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## U.S. MARKETS

# U.S. Stocks Rise as Investors Peg Hopes on Trade Deal

Dow industrials gain more than 100 points; oil prices advance

*By Avantika Chilkoti*

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U.S. stocks advanced Wednesday on fresh optimism over U.S. and China trade talks.

The Dow Jones Industrial Average advanced 169 points, or 0.6%, shortly after the opening bell. The S&P 500 rose 0.5%. The Nasdaq Composite added 0.5%. European stocks also notched gains.

The move in U.S. stocks comes after the U.S. gauge for blue-chip stocks suffered its biggest single-day pullback since early October.

Markets are still pinning their hopes on an initial agreement being thrashed out between the world's two biggest economies, said Patrick Spencer, vice chairman of equities at investment firm Baird. U.S. negotiators expect a phase-one deal with China to be completed before American tariffs are set to rise on Dec. 15, Bloomberg News reported, stoking further optimism among investors.

That is a turnaround from Tuesday, when stocks fell sharply on concern that a trade agreement—seen as key for bolstering global economic growth—could be in jeopardy after Mr. Trump suggested the negotiations could continue well into next year. Some investors took President Trump's comments on his willingness to delay a China trade deal to be rhetoric used to further negotiations.

“Those comments from Trump were off-the-cuff,” said Mr. Spencer. “The trade talks—or the lack of them—have been around for a year now and they're losing their strength over the market.”

Both the U.S. and China are motivated to reach a trade agreement sooner rather than later, given the impact that the continuing tensions could have on their economies, analysts said.

“Trump has an election to fight and it would be good if he was making progress on the trade front,” said Kallum Pickering, senior economist at Berenberg Bank. “And you have this generic economic slowdown taking place in China, you have problems in Hong Kong,” which may act as



The Dow Jones Industrial Average suffered its biggest single-day pullback since early October on Tuesday. PHOTO: JUSTIN LANE/SHUTTERSTOCK/EUROPEAN PRESSPHOTO AGENCY

incentives for the Asian nation to resolve the trade war, he said.

Over in Asia, Hong Kong's Hang Seng benchmark ended the day down 1.3% and Japan's Nikkei 225 index fell 1.1%. Markets in the region had closed on Tuesday by the time Mr. Trump said he was willing to wait until after the 2020 presidential election to strike a deal with China, ratcheting up the trade tensions.

European markets also received a boost from slightly better-than-expected economic data on Wednesday. A eurozone index reading from IHS Markit, which looks at manufacturing and services activity, came in at 50.6 for the month of November. While that still suggests an anemic level of economic growth, it helped allay some concerns about a slowdown in Europe.

“The big picture view is that the downturn we've been in the midst of, it's bottomed out and now getting slightly better,” said Lyn Graham-Taylor, fixed-income strategist at Rabobank. The surveys are generally seen as a leading indicator of gross domestic product, he said. “So you can question, was it just a prolonged soft patch?”

The price of Brent Crude, meanwhile, rose about 3% to \$62.61 a barrel after Iraqi officials said the country and other oil-exporting nations will support deeper production cuts from the Organization of the Petroleum Exporting Countries and its allies as the cartel attempts to shore up sagging oil prices.

Fresh economic data ahead of the New York market open showed a sharp slowdown in employment figures. The U.S. private sector added 67,000 jobs in November, according to the latest ADP National Employment Report. That is far below the forecasts from economists surveyed by Econoday who expected a gain of 156,000.

The yield on the 10-year Treasury note rose to 1.743% in recent trading, according to Tradeweb, from 1.708% on Tuesday.

Later in the day, investors will be watching for a reading of the Institute for Supply Management's nonmanufacturing index, which will show how the U.S. service sector performed in November.

—*Gunjan Banerji contributed to this article.*

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