

MARKETS

The Stock Market Ignored the Fed Meeting. Why That Could Be a Mistake.

By [Jacob Sonenshine](#) April 29, 2021 12:51 pm ET

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Federal Reserve Chairman Jerome Powell.
Susan Walsh / POOL/AFP via Getty Images

The Fed said it would maintain its current policy and reiterated that it will not reduce the extent of its support until inflation runs above 2% "for some time."

That's no different that what it has said since the pandemic's start. Stocks maintained their gains for the day after the Fed spoke, and the three major U.S. indexes were up modestly by late morning Thursday.

The main worry for stocks is that higher bond yields translate into lower equity valuations. Higher yields reduce the current value of future profits and therefore can reduce earnings multiples. The average stock in the S&P 500 trades at just over 22