

Forecasting season is back: Let's mute it!

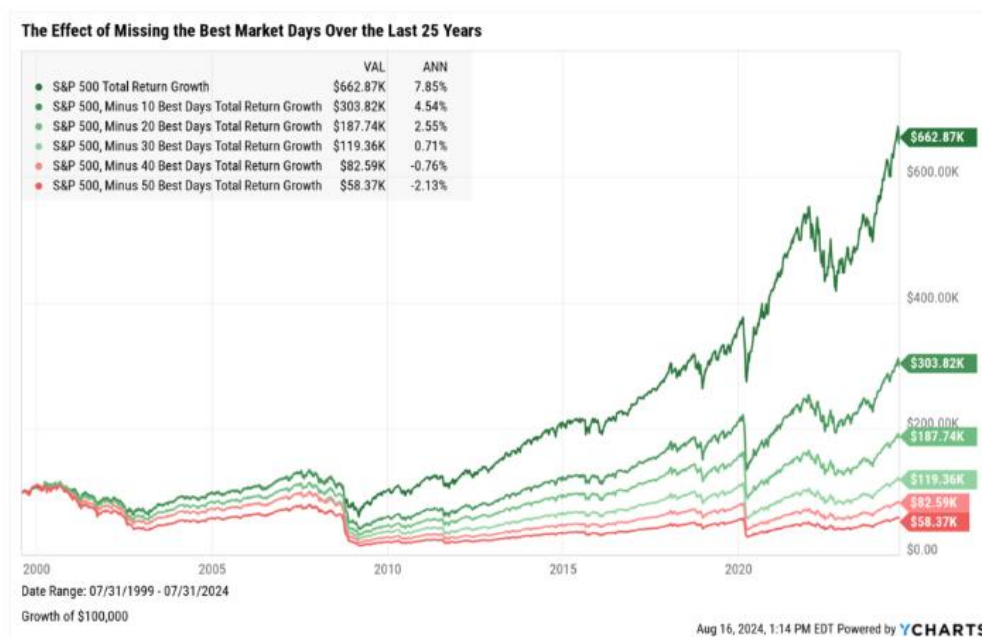
With the arrival of the New Year, strategists and economists are always scrambling to publish their market forecasts for the coming year. Since markets are unpredictable in nature, their publication may have more to do with tradition than with their usefulness.

Nicolas Bérubé has looked into the question, with rather comical results:

[Money and Happiness | Let's laugh at the economic predictions of 2024 | The Press](#) (French article)

The challenge of forecasting market performance is not new. The risk of reacting in anticipation of forecasts, or even to our intuitions, is not to be invested when the stock market is experiencing these best days by trying to avoid bad times. Over the period from 2000 to 2024, having missed only the 10 best days of *the last 25 years* would have reduced our performance by no less than 3.31% *per year*.

The cost of not participating in the largest trading days, cumulative annualized



To make life even more difficult for those who would like to give it a try, it turns out that the majority of the biggest rises do not occur during periods of a bull market and comforting during which it is quite easy to be brave, but during periods of sharp declines. In downturns, volatility peaks, both on bullish and bearish days; seven of the ten biggest daily gains occurred during bear market periods (*Visual Capitalist*, August 23, 2023).

[Check out the Visual Capitalist chart here to visualize the cost of market synchronization](#)

We can all benefit from the explanations of economists that allow us to better understand financial news and its issues, but forecasts are not an added value.



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