

Stock market news live updates: Stocks turn lower with Omicron, inflation in focus



EMILY MCCORMICK

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Stocks turned lower Wednesday afternoon as more hawkish remarks from Federal Reserve Chair Jerome Powell compounded with concerns around the Omicron variant and its impacts on the economy. The S&P 500, Dow and Nasdaq each erased earlier gains to dip into the red.

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Stocks cut gains after [CNN first reported the news](#) around 1:45 p.m. ET, citing an unnamed person familiar with the matter. The U.S. [joined more than two dozen other countries](#) in reporting at least one case of the Omicron variant, which was first identified last week by scientists in South Africa.

The latest development renewed concerns about the potential impact of the new variant for the domestic economy. A day earlier Moderna ([MRNA](#)) CEO [Stephane Bancel](#) told [the Financial Times](#) that the company's current COVID-19 vaccine would likely see a "material drop" in effectiveness against Omicron, but that more data was still needed on the variant.

This commentary, as well as ongoing uncertainty over the transmissibility and severity of disease caused by the new variant, also contributed to the broader market slide seen on Tuesday.

"The market doesn't like an information vacuum, and now we have two," Thomas Hayes, Great Hill Capital Chairman, [told Yahoo Finance Live](#). "Not only did we have the CEO of Moderna expressing concern that his vaccines may not have full coverage for Omicron, but then you had Powell throw this ... wrench into the mix at the hearing saying that maybe we'll speed up taper by a few months. That's no small potatoes for sure, because the market had anticipated over six or seven months that we would get another \$660 billion of liquidity."

Namely, Powell told the Senate Banking Committee that it would be appropriate for the central bank to consider completing its asset-purchase tapering process "a few months sooner" than previously telegraphed. Market participants had been anticipating that the Fed might strike a more supportive stance for longer especially given concerns over the latest coronavirus variant. But instead, Powell suggested his priority was on curbing persistently elevated levels of inflation, and the Fed chair added it was ["probably a good time to retire"](#) his description of inflation as ["transitory."](#)

"Chairman Powell's commentary course-corrected the view on inflation and the potential need for quicker policy adjustment," Charlie Ripley, senior investment strategist for Allianz Investment Management, wrote in an email. "The reality is hotter inflation coupled with a strong economic backdrop could end the Fed's bond buying program as early as the first quarter of next year."

"Ultimately, the transitory view on inflation has officially come to an end as Powell's comments reinforced the notion that elevated prices are likely to persist well into next year," he added. "With potential changes in policy on the horizon, market participants should expect additional market volatility in this uncharted territory."

4:04 p.m. ET: Stocks end whipsaw session lower after first U.S. Omicron case confirmed: Nasdaq drops 1.8%

Here were the main moves in markets as of 4:04 p.m. ET:

- **S&P 500 (^GSPC)**: -53.98 (-1.18%) to 4,513.02
- **Dow (^DJI)**: -461.65 (-1.34%) to 34,022.07
- **Nasdaq (^IXIC)**: -283.64 (-1.83%) to 15,254.05
- **Crude (CL=F)**: -\$0.79 (-1.19%) to \$65.39 a barrel
- **Gold (GC=F)**: +\$3.30 (+0.19%) to \$1,779.80 per ounce
- **10-year Treasury (^TNX)**: -0.9 bps to yield 1.4340%

2:50 p.m. ET: 'The market lacks conviction on the upside': Strategist

Investors are in for more whipsaw stock market action in the very near-term as more information emerges on the new Omicron variant, according to at least one strategist.

"The price action you're seeing now really shows the market lacks conviction on the upside," Niladri Mukherjee, Bank of America head of portfolio strategy, [told Yahoo Finance Live on Wednesday](#).

"In the last couple of weeks, we've had two major uncertainties being injected into the market place. One obviously was the news of the new variant, which we know very little about right now. And the second is the possibility of a more hawkish Fed," he added. "And you've seen on different days, on some positive days, you've seen a recovery in some of the value and cyclicals which do well when the economy does well. And other days, you've seen the secular growth-oriented sectors, like technology doing better than the S&P 500."

"We think uncertainty will be with us at least in the near-term until we learn more about the virus — its severity, its transmissibility, how much it is evading the vaccines, etc.," Mukherjee said. "But as we go into 2022, the bigger environment will be that which is really dictated by the Fed's path to monetary policy normalization."

12:55 p.m. ET: Bank stocks jump amid rise in Treasury yields

Bank stocks jumped Wednesday afternoon as Treasury yields climbed, with traders pricing in expectations for an interest rate hike by the Federal Reserve next year after its asset-purchase tapering process ends.

