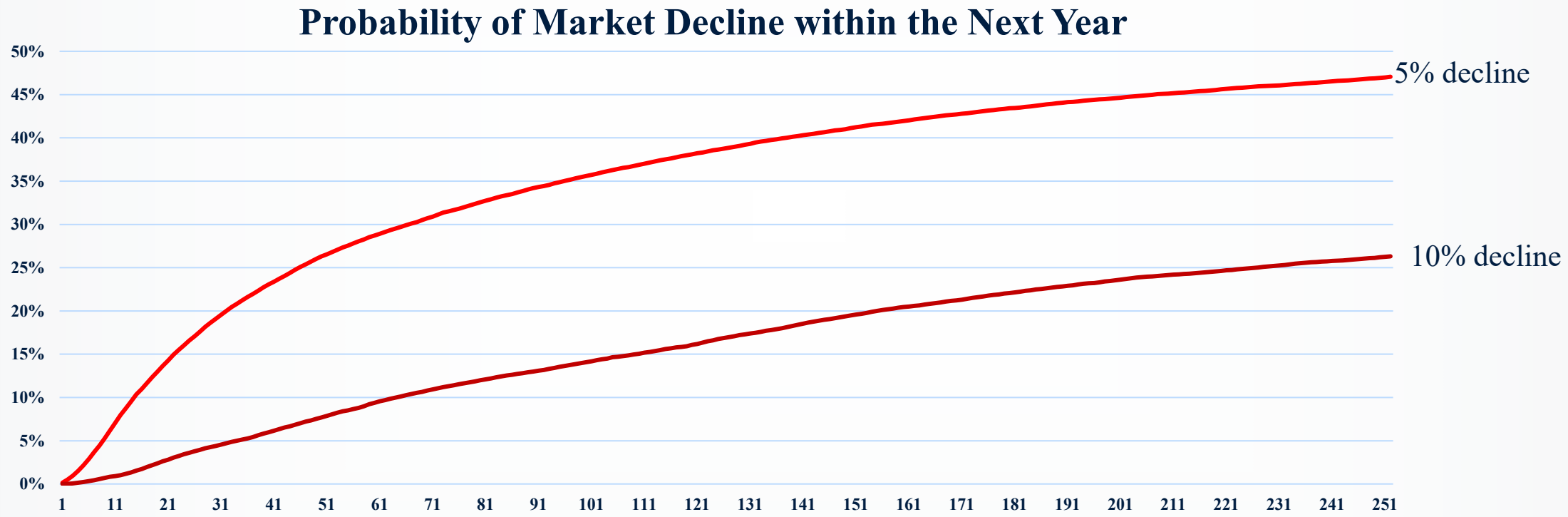
Lester Wright, WW2 veteran 100 years old, 100 meters in 26 seconds, 2022.

What can we do (theoretically) in 10 years?

