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Big Tech Stocks Are Back. What's Behind the Nasdaq's 4% Rally.

By [Ben Levisohn](#) Updated Jan. 22, 2021 8:26 pm ET / Original Jan. 22, 2021 8:18 pm ET

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The [Dow Jones Industrial Average](#) rose just 182.72 points, or 0.6%, to 30,996.98 this past week, and the [S&P 500](#) gained 1.9%, to 3841.47. The tech-heavy [Nasdaq Composite](#) jumped 4.2%, to 13,543.06, its biggest gain since the week ended Nov. 6.

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That doesn't mean we shouldn't expect a correction—and perhaps soon. Lori Calvasina, chief U.S. equity strategist at RBC Capital Markets, notes the S&P 500 has been following a pattern typical of recessions since 1990, one that sees the recovery occur in three phases: an initial recovery, a period of consolidation, and a second rebound.

The initial recovery has lasted an average of 10 months, with an average return of 48%. That was followed by a period of consolidation that lasted from two to seven months and saw stocks sink an average of 17%. That was then followed by another rally that saw stocks gain an average of 19%.

The current bounce from the March lows has lasted about 10 months and produced gains of just over 71%. If the market follows the historical pattern, it should pull back by spring—but that will be a buying opportunity. “My