

Tom Lee Says Expect The Stock Market Party to Continue in 2025

The S&P 500 is on pace to erase losses for the month to finish out a blockbuster year. Fundstrat Head of Research Tom Lee says the path ahead for the broad-based index may be even easier.

“I think that there’s a lot more tailwinds building for markets in 2025 than existed in 2024,” Lee said on CNBC’s Squawk on the Street with Brian Sullivan and Sara Eisen.

To make his case, Lee said that inflation has come down from its multidecade highs, making it a less worrying point for the Federal Reserve. He added some other factors: The election has already taken place, there’s tons of cash on the sidelines, and companies are willing to do mergers and acquisitions.

Lee also discussed U.S. supremacy in global markets. He said that about 95% of all listed stocks outside America are small-and mid-caps. And they aren’t focused in the tech sector either, which makes it hard for them to post gains, as tech is where innovation happens. For example, just look at the strides made in artificial intelligence.

That has helped the U.S. gain an edge over other countries.

“I think 2025 is a year where we’re going to find that AI and a lot of these applications actually do sort of rearchitect the way America does business, and it’s vastly cheaper, and that’s why these companies are doing so well,” Lee said. “At some point, it’s a bubble, but I don’t think that’s the word yet.”

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