

Don't Worry About The Uncomfortable Rise in Yields, Tom Lee Says

The 10-year Treasury yield continued its recent climb higher, finishing Wednesday at 4.691%. As uncomfortable as that move higher may be, it won't break markets, Fundstrat Head of Research Tom Lee says.

Higher yields tend to add pressure on stocks by reducing the value of their future profits and by increasing borrowing costs. But Lee said those higher levels are not here to stay, and that's what's more important.

"Ultimately, if yields begin to fall because inflation pressures are easing or if the job market is a bit softer than expected, it really puts the Fed 'put' back in focus," Lee said on CNBC's Closing Bell with Morgan Brennan and Jon Fortt.

Lee also made the case for staying long on shares of smaller companies even as they've underperformed the broader market. Bolstered by a pro-business administration and attractive valuations, he said he's sticking with his optimistic outlook.

Lastly, he encouraged investors to have a longer-term view on some of the hotter areas of the market, such as quantum computing stocks, which posted sharp declines after Nvidia Chief Executive Jensen Huang said that supercomputers are still some years away.

"Think about just two years ago, how many people were saying AI was actually going to take far longer than expected," he said.

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