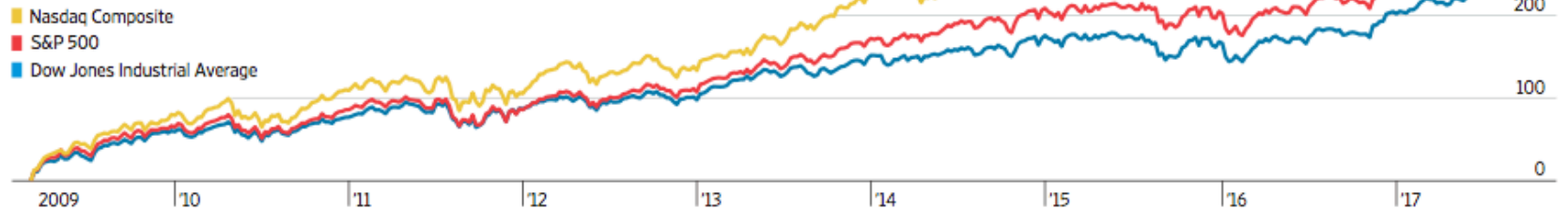


Stock market Record highs

Five Theories: Why Stocks Keep Hitting Records

The Dow Jones Industrial Average crossed 22000 for the first time Wednesday and closed at its 33rd record of the year Thursday. Below are some theories why the stock market keeps rising.

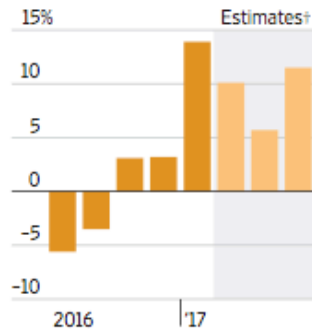
Index performance since March 9, 2009*



RESURGENT COMPANIES

The stock market's trajectory is determined by the rate of earnings growth, and continued strength among U.S. companies should fuel further gains.

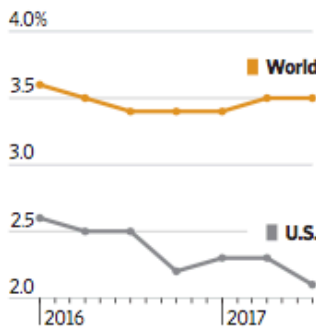
S&P 500 earnings, change from year earlier



BRIGHTER GLOBAL OUTLOOK

Global growth is projected to pick up while the U.S. expansion remains lackluster, which helps big multinational companies.

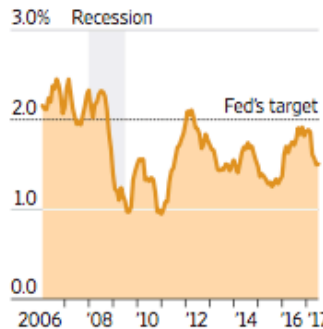
Projections for 2017 growth in gross domestic product, by month issued



CAUTIOUS FED

The U.S. economy is expanding but not fast enough for the Federal Reserve to raise interest rates quickly, boosting risky assets such as stocks.

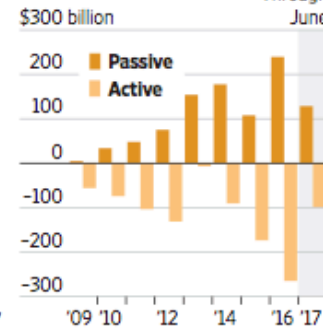
Core personal-consumption-expenditures price index, change from year earlier



PASSIVE INFLOWS

Money flowing into index-tracking mutual and exchange-traded funds has fueled indiscriminate buying divorced from corporate fundamentals.

Net flows, passively and actively managed funds**



THERE IS NO ALTERNATIVE

With bonds offering paltry yields, stocks remain many investors' asset class of choice, even if they are getting nervous about the long stock rally.

Yield on the 10-year Treasury note



*Financial crisis market low †Figures for the second quarter of 2017 reflect a combination of actual results and analysts' estimates. Figures for the third and fourth quarters are analysts' estimates.

**Data are for U.S.-registered active and passive mutual and exchange-traded funds that own U.S. stocks.

Sources: SIX Financial (indexes); FactSet (earnings, yield); International Monetary Fund (growth); Bureau of Economic Analysis (PCE); Morningstar (flows)

Akane Otani and Chris Dieterich/THE WALL STREET JOURNAL.