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U.S. MARKETS

Strong Results From Walmart Push U.S. Stocks Higher

Investors await minutes from the Fed's January meeting on Wednesday

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U.S. stocks edged higher Tuesday, extending their recent rally after upbeat earnings sent shares of retail giant Walmart higher and President Trump further toned down trade tensions with China.

Investors got a much-needed dose of optimism from the retail sector after Walmart reported better-than-expected sales and profit for the holiday quarter, fueled by strong grocery sales, online orders and holiday purchases. The results helped nudge higher shares of most other consumer-staple companies in the S&P 500.

The broader stock market added to those gains in the early afternoon after Mr. Trump told reporters that trade negotiations with China are progressing, but later weakened in the final hour of trading, putting major U.S. indexes only slightly higher for the day.

The president added that the March 1 deadline for a deal isn't a "magical" date, meaning additional tariffs on billions of dollars of Chinese imports that are scheduled to go into effect may be delayed.

"There's no question the market is anticipating a positive development out of trade negotiations," said Thomas Wright, director of equities at JMP Securities, adding that more concrete details around the deal's framework are likely necessary to spur stocks much further.

The Dow Jones Industrial Average added 8.07 points, or less than 0.1%, to 25891.32. The S&P 500 rose 4.16 points, or 0.1%, to 2779.76, while the Nasdaq Composite climbed 14.36 points, or 0.2%, to 7486.77—the tech-heavy index's seventh consecutive session of gains.

Signs of optimism around the trade talks have fueled the latest leg of the stock market's recovery following last year's selloff. Mr. Trump and other officials last week described the

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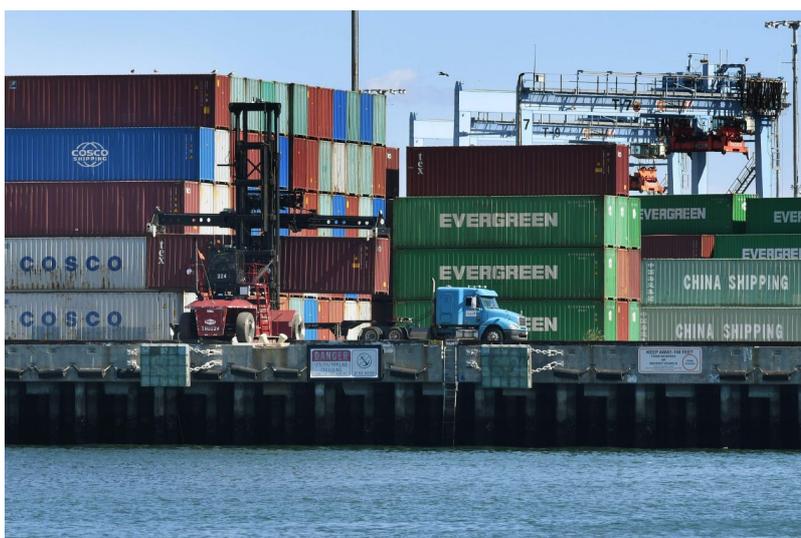
latest round of negotiations as productive, helping the Dow industrials and the Nasdaq Composite clinch their eighth straight week of gains—their best winning streaks since 2009.

This week, negotiators are focused on narrowing the still-substantial gap between the concessions China is willing to offer and what the Trump administration will accept. With all three major indexes up 10% or more this year, some investors say there is a strong likelihood of a quick reversal if both sides fail to reach a breakthrough that would avoid an escalation in tariffs on Chinese imports slated for March 1.

“It feels to me the economic and political news has just got worse,” said Neil Dwane, global strategist at Allianz Global Investors. “It is all the sentiment around trade that has helped the market rally on the basis that everyone believes there won’t be an all-out trade war.”

Shares of Walmart gained \$2.21, or 2.2%, to \$102.20, leading most other consumer-staple stocks higher. The massive retailer said comparable sales climbed 4.2% in the quarter that ended in January, one of its biggest quarterly gains in a decade.

The earnings served as further evidence that the U.S. economy remains on solid footing and helped allay some of investors’ concerns that holiday shopping was significantly weaker than expected. Data from the Commerce Department last week said December sales saw their largest drop since 2009.



U.S.-China trade talks aimed at ending a trade dispute will resume in Washington. PHOTO: MARK RALSTON/AGENCE FRANCE-PRESSE/GETTY IMAGES

Material stocks also buoyed the market. Mining company Freeport-McMoRan rose 81 cents, or 6.6%, to 13.09 after a Citigroup analyst raised the firm’s price target, pulling the S&P 500’s

materials sector up 0.6%.

Besides monitoring trade talks, investors are expected to scrutinize minutes from the Federal Reserve's January meeting due Wednesday. Investors want to see how the Fed views economic growth and for any additional details on how it plans to pause its move toward tighter monetary policy.

James Athey, a senior investment manager at Aberdeen Asset Management, like many investors, expects decision makers at the central bank to maintain their dovish stance, whatever the outlook for the U.S. economy.

"They are not data-dependent at all," Mr. Athey said. "It's a forced pause driven by market conditions."

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