EMPOWER INVESTMENTS | Thomas Nun, CFA | Portfolio Strategist

First-quarter review: It's "AI" versus "recession" (and AI is winning)

If you're familiar with the Bloomberg terminal (an enormous database of economic and financial market data used by asset managers and analysts worldwide), you know how thrilling it can be to find a new function — especially one that speaks directly to a point you're trying to make or a theory you're hoping to prove.

You can probably also imagine my delight a few weeks ago when I stumbled on the "news trends" function. You simply type a keyword or phrase (like "Taylor Swift" or "artificial intelligence") followed by "NT," hit enter, and — POW! — the Bloomberg terminal spits out the number of times your keyword has been mentioned in news articles and social media posts over a given time frame.

- It's currently a war between "AI" and "recession" for the hearts and minds of investors, and AI is clearly winning.
- The equity market's performance was exceptionally strong during the first quarter — despite a backdrop that seemed hardly conducive to a "risk-on" rally.
- Challenges included stubbornly high inflation as the "last mile" between 3.5% and the Federal Reserve Board's preferred 2% proved to be much harder to achieve than hoped.
- Stubbornly high inflation translated to stubbornly higher rates and finally convinced markets that the Fed's easing campaign would arrive late and involve fewer cuts in 2024.
- That's widened existing rifts between "haves" and "have-nots," with the smaller and "less well-heeled" viewing things quite differently than the big and wealthy.
- In spite of headwinds, market and economic performance have remained remarkably strong, and optimism around AI deserves the credit.
- Looking forward, the relationship between tighter monetary policy and weaker economic performance may finally assert itself. An unsettled geopolitical landscape and a fraught U.S. election present unusual but notable risks.

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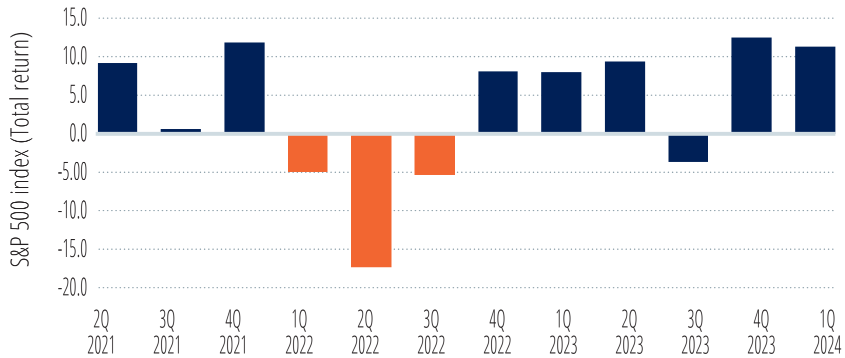
The reason this discovery was so significant for me is that Bloomberg's NT function allowed me to test a theory bouncing around in my head that might help explain why U.S. large-cap stocks were able to surge nearly 11% during the first quarter of 2024 — their third-best quarter in three years — despite a macroeconomic and geopolitical backdrop that hardly seemed conducive to a risk-on rally. Namely, I'd come to suspect that the first quarter's market performance is best understood as a war for the hearts and minds of investors between "recession" (and all the bad things that come with it) and "artificial intelligence," which holds all the transformative promise of the internet magnified by an order of magnitude.

1Q24: U.S. large caps' third best quarter in 3 years



Source: Morningstar© Direct℠.

More about that below. For now, let's focus on last quarter's results. For the record, a 10%-plus quarter is somewhat rare: The S&P 500® Index manages to put up a quarterly advance of that magnitude only about once every six quarters or so. But during the post-pandemic era, it's already happened five times — roughly twice as often as history would suggest — with last quarter's 10.6% advance simply the latest example. It was also the fourth-best start to any year so far this century for the index, something that has tended to translate into relatively strong full-year performances in the past.

And the gains weren't just limited to the biggest of the big, either. While small- and mid-cap continued to lag their larger peers as they had during much of the recent run-up, equities showed encouraging signs of broadening out — especially as the first quarter drew to a close. That allowed smaller stocks to play catch-up, and by the time the quarter was over, 1Q24 performance had also cracked the "Top 10 List" for small- and mid-caps as well.

No foolin'

The first quarter of 2024 ranked among the best start to any year so far this century

First calendar quarter, ranked (S&P 500 Index)		Calendar year
1Q 2019	13.65%	28.88%
1Q 2012	12.59%	13.41%
1Q 2013	10.61%	29.60%
1Q 2024	10.56%	NA
1Q 2023	7.5%	24.23%
1Q 2021	6.17%	26.89%
1Q 2017	6.07%	19.42%
1Q 2011	5.92%	0.00%
1Q 2010	5.39%	12.78%
1Q 2006	4.21%	13.61%

First calendar quarter, ranked (Russell Midcap©)		Calendar year
1Q 2019	16.54%	30.54%
1Q 2013	12.96%	34.76%
1Q 2012	12.94%	17.28%
1Q 2000	10.09%	8.25%
1Q 2010	8.67%	24.48%
1Q 2024	8.60%	NA
1Q 2021	8.14%	22.58%
1Q 2011	7.63%	-1.55%
1Q 2006	7.61%	15.26%
1Q 2017	5.15%	18.52%

First calendar quarter, ranked (Russell 2000©)		Calendar year
1Q 2019	14.58%	25.52%
1Q 2006	13.94%	18.37%
1Q 2021	12.70%	14.82%
1Q 2012	12.44%	16.34%
1Q 2013	12.39%	38.82%
1Q 2010	8.85%	26.85%
1Q 2011	7.94%	-4.18%
1Q 2000	7.08%	-3.02%
1Q 2004	6.26	18.33%
1Q 2024	5.18%	NA

Climbing a wall of "What, me worry?"

