

FEDERAL RESERVE | UP AND DOWN WALL STREET

Inflation Is Hot, and Stocks Are Cold. Now the Fed Needs to Rethink Its Rosy Projections.

By [Randall W. Forsyth](#) [Follow](#) June 10, 2022 8:48 pm ET

Order Rep

...
rising food and fuel prices.

Michael Reynolds/EPA-EFE/Shutterstock

To wit: Inflation is too high, which means interest rates are too low. And

while price/earnings ratios have come down to reflect the rise in rates to date, earnings expectations underlying P/E calculations have not adjusted appreciably. The product of lower P/E multiples and lower earnings forecasts is lower stock prices.