The two-year yield, which is sensitive to expectations for monetary policy changes, jumped by about 5.5 basis points Wednesday afternoon to hover around 0.58%. The yield on the benchmark 10-year Treasury note rose by 1 basis point to 1.45%.

The jump in Treasury yields helped lift shares of major banks including JPMorgan Chase and Goldman Sachs, both of which are also Dow components. The KBW Regional Banking Index, an exchange-traded fund tracking bank stocks, rose by more than 3.4% for its best climb in a month.

10:05 a.m. ET: ISM Manufacturing index ticks up to 61.1 in November, coming in-line with estimates

[Manufacturing sector activity picked up](#) in November compared to October, though inflationary concerns and other price pressures continued to weigh on goods-producing industries.

The [Institute for Supply Management's \(ISM\) November manufacturing index](#) came in at 61.1 for the month, up from 60.8 in October. Readings above the neutral level of 50.0 indicate expansion in a sector.

Beneath the headline index, a subindex tracking prices paid eased to 82.4 from 85.7 in October, but still came in elevated compared to pre-pandemic levels amid lingering inflation. A subindex tracking employment improved to 53.3, rising from October's 52.0.

"The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment, with some indications of slight labor and supplier delivery improvement," Timothy Fiore, Chair of the Institute for Supply Management Manufacturing survey, said in a press statement. "All segments of the manufacturing economy are impacted by record-long raw materials and capital equipment lead times, continued shortages of

critical lowest-tier materials, high commodity prices and difficulties in transporting products."

"Pandemic-related global issues — worker absenteeism, short-term shutdowns due to parts shortages, difficulties in filling open positions and overseas supply chain problems — continue to limit manufacturing growth potential," Fiore added.

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9:32 a.m. ET: Stocks rise, S&P 500 and Nasdaq gain more than 1%

Here's where markets were trading just after the opening bell:

- **S&P 500 (^GSPC)**: +48.17 (+1.05%) to 4,615.17
- **Dow (^DJI)**: +254.43 (+0.74%) to 34,738.15
- **Nasdaq (^IXIC)**: +177.88 (+1.13%) to 15,712.72
- **Crude (CL=F)**: +\$2.30 (+3.48%) to \$68.48 a barrel
- **Gold (GC=F)**: +\$13.00 (+0.73%) to \$1,789.50 per ounce
- **10-year Treasury (^TNX)**: +3.7 bps to yield 1.478%

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8:22 a.m. ET: Private payrolls rose more than expected last month: ADP

[Private sector employment expanded more than anticipated](#) in November, suggesting further improvement in the labor market's recovery.

U.S. private payrolls grew by 534,000 in November compared to October, [ADP said in its closely watched monthly report](#). Consensus economists were looking for private payrolls to rise by 525,000, according to Bloomberg data. Private payrolls had grown by 570,000 in October, according to ADP's revised monthly figure.

More data on the state of the labor market will be due on Friday, when the Labor Department releases its "official" government jobs report. Consensus economists are looking to see non-farm payrolls rose by 548,000 in November, accelerating modestly from October's better-than-expected 531,000 rise. ADP's report has not typically served as a perfect indicator of what to expect from the government job report due to differences in survey methodology.

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7:24 a.m. ET Wednesday: Stock futures hold onto gains, Dow futures gain nearly 300 points

Here's where markets were trading as of 7:24 a.m. ET:

- **S&P 500 futures (ES=F)**: +55.75 points (+1.22%), to 4,622.00
- **Dow futures (YM=F)**: +293.00 points (+0.85%), to 34,750.00
- **Nasdaq futures (NQ=F)**: +236.00 points (+1.46%) to 16,386.50
- **Crude (CL=F)**: +\$2.96 (+4.47%) to \$69.14 a barrel
- **Gold (GC=F)**: +\$11.50 (+0.65%) to \$1,788.00 per ounce
- **10-year Treasury (^TNX)**: +4.4 bps to yield 1.485%

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6:15 p.m. ET Tuesday: Stock futures rebound

Here were the main moves in markets as the overnight session kicked off:

- **S&P 500 futures (ES=F):** +22.25 points (+0.49%), to 4,588.5
- **Dow futures (YM=F):** +92 points (+0.27%), to 34,549.00
- **Nasdaq futures (NQ=F):** +93 points (+0.58%) to 16,243.5

NEW YORK, NEW YORK - NOVEMBER 29: A trader works on the floor of the New York Stock Exchange (NYSE) at the start of trading on Monday following Friday's steep decline in global stocks over fears of the new omicron Covid variant discovered in South Africa on November 29, 2021 in New York City. Stocks surged in morning trading as investors get more data on the new variant and reports that symptoms have so far been mild for those who have contracted it. (Photo by Spencer Platt/Getty Images)