

[REVIEW](#)

# They Said What? The Stock Market

Market experts tell Barron's they're positive on stocks, but they feel corrections may yet arrive.

By [ROBIN GOLDWYN BLUMENTHAL](#)  
July 4, 2014 2:27 a.m. ET

[Follow-Up](#) | [Dow Indicator](#) | [Preview](#)

**The Dow Jones Industrial Average has closed above 17,000 and the Standard & Poor's 500 Index has been flirting with its own round-number record.**

*Whither the U.S. equity market?*

## David Levy

**Chairman, Jerome Levy Forecasting Center**

"It will keep working its way up until we start to get enough bad news from the rest of the world. The U.S. market will continue to outperform most other equity markets, but that path, while upward for now, could become more raggedy and end later in the year."

## Avi Gilbert

**Founder, ElliottWaveTrader.net**

"The S&P 500 should go a bit higher in the next week or two, followed by a pullback. If it goes below 1920, we'll likely see a drop to 1750 or 1800, and the bigger correction has begun. But if the 1920 region can hold, we can see one more rally to take us just over 2000, to be followed by the 10% to 15% correction that everyone has been expecting. The correction is coming, it's just a question of whether it hits in summer or fall."

## Jason Pride

**Director, investment strategy, Glenmede**

"We are constructive on stock markets, but the story is changing as we enter the back half of the game. As central bankers remove stimulus, expect market returns to slow from the heady levels of the last few years. Investors still need to take risk to get positive returns, but they should be more selective on what risks to take."

## **Last Week**

### **Pleasing Payrolls**

U.S. nonfarm payrolls jumped by a stronger-than-expected 288,000 in June, with the prior two months revised higher by 29,000. The unemployment rate fell unexpectedly to 6.1%. The June gain was the strongest monthly gain since January 2012. Economists had expected seasonally adjusted payrolls to advance just 215,000, and the jobless rate to remain at 6.3%. The result supports the view that the Fed's tapering will end in the fall.

### **The Hits Keep on Coming**

The stock market reacted favorably to the jobs report, with the Dow Jones Industrial Average closing above 17,000 for the first time. Both the Dow and the Standard & Poor's 500 continued their record setting, with the Dow ending the week up 1.28% to 17,068.26 and the S&P 500 advancing 1.25% to 1985.44.

### **Reining In Risk**

Fed Chairman Janet Yellen said she doesn't see the need for the Fed to raise interest rates to defuse the risk that low rates could destabilize the financial system. Speaking at an International Monetary Fund event, she said there were isolated areas of increased risk, but those could be addressed through regulatory changes rather than higher rates.

### **Court Rules on Coverage**

The Supreme Court ruled that private companies can invoke religious grounds to opt out of a health-care law requirement to provide contraception coverage to employees.

### **Recall Redux**

[General Motors](#) said it was recalling 8.45 million more cars in North America, mostly to repair a defective ignition switch. The company said it would increase a second-quarter charge to \$1.2 billion.