

ABOVE THE FRAY

What Goes Up Might Not Come Down

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May 31, 2024

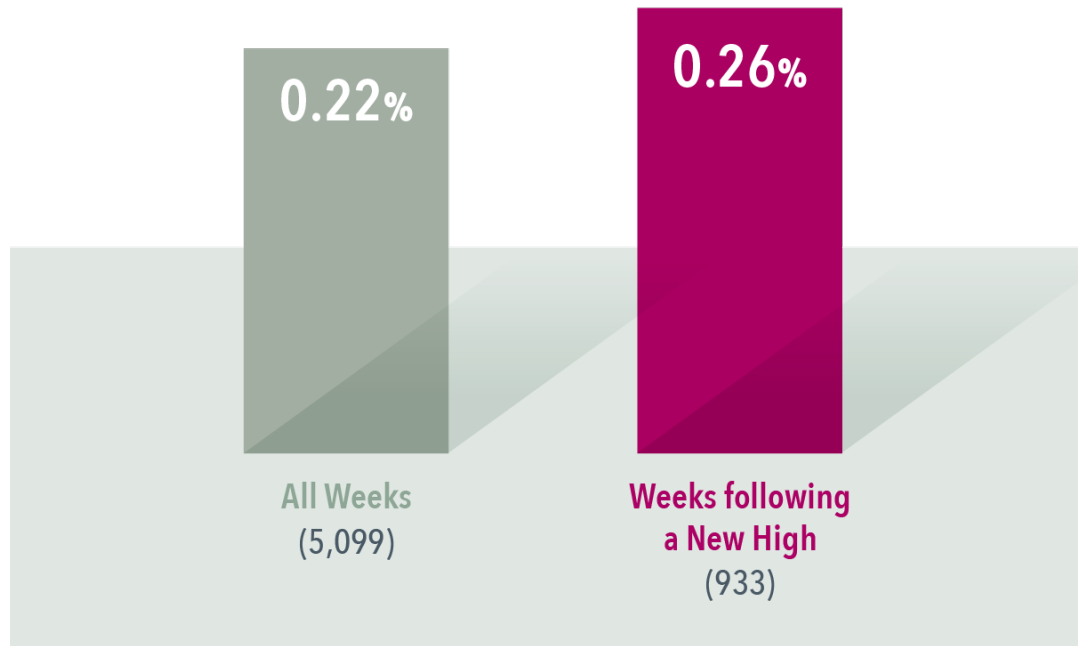
US stock market indices hit all-time highs in recent weeks, leading some investors to wonder whether now is a good time to be in stocks—or do record levels portend an upcoming tumble? The historical data should help allay such concerns.

New highs for stocks are not exactly uncommon. Since 1926, the US market has ended the week on a new high in 933 out of 5,099 weeks, slightly more than one out of every six. Periodic record setting should be expected for an asset class with high historical average returns! Interestingly, the average return for weeks following these new highs was 0.26%—very close to the average return of 0.22% across all weeks.

Many of us can be guilty of waiting for the other shoe to drop whenever something has gone well. Fortunately, we don't have to view markets that way. As long as investors demand positive returns in exchange for holding stocks, a new market high doesn't mean the market is going to snap back. It may mean things are about to jump forward.

Exhibit 1

**Weekly Returns for the
Fama/French Total US
Market Research Index**
July 1926–March 2024



Past performance is not a guarantee of future results.

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INDEX DESCRIPTIONS

Fama/French Total US Market Research Index: July 1926–present: Fama/French Total US Market Research Factor + One-Month US Treasury Bills. Source: [Kenneth R. French - Data Library \(dartmouth.edu\)](https://data.dartmouth.edu/)

Results shown during periods prior to each index's inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

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07/03/2024

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