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The Easy Money Has Been Made in This Market. What to Do Now.

By [Nicholas Jasinski](#) Updated July 16, 2021 10:38 pm ET / Original July 16, 2021 7:29 pm ET

Order



The market faces a tough bar this earnings season: the combination of all-time high prices and very high expectations.

“Peak growth” has become the latest boogeyman in markets. That’s the buzzy phrase used nowadays in discussing the rate of change in corporate earnings, U.S. gross domestic product, stock prices, government and central-bank stimulus, and inflation. It’s the trend that matters for investors, and the outlook is moving toward a deceleration on several of those fronts.

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As for the [Dow Jones Industrial Average](#) this past week, the index fell 182.31 points, or 0.52%, to 34,687.85. The S&P 500 slipped 0.97%, to 4327.16, and the [Nasdaq Composite](#) shed 1.87%, to 14,427.24. Each still finished within a couple of percentage points of its record high. Treasury yields rose, then fell, with the 10-year note’s yield jumping above 1.4% after Tuesday’s release of [the latest hot inflation data](#), then dropping back to 1.3% to end the week lower than it started. The curve flattened as shorter-term rates held their ground.

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Inflation and the Federal Reserve’s next move, meanwhile, remain a source of uncertainty. “Inflation has increased notably and will likely remain elevated in coming months before moderating,” Fed Chairman Jerome Powell confidently told Congress this past week. He reiterated the central bank’s sanguine take on inflation being a temporary side effect of the economic reopening under way.