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## STOCK MARKET TODAY

# Stock Market Sells Off After Powell Talks Down March Rate Cut; Fed Holds Rates Steady



KIMBERLEY KOENIG | 04:31 PM ET 01/31/2024

Stock market indexes sold off Wednesday afternoon following Fed chief Jerome Powell's comments on the interest rate outlook. The Dow Jones Industrial Average gave up any attempt at a gain and sank with other major indexes.



As expected, the **Fed announced** it would leave rates unchanged once again, with federal funds rates holding at 5.25% to 5.5%. The statement indicated that the Fed is not yet prepared to start cutting rates and will continue to monitor future economic information.

**Powell spoke** after the release and said the Fed is seeing the effects of tightening on inflation. He said that inflation is still too high and the Fed wants to see more positive data on inflation before considering rate cuts. But Powell said a rate cut at some point this year is likely, and the number of eventual cuts will depend on the data, he added. But he all but ruled out a March rate cut, saying it's not likely to happen.

The likelihood that the Fed cuts rates by 25 basis points at the March meeting fell to 36.4% from 54.1% before the announcement, according to the **CME FedWatch tool**. Meanwhile, the 10-year **Treasury yield shed 9 basis points** and sits just below the 4.0% level.

On the **stock market today**, the Dow dropped shortly after the Fed announcement and weakened further after Powell's comments, closing down 0.8%. The 30-stock blue-chip index was trying to build on an all-time high reached on Tuesday, but failed.

The S&P 500 retreated 1.6%, while the Nasdaq racked up a 2.2% loss. The tech-heavy Nasdaq got pummeled as Big Tech leaders **Microsoft (MSFT)** and Google-parent **Alphabet (GOOGL)** sold off after earnings reports.

And the small-cap Russell 2000 fell 2.5%, falling further below the 2,000 level.

Elsewhere, the Invesco QQQ Trust (**QQQ**) pulled back 2%, while the Innovator IBD 50 ETF (**FFTY**) dropped 2.2%.

Volume rose on the New York Stock Exchange and the Nasdaq vs. the same time Tuesday, in preliminary numbers.

## Stocks On The Move: Microsoft Falls After Earnings

**IBD 50** stock Alphabet gapped down 7.5% in heavy **volume**. The search engine leader beat on **fourth-quarter profit and revenue** estimates, but its online advertising growth disappointed. Shares sank below their **21-day exponential moving average**, and made the largest one-day drop since Oct. 25, when it fell 9.5%, according to Dow Jones Market Data. Shares are testing the 50-day line.

**Magnificent Seven** stock and Dow component Microsoft slid 2.7%, following the company's **cautious guidance for the current quarter**. Shares retreated back into the **5% buy zone** of a 384.30 **buy point**, according to **MarketSmith analysis**.

Meanwhile, other Magnificent Seven stocks that felt heat in the stock market included **Nvidia (NVDA)**, which dropped 2%; **Tesla (TSLA)**, down 2.2%; and **Leaderboard** stock **Meta Platforms (META)**, down 2.5%. **Apple (AAPL)** closed lower 1.9% and **Amazon.com (AMZN)** lost 2.4%.

Meta, Apple and Amazon are due to report earnings Thursday after the close.

## Industrial Stock Flashes Sell Signal; Medical Equipment Players Rally

**Rockwell Automation (ROK)** cratered more than 17% in huge volume after the industrial automation firm reported **worse-than-expected December-quarter** results. Profit fell 17% from last year's period while sales growth slowed to 4% from 21% in the prior quarter. The stock sank below its 50-day and 200-day lines, **flashing sell signals**.