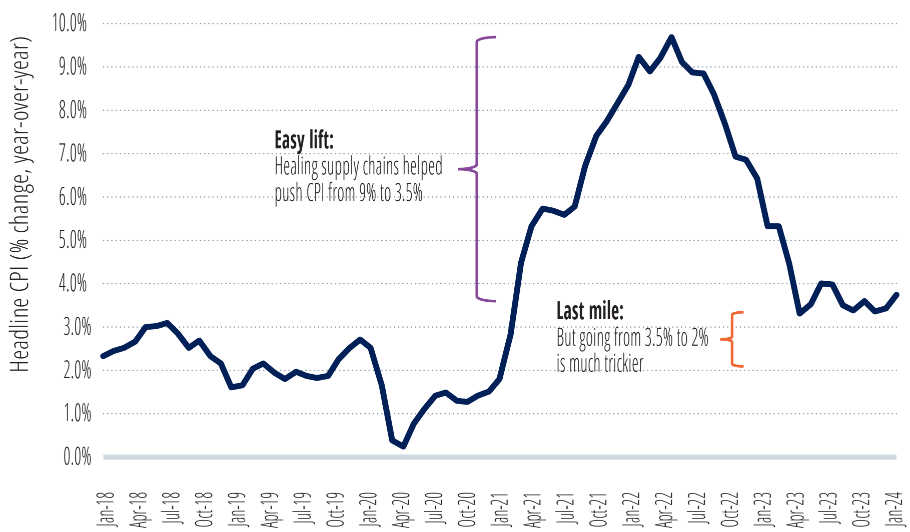
What's even more surprising is that last quarter's big gains came despite what seems to be an increasingly worrisome backdrop for the U.S. economy. Consider, for example, that inflation has proven far more stubborn than markets had hoped. Initially, progress was dramatic: As supply chains naturally began to heal from their bout with COVID, so-called "cost-push" inflation — the tendency of prices to rise for goods and services suddenly made increasingly scarce by some sort of shock to the system (a definition that COVID certainly satisfies) — eased considerably. That helped year-over-year growth in the Consumer Price Index (CPI) drop from a peak of 9% in June 2022 to its current rate of around 3.5%.

But with supply chains more or less back to normal, continued progress against inflation has stalled and now depends on something quite a bit trickier: controlling the demand side of the equation. Said a little differently, a return to healthier supply chains represented the easy work; what remains now is the much trickier task of keeping wage growth under wraps and convincing the U.S. consumer to just cut it out, already, with all this spending.

So, it's this "last mile" of inflation, the stubborn gap that exists between today's 3.5% annual price growth and the Fed's more comfortable target of around 2%, that's proving to be the most problematic. And that has clearly shown up in the data. So far in 2024, inflation has had four opportunities to impress, but it's fallen short in at least three of them. When December's CPI was reported to be slightly higher than expected in mid-January, bond markets weren't too happy about that, but stocks gave the disappointing data a free pass and continued to rally.

Then in February, rinse and repeat: January's inflation data missed to the high side, and this time stocks took a hit along with bonds — probably because the Fed also took note and began making noises to suggest that the long-awaited pivot toward lower rates might have to be delayed a bit longer. By the time March's data was released, markets had had enough. Both stocks and bonds declined, and expectations that the Fed would be in a position to cut rates as many as six or eight times this year fell to expecting a mere one or two cuts.

Stubborn: Getting headline inflation all the way back to 2% is providing very tricky



Data: Bureau of Labor Statistics, FRED St. Louis Federal Reserve.

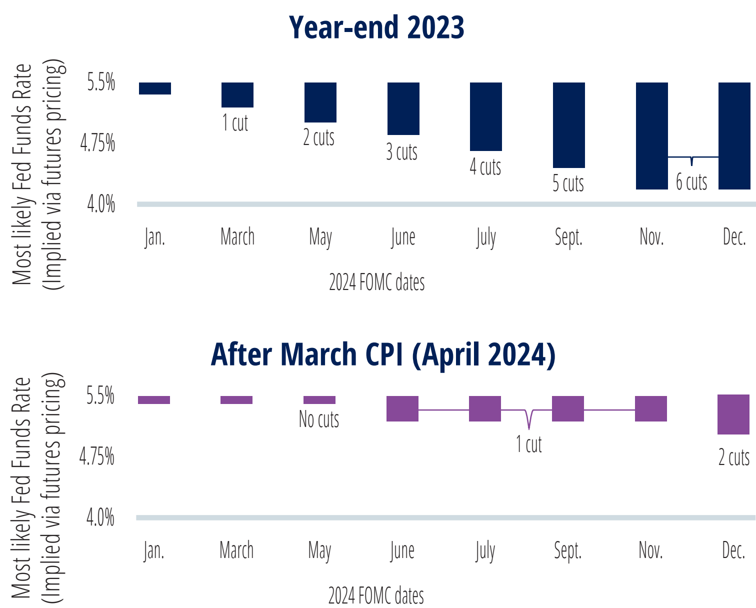
Serial inflation disappointments (finally!) lead to a Fed-expectations reset

