

MARKETS

How the Stock Market Could Avoid a Bloodbath

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The [S&P 500](#) is extremely expensive, making it particularly vulnerable to declines. But it doesn't have to happen.

The S&P 500's nearly 70% gain since its [bear-market](#) bottom in late 2022 has lifted it to just above 6000, where it trades at about 22 times the aggregate earnings that analysts expect companies to generate over the coming 12 months.

That is the highest in three years. Valuations are still in the clouds, even though inflation is still above the Federal Reserve's 2% target, the Fed has stopped cutting interest rates, economic growth has [stopped accelerating](#), and the market is wondering how much the earnings growth that artificial intelligence has brought to Big Tech will slow down.