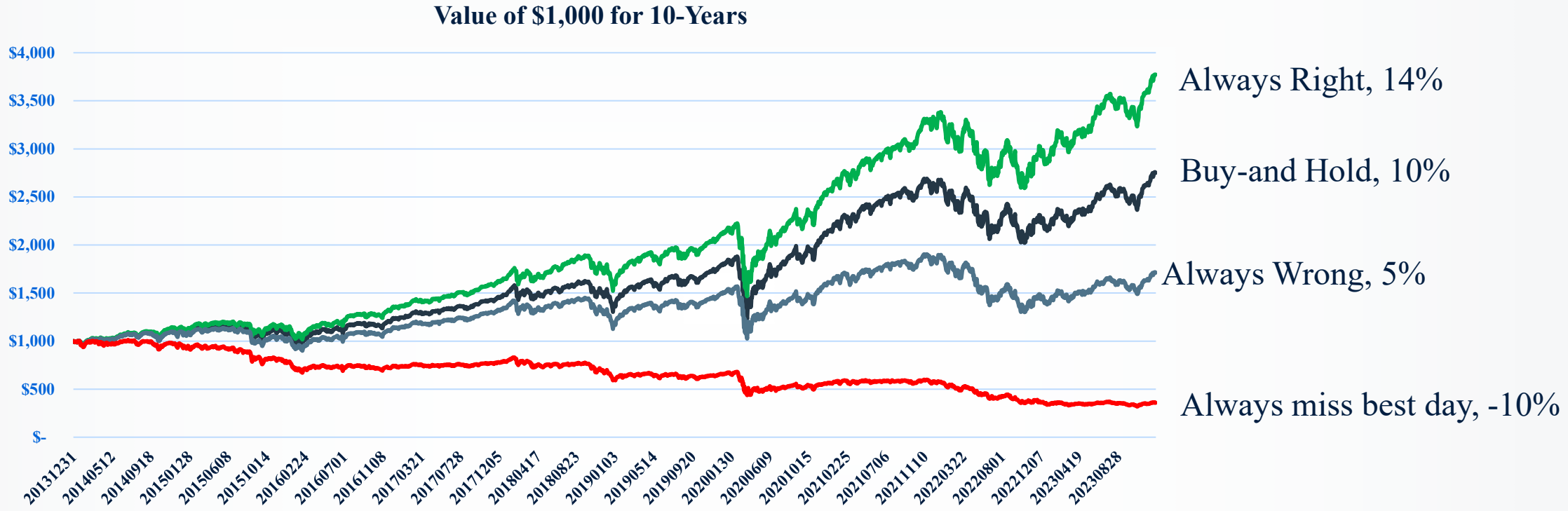
$16,305,655

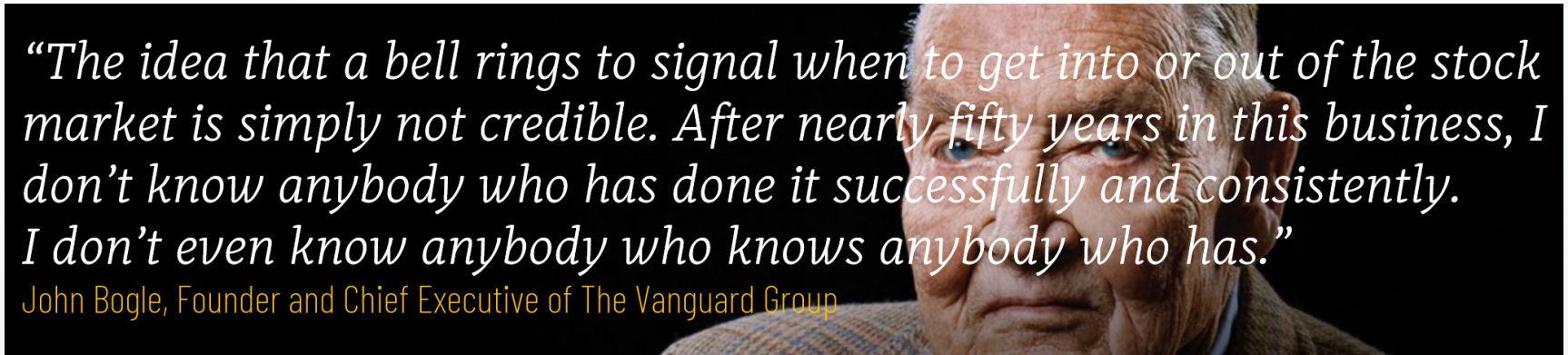


I’m 95% certain the market is going to fall. Buy Now????!!!!

