

## U.S. MARKETS

# U.S. Stocks, Bond Yields Rise to Start the Week

Major indexes jump on prospect of progress in U.S.-China trade talks, easing recession fears

*By Caitlin Ostroff and Akane Otani*

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U.S. stocks bounced higher Monday, buoyed by a rally among shares of banks and technology companies.

The Dow Jones Industrial Average rose 306 points, or 1.2%, to 26192 shortly after the opening bell. The S&P 500 added 1.2%, and the Nasdaq Composite advanced 1.5%.

Shares of companies that have reeled on escalating trade tensions jumped Monday after U.S. officials said over the weekend that the White House was laying the groundwork for a new round of trade talks with Beijing. President Trump added on Twitter that the U.S. was “doing very well with China, and talking.”

Bank stocks, which have slid the past couple of months alongside global bond yields, bounced higher. Bank of America rose 2.1%, and Morgan Stanley climbed 2.2%.

Technology stocks also helped lift the broader market, with Advanced Micro Devices and Nvidia rising more than 3% apiece. Semiconductor firms have swung the past few months as investors have weighed the risk of increasing trade restrictions cutting into firms’ profits.

As stocks rose, bond yields retreated from their recent lows. The yield on the benchmark 10-year U.S. Treasury note rose Monday to 1.611%, according to Tradeweb, from 1.540% Friday. Yields, which rise as prices fall, have been pressured in recent months by increasing fears about the health of the economy.

Later this week, investors will parse minutes from the Federal Reserve’s latest meeting, as well as hear from central bank leaders meeting in Jackson Hole, Wyo.

Bond investors this week will also be focused on speculation around a major stimulus package from the European Central Bank and German fiscal stimulus, said Commerzbank strategist Rainer Guntermann. Germany plans to sell a new 30-year bund on Wednesday.

The Stoxx Europe 600 added 1.1%, led by gains in its basic resources, autos and banking sectors. Germany’s DAX rose 1.5% and the U.K.’s FTSE 100 was up 1.1%.

European bank shares have gained on easing recession fears, having been “priced to a disaster scenario,” said Patrick Spencer, vice chairman of equities at Baird. “They’re in the bargain bin,” he added.

In Asia, Hong Kong stocks were among the best performers in the region. The Hang Seng Index rose 2.2%, its best performance since June, as there was some relief that the weekend’s large-scale protest didn’t end in violence.

Elsewhere in Asia, the Shanghai Composite rose 2.2%, while indexes in Japan and Korea rose less than 1% apiece.

Chinese shares stood out with a strong rally, buoyed by a fresh interest-rate reform by Beijing that is widely expected to result in easier monetary policy.



Traders at the New York Stock Exchange on Friday. PHOTO: RICHARD DREW/ASSOCIATED PRESS

An official blueprint to develop the southern city of Shenzhen into a global technology hub and experiment with more financial liberalizations there made the gains on the smaller exchange even sharper,

analysts said.

Leading the pack were Shenzhen-listed technology firms and brokerages that stand to benefit from a proposed reform of share-listing policy. ZTE’s stock rose 6.1%, while Citic Securities increased 6.6%.

“Brokers are rising sharply because the Shenzhen development plan indicates stronger determination by the government to further open up the financial sector and encourage innovation,” said Deng Wenyuan, a Suzhou-based analyst at Soochow Securities.

—*Shen Hong and Steven Russolillo contributed to this article.*

Write to Akane Otani at [akane.otani@wsj.com](mailto:akane.otani@wsj.com)

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