

U.S. MARKETS

Dow Closes at Record as Coronavirus Worries Abate

Investors digest Fed Chairman Powell's testimony to Congress; oil prices rise

By Karen Langley and Anna Hirtenstein

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U.S. stocks set new records Wednesday as concerns about the economic impact of the coronavirus outbreak continued to ease.

The S&P 500 was propelled in part by companies whose shares had suffered as investors worried how the outbreak in China would affect global economic growth. The beaten-down energy sector posted the largest advance in the broad stock index, which was also pulled forward by gains among airlines, resorts and cruise companies.

All three major U.S. stock indexes closed at new highs. The S&P 500 added 21.70 points, or 0.6%, to 3379.45, its 11th record close of 2020. The Dow Jones Industrial Average rose 275.08 points, or 0.9%, to 29551.42, its seventh record of the year. The technology-heavy Nasdaq Composite gained 87.02 points, or 0.9%, to 9725.96, its 13th such record.

Although more than 44,000 people have been infected with the coronavirus globally, the spread of the disease appears to be slowing, according to China's National Health Commission.

"The coronavirus is still the main narrative," said James Athey, a senior investment manager at Aberdeen Standard Investments. The economic impact of the virus is still unclear, as figures for the first quarter haven't been released yet, he said. "The market is finding a way to consistently see the positive in everything in the absence of bad news."

As concern about the outbreak's effect on demand receded, Brent crude, the global benchmark for oil, gained 3.3% to settle at \$55.79 a barrel. The energy sector, the S&P 500's weakest-performing group this year, was its leader Wednesday, rising 1.4%.

Companies that have seen their share prices fall amid concerns about the outbreak gained ground. Shares of Royal Caribbean Cruises, [RCL 3.69% ▲](#) Norwegian Cruise Line Holdings and Carnival each rose more than 2.5%. Airline shares also ticked upward, with United Airlines Holdings [UAL 2.07% ▲](#) and American Airlines Group [AAL 2.11% ▲](#) adding more than 2%.

“Today the rally is led by the laggards,” said Olivier Sarfati, head of equities at GenTrust.

As market sentiment improved, the yield on 10-year U.S. Treasuries rose to 1.629%, from 1.589% Tuesday. Bond yields rise as prices fall.

U.S. stock indexes have shaken off headwinds this year to reach new highs, even after a major rally in 2019. But investors say equities could still have room to run.

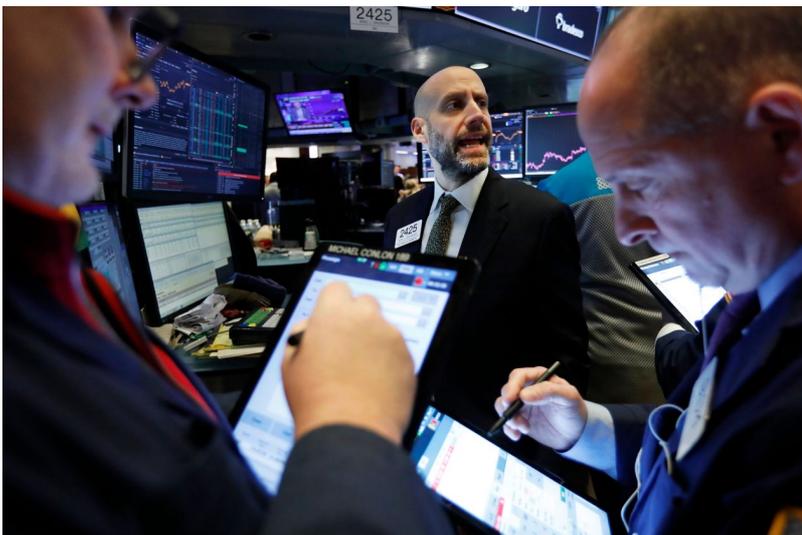
“The market can continue to move higher because of recovering earnings growth, stable economic growth and a friendly monetary environment,” said Nancy Perez, senior portfolio manager at Boston Private.

With about 70% of S&P 500 companies having reported, analysts are expecting earnings to grow 0.8% in the fourth quarter from a year earlier, according to FactSet.

Investors watched Tuesday and Wednesday as Federal Reserve Chairman Jerome Powell testified before Congress. On Tuesday, Mr. Powell said the U.S. central bank is monitoring disruption from the coronavirus and focusing on effects on the U.S. economy. He said it was too early to tell if the outbreak would change the Fed’s view that interest rates are at an appropriate level.

Among individual stocks, Bed Bath & Beyond plunged \$3.06, or 21%, to \$11.79 after the home-goods retailer said sales declined in December and January. Lyft [LYFT -10.16%](#) ▼ dropped \$5.48, or 10%, to \$48.46 after the ride-hailing company said that it doesn’t expect to turn a profit until the end of 2021.

Shopify, [SHOP 7.81%](#) ▲ meanwhile, rallied \$38.50, or 7.8%, to \$531.25 after its revenue outlook was unexpectedly positive.



Traders working on the floor of the New York Stock Exchange on Tuesday.

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Write to Karen Langley at karen.langley@wsj.com and Anna Hirtenstein at anna.hirtenstein@wsj.com

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