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U.S. MARKETS

Stocks Close Higher as U.S.-China Trade Talks Begin

Investors hope latest round of negotiations will bring Washington and Beijing closer to a resolution

By Will Horner and Akane Otani

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U.S. stocks rose Monday, boosted by rallying technology shares, as officials from Washington and Beijing kicked off their latest round of negotiations over trade policy.

Investors are beginning the week with their focus on the U.S. and China's talks, something many hope will help bring the two countries closer to a resolution in their prolonged trade fight.

The fact that policy makers in the U.S. and China have agreed to meet is a positive sign, said Felix Lam, a portfolio manager at BNP Paribas Asset Management. Still, the key question is whether the two countries will reach a trade deal, Mr. Lam said.

"Any positive outcome from the trade talks would have a more long-lasting impact on the earnings trajectory of corporations in Asia," he said, adding that delays, on the other hand, could hit corporate profits.

The Dow Jones Industrial Average climbed 98 points, or 0.4%, to 23531, wiping out early declines but ending off its session high. The S&P 500 added 0.7% and the Nasdaq Composite gained 1.3%.

A broad rally in shares of rapidly growing technology companies pushed major indexes higher.

Amazon.com, Netflix and Advanced Micro Devices jumped more than 3% apiece, with Amazon's gains allowing it to surpass Microsoft in market capitalization and become the largest publicly traded company.

Deal news also drove swings across the market.

Loxo Oncology shares surged 66% after drugmaker Eli Lilly said was buying Loxo Oncology, adding to its cancer-treatment portfolio.

Meanwhile, Dollar Tree shares jumped 5.5% after activist investor Starboard Value took a stake in the company. Starboard is pushing the retailer to sell its Family Dollar business.

Elsewhere, the Stoxx Europe 600 fell 0.1%. The U.K.'s FTSE 100 lost 0.4% as investors there awaited a parliamentary debate, set to begin this week, on the nation's departure from the European Union.

British Prime Minister Theresa May is widely expected to lose a vote later this month on her planned Brexit deal. If "there remains an impasse in the U.K. parliament at the 11th hour, then a [second Brexit] referendum...could become the only way out of the mire," said UniCredit analysts in a note.

Stocks across Asia finished higher, with Japan's Nikkei Stock Average jumping 2.4% as the yen weakened. A weaker yen tends to help the country's exporters, since it makes their goods cheaper to foreign buyers.

Later this week, investors will get a look at fresh data on consumer prices, which could offer some more clarity about how quickly inflation is picking up.

Recent readings on inflation have been relatively muted, helping bolster bets among investors that the Federal Reserve might have to slow down its pace of interest rate increases.



Bear and bull statues stand outside the Frankfurt Stock Exchange. European indexes are faltering despite strong gains in Asia.
PHOTO: ALEX KRAUS/BLOOMBERG NEWS

Federal-funds futures--used by traders to place bets on the course of monetary policy--showed a 74% chance of the Fed holding rates steady this year, according to CME Group. That's up from 38% one month ago.

—*Joanne Chiu contributed to this article*

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