One of the more immediate impacts of this repeated tendency of inflation to disappoint on the high side was a catching-up between market expectations and the expectations of Fed policymakers about the future path of the federal funds rate. Around Christmastime, rates traders were still convinced the Fed would be in a position to start cutting rates as soon as March and the federal funds rate would end 2024 at or below 4%, implying at least six rate cuts this year. That was obviously at odds with the Fed's own claim that rates would likely need to remain "higher for longer" until the Committee could develop greater confidence that inflation had been beaten — as well as Fed Chairman Jerome Powell's contention that the continued strength of the U.S. economy granted the Fed the unusual luxury of time before rate cuts would become appropriate.

The market's optimism was perhaps understandable given how dovish Chair Powell sounded at the end of 2023, when the long-awaited "pivot" finally seemed to break across the newswires. But three disappointing Consumer Price Index (CPI) readings in four tries were finally enough to convince traders to take the Fed's warnings to heart, and by mid-April, traders relented. Now, markets have pushed back the anticipated start of the easing campaign by at least three months (to June at the earliest) and now expect just two rate cuts (or even just one) before the end of this year. Some are even arguing that the next move by the Fed might even be another increase.

Powell had a point:
3 of the last 4 CPI prints were disappointing

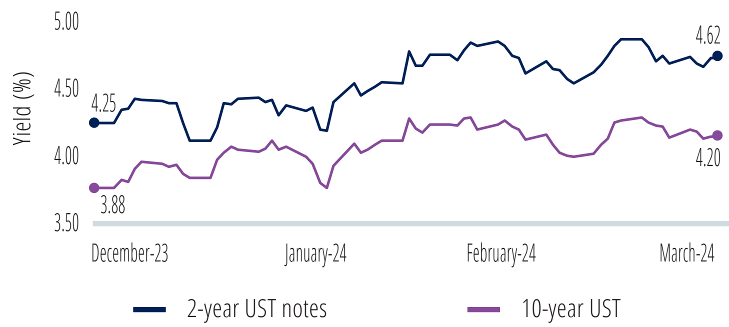
	CPI date/month	Reported	Estimate	Difference
December	CPI (all-items)	0.3%	0.2%	+0.1%
	CPI (ex-food & energy)	0.3%	0.3%	--
January	CPI (all-items)	0.3%	0.2%	+0.1%
	CPI (ex-food & energy)	0.4%	0.3%	+0.1%
February	CPI (all-items)	0.4%	0.4%	--
	CPI (ex-food & energy)	0.4%	0.3%	-0.1%
March	CPI (all-items)	0.3%	0.2%	+0.1%
	CPI (ex-food & energy)	0.3%	0.2%	+0.1%



Rates: The Fed sets the tone

So inflation proved stickier than expected, which pushed out the expected start date for the Fed's upcoming easing campaign as well as the total number of rate cuts expected by year-end. Given the central role that the federal funds rate plays in setting the tone for interest rates more generally, it wasn't exactly shocking that market-based interest rates rose as well. While short-term rates were relatively quiet, two- and 10-year yields both advanced more than 30 bps during the first three months of 2024.

Sticky, sticky: Stubborn inflation translated into higher rates in 1Q



Source: Morningstar Direct.

Generally, higher rates should not be a good thing for equity markets because they weaken consumer demand, pressure corporate performance, and make other types of investments (like yield-bearing cash accounts, for example) incrementally more attractive, thereby reducing the case for holding equities.

Big and rich: High rates, big rifts

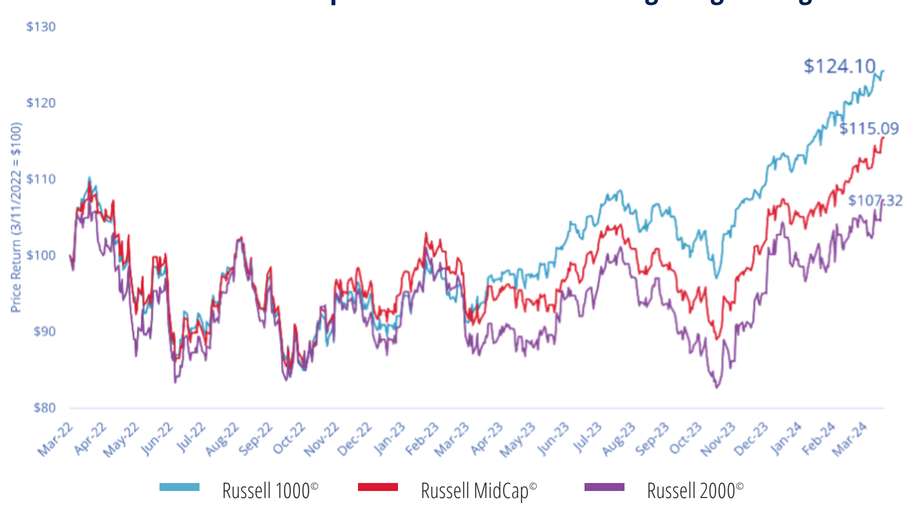
Higher rates might also be responsible for opening rifts in the economy between big "haves" and small "have-nots." For example, small- and mid-cap firms tend to rely on debt to finance their operations to a greater extent than larger ones, which can place greater stress on small firms' finances during extended periods of high interest rates. Such firms may also feel the pain of a slowdown in consumer demand more acutely than their larger peers, who are somewhat more insulated from economic uncertainty by things like powerful branding, operational scale, and strategic flexibility. Little wonder, then, that smaller stocks have lagged larger ones significantly since the Federal Reserve began raising rates in spring 2022.

