

Stocks Are in a Bull Market. If inflation trends unexpectedly go in the wrong direction, the Fed may not cut rates as soon as investors are hoping. The gains show that investors have overcome fears of rising interest rates and panic about a recession that had governed stock trading for much of the past two years. It doesn't mean stocks will continue to rise indefinitely, but it does reflect a generally optimistic outlook on Wall Street. The last time the S&P 500 entered a bear market was in 2022, as investors recoiled in the face of stubborn inflation and rising interest rates. Prices rose 3.4 percent on a yearly basis in December, down from a 9.1 percent peak in 2022 but still higher than the Federal Reserve's 2 percent target. Inflation is moderating, but some analysts warn that it is too early to declare victory. "The single most important thing that could reverse the rally is inflation not coming down," Mr. Watson said. Jan. 19, 2024 The S&P 500 index closed at a record on Friday, crossing above its old high-water mark, set in early 2022. A bull market ends when stocks fall 20 percent below their last high -- a period known as a bear market. But even if stocks do not fall that far, they could get knocked back some. What Does That Mean? "People picture the stock market like a heart monitor that goes up and goes down, so some get nervous," Mr. Wilson said. What would end the bull market?