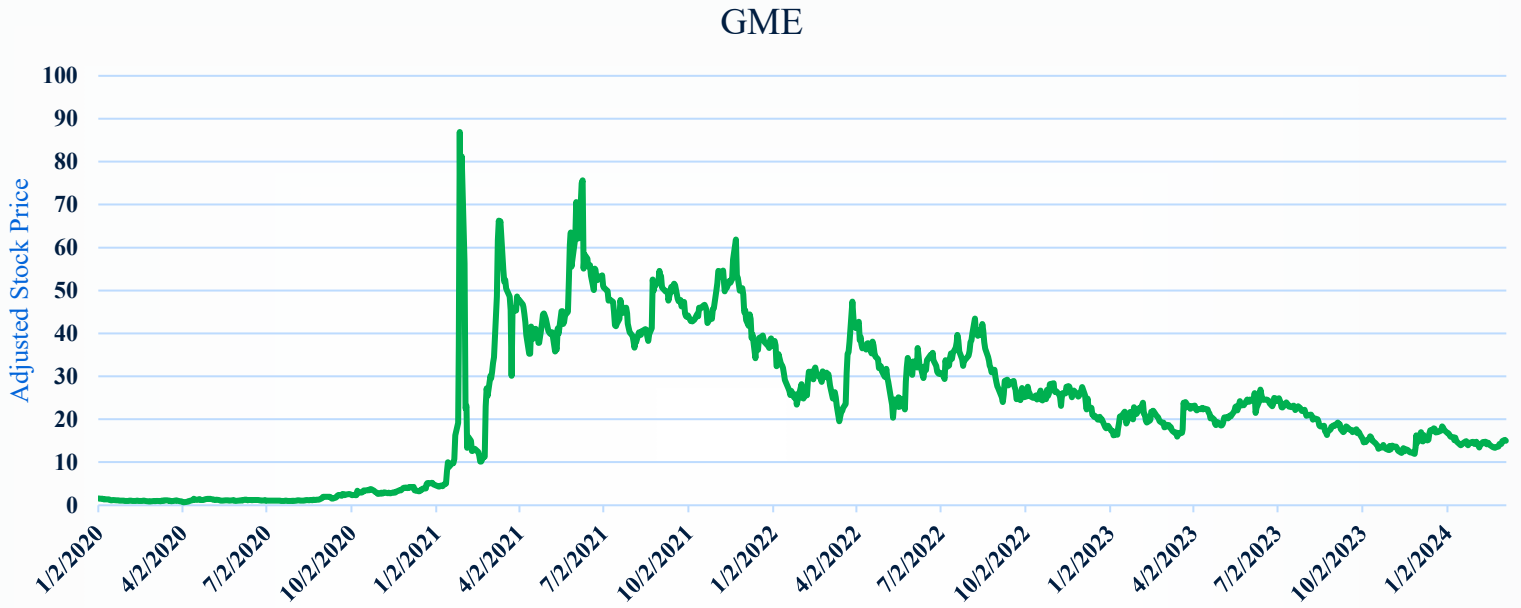


Stay in market, but one day a month decide in-or-out





What about individual stocks? My in-law told me their neighbor's aunt's daughter's friend bought GameStop and made a fortune.



