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U.S. MARKETS

Stocks Rise on Hopes for Easing Mideast Tensions

Initially sharp moves in stocks, bonds and commodities moderate



A funeral procession for Iranian Maj. Gen. Qassem Soleimani in his hometown of Kerman on Tuesday. PHOTO: ATTA KENARE/AGENCE FRANCE-PRESSE/GETTY IMAGES

By *Anna Hirtenstein and Akane Otani*

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U.S. stocks rose Wednesday, extending gains after remarks from Iranian officials and President Trump suggested both countries were hoping to de-escalate tensions in the Middle East.

Tehran's military response to the U.S.'s killing of a key Iranian general rattled markets overnight. But in the hours that followed, an initial selloff in stocks and rally in the bond and oil markets eased as investors reassessed the chances of a broader conflict.

Iran's foreign minister said the country wasn't seeking escalation or war, while President Trump said Wednesday that no American or Iraqi lives were lost in the attack. He added that the U.S. was "ready to embrace peace with all who seek it."

"The balance of market opinion is that this could be a one-off and the situation may well settle down," said Philip Shaw, chief economist at Investec.

That helped keep the U.S. market on solid footing Wednesday—although stocks pared their gains in the final minutes of trading following unconfirmed reports of an explosion in Baghdad's

Green Zone, where the U.S. Embassy is located.

The Dow Jones Industrial Average added 161.41 points, or 0.6%, to 28745.09. The S&P 500 rose 15.87 points, or 0.5%, to 3253.05, just a touch shy of topping its Jan. 2 record. The Nasdaq Composite added 60.66 points, or 0.7%, to close at a fresh high of 9129.24.

Corporate news drove some of the bigger moves, with Boeing falling \$5.91, or 1.8%, to \$331.37 after one of its planes operated by Ukrainian International Airlines crashed in Tehran on Wednesday shortly after takeoff, killing all 176 passengers and crew on board.

Walgreens Boots Alliance dropped \$3.46, or 5.8%, to \$55.83 after reporting sales and earnings for the latest quarter that fell short of analysts' expectations.

Elsewhere, European stocks were little changed, with the Stoxx Europe 600 ending up 0.2%.

The moves in the U.S. and Europe stood in contrast to trading action in Asia, where Japan's Nikkei Stock Average closed down 1.6% and indexes in Hong Kong and South Korea fell around 1% apiece.

"Geopolitics become noise to markets until it becomes more serious," said Kit Juckes, a macro strategist at Société Générale.

Bets that rising geopolitical tensions wouldn't likely disrupt the global oil supply chain helped keep prices lower Wednesday.

U.S. crude for February delivery dropped 4.9% to \$59.61 a barrel, erasing initial gains, while shares of energy companies in the S&P 500 lost 1.7%.

Suhail al-Mazroui, the energy minister of the United Arab Emirates, said oil producers would respond to any supply shortages, but that disruptions weren't likely and the option wasn't being currently discussed by the Organization of the Petroleum Exporting Countries.

Rallies in government bonds and gold, two assets that tend to benefit from market uncertainty, lost steam.

The yield on the benchmark 10-year Treasury note, which had fallen overnight, settled at 1.874%, compared with 1.825% Tuesday. Yields rise as bond prices fall.

—*Joanne Chiu contributed to this article*

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