Small and sassy: Smaller firms rely more on debt financing than their larger peers

Market cap range ($)	Debt-to-equity ratio (average all Global Industry Classification Standard (GICS) sectors)
$50B-plus	1.18
$10B-$50B	1.20
$1B-$10B	1.24
$500M - $1B	1.55
$100M - $500M	1.05

Represents the average debt-to-equity ratio for firms across all GICS sectors.

Smaller stocks have underperformed since the Fed began tightening rates



It's also perhaps less than surprising that small business owners are feeling a lot less upbeat about the future than large-company CEOs. According to the National Federation of Independent Businesses, optimism among small business owners was lower in March than it has been for more than a decade — a period that included the darkest days of the COVID shutdowns — as inflation, rising wages, and concerns about future sales volumes conspired to keep sentiment below its long-term average for a 27th consecutive month. And earnings trends among small businesses are feeling downright recession-y: The net percentage of owners reporting lower earnings over the last three months is currently lower than it was in two of the last three recessions.

Meanwhile, on the other side of the tracks, large-company CEOs polled by the Conference Board are suddenly feeling more upbeat than they have since the first quarter of 2022. If the current environment is indeed a tale of two cities, persistently high interest rates has to at least share the blame.

Small business earnings

Source: Morningstar Direct.

The Conference Board Measure of CEO Confidence™

Source: Morningstar Direct.

March 2024 Report: Small business optimism reaches lowest level since 2012

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	11%	▼ -1
Plans to Make Capital Outlays	20%	▼ -1
Plans to Increase Inventories	-7%	— 0
Expect Economy to Improve	-36%	▲ 3
Expect Real Sales Higher	-18%	▼ -8
Current Inventory	-5%	▼ -1
Current Job Openings	37%	— 0
Expected Credit Conditions	-8%	▼ -2
Now a Good Time to Expand	4%	▼ -1
Earnings Trends	-29%	▲ 2

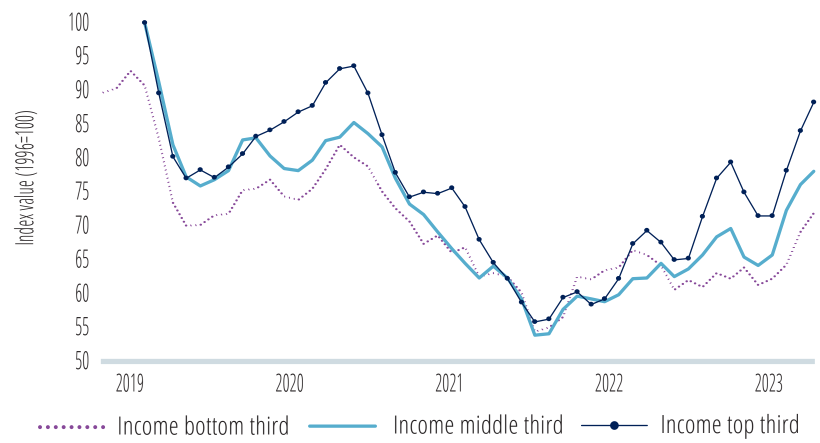
Source: Morningstar Direct.

Consumers are divided, too

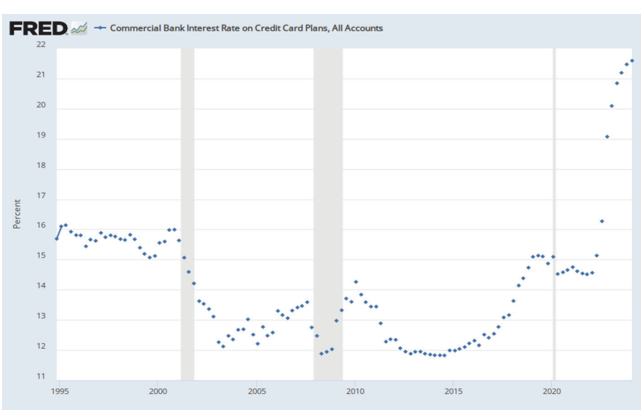
For those who run a business, then, how confidently they view the future seems to depend a great deal on how large that business is, creating one of the more notable disconnects so far this cycle. As it turns out, though, this split between the haves and have-nots has found another expression for us every-day folk: Relatively high earners are feeling significantly better than those who earn less, a gap that has grown consistently since the stock market began its dramatic turnaround from the depths of the 2022 decline. In fact, according to the University of Michigan's Consumer Sentiment Index, consumers in the highest third of income distribution are now more confident about the future than at any point in the immediate afterglow of the post-COVID reopening. By contrast, those in the lowest third of are far less optimistic.

