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The Stock Market Climbed Because Tumbling Bond Yields Don't Mean What They Used To

By [Ben Levisohn](#) April 16, 2021 8:24 pm ET

Normally, we'd be worried about the bond market's message because we all know that it's always right. This time, we're not so sure. Stocks had a great week, with the [Dow Jones Industrial Average](#) gaining 400.07 points, or 1.2%, to 34,200.67, while the [S&P 500 index](#) rose 1.4%, to 4185.47, and the [Nasdaq Composite](#) advanced 1.1%, to 14052.34. The S&P 500 and Dow closed the week at new highs.

Still, something caused it to drop. Some observers pointed to U.S. health regulators' [decision to pause the use of the Johnson & Johnson vaccine](#), adding to the risk that the fight against Covid-19 goes sideways. The Biden administration placed [new sanctions on Russia](#), increasing tensions and perhaps spurring demand for Treasuries as a haven. It's also possible that after yields nearly doubled to start the year, investors were simply waiting to see that the move higher was over before buying again. Of course, nearly everyone was predicting a 2% yield on the 10-year, while often forgetting that rarely does anything in financial markets move in a straight line.