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This is an excerpt from our Aug. 17, 2022 Morning Briefing.

Joe and I think a new bull market started on June 16, with the S&P 500 up 17.4% through yesterday's close of 4305 ([Fig. 1](#) and [Fig. 2](#)). The S&P 500 is now only 10.2% below its record high on January 3. It rose above its 50-day moving average (dma) on July 19. It is now less than 1% below its 200-dma.

...

From a fundamental perspective, the bears expect that inflation will remain elevated, forcing the Fed to raise interest rates much higher, causing a severe recession. The bulls, like us, believe that inflation might have peaked in June and that the Fed is likely to pause for a while following one more rate hike of 50bps-75bps in late September. The bears see lots more downside for earnings and valuation multiples. We see flattening corporate earnings through the end of this year and believe that forward valuation multiples bottomed on June 16. In our bullish narrative, the market could move sideways for a while before moving to new record highs next year.