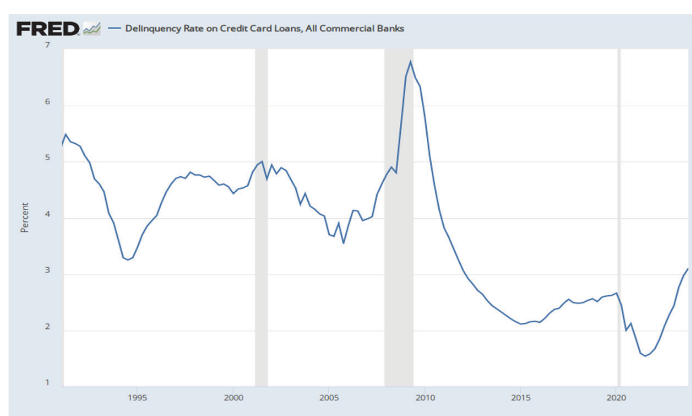
It's not hard to imagine why. After all, without the cushion of a fat paycheck and a stock portfolio to fall back on, lower-income consumers are far more likely to use credit cards to pay for the goods and services that keep spiraling higher as inflation continues to have its way with prices — and the Fed continues to have its way with interest rates. And while things haven't reached critical mass yet, stress is clearly beginning to impact lower-end consumers: A steady rise in delinquencies and defaults has reached above 3% for the first time since 2012, when the economy was still recovering from The Great Recession of 2008-2009.

Blame it on the market: If you're rich enough to own stocks, you're feeling better about the economy

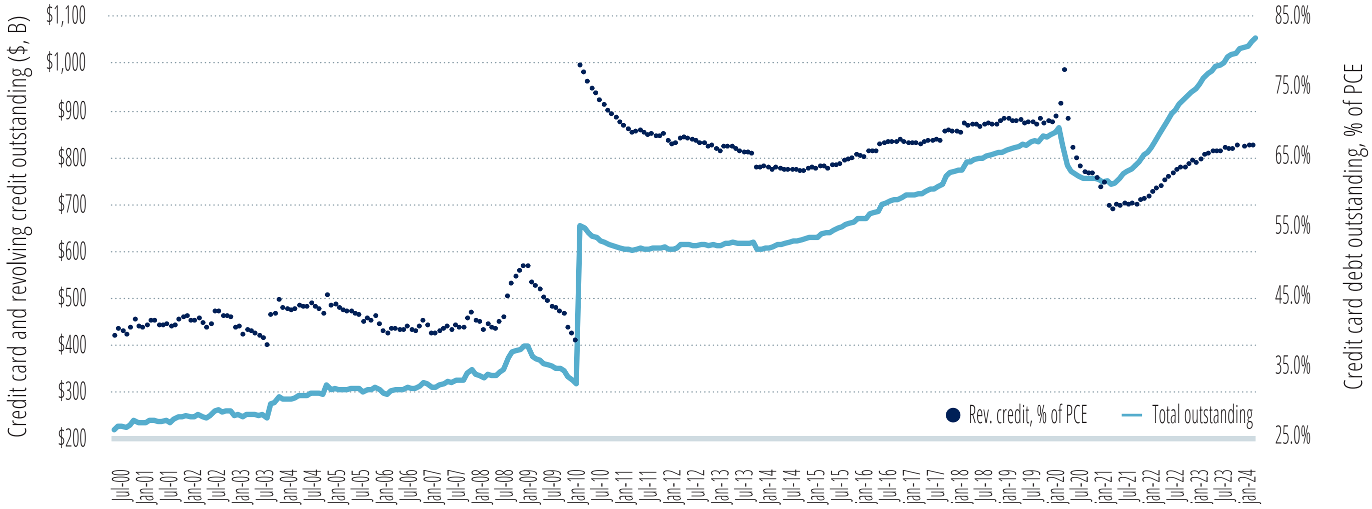


Source: University of Michigan.





How much do you trust the consumer to continue spending?



Source: Commerce Department.

For now, the U.S. consumer continues to underwrite economic growth even as spending habits slowly change from "splurgy" to "cost conscious," something that has recently become evident in the types of things consumers are buying as well as where they're shopping. It's particularly interesting, for example, that some of the categories that declined the most during the 2008-2009 recession are coming under pressure now. (See chart at right.)

But at some point, record-high credit card balances, which inched above $1 trillion for the first time in 2023 and continue to increase, will inevitably pinch consumption in a tangible way.[1] That's particularly true since the interest rates paid by credit card users, also at a record high of over 21%, have continued to increase as well.

Retail category	Percent change		
	During 2008-09 recession	MoM, Jan. 24	YoY, Jan. 24
Motor vehicles	-22.6%	-1.7%	-1.6%
Furniture/home furnishings	-19.6%	+1.5%	-9.8%
Electronics	-23.2%	-0.4%	5.8%
Building materials	-13.9%	-4.1%	-8.3%

Source: Commerce Department.

