

Stocks Could Make V-shaped Recovery, Tom Lee Says on CNBC

Back in the beginning of 2025 when the bull market was still vigorous, Wall Street pros often talked about the optimistic animal spirits at work. On Thursday, CNBC's Morgan Brennan remarked that it now seemed more like "animals in hibernation." She then asked Fundstrat Head of Research Tom Lee about the impact of uncertainty regarding trade and tariff policy on his investment thesis.

Lee pointed to historical data, noting that in early 2018, we had a similar spike in the VIX and a collapse in consumer confidence as well. Shortly thereafter, he pointed out, "the market started to stage its recovery."

That's not to say that Lee is unsympathetic about how investors feel. "I don't blame any business or investor for saying, 'there's so much uncertainty, I can't make a decision,'" he told Brennan. "But as we start to think about the second half of the year, we've already seen the collapse in sentiment, and we've already seen \$850 billion in cash being raised and sitting in money market balances. And we're looking at the possibility of tax reform, which really helped propel stocks in 2017."

He suggested that as investors focus on trying to get clarity about trade and tariff policy, they're forgetting about other parts of the Trump agenda. "There's also reducing regulatory costs and extending tax cuts," he noted. In his view, once investors start thinking about those aspects of the GOP platform, "I think that gets them quite excited."

To Lee, "the odds of a V-shaped recovery in stocks are extremely high," and when asked his opinion about likely beneficiaries of such a recovery, he returned to the old mainstay: the Magnificent Seven.



Brennan expressed skepticism about the Mag 7 given recent discussions about an AI bubble, cash burn, and declining capex spending. Lee, however, reiterated his view. Despite its recent downturn, tech “is a cyclical trade,” he explained. “Once investor confidence returns, they’re going to start to buy stocks, and the Mag 7 are not only the best companies but also the most liquid.”

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