

Ignore the Grinch, Tom Lee Says on CNBC

The Grinch has come to town, a rarity as the stock market often gains toward the end of the year in what is known as the Santa Claus Rally.

Fundstrat's Head of Research Tom Lee said that behind the declines could be profit taking and hesitancy around the Federal Reserve's expectations for interest rates next year. But he said that the tailwinds for 2025 are still very much there.

"It's obviously disappointing," Lee said on CNBC's Squawk Box with Joe Kernen. "It should be a seasonally strong period. But if we end down even with the S&P 500 at 5,900 into year end, I don't think it changes that in 2025, there's a lot to look forward to."

Next year, Lee said he's watching what happens to the CEO confidence index and whether the ISM manufacturing data signals the economy is moving into expansionary territory.

"In the first half of next year, the S&P 500 can get close to 7,000, and that's a lot of upside from here," he said.

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