



One of the most iconic questions in American cinematic history continues to be, to this day, "*When will then be now?*" This, of course, is the question asked by Lord Helmet in the famous 1987 Mel Brooks film, *Spaceballs*. In the film, the answer is simply "soon." In today's markets, however, a more fitting answer may be 1997.

As we kick off 2026, a frequent question investors continue to ask is, "Is this 1999 all over again?" Examining the Nasdaq's trajectory from the start of the internet era (marked by the public launch of Netscape Navigator on October 13, 1994) to the current Magnificent 7 (following the public release of ChatGPT on November 22, 2022) suggests otherwise. Based on the duration of market appreciation and the distance from the euphoric melt-up frenzy of the internet era, current market conditions closely resemble 1997. See the chart of the week below for a comparison.

Beyond market comparisons, the macroeconomic backdrop highlights important differences between "then" and "now." In the late 1990s, economic activity was running hotter across both manufacturing and services, as reflected in ISM PMI readings. Today, the picture is more mixed. Manufacturing continues to languish in contraction, while services are growing only modestly, with PMI readings around 52. The policy backdrop is also different. Current monetary policy is in an easing phase, with the effective fed funds rate around 3.6% and a bias toward further cuts. By contrast, throughout much of the 1990s, the effective fed funds rate hovered in the mid-5% range, and policy was generally biased toward tightening.

The earnings backdrop further underscores the difference. Today's Magnificent 7 are largely generating strong earnings and free cash flow, allowing them to fund capital expenditures. In contrast, many of the internet-era favorites of the 1990s lacked positive earnings and routinely burned through cash. The global landscape is also markedly different. The 1990s were defined by increasing global integration following the fall of the Berlin Wall in 1989. Today, markets are operating in a shifting world order characterized by tariffs and global fragmentation.

Looking ahead, investors will turn their attention to Q4 earnings, which begin in earnest this week as major financial institutions and banks report results. Management commentary and the outlook for business trends will be closely watched for insight entering 2026, with particular focus on margins and plans around hiring or layoffs.

With the labor market remaining a sensitive part of the economic outlook, it remains an open question whether the economy, and AI-driven growth, can accelerate into what might be described as "ludicrous speed."

Back to the Future – 90's Tech Boom vs. Today's AI Wave

DOWNLOAD THE CHART

What Happened

Geopolitical Tensions - U.S. special forces removed Venezuelan President Nicolas Maduro and assumed oversight of Venezuela.

U.S. Labor - Job openings in the U.S. came in at 7.1m vs. estimates of 7.7m.

U.S. Economy - ISM Manufacturing PMI came in at 47.9 vs. estimates of 48.4, while Services PMI came in at 54.4 vs. estimates of 52.2, and Services New Orders came in at 57.9.



Dustin Metcalf
President & Founder

CA Office: (760) 491-1499

WA Office: (360) 865-7365 Dustin@fourcfinancial.com

Learn More >
ABOUT MY PRACTICE

Contact Me >
FOR A CONSULTATION

Four C Financial | www.FourCfinancial.com | 73000 Highway 111, Suite 202, Palm Desert, CA 92260

Source: Bloomberg

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Investment advice offered through Integrated Partners, doing business as FourC Financial, a registered investment advisor.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

The information contained in this e-mail message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this

message is strictly prohibited. If you have received this message in error, please immediately delete.

• • • • •

[Unsubscribe](#) [Manage preferences](#)