

MARKETS | BARRON'S TAKE

The Stock Market Is Melting Up. When to Worry About a Meltdown.

By [Jacob Sonenshine](#) [Follow](#)

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3rd party ad content guarantees that the economy will stay in growth mode and won't hit recession any time soon. Lower rates would only boost consumer spending on housing and other goods and services—a demand picture that will spur investment from companies, helping the [industrial economy](#) specifically.

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This all means companies' profit growth could easily extend from next year into 2026. Analysts expect S&P 500 companies, in aggregate, to generate annual sales growth just above 5% over the coming two years, according to FactSet.

As long as the market envisions this growth trajectory, it can stay melty. Yes, the S&P 500 trades at just over 21 times expected earnings for the coming 12 months, the high end of its range since the Fed moved rates up from 0% in early 2022. But those earnings are increasing.