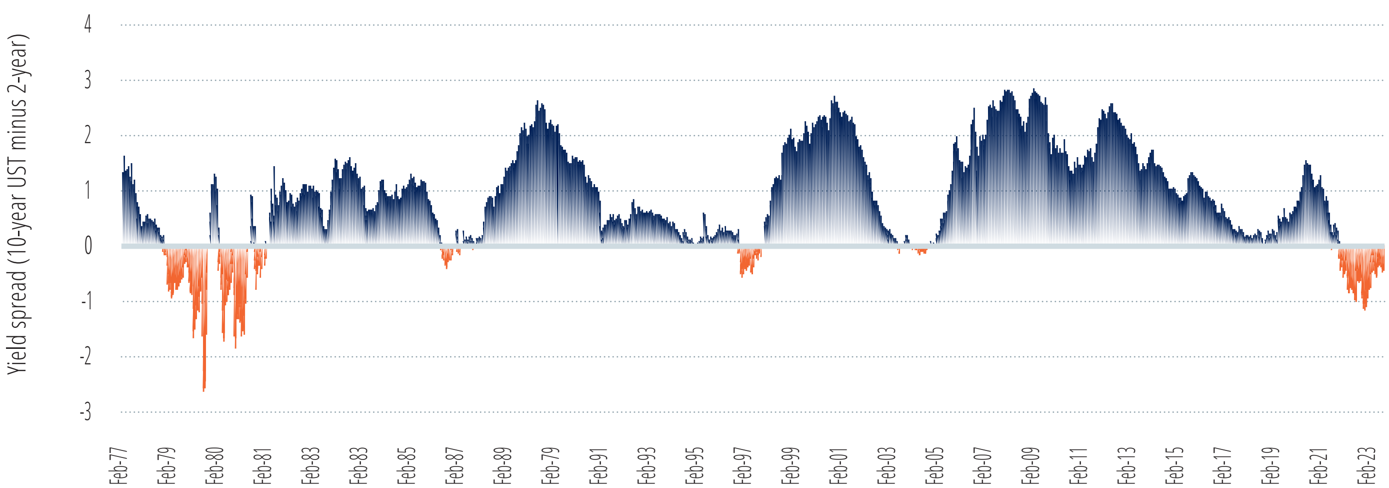
Still inverted

As far as the economy writ large is concerned, it's perhaps even more worrisome that the move in longer-term rates was mostly parallel in nature, with longer-term yields rising roughly in proportion with one another while shorter-term rates remained pegged by the Fed's persistence. That in turn meant that the first quarter's move in rates did nothing to heal the yield curve inversion that the U.S. economy has now endured for well over a year and a half, making it the deepest and longest-lived yield curve inversion since the 1970s and '80s. Traditionally a decent predictor of economic recessions, an inverted yield curve is definitely not the kind of environment that instills a lot of confidence in stocks. Perhaps not coincidentally, the 1970s and '80s also represent the last time inflation was so thoroughly in charge of the narrative.

Surfing the coming wave

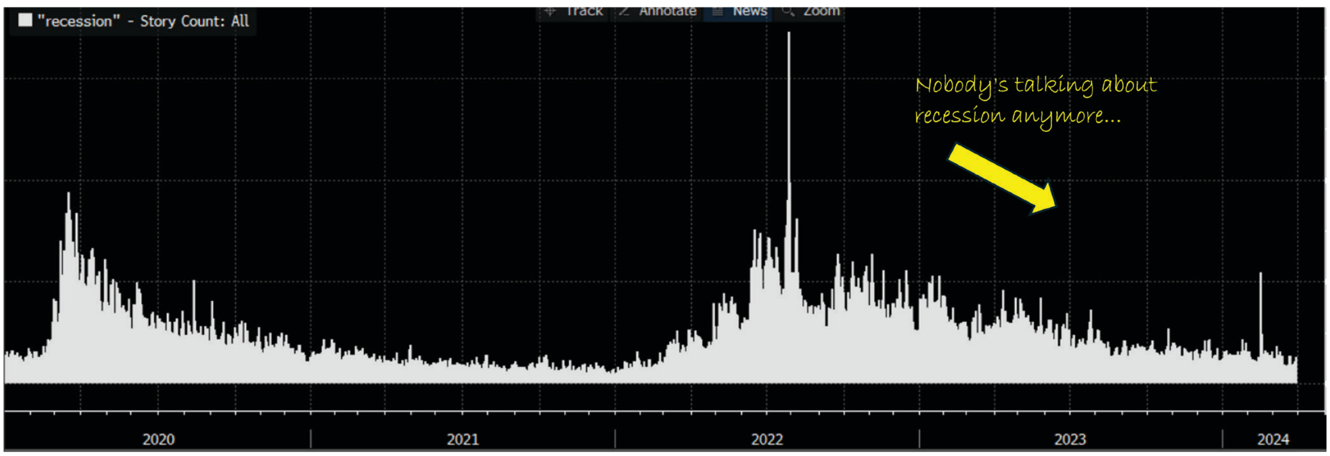
So what gives? How do we reconcile all these challenges to economic prosperity with the first quarter's unusually strong equity market performance? Maybe the answer lies here: Markets try hard to anticipate big inflection points rather than just react to them. Said a little differently, investors prefer to look forward rather than back, which in turn means they are always at risk of giving more weight to things like emotion and blind faith in an imagined future than they do to cold, hard facts about the present. So when something comes along and captures the market's imagination as fully as AI has in recent months, it can paper over a whole lot of evidence of economic weakness in the process.

Still upside down: The current yield curve inversion is the longest and deepest since the 1970s-80s



Source: Morningstar Direct.

