

## Winning Streak Snapped

The stock market's five-week winning streak was put to an end this week, as well as the S&P 500's eight-session winning streak and the Nasdaq Composite's 11-session winning streak. Both declined 0.3% and 0.7%, respectively, while the Dow Jones Industrial Average fell 0.6% and the Russell 2000



The consumer discretionary (-3.2%) and energy (-1.7%) sectors were by far the weakest performers with 3.2% and 1.7% declines, respectively. The former was pressured by a 15% decline in Tesla (TSLA), as CEO Elon Musk started to sell shares in accordance with a Twitter poll that indicated he sell 10% of his stake.

Five of the 11 S&P 500 sectors, however, closed higher. The materials sector was impressive with a 2.5% gain, although no other sector rose at least 0.7%.

The impetus for the setback at the index level was profit-taking interest and a sharp rise in Treasury yields, which were catalyzed by hawkish Fed expectations for next year following a hotter-than-expected Consumer Price Index for October.

Specifically, total CPI rose 0.9% m/m (Briefing.com consensus +0.6%) and was up 6.2% yr/yr -- the largest 12-month increase since November 1990. Core CPI, which excludes food and energy, rose 0.6% m/m (Briefing.com consensus +0.4%) and was up 4.6% yr/yr.

As of 4:05 p.m. ET Friday, the probability for a rate hike in June 2022 was 69.1%, versus 50.9% last week, according to the CME Fed Watch Tool. The probability for a second rate hike next November increased to 64.9% from 44.7% last week.

The 2-yr yield rose 12 basis points to 0.52%, and the 10-yr yield rose 13 basis points to 1.58%. The U.S. Dollar Index rose 0.8% to 95.09.

Walt Disney (DIS) and Rivian (RIVN) were two other story stocks. Disney shares dropped 8% following its earnings report. RIVN finished 66% above its IPO price, bringing the EV-maker's market capitalization over \$110 billion.

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