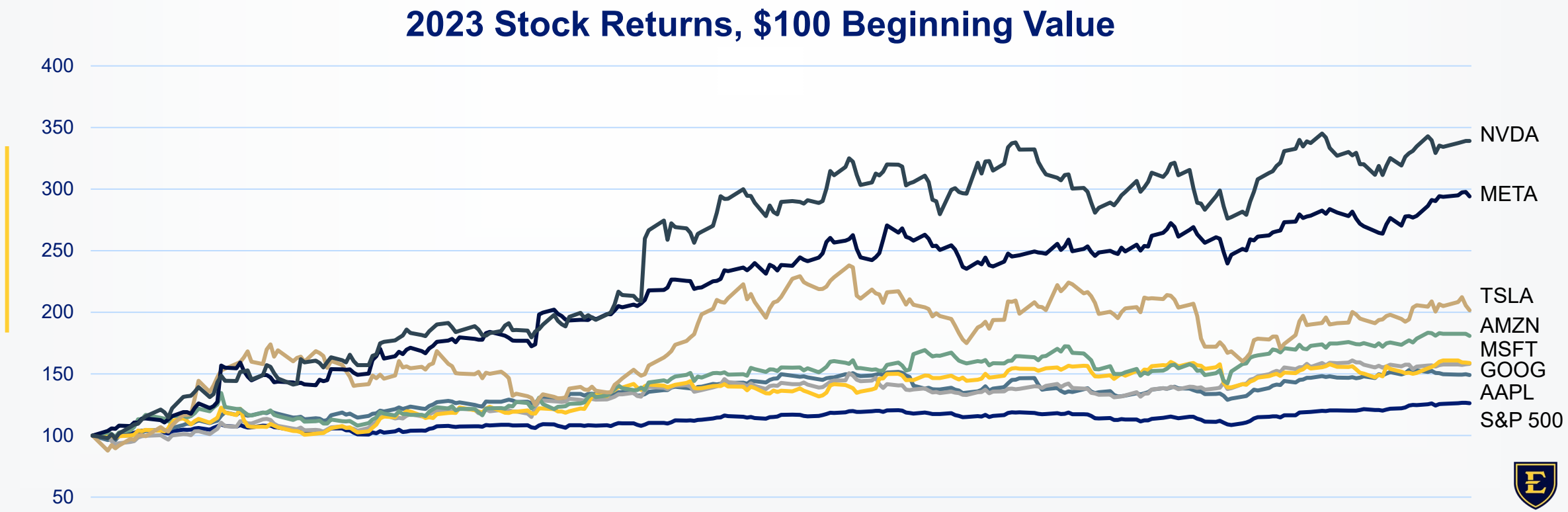
4% of the stocks are responsible for the entire gain in the stock market
Only 42% of stocks outperform t-bills
Of the 58% that don't outperform t-bills, most have negative returns.
Most common return is -100%. Yes, that's all your money.

I guess you have to ask yourself, Do you feel lucky?

Bessembinder, 2018, *Journal of Financial Economics*,
https://www.sciencedirect.com/science/article/abs/pii/S0304405X18301521

The Magnificent Seven

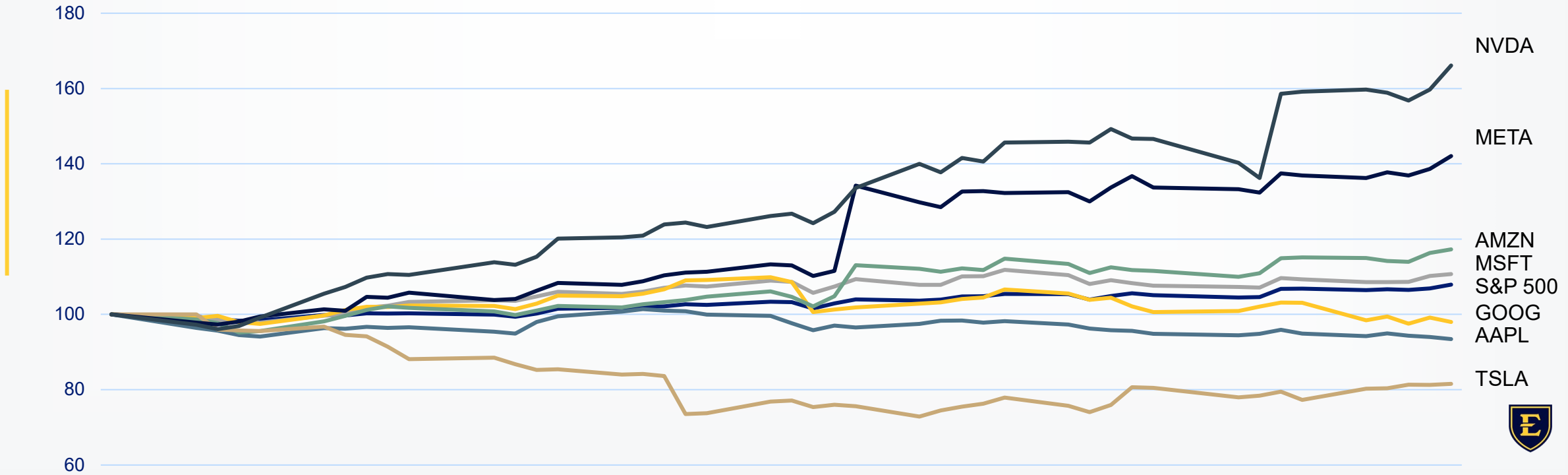
TESLA NVIDIA Microsoft Google amazon Meta



