

MARKETS THE TRADER

# The Stock Market Barely Budged, but Don't Let It Fool You—Earnings Season Is Going Swimmingly

By [Jacob Sonenshine](#) [Follow](#) April 21, 2023 8:20 pm ET

Or



The bronze sculpture "Fearless Girl" outside the New York Stock Exchange.  
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At any given moment, earnings expectations reflect everything that's happening in the world, from [the economy](#) and [the Federal Reserve to interest rates](#) and [geopolitics](#). Right

now, most of the fear stems from expectations about the economy. The Fed has lifted interest rates to tamp down inflation by reducing economic demand, and so far, that seems to be working. The rate of inflation has been cut almost in half from its post-Covid peak, but growth is slowing with it: First-quarter gross-domestic-product expansion is set to fall to 1% from 2.1% last year when it's reported on April 27. And since higher rates operate with a lag, the full effects of the rate hikes probably haven't been felt yet, raising the possibility of a recession.