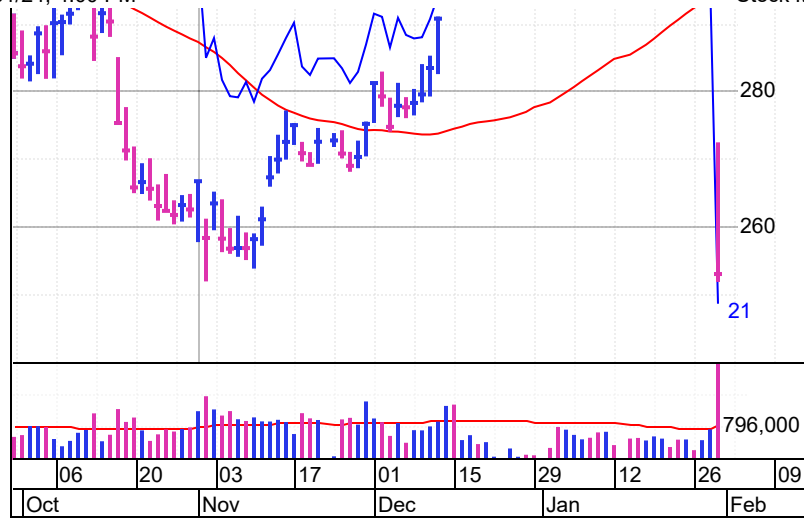
### Rockwell Automation (ROK)

\$253.28 53.94 ↓ 17.56%



1/31/24, 4:00 PM

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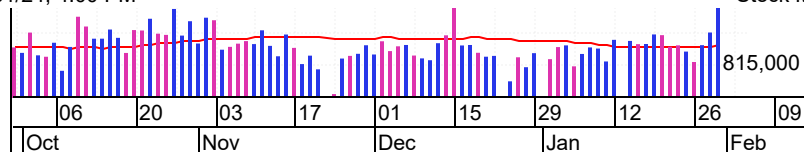
01/31/2024 (Market Close)

**Stryker (SYK)** gapped up 6% in the stock market after the orthopedic products company exceeded **fourth-quarter earnings and sales** estimates. The stock is extended from a 301.58 buy point of a **cup base**. Several analysts raised their price targets on Stryker, as shares reached an all-time high.

## Stryker (SYK)

\$335.48 18.84 ▲ 5.95%





01/31/2024 (Market Close)

Fellow medical equipment maker **Boston Scientific (BSX)** gapped up 3% to a record high after it topped fourth-quarter sales and profit views. Shares are extended from the 55.38 entry point of a flat base.

**Manhattan Associates (MANH)** soared 8.4% and broke out of a flat base with a 230.61 buy point. Shares gave back some early-morning gains and closed at the top of the buy zone. The stock tapped an all-time high before receding, and its **relative strength line** hit a 52-week high.

Elsewhere, **Advanced Micro Devices (AMD)** skidded and IBD 50 stock **Novo Nordisk (NVO)** popped following earnings reports.

Novo Nordisk gapped up more than 5% to a new high following the drugmaker's higher-than-expected **fourth-quarter profit and sales**. Shares are extended from the buy zone of a flat base with a 105.69 buy point.

Advanced Micro Devices lost 2.5% after the chipmaker **reported fourth-quarter earnings** that met expectations and higher sales. But AMD gave a current-quarter sales forecast that was below estimates with its report late Tuesday. AMD shares are extended from a 151.05 buy point and found support at their 21-day line.

## Other Stock Market Action: Electrical Stock Hits New High

**Paramount Global (PARA)** gapped up 6.7% in heavy volume after The Wall Street Journal reported that media mogul **Byron Allen made an offer to buy the company** for \$14.3 billion. The stock reclaimed its 50-day moving average. PARA stock was the biggest gainer on the S&P 500 on Wednesday.

Electrical equipment maker **Powell Industries (POWL)** skyrocketed 45.3% in enormous volume after the company topped December-quarter earnings and sales forecasts.

**Starbucks (SBUX)** reversed lower 1.1% after the company reported lower-than-expected **fourth-quarter earnings and sales**. Starbucks did, however, report 5% higher global comparable-store sales.

Dow Jones stock **Boeing (BA)** climbed 5.3% after reporting a **smaller-than-expected loss** and higher sales for the fourth quarter. Boeing was the Dow leader in Wednesday's stock market action.

**Automated Data (ADP)** gapped up 3% in heavy trading, following the company's higher-than-expected earnings and revenue for its fiscal second quarter.

*Follow Kimberley Koenig for more stock market news on X/Twitter @IBD\_KKoenig.*

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