

# Skepticism lingers despite stocks' eight-week winning run.

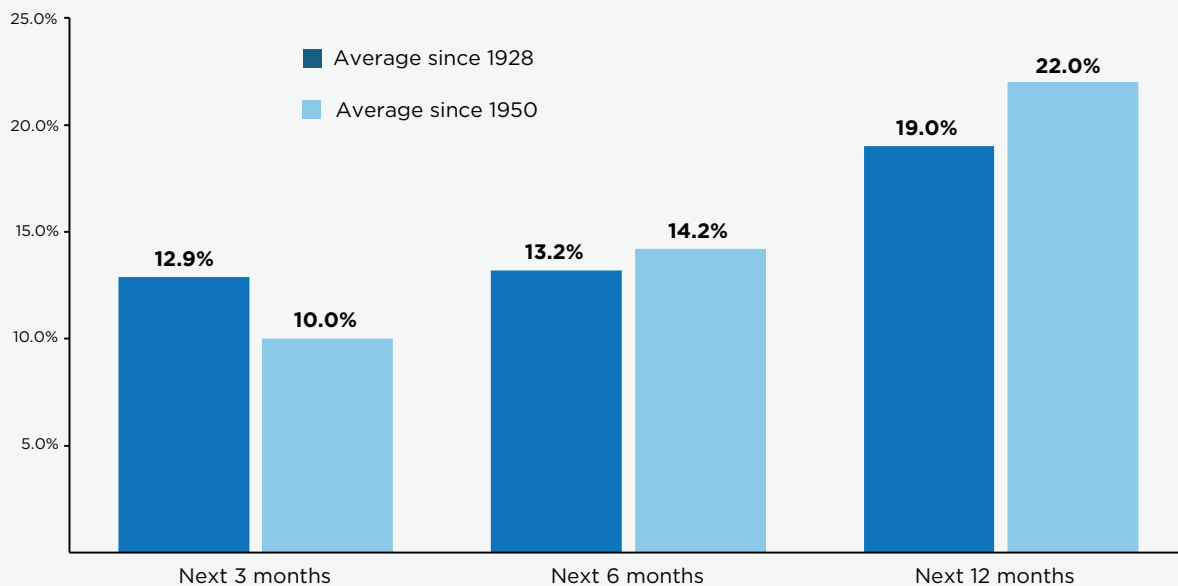
For much of the past two years, investors have approached every stock market advance with a measure of skepticism. Each rally came with a familiar set of concerns—narrow market breadth, elevated valuations, uneven economic data, geopolitical tensions and shifting expectations for monetary policy—all seeming to erode investor confidence in the durability of the expansion. Despite this steady drumbeat of doubt, the S&P 500® Index has continued to grind higher, underscoring a resilience that has consistently defied the prevailing narrative. Markets rarely wait for perfect clarity before repricing the future. More often, they advance when conviction is incomplete and positioning remains conflicted. The S&P 500's latest eight-week winning streak appears to be another example of that dynamic at work in real time.

## Does the S&P 500's eight-week winning streak reflect a durable shift in fundamentals, or is it largely technical noise?



The S&P 500's eight-week winning streak is a signal, but not an unambiguous one. On one hand, market history suggests that this kind of momentum tends to align with a constructive forward-looking backdrop, particularly when accompanied by strong earnings and resilient macroeconomic data. That has largely been the case with this rally. In that sense, the advance reflects more than just technical noise, indicating a market that continues to reprise a durable growth and productivity cycle. As the accompanying chart illustrates, this signal has been unequivocally positive in the past, with the S&P 500 higher three months later in all 25 instances since 1950 and an average gain of 10%.

**S&P 500® Index performance after 8-week winning streaks**



Source for chart data: Nationwide Investment Research.

That said, the character of the current rally merits some caution around how this signal should be interpreted. Much of the upside has been driven by a narrow set of market-leading companies, particularly semiconductors and the broader AI ecosystem, while breadth has lagged and participation remains uneven. At the same time, a significant portion of the uptick appears to have been mechanically amplified by positioning dynamics, including short covering, systematic flows and a rapid shift from hedging to risk-taking. These forces can sustain momentum in the near term, but they also leave the market more sensitive to shifts in rates, changing monetary policy expectations or underwhelming earnings. Importantly, one factor that continues to anchor the rally is the sharp improvement in earnings expectations; consensus EPS growth for the first quarter has come in markedly higher compared to initial forecasts, reinforcing the fundamental underpinning of the bull market. The result, perhaps, is a market where signal and noise coexist.

Continued from the previous page.

The underlying message is one of resilience, supported by fundamentals that continue to surprise to the upside, but the path has been reinforced and amplified as much by flows and concentration as by broad-based conviction in the economic backdrop. In that context, the streak should be viewed less as a standalone bullish trigger and more as part of a broader, still-unfolding process. The durability of the rally will depend on whether earnings breadth and fundamentals can continue to offset geopolitical uncertainty and an unfolding energy supply shock.

## Many investors worry that the momentum-driven rally has outpaced fundamentals. How should investors be thinking about the path forward for stocks?



The recent rally reflects a combination of resilient fundamentals and powerful technical forces, rather than one factor dominating the other. The durability of the rally will likely depend on whether earnings and economic strength can continue to validate expectations and whether participation begins to widen beyond a narrow leadership cohort. Since the beginning of the year, S&P 500 forward earnings estimates have been revised higher by about 13%, one of the strongest upward revisions we have seen in recent decades. Plus, the macroeconomic backdrop is running hotter than many anticipated, which can cut both ways. The U.S. economy remains supported by resilient consumption and investment trends, but bond yields have risen in tandem, tightening financial conditions at the margin. At the same time, inflation risks persist with markets increasingly questioning whether monetary policy will be able to ease as quickly as expected.

This dynamic has the potential to introduce episodic volatility as investors attempt to parse the signal from incoming data. For example, a re-acceleration in growth, spurred by immense fiscal tailwinds, combined with persistent supply-side pressures, suggests inflation may prove stickier than anticipated, even as geopolitical shocks fade. In that setting, stronger growth can paradoxically become a headwind for equities, as higher interest rates begin to pressure valuations and test the durability of a momentum-driven advance. That said, the catalyst behind rising yields matters, too. Growth-driven rate increases are typically absorbed by equities, as stronger earnings expectations offset discount rate pressures. By contrast, inflation-led rate moves tend to create friction, tightening financial conditions and weighing more directly on valuations. As such, investors should stay diversified, especially in an environment where headlines can shift sentiment quickly. Over longer periods, it's worth remembering that equity market returns are ultimately driven by the trajectory of corporate earnings, which as of this writing remain enduring.



About the author

**Mark Hackett, CFA, CFP®, CMT**

Chief Market Strategist for Nationwide's Investment Management Group



Stay ahead—[see what's moving the markets.](#)



**Nationwide®**  
is on your side

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should discuss their specific situation with their financial professional.

Except where otherwise indicated, the views and opinions expressed are those of Nationwide as of the date noted, are subject to change at any time and may not come to pass.

S&P 500® Index: An unmanaged, market capitalization-weighted index of 500 stocks of leading large-cap U.S. companies in leading industries; it gives a broad look at the U.S. equities market and those companies' stock price performance.

S&P Indexes are trademarks of Standard & Poor's and have been licensed for use by Nationwide Fund Advisors. The Products are not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's does not make any representation regarding the advisability of investing in the Product.

Nationwide Funds are distributed by Nationwide Fund Distributors LLC (NFD), member FINRA, Columbus, Ohio. Nationwide Investment Services Corporation (NISC), member FINRA, Columbus Ohio.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2026 Nationwide