

# If Inflation Isn't a Threat, These Beaten Up Stocks Might Be a Bargain

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Shoppers in a Walmart store on Black Friday in Houston.  
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climbing 6.8% year over year, the  
highest rate since 1982. It was the

blowout, superhot inflation number that everyone was expecting—and it was met with a shrug.

The major indexes, for their part, rose a touch on Friday to finish what turned out to be a fantastic week: The [S&P 500](#) gained 3.8% to hit a new high, while the [Dow Jones Industrial Average](#) rose 4.0% and the [Nasdaq Composite](#) gained 3.6%.

But nowhere was the yawn bigger than [in the bond market](#). The 10-year Treasury yield rose 0.001 percentage point to 1.487% on Friday, while the two-year yield slipped to 0.660%. Even the amount of inflation priced into [Treasury inflation-protected securities](#) declined. The bond market was sending a message, and it wasn't one most people, fixated on the inflation rate, expected to hear: that inflation was nothing to worry about.

Of course, that contradicts what Federal Reserve Chairman Jerome Powell told Congress on Dec. 1, when he changed course and conceded that inflation, which has been running well above the Fed's target, [may not be a temporary phenomenon](#). A joker might have suggested that Powell's capitulation was a sign that inflation was peaking. The bond market's reaction suggests that it's no joke. "The bond market is starting to tell you that there is not this urgency to raise rates quite as much," says