

Markets

The Great Post-Election Rally Hits a Wall as Powell Weighs In

- Rate angst sparks worst weekly pan-asset selloff in 13 months
- Citi says market action showing investors feel 'exhausted'



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With the world's most important central banker in no hurry to ease monetary policy thanks to a still-robust labor market and strong economic data, bond yields once again rose and dragged stocks lower in their wake. Down 2% over five sessions, the S&P 500 erased half of its trough-to-peak gains since the election. Combined with losses in corporate credit and commodities, the week rounded out a pan-asset retreat that by one measure was the worst in 13 months.



Unbridled investor optimism over President-elect Donald Trump's business-friendly policies, including tax cuts and deregulation, is easing and cooler heads are prevailing. One worry: the Republican's fiscal agenda threatens to rekindle inflation and, thereby, may force the Federal Reserve to cut interest rates less than expected.