



Why Stocks May Continue to Rise Despite Fading Hopes of Rate Cut

Description

Investors are reconsidering predictions for when the Federal Reserve will reduce interest rates. However, Wall Street strategists think this won't halt the upward trend of stocks in 2024.

Unexpected growth in consumer prices last month triggered a reduction in the speculated number of interest rate cuts for 2024. Speculation peaked at seven cuts in early January, but after the report, it fell to only two.

Despite the market's reaction to the recent inflation figures, the likelihood of the Fed affecting the rally in the stock market seems unlikely, as the S&P is already up by about 8%.

Wells Fargo strategist Christopher Harvey hints that despite the speculation, a multiyear easing cycle by the Fed is still expected. However, rising interest rates seem to not be slowing corporate earnings or US economic growth, boosting market sentiments.

Additionally, strategists believe that the timing and size of Fed cuts this year will be less important than the reason behind the cuts. Ohsung Kwon from Bank of America emphasized the focus on earnings growth rather than rate cuts, which could help the S&P 500 meet their 5,400 end-year target even without a rate cut.

The improved economic outlook is also leading to speculation of fewer Fed cuts, a situation often referred to as a "no landing scenario", featuring accelerated economic growth alongside a slowing path for inflation. Large-cap companies are currently preferred in this scenario, while small-cap stocks are displaying more rate sensitivity.

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Despite these uncertainties, many strategists retain an optimistic outlook, regardless of a narrowing expectation for federal rate reductions.

Vocabulary List:

1. **reconsidering** // (verb): Thinking again about a decision or opinion.
2. **halt** // (verb): To stop or pause.
3. **triggered** // (verb): Caused something to happen or begin.
4. **easing** // (noun): The act of making something less severe or intense.
5. **accelerated** // (adjective): Increased in speed or intensity.
6. **retention** // (noun): The action of keeping something rather than releasing it.



Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is the term for bypassing a rule or restriction?
Option: A. Evading
Option: B. Conforming
Option: C. Complying
Option: D. Communicating
2. Who is the owner of a business or property?
Option: A. Employee
Option: B. Investor
Option: C. Proprietor
Option: D. Manager
3. What is the term for a strong negative reaction by a large number of people?
Option: A. Applause
Option: B. Critique
Option: C. Backlash
Option: D. Endorsement
4. Relating to government revenues especially taxes?
Option: A. Physical
Option: B. Mental
Option: C. Fiscal
Option: D. Emotional
5. What is the term for causing something to begin or happen?
Option: A. Halted
Option: B. Prevented
Option: C. Initiated
Option: D. Anticipated
6. What is the probability of something happening?
Option: A. Impossibility
Option: B. Uncertainty
Option: C. Likelihood
Option: D. Possibility
7. Who is a person skilled in planning actions to achieve a goal?



- Option: A. Follower
- Option: B. Observer
- Option: C. Critic
- Option: D. Strategist

8. What is the term for bringing people together for a meeting or activity?

- Option: A. Disbanded
- Option: B. Diverted
- Option: C. Convened
- Option: D. Scattered

9. What is the term for cheerful and optimistic?

- Option: A. Gloomy
- Option: B. Miserable
- Option: C. Buoyant
- Option: D. Depressed

10. What is the term for gradually decreasing in number amount or strength?

- Option: A. Increasing
- Option: B. Growing
- Option: C. Dwindling
- Option: D. Multiplying

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

- 11. Social _____ remain a significant issue in many countries.
- 12. The employee requested _____ after being wrongly terminated.
- 13. There is a high _____ of rain this weekend.
- 14. The company was acquired through a _____.
- 15. The economic _____ for next year appears positive.
- 16. The discovery of a new species holds great _____ for biologists.
- 17. The company focuses on creating _____ products.
- 18. Her leadership skills were _____ in completing the project on time.



19. The new CEO brought about _____ changes in the organization.

20. The construction work had to _____ due to bad weather.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The grand jury issued an against the suspect.
22. His performance on the project after he stopped putting in effort.
23. After hours of interrogation the suspect finally to the crime.
24. The legal team prepared for the upcoming in the high-profile case.
25. The scientist the complex theory making it understandable to all.
26. The media about the reasons behind the sudden resignation of the CEO.
27. The journalist's was questioned after publishing inaccurate information.
28. The team will upon winning the championship.
29. Investors are concerned about the company's declining .
30. The stock market has been showing an in recent weeks.

Answer

Multiple Choice: 1. A. Evading 2. C. Proprietor 3. C. Backlash 4. C. Fiscal 5. C. Initiated 6. C. Likelihood
7. D. Strategist 8. C. Convened 9. C. Buoyant 10. C. Dwindling

Gap-Fill: 11. disparities 12. reinstatement 13. likelihood 14. leveraged buyout 15. outlook 16. significance
17. consumer-oriented 18. instrumental 19. transformational 20. halt

Matching sentence: 1. indictment 2. regressed 3. confessed 4. prosecution 5. demystified 6. speculated
7. credibility 8. rejoice 9. liquidity 10. upward trend

CATEGORY

1. Business - LEVEL5

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