

Stocks Under Pressure as Megacap Tech Sells Off: Markets Wrap

- Pound gains after BOE shocks traders with interest-rate hike
- ECB unveils a gradual pullback of pandemic-era stimulus

By Rita Nazareth

(Bloomberg) --

A rout in some of the world's biggest technology companies dragged down stocks, outweighing gains in firms that stand to benefit the most from an economic rebound.

The S&P 500 fell after earlier climbing on bets that central banks can move toward tighter policies to fight inflation without derailing the economy. The Nasdaq 100 sank, led by losses in giants like Apple Inc. and Tesla Inc. Commodity, financial and industrial shares rose. European equities jumped as the region's officials unveiled a gradual pullback of pandemic stimulus, while the pound gained as the Bank of England unexpectedly raised rates. Bitcoin slumped.

Read: Biden Economic Bill Pushed to 2022 Amid Democrats' Discord

Policy makers are weighing measures to fight price pressures while balancing risks to growth. The European Central Bank temporarily boosted regular monthly bond buying for half a year to smooth the exit from crisis stimulus. The announcement followed Wednesday's decision by the Federal Reserve to accelerate the pace at which it tapers asset purchases, while projecting rate hikes through 2024.

Comments:

- "Bitcoin and big tech are getting punished today as investors reallocate some of their more profitable risky bets. The growth outlook still remains upbeat for next year," with some traders rotating back into cyclicals, said Edward Moya, senior market analyst at Oanda.
- "While we expect increased stock market volatility as the Federal Reserve embarks on normalizing policy, equity markets should end the year higher as the economy still remains strong, which should lead to continued earnings growth," said Richard Saperstein, chief investment officer at Treasury Partners.
- "I do think that central banks are being reactive, which is good. If inflation does start to moderate as these major central banks are still expecting, we may actually expect some turn in the policy direction in the later part of next year," said Janet Mui, investment director at Brewin Dolphin.

Corporate highlights:

- Adobe Inc. forecast revenue for the first fiscal quarter and full year 2022 that fell short of analysts estimates.
- Delta Air Lines Inc. projected it will report a profit this quarter, citing strong demand for travel and a decline in jet-fuel prices.
- Reddit Inc., the social-media platform that helped fuel this year's meme stock frenzy, said it has confidentially filed for an initial public offering.
- Air France-KLM agreed to buy 100 single-aisle planes from Airbus SE in another major order setback for Boeing Co. -- which had supplied aircraft the new jets will replace.

WATCH: ECB President Christine Lagarde explains why a rate hike in the year ahead is "very unlikely."

Applications for state unemployment benefits rose last week -- but remained near the lowest levels of the pandemic as the labor market recovery continues. U.S. housing starts strengthened in November to the fastest pace in eight months, while output at factories advanced solidly.

Here are some key events this week:

- Bank of Japan monetary policy decision, Friday.
- S&P Dow Jones Indices quarterly rebalance effective after markets close, Friday.

For more market analysis, read our MLIV blog.

LISTEN: Nadia Lovell at UBS Global Wealth Management talks about markets with Carol Massar and Tim Stenovec.

Some of the main moves in markets:

Stocks

- The S&P 500 fell 0.3% as of 1:52 p.m. New York time
- The Nasdaq 100 fell 1.9%
- The Dow Jones Industrial Average rose 0.3%
- The MSCI World index rose 0.2%

Currencies

- The Bloomberg Dollar Spot Index fell 0.4%
- The euro rose 0.3% to \$1.1321
- The British pound rose 0.4% to \$1.3313
- The Japanese yen rose 0.3% to 113.70 per dollar

Bonds

- The yield on 10-year Treasuries declined three basis points to 1.43%

- Germany's 10-year yield advanced one basis point to -0.35%
- Britain's 10-year yield advanced two basis points to 0.76%

Commodities

- West Texas Intermediate crude rose 2.4% to \$72.57 a barrel
- Gold futures rose 1.8% to \$1,796.60 an ounce

Markets Live in Progress

Follow the Blog | [MLIV](#) »

--With assistance from Andreea Papuc, Namitha Jagadeesh, Emily Graffeo, Vildana Hajric and Peyton Forte.

To contact the reporter on this story:

Rita Nazareth in New York at rnazareth@bloomberg.net

To contact the editors responsible for this story:

Jeremy Herron at jherron8@bloomberg.net

Rita Nazareth