

Markets

S&P 500 Rally Faces Key Test as Profit Engine Is Seen Sputtering



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The lackluster forecasts magnify warning signs that are piling up about the sustainability of the equities rally. Some market watchers are cautioning that valuations are looking lofty, and that the S&P 500 would need an earnings boom or drastic Federal Reserve interest-rate cuts to justify current levels. Technical analysts, meanwhile, see the index potentially declining in coming months unless more sectors join the rally.