Which brings us full circle back to Bloomberg's "NT" function that I gushed over at the start of this piece. If markets truly believe that AI represents some kind of dark magic capable of saving the economy from a reckoning with its post-pandemic excesses, it might be entirely rational to downplay things like higher rates and dangerously sticky inflation in favor of a far happier worldview in which AI creates prosperity for all. In other words, follow the buzz, and you almost always find where the market's head and heart lie. Thanks to the good folks at Bloomberg who brought us "NT," it's pretty easy to see that in the battle for hearts and minds, AI is beating recession hands down.

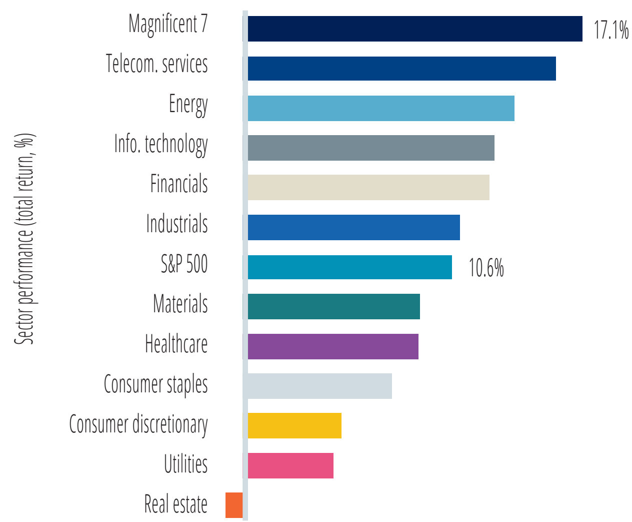


Source: Bloomberg.

But financial market performance is obviously more complex than just capturing the buzz. To credibly connect the dots between AI mania and the first quarter's strong risk-on performance, we probably need some additional corroborating evidence. As it turns out, we really don't have to look much further than the continued outperformance of the "Magnificent Seven" — a group of seven stocks (Alphabet/Google, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) that have come to characterize the new-new economy, a post-internet/post-industrial world where cars drive themselves, robots write college term papers, and machine learning creates boundless opportunity (especially for those who jump in early). During the first quarter, these standard-bearers of all things artificially intelligent jumped 17.1%; more tame than in previous quarters, perhaps, but still comfortably ahead of just about everything else in the domestic stock universe. In fact, if the Magnificent Seven represented a sector by themselves, they would have outperformed every other sector in the S&P 500 Index by an average of nearly 8% last quarter and almost 42% over the last 12 months. If you need further evidence of their utter dominance, consider that the combined market cap of these seven companies is a staggering $13.5 trillion — an amount roughly equal to the entire economic output of France, Canada, Italy, Brazil, South Korea, Mexico, and Indonesia (with Morocco thrown in for good measure) during all of 2022.

Meanwhile, as we wrote last quarter, the forward price-to-earnings ratios of some of the companies singled out by investors as uniquely positioned to hasten the transition to an AI economy build in an extremely aggressive growth trajectory that has rarely been seen since the heady days of the dot-com bubble. Then, as now, it was sometimes enough to simply add ".com" to the top of your corporate letterhead or whisper phrases like "eyeball capture" and tech-y sounding acronyms during your earnings call to juice your multiple a few points. Embracing the internet was once thought to be enough to make your firm's revenue line immune to the ups and downs of the business cycle, something that proved false for even those companies that thrived well beyond the hype. And for some of us who have been around long enough that the name "Henry Blodget" rings a bell, the exceptional performance of Reddit's initial public offering in March, when the company tied itself to AI mania in a very deliberate way, may induce night sweats and insomnia.

First quarter 2024



Source: Morningstar Direct.

While it's not impossible that these companies will eventually grow into their lofty valuations, the history of the internet should serve as a cautionary tale to those who are too aggressive too soon. While some companies will almost certainly live up to the hype, many others probably won't.

So, what's next?

If you were asked to represent the first quarter of 2024 in two simple pictures, you could do a lot worse than the two charts presented above comparing how often "recession" is currently mentioned in the press and on social media versus how many times the phrase "artificial intelligence" is invoked. If the war for the hearts and minds of Wall Street is a war between recession and its potentially damaging impacts and the stunning promise of AI and its productivity-enhancing benefits, in the court of public opinion (as displayed prominently on social media and in current equity market returns), AI is clearly winning.

As encouraging as that may feel to some, the current environment feels still unusually unsettled to me, and I therefore feel compelled to point out some of the more obvious risks we're watching as we enter late spring and early summer.

First and foremost is a return to the inflationary pressures that compelled the Fed to embark on its aggressive rate-raising campaign in the first place, discussed at length above. At the same time, the U.S. consumer is looking increasingly stressed — particularly middle- and lower-income cohorts, where surplus savings have dwindled fastest and the reliance on expensive forms of consumer credit are most acute. If and when the U.S. consumer finally buckles, predictions of pending recession will once again come to dominate the narrative.

That would be doubly true if the U.S. labor market suddenly begins to show signs of cracking under the weight of more than 5% of Fed-sponsored rate increases as the famously long and variable lags between monetary policy and its most caustic impacts on the economy finally begin to resolve. Notably, if the labor market were to begin weakening tomorrow, that would fit the historical timeline reasonably well. In past tightening cycles, recessions typically start long after the Fed stops raising rates, and unemployment usually peaks long after the Fed backs off. If history repeats, those who look forward to the day when Jerome Powell and his colleagues begin trimming rates with optimism may want to revisit their calculations.

