

Tom Lee Says Fewer Rate Cuts Next Year Could Be Bullish

Don't let the stock market's recent slide scare you away from buying, said Tom Lee, head of research at Fundstrat.

"I know yesterday's pullback was really painful, but to us, the fundamentals supporting stocks are intact," Lee said Thursday on CNBC's Power Lunch with Tyler Mathisen and Kelly Evans. "It's a good opportunity for investors here."

Lee said one potential reason behind why markets have posted declines is because panicked investors were trying to sell out of what they thought was a "momentum trade," especially as the year ends.

The Federal Reserve on Wednesday signaled that the era of ultralow interest rates is likely over, with the central bank penciling in just two interest rate cuts next year after indicating four at its September meeting. That spooked the markets because there are worries that higher interest rates for longer wouldn't be supportive for markets.

Lee, however, viewed it in a more positive light.

"The fewer cuts [the Fed does] in 2025, it actually is better for this bull market because it provides a lot of future ammunition to protect the economy," he said.

His recommendation is to "buy the dip."

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