

Why Falling Inflation Is a Problem for the Stock Market

By [Al Root](#) [Follow](#) Updated Jan. 13, 2023 9:39 pm ET / Original Jan. 13, 2023 9:35 pm ET

Order

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Tesla cut prices for some of its vehicles by up to 20% this past week as inventory piled up and order rates took a dive.

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U.S. consumer prices rose 6.5% year over year in December, the sixth consecutive month the pace of pricing

gains decelerated. Investors were pleased. The S&P 500 SPX +0.40% ▲ gained 2.7% for the week. The Dow Jones Industrial Average DJIA +0.33% ▲ gained 672 points, or 2%. The Nasdaq Composite COMP +0.71% ▲ was the big winner, closing up 4.8%.