What to watch

S&P 500 rally has it flirting with record high

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The S&P 500 index is again climbing to high-altitude levels and breathing rarefied air.

After kicking off the week with a solid rally, the broad U.S. stock gauge is within 1% of its record close of 2,130.82 dating to May 21, 2015.

More than a year since notching its all-time high, the S&P 500 is in rally mode again, driven in large part to hints that the Federal Reserve will hold off on interest-rate hikes in June and possibly the entire summer.

The U.S. stock market is gaining momentum again. Some three out of four stocks in the S&P 500 index – which includes large-cap names as well as mid-cap stocks and small-company names – are currently in an uptrend, according to Oppenheimer.

A sign of the S&P 500's renewed mojo is its breakout above the key 2,100 level, which has acted as a price ceiling since the large-company stock index retreated from its record highs.

Stocks have gotten a lift from the continued strength in energy prices. U.S.-produced crude rallied more than 2% Monday and closed just shy of $50 per barrel.

If the S&P 500 can close in record territory, the other major stock indexes will have to get in catch-up mode, as the Dow Jones industrial average is about 2% below its record, the Nasdaq is almost 5% shy and the small-company Russell 2000 index rremains down about 9% from its record.

To confirm a rally is for real, Wall Street likes to see the other indexes join the party.