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What to watch

If not Ukraine, what is the big market worry?

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Most everybody on Wall Street has been blaming bad headlines related to Ukraine for the stock market's wild gyrations recently.

But James Paulsen, chief investment strategist at Wells Capital Management, isn't one of them.

He thinks stocks are being pushed around by other fears: namely, rising stock valuations and investors' anticipating coming interest rate hikes.

"In my view," Paulsen says, "the real reason the stock market has pulled back is it was vulnerable after such a persistent upward run, which extended its price-to-earnings ratio from about 13 times earnings to more than 18 times.

"The market mind-set (also) crossed a line in the last month," he adds, "surrounding whether, when and how aggressively the Federal Reserve and the bond market will need to react to what is clearly looking like an upward gear to this recovery's growth rate."

The recent sell-off is "primarily because Main Street is doing too well, and its performance is soon going to necessitate a re-pricing of bond yields and the Fed's monetary policy," Paulsen continues.

"To me, the geopolitical stuff is something that is always there, (and) most portfolios are already adjusted for it by general diversification.

"It is not, in my view," he contends, "the primary force behind this sell-off. So I don't think if it calms, it will necessarily produce a major, sustained rally."