

MARKETS | THE TRADER

The Stock Market's Rebound Fizzled Again. Why a Real Bottom Could Form Soon.

By Ben Levisohn [Follow](#) Updated Oct. 14, 2022 7:45 pm ET / Original Oct. 14, 2022 7:28 pm ET



The stock market is starting to acknowledge that the Federal Reserve will indeed raise interest rates as much as needed to tame inflation.

NYSE

you'd expect—the S&P 500 [SPX -2.37% ▼](#) traded down as much as 2.4%—but then it started rallying...and rallying. The index finally finished the day up 2.6%, the [first time that's happened since 2008](#).

Consider: This past Thursday, [September's consumer inflation report](#) came in much hotter than expected, with the core CPI hitting a 40-year high. The initial response was exactly what

was not to be. [A rise in inflation expectations](#) that showed up in the University of Michigan's consumer sentiment survey on Friday pushed Treasury yields to their highest levels since 2008.

As a result, the S&P 500 fell 1.6% this past week, while the Nasdaq Composite [COMP -3.08% ▼](#) dropped 3.1% to close at its lowest level since July 2020. The Dow Jones Industrial Average [DJIA -1.34% ▼](#), thanks to some solid earnings from Walgreens Boots Alliance [WBA -1.22% ▼](#) (ticker: WBA), [UnitedHealth Group \(UNH\)](#), and JPMorgan Chase [JPM +1.66% ▲](#) (JPM), finished the week up 1.2%.