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Bond valuations are the Achilles heel of markets

Investors are nervous but it is too soon to say whether low-rate era is about to end

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Investors can, of course, change their minds. After last December's rate increase the markets succumbed to fears of [recession](#) and concluded that the Fed had made a serious error of judgment. While plenty of fund managers still talk about recession, largely on the basis that the recovery is long in the tooth, equity markets remain stubbornly unconcerned. Fewer money professionals now find fault with the Fed's decision to start raising rates back then. The next big question is whether the great 35-year [bond bull market](#) is finally over.