

U.S. MARKETS

U.S. Stocks Close at Fresh Records, Aided by Trade Optimism

China's top trade negotiator will travel to Washington next week to sign initial accord

By Michael Wursthorn and Avantika Chilkoti

Updated Jan. 9, 2020 5:22 pm ET

The Dow Jones Industrial Average rose more than 200 points Thursday, notching a fresh record and finishing just below 29000, as signs of geopolitical calm pulled investors back into highflying stocks.

Reassuring signs that trade negotiations remain on track gave the Dow and other major indexes a boost throughout the trading session. China said its top trade negotiator, Vice Premier Liu He, will travel to Washington next week to sign a phase-one accord, the first official confirmation by Beijing on the truce's signing.

Technology stocks, including Apple, led the gains, but stocks across the board rose, including shares of manufacturers, banks and some consumer discretionary firms. That helped all three stock indexes close at their highest levels ever and left the Dow just shy of crossing its latest 1,000-point milestone.

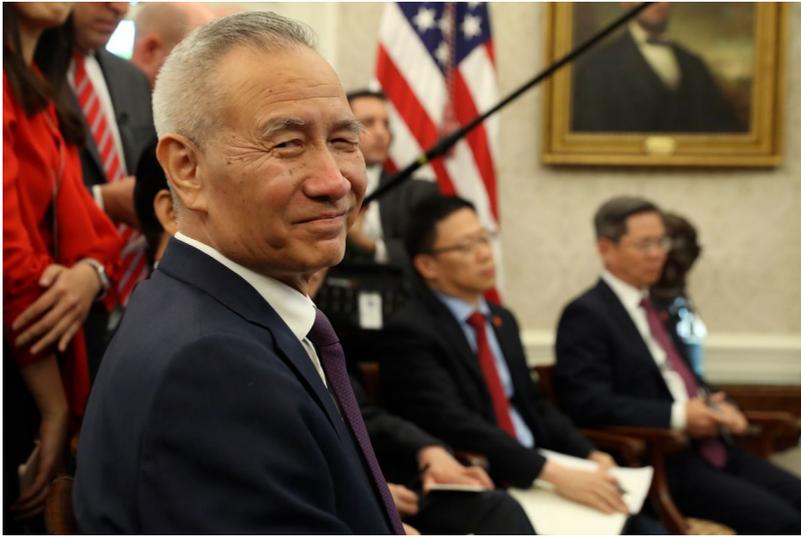
Easing tensions between the U.S. and Iran following a missile barrage on Iraqi bases housing U.S. troops added to investors' optimism, analysts said. And comments from President Trump earlier Thursday suggesting a Boeing passenger jet crash in Iran wasn't due to a mechanical failure sent shares of the aerospace giant higher, giving the Dow an additional boost.

A U.S. official later told The Wall Street Journal that Iran used two missiles to bring down the Ukraine-based jet.

"Some of the worst-case scenarios have receded and you're seeing that play out through the capital markets, helping to fuel this relief rally," said William Northey, a senior investment director at U.S. Bank Wealth Management.

The Dow industrials rose 211.81 points, or 0.7%, to 28956.90, its highest close ever and just 0.1% shy of 29000. The index closed above 28000 for the first time in November, driven by fading fears of a recession.





Chinese Vice Premier Liu He during a visit to the Oval Office in October. PHOTO: ANDREW HARNIK/ASSOCIATED PRESS

The S&P 500 added 21.65 points, or 0.7%, to 327

4.70. The Nasdaq Composite also rose, gaining 74.18 points, or 0.8%, to 9203.43. Both of those indexes also closed at new records.

That all helped to further quell stock-market volatility. The Cboe Volatility Index, or VIX, which tracks expectations for stock swings, fell a fourth consecutive trading session, suggesting investors remain sanguine on risk, analysts said.

“At the moment, the VIX is very tame,” said Ken Mahoney, chief executive of Mahoney Asset Management, adding the VIX would have to jump 28% from its current level to suggest market conditions were reversing. “If that were to happen, we would take some chips off the table.”

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Investors, meanwhile, pulled money out of haven assets. Gold prices slid 0.5%, and Treasury yields, which move in the opposite direction of prices, rose.

Stocks have been on a tear since the U.S. and China recently said they would sign a preliminary trade pact—an obstacle that hung over the stock market for about two years.

The recent flare-up in tensions between the U.S. and Iran had the potential to thwart the rally, some investors feared. But statements from both countries suggested they weren't looking to escalate the situation, helping stocks resume their climb.

Since the year's start, the Dow has climbed in four of six trading days, gaining about 418 points.

“The market has come pretty far pretty fast,” Mr. Northey added.

The next test for stocks comes Friday, when the Labor Department releases its December jobs report. Economists expect 160,000 new jobs and for the unemployment rate, which was 3.5% for November, to stay the same. Anything short of those figures could jolt stocks, analysts said.

On Thursday, shares of Apple, which have been sensitive to news involving China, led the Dow higher. Shares rose \$6.44, or 2.1%, to \$309.63.

Boeing added to the Dow's advance, rising \$4.97, or 1.5%, to \$336.34.

Shares of Goldman Sachs added \$4.84, or 2%, to \$242.60, also giving the index a boost.

Meanwhile, shares of some retailers slumped after reporting weak sales during the key holiday-shopping period.

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How will trade negotiations with China and tensions with Iran affect your investments in 2020? Join the conversation below.

Kohl's shares dropped \$3.23, or 6.5%, to \$46.15 after the department store said sales fell in the holiday season from a year earlier, and that it expects profit to be at the lower end of its guidance for fiscal 2019. Shares of Gap, Macy's and other retailers all followed Kohl's lower.

Elsewhere, the pan-continental Stoxx Europe 600 index gained 0.3%, while Hong Kong's Hang Seng Index closed 1.7% higher.

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