

Markets

Ariel Sends Buy Signal for Madison Square Garden Stock

- Chicago firm's founder says MSG assets create 'enormous' cash
- Rogers predicted in 2023 US would avoid recession, stock rally

by [Shruti Singh](#)
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Chicago-based Ariel Investments LLC's John Rogers is advising investors to take a look at Madison Square Garden Entertainment Corp., a company most closely associated with New York City.

When asked at this year's Executives' Club of Chicago's annual outlook event on Tuesday how he would invest \$100,000, Ariel's co-chief executive officer said, "I usually try to talk about Chicago stocks."

But MSG Entertainment, owner of its namesake sports and concert venue as well as Radio City Music Hall in Manhattan and the Chicago Theater, is "one company that I love a lot," Rogers said. MSG Entertainment is one of Ariel's top holdings, according to data compiled by Bloomberg.

The stock could be held in a portfolio for 30 to 50 years as the company generates "an enormous" amount of cash, while also benefiting from an ongoing renovation of New York's Penn Station, located below Madison Square Garden, he said.

Accurate Forecast

Rogers spoke to the executives' club a year ago and correctly predicted the US would avoid a recession in 2023 to give the stock market a boost. He founded Ariel in 1983 and the firm sells mutual funds and other investment vehicles, with a focus on value investing.

This year, Rogers told the business leaders that he sees low odds for a recession in 2024, inflation close to 2.5%



John Rogers Photographer: Christopher Goodney/Bloomberg

and the Federal Reserve cutting interest rates three times starting in the summer. He said he worries, however, about geopolitical tensions as well as the societal divide in the US. He added that he sees upside in small-cap stocks that have been neglected while large-cap stocks surge.

The start of 2024 has investors and traders on edge amid debate on the path of interest rates and continuing conflicts in Ukraine and the Mideast. Attention is on when the Federal Reserve will begin to reduce interest rates, how the economy and equity and fixed income markets will respond to potential easing and when

ceasefires may occur.

In recent weeks, bets that the Fed will cut rates this year have been gathering momentum after aggressive rate increases since March 2022 have brought the highest inflation in four decades closer to a 2% target.

The World Bank on Tuesday said the global economy is seeing slower growth rates than previous decades as the rebound from the pandemic is hampered by high interest rates, sluggish trade and geopolitical tensions that will hit developing countries hardest.

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