The Magnificent ~~Seven~~ Two

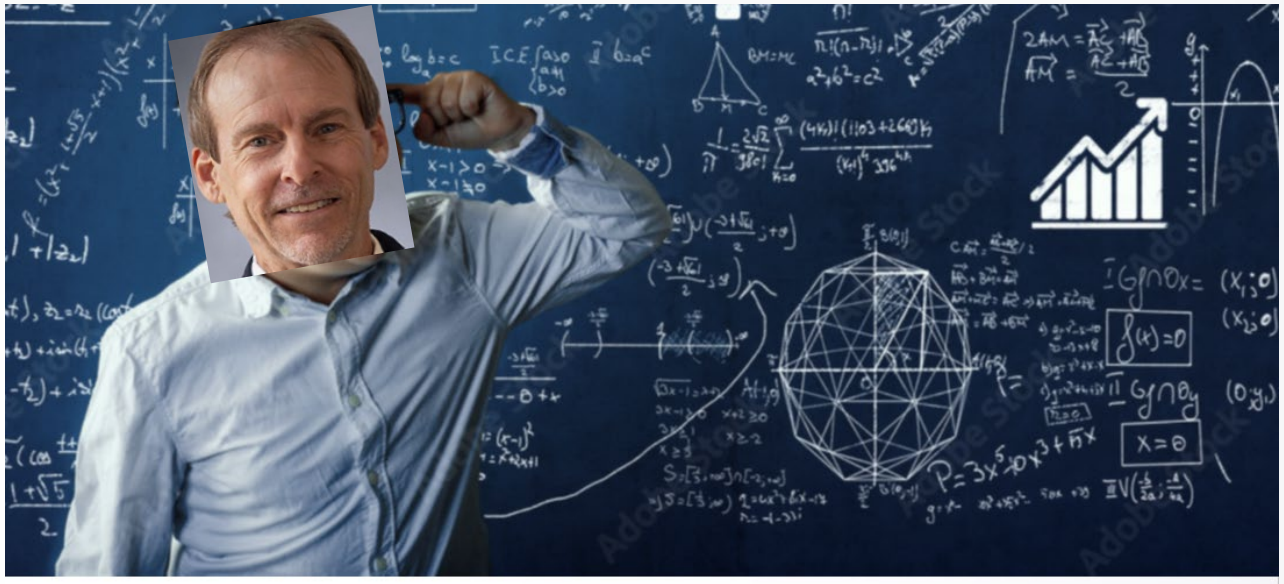
TESLA NVIDIA Microsoft Google amazon Meta

2024 “Magnificent” 7 Stock Returns, $100 Beginning Value



Market Prediction

- Interest rates more likely to fall then rise
- Inflation rate has moderated to 3.2%
- GDP growth forecasted to be 3.3%
- S&P 500 earnings expected to grow 11% in 2024 and 14% in 2025
- CBOE's VIX below 15



