https://www.wsj.com/articles/global-stocks-gain-on-u-s-mexico-deal-11560153230

U.S. MARKETS

U.S. Stocks Climb on Mexico Deal

Shares of manufacturers, tech firms help lift indexes; yields on government debt rise

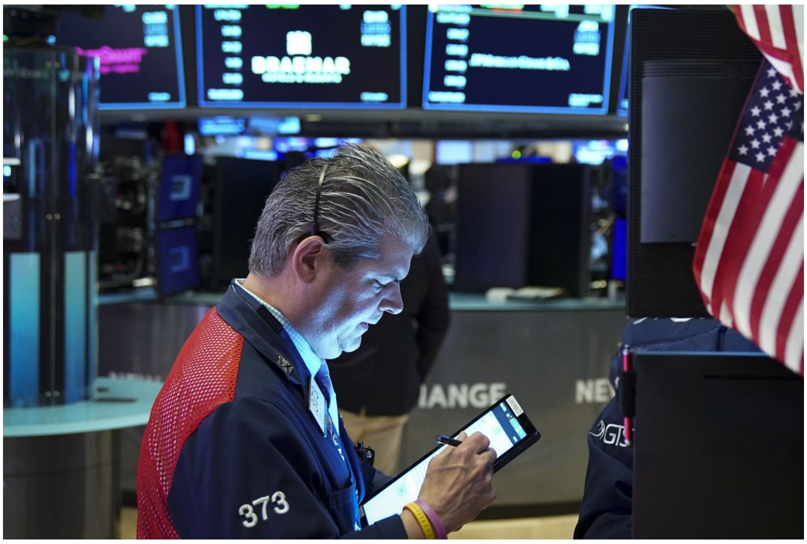
By Avantika Chilkoti and Akane Otani

Updated June 10, 2019 4:52 p.m. ET

U.S. stocks climbed, buoyed by relief over the White House's decision to drop a threat to hit Mexico with tariffs on billions of dollars of goods.

Treasury yields and shares of manufacturers and technology firms rose after President Trump said tariffs on Mexican imports, which had been set to go into effect on Monday, had been "indefinitely suspended."

Worries about the U.S.'s trade fights with China and, more recently, Mexico had sent stocks swinging and bond yields falling well below the highs they hit last year. The deal that Mexico and the U.S. struck late last week to avert tariffs helped reassure investors that trade tensions between the two countries are winding down.



A trader working on the floor of the New York Stock Exchange at the closing bell on Friday. PHOTO: DREW ANGERER/GETTY IMAGES

"There is a lot of noise in the market and rates are reflecting that," said Nick Maroutsos, co-head of global bonds at Janus Henderson Investors.

The Dow Jones Industrial Average climbed 78.74 points, or 0.3%, to 26062.68, notching its sixth consecutive session of gains--its longest such streak since May 2018. The S&P 500 added 13.39 points, or 0.5%, to 2886.73, and the Nasdaq Composite advanced 81.07 points, or 1%, to 7823.17.

Financial shares helped lead the broader market higher, with Goldman Sachs jumping $4.31, or 2.3%, to $194.12, and Morgan Stanley adding 59 cents, or 1.4%, to $43.29. Rising bond yields tend to help lenders because they increase the gap between what banks charge borrowers and what they pay depositors.

Shares of car makers also climbed, with Ford Motor rising six cents, or 0.6%, to $9.82, and General Motors advancing 52 cents, or 1.5%, to $36.01. The two stocks have been particularly sensitive to trade tensions between the U.S. and Mexico, as the companies build a chunk of their cars in Mexico.

Meanwhile, shares of military contractor Raytheon added $1.28, or 0.7%, to $187.19 after the company agreed to merge with United Technologies in an all-stock deal that will create the world's second- largest aerospace-and-defense company by sales. United shares initially rallied but ended the day down $4.14, or 3.1%, to $128.01.

As bond prices retreated, bond proxies in the stock market—sectors like utilities and real estate that tend to pay hefty dividends—also fell.

Bonds and bond proxies had rallied in May as investors bet on the long trade fight between the U.S. and China pushing the Federal Reserve to lower interest rates.

Investors will get a fresh look at the health of the U.S. economy this week when May inflation figures are published on Wednesday and retail-sales data are released on Friday.

Relief that the Fed might lower rates in the coming months sent stocks sharply higher last week, with the Dow industrials posting their biggest weekly gain in more than six months.

Some analysts warn, though, that a scenario in which the Fed lowers rates would be a net negative for markets.

"This is getting dangerously circular: Chasing markets is a losing proposition for a central bank—and for stock markets to like weak economic numbers in anticipation of a rate cut is an equally losing proposition," Erik Nielsen, chief economist at UniCredit Bank, said in a note.

Elsewhere, the Stoxx Europe 600 edged up 0.2%, lifted by gains in shares of banks and basic-resources firms.

Stock indexes in Asia notched gains across the board, with Japan's Nikkei Stock Average rising 1.2% and the Shanghai Composite ending up 0.9% to snap a six-session streak of losses.

Write to Avantika Chilkoti at Avantika.Chilkoti@wsj.com and Akane Otani at akane.otani@wsj.com