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U.S. MARKETS

U.S. Stocks Waver After Earnings-Driven Jump

S&P 500 registered first record-high close of 2019 Tuesday

By Georgi Kantchev and Amrith Ramkumar

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U.S. stocks swung between small gains and losses Wednesday amid concerns about the health of the world economy, a day after strong earnings propelled the S&P 500 to new highs.

The S&P was recently up 0.1%, a day after it registered its first record-high close of 2019 on Tuesday. It is up 17% so far this year. The Dow Jones Industrial Average also edged up 0.1%, having entered the day 0.6% below last October's all-time high.

The tech-laden Nasdaq Composite added 0.2%, logging an intraday record a day after notching its first record close of the year.

Wednesday's subdued market moves came after strong earnings boosted stocks earlier this week, in a year marked by a more cautious Federal Reserve and a stabilizing economy. This year's powerful rally marks a reversal from the fourth quarter of 2018, when a selloff dragged the Nasdaq into bear-market territory and left the S&P 500 teetering on the edge of ending its longest bull run ever.

Still, some investors remain wary of a slowdown in economic growth moving forward, particularly overseas. Data released Wednesday showed German business sentiment fell in April, indicating that Europe's biggest economy continued to lose steam.

Analysts said Wednesday that concerns China may slow the pace of policy easing following stronger-than-expected first-quarter growth were also damping investor sentiment. Traders were monitoring the latest moves in trade negotiations between Beijing and Washington, which are slated to restart next week.



Traders at the New York Stock Exchange on Tuesday. PHOTO: BRENDAN MCDERMID/REUTERS

“There are still some one-off events that might affect us, particularly as markets are already expecting some kind of a resolution to the China-U.S. talks,” said Ghadir Cooper, global head of equities at Barings.

In one sign that investors were more

anxious about the pace of economic growth, the yield on the benchmark 10-year U.S. Treasury note fell to 2.525%, according to Tradeweb, from 2.570% a day earlier. Bond yields drop as prices rise, though they have recovered since hitting a 15-month low late last month with investors selling ultrasafe Treasuries and favoring riskier assets.

In recent days, companies like Twitter, aerospace giant Lockheed Martin and industrial conglomerate United Technologies have reported solid results, helping ease worries of a sharp earnings slowdown. Boeing and eBay were among the companies rising Wednesday following their latest numbers.

Investors have been looking to the earnings season for clues about the strength of businesses and the economy, with profit results generally coming in better than many had feared so far.

“Earnings expectations were dialed down. It turns out things are much better,” said Randy Warren, chief investment officer of Philadelphia-based Warren Financial. “Markets have the support to go higher.”

The bar is significantly lower, however, after steep downgrades to 2019 earnings forecasts in recent months.

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Boeing shares added 1.4% after the company said it would take an initial hit of more than \$1 billion on the global grounding of the 737 MAX jetliner following two fatal crashes as the plane maker suspended full-year financial guidance.

Shares of eBay climbed more 5.5% following the e-commerce company's raised revenue and profit outlook.

In the energy sector, Anadarko Petroleum jumped 12% after Occidental Petroleum offered to purchase the shale driller for \$38 billion, launching a potential bidding war for a company that previously agreed to be purchased by Chevron for about \$33 billion. Occidental shares fell 2.6%.

Among other market laggards, AT&T and Caterpillar fell following their latest results.

Facebook, Microsoft and Tesla are scheduled to post earnings after the market closes.

In Europe, the Stoxx Europe 600 switched between gains and losses and was recently down 0.1%, following modest declines across most Asian markets. Hong Kong's Hang Seng fell 0.5% while Japan's Nikkei closed down 0.3%.

Corrections & Amplifications

The S&P 500 registered its first record-high close of 2019 on Tuesday. An earlier version of this article incorrectly stated the day.

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