It takes time: Recessions typically start only after the Fed quits raising rates

Start of tightening cycle*	End of tightening cycle	Arrival of recession	Months from: Start of cycle	End of cycle
Jan. 1973	Aug. 1973	Nov. 1973	10	3
Oct. 1976	Nov. 1979	Jan. 1980	40	2
Sept. 1980	May 1989	July 1989	11	2
April 1987	June 1989	July 1990	40	14
Feb. 1994	June 1995	NA	NA	NA
July 1999	Dec. 2000	Mar. 2001	21	3
July 2004	Sept. 2007	Dec. 2007	42	3
Dec. 2015	July 2019	Feb. 2020**	51	7
Mar. 2022	Sept. 2023	NA	NA	NA
Average (ex. COVID recession)			27	5

Source: Bloomberg.

* Tightening cycles are defined here are periods of sustained, uninterrupted increases in the Federal Funds rate, followed by a sustained series of cuts and/or stable rates. As such, the exact timing of these cycles is, to some extent, subjective.

**The 2020 recession was directly related to the COVID-19 pandemic and cannot be credibly attributed to FED tightening.

Postponing the inevitable

End of tightening cycle	Unemployment rate: Surpasses pre-tightening rate	Hits cycle peak	Peak months from: Start of cycle	End of cycle
Aug. 1973	June 1974	May 1975	29	21
Nov. 1979	July 1980	July 1980	46	8
May 1981	Oct. 1981	Nov. 1982	27	18
June 1989	March 1991	June 1992	63	37
June 1995	NA	NA	NA	NA
Dec. 2000	Apr. 2001	June 2003	49	30
Sept. 2007	Dec. 2007	July 2008	65	26
July 2019	Apr. 2020	Apr. 2020	NA	NA
Sept. 2023	NA	NA	NA	NA
Average (ex. COVID recession)			47	24

Source: Bloomberg.

Unprecedented(?) tail risks: Watergate and Bush vs. Gore might be as good as we get in terms of precedents			
	"I'm not a crook" (Nov. 17, 1973)	**Impeachment begins (May 9, 1974)**	**Nixon resigns (Aug. 8, 1974)**
Return, milestone days	-3.1%	-1.6%	-0.9%
Total return, from the "I am not a crook" speech to Nixon's resignation (November 8, 1974)			8
Total return, three months following Nixon's resignation (August 8 to November 8, 1974			18
Apr. 2020	**Outcome unknown (Nov. 8, 2000)**	**Gore requests recount (Nov. 10, 2000)**	**Gore concedes (Dec. 13, 2000)**
Return, milestone days	-1.6%	-2.4%	-0.8%
Total return, from election day to Al Gore's concession speech (November 6 to December 13, 2000)			-7.6%

Source: Bloomberg, Empower Investments research.

Finally, the political environment at home and abroad is unusually unsettled. Ordinarily, I'm among the first to claim that politics is little more than a sideshow and has only a very limited ability to influence markets or the economy over anything but the short term. But to say the current landscape is rife with tail risks is an understatement, making a politically inspired setback as we head into November's election with a hyper-polarized electorate and two major regional geopolitical conflicts still raging impossible to rule out. For those of us too young to remember Watergate, this feels like uncharted territory. But because much of what gets written about the market impacts of election-year weirdness relies on historical precedent to make its point, the way markets responded to Richard Nixon's humiliating exit from office or how the contentious election of 2000 (capped by the Supreme Court case Bush vs. Gore in December of that year) might provide at least some context.

In the same vein, while geopolitical turmoil is always tragic on a humanitarian level and can certainly influence markets in the near term, wars and strife rarely succeed in driving the market narrative for an extended period unless they are more than regional in scope.

Exceptions obviously include episodes in which conflict strikes the global economy where it has an existing vulnerability — such as Russia's invasion of Ukraine in 2022, which involved two major producers of energy and agricultural commodities during a time when the world was only beginning to address the massive inflationary impacts wrought by the COVID pandemic and the worldwide response to it. In my view, that made the job of controlling inflation only that much harder and probably lengthened (and deepened) the tightening cycles that the Fed and its central bank peers had to embark on in the process. And while it's certainly easy to argue that the conflict in Gaza, which has inspired attacks in the Red Sea and re-snarled supply chains that had only recently healed from their bout with COVID, might qualify for a similar role, it's also possible that the Gaza conflict or ongoing war in Ukraine could somehow broaden or even merge to become something far more global in scope, a prospect too frightening to even contemplate let alone prepare for. So for now, unless the geopolitical situation worsens dramatically, I'm watching the geopolitical scene with an optimistic, but wary, eye.

The point of all this is not to scare anyone, argue that markets are primed for a setback, or insist that last quarter's gains were overdone. In fact, I'm finding it easier to believe that recent optimism is at least justifiable, even if I still count myself among the unconvinced. Regardless, the best way to respond to any environment — constructive, caustic, or otherwise — is to remain calm and thoughtful no matter how emotionally charged things become. For investors who might otherwise be tempted to make wholesale adjustments to their portfolios in response to a shifting environment over which they have no control, that very likely means sticking to a disciplined and well-defined strategy that was designed with a cooler head when times were more serene. And that's something that no amount of turmoil can change.

1 Source: Bloomberg.