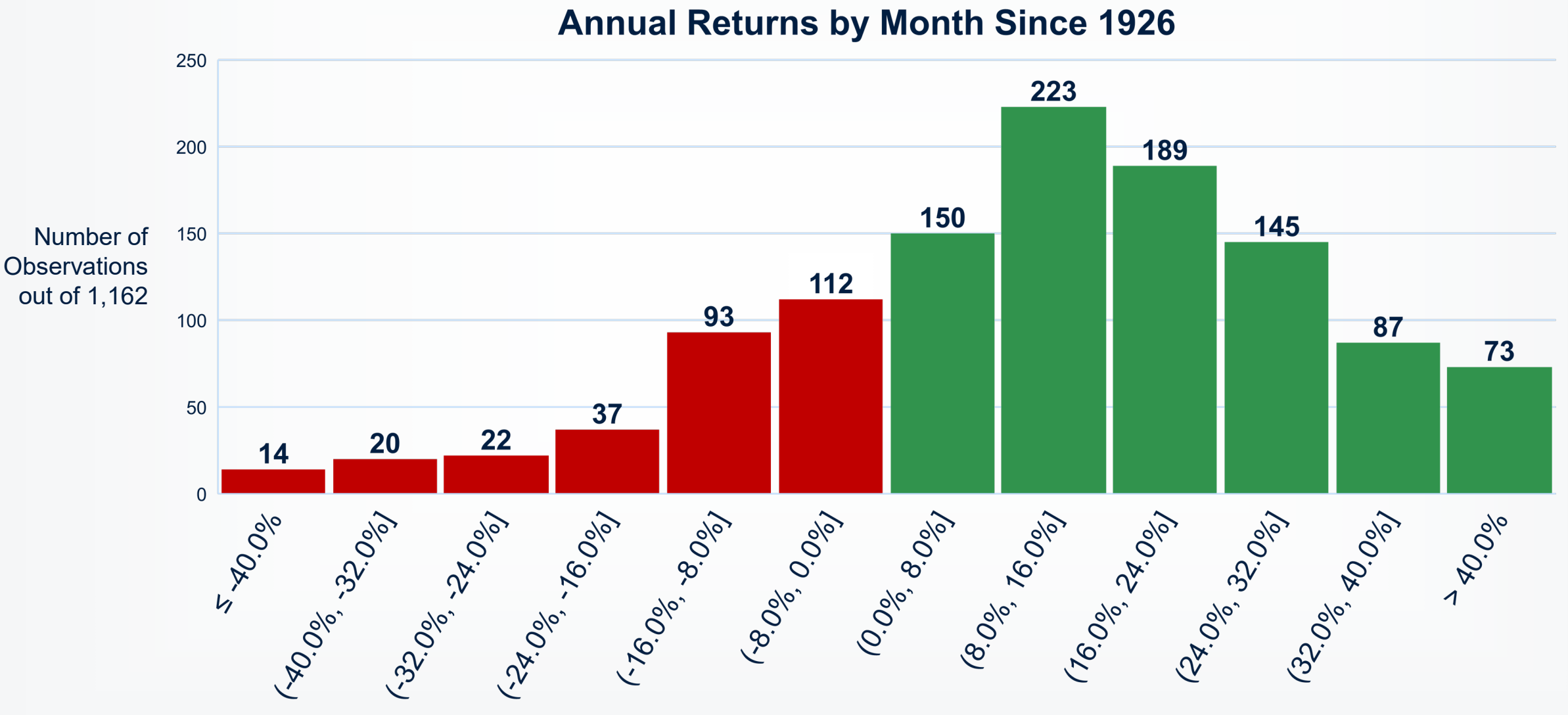
SRt = α + β[(Rt-1) - 0.5σt2] + γ(Inf) +δ(GDP) + ζ(VIX) + η(Int) + θ(PE) + λ(*Epsgrth*) + ν(*ConSent*) + ς(*Twitter Sent*) + φ(*Inside Trade*) + ψ(new issues) + ω(*ExcRate*) + ï(*In Prw*) + ύ(Eq/As) + ώ(β2 – β) + Ϗ(*ConDebt*) + ϐ(*E/P-int*) + εt

$$Pr_W = N\,\frac{\ln(1+L) - \mu_c T}{\sigma_c\sqrt{T}} + N\,\frac{\ln(1+L) + \mu_c T}{\sigma_c\sqrt{T}}\,(1+L)^{2\mu_c/\sigma_c\text{^}2}$$

$$\frac{\partial}{\partial\mu}\,T\,\frac{\beta^2-\beta}{2} * (T\mu_r^2 - \sigma_r^2) = 2\mu_r T^2\,\frac{(\beta^2-B)}{2}$$

$$E[\sigma_{n+T}^2] = \omega + (\alpha + \beta)^T(\sigma_n^2 - \omega)$$

100% Certainty



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