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# The Stock Market Fought the Fed—and Paid the Price

By [Nicholas Jasinski](#) [Follow](#) Oct. 7, 2022 8:07 pm ET

Or

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We're still a ways away from an economy or labor market that justifies the end of tightening  
Graeme Sloan/Bloomberg

For the early part of this past week, a bad-news-is-good-news mentality ruled as each "disappointment" was greeted with a surge. Fueled by data showing

softer manufacturing activity and a sharp decline in job openings, the S&P 500 **SPX -2.80% ▼** put together a 5.7% jump on Monday and Tuesday—the index's largest two-day gain since April 2020, when stocks were in the early innings of the rebound from the Covid-19 bear-market low. And why not? A weaker economy and a slowing labor market could mean slower inflation and thus fewer rate hikes from the Fed.

It was all downhill from there, though, as hawkish remarks from Fed officials, stronger services data, and [Friday's jobs report](#) drove home the point that we're still a ways away from an economy or labor market that justifies the [end of tightening](#). The S&P 500 slid 4% from its Tuesday peak to finish the week up just 1.51%, while the Dow Jones Industrial Average **DJIA -2.11% ▼** added 1.99% for the week and the Nasdaq Composite **COMP -3.80% ▼** rose 0.73%.