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Why the Stock Market May Be Overreacting

By [Connor Smith](#)

Wall Street is suddenly rethinking upbeat views on the economy, and that's causing pain for the vast majority of S&P 500 stocks.

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"Corrections happen," says David Donabedian, chief investment officer at CIBC Private Wealth US. "You rarely see exactly when they're coming or exactly why, but we still think that this is a bull market that will be sustained by the end of the inflation crisis and a more accommodating Fed."

A slowing economy could create challenges for equities to achieve the kind of earnings growth that analysts were penciling in for the quarters ahead, he says. That said, Donabedian notes the latest pullback and surging volatility seem like an overreaction.